Standard Allocation Document

First standard allocation 2014 - February/March 2014

This document outlines the strategic objectives of the Somalia Common Humanitarian Fund (CHF) first standard allocation for 2014, and summarises the analysis leading to the strategic decisions made. The document further provides guidelines to ensure that the allocation achieves its objectives.

I. Overview

The Somalia CHF was established in 2010 with the aim of ensuring predictable, strategic and flexible funding. Since its inception, the fund has disbursed a total of US$289 million through its standard allocation and emergency reserve windows.

The CHF Advisory Board met on 28 February 2014 to initiate the first standard allocation for 2014, and allocated $25 million to the following previously agreed focus areas:

1. **Support to the most vulnerable Internally Displaced Persons (IDPs) and host communities** through the provision of an integrated package of basic services.

2. **Action to address chronic humanitarian crises/disasters:** This could include community led initiatives to anticipate, mitigate, cope and overcome risks as well as ensure longer term mitigation measures.

3. **Support to common services** including projects under Enabling Programmes Cluster in the CAP that have a solid plan to mobilise resources from other donors.

The publication of this allocation guidance on 7 March 2014 allows the Humanitarian Coordinator (HC) for Somalia to launch the first CHF standard allocation for 2014. The document outlines the allocation of funding envelopes to eight priority clusters and to Common Services/Enabling Programmes.

This standard allocation document outlines:

- The humanitarian context in Somalia and priority humanitarian needs for this standard allocation.
- Criteria for the allocation of CHF funds.
- The allocation of funding envelopes to priority clusters, with guidance to Cluster Review Committees (CRC) for the prioritization of CAP projects.
- A timeline for the standard allocation process.

II. Humanitarian context

The main drivers of the protracted humanitarian crisis in Somalia remain climatic variability – and its attendant cyclical droughts and floods – poverty, political instability, conflict, and lack of basic social services. In the last quarter of 2013, parts of southern and central Somalia experienced floods, poor rainfall and continued conflict. Consequently, some households in parts of southern Somalia will have a below average harvest and limited access to water and sanitation facilities which will negatively compound the food security, nutrition and health status of the affected populations. Flooding also led to deaths, displacements, destruction of livelihoods, and the outbreak of water-borne diseases. Recurrent floods and drought underscores the necessity for activities/interventions that support disaster risk management.

According to the recent Food Security and Nutrition Analysis Unit (FSNAU) post *Deyr* 2013/14 assessment, an estimated 2.9 million people still require humanitarian assistance. Some 857,000 people require life-saving humanitarian assistance and are classified as being in Emergency and Crisis. A further 2 million people, a third of Somalia's population, remain on the margin of food insecurity and may struggle to meet their minimal food requirement through mid-2014. This group is highly vulnerable to shocks that could push them back to food security crisis. Lifesaving humanitarian assistance and livelihood support are vital between now and June 2014 to help meet immediate needs. Additional interventions will be required to protect livelihoods and assets and strengthen the resilience of communities to reduce vulnerability against future shocks.

There are an estimated 1.1 million internally displaced people in Somalia. The main reasons for displacements are continued violence, poverty, and recurrent natural disasters. Challenges faced by IDPs include reliance on marginal and often unreliable livelihood strategies, poor living and sanitary conditions, and inadequate access to basic social services such as water and sanitation, health, shelter and education. Some 635,000 IDPs are classified as being in either Emergency or Crisis. In addition, they constitute 75 per cent of the most vulnerable people in Somalia.

Acute malnutrition continues to afflict thousands of children, especially in the south of the country. About 203,000 children under 5 years of age are acutely malnourished. An estimated 51,000 among these are severely malnourished and face a higher risk of death. An estimated 100,000 pregnant and lactating mothers need sustained nutritional support to prevent them from becoming acutely malnourished. Such persistent emergency levels of malnutrition are related not just to food intake, but also to dietary balance, disease, lack of clean water, poor hygiene practices and poor child feeding practices. Sustained treatment programmes with concurrent interventions to address contributing factors such as poor health outcomes are crucial.

