

## Guiding Principles for Flexible Funds Mechanism under the Humanitarian Strategic Partnership Agreements (SPA) 2025-2029

### The Flexible Funds Mechanism

The flexible funds mechanism constitutes an important part of Norad's humanitarian partnership with its Humanitarian Strategic Partners (Grant Recipient). The purpose of the flexible funds mechanism is to enable a needs-based and rapid humanitarian response, immediately after a sudden onset humanitarian crisis, after a deterioration of an ongoing crisis, in situations with significant unmet needs, or in situations where the Strategic Partner has gained new humanitarian access.

The use of flexible funds must be in line with the Strategic Partner's global results framework included in the Agreement. Flexible funds are included as a separate budget line in the Strategic Partnership Agreement, and amount to a maximum of 20 percent of Norad's pro-rata share of the annual approved direct project cost allocation to a Strategic Partner. The Strategic Partner may also charge indirect costs up to a maximum of 7% of the flexible funds.

### The procedure for releasing flexible funds

To release flexible funds, ***the flexible funds form, found on Norad's [webpage](#), shall be used.*** If necessary, Norad may request additional information regarding the programming.

Flexible funds may be released throughout the budget year. The Strategic Partner ***either informs or applies to Norad***, using the above-mentioned form:

- Flexible funds programming in countries where the Strategic Partner has existing programming/has had programming under grant agreements with MFA or Norad in the last five years: the Strategic Partner ***shall inform*** Norad as early as possible ***before*** using flexible funds.
- Flexible funds programming in countries where the Strategic Partner does not have existing programming funded by MFA or Norad and has not had such funding in the last five years: the Strategic Partner ***shall apply*** to Norad for approval of release of flexible funds, at the latest by 15 November of any given year. Norad aims to respond within 7 working days upon receipt of applications, including any questions or clarifications needed.

*In exceptional cases, flexible funds may be used for programming covering essential activities not directly linked to a specific country situation.* The purpose of the above procedure is:

- To ensure Norad has information on the planned response and the organisation's rationale for using the flexible funds.
- To ensure Norad is aware of the totality of Norway's funding/response to any given crisis.
- To ensure Norway has background information for potential external communication.

- To enable Norad to assess the Strategic Partner's added value in a new country context, as well as the risks and cost effectiveness tied to the implementation.

Given the definition of "new countries", Norad does not anticipate receiving many applications for the release of flexible funds.

### **Disbursement of flexible funds**

Due to the Norwegian Regulations on Financial Management in Central Government (Økonomiregelverket) Norad cannot disburse flexible funds until an actual financial need for them arises. This means that flexible funds can only be disbursed after the Strategic Partner has informed Norad of their intended use, or an application has been approved.

The number of disbursements to the Strategic Partner should be kept at a minimum annually, preferably a maximum of three. The Strategic Partner is expected to cover the flexible funds allocations from the ordinary programme funds previously disbursed in the year and include the allocated amount in the next disbursement request to Norad.

This approach can lead to a reduced amount of funds available for the ordinary programming earlier in the year than planned. The next disbursement request may, therefore, be sent earlier than planned to cover needs for ordinary programming.

### **Reflection of flexible funds in budget, results framework and risk analysis**

At the end of any given year, the Strategic Partner should present a revised budget which reflects the flexible funds allocations for information. This allows for easy comparison to annual reporting. A revised budget may be forwarded as part of the budget information in connection with budgets and plans to be approved for the coming year. For **significant changes** to the results framework or work plan as a result of flexible funds to any given situation, the Strategic Partner will need to request Norad's prior written approval and include a revised results framework and/or work plan, see the Specific Conditions Article 3.4. In general, this is thought to be in exceptional cases only.

### **Q&A**

#### **What is the definition of "new countries", requiring an application for release of flexible funds?**

Countries in which the Strategic Partner does not have existing programming funded by MFA or Norad and has not had such funding in the last five years.

