

# Concept Note: Common Humanitarian Fund

## Central African Republic

### I. Context

Since 2005 the humanitarian situation in the north of the Central African Republic (CAR) has deteriorated severely, as a consequence of conflict, crime, and insecurity. One million people have been affected by violence, and another million are at risk. As of June 2008, more than 300,000 people have been displaced inside the country or as refugees abroad. To enable NGOs and UN agencies to get funding quickly for humanitarian and early recovery programmes that are based on prioritised needs, to cover gaps or to begin operations an existing Emergency Response Fund was developed into a Common Humanitarian Fund (CHF) in July 2008. The CHF is characterised by simplicity, flexibility, and speed.

Upgrading the Emergency Response Fund to a Common Humanitarian Fund will improve the availability of timely, un-earmarked humanitarian funding which can be targeted strategically to priority humanitarian activities that are underfunded. This will enhance efficiency, increase prioritisation, and strengthen coordination within and between clusters. A CHF will also make it easier for donors who do not have a permanent presence in CAR to programme humanitarian funding in the country, which may lead to increased humanitarian funding from a broader donor base.

To respond to the humanitarian situation in CAR, humanitarian organisations, in consultation with national authorities and donor countries, have linked up to produce a common analysis of the humanitarian situation in the country, and to elaborate a coherent and coordinated response to the needs of people struck by conflict. The results of these efforts are contained in the 2008 Coordinated Aid Programme (CAP) for CAR, which outlines three strategic priorities for humanitarian action in 2008:

1. Enhance the protection of people affected by the conflict in the north of CAR by (a) stepping up the presence of humanitarian organisations amongst affected communities, (b) using a human-rights based approach in all sectors, and (c) extending the geographical coverage of ongoing protection projects.
2. Provide timely and adequate life-saving assistance to people who are deprived of their rights – while effectively incorporating gender aspects and HIV/AIDS prevention and response – especially in the following sectors: health, food security, shelter and non-food items, and water, sanitation, and hygiene.
3. Ensure coherence and complementarity between humanitarian assistance, early recovery, and development programmes by reinforcing national and communal capacities.

Future CAPs will contain updated humanitarian priorities in accordance with an ongoing analysis of the changing situation on the ground. By helping humanitarian organisations fund priority, underfunded humanitarian and early recovery programmes, set up a presence in CAR, expand their presence in the field, and respond to breaking crises, the Common Humanitarian Fund in CAR fits squarely within the strategic framework outlined in the CAP and will improve funding to core

elements of the humanitarian programme in CAR. The CHF is managed in line with sector objectives as elaborated – and continuously revised – by the respective clusters, in view of strengthening the process of Humanitarian Reform.

## II. Objectives

1. To enable humanitarian organisations to respond quickly and effectively to critical humanitarian needs in CAR by:
  - Making funds available early in the year for priority projects in the Coordinated Aid Programme that have received no or limited funding
  - Making funds available to start operations in sectors or regions where needs are unmet
  - Making funds available in cases of rapidly changing circumstances where humanitarian gaps need to be filled
2. To ensure that humanitarian needs are addressed in a collaborative spirit, fostering understanding and coordination within and between clusters and humanitarian organisations.

## III. Mechanisms

### a. General

The CHF supports humanitarian and early recovery projects (including assessments on an exceptional basis) in CAR in the following sectors: agriculture, coordination and support services, economic recovery and infrastructure, education, emergency telecommunications, food security, health, logistics, nutrition, protection/human rights/rule of law, security, shelter and non-food items, and water, sanitation and hygiene.

The Humanitarian Coordinator (HC), supported by OCHA, manages the CHF. UNDP serves as the Fund's Administrative Agent, receiving financial resources for the CHF from donors and disbursing funds to recipient UN agencies. Further, UNDP performs an additional oversight function as Participating UN Organisation and transfers funds to NGO partners involved in humanitarian and early recovery activities in CAR, according to the allocation decisions of the Humanitarian Coordinator. This function, referred to as the 'Managing Agent' function, is distinct from the Administrative Agent function.

