

# **Sudan Common Humanitarian Fund (CHF)**

## **Revised Terms of Reference July 2008**

### **I-General**

1. In 2006 and the subsequent years after that, the United Nations' coordinated approach to the delivery of humanitarian aid in Sudan has been manifested in a Work Plan (the "Work Plan") that encompasses UN Agencies and many Non-Governmental Organizations (NGOs) that have participated in a process of nationwide coordination among twelve sectors and seven regions. The Work Plan outlines the annual strategic and operational plan for the UN and partners assistance in Sudan, and is developed in consultation with Sudanese national, regional, and local authorities. It consists of sector plans with objectives, priorities, strategies, indicative projects and indicators.
2. Given the existence of this comprehensive Work Plan, a number of donors and UN Organizations agreed in 2006 to establish a common fund mechanism ("the Common Humanitarian Fund" or "CHF") for donor contributions to the annual Work Plans.
3. Donor contributions to the CHF will be utilized to finance projects ("the Projects") carried out by Participating UN Organizations ("the Participating UN Organizations"), the International Organization for Migration (IOM) and implementation partners ("the Implementation Partners") within the framework of the annual Work Plans.
4. The Projects and the operations of the CHF will be designed and carried out in accordance with these Terms of Reference, and under the overall oversight and coordination of the Humanitarian Coordinator for Sudan ("the Humanitarian Coordinator").
5. To support uniform and consolidated financial reporting, the CHF will be administered by the United Nations Development Programme (UNDP) under its financial regulations and rules, and implemented by the respective Participating UN Organisations in accordance with their financial regulations and rules, as further set forth in these Terms of Reference. UNDP will serve as Administrative Agent ("the Administrative Agent") on behalf of the Participating UN Organisations and IOM.
6. NGO partners involved in the Work Plan will have access to the Common Humanitarian Fund through UNDP performing an additional oversight function as Participating UN Organization.
7. The CHF will aim to give the Humanitarian Coordinator greater ability to target funds at the most critical needs, encourage early donor contributions and allow rapid response to unforeseen needs.
8. The Work Plan and the Common Humanitarian Fund will help to advance reforms of humanitarian aid proposed in the UN Secretary-General's 2005 Report "In Larger Freedom" and endorsed by several UN bodies since that report. These include:

- A strengthened response capacity, including clearer sectoral responsibility and accountability;
- More predictable and timely funding of operational UN agencies and their NGO implementation partners in undertaking emergency activities;
- Strengthened coordination both at the field and HQ levels.

Similarly, several donors have endorsed principles of good humanitarian donorship that include a needs-based approach and flexible, timely, predictable and adequate funding.

- 9 The CHF mechanism is proposed as one of the three funding mechanisms used to support Sudan's humanitarian programme. The other two funding mechanisms are the Allocation Model and the Consultative Model.
  - Under the Allocation Model, donors that are not channelling money through the Common Humanitarian Fund will place a tranche of money at the disposal of the Humanitarian Coordinator to decide how it should be allocated. Once allocated, the donor disburses directly to the organizations concerned.
  - Under the Consultative Model, donors that are not channelling money through the Common Humanitarian Fund will consult with the Humanitarian Coordinator over funding decision for Work Plan allocations, The donor makes the final decision about allocations and disburses directly to the organization concerned.
  - Under the Common Humanitarian Fund, the Donors pool their funds. The Humanitarian Coordinator allocates funds and instructs the Administrative Agent to disburse funds to the organizations concerned.

