

# NGO Challenges to Accessing Country-Based Pooled Funds Summary of Findings

June 2015

## Rationale

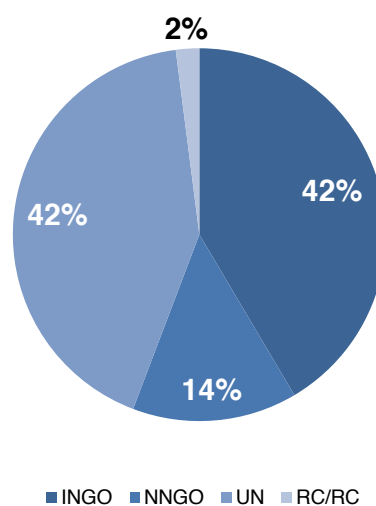
The work plan of the IASC Humanitarian Financing Task Team (HFTT) focuses on improving the availability of adequate and accessible funding for operational aid agencies. To this end, in 2014 OCHA and ICVA carried out a mapping of NGO challenges to accessing country-based pooled funds (CBPFs)<sup>i</sup>, which contributed to the development of new [Global Guidelines for CBPFs](#) issued by OCHA in February 2015 following an extensive consultation process. The mapping took the form of a desk review, looking at relevant studies and evaluations in the last 3 years, as well as reviewing feedback collected at the field and global levels throughout the CBPF guidelines' consultation process. This paper provides an overview of findings and main types of challenges identified in the mapping, while pointing to key changes introduced by the new guidelines that will likely improve NGO access to CBPFs.

## Findings

- Coverage and reach:** CBPFs currently exist in a limited number of operations (Afghanistan, CAR, Colombia, DRC, Ethiopia, Haiti, Myanmar, oPt, Pakistan, Somalia, South Sudan, Sudan, Syria, Turkey and Yemen). CBPFs (hereafter also referred to as 'funds') vary in size from small (US\$3 million a year) to relatively large funds (\$130 million a year). In 2014, CBPFs allocated \$453 million, 42 per cent to UN agencies (\$191.2 million), 56 per cent to NGOs (\$255.9 million), and 2 per cent to Red Cross/Red Crescent organizations (\$9.2 million). CBPF grants are often perceived as small in size by some NGOs in some countries, were on average \$350,000 per project.

*CBPF Allocations in 2014 by type of implementing partner*

	INGO	NNGO	UN	RC/RC	Total
South Sudan	58.3	11.1	65.2	-	<b>134.6</b>
Somalia	22.2	6.1	26.9	-	<b>55.2</b>
Sudan	18.0	7.2	28.3	-	<b>53.5</b>
DRC	10.5	3.4	22.8	-	<b>36.7</b>
Afghanistan	9.7	1.8	23.5	-	<b>35.0</b>
Syria	14.5	7.3	11.0	1.4	<b>34.2</b>
CAR	21.3	2.4	3.5	-	<b>27.2</b>
Yemen	8.3	5.5	5.6	-	<b>19.4</b>
Ethiopia	9.5	0.5	-	7.8	<b>17.8</b>
oPt	4.0	8.5	1.5	-	<b>14.0</b>
Turkey	1.6	5.2	2.2	-	<b>9.0</b>
Pakistan	4.2	3.1	-	-	<b>7.3</b>
Haiti	0.9	1.5	0.7	-	<b>3.1</b>
Myanmar	2.5	0.6	-	-	<b>3.1</b>
Colombia	2.4	0.5	-	-	<b>2.9</b>
<b>Total</b>	<b>187.9</b>	<b>64.7</b>	<b>191.2</b>	<b>9.2</b>	<b>453</b>



Before 2015 there were two types of CBPFs: Emergency Response Funds (ERFs) and Common Humanitarian Funds (CHF). ERFs were conceived as smaller funds to respond to small-to-medium scale