The CHF has two funding windows: standard allocations and an emergency reserve.

### b. Standard allocations

Standard allocations are the core element of the CHF and are used to allocate the majority of funding, except for an emergency reserve. During standard allocations, funding is allocated to priority activities in the CAP, in line with the prioritisation of CAP projects carried out by the clusters and the Humanitarian Coordinator. Usually twice a year, the Humanitarian Coordinator allocates available funding to clusters, based on an analysis of humanitarian needs and priorities. Clusters then identify priority, underfunded projects for CHF funding and submit them to the HC for final approval. Ideally, the first standard allocation takes place early in the year and the second one right after the launch of the CAP mid-year review, so that organisations can plan ahead and that the allocation process is

based on real needs. While the HC will allocate as much funding as possible in the beginning in the year, the number and timing of standard allocations in each year may vary depending on the availability of funds. In particular, further standard allocations may be added so that received funding is disbursed as early as possible. At the beginning of each year, and for each cluster, the NGO community selects an organisation which will act as co-lead of the cluster on CHF-related issues for a period of one year. The role of the co-lead will be to work with the cluster lead to prepare the CHF allocation within the cluster, to co-preside any CHF discussions within the cluster, and to take the final decision, together with the cluster lead, on CHF allocations within the cluster.

**Step 1:** The process for a standard allocation is initiated by the Humanitarian Coordinator who publishes a CHF allocation paper that, based on the CAP and other available information, analyses humanitarian needs and identifies priorities for a response to these needs. The CHF allocation paper will detail the exact amount that is available to each cluster or sector, as well as to multi-sector projects, and may further specify which type of activities are eligible within a cluster, and will be shared for comments with all members of the Humanitarian and Development Partnership Team (HDPT) and the Advisory Board before its publication. If needed, the Humanitarian Coordinator may also allocate funding to cross-cutting issues, regions, or specific activities. For such allocations, the HC may appoint a focal point. The allocation paper also includes a timetable with the deadlines for the selection and submission of projects

**Step 2:** Cluster leads and NGO co-leads convene a meeting to identify priority, underfunded CAP projects for the CHF funding that has been allocated to their cluster. While the process is participatory and involves all cluster members, the cluster lead and the NGO co-lead have a final say on the list of projects and the funding for each to ensure that: 1) funding is strategic and concentrated, 2) that it responds to the greatest and most immediate needs and achieves the largest impact, and 3) that the cluster avoids funding a large number of projects with small amounts each. For the purpose of CHF standard allocations, the cluster lead and the NGO co-lead act on an equal level and must find a consensus on the allocation to projects. Together, they fill out the standard CHF template for standard allocations, including a list of projects to be funded, the rationale guiding the decision, and any contentious issues. The completed template is shared with the cluster members who may comment by email. After incorporating comments, the cluster submits the list of identified projects and the suggested funding for each to the HC. The allocations must correspond to the guidelines in the CHF allocation paper.

**Step 3:** The HC makes the final decision. S/he either approves the submitted list; sends the list back to the relevant cluster with comments asking for a revision; or modifies the list. Such modifications may include changes to the funding level to projects or the rejection of projects. The HC, supported by OCHA, publishes the final list of projects to be funded and instructs UNDP to disburse funds.

While there is no funding ceiling, grants under standard allocations are expected to range from \$200,000 to \$500,000 and should be used within a year. A project's indirect administrative costs shall not exceed 7% of the budget. Only projects that are submitted by established UN agencies, international NGOs accredited with the government of CAR and local NGOs, and that are included in the CAP are eligible for funding under CHF standard allocations. However, projects may be included in the CAP at any time, on the condition that they have been ranked, vetted by the cluster lead, and approved by the Humanitarian Coordinator. Established international NGOs and UN agencies may also submit projects on behalf of local NGOs if these projects are part of the CAP and if the submitting organisation assumes financial and programmatic responsibility. Proposals will merit favourable consideration if they include specific plans for partnership with local NGOs and their capacity building.