## II - Purpose and Principles

1. The objective of the CHF is to support the timely allocation and disbursement of donor resources to the most critical humanitarian needs of Sudan under the direction of the Humanitarian Coordinator. The Common Humanitarian Fund will be used only for projects classified under the "Humanitarian" category in the Work Plan. Classification of projects is the sole responsibility of the Humanitarian Coordinator.
2. The Common Humanitarian Fund is intended to improve humanitarian outcomes by: providing committed funds earlier than under previous arrangements; strengthening the planning and coordination process; tying the funding allocation to the Work Plan; broadening participation in the Work Plan; channelling funds towards the most urgent needs; and by ensuring that funds are available for rapid responses to unforeseen circumstances. In order to achieve these objectives the Common Humanitarian Fund has been designed to accommodate the following principles:
  - The Common Humanitarian Fund should operate as a single fund;
  - Donors should make commitments and put money into the Pooled Fund as early as possible;
  - The Common Humanitarian Fund should use the Work Plan as its primary allocation tool;
  - Funds should be allocated to the highest humanitarian priorities as determined by the Humanitarian Coordinator;

- Allocation and disbursement procedures should be rapid, transparent, responsible and aim to minimise transaction costs;
  - The fund should complement the allocation and consultation models;
  - There should be no overall additional reporting burden on recipients. Reporting responsibilities of UN Participating Organizations and IOM shall be no greater than for other humanitarian pooled funds;
  - The Common Humanitarian Fund should maintain a reserve for rapid response to unforeseen circumstances;
  - The Common Humanitarian Fund should be simple and capable of being set up rapidly;
  - The Common Humanitarian Fund should act as a Good Humanitarian Donor, in line with the Good Humanitarian Donorship principles.
  - The operation of the Common Humanitarian Fund should meet acceptable fiduciary standards;
  - The Common Humanitarian Fund should strengthen the Work Plan process.
3. The specific objectives of the activities financed by the Common Humanitarian Fund are elaborated in the annual Work Plans.

### III - Description of the Proposed Fund

1. Consistent with the above principles and objectives, the CHF is a mechanism whereby donors can fund Projects within an agreed structure for joint co-ordination, monitoring and evaluation and under the overall authority of the Humanitarian Coordinator. To support uniform and consolidated financial reporting, the CHF will be administered by the United Nations Development Programme (UNDP) under its financial regulations and rules. UNDP will serve as the Administrative Agent on behalf of the Participating UN Organizations and IOM.
2. The Participating UN Organizations and IOM will manage Projects in accordance with their financial regulations and rules.
3. The allocation of funds under the Common Humanitarian Fund shall occur under the responsibility of the Humanitarian Coordinator. There shall be two mechanisms for allocation:
  - **A standard allocation mechanism** will be used for allocating the bulk of the CHF resources and ensuring early funding for priority projects. It may also be used for any subsequent allocation, such as following further donor contributions.
  - **A rapid onset mechanism** will be designed for the rapid allocation of funds in the event of unforeseen circumstances. It shall be used to allocate funds under the Rapid Response Reserve.
4. The allocation process is described in more details in a separate allocation guideline approved by the Humanitarian Coordinator and the Advisory Group. The application of these procedures will permit some discretion by the Humanitarian Coordinator in order to retain the flexibility required with a humanitarian response.

5. In order for the Humanitarian Coordinator to allocate resources, all Participating UN Organisations, IOM, and Implementation Partners where applicable, will be required to provide the Humanitarian Coordinator with accurate information on resources available for humanitarian activities from the previous, as well as the current calendar year.
6. The primary project technical review function is considered to have been done through the Work Plan process and the area and sector based allocation process. There will be no specific technical reviews of Projects as a separate requirement for disbursement out of the Common Humanitarian Fund. However, there will be an increased investment in monitoring and evaluation capacity in the Humanitarian Coordinator's office.
7. Once allocations from the CHF are decided upon by the Humanitarian Coordinator, disbursements will occur as follows:
  - Signed Project Financing Agreements (or letters) are issued by the Humanitarian Coordinator to Participating UN Organizations and IOM, as applicable;
  - Participating UN Organizations and IOM, as applicable indicate their acceptance of the Project Financing Agreement (or letter) in writing;
  - The Administrative Agent will then make payments to the respective Participating UN Organizations and IOM, as applicable within three business days of receipt of the appropriate documentation signed by both the Humanitarian Coordinator and the Participating UN Organization concerned and IOM, as applicable.
  - Disbursements to NGOs involved in the Work Plan will be made through UNDP performing the oversight function described in article V. 3. below.