Child maternal morbidity and mortality rates in Somalia remain the highest in the world due to the low coverage of basic child health services and poor access to maternal health. Outbreaks of communicable diseases are rampant mainly due to the lack of clean water and poor sanitation particularly in overcrowded settlements or where there is a massive movement of people. Further, an estimated 2.75 million people do not have sustainable access to water, sanitation and hygiene.

Protection continues to be a critical priority in Somalia, particularly among IDPs as many have lost their social and protective structures. Sexual and gender-based violence against women and girls, including rape, is widespread, particularly in settlements where displaced people reside. Since early 2013, over 2,300 children have suffered from grave rights violations, with abduction and recruitment being the major violations. Addressing protection concerns through supporting activities such as shelter and education that enhance the protective environment of the most vulnerable is thus vital.

III. Criteria for allocation of CHF funds

The CHF allocation strategy is closely aligned to the CAP 2013-2015 strategic priorities and therefore responds to the highest humanitarian needs in Somalia. In line with the priority needs outlined above, the Humanitarian Coordinator and the CHF Advisory Board agreed to strategically focus the first standard allocation on three areas and on the most critical priority regions among many to ensure focus on integrated response and maximise the potential for impact:-

i) **Strategy I: Support to IDPs and host communities:** IDPs constitute 75 per cent of the most vulnerable households in Somalia, with the majority living in deplorable conditions and lacking basic services. The response to IDPs should focus on the provision of an integrated package of basic services while taking into consideration the needs of host communities.

   The priority regions are Bay (Baidoa), Gedo (Luuq), Mudug (Galkacyo) and Lower Juba (Kismayo) due to the large number of protracted IDPs whose high malnutrition rates are exacerbated by limited livelihood options and inadequate health and WASH services. The need to ensure a protective environment is also critical in the selected regions.

   50 per cent or $12 million will be allocated to this strategy. The clusters prioritised are Education, Food Security (livelihood activities only), Health, Multi-sector for Refugees (IDP returns), Nutrition, Protection, Shelter and WASH. Clusters are encouraged to coordinate their activities and ensure that services provided are integrated.

ii) **Strategy II: Action to address chronic humanitarian crises/disasters**. This could include community led initiatives to anticipate, mitigate, cope and overcome risks as well as ensure longer term mitigation measures.

   The priority regions are Bay (Baidoa and Dinsor), Bakool (Ceel Barde, Rab Dhuure, Xudur and Tiyeglow), Gedo (Luuq), Hiran (Beletweyne and Mataban) and Lower Juba (Kismayo). The allocation aims at:

   a) preventing people in stress from slipping into emergency and crisis through strengthening their capacity to absorb shocks

   b) contributing towards the reduction of chronic acute malnutrition rates

   c) responding to the needs of people who are highly vulnerable to floods, drought, and communicable disease outbreaks such as acute watery diarrhoea (AWD).

$9.4 million, or 38 per cent, will be allocated to Food Security (livelihood activities only), Health, Nutrition, and WASH clusters. These clusters will be required to, where possible, coordinate their activities in the selected regions/districts.

The Multi-sector for refugees cluster will have the flexibility to implement their interventions for IDP returns in priority regions where it can maximise impact.

iii) **Common Services:** Specific activities included under 'Enabling Programmes' in the CAP will be supported through an envelope of US$3 million. This includes support to:

- UN Humanitarian Air Services (UNHAS) with $1 million to ensure the continuity of the services particularly in the first quarter of 2014 and ensure a cost effective start up (early contract commitments to reduce overall costs during the year).

- Cluster coordination of not more than $100,000 per cluster to facilitate coordination of humanitarian action including oversight of CHF projects. The clusters that can benefit from this allocation are Education, Food Security, Health, Multi-sector for Refugees, Nutrition, Protection and WASH.

- Other common services projects mainly FSNAU, Radio Ergo and NGO Consortium costs and NGO Safety Program (NSP) with a total allocation of $1.2 million provided strong justifications and realistic funding is presented.

- OCHA is designated to coordinate the review of common services proposals.