Cluster leads may ask participating organisations to share projects they would like to include in a standard allocation ahead of the cluster meeting and may ask organisations to provide more detailed information, particularly for larger projects: a detailed budget, a logical framework, and a list of concrete indicators and targets. In addition to the CAP project sheet, projects that are approved by a cluster must include concrete indicators and, as an annex, a detailed budget before submission to the Humanitarian Coordinator for final approval.

The following calendar is respected for CHF standard allocations:

Day 1	<b>Step 1:</b> The Humanitarian Coordinator publishes a CHF allocation paper with allocations to clusters. The paper has been shared for comments with all members of the HDPT and the CHF Advisory Board.
Day 1 + 10 working days	<b>Step 2:</b> Cluster leads and co-leads have convened a meeting for each cluster to identify a list of priority, underfunded projects and the funding to each project, and submit a list of these projects to the Humanitarian Coordinator
Day 1 + 13 working days	<b>Step 3:</b> The HC decides on the submitted lists from each cluster.
Day 1 + 15 working days	Submitting UN agency responds in writing to the HC's funding announcement with copy to UNDP Submitting NGO prepares work plan
Day 1 + 18 working days	NGO and UNDP (as Managing Agent) sign contract and work plan
Day 1 + 22 working days	Deadline for UNDP (as Administrative Agent) to <i>disburse funds to UN agencies</i>
Day 1 + 22 working days	Deadline for UNDP (as Managing Agent) to <i>disburse funds to NGOs</i>

### c. **Emergency reserve**

When allocating funding during standard allocations, the Humanitarian Coordinator also decides on the amount to be kept as an emergency reserve, usually not higher than 20% of available funding (the reserve may be refurbished or increased with contributions received between two standard allocations). Humanitarian organisations can submit projects to the emergency reserve at any time, if they fulfil the following criteria:

- Organisations plan to start operations in regions where needs are unmet and where the start of the operation was not foreseeable at the time of the elaboration or revision of the CAP
- Organisations plan an emergency response in cases of rapidly changing circumstances where humanitarian gaps need to be filled and other donor mechanisms are unavailable or unable to ensure a speedy disbursement of funds.

The emergency reserve should normally not be used to fund CAP projects that were not selected for funding during standard allocations. Projects that are already in the CAP can only be submitted to the emergency reserve when circumstances rapidly change so that the implementation of such a project suddenly becomes urgent. While there is no funding ceiling, emergency reserve grants are expected to range up to \$300,000. A project's indirect administrative costs shall not exceed 7% of the budget. Given that grants are for start-up, gap filling, or emergency response, funds granted through the emergency reserve should be used within six months of disbursement.

The head of mission or officer-in-charge of an established international NGO, a local NGO or a UN agency accredited with the Government of CAR may submit project proposals to either the relevant cluster (when a project falls within a particular cluster) or to the Advisory Board (when the project cuts across clusters or for coordination or security proposals). Established international NGOs and UN agencies may also submit projects on behalf of local NGOs if these projects are part of the CAP and if the submitting organisation assumes financial and programmatic responsibility. If a cluster lead submits a project within cluster it leads, the cluster members should be consulted before the project is submitted to the Advisory Board, together with the cluster members' comments.

Cluster leads share projects submitted to them with the cluster members who may choose to either share their comments with all other cluster members or to send them directly to the cluster lead, who ensure the anonymity of the cluster member, if requested. (If the discussed proposal has been submitted by the cluster lead, comments can be sent to OCHA.). On the basis of the submitted comments, the cluster lead can decide to (a) recommend the project to the Humanitarian Coordinator for funding, (b) reject the funding request, or (c) ask for a revision and resubmission of the proposal to the cluster.

The HC considers proposals based on the recommendation of the relevant cluster or the Advisory Board, only. However, if a project proposal is rejected by a cluster, the submitting organisation can appeal this decision directly to the HC. Also, depending on the urgency of the situation, the HC can waive some of the consultation requirements to speed up the process. Project proposals can be submitted to the CHF's emergency reserve at any time. In order to mobilise and trigger response to a particular emergency, the HC may also solicit proposals.

