AHF Afghanistan Humanitarian Fund

Operational Manual

March 2021

OFFICIAL

OFFICIAL

Acronyms

AB   Advisory Board

AHF   Afghanistan Humanitarian Fund

BoA   Board of Auditors

CBPF   Country-Based Pooled Fund

CPF   Common Performance Framework

DD   Due Diligence

GG   OCHA Global Guidelines for Country-Based Pooled Funds

GMS   Grant Management System

HC   Humanitarian Coordinator

HCT   Humanitarian Country Team

HFU   Humanitarian Financing Unit

HoO   Head of Office

HPC   Humanitarian Program Cycle

HQ   OCHA Headquarters (New York and Geneva)

INGO   International Non-Governmental Organization

M&E   Monitoring and Evaluation

MOU   Memorandum of Understanding

MPTF   Multi-Partner Trust Fund (UNDP)

NCE   No-Cost Extension

NGO   Non-Governmental Organization

NNGO   National/Local Non-Governmental Organization

OCHA   United Nations Office for the Coordination of Humanitarian Affairs

OCU   Oversight and Compliance Unit

OIOS   Office for Internal Oversight

PFMB   Pooled Funds Management Branch (OCHA HQ, New York and Geneva)

PCA   Partner Capacity Assessment / Internal Capacity Assessment (ICA)

PI   Performance Index

PSEA   Prevention of Sexual Exploitation and Abuse

SRC   Strategic Review Committee

TOR   Terms of Reference

TRC   Technical Review Committee

UNDP   United Nations Development Program

A Introduction

1. The Afghanistan Humanitarian Fund (AHF), formerly known as 'Afghanistan Common Humanitarian Fund (CHF)', was established in 2014 in order to enable swift and needs-based humanitarian action in Afghanistan.

2. Under the leadership of the United Nations Humanitarian Coordinator (HC) for Afghanistan and on behalf of the Emergency Relief Coordinator (ERC), the AHF is supporting the timely allocation and disbursement of donor resources to the most critical humanitarian needs defined in the Afghanistan Humanitarian Response Plan (HRP).

3. The AHF provides an opportunity for donors to pool their contributions to deliver a stronger collective response. It supports in-country relief organizations to reach the most vulnerable people and ensures maximum impact of limited resources:

   - *Inclusive and promoting partnerships:* Funds are directly available to a wide range of relief partners. This includes international, national and local non-governmental organizations (NGOs), UN Agencies, Funds and Programs and Red Cross/Red Crescent Organizations.

   - *Timely and flexible:* It supports the delivery of an agile response in a fluid emergency.

   - *Efficient and accountable:* It minimizes transaction costs and provides transparency and accountability. Recipient organizations are thoroughly evaluated, and relief projects are monitored by both the partner organization and the AHF with regular reporting on achievements.

4. As all Country-Based Pooled Funds (CBPFs), the AHF is designed to complement other humanitarian funding sources such as bilateral funding and the Central Emergency Response Fund (CERF)1.

5. This Operational Manual defines the country-specific rules and regulations of the AHF. It describes the governance arrangements, allocation modalities, priorities, and accountability mechanisms of the Fund, as well as the roles and responsibilities of partners and stakeholders involved in AHF processes.

6. This Operational Manual is issued by the HC and endorsed by the Advisory Board (AB) to:

   i. Provide clarification and instructions for partners and stakeholders involved in AHF management, policy and governance;
   ii. Describe the steps and requirements of allocation processes with the aim of enhancing timely and strategic allocation decisions;
   iii. Guide AHF partners, Cluster Leads and members of Strategic Review Committees at cluster level;
   iv. Describe the accountability and risk management framework of the AHF.

7. This manual is based on and compliant with the Global Guidelines for Country Based Pooled Funds (CBPFs), the global rules and regulations that apply to all CBPFs.

---

[1] CERF allocations in Afghanistan are managed by the OCHA Humanitarian Financing Unit (HFU) (incl. the AHF Secretariat) based in Kabul.

B   Objectives of the Afghanistan Humanitarian Fund

8. The AHF is guided by three main objectives:

    i.   *Support* humanitarian partners (national and international NGOs, UN Agencies, Funds and Programs and Red Cross/Red Crescent Organisations) to address the most pressing needs in accordance with humanitarian principles.
    ii. *Improve* the relevance and coherence of humanitarian response by strategically funding assessed humanitarian action as identified in the Humanitarian Response Plan (HRP).
    iii. *Strengthen* coordination and leadership through the function of the HC and the humanitarian cluster system.

9. The AHF aims to ensure that humanitarian needs are addressed in a collaborative manner, fostering cooperation and coordination within and between clusters and humanitarian organizations. As such, the AHF contributes to improving needs assessments, enhancing the HRP as the strategic planning document for humanitarian action, strengthening coordination mechanisms, in particular the cluster system, and improving accountability through its monitoring and reporting framework.

10. The AHF follows recommendations made to CBPFs at global level, such as during the 2016 World Humanitarian Summit and adheres to respective 'Grand Bargain' work stream commitments:

    i.   Work Stream 1: AHF data is publicly available through dedicated transparency websites at: https://gms.unocha.org/bi and http://www.unocha.org/ahf. These websites provide detailed contribution and allocation data in real time which can be retrieved for analysis, ensuring also that AHF data is fully compliant and formatted for publication according to International Aid Transparency Initiative (IATI) standards.
    ii. Work Stream 2: The AHF promotes inclusive governance of the fund and incentivises further inclusion particularly of national/local partners in humanitarian coordination mechanisms in Afghanistan[2]. The AHF provides targeted training (e.g. on GMS) throughout the program cycle at country-level and supports the involvement of AHF partners through the CBPF-NGO Dialogue Platform at global level.
    iii. Work Stream 3: The AHF is cash-ready by design, which means mechanisms are in place to enable funding of cash-based programs. The AHF is able to tag and track cash programs in the GMS and OCHA is planning to display them on the public GMS Business Intelligence website.
    iv. Work Stream 4: The AHF reduces management costs for donors with grant management, monitoring and harmonized 8+3 template[3] reporting handled by OCHA on their behalf. The AHF follows the direct-cost approach and its budget is separated from OCHA country office budgets.
    v.   Work Stream 6: AHF partners are required to involve affected populations in the project management cycle. Partner capacity assessments verify if policies on accountability to affected populations are in place.
    vi. Work Stream 8: AHF allocations are needs based, prioritized through inclusive and transparent processes under the leadership of the Humanitarian Coordinator and support the delivery of the HRP. AHF allocations provide timely funding to promote early action and mitigate the impact of crises on communities and their livelihoods. AHF funding is directly accessible to local, national and international relief organizations, leveraging comparative advantages and encouraging collective ownership of the

---

[2] The AHF supports inclusion of national/local partners. Whenever funding is not exclusively for that purpose, the best placed and capable humanitarian agency is supported e.g. to deliver life-saving program activities.
[3] Harmonized Reporting and 8+3 Template. See: https://reliefweb.int/sites/reliefweb.int/files/resources/harmonized_reporting_pilot_participation_guide_14.6.17.pdf

response. The AHF provides optimal solutions for donors that are unable to directly fund or assess implementing partners in Afghanistan.

vii. <u>Work Stream 9</u>: The AHF is using the Common Performance Framework (CPF) developed for all CBPFs. The set of performance indicators standardizes the reporting and performance measurement across all CBPFs, enabling donors to gauge the performance of the AHF. The CPF is enhancing OCHAs corporate accountability in the management of CBPFs.

C Governance

C1 United Nations Humanitarian Coordinator for Afghanistan

11. The HC leads the overall strategy and oversight of the Fund. The final decision-making authority rests with the HC.

12. The HC is supported by the OCHA Head of Office (HoO) as the custodian of the AHF, the OCHA Humanitarian Financing Unit (HFU) as the AHF secretariat, and by the members of the AHF Advisory Board.

13. The role of the HC is to:

   i.   Endorse the AHF Operational Manual;
   ii. Chair the AHF Advisory Board and provide strategic direction for the operation of the Fund;
   iii. Lead resource mobilisation in liaison with the Humanitarian Country Team (HCT), the OCHA Country Office and relevant OCHA units at headquarters;
   iv. Define the timing, strategic focus and amounts of allocation rounds, in consultation with the AHF Advisory Board;
   v.   Approve allocations to projects recommended for funding, and initiate disbursements;
   vi. Ensure complementary use of AHF funding with other funding sources, including the CERF;
   vii. Review and, where appropriate, approve project revisions;
   viii. Ensure that appropriate accountability mechanisms are in place, including arrangements for fund-level risk management and for monitoring and reporting;
   ix. Approve the direct costs of running the AHF following endorsement by the Advisory Board;
   x.   Lead the process of periodically reviewing the justification for the continuing operation of the AHF, and its closure if no longer justified.

