A. Purpose

1. This policy instruction describes the objectives, management and governance arrangements for Country-based Pooled Funds (CBPFs) that are managed by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

B. Scope

2. All OCHA staff should be aware of this policy instruction. It applies specifically to all OCHA staff responsible for, or tasked with, the management of OCHA CBPFs. Compliance is mandatory. Humanitarian Coordinators, who lead the CBPFs management with the support of OCHA at the country-level, will follow the guidelines as prescribed in this policy instruction.

C. Rationale

3. General Assembly Resolution 46/1821 provides a broad framework for emergency relief within the UN System. The Resolution articulates the importance of appropriate contingency funding arrangements as a means of strengthening operational capacity of humanitarian actors for rapid and coordinated response to emergencies. As such, humanitarian financing is ingrained as a key component of the coordination of humanitarian operations by Resolution 46/182.

4. The United Nations Humanitarian Reform initiative (2005) and the Inter-Agency Standing Committee (IASC) Transformative Agenda (2012) put increased emphasis on humanitarian financing as a critical component towards resourcing principled humanitarian action in a predictable and consistent manner. More specifically, the IASC Transformative Agenda focuses on improving the timeliness and effectiveness of the collective humanitarian response through stronger leadership, more effective coordination structures, and improved accountability. In this context, CBPFs provide a link between the pillars of the Transformative Agenda and humanitarian activities on the ground by supporting humanitarian response planning, mobilizing resources, promoting accountability and serving as a vehicle for setting strategic funding priorities for coordinated humanitarian action.

5. CBPFs are instrumental in delivering OCHA’s mandate to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors. OCHA has managed CBPFs since 1995 when the first Emergency Response Fund (ERF) was established in Angola. Since then, CBPFs have been established in more than 20 countries. The expected results and contribution of CBPFs to OCHA’s corporate goals are captured in the 2014-2017 OCHA Strategic Framework and corresponding Management Plan which provide the overall results framework for all CBPFs.ii

---

1 A/RES/46/182

Page | 1
D. Policy

OCHA mandate in humanitarian financing

6. Humanitarian financing is a core function of OCHA. In this regard, OCHA manages humanitarian pooled funds, whether at the country level through CBPFs or at the global level through the Central Emergency Response Fund (CERF). OCHA’s role in humanitarian financing also includes broader policy development, resource mobilization, financial tracking and advocacy.

Principles

7. CBPFs are guided by and managed in line with humanitarian principles (i.e. humanity, impartiality, neutrality and independence). CBPFs are also in line with recognized international standards as determined by the Inter-Agency Standing Committee (IASC) and humanitarian financing principles as codified under the Good Humanitarian Donorship (GHD) Initiative.

8. CBPFs allocate funding based on identified humanitarian needs and priorities to UN agencies and the International Organization for Migration (IOM), national and international non-governmental organizations (NGOs) and Red Cross/Red Crescent organizations. Allocations are made taking into consideration other funding sources such as bilateral contributions, to avoid duplication and to ensure a complementary use of available funding.

9. Four core principles guide the management of CBPFs:

   • **Inclusiveness**, or the ability of a broad range of humanitarian partner organizations (UN agencies and NGOs) to participate in CBPF processes and receive funding to implement projects addressing identified priority needs.

   • **Flexibility**, referring to the recognition that the programmatic focus and funding priorities of CBPFs are set at the country level and may shift rapidly, especially in volatile humanitarian contexts. CBPFs are able to adapt rapidly to changing priorities and allow humanitarian partners to identify appropriate solutions to address humanitarian needs in the most effective way.

   • **Timeliness**, or the ability of CBPFs to allocate funds and save lives as humanitarian needs emerge or escalate.

   • **Efficiency**, referring to the ability to manage all processes related to CBPFs in a way that enables timely response to identified humanitarian needs. In this regard, CBPFs seek to employ effective disbursement mechanisms, minimizing transaction costs while operating in a transparent and accountable manner based on identified responsibilities among stakeholders.

10. Together with the aforementioned four core principles, CBPFs have three expected outcomes:
a) Improve effectiveness of the humanitarian response by bringing funding under the control on the humanitarian systems enabling joint allocation of funding towards priority humanitarian needs. Priority needs are identified through an inclusive and participatory process, which includes national actors (e.g. NGOs).

b) Strengthen the leadership of the HC while leveraging his/her humanitarian coordination role.

c) Mobilize resources and support coordination through the implementation of Humanitarian Response Plans (HRP) as part of the Humanitarian Program Cycle (HPC).

11. These outcomes of CBPFs lead toward an operational impact resulting in an improved timeliness and effectiveness of the humanitarian response.

12. The following theory of change applicable to CBPFs depicts the building blocks necessary to achieve the intended impact and result of CBPFs, namely improved timeliness and effectiveness of humanitarian response.