Proposals are to follow the CHF format. The proposal template and all other CHF documents are available on the HDPT intranet ([www.hcpt.jot.com](http://www.hcpt.jot.com)) and on the CHF website. As indicated on the template, every CHF proposal should present disaggregated numbers of project beneficiaries, clear evidence for the needs that the project aims to meet, measurable project outputs and indicators to allow for monitoring and evaluation, a work plan, and a detailed budget. All projects that are approved for CHF funding will be included in the relevant CAP for CAR and posted on the HDPT intranet and website, along with the final narrative report. Other project documents may be posted as well.

Once a proposal is submitted to the relevant cluster (or via OCHA to the Advisory Board for cross-cluster, coordination or security projects) the following calendar is respected. Nonetheless, in urgent cases, the Humanitarian Coordinator can waive some of these steps to speed up the process.

Day 1	NGO or UN agency submits proposal to cluster lead or to the Advisory Board (OCHA to facilitate)
Day 1 + 2 working days	Cluster lead consults cluster members (via email or regular or ad-hoc meeting). For cross-sector proposals the Advisory Board is consulted (via email or an ad-hoc meeting). Any comments or requests for modifications on the project should be communicated by the cluster lead to the submitting organisation within two working days. The cluster lead or the Advisory Board may request a revision of the proposal, in which case an additional two working days should be counted from the moment of resubmission.
Day 1 + 3 working days	Cluster lead recommends the proposal to HC for approval or informs submitting organisations of his or her decision to reject a proposal or ask for revisions / Submitting organisation appeals to the HC

Day 1 + 4 working days	The HC decides on proposals to be funded. S/he approves the proposal; sends the project back to the submitting organisation and either the relevant cluster or Advisory Board with comments asking for a revision; or rejects the proposal. (If the submitting organisation is appealing a cluster decision the HC can either call a meeting with the submitting organisation and the relevant cluster lead, or call an ad-hoc Advisory Board meeting, to come to his/her final decision.) The HC, supported by OCHA, sends a Project Financing Letter to the relevant UN agency or informs the relevant NGO, and asks UNDP to disburse funds
Day 1 + 6 working days	Submitting UN agency responds in writing to the HC's funding announcement with copy to UNDP Submitting NGO prepares work plan
Day 1 + 9 working days	NGO and UNDP (as Managing Agent) sign contract and work plan
Day 1 + 14 working days	Deadline for UNDP (as Administrative Agent) to <i>disburse funds to UN agencies</i>
Day 1 + 14 working days	Deadline for UNDP (as Managing Agent) to <i>disburse funds to NGOs</i>

#### **d. Reporting, Transparency and Accountability**

The Humanitarian Coordinator carries the overall responsibility vis-à-vis donors, participating UN organisations, and NGOs for ensuring that funds channelled through the CHF are allocated in a transparent manner, in accordance with the fund's objectives and the mechanism outlined above. To ensure that the CHF is meeting its intended objectives the HC asks the Advisory Board to select, every six months, a proportionate number of completed projects to be evaluated. While projects will usually be selected at random, the Board may choose to specifically select projects with large budgets for an evaluation. CHF evaluation missions will comprise donor, NGO, and UN representatives. These and other missions may also visit ongoing projects to monitor their implementation. Organisations implementing activities with CHF funding will give such missions full access to project sites, staff, and documentation.

To further enhance transparency and accountability, the HC, supported by OCHA, produces regular substantive reports on the impact of the CHF on the humanitarian situation and response in CAR and continuously updates a public website with all relevant information.

All official correspondence regarding the CHF, including requests from organisations receiving CHF funding for an extension of their project or a budget revision, should be addressed to the Humanitarian Coordinator.