C2 AHF Advisory Board

14. The Advisory Board (AB) is a governance body with an advisory function that supports the HC in the management of the AHF. The AB provides guidance and advice to the HC on strategic and policy matters in pursuit of AHF objectives and convenes at least four times within a calendar year.

15. The AB consists of and thereby represents the views of Donors, UN Agencies, Funds and Programs and the NGO Community.

16. The Terms of Reference (TOR) of the AB (Annex 1) are reviewed by the HC/AB and are updated as needed.

17. Core functions of the AB are:

i. Review[4] and advise the HC on strategic focus of the fund, including allocation strategies, operational modalities, including project selection;

ii. Support the HC and AHF secretariat in periodic performance analysis, including review of the Risk Management Framework.

iii. Ensure transparency by ensuring that all partners are treated equally and that the fund complies with all respective policies and guidelines.

18. Members and Observers of the AB, as outlined in the respective AB Terms of Reference (Annex 1):

   i. Humanitarian Coordinator (Chairperson, non-rotating);

   ii. OCHA Head of Office (Custodian, non-rotating);

   iii. AHF Head of Unit (Secretariat, non-rotating);

   iv. 3 Representatives of contributing donors (Members, rotating);

   v. 3 Representatives of UN Cluster Lead Agencies (Members, rotating);

   vi. 3 Representatives of the NGO community (Members, 1 NNGO representative, 2 INGO representatives, rotating);

   vii. 2 Representative of a non-contributing donor (Permanent Observer, rotating);

   viii. 1 Representative of an NGO forum (Permanent Observer, rotating);

   ix. 1 Representative of a Red Cross/Red Crescent organisation (Permanent Observer, rotating).

19. The HC invites technical experts (as observers), includes OCHA, cluster staff and partner representatives to attend AB meetings as needed.

20. Attendance at AHF Advisory Board meetings is restricted (not a public forum) and requires formal HC invitation at all times.

21. The AHF secretariat provides regular and frequent updates and information on its activities during Advisory Board Meetings. Advisory Board Members may request specific topics to be tabled (meeting agenda) discussed and meetings to be convened. Additionally, AB members and observers are invited to contact the AHF Secretariat (see contact information) at any time in case additional information is needed.

C3 Review Processes

22. All proposals submitted to the AHF go through both strategic and technical review processes in order to ensure quality and compliance with fiduciary requirements.

   i. A strategic review of project proposals at cluster level in order to prioritise proposals that best align to the Allocation Paper authorised by the HC and AB, the HRP criteria and cluster-specific strategies.

   ii. A technical review of projects by technical experts at cluster level and by the AHF to ensure high quality of selected project proposals, including review of the project budgets prior to approval and disbursement of funds to partners.

---

[4] Documents to be discussed and / or endorsed by the Advisory Board shall be provided by the AHF one (1) week in advance so AB members are given sufficient time to review and provide strategic advice to the HC.

Strategic Review Committees (SRC)

23. Strategic reviews are conducted by committees (SRC) that are convened by respective Cluster Leads. The Strategic Review Committees (SRCs) are composed of active members of the respective cluster, with an equitable representation of UN Agencies, Funds and Programs, INGOs and NNGOs. The AHF secretariat attends all review committee meetings as a full member while also supporting Cluster Leads in carrying out their respective responsibilities. The SRC assesses and selects proposals to be recommended to the HC for funding, based on pre-determined criteria captured in a balanced scorecard that is established at the beginning of the allocation process. SRC recommended proposals are presented to the HC and AB for endorsement.

Technical Review Committees (TRC)

24. Technical Review Committees (TRCs) are groups of technical experts from the respective cluster, the AHF secretariat and OCHA CBPF Section that assesses the technical soundness and appropriateness of all project proposals. The technical review process involves two-way communication between the review committee and the proposing organization. Partners are able to re-submit project proposals / revisions after receiving written comments by the TRC. The TRC collaborates closely with the AHF in all respective aspects. Technically approved and financially cleared proposals are submitted for HC's approval and subsequent grant agreement.

D   Allocation modalities

D1   Eligibility

25. Donor contributions to the AHF are utilized to fund projects carried out by:

    i. United Nations (UN) Funds and Agencies
    ii. National and international Non-Governmental Organizations (NGOs)
    iii. Red Cross/Red Crescent organisations. For the purpose of eligibility, these organizations will be assessed as per the procedures applicable to NGOs.

26. In order to apply for eligibility assessment and to gain access to the AHF Grant Management System (GMS), organizations must be registered in Afghanistan as non-governmental/non-profit organization (NGOs), Red Cross and Red Crescent Organizations, or UN funds, programmes, and agencies.

UN Eligibility

27. In order to become eligible for funding from the AHF, UN[5] funds and agencies must complete the Registration Form on the Grants Management System (GMS). Although UN Funds and Agencies are not required to complete due diligence (DD) processes at country-level, they are required to provide name and contact of focal points, the legal representative of the organization, address of the main office and banking information.

---

[5] Where the CBPF is administered by UNDP Multi-Partner Trust Fund (MPTF), UN Agencies, Funds and Programs must sign a respective Memorandum of Understanding (MoU) to become eligible to receive AHF funding.

NGO and Red Cross/Red Crescent Eligibility

28. All prospective NGO and Red Cross/Red Crescent partners are required to undergo a due diligence process and internal capacity assessment in order to determine their eligibility and risk level (see section E2: Risk-based Grant Management, and Annex 3: AHF Partners Eligibility and Capacity Assessment Guidance).

29. NGO and Red Cross/Red Crescent partners that have not received funds from the AHF for a period of 36 months are required to undergo a new capacity assessment in order to re-establish their eligibility.

Allocation Criteria

30. The review and approval of project proposals is made in accordance with the objectives of the AHF, the parameters described in the Allocation Strategy Paper (for any particular allocation), and on basis of the following key criteria:

    i. *Partner eligibility and capacity:* eligible partners that have successfully completed the due diligence and capacity assessment processes can apply for funding;
    ii. *Access:* accessibility and/or physical presence to areas of operation (itself, or via implementing partner); the location of the project is clearly identified and relevant;
    iii. *Specialized Working Groups: E.g.* Protection, Humanitarian Access and Security, Cash and Voucher Working Group, Accountability to Affected Populations, review proposals and provide feedback to partners during the project development and strategic review (SRC) stages.
    iv. *Strategic relevance:* clear link to HRP strategic and cluster objectives, compliance with the terms of the allocation strategy as described in the allocation paper, and alignment of activities with thematic areas of the AHF;
    v. *Needs-based:* needs are well explained, documented, beneficiaries are clearly described;
    vi. *Principled:* projects must comply with the core principles of neutral, impartial and independent humanitarian action;
    vii. *Appropriateness:* the proposed activities are appropriate to the identified needs;
    viii. *Technical soundness and cost effectiveness (value for money):* the proposal meets all technical requirements for the implementation of the activities and the budget complies with AHF budgeting guidelines;
    ix. *Risk management:* assumptions and risks are comprehensively, and clearly addressed, and appropriate risk management measures are being deployed.
    x. *Monitoring:* an effective monitoring and reporting system is being deployed.

D2 Grant Duration

31. Standard grant implementation lengths of projects funded by the AHF is twelve (12) months for Standard Allocations and six (6) months for Reserve Allocations, from the project start date as indicated in the Grant Agreement (GA). Reimbursement of project pre-financing is limited to the budgeted costs (of the approved project proposal) incurred in the interim period between the project's approved start date and the date of actual disbursement of funds to the recipient.

32. The AHF liaises with the partner to determine the start date of the project. The agreed start date is included in the grant agreement. The start date on the grant agreement can be as early as the signature date of the partner

on the grant agreement (contract). If the signature of the grant agreement occurs after the agreed upon start date in the proposal, the date of the signature of the grant agreement takes precedence.

33. If necessary, implementing partners may request revisions of the project in order to re-program and/or extend the duration of the grant. Project revision requests must be technically supported by relevant stakeholders such as clusters and specialized working groups.

D3 Allocation Types and Workflows

34. The AHF conducts two types of allocations. Standard and Reserve allocations:

   i.   A *Standard Allocation* is the usual process through which AHF funds are disbursed. Funding permitting, at least one standard allocation process is conducted during a calendar year.
   ii. A *Reserve Allocation* is used for rapid disbursement of funds, usually in the event of unforeseen emergencies based on acute humanitarian needs. It provides funds to specific humanitarian situations that require a timely response and in addition to support via standard allocations.