#### IV - Contributions to the CHF

1. Contributions to the CHF may be accepted in fully convertible currency or in any other currency that can be readily utilized. Such contributions shall be deposited into bank accounts designated by UNDP and will be accepted as unearmarked. Each individual contribution will normally amount to the equivalent of at least \$200,000. The value of a contribution-payment, if made in other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment.
2. Contributions to the CHF may be accepted from governments of Member States of the United Nations, of the Specialized Agencies or from intergovernmental or non-governmental organisations, or from private sources.
3. As Administrative Agent, UNDP will be responsible for receiving all donor contributions in the CHF Account established for this purpose, and in turn, will make contribution-payments to the respective Participating UN Organisation and IOM, as applicable as soon as possible after the donor funds and instructions from the Humanitarian Coordinator are received.
4. Each Donor will sign a standardized Letter of Agreement with UNDP as Administrative Agent, setting out the terms and conditions governing the receipt and administration of the contributions.

5. The Participating UN Organisations and the Office for the Coordination of Humanitarian Affairs (OCHA) will sign a standard Memorandum of Understanding (MOU) with UNDP, setting out the terms and conditions under which UNDP would work as Administrative Agent, the Participating UN Organisations would receive and use funds from the CHF account, as well as the functions and responsibilities of the Humanitarian Coordinator. Non-UN Participating Organizations such as IOM will also sign a standard MOU with UNDP, setting out the terms and conditions under which UNDP would act as Administrative Agent, and IOM would receive and use funds from the CHF account.

#### V - Utilization of the Fund

1. The CHF will be utilized for the purpose of meeting the costs of Projects managed by the Participating UN Organisations, including those implemented under UNDP's oversight by NGO partners involved in the Work Plan. Details of such Projects, including the respective Project budgets and implementation partners, will be as set out in the relevant Participating UN Organisation's Project documents.
2. The Humanitarian Coordinator will determine the exact level of the Rapid Response Reserve that the Administrative Agent will be asked to maintain for unforeseen or emergency circumstances in Sudan and which will not exceed 10% of the funds committed to the Common Humanitarian Fund. The Rapid Response Reserve may be allocated by the Humanitarian Coordinator to projects or activities that:
  - are in the initial Work Plan but have not been allocated funding during coordinated rounds of allocation and have assumed a high priority due to unanticipated events in Sudan;
  - were not foreseen in the initial Work Plan but become necessary due to unanticipated events in Sudan and need to be added to the Work Plan.
3. NGO partners involved in the Work Plan will have access to the Common Humanitarian Fund through UNDP performing an additional oversight function as Participating UN Organization. UNDP will use its standard NGO execution modality for this purpose and charge the corresponding direct and indirect costs to the CHF on the basis of its financial regulations and rules. The Humanitarian Coordinator will retain the responsibility for the allocation of funds to a specific NGO and Project included in the Work Plan, in line with the allocation process and in keeping with UNDP's regulations and rules.
4. Each Participating UN Organisation will establish a separate ledger account or account code under its financial regulations and rules for the receipt and administration of the funds disbursed to it from the CHF Account, including those relating to interest. Each Participating UN Organisation will assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. Project-level management, procurement and expenditures shall be governed by the regulations, rules and directives of the respective Participating UN Organisations.

5. The Administrative Agent, the Participating UN Organizations, and IOM will be entitled to deduct their indirect costs on contributions received. The Administrative Agent's administrative fee will be 1 %. The fee will be deducted from the contributions to the CHF at the time they are deposited. The indirect costs of the Participating UN Organizations and IOM will be at a maximum rate of seven percent (7%).

## VI - Governance Arrangements

1. The Projects and the operations of the CHF will be designed and carried out under the overall oversight and coordination of the Humanitarian Coordinator. In carrying out his/her function, the Humanitarian Coordinator will be guided by an Advisory Group.

