

# 5-YEAR EVALUATION OF THE CENTRAL EMERGENCY RESPONSE FUND

## SYNTHESIS REPORT: FINAL DRAFT

An independent evaluation commissioned by OCHA



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This document has been prepared by Channel Research as part of the 5-Year Evaluation of the CERF, commissioned by OCHA. The evaluation was commissioned by Victoria Saiz-Omenaca of the Evaluation and Guidance Section of the Policy Development and Studies Branch of the Office for the Coordination of Humanitarian Affairs in New York, under the leadership of Scott Green, the section chief.

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# EXECUTIVE SUMMARY

## Introduction

1. This evaluation provides an independent assessment of the Central Emergency Response Fund (CERF) over a period of five years from 2006 until 2010. Its purpose is to highlight the strengths and weaknesses of the CERF, and provide recommendations at the policy and operational levels to improve its effectiveness. More broadly, the evaluation is intended to inform debates at the United Nations General Assembly on the delivery of humanitarian assistance.
2. The evaluation was carried out by a team of twelve consultants over an eight-month period. Data was collected through 16 case studies, based on visits to six countries<sup>1</sup> where the CERF is used and a desk-based review of CERF operations in 10 other countries, as well as visits to UN headquarters in Geneva, Rome, and New York, and six donor agency headquarters. The data was analysed according to the CERF's Performance Accountability Framework, and criteria for efficiency, effectiveness, relevance and appropriateness.

## The Central Emergency Response Fund

3. The CERF's predecessor, the Central Emergency *Revolving* Fund, was established in 1991 under UN General Assembly Resolution 46/182, as a loan facility aimed at enhancing the preparedness of UN agencies to respond to a growing number of emergencies. The CERF itself was created in 2006, under UN General Assembly Resolution 60/124, upgrading the revolving fund with a grant element and revised goals: "to ensure a more predictable and timely response to humanitarian emergencies, with the objectives of (i) promoting early action and response to reduce loss of life, (ii) enhancing response to time-critical requirements, and (iii) strengthening core elements of humanitarian response in underfunded crises, based on demonstrable needs and on priorities identified in consultation with the affected State as appropriate".

## Added value

4. The evaluation finds that the CERF mechanism acts as a catalyst for enhanced implementation of humanitarian reform processes where there is effective leadership and commitment to humanitarian reform. The CERF complements, and is reinforced by, the large-scale reform of the UN humanitarian system, including the use of Cluster Leads for specific sectors of activity and the general improvement of the consolidated appeals process. On the other hand, the introduction of CERF funding highlights structural weaknesses where processes led by UN agencies are less inclusive and transparent, leading to increase distrust and acrimony, and where competition and

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<sup>1</sup> There were actually seven country studies at field level but Somalia was analyzed from Kenya where all UN stakeholders dealing with Somalia are based, hence the team went to six countries to analyze seven.

internal pressure in the UN agencies for securing funding contribute to competition for sharing / allocating the funds.

5. Effective leadership is a key factor determining whether the CERF reinforces humanitarian reform, and in turn whether the humanitarian reform also reinforces the CERF. Where there is strong leadership in the Humanitarian Country Team (HCT), UN Country Team, and the humanitarian clusters, the prioritisation of sectors and levels of funding is simplified. The process is better able to contextualise the CERF life-saving criteria together with the time critical requirement, and this helps to ensure project selection is consistent with CERF and common country-level humanitarian priorities. Strong country level leadership was also found to encourage an inclusive decision making process among UN agencies and NGOs, and then better coordination and alignment between humanitarian agencies, donors and the host government. Indeed, a positive change observed since the two-year CERF evaluation is the increased engagement of NGOs in prioritisation and planning processes, not only in clusters but also as members of HCTs.
6. Most notably, the CERF has increased the predictability of funding flows for new emergencies, even if this is less clearly the case for underfunded emergencies. The unpredictability of funding had seriously undermined the performance of the UN humanitarian programmes prior to the CERF's upgrade in 2006. By increasing the predictability of funding through its rapid response (RR) window at the global and country level, the CERF has now achieved the objectives of its initial designers. The CERF has increased the predictability of funding through the underfunded window (UFE) at global level but it remains much less predictable at the country and sector levels. At country level, agencies perceive that they cannot predict in advance whether or not they are going to receive UFE funding. More specific reasons include: the lack of clarity on the value of funds available for underfunded emergencies, the different variables in assessing under-funding level (existence of CAP, appeals, presence of OCHA, joint assessments), the fact that this is always relative to other countries funding, and need for more consistent and streamlined communication from the global level (CERF Secretariat and UN headquarters) to the countries.
7. In countries where there is a locally managed Common Humanitarian Fund (pooled fund), CERF funding integrates well into joint planning and monitoring of activities with cluster members, including national and international NGOs. In countries with an Emergency Response Fund, such as Pakistan, Kenya, and the occupied Palestinian territory, CERF and ERF processes tend to be managed separately, and their integration could be developed to maximise both processes of prioritisation and monitoring.
8. Further, the CERF has increased the coverage of the humanitarian response, in particular by supporting less well-funded common services. A notable example is CERF's funding to transport and communications, which often receive low donor attention, in spite of their critical nature in operations.

## Operational management

9. The evaluation finds a marked improvement is in the capacity and functioning of the CERF Secretariat, following its expansion in 2008 in line with recommendations from the

two-year evaluation of CERF. These developments have contributed to substantially improved processes, procedures and information management. The CERF Secretariat's adoption of a service-oriented culture has significantly increased the level of trust in the CERF; staff in the Secretariat has sought to increase its responsiveness, facilitate decision-making through the development of clearly-defined life-saving criteria, and reinforce accountability through more transparent information systems and development of a Performance Accountability Framework. While the CERF has demonstrated that it can be adapted to specific crisis contexts, special priority has also been accorded to it within the UN system, notably the UN Controller's office, which has established systems for fast-tracking CERF grant requests. These best practices should be disseminated and replicated in the other parts of the UN.

10. The strengthened CERF Secretariat is widely recognised by stakeholders. UN agency interviewees at both global and country level were virtually unanimous in expressing satisfaction with its rapid responsiveness, ease of access to staff, quality and flexibility of consultative processes, and openness to constructive criticism and learning. The culture promoted by the CERF Secretariat with support from the ERC was observed to positively influence other stakeholders, including the UN Controller's Office, which has developed more flexible and streamlined approaches for processing CERF funds. In many ways, the CERF Secretariat provides a good practice model of a UN body<sup>2</sup> facilitating interagency processes.
11. The CERF's operational management, however, continues to be undermined by structural weaknesses, in particular those stemming from competition between agencies for funding. In this sense, the CERF reflects the fault-lines in the humanitarian system, and the competitive nature of funding as an influence on decision making among the UN agencies themselves, and between the UN and NGOs. This structural weakness has constrained the ability of the CERF Secretariat to ensure that decision-making is sufficiently inclusive. This is particularly evident at country level, in Inter Cluster Working Group (ICWG), HCT and clusters, but also more indirectly in UFE country selection discussion among agencies at the global level.
12. An enduring operational weakness is the CERF's dependence on agencies' internal assessments, whose processes and methodologies may differ between agencies, countries and clusters. Good practices can be noticed however and they are of particular significance for pooled funds like CERF. These include inter-agency joint needs assessments, conducted particularly in new emergencies, and examples of system to collect data based on joint need indicators, whether by sector or through a transversal structure.
13. Monitoring remains a challenge. Whereas the Humanitarian Coordinator is responsible for recommendations on project funding, neither the HC nor OCHA (if present in the country) have authority to exercise any form of oversight. The monitoring of CERF funding is largely dependent on the quality of each agency's internal monitoring

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<sup>2</sup> The term UN agency is used throughout the report to refer to agencies eligible for CERF funding and including IOM. The term 'agency' is used to refer to all aid agencies, including NGOs and members of the Red Cross movement.

systems, which vary from one agency to another and according to the countries, and monitoring data remains largely internal to UN agencies. CHF and ERF processes are relatively more inclusive and the interagency monitoring systems result in better quality data and increased learning opportunities. The gaps observed in monitoring at country level were previously highlighted in the two-year CERF evaluation, and during the study that accompanied the development of the 2009 CERF Performance Accountability Framework. The lack of progress in this area is in sharp contrast to many other aspects of CERF management, which has acted on most of the recommendations from the two-year CERF evaluation.

## Achievements

14. The CERF Rapid Response grant offers one of the most rapid funding mechanisms available to UN agencies. However, agencies may enjoy even faster access to their own internal emergency reserve funds (where agencies have such funds), or to emergency funds managed at country level (pooled funds or bilateral donor emergency funds like Common Humanitarian Fund and Emergency Response Fund). Nonetheless, locally-managed ERFs tend to be relatively small and are often directed more towards NGOs<sup>3</sup>. Some bilateral funding mechanisms have also achieved a high degree of responsiveness, yet do not offer the same degree of predictability for the UN.
15. The CERF promotes early action by serving as a guarantee for agencies using their internal emergency funding reserves. Thus UN agencies are able to start up activities using their own emergency reserves, where the CERF can be used either as a supplement or to reimburse loans. In this way, the CERF acts as a primary driver for launching strategic emergency responses. This function was more frequently observed for RR grants, but instances were observed, in countries such as Niger and Nepal, where UFE grants helped to start up humanitarian activities.
16. The CERF also promotes early action by serving as a trigger for agencies to use internal emergency funding mechanisms. While CERF RR projects on the surface take an average of two weeks for decisions and another two weeks for disbursement, in the majority of cases, it triggers other advance funding mechanisms within the agencies, with immediate effect, and tapping into recent innovations. This is due to the utilisation of Letters of Understanding indicating that funding will be forthcoming after receipt of a proposal, which, based on the data reviewed, takes six days on average (0 to 19 days). In some cases the CERF has been able to provide funding within 24 hours of a sudden onset disaster (for example in Haïti 2010).
17. New procedures and increasingly clear criteria have been introduced since 2008. This has generated both a more equal playing field for the arbitration of proposals among the agencies, and a process for progressively accelerating the procedures since then. The CERF Secretariat has most control over the time from the final submission to approval

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<sup>3</sup> ERFs are relatively small in size (less than US\$10 million), provides small to medium sized grants (less than US\$500,000) – see <http://log.logcluster.org/operational-environment/humanitarian-operational-environment/LOG-4-1-HUM%20OPs%20ENV-Basics%20Facts%20about%20Pooled%20Funds.pdf>



by the Emergency Relief Coordinator. This phase has been reduced from eight and half days in 2006 to three-and-a-half days in 2010 for rapid response grants. There has been a steady improvement in the speed of approval since 2008. The speed of the final review and approval process is also impressive when analysed on the basis of the value of grants. In 2010, nearly two thirds of the value of all CERF grants was approved within three days.