#### **What costs may be included in flexible funds programming?**

Flexible funds shall be used exclusively to cover costs of the proposed measures in new and escalating crises, in line with the purpose of the funds, referred to in the first paragraph of this document. The Strategic Partner may also charge indirect costs up to a maximum of 7% of the flexible funds.

Norad does not require a detailed budget, however the allocations must follow the same budget structure/categories as the approved annual budget.

### **What is the maximum implementation period of flexible funds programming?**

Flexible funds programmes can be implemented during a period of up to 12 months<sup>1</sup>. Should flexible funds programming not be completed within 12 months, the Strategic Partner must contact Norad for approval of a no-cost extension or change of purpose of the funds. An assessment of whether this will be approved is carried out on a case-by-case basis.

### **Can flexible funds projects/programmes be extended?**

Flexible funds projects/programmes can normally not be extended, other than without cost. If a Strategic Partner wishes to continue a response which started as a flexible funds-response, the Strategic Partner should include the programming in the annual work plan for the following budget year, to be approved by Norad.

### **Reporting on flexible funds programming**

The Strategic Partner shall not submit separate narrative reports on the use of the flexible funds. **Narrative reporting** regarding the flexible funds programming should be included in the regular annual reports for the Strategic Partnership. With regards to the **financial reporting**, the Strategic Partner shall include a clear presentation of the allocation of the flexible funds in the annual financial report for the year in which the funds were released. The financial reporting and audit shall be carried out annually per 31 December, including for flexible fund projects/programmes which are partially carried over into the next calendar year. Unused funds at the end of the calendar year should be reported on. A [template](#) for financial reporting for Strategic Partners, including on flexible funds, may be used if the Strategic Partner wishes to do so.

### **Can unreleased flexible funds be transferred from one budget year to another?**

Unreleased flexible funds cannot be transferred from one budget year to the next. If the Strategic Partner does not need the total amount of flexible funds in a budget year, it shall inform Norad thereof as soon as possible, and no later than **1 December**. In case of a sudden onset crisis after this date, flexible funds from the following year's budget under the Agreement, will need to be used.

### **Cut-off date for release of funds per year**

In situations in which the Strategic Partner must submit an application to Norad, the deadline for submissions of applications is **15 November**, to ensure sufficient time to process the application and disburse the funds.

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<sup>1</sup> See Prop. 1 S X.7: «Utbetalinger av tilskudd til akutt nødhjelpsarbeid kan i enkelte tilfeller foretas for opptil ett år frem i tid når dette er påkrevd for å sikre raske og nødvendige investeringer.»

**Can flexible funds programming be carried out in countries which do not have a humanitarian response plan?**

This is possible, however, the requirements for the release of flexible funds as per the agreement and these Guiding Principles must always be fulfilled before releasing the funds.

**What constitutes a “significant change” to the results framework?**

The Strategic Partner must assess if the changes are significant in accordance with the Agreement’s article 3.4 on significant changes. Generally, changes in target numbers alone are not considered significant and therefore do not require an updated results framework. However, information regarding changes to the targets should be reflected in the reporting. If the Strategic Partner sees that a flexible funds project/programme will lead to significant changes in targets, this can also be mentioned in the information/application to Norad.

**How should Strategic Partners report on changes to the risk analysis, given there is no approved risk matrix in the Agreement?**

Each Strategic Partner must maintain an updated risk analysis within their organisation at all times. In connection with the submission of the annual work plan, as well as in the annual progress reporting, the narrative report should reflect changes in the risk landscape, and risk mitigation measures.

**How will the flexible funds be statistically coded?**

Norad will incorporate the relevant statistical codes for the allocated flexible funds as soon as the Strategic Partner informs of their use/applies for release of flexible funds. Strategic Partners are therefore asked to include relevant information for the statistical coding in the flexible funds form.

As per usual procedures, a Strategic Partner may submit updated statistical information by 1 December if there have been significant changes to the programme during the year. In this case, the Strategic Partner is requested to **include the flexible funds allocation in the relevant country sub-units**, i.e. separate sub-units for flexible funds at country level should not be added.