### *The Humanitarian Coordinator*

2. The overall management of the CHF activities will be led and coordinated by the Humanitarian Coordinator. The Humanitarian Coordinator will be responsible for:
  - mobilizing resources;
  - defining the level of the Rapid Response Reserve and allocating CHF resources according to agreed procedures;
  - allocating CHF resources to projects within the Work Plan
  - allocating in particular CHF resources to NGO partners involved in the Work Plan through UNDP, in line with the allocation process and in keeping with UNDP's regulations and rules;
  - approving allocations and disbursements;
  - reporting to donors in accordance with Work Plan requirements and these Terms of Reference;
  - managing the process of monitoring and evaluating the impact and effectiveness of Work Plan delivery;
  - chairing the Advisory Group.
3. In his/her role the Humanitarian Coordinator will be supported by the Administrative Agent, a Technical Support Unit and a Monitoring and Evaluation Unit.

### *The Advisory Group*

4. As part of the operation of the Common Humanitarian Fund an Advisory Group will be formed to represent the views of the Donors, the UNCT and the NGO Community.
5. The Advisory Group will consist of the Humanitarian Coordinator (as Chair); local representatives of all donors to the Common Humanitarian Fund; six UN Country Team (UNCT) representatives from the CHF Participating UN Organizations; two representatives of the NGO community, as well as the Administrative Agent, as *ex-officio* member. The Chair can also invite non-CHF donors, other representatives of the UNCT and the NGO community, as well as any other person deemed necessary for improving discussions and recommendations by the Advisory Group.

6. The Advisory Group will be responsible for:
  - if requested by the Humanitarian Coordinator, reviewing and advising him/her on the standard allocation policies, based on needs, priorities, absorptive capacities and performance;
  - reviewing policy guidelines and regional and project allocations made by the Humanitarian Coordinator at various points in the consultative Work Plan;
  - reviewing the reports submitted by the Administrative Agent and the Humanitarian Coordinator;
  - reviewing the operational activities of the CHF itself, especially at the middle and end of the Work Plan cycle;
  - ensuring that the activities funded under the CHF are harmonized with those of other humanitarian and recovery pooled funds, as well as those funded bilaterally by the Donors;
  - advising on any issue related to the operation of the Common Humanitarian Fund.
7. The Advisory Group will have its annual General Meeting in the last quarter of the year in which overall strategic issues will be discussed and decided, and donor pledges sought. The Advisory Group will otherwise meet on a quarterly basis to review progress and plan for the coming quarter. It will also meet during the standard allocations periods.

#### *The Administrative Agent*

8. UNDP's responsibilities as Administrative Agent will include the following:
  - Receipt, administration and management of contributions from Donors;
  - Disbursement of such funds to the Participating UN Organisations in accordance with the decisions of the Humanitarian Coordinator;
  - Maintaining a Rapid Response Reserve as directed by the Humanitarian Coordinator;
  - Provision of financial reports on the CHF Account to the Humanitarian Coordinator, each donor that has contributed to the CHF, and the Advisory Group, in accordance with Article IX below.

### VII - Monitoring and Evaluation

1. Project-level monitoring and evaluation (M&E) shall be undertaken in accordance with the provisions contained in each Project approved by the Humanitarian Coordinator, which are consistent with the respective regulations, rules and procedures of the Participating UN Organizations and IOM.
2. While the Humanitarian Coordinator will not monitor agencies and projects, he/she will monitor and evaluate Work Plan outcomes (impact and effectiveness), including those achieved with funding provided through the Common Humanitarian Fund, through a dedicated Monitoring and Evaluation Unit. The M&E results will be submitted to the Humanitarian Coordinator, the Advisory Group and Participating UN Organizations and IOM for review. It will be incumbent upon the Humanitarian Coordinator in coordination with the relevant Participating UN Organizations and IOM to establish an action plan to implement pertinent and crucial recommendations from the M&E function.