Standard Allocation Strategy and Workflow

35. The standard allocation process enables the HC to provide vital funds to the most urgent priorities identified in the HRP. Based on guidance provided by partners, clusters, the HC and the AB, the AHF secretariat develops an allocation strategy (paper) that defines the intent of the allocation and a framework for proposal selection by the respective clusters. The allocation paper includes information on:

   i.   Total amount to be allocated;
   ii.   Humanitarian priorities (strategic, cluster, and geographical);
   iii. Criteria for project prioritization;
   iv.   Timeline of the allocation;
   v.   Applicable rules and regulations for the allocation.

36. An indicative workflow for a Standard Allocation is outlined in the matrix below. Key steps in the process typically include:

   i.   Partner/Cluster consultation;
   ii.   Draft allocation strategy development;
   iii. Allocation strategy endorsement by HC/AB;
   iv.   Submission of proposals;
   v.   Strategic review;
   vi.   Presentation to the HC/AB;
   vii. Preliminary endorsement by HC;
   viii. Technical and financial review;
   ix.   Final approval by the HC;
   x.   Disbursement of funds.

AHF Indicative Workflow for a Standard Allocation Process

Step	Description	Stakeholders Involved
1. Allocation Strategy Paper Development	Development and launch of allocation paper at the request of the HC, in consultation with humanitarian clusters and partners using existing coordination mechanisms.	HC / AB AHF Cluster Leads Cluster members OCHA HQ/CBPF Section
2. Submission of project proposals	Call for proposals, disseminated through sectors. Eligible partners prepare project proposals that address priorities identified in the allocation paper and submit online in the Grant Management System.	Partners Cluster Leads
3. Preliminary Review	Preliminary review of submitted proposals for completeness (compliance with application template), eligibility of partner, and non-duplication of proposals.	AHF
4. Strategic review	Cluster Strategic Review Committees (SRCs) review submitted proposals using scorecards in GMS focusing on: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination mechanisms.	SRCs AHF
5. Preliminary endorsement by HC	SRC recommended projects presented to the HC and AB for review and pre-approval. The presentation summarizes the expected outcomes/results of the recommended projects including the link to the priorities outlined in the allocation paper for the HC's and AB's consideration and comparison to the initial Allocation Paper.	HC AB AHF
6. Technical and financial review	Cluster Technical Review Committees (TRCs) review pre-approved projects to ensure (i) they meet technical cluster and AHF requirements, and (ii) budget provisions are appropriate and feedback to partners. AHF and OCHA HQ/CBPF Section conduct financial review. Partners revise and re-submit their proposals. Technically sound and financially cleared projects are recommended to the HC for approval.	AHF TRCs Cluster Leads OCHA CBPF Section
7. Final approval by HC	HC approves recommended projects, and signs Grant Agreements (GAs). Partners and OCHA CBPF Finance counter-sign GAs.	AHF, Partners OCHA CBPF Finance
8. Disbursement	Fund disbursed to partners as per AHF operational modalities.	OCHA CBPF Section MPTF Partners
A Standard Allocation process takes usually about 4 weeks (Launch of Allocation Paper to Funds received by Partners)		

Reserve Allocation Strategy and Workflow

37. Reserve Allocations enable the HC to address unanticipated and time-critical humanitarian needs, promoting early action and life-saving response to emergencies in order to prevent or reduce loss of life. For example, needs resulting from unanticipated natural disasters or armed conflict, disease outbreaks and population displacement. In exceptional cases projects not previously included in the HRP and geographic locations outside the HRP, but within Afghanistan, may be considered for funding.

38. The Reserve Allocation process is designed to be faster than for Standard Allocations. Unless there are extraordinary circumstances, the HC consults with the AB regarding the activation of a Reserve Allocation. Consultation with the AB is done either through an extraordinary meeting convened specifically for this purpose, or by phone/email whenever a meeting is impractical. Consultations for AB endorsements are conducted by email on a 'no reply - no objections' basis, typically with a 48 hours turn-around period (24hrs in very urgent situations.

39. Whenever a Reserve Allocation is activated, only pre-selected (by clusters requesting AHF funding) and directly invited partners are eligible to apply for funding (non-competitive allocation process). Proposals are subject to a technical review by the AHF and the respective clusters in order to ensure high quality prior to final endorsement by the HC.

40. Based on guidance provided by partners, clusters, the HC and the AB, the AHF secretariat is developing an allocation strategy (paper) that defines the intent of the allocation and a framework for proposal selection by the respective clusters. The Reserve Allocation paper includes guidance on:

   vi. Total amount to be allocated;
   vii. Humanitarian priorities (strategic, cluster, and geographical);
   viii. Criteria for project prioritization;
   ix. Timeline of the allocation;
   x. Applicable rules and regulations for the allocation.

41. An indicative workflow for a Reserve Allocation is outlined in the matrix below. Procedures may vary in order to optimise the process in view of the particular circumstances under consideration. Key steps typically include:

   i. Allocation strategy development and announcement;
   ii. Submission of project proposal;
   iii. Strategic, technical and financial review;
   iv. Final approval by the HC
   v. Disbursement of funds.

AHF Indicative Workflow for a Reserve Allocation Process

Step	Description	Stakeholders Involved
1. Allocation Strategy Paper Development	Development and launch of allocation paper in consultation with humanitarian clusters and partners through email and/or other fast means of communication. Process will include definition, compilation and consolidation of cluster priorities and requirements.	HC AB AHF Cluster Leads Cluster members

			OCHA HQ/CBPF Section
2.	Submission of project proposals	Call for proposals, disseminated through Cluster Leads. Eligible partners prepare project proposals that address priorities identified in the allocation paper and submit online in the Grant Management System (GMS).	AHF Partners Cluster Leads
3.	Strategic, technical and financial review	Cluster Strategic Review Committees (SRCs) review submitted proposals using a balanced scorecard in GMS, focusing on: (i) strategic relevance, (ii) programmatic relevance, (iii) cost effectiveness, (iv) management and monitoring, and (v) engagement with coordination mechanisms. Cluster Technical Review Committees (TRCs) review SRC recommended projects to ensure (i) they meet technical sector and AHF requirements, and (ii) budget provisions are appropriate and provide feedback to partners. AHF and OCHA HQ/CBPF Section conduct financial review. Partners revise and re-submit their proposals. Technically sound and financially cleared projects are recommended to the HC for approval.	SRCs AHF TRCs HQ/CBPF Section
4.	Final approval by HC	HC approves recommended projects, and signs Grant Agreements (GAs). Partners and OCHA CBPF Finance counter-sign GAs.	AHF Partners OCHA CBPF Finance
5.	Disbursement	Fund disbursed to partners as per AHF operational modalities.	OCHA CBPF Section MPTF Partners

A Reserve Allocation process takes usually about 3 weeks (Launch of Allocation Paper to earliest time funds being received by Partners)

E   Accountability

42. Accountability is the foundation for effective AHF management. It is exercised through a set of components that enable the HC to ensure that:

    i.   The AHF is achieving its main objectives and is managed responsibly in compliance with the respective policies and guidelines.

    ii.   Implementing partners are delivering the intended results. This means, partners are ultimately responsible for project activities, project outputs and for reporting accurately on their results.

43. The AHF accountability framework incorporates four interlinked pillars which include Risk Management, Capacity Assessment and Performance Review, Monitoring and Reporting, and Auditing.

E1 Risk Management

44. The management of AHF procedures follows a risk-based approach to ensure that potential risks are assessed, and adequate modalities are implemented to mitigate these risks. It enables the HC, supported by the AB, to ensure strategic decision making and that the AHF remains relevant in the context in which it operates.

45. The AHF Risk Analysis and Mitigation Matrix (see below) addresses risks and hazards that have been identified, their relative likelihood, the potential impact of each on the achievement of AHF objectives, proposed mitigation actions and risk ownership/responsibilities. The AHF reviews and updates the matrix annually to address i.e. contextual changes that may have a bearing on risks, as well as mitigation measures.