On the financial side, UNDP acting as the Administrative Agent provides donors, participating UN agencies, and the HC with: (1) unofficial monthly statements of contributions, commitments and disbursements related to the CHF Account; (2) a consolidated annual financial report based on the financial reports submitted to it by Participating UN Organisations; (3) an annual certified financial statement; and (4) a final certified statement on its activities as Administrative Agent, to be provided no later than 30 July of the year following the financial closing of the CHF.

Each Participating UN Organisation assumes full programmatic and financial accountability to donors for the funds disbursed to it by the Administrative Agent. Such funds shall be administered by each Participating UN Organisation in accordance with its own regulations, rules, directives and procedures.

#### **e. *The Advisory Board***

The Advisory Board is constituted of two donor representatives, two representatives of participating NGOs, and two representatives from the UN. UNDP, in its role as administrative agent, participates as an observer. UN agencies, NGOs, and donors should consult among themselves who is to represent them on the Advisory Board for a period of six months. Board tenure is renewable, and representation should be at the country representative or head of mission level. The Board has three main roles:

1. It reviews the general functioning of the fund every six months and advises the Humanitarian Coordinator on necessary adjustments to its rules.
2. It reviews the draft CHF allocation paper for standard allocations and provides comments to the Humanitarian Coordinator.
3. It reviews projects that do not fall within an established cluster (multi-sector, coordination, or security projects).

At their first meeting at the beginning of their tenure, the Board members select a secretary who communicates the Board's decisions on projects submitted to the emergency reserve to the HC, along with supporting argumentation and a summary of the discussion within the Board. At the end of their tenure, the Board members together with the HC review the general functioning of the CHF and make decisions on how to improve it. Apart from these regular meetings in the beginning and end of each six-month tenure, the Board can hold additional meetings to discuss draft CHF standard allocation papers, specific proposals, or any other issues concerning the fund, at the request of Board members or the HC. The Board can discuss projects and other issues via email. If the Board is reviewing a project of one of its members, that organisation is temporarily replaced by another one. Membership on the Board is for six-month intervals and renewable to allow members to get acquainted with the CHF mechanism, and encourage consistency in advice given to the HC regarding projects under review.

#### **f. *Contentious issues***

If conflicts arise at cluster level during the standard allocation process, they will be noted on the standard CHF template. All cluster members may request that their views are included in the completed form to ensure that the HC is aware of them. If a cluster lead rejects a project submitted to the emergency reserve, the submitting organisation may appeal this decision directly to the HC. In all other cases of conflict, organisations may confidentially contact OCHA at any time. OCHA will follow up on such issues.

## **IV. Roles and Responsibilities**

### ***Roles and responsibilities of participating UN agencies***

Participating UN Organisations assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. Within clusters they actively participate in the discussion on standard allocations and proposals submitted to the CHF's emergency reserve. UN agencies select two among them to represent the UNCT on the Advisory Board.

Within two months of a CHF-funded project's end, UN agencies send the HC and UNDP a final narrative report, using the CHF reporting template. UN agencies also send a final financial report to

the HC and UNDP within four months after the end of the calendar year during which the project was implemented. Organisations that are more than one month late with their final narrative report are temporarily excluded from accessing the CHF. Participating UN Organisations give monitoring and evaluation missions full access to their projects.

### ***Roles and responsibilities of participating NGOs***

Within clusters, international NGOs accredited with the Government of CAR they actively participate in the discussion on standard allocations and proposals submitted to the CHF's emergency reserve. Together, NGOs select two among them to represent the NGO community on the Advisory Board and an NGO co-cluster lead for each cluster

NGOs whose projects have been approved by the HC for CHF funding sign a contract with UNDP acting as Managing Agent. To access a second instalment, they send an interim report, using the CHF reporting template and including a certified financial statement to UNDP, which will be validated within two weeks before a second instalment can be disbursed. Within two months of a project's end, NGOs send the HC and UNDP a final report, using the CHF reporting template and including a certified financial statement. Organisations that are more than one month late with their final report are temporarily excluded from accessing the CHF. Participating NGOs give monitoring and evaluation missions full access to their projects.