3. In addition, an independent lessons learnt and review exercise related to the operation of the CHF will be commissioned by the Humanitarian Coordinator.

### VIII - Audit

Project-level auditing shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of the respective Participating UN Organisation. The activities of the Administrative Agent shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. The activities of the Humanitarian Coordinator shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of the UN.

### IX - Reporting

#### *The Humanitarian Coordinator*

1. The Humanitarian Coordinator will provide the Advisory Group and Donors with the following reports:
  - The standard narrative progress reports prepared as part of the Work Plan process, consisting of mid and end of year Work Plan reviews;
  - The reviews of Work Plan implementation and outcomes produced by the M&E Unit;
  - An end of year report on the contribution of the Common Humanitarian Fund towards Work Plan delivery and humanitarian assistance. This report will include any problems that have been encountered over the course of the year, and the measures the Humanitarian Coordinator has taken to correct them. It will be provided no later than 30 April of each year.

#### *Participating UN Organizations and IOM*

2. Participating UN Organizations and IOM will assume full programmatic and financial accountability to donors for the funds disbursed to them by the Administrative Agent. They will provide reports to the Administrative Agent and the Humanitarian Coordinator as follows:
  - Regular narrative progress reports, as required by the Work Plan;
  - Twice yearly programmatic progress reports against CHF allocations; one interim report to be provided at a predetermined time during the year and one final report after completion of CHF funded activities. Reporting formats and deadlines will be as per agreement between the Humanitarian Coordinator and the CHF Advisory Group;
  - Standard agency annual reports;
  - Annual financial statements and reports as of 31 December with respect to the funds disbursed to them from the CHF Account, to be provided no later than four months (30 April) after the end of the calendar year;
  - Certified final financial statements and final financial reports after the completion of all CHF funded activities (and including the final year of all CHF funded activities), to be

provided no later than six months (30 June) of the year following the financial closing of the CHF.

### *The Administrative Agent*

3. The Administrative Agent will submit the following financial reports and statements to the Humanitarian Coordinator, the Advisory Group and Donors:
  - Monthly unofficial statements of contributions, commitments and disbursements related to the CHF Account;
  - Certified annual financial statement (“Source and Use of Funds”) on its activities as Administrative Agent, to be provided no later than five months (31 May) after the end of the calendar year; and
  - Certified final financial statement (“Source and Use of Funds”) on its activities as Administrative Agent, to be provided no later than six months (30 June) of the year following the financial closing of the CHF.
4. Consolidated CHF reporting and documentation, including agreements and Administrative Agent reports will be posted on the official Sudan CHF website on <http://www.unsudanig.org/workplan/chf>.

### X - Other Matters

The CHF will be established upon signing of the first donor agreement and the Memorandum of Understanding amongst OCHA, Participating UN Organizations and the Administrative Agent. The CHF will terminate upon completion of all Projects funded through the CHF and after satisfaction of all commitments and liabilities. Notwithstanding the completion of the Projects financed from the CHF, any unutilized balances will continue to be held in the CHF Account until all commitments and liabilities incurred in implementation of the Projects have been satisfied and project activities have been brought to an orderly conclusion. Any balance remaining in the CHF Account or in the individual Participating UN Organizations’ or IOM’s accounts shall be used as decided by the Humanitarian Coordinator in consultation with donors and Participating UN Organizations and IOM, as applicable. Any funds returned to donors will be in proportion to their contributions to the Common Humanitarian Fund.

The Humanitarian Coordinator will ensure that decisions regarding the review and approval of projects/programmes funded by the CHF, as well as periodic reports on the progress of implementation of such projects/programmes and associated external evaluation reports are posted, for public information on the official website of the Sudan CHF (<http://www.unsudanig.org/workplan/chf>). Website postings shall include record of decisions of the Advisory Group, summary sheets of approved allocations, semi-annual financial and narrative progress reports, as well as other relevant information on the operations of the CHF.