AHF Risk Analysis and Mitigation Matrix					
Risk / Hazard Description	**Likelihood**	**Impact**	**Mitigation Strategy**	**Time-frame**	**Risk Owner Responsible**
A) Strategic Risks and Hazards					
Lack of strategic guidance and supervision, impacting on technical and financial compliance of the AHF required to achieve annual priorities in-line with applicable policies and guidelines	Unlikely	Major	Guidance, supervision and oversight provided to the Head of the AHF and AHF staff by OCHA CBPF Section, OCHA HoO, HC, AB based also on HRP/Cluster Strategies and Global Guidelines (GG) for CBPFs. Annual audits (internal / external), training on new / revised policies and procedures.	Ongoing	HC/AB Head of Office HQ/CBPF Section AHF
Low quality needs analysis / assessments / consultations by the AHF with partners and other stakeholders during allocation prioritization and proposal preparation / submission.	Possible	Major	AHF conducts comprehensive consultations with partners, interacts closely with OCHA Coordination units, complies with global guidelines. Partners / Clusters conduct comprehensive assessments, aligned with HRP / Sector strategies.	Ongoing	AHF
Unpredictability of new funding by donors to the AHF.	Likely	Major	Close cooperation with and active involvement of Donors in AHF processes. Advocacy and resource mobilization efforts. Pursue multi-year funding opportunities.	Ongoing	HC/AB Head of Office AHF
Fluctuation and declining trend in donor contributions	Likely	Major	Advocacy and resource mobilization efforts. Close cooperation with OCHA coordination, IM and PI. Advocacy though AB members.	Ongoing	HC/AB Head of Office AHF
Weakness in coordination structures, lack of participation of clusters/partners needed to ensure transparency, inclusiveness and sound technical input during AHF processes.	Possible	Major	Support overall coordination through close cooperation with clusters and the coordination unit. Offer continuous training options. Partners / AHF participates / attends respective working groups and	Ongoing	AHF Head of Office

Risk	Likelihood	Impact	Mitigating Measures	Timeline	Responsible
			fora. Proactive dissemination of AHF info to partners and stakeholders.		
Unfavorable perception / reputation affecting AHF funding, decisions, strategies and partnerships. Inadequate knowledge of AHF guidelines/management procedures and administrative rules by partners and stakeholders.	Possible	Major	Close cooperation with and active involvement of donors, sectors, partners, stakeholders in AHF processes. Dissemination of AHF protocols and information through AHF website, social media, PI/IM products. Protocols for complaint / feedback management, proactive engagement / partnerships with key stakeholders. Strict adherence to global and country-level guidelines and policies of OCHA and Donors. Frequent satisfaction surveys. Address partner, stakeholder and donor concerns and specific needs.	Ongoing	HC/AB Head of Office AHF
Weak systems and frameworks i.e. operational modalities, accountability, risk management, monitoring and reporting.	Unlikely	Major	Implementation of all respective frameworks, policies as per requirements of the global guidelines for CBPFs. Establish country-specific frameworks as needed. Close cooperation with HQ/CBPF Section in all aspects. Trainings for AHF staff. Annual audits and HQ oversight missions as required.	Ongoing	HC/AB Head of Office
B) Operational Risks and Hazards					
Internal Risks and Hazards					
Unpredictable/frequent staff turnover resulting in capacity/competency gaps.	Possible	Moderate	Effective staff management and creation of a multi-functional staff team. Ensure minimum staffing level. Offer fixed-term contracts to replace TJO/ASP. Supportive and continuous learning environment. Adequate, balanced, safe and healthy work / living environment. Adhere to R&R and AL rules. Cooperate with HR and staff welfare unit. Budget for/request surge support as needed. Conduct structured handovers and retain data.	Ongoing	Head of Office AHF HQ/CBPF Section HQ/OAD
Loss of information/data and/or unauthorized dissemination/ access of confidential information/data.	Unlikely	Major	Implement and maintain respective ITMS policies and equipment (RAID backup). Staff training and awareness. Collaboration with IT unit. Implement/monitor respective GMS policies. Verify user requests, conduct reviews to	Ongoing	AHF

			keep access groups/user lists up-to-date.		
Loss of internet connectivity, impacting on GMS functionality and overall operations.	Possible	Major	Implement and maintain respective ITMS policies and equipment.	Ongoing	AHF
Delay in disbursement of funds to partners after Grant Agreements have been approved	Possible	Moderate	Review and revise due diligence section of partners before grant agreements are signed. Close collaboration between AHF and MPTF Office	Ongoing	AHF
Sexual Exploitation and Abuse (SEA) involving OCHA/AHF staff	Possible	Major	Train and inform all AHF staff about Prevention of Sexual Exploitation and Abuse (PSEA) protocols. Ensure all respective measures e.g. reporting procedures are fully implemented.	Ongoing	Head of Office AHF
External Risks and Hazards					
Inadequate number of suitable/ eligible partners particularly in hard-to-reach locations affected by armed conflict/insecurity.	Likely	Major	Proactive engagement with HC/AB, partners, stakeholders, fora and donors as to if/how AHF systems and protocols can be adapted. Enable partners to/that operate in such contexts.	Ongoing	AHF Partners Clusters
Access restrictions in parts of Afghanistan affecting AHF monitoring and reporting efforts.	Very Likely	Moderate	Close monitoring of the context with coordination/ CivMil/Access and selection of context appropriate monitoring tools/modalities including third-party, peer-review and remote call monitoring.	Ongoing	AHF
Low administrative, technical and project management capacity of partners, failing to meet required standards and use required tools and systems (i.e. GMS).	Likely	Major	Activities such as trainings, clinics and workshops designed to improve partner capacity. Collaboration with and support (in-kind) of capacity development activities by stakeholders.	Ongoing	AHF
Fraud/Corruption/Diversion/ Theft incidents in AHF (co-) funded projects.	Very Likely	Major	Implement and contextualize fraud and corruption prevention and response policies, guidelines and protocols based on global guidelines and best practice. Implement robust and context appropriate monitoring framework. Close cooperation with HQ, partners, stakeholders and donors to enable early detection. Verification of internal prevention and control mechanisms of partners.	Ongoing	AHF Partners
Selection/Sub-Contracting of NSA/AOG affiliated partners/ suppliers.	Possible	Major	Implement and contextualize respective policies, guidelines and protocols based on global	Ongoing	AHF Partners

			guidelines. Check partners/suppliers against respective blacklists. Implement robust and context appropriate monitoring framework. Adhere to eligibility and audit policies.		
Sexual Exploitation and Abuse (SEA) in AHF-funded projects	Possible	Major	Ensure all PSEA protocols are fit for purpose, implemented and monitored by both the partner and the AHF. Reporting of cases as per UN SOP.	Ongoing	AHF Partners
Diversion of Funds during Cash-based Programming	Possible	Major	Ensure all Cash-based programs are reviewed and technically approved by the CVWG, prior to SRC ad approving grant agreements. Close cooperation with and involvement of CVWG in AHF monitoring activities.	Ongoing	AHF Partners
C) Safety and Security Risks and Hazards					
Internal Risks and Hazards					
Non-compliance with preventative measures, static/ non-static safety and security protocols and use of safety/ security equipment.	Unlikely	Major	Implementation of preventative measures, static/non-static safety and security protocols and equipment. Training and awareness of staff/partners in prevention, mitigation and response. Full compliance with all respective safety / security protocols i.e. OCHA and UNDSS. Safety First and Zero Tolerance approach at all levels.	Ongoing	AHF Head of Office
External Risks and Hazards					
Risks/Hazards to safety and security of staff and assets due to targeted/non-targeted attacks, kidnapping, ambush, banditry, looting, intimidation, threats, physical violence and corruption.	Very Likely	Major	Continuous monitoring/ analysis of the context in collaboration with Coordination, CivMil, Access, UNDSS, partners and stakeholders. Implementation of preventative measures, static/non-static safety and security protocols and equipment. Training and awareness of staff in prevention, mitigation and response. Full compliance with all respective safety/ security protocols i.e. OCHA and UNDSS. Implementing partners and AHF to follow 'localization' recommendations e.g. regarding transfer of risks to sub-implementing partners and funding requirements for safety & security measures.	Ongoing	AHF Head of Office

Environmental Hazards/Risks including disease outbreaks (e.g. Covid-19 pandemic) impacting on staff health, safety and operations.	Very Likely	Major	Implementation of preventative measures, static/non-static safety/health protocols and equipment. Training and awareness of staff. Full compliance with all respective protocols and advice issued i.e. by OCHA and UNDSS. Adopt alternate modalities as it relates to e.g. remote monitoring, auditing.	Ongoing	AHF Head of Office

Descriptors for Likelihood of Risks and Hazards: 1. *Rare* (highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will), 2. *Unlikely* (not expected, but there's a slight possibility it may occur at some time), 3. *Possible* (the event might occur at some time i.e. there is a history of casual occurrence), 4. *Likely* (there is a strong possibility the event will occur and there is a history of frequent occurrence), 5. *Very Likely* The event is expected to occur in most circumstances as there is a history of regular occurrence).

E2 Risk-based Grant Management

Capacity Assessment

46. Analysing risks before and during the disbursement of funds to partners is an essential activity of the AHF. In order to become eligible for funding, NGOs must undergo an internal capacity assessment (ICA). The objective of assessments is to systematically review the institutional, technical, management and financial capacities of the partner, and to ensure that the AHF has the necessary information to make informed decisions.