sudden onset emergencies and spikes of humanitarian needs in protracted conflict settings. Funding trends have shown that over the years CBPFs tended to expand or contract not so much on the basis of the type of fund as on the actual operational dynamics and situation on the ground. For example, the earthquake in Haiti and the floods in Pakistan led to sudden surges of donor contributions, enabling the Humanitarian Coordinators (HCs) to use the 'ERFs' at the time in a more strategic manner (i.e. larger, more targeted and prioritized allocations). The new guidelines eliminate the CHF/ERF typology and introduce common guiding principles and objectives, as well as an operational framework that enables CBPFs to adapt to different and continually changing contexts, rather than limiting the mechanism by design to only function well under certain conditions. In practice, all CBPFs now aim to support the delivery of Humanitarian Response Plans (HRPs), while retaining the flexibility to allocate funds to unforeseen events (i.e. CBPFs use two modalities to allocate funds: *standard allocations* and *reserve allocations* designed to respond in different emergency scenarios). This change aims to establish a clear linkage between CBPFs and OCHA's goal to increase field effectiveness, and to harmonize the allocation processes and operation of CBPFs. With the alignment to HRPs, CBPFs will also contribute to strengthen the leadership and coordination role of HCs in allocating CBPF funding to needs and priorities locally identified. Consequently, this change makes it possible to scale the size of a fund on the basis of strategy (i.e. HRP). As to the minimum/maximum grant size, the new guidelines are non-prescriptive, essentially empowering the HC, with support from the Advisory Board, to set and revisit such parameters as needed depending on context.

- 2. Project duration, allocation process and disbursement modality:** CBPF implementation periods were sometimes considered 'very short' (depending on the type of fund, the maximum could be between 6-12 months). In particular, short implementation periods were seen as disproportionate compared to the required length of the allocation process, which is meant to ensure highly inclusive, coordinated and transparent funding decisions (i.e. target = 50 calendar days from submission to disbursement).

In 2014 OCHA gathered and analyzed data pertaining to the speed and timeliness of the CBPF mechanism<sup>ii</sup>. The paper clarified basic definitions that have often misunderstood, leading to unmet expectations and frustration. The paper highlighted that "(...) understanding the difference between allocation speed and timeliness is critical to ensure a fair assessment of CBPF performance and effectiveness. In short: speed is a process indicator; timeliness is a principle that underpins the process. Speed refers to how quickly the allocation process is completed, while timeliness refers to how opportune the completion of the process is thought to be in relation to its intended objective (i.e. sooner than needed, as soon as needed, later than needed). The objective of CBPFs is not only limited to enabling the delivery of humanitarian assistance, but also to enhancing the quality of assistance being delivered. Therefore, CBPFs must focus on priority humanitarian needs identified through joint planning and rely on an inclusive and field-driven decision-making process. To this end, OCHA's Strategic Framework 2014-2017 includes the following indicators and targets against which speed will be measured:

- Average number of days<sup>iii</sup> for processing country-based pooled-fund applications for sudden and unforeseen emergencies – 2015 target: 50 days;
- Percentage of disbursements from country-based pooled funds to implementing partners made within 10 days<sup>iv</sup> – 2015 target: 85%."

In 2014, the average allocation process speed was 51 day (slightly above target); while 50% of disbursements were processed in less than 10 days, 25% between 10-15 days, 11% between 15-20 days, and the rest between 20 and 39 days. A fundamental step towards increasing CBPF process efficiency is the rollout of the Grants Management System (GMS), which as per new guidelines is of mandatory use. The GMS is a fundamental management instrument for OCHA in the field and at the headquarters level. It

is a web-based platform that supports the management of the entire grant life cycle for all CBPFs and promotes efficiency, effectiveness and supports risk management; harmonizes business processes; and strengthens OCHA's data analysis and information management capacity.

NGOs also viewed the disbursement modality (i.e. 80% upfront and up to 20% upon audited financial report) as detrimental to the financial capacity of especially smaller organizations, having to wait several months for the liquidation of final payments. The new guidelines tackle this problem by disbursing 100 per cent of the project amount in tranches within the implementation period, provided the implementing partner complies with financial reporting requirements. The number of tranches and percentage disbursed in each tranche is contingent upon risk, project duration and project size (i.e. operational modalities). This approach to managing disbursements is meant to maximize financial accountability throughout the implementation of the project, without compromising the financial capacity of the implementing partner to deliver as planned.

In sum, longer implementation periods of up to 12 months (in alignment with the HRP), new systems (GMS) to increase efficiency, and revised financial and administrative management procedures in the new guidelines (operational modalities), should lead to overall efficiency improvements vis-à-vis challenges identified in regards to project duration, delays in the allocation process and disbursement modalities that especially affect NGO partners.