IV. Allocations per cluster and guidance for project selection

A total of $25 million will be used for this standard allocation. About $7 million will be kept in the emergency reserve. An estimated $1.5 million will be reserved for OCHA's indirect costs in its role as Managing Agent, in addition to requisite auditing costs and 1 per cent in support costs for the Multi-Partner Trust Fund (MPTF) in its role as Administrative Agent.

Summary of final allocation

Themes	**Allocation (US$)**
Strategy I: Support to IDPs and host communities	**12,600,000**
WASH	2,000,000
Nutrition	2,000,000
Health	2,000,000
Shelter	1,600,000
Education	1,600,000
Protection	1,600,000
Food Security	1,000,000
Multi-sector for refugees	800,000
Strategy II: Action to address chronic humanitarian crisis	**9,400,000**
Food Security	3,400,000
Nutrition	2,300,000
Health	1,900,000
WASH	1,800,000
Common Services/Enabling programs	**3,000,000**
UNHAS	1,000,000
Support to clusters	800,000
FSNAU, NSP, Radio Ergo	1,200,000
Allocation by Cluster	
Food Security	4,400,000
Nutrition	4,300,000
Health	3,900,000
WASH	3,800,000
Enabling Programmes/Common Services	3,000,000
Shelter	1,600,000
Education	1,600,000
Protection	1,600,000
Multi-sector for Refugees	800,000
Total	**25,000,000**

Guidance and specifications for project prioritization

As overall guidance for the clusters, decisions taken with regard to CHF funding allocations must be in line with agreed priorities and arrived at through the established coordination mechanism, in particular the Cluster Review Committees (CRCs). The CRCs will initially focus on the selection of projects. A Joint Review Committee (JRC) will then review the technical aspects of each selected project.

When prioritizing projects, CRCs should take into account the following **principles:**

I. NGOs applying under this allocation must have passed the CHF capacity assessment. A list of eligible NGO partners has been posted on OCHA's website. All UN agencies are eligible for CHF funding.

II. Organisations, as well as CRCs, must use the CHF online database and the CHF project scoring sheets for the submission and review of proposals.

III. All projects must respond to the strategic priorities in the priority regions/locations and for the clusters specified under each strategy.

IV. Clusters can prioritise actions outside of the identified urban centres within the priority regions identified subject to strong justification.

V. Projects should be complementary and coordinated across clusters.

VI. Clusters can make discretionary decisions to move their allocated funds between strategies I and II.

VII. General food distribution will be excluded from this allocation due to competing priorities and the need to maximise the potential for impact of the comparatively small resources available.

VIII. Capacity building activities in projects must be clearly defined, show added value to the project and demonstrate direct benefits to the targeted affected people.

IX. To facilitate decision making in terms of selecting partners and projects for this allocation, clusters should take into consideration the risk profiles of CHF partners and recommendations in the CHF Risk Management dashboard.

In addition, and in accordance with the CHF Guidelines, CRCs will ensure that the following **criteria** are respected:

I. Recommended funding is strategic and concentrated on the highest-priority projects, rather than funding many projects that would receive a small amount each. Larger projects that maximise on direct benefit to beneficiaries are encouraged.
II. Funding responds to the greatest and most immediate needs.
III. Projects that demonstrate linkage or integration with projects of other clusters should be prioritized.
IV. Selected projects help achieve the strategic priorities and cluster objectives as specified in the CAP. Projects that are ranked as 'high' in the CAP should be prioritized.
V. Implementing partners must be fully compliant with the CHF rules and regulations, have a good track record, represented in the cluster's 3W matrix, and present in the project area in Somalia.
VI. Projects can be implemented within 12 months.

VII. To reduce overhead costs, pass through arrangements where organizations simply pass on funding to their implementing partner organization without providing any meaningful guidance, coordination, capacity building, technical advice, monitoring and evaluation capacities or any other function of additional value are not eligible for funding.

VIII. Projects that can demonstrate 'value for money' (e.g. maximum outcome and beneficiary reach for each dollar invested and effectiveness of the intervention) relative to the project budget should be prioritized. CRCs should agree on the approach to define 'value for money' in the cluster and should not only consider cost efficiency (e.g. the indirect costs as a proportion of direct costs, cost per beneficiary, economy of scale, etc.), but also the effectiveness and timeliness of the intervention.