## Accountability

18. The CERF has become more accountable, although some accountability gaps remain. The study that accompanied the development of the CERF Performance and Accountability Framework<sup>4</sup> already identified a number of gaps in accountability between CERF, UN agencies in the field, NGO implementing partners, and beneficiaries. While there is evidence of improvement in some areas, some key gaps remain, notably around the multiple lines of accountability and inadequate monitoring.
19. Accountability is complicated by weaknesses in the flow of information. The CERF Secretariat faces significant difficulties in obtaining information in cases where countries are overburdened with crises and the timeframe for effective humanitarian coordination stretches limited resources. Conversely, even though the country selection process has become more structured for the underfunded emergencies window, this is not clear to the agencies in the field.
20. Accountability is further complicated by a lack of evaluations. Independent evaluations or reviews of CERF-funded activities are presently left to the discretion of recipient UN agencies under the PAF. Only FAO have done this systematically with their global evaluation, which represents an important example of good practice. The management response to the two-year CERF evaluation committed to reviewing CERF processes in countries benefiting from funds during interagency Real-Time Evaluations (IA-RTEs). In practice, however, a review of IA-RTEs conducted during the past three years indicates that the CERF was only mentioned, if at all, with regard to how much funding was allocated to the response, and without reference to any resulting outputs, outcomes or interaction with the other pillars of humanitarian reform.

## Factors of effectiveness

21. A common finding with the two-year evaluation of the CERF is that direct access for NGOs continues to be a thorny issue in any discussion relating to CERF. The technical and political reasons why a General Assembly mandated mechanism like the CERF cannot directly fund the NGOs do not appear to have changed substantially during the past five years. The arguments in favour of direct access are that this could reduce administrative overheads and implementation timeline, under certain conditions.
22. While CERF Rapid Response disbursements to UN recipient agencies have become quicker over time, forwarding funds to NGOs continues to be dependent on bilateral agreements with the UN recipient agency independent of CERF processes. How

streamlined these bilateral mechanisms are varies greatly between UN agencies, but on average there is a gap of 2-3 months between disbursements by the CERF and payment to NGOs. The efficiency of the partnership arrangements in place is also likely to influence the inclusiveness of consultations at cluster level, as UN cluster lead agencies may prefer working with existing implementing partners rather than spending time establishing new partnerships.

23. Changes over the past five years come from the use of CHF and ERF pooled funds, which are managed at country level and are directly accessible by NGOs. This has significantly increased both funding amounts<sup>5</sup> and number of countries covered. Delays in passing on CERF funds tends to be less of an issue in countries where NGOs have direct access to ERF/CHF funds or alternative sources of quick funding (internal revolving funds from large INGO or emergency funds from bilateral donors). However, delays continue to be observed in countries where alternative pooled funds do not exist or during responses to large-scale emergencies, such as the 2010 Pakistan flood response, where ERF management capacities were initially overwhelmed and grant sizes too small to enable rapid scale-up of operations.
24. The low levels of communication and monitoring, particularly once the funding has been allocated, is a distinct weakness of the CERF, affecting the degree to which the CERF process truly leads to a system. Monitoring is entrusted to the UN agencies internal systems, as mentioned earlier, and reporting to the yearly country reports of the HC. There is no follow up to CERF funding from the CERF Secretariat, nor a formal mandate for the HC or OCHA to follow up during the implementation. The key factor here is the dependence of the CERF on the UN country context and the quality of management. Where there are fewer alternative funding sources available (aside from CERF) and a low degree of in-country coordination, then the performance of the CERF in terms of responsiveness will be poorer than in countries with more diversified funding streams and better coordination.

## Priority challenges

25. Overall, the CERF is faced with two priority challenges, both of which were previously identified in the two-year evaluation of the CERF and have not been fully addressed, largely for reasons relating to mandates and inter-agency dynamics. Concerted action is needed at a high level to enable the CERF to realise its full potential, to overcome these continued barriers to its undermine the efficiency and effectiveness of CERF financing, and to apply the lessons from both CERF and other pooled funding systems. The two overarching challenges are:
  - 1) **Leadership:** Improving quality and accountability through provision of incentives to help strengthen leadership of country-level clusters and HCTs, while maintaining an emphasis on efficiency and effectiveness. The CERF is only one component part of the humanitarian reform system, but it has been observed to either have a significant positive catalytic effect or reinforce the humanitarian reform where there are well-led processes.

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<sup>5</sup> This is illustrated in Box 10 in the main body of the report.



- 2) **Monitoring:** Transferring primary accountability for ensuring the monitoring of outputs and outcomes of CERF-funded activities from the CERF Secretariat and ERC to the HC/Resident Coordinator, while the CERF Secretariat and ERC retain an overall oversight role, including engaging in the management and follow up on recommendations from external reviews and evaluations which relate to CERF.

## Recommendations (summary)

### 26. **To the Emergency Relief Coordinator**

- 1: Where ERF and/or CHF pooled fund systems operate, integrate CERF planning, implementation and monitoring processes, ensuring these are based on examples of existing good practice.
- 2: Provide the Humanitarian Coordinator with a formal mandate to monitor the implementation of the CERF and all UN-managed pooled funds by recipient agencies.
- 3: Develop a process for Underfunded Emergency (UFE) envelopes that promotes more effective and efficient use of CERF funds.
- 4: Make the CERF Advisory Group membership more representative of the humanitarian sector, including through appropriate representation of advisers with operational backgrounds in CERF recipient countries.
- 5: Strengthen the funding base for CERF by promoting it to existing and potential new donors as an efficient, effective and accountable humanitarian funding mechanism.
- 6: In the screening process for submissions relating to chronic emergencies, request information on how short-term funding provided by the CERF would support longer-term vulnerability reduction programs, which are usually government-led.

### 27. **To the CERF Secretariat**

- 7: Develop Prioritisation Process Guidance for HCs and Cluster Coordinators.
- 8: Strengthen CERF monitoring and learning systems at country level to improve CERF impact.
- 9: Commission, within one year, a study of the partnership arrangements of the different UN agencies with NGO implementing partners.
- 10: Better document and disseminate the reasoning behind allocation decisions.

### 28. **To the UN Controller**

- 11: Allocate a percentage of CERF funds to reinforce the HC and OCHA's monitoring capacity at country level.
- 12: The CERF loan fund should be reduced to US\$30 million and the balance transferred to the grant window.

29. **To donors**

13: In at-risk countries where there are no alternate UN pooled fund mechanisms apart from CERF, donors should support the establishment of an ERF or other type of pooled funding that is directly accessible by NGOs.

14: Ensure that future evaluations look collectively at CERF and other UN-pooled fund mechanisms.

30. **To Cluster Lead agencies**

15: Integrate performance measurement of UN-managed pooled funds into cluster performance systems.

16: Disseminate and promote good practice examples, such as the prioritisation system used by the WASH cluster in oPt.

31. **To UN agencies**

17: Conduct an evaluation of their use of CERF funds within 18 months to determine what internal factors, including partnership policies and practices, influence the effectiveness of CERF projects.

18: Ensure the development and implementation of emergency procedures for disbursing funds to implementing partners.

19: UN agencies that do not use internal advance mechanisms in conjunction with CERF funding should establish interactivity and complementarities between these and the CERF, in order to speed up the start up of projects.

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## ACRONYMS

<i>Acronym</i>	<i>Details</i>
<i>AG</i>	Advisory Group
<i>CAP</i>	Consolidated Appeals Process
<i>CAR</i>	Central African Republic
<i>CERF</i>	Central Emergency Response Fund
<i>CHF</i>	Common Humanitarian Fund
<i>CS</i>	Common Services
<i>DAC</i>	Development Assistance Committee (of the OECD)
<i>DFID</i>	Department for International Development (of the UK)
<i>DPKO</i>	Department for Peacekeeping Operations
<i>DRC</i>	Democratic Republic of the Congo
<i>EGS</i>	Evaluation and Guidance Section
<i>ERC</i>	Emergency Relief Coordinator (the head of OCHA)
<i>ERF</i>	Emergency Response Fund or Expanded Humanitarian Response Fund
<i>EU</i>	European Union
<i>FAO</i>	Food and Agriculture Organization of the United Nations
<i>FMU</i>	Fund Management Unit (UNDP)
<i>FTS</i>	Financial Tracking Service
<i>GA</i>	General Assembly (of the United Nations)
<i>GHD</i>	Good Humanitarian Donorship
<i>HC</i>	Humanitarian Coordinator
<i>HCT</i>	Humanitarian Country Team
<i>HDI</i>	Human Development Index
<i>HDPT</i>	Humanitarian and Development Partnership Team
<i>HQ</i>	Head Quarters
<i>HRF</i>	Humanitarian Response Fund
<i>IDP</i>	Internally Displaced People

<i>Acronym</i>	<i>Details</i>
<i>IASC</i>	Inter-Agency Standing Committee
<i>IA-RTE</i>	Inter-Agency Real Time Evaluation
<i>ICWG</i>	Inter-Cluster Working Group
<i>IDP</i>	Internally Displaced People
<i>IFRC</i>	International Federation of Red Cross and Red Crescent Societies
<i>INGO</i>	International Non Governmental Organisations
<i>IOM</i>	International Organization for Migration
<i>M&amp;E</i>	Monitoring and Evaluation
<i>MDTF</i>	Multi Donor Trust Fund
<i>NGO</i>	Non Governmental Organisations
<i>NNGO</i>	National Non Governmental Organisations
<i>OCHA</i>	United Nations Office for the Coordination of Humanitarian Affairs
<i>OECD</i>	Organisation for Economic Cooperation and Development
<i>oPt</i>	occupied Palestinian territory
<i>PAF</i>	Performance and Accountability Framework
<i>PBF</i>	Peace Building Fund
<i>RC</i>	Resident Coordinator
<i>RR</i>	Rapid Response (CERF funding window)
<i>SGB</i>	Secretary General's Bulletin
<i>ToR</i>	Terms of Reference
<i>UFE</i>	Underfunded emergency (CERF funding window)
<i>UK</i>	United Kingdom
<i>UN</i>	United Nations
<i>UN-Habitat</i>	United Nations Human Settlements Programme
<i>UNCT</i>	United Nations Country Team
<i>UNDAF</i>	United Nations Development Assistance Framework
<i>UNDP</i>	United Nations Development Programme
<i>UNDSS</i>	United Nations Department of Safety and Security