47. The ICA includes a desk-based review of the documents provided by the implementing partner and may include interviews with the organization's staff members, where possible visits to the implementing partner's offices, spot checks and interviews including with key informants such as previous/existing donors and partners, as well as Cluster Leads.

48. If conducting an ICA is not possible due to extenuating circumstances, such as security concerns or lack of access, then externally contracted capacity assessments, or proxy capacity assessment as described in Global Operational Handbook for CBPFs will be considered.

49. Based on the score obtained during the capacity assessment, eligible partners are categorized into three risk levels (low, medium and high).

Score (in percentage)	Result
91 - 100	Organization is categorized as a Low Risk partner.
81 - 90	Organization is categorized as a Medium Risk partner.
51 - 80	Organization is categorized as a High-Risk partner.
0 – 50	Organization is not eligible to receive AHF funding. A new submission for a new capacity assessment may be considered by the AHF, six (6) months after the initial review date.

50. In accordance with the AHF Operational Modalities, the risk level is used to pre-determine aspects of management and administration of any new grant provided to a partner. Quality assurance mechanisms that

are used to manage grants vary, depending on three factors: i. Partner risk level, ii., Value of the project, iii., Duration of the project.

AHF Operational Modalities, Matrix

Risk level	Project duration (months)	Project value ('000 USD)	Maximum amount per project ('000 USD)	Disburse. (in % of total)	Financial reporting			Narrative reporting		Monitoring		Audit
					For disbursements	31-Jan	Final	Progress	Final	Project monitoring	Financial spot-check	
NGO and RC												
High	< 7	≤ 250****	-	60-40	Yes	Yes	Yes	1 mid	Yes	1	1	As per plan
		> 250	500	50-50	Yes	Yes	Yes	1 mid	Yes	1	1	
	7 – 12	≤ 250****	-	40-40-20	Yes	Yes	Yes	2	Yes	1	1	
		> 250	800	40-30-30	Yes	Yes	Yes	2 - 3*	Yes	1-2**	1	
Medium	< 7	≤ 250****	-	100	-	Yes	Yes	1 mid	Yes	***	***	
		> 250	700	80-20	Yes	Yes	Yes	1 mid	Yes	1	1	
	7 - 12	≤ 250****	-	80-20	Yes	Yes	Yes	1 mid	Yes	0-1**	***	
		> 250	1,000	60-40	Yes	Yes	Yes	1 mid	Yes	1	1	
Low	< 7	≤ 400	-	100	-	Yes	Yes	-	Yes	***	***	
		> 400	1,500	80-20	Yes	Yes	Yes	-	Yes	1	1	
	7 - 12	≤ 400	-	100	-	Yes	Yes	1 mid	Yes	***	***	
		> 400	1,500	80-20	Yes	Yes	Yes	1 mid	Yes	1	1	
UN Agencies, Funds and Programs												
Low	< 7	≤ 400	-	100	-	Yes	Yes	-	Yes	***	-	No
		> 400	-	100	-	Yes	Yes	-	Yes	1	-	
	7 – 12	≤ 400	-	100	-	Yes	Yes	1 mid	Yes	***	-	
		> 400	-	100	-	Yes	Yes	1 mid	Yes	1	-	

* Three progress reports are only required for projects of 10 months or more.
** Additional field visits are only required for projects of 10 months or more.
*** Additional monitoring activities required at the discretion of the AHF Head of Unit.
**** Projects should not be below 250K, but the HC can approve smaller grants, but not below 100K, on an individual and exceptional basis only (Ref.: CBPF Global Guidelines).
**** Whenever a sub-implementing partner(ship) is proposed, the sub-grant must not exceed a maximum total amount of $US 250,000.00 and 50 per cent of what a high risk rated partner could receive.

51. Once a partner has received AHF grants, all related data is analysed to establish an up-to-date risk rating through the partner performance assessment (see *Performance Management and Partner Performance Index*)

52. In compliance with the global guidelines for CBPFs, the assurance and control mechanisms include for example and depending on risk levels:

  i. *Disbursements*: The implementing partner receives a first instalment at the beginning of the project and is entitled to request the next disbursement(s) as soon as 70 per cent of the previous instalment(s) is spent and after submission of a financial statement/interim financial report and disbursement request

  ii. *Fund ceiling*: The maximum amount a partner can receive per project.

  iii. *Financial reporting*: All partners must submit financial report(s) by the dates specified in the Grant Agreement/Allocation Letter and submit a final financial report within two months after the end of the project (see *E4 Reporting*).

  iv. *Audits*: partners will be audited according to an audit plan specific to their grants.

v.   *Narrative reporting*: The type of report (progress, final) and their schedule is determined based on the risk level of the partner, the duration, and the size of the project.

vi. *Monitoring:* the monitoring plan and its frequency is determined based on the risk level of the partner, the length, and the grant size of each project.

vii. *Financial Spot Checks*: These checks assess the soundness of internal controls and the accuracy of the financial records of partners.

Performance Management and Partner Performance Index (PPI)

53. Performance of the partner during the implementation of AHF funded projects is used alongside their capacity assessment to determine and adjust risk levels.

54. The AHF is tracking and assessing the performance of all partners throughout project implementation and in relation to:

   i.   quality and timeliness of submissions of project documents (proposals, budgets, concept notes);
   ii.   project implementation against agreed targets;
   iii. quality and timeliness of narrative reporting;
   iv.   frequency, timeliness and justification of project revision requests;
   v.   quality and timeliness of project and financial management.

55. The assessment of these factors is recorded in the AHF Partner Performance Index (PPI). Whenever the partner has undertaken more than one project, the PPI will consider and combine the performance results of each of the projects.

56. The PPI rating determines the continuing eligibility of the partner to receive AHF funding. Whenever a partner is declared ineligible, the organisation may request a new capacity assessment after six months.

57. The PPI is used to influence the prioritisation and selection of projects for funding during any given allocation. The intention is to incentivise good performance, with better performing partners more likely to receive new funding, while reducing the risk of allocating funds to partners with low performance.

E3 Monitoring

Definition of Monitoring in the context of AHF funded projects

58. Monitoring is the systematic and regular process of collecting, verifying and triangulating information to assess progress made against project outputs and activities. Information gathered is used to make informed decisions and to strengthen partnerships and humanitarian coordination.

59. A sample of projects are subject to monitoring visits from the AHF, in-line with the AHF Operational Modalities and CBPF global guidelines. Following each allocation, the AHF prepares a monitoring plan based on the risk level of the partner, the length and the grant volume of each project. The type of monitoring will be determined such as field site, remote call, or third party depending on the context.

60. All implementing partners are contractually required to implement internal mechanisms needed for the implementation of projects funded by the AHF, including monitoring and reporting of both programme and financial aspects.

61. Monitoring of UN partner projects is mandatory and based on a sampling methodology, considering country specific factors as required. Factors are determined at country level, according to specific agreements

determined by the HC and endorsed by the AB. Monitoring tools are tailored by types of project, e.g. stakeholder satisfaction surveys for pipeline projects.

62. Partners that implement activities funded by the AHF are required to address the five Commitments to Accountability to Affected Populations (CAAP) of the Inter-Agency Standing Committee (IASC) (Leadership/Governance, Transparency, Feedback/Complaints, Participation, Design Monitoring and Evaluation). At the project proposal development stage, implementing partners are required to describe how affected populations and specific beneficiaries have been and will be involved throughout the humanitarian project cycle. AHF reporting and monitoring procedures verify how this has been applied.

63. Partners and Clusters are required to ensure that projects are designed, implemented, monitored and evaluated considering the specific needs, risks and constraints faced by women, girls, boys and men, as well as the specific needs and risks of elderly people and people with disabilities. The AHF prescribes the use of tools to promote sound gender analysis and gender integration in all projects. Partners are required to ensure routine collection, collation and utilization of disability, sex and age disaggregated data and information throughout the project.

64. Gender equality and protection aspects, including the Gender and Age Marker, are part of assessment criteria used by Strategic Review Committees during project proposal appraisal. AHF monitoring assesses the extent to which gender and protection considerations have been given during project implementation.

65. Strategic Review Committees (SRCs) are required to ensure that gender and protection analysis forms is part of needs identification and that the Gender Marker is accurately assessed/assigned. Partners are responsible to ensure that gender considerations are operationalized in project activities, that there is adequate capacity to address gender and protection issues during the life of the project and that the implementation of the Gender Marker is accurately reported on.

