



Subsidy Fund

Supporting organisations to access HQAI quality assurance services

POL200 -D - Subsidy fund 2020-12-15

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Table of Contents

1. Introduction.....	3
1. Purpose	4
2. Governance	4
3. Resources	5
4. Decision-making.....	5
5. Priorities for funding	5
6. Level of support.....	6
7. Attributing grants.....	7
8. Appeals.....	8
9. Compensation for Committee members.....	8
10. Validity	8

Subsidy Fund policy

1. Introduction

I. The Humanitarian Quality Assurance Initiative

HQAI's objective is to improve the Quality and Accountability of organisations working with vulnerable and at-risk population through the provision and promotion of meaningful and adapted independent quality assurance. Its services are intended to build capacity in the sector and provide consistent measurable data in the delivery of quality action, thus improving principled, accountable, efficient provision of aid to vulnerable and at-risk populations.

To all its stakeholders, HQAI is an accountable, open and trustworthy partner, which applies the internationally recognised ground rules of auditing that are impartiality, competence, responsibility, openness, confidentiality and responsiveness to complaints. Our policies, procedures and tools for independent quality assurance follow relevant ISO standards requirements. HQAI's CHS certification scheme is accredited against ISO/IEC 17065:2012.

HQAI has developed robust tools to measure efficiently where an organisation stands in relation to the [Core Humanitarian Standard \(CHS\) on Quality and Accountability](#). Tools related to other standards may be developed in the future.

HQAI is committed to the nine fundamental principles of the CHS and implements them as far as they are applicable to its own activities.

These are:

- delivery of services that respond to the needs of users
- timely delivery of these services
- avoidance of negative effects
- transparency and participation in decision-making
- provision of safe complaint mechanisms
- avoidance of duplication
- responsible management of staff, including non discrimination
- responsible use of resources

II Scope

This policy applies to the management of the Subsidy Fund established by HQAI to facilitate equal opportunities of access to its third-party quality assurance services for organisations for which costs and capacity would constitute a barrier, in line with HQAI's strategic objective of facilitating access to HQAI services for national and local responders.

III. References

The following referenced documents can usefully complement this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

Document can be downloaded from HQAI web-site (hqai.org/publications)

POL049 - Appeal policy

PRO049 - Appeals procedure

PRO200 - Subsidy Fund Procedure

TOR200 - Terms of Reference for the Subsidy Fund Management Committee

IV. Definitions

The terms and definitions provided in the CHS and ISO/IEC 17000:2004, Conformity assessment, vocabulary and general principles apply, unless otherwise specified in the text.

1. Purpose

- 1.1 The subsidy fund, hereafter the Fund, is designed to support financially:
 - i. organisations that want to access HQAI quality assurance services, but for which costs would be a barrier;
 - ii. the development of local auditing capacity to facilitate access to HQAI quality assurance services.
- 1.2 The Fund does not support the implementation of measures to apply the CHS or other relevant standards.

2. Governance

- 2.1 The Fund is hosted by HQAI and works independently. It is managed by a Fund Management Committee (hereafter the Committee), appointed by HQAI Board of Directors. The Committee is composed of three members reflecting the perspective of:
 - i. Donors;
 - ii. Humanitarian NGOs;
 - iii. HQAI (through one member of its Board).
- 2.2 The Committee should collectively bring knowledge and experience which makes the Fund an impartial service to the sector. The Committee shall examine how to include the perspectives of people affected by crisis in its proceedings.
- 2.3 The term of Committee members is three years, renewable once.

3. Resources

- 3.1 The Fund is financed by:
- i. Donations (private and public);
 - ii. Surplus from HQAI, if and when its incomes from third party quality assurance leave a positive balance after a safety margin of three months of core budget is established and all expenses and investments in R&D are paid;
 - iii. Any other sources as far as they do not compromise the independence and impartiality of the Fund.
- 3.2 Donors are publicly acknowledged and can declare in their public communications that they are providing resources to the Fund. Contributions to the Fund do not allow donors to imply that:
- i. they participate themselves under any of HQAI's third-party quality assurance schemes;
 - ii. the partner(s) they fund / support participate in any of HQAI's third-party quality assurance schemes;
 - iii. make any declaration related to their level of compliance with the CHS.

4. Decision-making

- 4.1 Decisions of the Committee require the totality of its members taking part in the discussion (100% quorum).
- 4.2 The Committee strives to make decisions by consensus, defined as the absence of sustained opposition. If consensus cannot be reached, a vote shall take place.
- 4.3 In making a decision, the Committee shall:
- i. check that the documentation it receives from the Secretariat is complete;
 - ii. assess if the need is sufficiently established
- Note 1: for organisations (see PRO200, clause 1.2.vi), in particular the extent to which paying the full amount of the quality assurance process would prejudice field action.
- Note 2: If the Committee deems the need is not adequately justified, it may either reject the application or request more information. In the latter case, the decision will be deferred to the following meeting of the Committee, or if the Committee requires it, a decision will be taken by email. Without any contrary indication from the Committee the application will be considered in the order indicated in 5.4.
- iii. follow the priorities identified under 5, below.