3. **Lack of Flexibility:** here the mapping encountered 3 types of challenges: (i) 'because grant agreements cannot be backdated, delays in the process (especially with the first disbursement) are often cited as detrimental in reducing the time within which the NGO can implement the project'. The new guidelines partly address this challenge. For the time being, backdating a grant agreement is still not possible. However, implementing partners can now suggest (push forward) a project start date different from the agreement signature date, in case they need to wait until the first disbursement is made to be able to start the implementation (first disbursement is made 10 days after the grant agreement is signed).

Another challenge is that (ii) 'changes of more than 15% of the project budget require the HC's approval, and no activity can be added or removed'. The reprogramming of activities is always possible, provided the objective of the project remains the same. The new guidelines include a clearer budget structure/template (i.e. aligned to UNDG budget categories, like the CERF), which facilitates the planning on the side of the implementing partner, reducing –in principle- the likeliness of massive variations above 15% within the different budget categories. Below 15%-variations do not require HC clearance, unless they are related to staffing.

And lastly, 'when UN agencies sub-contract CBPF-supported projects to NGOs, their restrictions on allowable costs, such as overhead and staffing, can impede programming'. This challenge, however, exceeds the realm of CBPF policies. CBPFs are accessible to UN and NGO partners and, as direct recipients of CBPF funding, UN agencies and NGOs are equally treated when it comes to eligible and ineligible costs.

4. **Limited Language:** 'CBPF guidelines and contracts are usually only produced in English, although in the CAR and DRC they were in French. They are not translated into other major the working languages, including Arabic for the Syria response.' In 2015, OCHA committed to translating guidelines into French and Arabic, and making key material and templates available in these languages.
5. **Lack of Equity:** 'UN agency capacity is evaluated at the global level, rather than the country level –

while NGOs are evaluated at the country level. National NGOs are also less likely to be selected for funding if they are not active in coordination mechanisms, like Humanitarian Country Teams (HCTs) and clusters.’ The capacity of UN agencies is not assessed by OCHA, globally or otherwise. As part of the UN system, UN agencies are subject to intergovernmental oversight and accountability standards. In the case of funds transferred to NGOs (i.e. outside the UN system), OCHA needs to ensure financial accountability and therefore establish adequate control mechanisms that strike the right balance between delivery in highly volatile and insecure environments and oversight. In the new guidelines the accountability framework and operational modalities provide a set of risk management tools to address risks that (i) may hinder the ability of CBPFs to achieve their objectives and (ii) are present when disbursing funds to implementing partners. This includes the enhanced role of Advisory Boards in advising HCs on risk management strategies fit to the operational context; and the capacity assessment of implementing partners, which will allow OCHA in the field to determine the payment modalities, monitoring strategy, programmatic and financial reporting requirements, and auditing plan most suitable to the level of capacity of the partner.

6. **One Signature:** ‘Because grant agreements allow for only one signature, international NGOs with country-based chapters are unable to pool financial and human resources expertise between chapters.’ This challenge was not found to be a common concern among NGOs but rather an isolated case where an NGO’s policies did not seem to be fully compatible with the CBPF contractual characteristics. In general, the vast majority of NGOs do not view this as a challenge.
7. **Capacity:** ‘OCHA’s fund managers are often under-resourced and overstretched’. Humanitarian Financing Units (HFUs) need to operate at the right capacity to properly manage and support all CBPF processes. In some countries, OCHA –as well as many humanitarian organizations- often experience staffing difficulties. OCHA is addressing this type of challenge holistically by (a) maintaining a roster of qualified fund management staff at the P3 and P4 levels, and (b) introducing minimum staffing requirements in the new guidelines, along with clear roles and responsibilities of the HFU. Together, these measures should lead to a more sustainable management capacity and the ability to identify and deploy fund management staff more quickly where and when needed.
8. **Sector-Focus:** ‘Because of cluster involvement in the process, NGOs with a multi-sectoral approach (like IDP resettlement) face challenges accessing CBPFs unless they subdivide their planned interventions into sector-specific work (like nutrition, WASH and protection)’.
9. **Risk Management:** ‘NGOs find capacity assessments too heavy in light of the emergency-nature of these funds. Moreover, NGOs are repeatedly asked to demonstrate their capacity, regardless of whether they have already satisfied the CBPF donor through a separate bilateral process. Innovations applied in Somalia and the DRC have not been replicated in other operations.’ The approach to partner capacity assessments (PCA) included in the new guidelines aims to minimize unnecessary burden while ensuring minimum due diligence and assurances in the partner selection process. To do so, the CBPF guidelines included a revision of the main PCA methodologies applied by different donors. In addition to good practices in Somalia and DRC, the PCA approach is successfully being tested in other CBPFs operating in challenging contexts like Afghanistan and Turkey (Syria). Aware of the challenges facing NGOs in relation to PCAs, OCHA and ICVA have commissioned a study to identify opportunities for dialogue and harmonization among donors and between donors and partners, aiming at PCA approaches that are not only less heavy but also more fit for purpose and geared by humanitarian standards and objectives.
10. **M&E:** ‘Weak monitoring and evaluation systems lead to future decision-making that is uninformed about