Figure 1: Theory of Change for Country-Based Pooled Funds

OPERATIONAL IMPACT
Improved timeliness and effectiveness of humanitarian response

OUTCOME 1 – RESPONSE
- Humanitarian operations more effectively address priority humanitarian needs
- Increased participation of national NGOs

OUTCOME 2 – LEADERSHIP
- Ability of HC to exercise effective leadership is increased
- Strengthened direction by HC towards humanitarian operations

OUTCOME 3 – RESOURCES
- Improved coordination structures
- Increased resources
- More effective humanitarian planning framework (HRP/HPC)

OUTPUTS
Prioritized projects receive funding in a timely manner and deliver intended results

ACTIVITIES
- Fund strategies defined for each allocation window
- Project prioritization carried out
- Technical review conducted ensuring project quality
- Accountability framework established and implemented (risk management procedures, monitoring, reporting, evaluation, audit)
- Residual risk analyzed and communicated to HC and CBPF Advisory Board
- Funds efficiently disbursed
- Active coaching and support to NGOs

INPUTS
- Financial Contributions
- Eligible partners (capacity formally assessed)
- OCHA capacity to manage funds
- Cluster capacity to support the process
- Transparent and well communicated allocation guidelines
E. Commitment to Strengthening Partnerships with National Actors

13. CBPFs are committed to ensure strong partnerships with all humanitarian organisations involved in the response, including NGO partners which are critical to effective humanitarian response. NGO partners, in particular national NGOs, are often in closer proximity to people in need and have better knowledge of local contexts, languages and cultures. OCHA is committed to supporting NGOs in developing their capacity to become eligible recipients of CBPF funding. CBPFs offer a vehicle for OCHA to build strategic, long-term partnerships with national and international NGOs, strengthen their capacity and, ultimately, improve humanitarian response.

F. Governance

14. At the headquarters level, the ERC relies on OCHA’s Senior Leadership Team (SLT) to maintain a global overview of CBPFs and decide on significant policy issues. These include the opening and closing of funds, as well as monitoring compliance with framework and guidance documents such as this policy instruction. To this end, the SLT designates a CBPF Governance Board to ensure oversight of and support to CBPF operations in the field. The CBPF Governance Board provides advice to the ERC through the SLT. OCHA’s Funding Coordination Section (FCS) acts as its secretariat, providing information required for proper oversight, decision-making and accountability.

15. At the country level, the HC provides strategic leadership and ensures effective management and oversight of the CBPF. In this regard, he/she relies on the support of the OCHA Country Office and a CBPF Advisory Board (AB). The AB provides advice on the strategic direction of the fund, allocation strategy, project selection and resource mobilization. Furthermore, the AB supports the HC and the OCHA Country Office on risk management, ensures transparency and reviews operational performance in line with the CBPF Operational Handbook and CBPF core principles.

16. CBPFs mitigate potential conflicts of interest through: (i) a governance structure with clearly delineated stakeholders responsibilities; (ii) inclusive and transparent allocation processes; (iii) timely sharing of information with stakeholders; and (iv) established complaint mechanisms for stakeholder feedback at the country level.

17. The Operational Handbook describes the roles and responsibilities of all the entities involved at different stages in the processes pertaining to CBPFs.

G. Management

17. At the headquarters level, FCS provides policy advice, operational and administrative support to OCHA country offices in the management of CBPFs. This includes developing corporate guidelines together with supporting systems and tools to ensure the professional management of CBPFs. FCS works closely with all CBPF fund managers, monitoring compliance with corporate guidelines.
18. In the field, the management of CBPFs falls under the responsibility of the Head of the OCHA Country Office (HoO). The OCHA HoO oversees the operation of the CBPF to support the HC. Key responsibilities include: (i) advising the HC on strategic issues and resource mobilization; (ii) ensuring that the OCHA Country Office has sufficient capacity to effectively manage the CBPF; and (iii) ensuring that CBPFs adhere to standard procedures set out in this Policy Instruction and the Operational Handbook.

19. CBPF operations are embedded in the humanitarian coordination architecture at the country level. The process for allocating funding requires cluster and sector leads to engage in the identification of humanitarian needs, support project prioritization and undertake the technical review of projects.

H. Risk Management

20. CBPFs routinely operate in highly insecure environments with severe access restrictions. CBPFs endeavor to strike a balance between providing timely assistance to people in need while ensuring effective oversight mechanisms. CBPFs are transparent about all associated operational risks and seek to analyze, manage and mitigate these risks to the extent possible. The HC, in close consultation with the AB and OCHA Country Office, determines how much risk is acceptable, taking into consideration circumstances particular to the specific country context.

I. Administration

22. The Operational Handbook provides administrative and financial guidance for UN agencies/IOM, NGOs, and Red Cross and Red Crescent Movement entering into contractual agreement with OCHA.

---