Monitoring Objectives

66. A main purpose of monitoring is to assess project progress and to verify reports submitted by partners based on the following key objectives:

    i.   Verify project progress, outputs and activities (as per logical framework and workplan), the beneficiary targeting process, use of resources (as per budget) and internal monitoring and reporting systems.

    ii.   Triangulate information, identify gaps and trends in project operations, best practice and lessons learned, using findings and recommendations for results management, risk mitigation and public information.

    iii.   Strengthen partnership and coordination with partners and stakeholders.

    iv.   Engage with and seek feedback by affected communities/beneficiaries.

Roles and Responsibilities

67. The HC is responsible for ensuring that AHF funded projects are effectively monitored through appropriate modalities. The AHF secretariat informs the HC and AB about its monitoring activities during AB meetings.

68. Following each allocation, the AHF develops a monitoring plan for projects, selects the monitoring methods to be used and creates a schedule. The monitoring plan may be adjusted depending on changes in the operational context and information gathered through reporting. The following are aspects are key responsibilities of the AHF:

i.   Develop and maintain a monitoring plan that meets the requirements of the AHF Operational Modalities;

ii. Work with Cluster Leads and OCHA units/sub-offices to ensure that AHF monitoring activities are undertaken in close collaboration with other relevant activities;

iii. Undertake monitoring (incl. missions) and any other monitoring activities as prescribed in the AHF Operational Manual and other applicable guidelines/policies.

iv. Review and analyse information collected through monitoring and reporting activities.

Process and Monitoring Tools

69. In addition to partners' project management systems, AHF monitoring tools provide an additional level of verification of project results. Partners declare the tools they are using for AHF funded project in their respective project proposals.

70. The AHF uses a variety of monitoring tools, depending on the context, including:

v.   <u>Field Monitoring</u> - implemented by the AHF and supported by clusters, OCHA sub-offices and partners, is a primary component to verify that AHF-funded projects are delivering against planned outputs, allowing the AHF, HC/AB and clusters to assess the qualitative aspects of programme implementation. Field monitoring visits, at a minimum, collect information that: (i) assesses the timeliness of the overall project implementation, (ii) verify reported results, and (iii) assesses progress on key project activities. Additional Field Monitoring activities can be imposed when warranted, e.g. due to concerns, at the discretion of the AHF Head of Unit.

vi. <u>Peer-to-Peer Monitoring</u> – is conducted amongst implementing partners to review each other's activities, share lessons, as well as improve relevance of project/programme implementation. It is a cost effective, remote type of monitoring that has the potential to transform a compliance-based approach to one of active learning and network building.

vii. <u>Financial Spot Checks</u> - are conducted to assess the soundness of internal controls and the accuracy of financial records provided by the partner. On-site financial spot checks by the AHF and special audits by audit firms are conducted on the basis of AHF Operational Modalities, when warranted due to concerns, and at the discretion of the AHF Head of Unit. <u>Financial spot checks may be conducted on site or at OCHA/AHF premises or by using remote methodologies, desk reviews of scanned copies, remote calls or videoconference in consideration of operational context and other unforeseen situations</u>. The AHF reserves may request original documents including financial and non-financial related documents for verification at the IP premises or at OCHA-AHF premises. Implementing partners are required to retain original documents for five years, as per the UN Secretariat Financial rules and regulations.

viii. <u>Third-Party Monitoring</u> - is used when access to the project location is very limited particularly in high-risk areas. It enables the AHF to obtain independently verified information about the status of AHF projects with particular emphasis on project outputs. The approach combines field visits and desk reviews of available documentation (e.g. project proposals, reports and any other relevant information/documentation). Additional Third-Party Monitoring activities can be imposed when warranted, e.g. due to concerns, at the discretion of the AHF Head of Unit.

ix. <u>Remote Call Monitoring</u> – is a routine activity that occurs especially when it is not feasible to conduct physical visits of projects e.g. when implemented in insecure and highly volatile environments and with restricted access. It results in statistic information and records observations from key informants and

beneficiaries regarding progress made and the level of satisfaction by beneficiaries / clients / stakeholders. The AHF routinely conducts telephone interviews (outsourced to AWAAZ) by using structured multiple-choice questionnaires. All information is captured by call centre operators using validation logics that provide real-time progress information on projects.

x. Remote Sensing and Aerial Imagery - where access is restricted, new technologies can contribute towards a more accountable project monitoring system. Aerial imagery and geospatial analysis e.g. in collaboration with UNOSAT can capture independent and objective information from areas that are too remote or insecure to reach. Aerial photography is particularly useful in engineering, construction, infrastructure and shelter programmes.

E4 Reporting

Partner Reporting

71. The AHF requires narrative and financial reporting to ensure that activities carried out are on-track and achieve the planned project objectives. The frequency of reporting is determined by the AHF Operational Modalities and included in grant agreements. All reports are collected through and recorded the GMS.

Progress Narrative report	Final narrative report	Interim financial statement	Final financial report
NGOs and Red Cross/Red Crescent Organisations			
According to AHF Operational Modalities	Within 2 months of completion of the project	To be submitted to the AHF before disbursement of the next instalment/tranche at any time once 70% of the previous instalment has been spent. By 31st January of the following year covering expenditures up to 31st December.	Within 2 months of completion of the project.
United Nations Organisations			
According to AHF Operational Modalities	Within 2 months of completion of the project	By 15 February of the following year to reflect expenditure incurred for project activities up to 31st December.	Upon completion of the project, covering the period between inception and completion of the project, due no later than 30 June of the following year.

72. The reporting timelines for each project are configured in the GMS and partners receive automated system notifications before reports are due.

73. To enable aggregation of project outputs, the AHF is using standard cluster output indicators for all grants and as provided by Cluster Leads.

Reporting by the AHF

74. The AHF uses the common performance framework (CPF) for CBPFs to measure its performance. The CPF is a management tool that provides a set of indicators to assess how the AHF performs in relation to the policies objectives and operational standards set out in the CPF Global Guidelines and the AHF Operational Manual.

The CPPF includes 20 performance indicators to assess AHF ability to deliver its overarching objectives in-line with five principles:

  v. Inclusiveness;
  vi. Flexibility;
  vii. Timeliness;
  viii. Efficiency;
  ix. Accountability and risk management.

75. The AHF discusses the indicators of the CPF with the HC/AB and sets targets/benchmarks and definitions of scores according to the context the AHF operates in. Also, via the Annual Report, the AHF presents the results to the AB and addresses findings (critical, below normal, normal, above normal, or exceeding) as required.

76. The HC, supported by AHF secretariat and in close collaboration with Cluster Leads, prepares the annual report on the performance and results of the fund. The report summarizes (i) how the AHF has performed in relation to its strategic objectives (including links with HRP, strengthening of HC, promoting partnership with NGOs and strengthening of coordination system); (ii) describes how funding has been allocated in relation to key humanitarian events, timeliness and transparency, and other considerations (i.e. gender); (ii) synthesizes achievements by cluster; (iii) highlights risk management initiatives, including monitoring and reporting; (iv) presents any challenges encountered, and (v) the main priorities for the next (reporting) period.

77. The AHF produces periodic and allocation specific dashboards to highlight donor contributions, beneficiaries (targeted and reached), as well as any other relevant information.

78. AHF Annual reports and dashboards are made available on the Fund's website and e-copies are provided to stakeholders.

79. The Multi-Partner Trust Fund (MPTF) Office of the United Nations Development Programme (UNDP), in its role as the Administrative Agent of the AHF, undertakes the following functions:

  i.   Organise signature of the Memorandum of Understanding (MoU) with the Participating United Nations Organisation (PUNOs), and the Standard Administrative Arrangements with donors;
  ii. Receive, administrate and manage contributions received from Donors;
  iii. Disburse funds to PUNOs and the International Organisation for Migration (IOM) in accordance with the decisions of the HC;
  iv. Provide periodic (annual and final) financial reports on the AHF Account to the HC, contributing donors, the AHF Advisory Board and PUNOs;
  v.   Provide the HC, the Advisory Board and donors with the statements of donor commitments, deposits, transfers and other financial information related to the AHF, available directly at MPTF GATEWAY (http://mptf.undp.org);
  vi. Assist the AHF in fund administration matters.

80. The AHF acknowledges the importance of reporting and providing information i.e. regarding its activities, systems and performance, also to ensure transparency, collaboration and confidence in AHF activities. It therefore welcomes requests for additional information by both contributing and prospective donors, Advisory Board members, as well as partners and stakeholders. Request should be submitted to the AHF Head of Unit (see contact information).

E5 Audit

81. UN Agencies, Funds and Programs (AFPs) are subject to internal oversight audit systems and mechanisms established by their respective governing bodies.

82. NGO partners receiving funds from the AHF are subject to external audits as per their individual grant agreements with the AHF.