<i>Acronym</i>	<i>Details</i>
<i>UNFPA</i>	United Nations Fund for Population Activities
<i>UNHAS</i>	United Nations Humanitarian Air Service
<i>UNHCR</i>	United Nations High Commissioner for Refugees
<i>UNICEF</i>	United Nations Children's Fund
<i>UNOPS</i>	United Nations Office for Project Services
<i>UNREO</i>	United Nations Rwanda Emergency Office
<i>UNRWA</i>	United Nations Relief and Works Agency
<i>US\$</i>	United States Dollar
<i>WASH</i>	Water Sanitation and Hygiene
<i>WFP</i>	United Nations World Food Programme
<i>WHO</i>	World Health Organization

## INTRODUCTION

### *The CERF*

32. The Central Emergency Response Fund (CERF) is a US\$500 million fund established to support rapid response and address critical humanitarian needs in underfunded emergencies. The CERF was approved by the UN General Assembly on 15 December 2005 to achieve the following objectives: (1) Promote early action and response to reduce loss of life; (2) Enhance response to time-critical requirements; and (3) Strengthen core elements of humanitarian response in underfunded crises.
33. The CERF was established to upgrade the previously named Central Emergency *Revolving* Fund, (created in December 1991 pursuant to General Assembly Resolution 46/182), adding a grant element of up to US\$450 million to the existing US\$50 million loan mechanism. The grant component is comprised of two windows: one for rapid response and one for underfunded crises. The loan facility is a revolving fund which serves as a cash-flow mechanism for eligible humanitarian organisations, allowing rapid access to funds ahead of the transfer of donor pledges. Only UN funds, programmes and specialised agencies and the International Organization for Migration (IOM) are eligible to apply for funding under the grant facility.
34. The CERF provided more than US\$1.5 billion to address humanitarian needs between March 2006 and June 2010. One hundred and fifty-six Member/Observer States and Territories had either contributed to the CERF, received support from the CERF, or both. The CERF is funded by voluntary contributions from Member States of the UN, private businesses, foundations and individuals.
35. The CERF is one of an array of tools aimed at enhancing humanitarian performance and aid effectiveness, and operates in concert with other pooled funds and coordination mechanisms.

### *Five year evaluation*

36. This evaluation of the CERF's activities in its fifth year of operation follows a request by the General Assembly, and is to be presented at the General Assembly's 65<sup>th</sup> session. In this context, the evaluation's primary purpose is accountability; it will be used at the global level to inform the development of policy in relevant areas. The evaluation is therefore required to: (1) Provide an independent five-year comprehensive assessment of the CERF based on its performance and accountability framework and project data to highlight the strengths and weaknesses of the CERF as it is employed; and (2) Provide actionable recommendations to donors and the UN system at both the policy and operational levels on how the CERF might be strengthened to improve its effectiveness and/or modified in light of changes in the humanitarian context.
37. Two previous evaluations have specifically focused on the CERF since 2005: the 2007 *Interim Review* and 2008 *Two-Year Evaluation*. Both emphasised how quickly the CERF had been successfully implemented, overcoming significant hurdles. Also noted, however, was the need to further refine and strengthen CERF processes, including criteria for project approval and accountability.



### *Scope*

38. The key areas examined in this evaluation are the following:
- Added Value: The performance and 'added value' of the CERF grant and revolving fund in the context of the humanitarian architecture and humanitarian reform process
  - Management: The strategic, managerial and operational aspects of the CERF
  - Achievements: The CERF's success in meeting its objectives to (i) promote early action and response to reduce loss of life, (ii) enhance response to time-critical requirement, and (iii) strengthen core elements of the humanitarian response in underfunded crises
  - Accountability: The level and nature of accountability between CERF-recipient actors
  - Influencing factors: Internal and external factors which affect the CERF's ability to deliver on its objectives

### *Governance*

39. The evaluation was commissioned and managed by the Office for the Coordination of Humanitarian Affairs (OCHA)'s Evaluation and Guidance Section (EGS). EGS is institutionally separate from the CERF Secretariat.
40. A headquarters-level Steering Group was established to provide guidance on the evaluation, helping to ensure its relevance and independence throughout the evaluation process. The body was made up of evaluation experts from UN Agencies<sup>6</sup>, Member States, NGOs and independent experts.
41. A Reference Group of stakeholders was established to provide informed feedback on evaluation products, to ensure their accuracy and resonance with organisational realities. The group also included representatives from UN Agencies, Member States, and NGOs.

## Methodology

42. The evaluation began in October 2009, and an Inception Report was submitted in January 2010. The document framed the approach to be adopted, and was agreed by the Steering Group. A team of 12 consultants drawn from nine countries was deployed, according to a geographical division of labour, to prepare 16 case study reports aimed at illustrating the implementation of the CERF.
43. The focus of this evaluation, as defined in the Terms of Reference, is at the institutional level. It includes questions on the value generated by the mechanism for international humanitarian efforts, on management, readiness, and degree of accountability.

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<sup>6</sup> The term UN agency is used throughout the report to refer to agencies eligible for CERF funding and including IOM. The term 'agency' is used to refer to all aid agencies, including NGOs and members of the Red Cross movement.

44. The approach chosen draws on a mix of methods including document research, key-informant interviews, and numerical analysis of funding patterns. It draws upon seven field visits and another nine desk studies of countries where UN agencies have received CERF funding. The full methodology is described in Annex 2.

#### *Data collection*

45. The team carried out face-to-face interviews with staff involved in CERF financing in 16 countries, complemented by remote semi-structured interviews of respondents for the nine desk-based studies. While these interviewees constitute a vital source of evidence, a thorough document collection and analysis process was also carried out, segmented by case study country and by evaluation theme. No beneficiary interviews were carried out, reflecting the evidence requirements as spelled out in the Terms of Reference.
46. The team visited the capitals of six beneficiary countries (Afghanistan, Kenya, Niger, the occupied Palestinian territory, Pakistan, and the Philippines) for face-to-face interviews with operational agencies. A seventh field study, Somalia, was conducted from Kenya.
47. The team conducted desk studies of a further nine country operations: Burkina Faso, Cape Verde, Central African Republic, Democratic Republic of the Congo, El Salvador, Guatemala, Lesotho, Mongolia, and Nepal.
48. The team also visited nine donor countries and UN organisations at their headquarters (Dublin, Geneva, Madrid, New York, Oslo, Rome, Stockholm, and The Hague). The team conducted telephone interviews in several other beneficiary and donor countries.
49. The team analysed numerical data from the CERF Secretariat, from the CERF Website, and from the UN's Financial Tracking Service (FTS), to establish the pattern for CERF use amongst the different CERF recipients. The documents studied include: CERF secretariat guidance and procedures, CERF original, revised and final applications, application's chapeau documents, HC yearly country reports, CERF global yearly reports, agencies reports, advisory group reports, CERF quarterly update, evaluations including the CERF, humanitarian appeals documents and statistics, as well as country strategies. The latest data analysed, and for which figures are quoted, is for February 2011. This data analysis provided a particularly strong basis for the conclusions around timeliness.
50. The team examined randomly-selected proposals for funding submitted to the CERF from the evaluated country, assessing the extent to which the proposals paid attention to gender, vulnerability<sup>7</sup>, and cross-cutting issues. For countries with only a limited number of proposals submitted, such as Cape Verde, El Salvador, Lesotho, and occupied Palestinian territory (oPt), all projects submitted to the CERF were analysed.
51. The methodology annex (Annex 2) describes in detail the gender marker, and other tools used.

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<sup>7</sup> The gender markers were piloted in 2010 and were not launched officially until 2011 after the CERF evaluation period was concluded, in order to provide the reader with a frame of reference. The vulnerability marker was designed by Channel for this evaluation.

52. The team conducted online surveys among UN member states and humanitarian workers. Although the 221 respondents to these surveys were self-selected<sup>8</sup>, the data from the humanitarian worker survey, and the comments made in their responses, were similar to the data and comments collected through the field interviews.

### *Analysis*

53. In 2009, the CERF Secretariat contracted an independent consultant to develop a Performance and Accountability Framework (PAF) for the CERF. The PAF defines a set of indicators at each level according to a logic model approach as a means of clarifying accountability and performance expectations around a core set of agreed CERF outputs, outcomes and impacts.<sup>9</sup> The full list of questions used for this evaluation is available in the evaluation matrix (annex III).
54. The team gathered evidence from more than 380 interviewees. Overall, there was strong triangulation between the data sources once context and the presumed point of view of the sources were taken into account (e.g. NGOs interviews agreed with survey comments from NGOs). The data from interviews matched the data from the numerical analysis.
55. The evaluators submitted two successive drafts for each of the reports produced, which were sent for comments to the Reference Group, the Steering Group, and users of the CERF in all case study countries, as well as the main donors.

### *Constraints*

56. Most CERF funding goes to countries with difficult working environments, beset by security and other problems. Most of the countries visited by the team faced instability (e.g. Afghanistan, Niger, the occupied Palestinian territory, and Pakistan), which constrained data collection. The planned visit to Yemen was cancelled at short notice due to growing violence there, so the sub-team visited the occupied Palestinian territory instead. The sub-team studying Somalia confined its work to Nairobi, where most of the agencies working in Somalia are based.
57. The evaluation team faced a number of other constraints linked to the complexity of the evidence base and the diffuse nature of knowledge. Staff turnover meant that almost no field-based agency staff had been in place for the full life of the CERF; in insecure working environments, typically, staff could discuss only the most recent applications. In many cases, interviewees had more information about how CERF had operated in other countries than in the study country. Project proposals and the annual reports from the Resident/Humanitarian Coordinators are often brief and give few details of the projects. A challenge was also to aggregate up from “many CERFs” to “one CERF”, while relating the specificities of implementation in the different countries, the different agencies and the different years.

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<sup>8</sup> Self selection bias is a problem with all surveys, however this is potentially a bigger problems for online surveys than for telephone or face-to-face interviews.