### ***Roles and responsibilities of cluster leads***

With regards to standard allocations, cluster leads are responsible for convening cluster members to a meeting to discuss the allocation of funding to projects within their cluster. Together with the NGO co-lead, they compile a list of projects to be funded. Cluster leads are responsible for the inclusiveness and transparency of this process. They submit the list of selected projects to the Humanitarian Coordinator on time.

With regards to proposals submitted to the emergency reserve, cluster leads are responsible for consulting the cluster members on all proposals submitted to them, and, in accordance with the timeline above, communicate their decision to approve or reject a proposal to the HC with supporting argumentation and a summary of the discussion within the cluster. The cluster lead may take into account the level of engagement in the cluster of the UN agency or NGO submitting a proposal when making its recommendations to the HC.

### ***Roles and responsibilities of NGO co-cluster leads***

An NGO in each cluster acts as a co-cluster lead and works with the cluster lead to prepare the allocation within the cluster, to co-preside any CHF discussions within the cluster, and to take the final decision, together with the cluster lead, on CHD allocations within the cluster.

### ***Roles and responsibilities of the HC, supported by OCHA***

The HC oversees the work of the clusters and the Advisory Board with regard to the CHF, makes a final selection of allocations, and informs UNDP to disburse funds accordingly.

The HC ensures that CHF allocations are posted on the Financial Tracking Service and on the CHF website. The HC also ensures that other CHF-related information is regularly shared with humanitarian organisations and with donors. The HC, supported by OCHA, communicates all documentation and decisions regarding the CHF, including funding criteria and decisions on monitoring and evaluation, to HDPT members.

The HC manages the process of monitoring and evaluating the impact and effectiveness of the CHF. Supported by the clusters and OCHA, s/he ensures that ad-hoc teams of NGO, UN, and donor representatives evaluate projects that are selected by the Advisory Board at its review meetings. The HC, together with the Advisory Board, reviews the CHF every six months.

### ***Roles and responsibilities of UNDP***

UNDP disburses funds to recipient organisations within five working days of receiving the required documentation. “Required documentation” refers to a written exchange of Project Financing Letters between the HC and the relevant participating UN organisation. For NGOs receiving funding through UNDP acting as Managing Agent, “required documentation” refers to a communication in writing from the HC announcing that the project has been approved for CHF funding and a signed contract and work plan between UNDP and the relevant NGO.

UNDP acting as Managing Agent examines and validates interim financial and, with support from OCHA, narrative reports from participating NGOs within two weeks and accordingly disburses subsequent instalments. UNDP also validates final financial reports, whereas final narrative reports are validated by the Humanitarian Coordinator with support from OCHA.

UNDP acting as Administrative Agent compiles informal monthly reports on the financial situation of the CHF, including disbursements, and produces an annual consolidated financial report on the CHF based on the reports from participating UN organisations, as well as annual and final certified statements on its activities as Administrative Agent following the financial closing of the CHF.

### ***Roles and responsibilities of the Advisory Board***

The Advisory Board reviews proposals that cut across sectors, that fall within sectors for which there is no cluster (coordination and security) or that are submitted by a cluster lead within the cluster it leads. The selected secretary of the Board is responsible for communicating the Board’s comments and recommendations on submitted projects to the HC, along with supporting argumentation and a summary of the discussion within the Board.

The Advisory Board meets at the end of each six-month mandate to review the CHF’s functioning and advise the HC on changes or adjustments to be made. At these meetings, the Advisory Board selects a set of completed CHF-funded projects to be evaluated in the coming semester.

Beyond these functions, the Advisory Board can be called on at any time by the Humanitarian Coordinator to (a) give advice on a project rejected by the cluster but where the submitting organisation has appealed, (b) arbitrate conflicts between submitting organisations, cluster, and the Humanitarian Coordinator, (c) perform ad-hoc reviews of the CHF mechanism in cases of an unexpected change of circumstance, or (d) perform any other advisory function as judged necessary by the Humanitarian Coordinator.