5. Priorities for funding

- 5.1 Up to 15% of all projected annual subsidies can be attributed to support financially internal or external auditors' training within the framework of HQAI's quality assurance schemes.
- 5.2 Access to subsidies for training individuals is submitted to the following conditions:
- i. for internal auditors: be in charge of the internal auditing of an HQAI audited partner (groups or organisations), within the scope of the quality assurance scheme it participates in;

- ii. for external auditors: be vetted by HQAI Quality Assurance Team for their particular skills and the strategic need to develop local auditing capacity in a specific country or region.
- 5.3 Within the proportion indicated in 5.1, support is attributed in priority to the following categories:
- i. National NGOs that directly assist vulnerable people and at-risk communities in their own country or individuals, internal auditors of such organisations and applicant HQAI external auditors established in countries with low HDI. ii National NGOs working nationally through partners that assist vulnerable people and at-risk communities in their own country, internal auditors of such organisations and applicant HQAI external auditors established in countries with medium HDI;
 - iii International NGOs (that have activities in at least one country outside their home country), the priority level diminishing in proportion to the number of countries where they operate;
- 5.4 Within the proportion indicated in 5.1 and within each of these category support is attributed in priority to:
- i. Organisations or individuals whose applications were complete, but could not be financed at a previous meeting for lack of resources of the Fund;
 - ii. Organisations or individuals whose applications required further information at a previous meeting;
 - iii. Organisations that are already engaged in either independent verification or certification for which a financial support is key to be able to continue the process;
 - iv. Organisations that want to engage in either independent verification or certification (four-year process);
 - v. Organisations that want to engage in a benchmarking process (single audit and report)

6. Level of support

- 6.1 The Fund supports organisations or individuals up to the following levels:
- i. 90% of the quote established by HQAI, including expenses, for organisations and individuals established in countries with low HDI
 - ii 85% of the quote established by HQAI, including expenses, for organisations and individuals established in countries with medium HDI;
 - iii. Initial audit: 80% of the quote established by HQAI including expenses, for other organisations.
 - iv. Maintenance, mid-term, recertification and extraordinary audits: 50% of the quote established by HQAI including expenses, for other organisations.
- 6.2 If the final cost of an audit or training is inferior to the budget initially established by HQAI's secretariat, the maximum support shall be in proportion to the final cost.
- 6.3 If, during the course of the audit of an organisation that is subsidised by the Fund, it appears that costs will vary more than 15% from the quote established by HQAI's secretariat, the latter shall inform both the organisation and the Fund Management Committee as soon as it becomes aware of the situation, to identify the way forward. A grant cannot be extended beyond the initial agreement without the approval of the Subsidy Fund Committee.

6.4 If a grant is attributed, but the audit later shows that the indications upon which it was granted were intentionally false or misleading, the audit will stop immediately, the organisation will be requested to reimburse the expenses incurred to date and their fraudulent action will be advised on HQAI's website.

Note: this does not imply that an organisation asking for support for certification but fails to obtain it would have to reimburse the expenses.

Note 2: cases of negligent misrepresentation are not covered in this clause.

7. Attributing grants

7.1 Grants are attributed twice yearly.

7.2 Grants are attributed according to the priorities identified above (5.), on a "first come first served" basis within a category, then in the next category, within the limit of available resources.

Note: The date considered for determining the sequence of applications is the date at which HQAI's Secretariat has received all requested information (see PRO200 1.1.iii).

7.3 The decision on attributing grants shall not be contingent on the amount of subsidy requested.

7.4 However, as the subsidy is deemed to cover only what is necessary for an organisation to participate in HQAI quality assurance and providing less than this amount would jeopardise the sustainability of the process, subsidies are provided only to the requested amount. There shall be no grant lower than for the requested amount.

7.5 If the available resources in the Fund are not sufficient to cover the full amount of requested funds, the application shall be deferred until sufficient funds are available. The organisation shall be placed at the top of its priority category. A grant will be attributed to the next organisation in the priority list identified in 5.3 which request for subsidy can be granted within the available resources.

Example:

Available resources at the beginning of an attribution session			CHF 40'000.00
Organisation (According to priority)	requested amount	remainder after grant	Decision
A	18'000.00	22'000.00	OK
B	12'000.00	10'000.00	OK
C	15'000.00	-5'000.00	On hold until the next attribution session
D	8'000.00	2'000.00	OK

7.5 Support granted once (e.g. for the initial and maintenance audit) is not a guarantee that support will be granted in the future (i.e.. for a mid-term or renewal audit).

8. Appeals

- 8.1 Applicants who disagree with the decision made regarding the attribution, or not, of a grant can lodge an appeal to the Chair of the HQAI Advisory and Complaint Board. HQAI Appeals policy and procedure (POL049 & PRO049) apply.

9. Compensation for Committee members

- 9.1 The work as Committee member of the Fund is on a voluntary basis.
- 9.1 Upon request, Committee members shall be reimbursed for their expenses incurred in the management of the Fund, notably travelling, food and accommodation, according to HQAI reimbursement policies.

10. Validity

- 10.1 The Fund was established on July 1st, 2016 by a decision of HQAI's Board of Directors.
- 10.2 The Fund's policy was reviewed on March 2017, April 2017, June 2019, November 2019, December 2019 and December 2020, and will be reviewed further as necessary.
- 10.3 The duration of the Fund is open ended. It can only be closed by a decision of HQAI's Board of Directors.
- 10.4 Remaining available resources at the time of closing the Fund will be redistributed to donors, in proportion of their support in the last year of operation of the Fund.