<sup>9</sup> OCHA, Performance and Accountability Framework for the Central Emergency Response Fund (OCHA, August 2010)

58. Another constraint is the informal nature of much of the information, and significant gaps in the documentation. There was a lack of clear documentation (through minutes or records of telephone calls and email exchanges) about how CERF allocation decisions were made and what kind of discussion took place about this, both in the field and at Headquarters (CERF Secretariat and agencies). When minutes of key meetings were available, they usually did not include information beyond a few action points or conclusions. This issue is addressed in the chapter 'input and processes' of the core of the reports; interviews were thus the main source of information to cover this issue.
59. Finally, the evaluation stumbled upon the fact that the monitoring of performance of CERF funded projects depends on the monitoring system of the different UN agencies and that this information has remained internal. The absence of a common monitoring system has twofold implications; first, the absence of comparable and periodic data; and second, a considerable difficulty in accessing it. The main documents available to the team were the annual reports from the Resident/Humanitarian Coordinator to the ERC, which are prepared in the recipient country on the basis of UN agency inputs and are of unequal quality. While these reports have improved over the years in terms of presenting achievements against objectives, these are rather succinct and project-related data remains largely output-related and quantitative rather than outcome-oriented. This means that there is a variable level of outcome-related information for the CERF as a whole.

## Report structure

60. This report is structured along the lines of the Performance and Accountability Framework (PAF) prepared for the CERF<sup>10</sup>. The PAF distinguishes between Inputs and Process, Outputs, and Outcomes, and Operational Impact. The report is structured around these themes as well as the OECD/DAC criteria of Efficiency, Effectiveness, Appropriateness/ Relevance.
61. For each question of the PAF, the report presents:
- A brief context for the question, explaining its relevance for readers from a non-humanitarian background, and how it is linked to the PAF;
  - The findings in relation to that question, including an indication of the evidence base;
  - The analysis and conclusions for that question;
  - Any resulting recommendations.
62. Given that many users of the report will be interested only in particular sections, each section is designed to be self-contained. Boxes are used to highlight issues that apply to several evaluation questions.

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<sup>10</sup> Performance and Accountability Framework (PAF) for the Central Emergency Response Fund (CERF), August 2010. Further details on the framework can be found in the methodology annex.

# 1. CONTEXT

The CERF: key developments

1991	Central Emergency Revolving Fund established as a US\$ 50 million loan facility
December 2005	Central Emergency Response Fund created by United Nations resolution, adding a grant facility of up to US\$450 million
March 2006	Central Emergency Response Fund launched
April 2006	CERF Secretariat established within OCHA
July 2008	Two Year Evaluation Report published
April 2010	Performance Accountability Framework in place
June 2010	Five Year Evaluation of CERF Commissioned

## CERF origins

63. The early 1990s were a defining time for the international humanitarian system. The UN General Assembly resolution 46/182 of December 1991 established the Central Emergency Revolving Fund, the CERF's precursor, as well as the Inter-Agency Standing Committee (IASC), the Consolidated Appeals Process (CAP), and the post of Emergency Relief Coordinator (ERC). These provisions were designed to enhance emergency preparedness and coordination in the context of a growing number of "complex emergencies", the term used to define post-Cold War humanitarian crises characterised inter alia by violent conflict, population displacement, and widespread human rights violations.
64. The Revolving Fund developed gradually, with the UN General Assembly calling on donors to support the fund in December 1991. The fund had attracted US\$49.5 million in donor funding from 38 donors by September 1993. The largest contributors were the United States (US\$6.2 million), France (US\$5.5 million), Germany, Japan, and the UK (US\$ 5 million each). In the following years, several minor changes were made to the

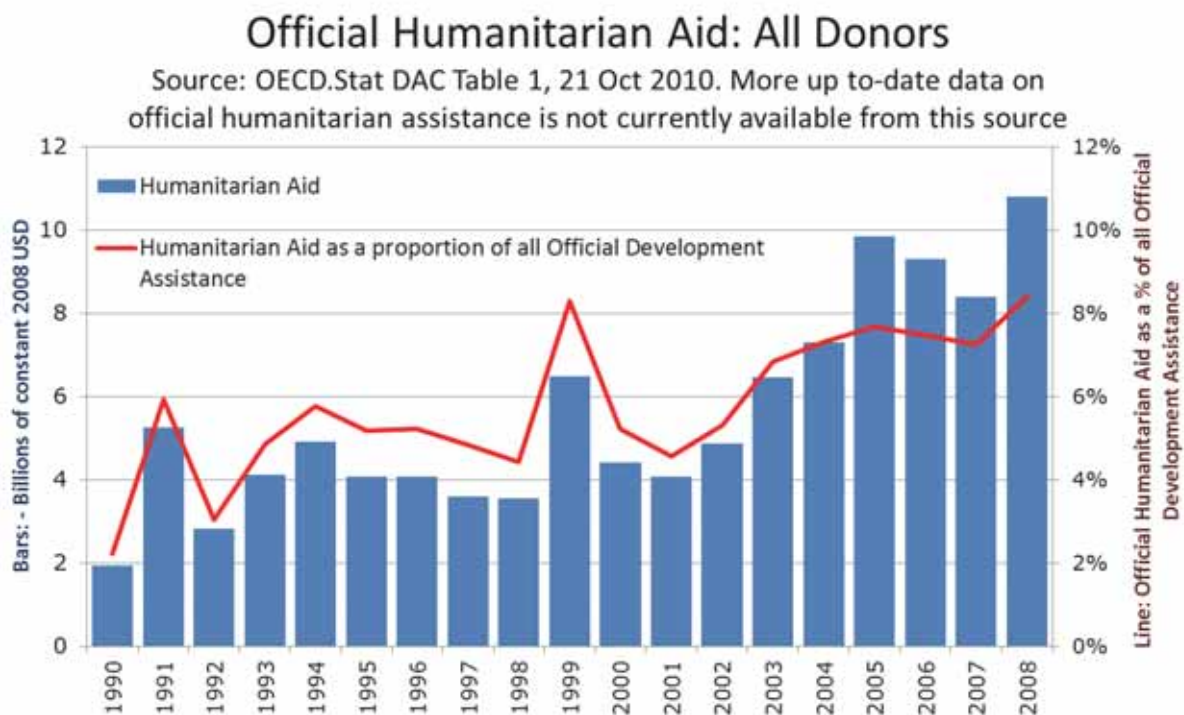


Figure 1: Official humanitarian aid from 1990-2008

CERF, including the addition of the International Organization for Migration<sup>11</sup> as an eligible CERF recipient, and allowing the Office for the Coordination of Humanitarian Affairs (OCHA) to borrow from interest on the loan fund.

65. During the 1990s, humanitarian action experienced a period of growth. In this tumultuous decade, the humanitarian system scaled up its response to a growing number of crises including the Kurdish refugee crisis in northern Iraq in 1991, crises in the Balkans, the Great Lakes and other parts of Africa, as well as the Kosovo crisis in 1999. The decade also saw an increase in the number of climate-related disasters (Parker et al., 2007). These trends continued into the following decade, with crises in Afghanistan and Iraq, large-scale natural disasters such as the Indian Ocean Tsunami in December 2004, complex emergencies in Darfur and numerous climate-related disasters. An increasing demand for humanitarian action coincided with an increase in official funding (see Figure 1), and an increase in the numbers of humanitarian actors, especially NGOs<sup>12</sup>.
66. Following criticism about the humanitarian community's performance in response to the Rwanda crisis (Borton et al., 1996), humanitarians launched several initiatives aimed at improving the quality and accountability of humanitarian action. The Sphere project, for example, sought to establish minimum standards (Sphere Project, 2004). Other initiatives included the Good Humanitarian Donorship Initiative, which established a set of common principles for humanitarian donors (Good Humanitarian Donorship, 2003). However, the humanitarian response to the Darfur crisis demonstrated that, despite improvements since 1990, the response remained inadequate (Broughton et al., 2006).
67. One notable change after 1990 was the growing role played by the UN in the international humanitarian response. While the United Nations High Commissioner for Refugees (UNHCR) had always focused primarily on refugee emergencies, other UN agencies began to expand their agendas from development towards relief. The upgrade of the CERF occurred in the context of these important changes in the international humanitarian system.

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<sup>11</sup> The International Organization for Migration is not a UN agency, but an intergovernmental organisation with 132 member states and another 17 states with observer status.

<sup>12</sup> The World Food Programme (WFP) had 2,837 NGO partners in 2008, of which 230 were international NGOs (WFP, 2009, p. 7)



### BOX 1: WHAT IS HUMANITARIAN ACTION?

- B1. The best accepted definition of humanitarian action is probably the definition provided in the preamble to the *Principles and Practice of Good Humanitarian Donorship* (Good Humanitarian Donorship, 2003). This states:
- B2. 1. The objectives of humanitarian action are to save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations.
- B3. 2. Humanitarian action should be guided by the humanitarian principles of humanity, meaning the centrality of saving human lives and alleviating suffering wherever it is found; impartiality, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations; neutrality, meaning that humanitarian action must not favour any side in an armed conflict or other dispute where such action is carried out; and independence, meaning the autonomy of humanitarian objectives from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented.
- B4. 3. Humanitarian action includes the protection of civilians and those no longer taking part in hostilities, and the provision of food, water and sanitation, shelter, health services and other items of assistance, undertaken for the benefit of affected people and to facilitate the return to normal lives and livelihoods.
- B5. This definition includes prevention and preparedness as part of humanitarian action (paragraph 1) as well as the facilitation of the return to normal lives and activities – early recovery (paragraph 2).

## CERF upgraded

68. The CERF was at the centre of the overall Humanitarian Reform process, which led to a reconfiguration of many mechanisms, such as the development of the Clusters approach. The process stems in part from poor performance by the humanitarian community in the growing crisis in Darfur in 2004, which Jan Egeland, then UN Emergency Relief Coordinator, described as a “wake-up call” (Egeland, 2006).
69. The former ERC, Jan Egeland,<sup>13</sup> commissioned the Emergency Response Review (Adinolfi et al., 2005) in response to recognition of the gap between capacities and aspirations. This review made 36 recommendations around several areas, including the CERF. Some of these recommendations<sup>14</sup> were then translated into the three pillars of the humanitarian reform process (Loupforest, 2006):

<sup>13</sup> Jan Egeland served as ERC from 6 June 2003 to December 2006 (Egeland, Jan (2010) *Encyclopaedia Britannica Ultimate Reference Suite*. Chicago: Encyclopædia Britannica)

<sup>14</sup> For example, although three of the first four recommendations of the Humanitarian Response Review referred to establishing benchmarks for organisational capacity, response quality, and response capacity, this has not been a major focus of the humanitarian reform process.