IX. Projects that can demonstrate low indirect costs as a proportion of direct costs should be ranked favourably. Information on direct and indirect costs is contained in the CHF budgetary guidance.

X. Organizations that have an ongoing CHF project and apply for the same activities under the first standard allocation for 2014 should clearly indicate how the new funding will complement the previous CHF projects.

XI. Organizations have confirmed in their CHF proposal that they are able to produce a financial certificate that is not older than 18 months.

XII. The organisation has a valid bank account capable of receiving foreign currency by wire transfer.

XIII. To the extent possible the CRC should ensure that recommended projects include an analysis of the specific needs and priorities of women, girls, boys and men and that all activities are informed by this analysis. This requirement does not apply to 'gender-neutral' projects under the common services funding envelope.

XIV. CRCs can develop additional criteria specific to their cluster, according to which they will prioritize projects.

In order to facilitate the efficient and timely finalization of cluster portfolios, projects recommended for funding after presentations to the Advisory Board will undergo further technical review through a JRC composed of Cluster Coordinators/Co-Coordinators, selected members of the CRCs, a donor/s and representatives of the CHF secretariat. At this point, organisations may be requested for additional clarifications or changes, including adjustments in the budget.

The JRC will review all projects using the CHF standard proposal review template paying further attention to the following:

I. The technical quality of the proposal;
II. The adherence to the CHF budgetary guidelines;
III. The financial efficiency of the project;
IV. The coherence between the narrative, work-plan, log-frame and budget;
V. The complementarity and consistency of projects across sectors, seeking to build synergies with other sectors;

To improve on the timeliness of the joint review, only **three** revision rounds will be allowed for proposals. Projects that fail to reach the required level of quality after three rounds of revision will not be funded, and the funding earmarked for the project will be returned to the CHF reserve.

V. Timeline and Procedure

This document is published by the Humanitarian Coordinator on Friday, 7 March 2014. From this day, interested humanitarian organisations with CAP projects in the priority clusters and regions submit project proposals to the relevant cluster lead (date to be determined by the cluster lead) such that there is adequate time for an iterative review process before the 28th March when the list of prioritized projects is submitted to the CHF secretariat.

Organisations can only submit projects that are already included in the revised 2014 CAP, or subsets of activities from CAP projects.

For the submission of proposals, organizations should use the CHF online database, available at http://funding.ochasomalia.org/ochachf/.

CRCs will then meet to select a list of priority projects, their combined budgets being within the limits of the funding envelope allocated to the cluster. Clusters have to involve Somalia-based coordination mechanisms and humanitarian staff by sharing proposals with them for comments. By closure of business on Friday 28 March 2014, the cluster coordinators submit a final list of prioritized projects and scoring sheets showing the process of selection to the HC and Advisory Board via OCHA for their decision on proposals 'in principle' during the same week. OCHA, as the CHF secretariat, will inform clusters and organizations of the Advisory Board's decisions.

7 March 2014	The Humanitarian Coordinator publishes the CHF First Standard Allocation 2014 Document. Interested organisations to submit CHF project proposals based on existing CAP projects to relevant cluster lead (clusters leads to determine the deadline for submission of proposals).
28 March 2014	CRCs submit list of prioritized projects for CHF funding, according to the funding envelope allocated to the cluster.
2 April 2014	CHF Advisory Board consultation to review, approve or reject prioritized proposals 'in principle'. OCHA informs organizations and clusters of these decisions thereafter.
7 April - 23 April 2014	JRCs conduct detailed formal review of projects approved by the HC and Advisory Board. OCHA starts preparing the agreements and disbursements for approved and finalized projects.

VI. Emergency Reserve

The Emergency Reserve will continue to be used in line with the key requirements specified in the CHF guidelines. The emergency window can also be used to provide an immediate response in areas not within the CAP as well as regions not prioritised in this standard allocation where need has been demonstrated. The CHF Reserve is primarily intended for the rapid and flexible allocation of funds in the event of unforeseen circumstances, emergencies, or strategic needs.