83. External audits are an oversight mechanism and essential component of the AHF accountability framework. They enhance transparency and enable sound financial management and control of resources allocated to partners. Detailed information on audit process, including timelines for audits is available in section F4 and F5 of this manual.

84. In particular, external audits help to mitigate financial risks; including misuse of resources and fraud; identify weaknesses in financial and operational management, recommend critical improvements and identify ineligible expenditures. External audit findings provide essential feedback to the partner, promoting continuous improvement of financial and operational management and performance.

85. The AHF may conduct offsite and remote audits, i.e. desk reviews of scanned copies depending on the operational context and other unforeseen situations. Implementing partners are required to retain original documents for five years as per the Financial rules and regulations of the UN Secretariat.

86. Depending on the context and in exceptional cases only, the AHF may postpone audits to a later date, rather than conduct remote audits. Any such decision will be taken on a case-by-case basis in consultation with OCHA-HQ and the HC.

87. Internal oversight bodies (Office of Internal Oversight Services and the Board of Auditors) audit OCHA and AHF operations annually. Audits performed by these entities are subject to the *single audit principle*. The BOA, comprising Auditors-Generals of three Member States, provides external audit services for the United Nations and its funds and programmes with the exception of the World Food Programme (WFP) which has its own external auditor.

E6 Complaints Mechanism

88. Stakeholders (including beneficiaries) concerns or complaints regarding the AHF processes or decisions can be addressed to the AHF Head of Unit and OCHA Head of Office via email (ahf-afg-complaints@un.org). Complaints are compiled, reviewed and raised with the HC for decision making. The HC informs the AB of complaints and any actions taken.

89. The AHF responds to all complainants within 24hrs, clearly stating the next steps that will be taken i.e. further information requested or complaint referred to HC for decision making.

E7 Compliance Measures

90. Compliance control measures enable the AHF and the HC to address any non-compliance on basis of the legal terms (the grant agreement) signed between OCHA and the recipient organization, such as:

    vii. Overdue financial or narrative reports;
    viii. Refund of unspent funds;

    ix. Critical (high risk) audit findings/qualified audit opinion (especially on lack of critical internal controls, serious weaknesses in internal controls, lack of bank reconciliation; lack of double-entry accounting system; lack of supporting documents, lack of authentic receipts);

    x. Critical findings from monitoring and financial spot checks;

    xi. Violation of humanitarian principles and code of conduct6;

    xii. Fraud, corruption, or misuse of funds.

91. Whenever a partner does not comply with the requirements described in this operational manual and reflected in the contractual agreement, or violates any other obligations stemming from the contractual agreement, the AHF is taking corrective actions commonly referred to as compliance measures (Annex 15: Compliance Measures for Country-based Pooled Funds).

92. The general principle underpinning the application of compliance measures is that whenever a partner does not comply with requirements stemming from the accountability framework, or in applicable contractual agreements, the HC will take actions to address non-compliance. Further actions will be pursued as and when deemed appropriate by OCHA.

93. OCHA HQ (Chief of CBPF Section) will be informed immediately whenever there is a credible indication of possible fraud, corruption or misuse of funds related to CBPF projects. Individual cases are reported to determine whether an investigation process is warranted. The CBPF Reporting Form (Annex 22a. Fraud Report Form.docx of the Global CBPF Guidelines) on Suspected Fraudulent Acts by IPs is used to document the facts of the case. The decision to trigger a formal investigation is made by OCHA HQ/Executive Officer (EO) after a consultative process involving OCHA HQ/CBPF Section, the OCHA Head of Office and the AHF Head of Unit while keeping the HC informed. OCHA HQ may apply appropriate measures (e.g. suspension of funding) to partners that are being investigated.

94. The OCHA Standard Operating Procedures (SOPs) on Suspected Fraud and Misuse of Funds describes the steps that OCHA will take in the event of an investigation into a partner contracted under a CBPF. Information sharing, and communication is conducted confidentially.

95. Any incidents during the project cycle that affect a partners' ability to account for the use of funds or goods, must be reported to the AHF Head of Unit in writing as soon as they occur. An Incident Report and supporting documents must be submitted by the AHF Head of Unit to OCHA HQ/CBPF Section within 30 calendar days. Incidents include fraud, corruption theft, diversion of humanitarian assistance, looting, loss of vital documents. The AHF Head of Unit is reporting any incidents that require a formal investigation and response to the HC and also during AB Meetings (standing item on the AB meeting agenda).

F   Administrative Aspects

F1 Budget Preparation Principles

96. A dedicated AHF budgeting guideline (Annex 3) provides partners with a common framework to enable context appropriate preparation and approval of project budgets. The guideline's focus is to define eligible and ineligible costs, direct and indirect costs, shared costs, budget categories and the adequate breakdown of budget lines.

---

[6]See GA Res 46/182 and https://cdu.unlb.org/UNStandardsofConduct/CodeofConduct.aspx and https://oios.un.org/page?slug=report

97. The AHF budgeting guideline forms part of the AHF Operational Manual, applies to all AHF-funded projects and is reviewed by the HC/AB.

98. The AHF budgeting guideline prescribes a clear segregation of duties, underpins the preparation, review and clearance of the project budgets. It ensures central and internal controls designed to reduce the risk of approving erroneous or inappropriate project budgets (e.g. miscalculations, inconsistency, lack of transparency or admission of ineligible costs). The AHF Head of Unit and the OCHA certifying finance officer at headquarters have specific roles, responsibilities and level of authority:

The AHF Head of Unit is responsible to ensure that:

 i. Principles of economy, efficiency, effectiveness, transparency and accountability are adhered to in the sense that the project budget inputs are commensurate with the planned activities and the expected outputs. More specifically, that the project budget is a correct, fair and reasonable reflection of the project proposal/logical framework;
 ii. The cost estimates are reasonable in the specific context where the project will be implemented, and that funding is used in the most efficient way (value for money).

The OCHA certifying finance officers at headquarters is responsible to:

 i. Verify and approve the budget's factual correctness and its coherence with the project proposal and logical framework;
 ii. Flag concerns and seek clarification by the AHF Head of Unit on any matters that could compromise compliance with UN rules and affect financial transparency and accountability of the AHF.

99. In the budget planning process, AHF partners are expected to:

 i. Provide a correct and fair budget breakdown of planned costs that are necessary to implement activities and achieve the objectives of the project;
 ii. Use and comply with the budget template and guidance provided by AHF for the classification and itemization of planned costs;
 iii. Provide a budget narrative (an essential component of the budget) that clearly explains the objective and rationale of every budget line. For example, shared costs, expensive assets, and costs/equipment required to support regular operations of the partner, are cases that require a substantive narrative.

F2 Eligible and Ineligible Costs

100. The following attributes are used to define eligible costs:

 i. Is necessary, reasonable and proportionate for the delivery of the objectives of the project.
 ii. Complies with the principles of sound financial management, in particular the principles of economy, value for money, efficiency, effectiveness, transparency and accountability.
 iii. Identifiable in the accounting records and backed by original supporting evidence as incurred and in accordance with the approved project proposal and period.

101. The following attributes are used to define ineligible costs:

 i. Costs not included in the approved budget (taking into consideration duly approved budget revisions).
 ii. Costs incurred outside the approved implementation period of the project (taking into consideration duly approved no-cost extensions).
 iii. Debts and provisions for possible future losses or debts.

iv. Interest owed by the implementing partner to a third party.

v. Items already financed through other sources.

vi. Purchases of land or buildings.

vii. Currency exchange losses.

viii. Cessions and rebates by the implementing partner, contractors or staff of the implementing partner of part of declared costs for the project.

ix. Government staff salaries.

x. Hospitality expenses, provision of food/refreshments for project staff (not including basic hospitality during trainings, events and meetings of approved project implementation activities).

xi. Incentives, mark-ups and gifts.

xii. Fines and penalties.

xiii. Duties, charges, taxes (including VAT) recoverable by the implementing partner.

xiv. Global evaluations of programmes.

xv. Audit and system audit fees – these costs are paid directly by the AHF for NGO and Red Cross/Red Crescent projects.

F3 Guideline on requesting project changes

102. Changes to a project may be required due to various reasons and may have different consequences for the project's scope, duration and budget. All variations must be brought to the attention of the AHF Head of Unit, who in consultation with Cluster Leads, assesses whether the proposed changes need formal authorization, require an amendment to the initial grant agreement, or whether the breath of the proposed changes is such that the change is to be rejected.

Deadline for submission of a request to revise a project

103. Project revision requests, whether for no-cost extension, budget modification or any other change, need to be submitted to the AHF Head of Unit at least four weeks prior to the end of the project. Late submissions will only be considered under exceptional circumstances.

104. A project revision request needs to clearly explain why the grant agreement should be amended and indicate the current operational status of the project. A financial statement detailing expenditure incurred to date needs to be submitted.