- Improved coordination through the cluster<sup>15</sup> approach;
  - Stronger humanitarian leadership through strengthened Humanitarian Coordinators (HCs);
  - More reliable and predictable humanitarian financing.
70. Partnership was later added as a fourth pillar (OCHA, 2007). The humanitarian financing pillar supported the revision of the CERF and the establishment of country-level pooled funding mechanisms.
71. At the same time, two donors<sup>16</sup> had already commissioned a study into the potential for an enhanced CERF in preparation for a Good Humanitarian Donorship meeting in March 2004. The study recommended a revised CERF with a US\$500 million grant element, in addition to the existing revolving loan element (Willitts-King and Faint, 2005). This study recommended a CERF of US\$500 million with 40-50 per cent of the fund for rapid response, 30-40 per cent for equity, and 10-20 per cent for standby capacity (if the other elements were fully funded).
72. The UK was a strong proponent of humanitarian financing reform, and in December 2004, Hilary Benn, the Secretary of State for International Development, proposed a new humanitarian fund of one billion dollars a year under the control of the ERC. He said that the UK would be willing to contribute £100 million (equivalent to US\$193 million at the time, 19.3 per cent of the total value) for ten years to such a fund (Benn, 2004).
73. The UN Secretary-General reported on the improvement of the CERF on 20 October 2005 (United Nations, 2005). This set out the context and the need for an improved CERF, as well as how such a CERF would operate. On 15 December 2005, the General Assembly passed resolution 60/124 (UN General Assembly, 2006) which added a US\$450 million grant element to the fund, and changed its name from the Central Emergency Revolving Fund to the Central Emergency Response Fund. This revised fund was launched on 9 March 2006.

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<sup>15</sup> Cluster is the word used to describe the group of agencies working in a particular sector. Under the humanitarian reforms, all large operations should be organised in clusters, but sometimes these are called sectors rather than clusters. The main difference is that the humanitarian reform process promotes clusters as inclusive structures for strategic decision making, and not just arenas for information sharing.

<sup>16</sup> Ireland and the UK.

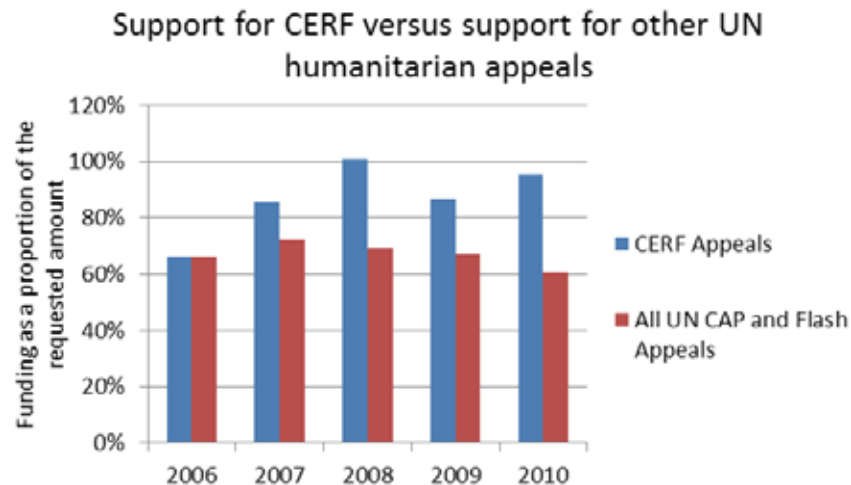


Figure 2: Support for the CERF compared with other UN appeals.

74. The revised CERF has been a success in terms of resource mobilisation, achieving far higher levels of support than is the norm for UN Humanitarian Appeals generally (Figure 2).
75. Although the CERF is often referred to as a US\$500 million fund, the CERF grant fund is only US\$450 million, and the loan fund has been fully funded for 20 years. In 2008, donors contributed US\$453 million, slightly in excess of the grant fund. However this was only worth US\$439 million to the grant fund after the 3 per cent handling fee was levied by the UN Secretariat. The CERF appeal needs to raise US\$464 million annually to provide a grant fund of US\$450 million.

## Grant processes

76. While there are differences between the Rapid Response (RR) and Underfunded Emergency (UFE) grant windows linked to their specific purposes, CERF processes also varied widely between different countries for the same windows. Processes were partly influenced by the disaster type and country context, but also by the effectiveness of humanitarian leadership of the Humanitarian Country Team (HCT) and/or clusters.

## BOX 2: RAPID RESPONSE GRANT PROCESS

- B6. Although there is a preference for applications from a country team, a UN agency can make a request for CERF rapid response window funding at any time (e.g. WFP did so in December 2009 in Kenya). The only requirement, checked by the CERF Secretariat, is that the request be endorsed by the Humanitarian Coordinator (HC) or the Resident Coordinator (RC) in the absence of an HC. Such one-off requests are relatively rare, and the bulk of CERF rapid response funding goes to joint requests by several UN agencies.
- B7. The Emergency Relief Coordinator may also take the initiative of suggesting to the HC or RC the possibility of requesting CERF rapid response funding (OCHA 2006; 2011). While this happens on rarely, it happened in Haiti after the 2010 earthquake when many UN staff, including top ranking ones, died and most UN buildings were destroyed, in Pakistan at the onset of the 2010 floods, and in DRC for Equateur Province in 2010.
- B8. If requested by the UN country team, an informal indication may be given by the CERF Secretariat as to the likely scale of the CERF envelope for the particular crisis. There is normally a maximum limit of US\$30 million for any one emergency or crisis (United Nations Secretariat, 2006, 2010) but it is extremely rare that the full amount is allocated. The 2010 Pakistan floods are an example. Three RR allocations were made, the first two of which at the initiative of the ERC in August 2010. The initial allocation, at the onset of the floods, was revised up from an initial US\$10 million to US\$16.6 million in consultation with the HC and rapidly followed by a second one of US\$13.4 million (i.e. a total of US\$30 million). The CERF finally provided close to US\$42 million for the response to the floods.
- B9. The CERF Secretariat prefers to see a draft request prior to agreeing informally on an envelope. At a minimum, the CERF Secretariat has to be aware of the beneficiary numbers, justification, funding levels, and types of projects, before discussing the size of a submission. The CERF Secretariat often consults with the ERC on potential envelopes.
- B10. Joint applications are prepared by the country team with the UN agencies discussing the amount to be allocated to each cluster (or agencies where clusters do not exist), and each cluster lead agency preparing proposals in consultation with cluster members. The level of formality of this process varies a lot, depending on how the HC manages the prioritisation process.
- B11. The CERF Secretariat reviews the proposals, frequently leading to adjustment relating to budget issues. The CERF can make substantive comments, but it is assumed that the HC and HCT/clusters have the technical expertise to determine what the urgent needs are as well as the capacities of the agencies on the ground. Once the Secretariat signs off, the grants are reviewed and authorised by the Emergency Relief Coordinator and the agency in question signs a Letter of Understanding<sup>17</sup> with the UN Secretariat for the release of the funds.

<sup>17</sup> From second quarter of 2011 an umbrella LoU has been introduced and agencies will instead counter-sign an approval letter from the ERC

- B12. Agencies have six months to expend the funds; this limit had been three months until the changes introduced in the April 2010 bulletin (United Nations Secretariat, 2010). Agencies can ask the ERC for a no-cost extension and approval is on a case-by-case basis. It is expected that, with the extension of the implementation period for Rapid Response grants to six months, no-cost extensions will not be as necessary as before. Along these lines, the CERF Secretariat is currently reviewing the conditions when no-cost extension could be granted in exceptional circumstances. In most cases, UN agencies will be required to return any funds that remain unspent at the end of the six months period.
- B13. The recognition point of what constitutes expenditure varies with the agencies, with some taking the expenditure point at the disbursement of their funds and some recognising the expenditure through a formal obligation. This means that when the expenditure is recognised with the obligation, it may take additional time to liquidate the obligations. The UN Controller's Office noted that it could take more than a year for the financial reporting on CERF rapid response grants to be finalised; however, this is in line with regular financial processes in the agencies pertaining to the closure and finalisation of all accounts.
- B14. Recipient agencies provide a financial report to the UN Secretariat. The HC or RC prepares an annual narrative report on their use of CERF funds, based on inputs received from the recipient agencies. The narrative reports are placed on the CERF website.

77. The process for underfunded emergencies is different in that the allocation of an envelope for a country is a headquarters- rather than a field-based process.

### BOX 3: UNDERFUNDED EMERGENCY GRANT PROCESS

- B15. Allocations from the CERF underfunded emergencies window (UFE) are made twice a year, and the two rounds coincide with the global Consolidated Appeal Process (CAP) launch and the CAP mid-year review. Allocations are made to both CAP and non-CAP countries with no predefined division between these. The criteria for selection of countries for UFE funding are the degree of funding shortfall, the severity of humanitarian needs, and type of activities and the implementation capacity. The ERC selects between 17 and 24 countries a year for underfunded emergency support (Table 2) with the bulk of funds (typically two thirds) allocated during the first round.
- B16. For CAP countries, the CERF Secretariat undertakes an analysis of humanitarian indicators combined with an analysis of the level of funding support for the CAP (analysis at sector level for each CAP). For the first underfunded round the previous year's CAP funding data is used for the analysis whereas the funding levels at the CAP mid-year review serve as reference for the second allocation.
- B17. For non-CAP countries, UN agencies' headquarters are invited to vote on which non-CAP emergencies they regard as the most underfunded. The voting process is supplemented with details from each agency on their ongoing humanitarian programmes in the proposed countries and the funding levels of these.
- B18. The CERF Secretariat combines analysis of CAP and non-CAP countries and, based on the UFE criteria, prepares a ranked list of country candidates for the ERCs consideration and decision. The ERC decides of the list of countries for inclusions and on the funding envelope for each. The selected countries and proposed allocation envelopes are discussed with agency headquarter focal points.
- B19. The amount decided by the ERC is notified to the RC/HC in a letter in which the ERC may direct the allocation, or parts of it, to particular underfunded sectors or regions in order to facilitate prioritisation and speed up the process. The RC/HC will have to confirm that the funds are needed and can be implemented according to the stipulated timeline and against the proposed activities.
- B20. At the country level, the allocation process is similar for the preparation of a rapid response allocation. The only other differences for underfunded emergencies is that the grants for the first annual round must be implemented by 31 December of the same calendar year and for the second annual round by 30 June of the next calendar year (OCHA 2010), and the period of expenditure is until the end of the calendar year. Again, agencies can ask for a no-cost extension.



## Loan window

78. The original CERF window was the Loan Window. The loan fund received US\$49.5 million in donor contributions. The interest earned then increased the value of the loan fund from the nominal US\$50 million to US\$76 million. Since its inception the CERF has provided US\$439 million in loans (UN Secretary General, 2007, 2008, 2009, 2010). 30 per cent of the loans have been provided since the upgrading of the CERF, mostly for Sudan.