a partners' previous performance.' Linked to the point above, the new guidelines also foresee the use of performance data to inform future decision making, including revisiting the risk rating of implementing partners.

## Conclusion

Following extensive consultations and feedback received from internal and external stakeholders<sup>v</sup>, OCHA issued new Global CBPFs Guidelines<sup>vi</sup> in February 2015. The guidelines will be rolled out progressively at country level with trainings for CBPF partners. From a policy perspective, the mapping of NGO challenges to accessing CBPFs played a critical role in the development of the new guidelines, which introduce a number of changes that, as shown, can result in immediate improvements and benefit. Others, however, need time to materialize.

Therefore, the new global CBPF guidelines aim to address many of the NGO challenges highlighted above. For instance, the issue of installments has changed. A new online grant management system for country-based pooled funds will help reduce delays and automate complex processes. In countries where the GMS has already been rolled out, administrative processes run quicker and roles are more clearly defined. The new guidelines reflect harmonization of former Common Humanitarian Funds (CHF) and Emergency Response Funds (ERF) into one type of Country-based Pooled Fund. There is now only one kind of country-based pooled fund, rather than the former two types, with flexible allocation modalities that are much more adaptable to context and change.

The IASC HFTT discussed these findings and took into consideration OCHA's Global CBPF Guidelines at their January 2015 retreat, where it was agreed to integrate further analysis of the findings in light with hard-evidence and data, as well as in relation to key changes in the guidelines addressing the most important challenges identified through this exercise. In this way, the activity proved useful to shaping policy development aiming at "improving the availability of adequate and accessible funding for operational aid agencies".

The implementation of the new Global CBPFs Guidelines will be monitored by OCHA, who will maintained the HFTT updated on progress, especially regarding improvement on challenges accessing CBPFs highlighted by this mapping.

*OCHA Funding Coordination Section and ICVA  
New York and Geneva, June 2015*

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<sup>i</sup> Activity 1.2

<sup>ii</sup> Allocation Speed vs. Timeliness of OCHA-Managed Country-Based Pooled Funds: Understanding the Difference and What the Numbers Tell Us, OCHA Funding Coordination Section 11 December 2014.

<sup>iii</sup> "Days for processing" means the number of calendar days elapsed from submission of a proposal by an implementing partner to a country-based pooled fund to the disbursement of funds to the implementing partner. The application process is a multi-stage process of reviewing funding requests for country-based pooled-funds resources. A typical process includes proposal reviews through the following steps: 1) Eligibility review by a pooled fund's management unit, 2) cluster review for strategic relevance of the proposal and Technical Review Committee assessment, 3) final clearance of the proposal and the budget, 4) HC approval and 5) disbursement of funds. (*Strategic Objective 5 in the Strategic Plan*)

<sup>iv</sup> "10 days" refers to an administrative and financial standard for disbursement of funds for the 2014 to 2015 period. The 10-day period is measured as the number of days elapsed from signature of the approved project by an implementing partner to disbursement of funds. (*Management Outcome 5 in the Management Plan*)

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<sup>v</sup> OCHA's Funding Coordination Section (FCS) engaged in discussions with country office Humanitarian Financing Units, OCHA and United Nations Development Programme (UNDP) colleagues involved in the management of CBPFs, as well as with donors and implementing partners through the Pooled Fund Working Group (PFWG) and the CBPFs-NGO Dialogue Platform. A vision paper, policy Instruction and operational Handbook are the outcome of these consultations.