105. Depending on the nature of the revision, relevant GMS workflows will be activated by the AHF Head of Unit that then allows partners to formally request an amendment.

106. The HC responds (may be delegated by the HC to the OCHA Head of Office) though the AHF Head of Unit to the implementing partner in writing, accepting, modifying or rejecting the request.

107. A signed amendment to the grant agreement is required in the following circumstances:

i. Changes to the project budget lines or budget categories exceeding the 15 per cent or $1,000 whichever comes first tolerance permitted for each budget category. For further details please refer to 113 (budget modifications)

ii. Addition of a new budget line, irrespective of whether it is below or over the 15% tolerance allowed for each budget category;

iii. Change in duration of the project (No-Cost Extensions);

iv. Change of partner banking information relevant to the project;

v. Any other changes that have financial or legal implications and that from part of the grant agreement.

108. The following changes do not require a formal grant agreement amendment and can be approved by the AHF Head of the Unit in the GMS through 'approval without GA amendment'.

i. Change in project location, unless the entire project area has changed;

ii. Change in number of beneficiaries, unless it changes the nature of the project significantly;

iii. Change in approved project activity, unless it changes the project's key objective(s) and results.

109. Significant Deviations from the original project objectives, including extensive changes in the geographic location of the project, the target population, or the scope of project activities will be referred to the HC (or if delegated by the HC to the OCHA Head of Office) by the AHF Head of Unit.

No-Cost Extensions (NCEs)

110. No-Cost Extension (NCE) requests are considered on a case-by-case basis, depending on reasons justifying the request, evidence of progress collected through narrative and financial reports (i.e. progress/interim), and at the discretion of the AHF Head of Unit through requesting specific field monitoring visits and financial spot checks.

111. The NCE can modify the agreement to extend the duration of the project, with or without any changes to the project's budget (without exceeding the approved total amount) or activities. To extend the duration, an amendment to the original agreement must be signed by all parties to the grant agreement (legal contract).

Budget Modifications

112. Budget revisions shall not increase the approved total budget in the initial grant agreement.

113. There are three types of potentially acceptable budget revisions partner may request:

i. Budget revision not exceeding 15 per cent of the approved budget per budget category;

ii. Budget revision exceeding 15 per cent of the approved budget per budget category;

iii. Addition of a new budget line

114. Budget revision not exceeding 15 per cent of the approved budget category.

i. Cost re-deployments to budget categories not exceeding 15 per cent of the originally approved budget category are usually acceptable, but if the variations for the budget line or budget category (whichever comes first) exceeds $1,000 then the partner needs to get written approval by the AHF Head of Unit).

ii. Budget variations of this type are usually acceptable as long as activities retain the same scope and nature of the original grant agreement. (flexibility of $1,000, as stated in the paragraph above)

115. Cost re-deployments to budget categories exceeding 15 per cent of the budget amount per category require HC (may be delegated to OCHA Head of Office) authorization.

i. After prior consultation with the AHF Head of Unit, the implementing partner submits a formal request through the GMS.

ii. Should the budget modifications imply programmatic changes (within the scope and nature of the original grant) the implementing partner needs to submit a revised logical framework.

     iii.   HC approval of such modification will be formalized through an amendment to the original grant agreement (inclusive of all necessary supporting documents, project proposal and project budget).

116. Addition of a new budget line within a category, even if it has no impact on the total amount of the category, should always be brought to the attention of the AHF.

117. Budget line variations within the same category, not affecting the total value of the category, are acceptable if approved by the AHF Head of Unit.

Interest Income Earned on Project Funds

118. Any financial interest income earned on project funds must be declared in the appropriate financial statements and reports.

119. Interest income may be used in-line with previously approved project budget and activities, after prior approval by the AHF Head of Unit and OCHA HQ.

Project Closure

120. A project will be considered closed when the following conditions are met:

    i.   Final narrative report received and cleared by the AHF Head of Unit. Partners must submit the final narrative report within two calendar months after the end of the project implementation (including NCEs). The AHF Head of Unit has up to one calendar month from receipt to review, verify as needed, and to clear the final narrative report.

    ii.   Partners submitted the final financial report (including an inventory of assets purchased under the grant) within two calendar months after the end of the project implementation (including NCEs). Once the final financial report has been received, it will be pre-cleared by the AHF Head of Unit and OCHA HQ/PFMB within one month.

    iii.   After clearance of the final financial report, projects have been audited within two months.

    iv.   AHF and OCHA CBPF Section reviewed and close the project within two months from receipt of the audit report.

    v.   Following the closure of a project and its audit (when applicable), partners are notified by the AHF Head of Unit about the exact amount to be refunded (if any). Partners have one month from the date of notification to refund amounts due. Non-compliance with the request will be subject to specific measures outlined in the Annex 15 (Compliance Measures). Proof of payment needs to be received and acknowledged by OCHA CBPF Section.

121. The AHF reserves the right conduct additional audits on NGO partner contracts. The AHF may also request the reimbursement of unspent or qualified expenditures. Upon written notification from the AHF, the implementing partner shall refund the requested amount within one calendar month.

F4 Audit Process

122. Audits are conducted according to the Global Operational Handbook for CBPFs.

123. External audits are an oversight mechanism and an essential component of the accountability framework. It enhances the transparency and sound financial management of resources allocated by the AHF.

124. External audits enable the AHF to obtain evidence-based assurances on the use of funds transferred to NGOs. In particular, external audits help to mitigate financial risks; including misuse of resources and fraud; identify weaknesses in financial and operational management and recommend critical improvements; identify ineligible expenditures.

125. External audit findings provide essential feedback to the partner and the system, promoting continuous improvement of NGO financial and operational management and performance, and enabling the AHF to make informed funding decisions.

Project Audits of UN Organizations

126. Participating UN Organisations are audited in accordance with their own financial rules and regulations and the framework for auditing multi-donor trust funds subject to single audit principle (as agreed to by the Internal Audit Services of Participating UN Organisations and endorsed by the UN Development Group (UNDG) in September 2007).

127. The Board of Auditors (BoA), comprising Auditors-Generals of three Member States, provides external audit services for the United Nations and its funds and programmes, with the exception of the World Food Programme (WFP) which has its own external auditor.

Project Audits for NGOs

128. NGO implemented projects are audited in compliance with applicable financial regulations, rules and directives as per the AHF Grant Agreements. The costs of such will be borne by the AHF, as a direct cost to the AHF. One or several external auditing companies can be contracted by the AHF to deliver financial and operational audit requirements of NGO partners. Audit process:

   i. Once the final financial report is cleared by OCHA CBPF Finance, the partner receives a notification via GMS about the launch of the audit process.

   ii. Additionally, the AHF Head of Unit informs the partner by email about the start of the audit and is available to the partner for questions.

   iii. The auditors contact the partner to agree on a field visit of the partner's office and share the final audit plan with the AHF.

   iv. After the audit, the auditor shares the draft report with the partner and requests their response. Whenever there are critical findings, the auditors are required to immediately inform the AHF and to seek advice prior to informing the partner.

   v. After receiving feedback from the partner and finalising the report, the auditors share the final draft report with the AHF for review.

   vi. Once the report is reviewed/finalized by the AHF, the auditors issue the final and signed audit report to both to the partner and the AHF.

   vii. The AHF uploads the report into GMS for OCHA CBPF Finance clearance.

   viii. After OCHA CBPF Finance clearance of the report and processing of any refunds or disbursements, the project will be closed both operationally and financially by the AHF in GMS.

129. The AHF is recording all audit findings, particularly those that may expose OCHA to risks, to ensure that partners address findings before applying for additional AHF funding. The audit performance of partners feeds into their Performance Index and may impact on the risk level of the partner.

130. In case there are reasonable concerns regarding the implementation of a project, the AHF Head of Unit may inform and recommend to the HC and the OCHA Oversight and Compliance Unit in New York to trigger a specific (i.e. forensic) audit process.

G   ANNEXES

Annex 1:   AHF Advisory Board Terms of Reference

Annex 2:   AHF Budgeting Guideline

Annex 3:   AHF Partner Eligibility and Assessment Guidance

H   Additional Information

Additional policies, guidelines and standard-operating procedures are available on the AHF website.

I   Contact Information

Afghanistan Humanitarian Fund
United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
Kabul, Afghanistan
Email: ahf-afg@un.org

J   Review date

This AHF Operational Manual, all annexes, as well as AHF Standard Operating Procedures (SOPs) and Terms of Reference (TOR) are usually reviewed annually and revised as necessary. The most current version is published on the AHF (OCHA Afghanistan) and MPTF website, and provided to all AHF partners and stakeholders by email.