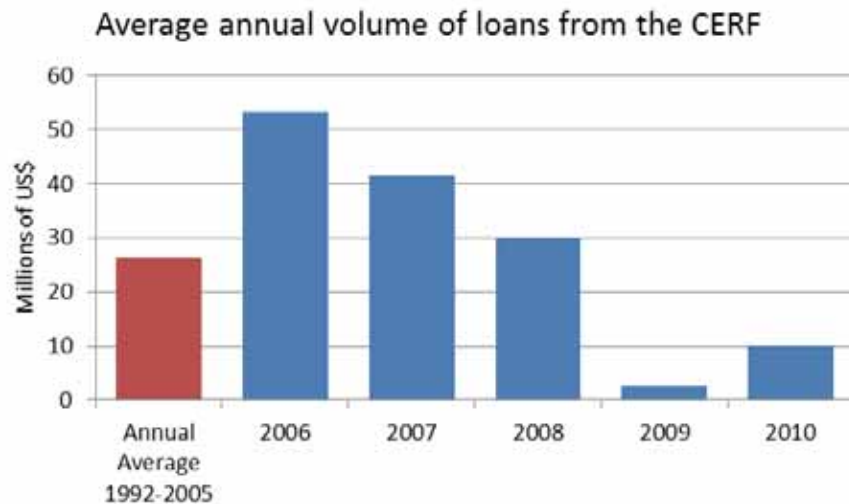


Figure 3: CERF loans by year since the revision of the CERF (Source: various reports from the Secretary General, and information from the CERF Secretariat).

79. However, the use of the loan fund has shown a decline (Figure 3). No new large CERF loans had been made since 2008 until a loan of US\$9.9 million to OCHA in December 2010. OCHA (which is not eligible to receive CERF grants, and can only get loans from the interest earned on the loan account) has been the only user of the loan facility in 2009 and 2010<sup>18</sup>. Many of the larger UN agencies have their own internal loan mechanisms, and interviewees stated that it was easier to use these than to access CERF loans, and so are less interested in loans.
80. Examining the internal financing mechanism in WFP, the largest recipient of CERF grants, may help to explain why CERF loans have fallen into disuse. WFP currently has two main internal financing mechanisms: the Immediate Response Account and the Working Capital Financing Facility. A third mechanism, the Forward Purchase Facility, is part of the Working Capital Financing Facility (WFP raised funds every year to give the Immediate Response Account the flexibility to respond to new needs even if there is no expectation of other funding).
81. Table 1).
82. While the Working Capital Financing Facility is a revolving fund, and has had only one relatively minor default since it was launched (WFP, 2010b), the Immediate Response Account is both a revolving fund and a grant fund if the operation is not funded from

<sup>18</sup>OCHA took a US\$2.6 million loan to cover coordination costs in 2009.

elsewhere. WFP raised funds every year to give the Immediate Response Account the flexibility to respond to new needs even if there is no expectation of other funding.

Table 1: Internal Loan Mechanisms for WFP. Sources (WFP, 2010b, 2011)

Name of Mechanism	Year of Set-up	Amount US\$ mn	Capital Ratio <sup>19</sup>	Notes
<i>Immediate Response Account</i>	1994	70	1:1	US\$70mn is target, balance at the end of 2010 was US\$45.6mn
<i>Working Capital Financing Facility</i>	2005	557	1:6	Increased from US\$ 180 mn at a 1:3 leverage in 2010, included US\$150 mn for the Forward Purchase Facility
<i>Forward Purchase Facility</i>	2008	150	1:6	This is part of the Working Capital Facility

83. In 2009, these mechanisms (together with the now defunct advance facility for operational and support costs) advanced US\$388.6 million (WFP, 2010a). WFP internal loans in 2009 alone are equivalent to 89 per cent of the amount of all CERF loans over two decades.
84. In 2010, the use of internal advances continued to grow with the Immediate Response Account providing advances of US\$152 million compared to US\$137 million in 2009. The CERF Rapid Response facility provided US\$117 million to WFP in 2010 and US\$79 million in 2009. WFP has developed in-house procedures to ensure that the CERF and the Immediate Response Account are complementary rather than overlapping (WFP, 2011).

#### BOX 4. OUTSTANDING CERF LOANS BY 2011

- B21. Both of the outstanding CERF loans were made for operations related to the Darfur Crisis.
- B22. The first was a loan of US\$1.5 million to WHO in August 2004, of which US\$1.1 million was used for Sudan and US\$0.4 million for Chad. WHO repaid US\$1.1 million in March 2005 but US\$0.4 million remained outstanding. In June 2010 WHO asked for the unpaid balance to be written off, and after research by the CERF Secretariat, the Emergency Relief Coordinator asked the UN Controller in August to write off the balance. The UN Controller wrote to the WHO in December 2010 stating that, despite the request from the Emergency Relief Coordinator, the loan had to be repaid. After further discussions the Controller wrote off the loan in May 2011.
- B23. The second loan was for US\$2.66 million to UNDP in Sudan in August 2006. The money was channelled through UNDP for the Resident Coordinator's Support Office in Sudan. Approximately US\$1 million was allocated for South Sudan with the remainder for North Sudan. UNDP repaid US\$1.45 million in December 2008 leaving an unpaid balance of US\$1.2 million. The RC/HC in Sudan asked for the balance to be written off in November 2009, and since then the CERF Secretariat has been working with UNDP to get further information about how the money was

<sup>19</sup> The Capital Ratio is the ratio between the size of the fund and the amount of cash that is held to meet any shortfalls in repayment

spent. No recommendation has been made to the Emergency Relief Coordinator by the CERF Secretariat, but UNDP repaid a further US\$0.2 million in September 2010, leaving US\$1 million outstanding.

85. It should be noted that while the Secretary-General reports every year on the CERF, this report does not include details of the total value of the fund or of outstanding loans.

## CERF grants

86. The split of CERF funding between rapid response and underfunded emergencies is set out in the Secretary-General's Bulletin (United Nations Secretariat, 2006, 2010). Two thirds of the CERF disbursements are made through the rapid response window, and one third is disbursed through the underfunded window. Rapid Response allocations are made throughout the year in response to needs, while Underfunded Emergency allocations are made twice a year, in the first and third quarters. UFE decisions are made following the launch of the CAPs in November and the Mid-Year Review process in June, but before the annual CAP Programme Kick-Off donor meeting in early January and the CAP Mid-Year Review donor meeting in July respectively. The CERF Secretariat attempts to take into account donor funding intentions (OCHA 2010).
87. In all, 79 countries have received CERF funding (Table 2). Of these 77 have received rapid response funding and 38 have received underfunded emergency funding. The two countries which have received only underfunded emergency funding are Algeria (support for Saharawi refugees, US\$1.5 million in 2009) and Zambia (repatriation of Angolan refugees, US\$0.5 million in 2006).

Table 2: Number of countries receiving CERF grants by year and window.

<i>Grant Window</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>Total</i>
<i>Rapid Response</i>	21	54	56	43	40	77
<i>Underfunded</i>	18	24	22	21	18	38
<i>Both windows</i>	32	58	58	51	48	79

88. More than 2,000 CERF grants have been made since the establishment of the grant fund. The year 2008 was the busiest, with more than ten grants being made per week on average<sup>20</sup> (Table 3). Processing this number of grants, some of which may go through several versions, represents a significant workload. However, the figures in the table do not reflect another 308 grant applications that were not funded.

Table 3: Number of CERF grants by year and window.

<i>Grant Window</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>Total</i>
<i>Rapid Response</i>	134	283	381	279	283	1,360
<i>Underfunded</i>	139	182	142	174	187	824
<i>Both windows</i>	273	465	523	453	470	2,184

<sup>20</sup> In 2008, the ERC set aside US\$100 million to be allocated through the rapid response window to meet the humanitarian needs arising from the food crisis.

89. In terms of money, the CERF has granted nearly US\$2 billion over the five years. Grants in 2010 totalled almost US\$450 million, significantly more than funding for the year, but disposing of the accumulated surpluses from previous years (Table 4).

Table 4: Amounts of CERF grants per year and window (millions of US\$)

<i>Grant Window</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>Total</i>
<i>Rapid Response (\$mn)</i>	149	253	303	228	310	1,243
<i>Underfunded (\$mn)</i>	77	123	128	129	139	597
<i>Both windows (\$mn)</i>	226	376	431	357	449	1,840

90. CERF grants by project application are less than one million dollars on average (Table 5). There is no discernable pattern in the size of grants per year, but on average, underfunded emergency grants (average US\$0.72 million) are smaller than rapid response grants (average US\$0.91 million).

Table 5: Average size of CERF grants per year and window (millions of US\$)

<i>Grant Window</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>Average</i>
<i>Rapid Response (\$mn)</i>	1.11	0.89	0.80	0.82	1.10	0.91
<i>Underfunded (\$mn)</i>	0.55	0.68	0.90	0.74	0.74	0.72
<i>Both windows (\$mn)</i>	0.83	0.81	0.82	0.79	0.96	0.84

91. Originally, OCHA expected that the average size of CERF grants would be larger. When the 2005 audit suggested that CERF grants of US\$1million should have an audit certificate, OCHA suggested that US\$5million would be a more suitable cut off (OIOS, 2006, p. 8). In practice, nearly three quarters of CERF grants are for less than US\$1million and only 1.4 per cent of grants are for US\$5 million or more. However grants of less than US\$1million represent only one third of the value of all CERF grants and grants of US\$5million or more represent one seventh of the value of all grants (Figure 4).

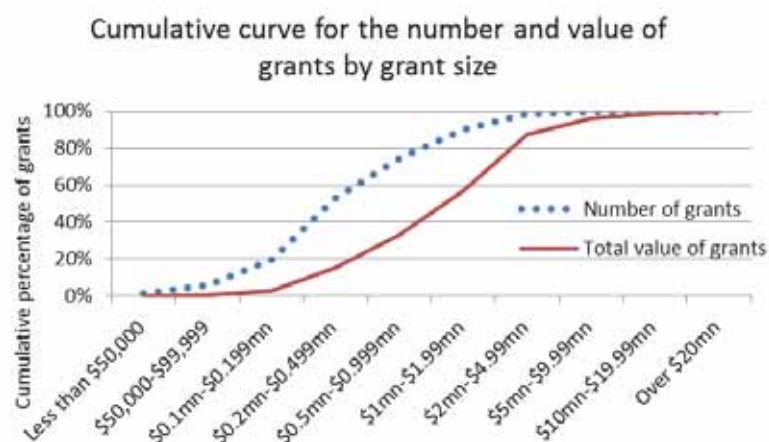


Figure 4: Cumulative distribution of CERF grants by size

92. Only UN agencies can access the CERF. WFP is the UN agency with the largest share of CERF funding (Figure 5). This is a consistent pattern across the study countries with larger CERF disbursements, with a few exceptions such as the Central African Republic (CAR) and the Democratic Republic of the Congo (DRC). In DRC, UNICEF, as lead agency for four clusters, comes first and WFP second.

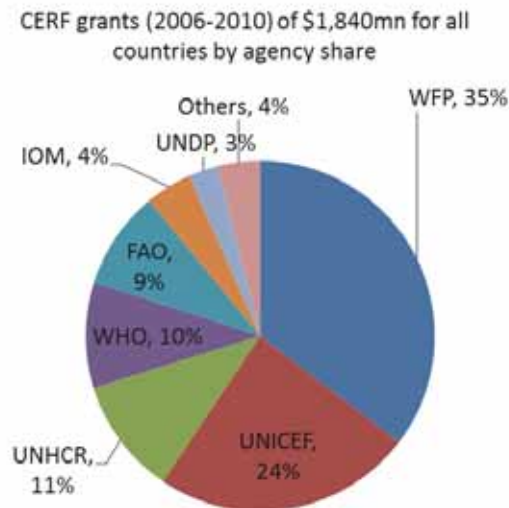


Figure 5: The top 7 recipients of CERF funding (2006 to 2010)

93. WFP is the biggest UN humanitarian agency in financial terms (Figure 6) and the fact that WFP's funding is so large is not reflective of the fact that it gets less of its budget from the CERF than any other major UN agency, except UNRWA (Figure 7). This was reflected in the field studies, with other UN agencies making the point that even sizeable CERF allocations for WFP were quite small in comparison to their total budget. Indeed, WFP is the largest agency in the CAPs/ Flash Appeals.

### Agency share of all CAPs and Flash Appeal funding 2006-2010

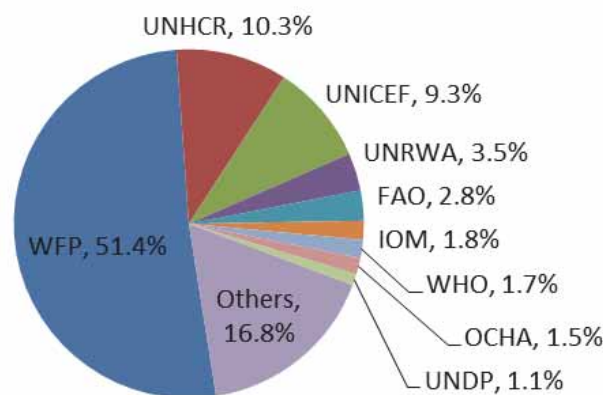


Figure 6: WFP accounts for more than half of all funding for UN humanitarian appeals.

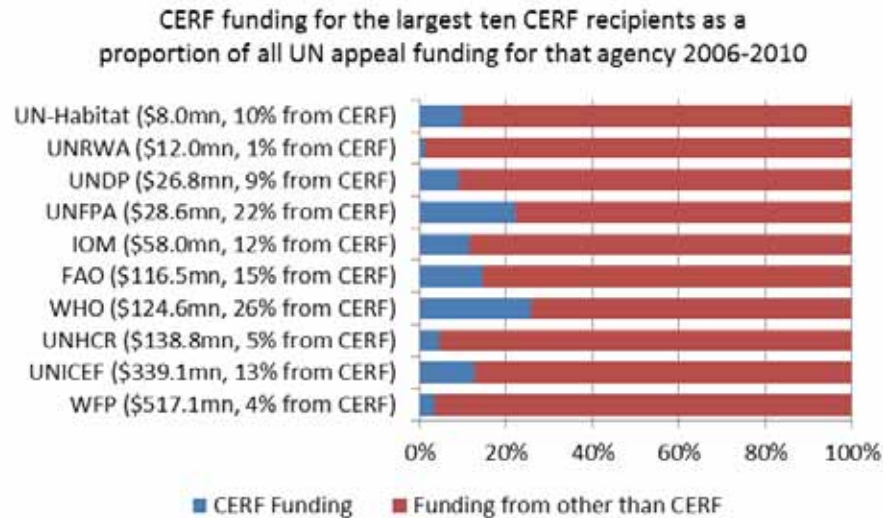


Figure 7: Funding from the CERF compared with other appeal funding

94. Although WFP accounts for 35 per cent of all CERF funding, food aid only accounts for 28 per cent. The reason is that WFP not only provides food (in the food and nutrition clusters), but also runs the UN Humanitarian Air Service (UNHAS), and may also provide support for other logistics common services.
95. Sectoral allocations will be discussed below in terms of which sectors the CERF funds. However, it should be clarified that CERF funding is provided to UN agencies and not allocated to sectors or clusters, since they have no legal identity. The CERF has provided some limited funding for cluster coordination mechanisms (e.g. in DRC and Pakistan).

### Conclusion

96. The two CERF grants windows have different processes, and they ensured broader coverage of the fund in terms of beneficiaries. The large amount received by WFP reflects WFP's significance in the humanitarian funding and appeals process as a whole. Although some agencies receive large shares of CERF funds, CERF represents a relative limited share of their total budget. On the other hand, CERF is a very significant source of funding for some agencies which received a small proportion of it.
97. The CERF loan component has fallen into disuse, despite being twice as fast as the grant window. This suggests that the CERF grant facility is a closer match to what agencies really need and that this reflects the real needs of the humanitarian system. Although the loan envelope is no longer used, it can serve as a useful reserve during disaster-prone years when grant funds and agency reserves are under strain.
98. **Recommendation: The CERF loan fund should be reduced to US\$30 million and the balance transferred to the grant window.**



## 2. INPUTS AND PROCESS

### Inclusiveness

*To what extent is the preparation of CERF proposals at field level inclusive and transparent?*

#### BOX 5. WHO IS INCLUDED IN CERF PROCESSES?

- B24. CERF processes occur at global level, country level, and cluster level.
- B25. At the global level, the CERF Secretariat, the Emergency Relief Coordinator and agency headquarters are involved in the process.
- B26. At the country level, there are two processes: The first is the setting of overall priorities and allocation of the available grant envelope between the different sectors or clusters if these exist. This process is led by the HC (or RC if no HC has been appointed) and should involve the UN Country Team (UN agencies only) or the Humanitarian Country Team (typically cluster-lead agencies, NGO representatives, observers from the Red Cross and Red Crescent Movement, and sometimes representatives from donors and national governments).
- B27. The second consists in preparing the submission and the project proposals. While the HC leads the overall process, cluster-lead agencies lead the preparation of proposals for their respective sectors. At the cluster or sector<sup>21</sup> level, the cluster members including other UN agencies concerned, may be involved in deciding together the priorities for the available funds; but in some cases, where sectoral coordination structures are not strong, the cluster-lead agency may decide this on its own, with inputs from the cluster or sector coordinators, and sometimes only from their emergency coordinators.
- B28. The Resident/Humanitarian Coordinator is normally assisted by the OCHA team in preparing the CERF submission, by someone from the OCHA regional office if there is no OCHA country office, or by the RC support office when there is no HC.
- B29. At implementation, most UN agencies work with NGO partners to implement humanitarian projects. UN agencies may also implement through government structures (WHO in particular), although this is more common in development programmes than in humanitarian ones.<sup>22</sup>

<sup>21</sup> The sectors that form the basis of coordination (e.g., Water and Sanitation, Health etc.) may be called clusters if the cluster coordination system has been implemented. In some cases the cluster system has been implemented but the clusters are called sectors because of national government involvement and a shift of emphasis towards recovery (e.g. Kenya and Pakistan). In such cases you may have “enhanced sectors” (Kenya) or the term ‘cluster’ is used only in some parts of a country (Darfur in Sudan).

<sup>22</sup> This was the case with the two CERF grants for Cape Verde (a lower-middle income country with a Gross National Income of US\$3,010 per capita in 2009). These projects were implemented through the municipal authority for the capital and the ministry of health.

99. The CERF Guidelines establish the importance of “inclusiveness” in the CERF process:
- Humanitarian partners at the field level are at the heart of planning, prioritizing and decision making with respect to the CERF. When developing CERF grant requests, agencies should ensure the involvement of local partners, such as governments, national and international non-governmental organisations, and the International Red Cross and Red Crescent Movement.*<sup>23</sup>
100. At field level, the degree of NGO inclusiveness and the quality of CERF prioritisation and allocation processes varied between CERF allocations and between clusters. Here the potential value of the CERF “tool” in the hands of skilled craftsmen – country-level humanitarian leadership – could be observed. Where cluster coordinators led effective and inclusive processes supported by their cluster lead agency head, useful technical guidance from OCHA and effective overall leadership from the HC, CERF funds were not only channelled efficiently to address priority needs, but served as a catalyst to further refine systems, build capacity, and strengthen teamwork within the cluster. Inclusiveness of CERF prioritisation and allocation processes was observed to be particularly dependent on the commitment of cluster lead agencies and cluster coordinators to lead consultative processes.
101. The country studies showed different degrees of inclusiveness in processes. In Nepal, for example, CERF UFE processes were inclusive in 2008 and 2010, but this also varied between clusters and emergency types. Those RR processes in Nepal which were perceived to be less transparent and inclusive involved allocations to a single UN agency responding to a chronic crisis, but the RR allocation process for the 2008 Koshi flood response was reportedly inclusive. In Pakistan the degree of inclusiveness varied from one emergency to another and from one cluster to another. In DRC, the CERF process is highly inclusive when CERF allocations are made around CHF<sup>24</sup> allocation periods, because the CERF process benefits from the participatory CHF selection process. In Somalia and Afghanistan, CERF processes were reportedly becoming more inclusive.
102. There have been several examples of good practice in inclusiveness for the studied countries. The 2010 UFE process in Afghanistan was selected by the NGOs and Humanitarian Reform Project as a best practice example (NGOs and Humanitarian Reform Project, 2010). Another example was the 2011 UFE allocation to the WASH cluster in oPt; for this was particularly impressive given the challenges of applying CERF life-saving criteria to that humanitarian context. The DRC processes are another example of good practice that should be replicated in other countries with CHFs.
103. As other studies have found<sup>25</sup>, leadership at other levels was also a key influencing factor. Several examples were observed of HCs and cluster coordinators who aimed for inclusiveness, but lacked necessary experience or skills to lead effective CERF processes.

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<sup>23</sup> Central Emergency Response Fund Guidelines, CERF Principles, approved 16 October 2009.

<sup>24</sup> The CHF is called the Pooled Fund in the DRC

<sup>25</sup> See, for example, DFID’s 2011 Humanitarian Emergency Response Review which acknowledges that humanitarian financing has improved as a result of humanitarian reform, but planning and prioritisation remain weak and politicised due to lack of effective humanitarian leadership.



Cluster coordinators were also dependent on attitudes of the heads of the cluster lead agencies; some heads of cluster lead agencies saw themselves as a channel for supporting cluster members, such as the WASH cluster in oPt during the 2011 UFE allocation process, and clusters in DRC. Other heads of agencies viewed CERF allocations as donations to their own agencies and either used funds for direct implementation or allocated them to their implementing partners. The presence of OCHA staff, whether staff based in the country or deployed temporarily as an adviser (as in Mongolia for the 2010 *dzud* response) usually contributed to better-managed processes. There were even cases where there were no consultations even among UN agencies involved in the same cluster (e.g. the shelter/NFI cluster in the first allocation for the 2010 Pakistan floods). Interviewees made clear that this was more a reflection of the management of these particular clusters than of the CERF.

104. Other reasons for consulting implementing partners rather than cluster members stem from the way UN agencies operate (e.g. annual programmes and annual partner selection modalities and timing) and UN contractual arrangements with NGOs, in particular the speed with which new contracts can be processed. Where such arrangements require time and speed is crucial, UN agencies may, for reasons of efficiency, opt to consult and work with existing implementing partners rather than the clusters.
105. Whether there was a Humanitarian Country Team was a factor in inclusiveness, since Humanitarian Country Teams (HCTs) include non-UN humanitarian stakeholders, although this was not a guarantee of inclusive processes at cluster level. While many of the countries in the study had HCTs, this was not always the case. Mongolia, for example, only established an HCT in January 2011. In DRC, the Pooled Fund (CHF) Board, which includes donor representatives, served as the *de facto* HCT until early 2010 and steered inclusive processes.
106. Where HCTs existed, most NGO members report being satisfied with CERF-related deliberations during HCT meetings. The exception was Niger, where NGOs were less positive on coordination. In clusters, however, there is definitely an expectation, particularly among INGOs, that inclusiveness implies substantive consultations. In this respect, there was wide variation across the case studies.
107. In the survey<sup>26</sup>, NGOs were more likely to regard the CERF process as non-inclusive than UN or government staff (Figure 9). Given the importance of NGO implementation in humanitarian emergencies, their opinion carries considerable weight. Less than one

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<sup>26</sup> See Annex 2 for a description of the survey methodology. Caution is required in considering the results, since the survey was based on self selection of relief workers (although results matched results from other data sources). Where there appeared to be significant differences between the view points of different actors the underlying numbers (not the proportions shown in the charts) were analysed using the Chi Square test with a Yates correction where appropriate. This is not used to imply statistical significance, but as a test of how likely the difference seen between the two types of respondents in the sample could have arisen by chance. The test shows that there is a less than 5% chance that the difference seen could have arisen by chance, and that the differences seen are due to the nature of the respondents.

quarter of NGO respondents regarded the CERF processes as largely inclusive, and less than 30 per cent of donor government representatives did. Overall, around 70 per cent of NGOs considered the CERF to be very inclusive, largely inclusive or somewhat inclusive, compared to 80 per cent of the donor government representatives and 90 per cent of the UN officials. This was convergent with the comments in interviews in the case studies.

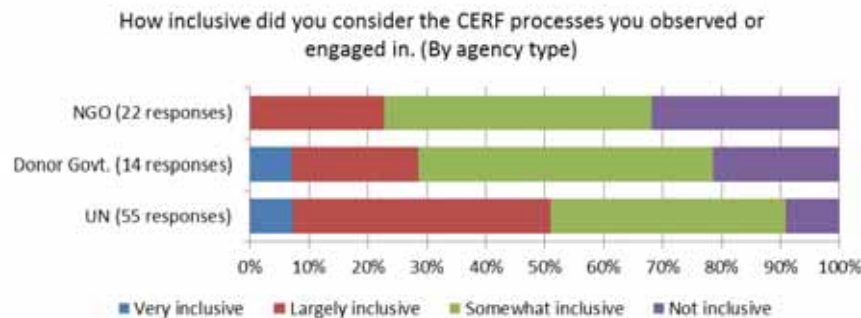


Figure 8: Responses to the survey question on the inclusiveness of the CERF process. The difference between (very or largely inclusive) and (somewhat and not inclusive) by category of respondents is notable at the 5% level. (ChiTest, Yates corrected  $p_{(two-tailed, df=2)} < 0.05$ ).

108. However, in countries where the CERF has been thoroughly discussed at the cluster level between the cluster coordinator and the members, NGO interviewees generally regarded the CERF processes as inclusive.
109. While it may not be surprising that NGOs are more sensitive to a perceived sense of CERF exclusivity, it was notable that aid workers with more experience were also more likely to regard the CERF as less inclusive. Some NGOs commented that they were included in assessment and priority making of the CERF within humanitarian networks, but excluded at the implementation and monitoring phases of the CERF.
110. UN staff responding to the survey had a more positive perception of the transparency of CERF processes than did NGO or Donor respondents. Two thirds of UN staff regards the CERF processes as very transparent. In field interviews, some UN staff raised questions about the transparency of the underfunded emergency processes in particular (Kenya, Nepal, the Philippines, and Somalia).

### Conclusion

111. The extent that the CERF process was inclusive varies greatly, both between countries and between clusters. The degree of “inclusiveness” reflects the extent to which the Humanitarian Reform process has evolved in a given country; this also mirrors the strength of experience and initiative of the cluster coordinators and the Humanitarian Coordinator. Lack of inclusiveness of NGOs, especially beyond the needs assessment phase, was a common source of complaint by NGO interviewees; this reflects an administrative cleavage that has not benefited from full roll out of the UN reform initiatives, especially at the technical level of clusters.

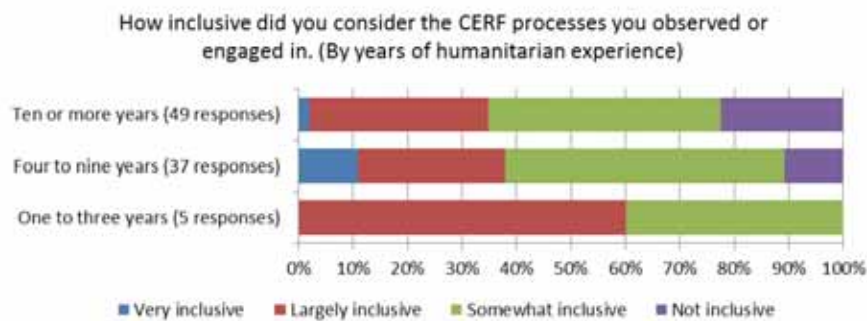


Figure 9: Responses to the survey question on CERF inclusiveness by years of humanitarian experience.

## Government engagement

*To what extent are Host Governments engaged with the CERF? Is this level of engagement appropriate and sufficient, what are their perceptions of the CERF?*

112. The extent to which the states are involved in CERF processes depends on the country context, and this is appropriate given that humanitarian crises are often marked by the failures of state responsibility for their population and government capacity gaps. Out of the seven CERF countries studied by field missions, six are subject to complex emergencies where the government is a party to the conflict<sup>27</sup>. Several interviewees commented that there is a tension between engagement with government and the humanitarian principles of impartiality, neutrality, and independence.
113. Government capacity is an other factor. In middle-income countries, governments have far greater resources and the government is by far the most important player in humanitarian response. This is why the HCT unusually has government representation in Mongolia, and why the HCT worked so closely with the governments in Guatemala and Pakistan.
114. In Kenya and Pakistan, the ministries in charge of emergency response participate in the coordination system even though they are not part of the Humanitarian Country Team. In contrast, in DRC, the central government plays no role in CERF allocation processes; and in Somalia the various governments are generally not represented in coordination mechanisms.
115. In many countries, government involvement in coordination mechanisms was found to be strongest at the cluster or sectoral level. Clusters often have a government counterpart taking part in meetings, and in countries where humanitarian action is increasingly combined with recovery-oriented work and where clusters have become

<sup>27</sup> These include Afghanistan, Niger, oPt, Pakistan, Philippines, Somalia.

sector Working Groups, these are usually co-chaired by government and cluster-lead agencies (e.g. Kenya and Pakistan).

116. National government have a more positive perception of the CERF than do donors or NGOs. Stakeholder perceptions of the effectiveness of the CERF are described in other sections of the report.
117. The best argument for the inclusion of NGOs and national governments is that, as they work directly with the affected populations, they are in a better position to identify which needs are priorities. Some NGOs complained that their role in the CERF process is limited to providing information for UN agencies, and not counterbalanced by participation in making decisions. Where efforts have been made to include NGOs, however, these have not always been as fruitful as hoped for (e.g. DRC), given competing priorities and the lesser relevance of the CERF for NGOs, especially in comparison with other country-level pooled funds.

### *Conclusion*

118. The inclusion of national governments in CERF processes is limited in some countries. However the lack of inclusion was appropriate in some of the countries visited, where the government was party to an intra-state conflict. The tension between engagement with the government<sup>28</sup> and the humanitarian principles of impartiality, neutrality, and independence<sup>29</sup> is well managed through flexible and pragmatic processes.

## Prioritisation

*To what extent are the greatest needs being prioritised, and what data are prioritisation decisions based on?*

119. The extent to which CERF funding was based on assessed humanitarian needs varied by country. Seven different sources commented that the prioritisation process can sometimes be a formalistic exercise, where the available funds were distributed to the agencies based on what has been referred to in interviews as the 'sharing of a cake', based on informal analysis/understanding of the needs, funding levels, and negotiation. This was seen to have been the case at times notably in Kenya, Nepal, Niger and Somalia. Nonetheless, the underfunded window is intended to support core underfunded humanitarian priorities; and since most clusters have underfunded priorities, UN agencies see it as an opportunity to secure some funding for them. However, in several of these cases, interviewees said that the broadening of the CERF process had led to it being more priority-driven. The more inclusive the process, and the more evolved

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<sup>28</sup> As espoused by donors in the Paris Declaration (OECD, 2005).

<sup>29</sup> As espoused by donors in the Good Humanitarian Donorship Initiative (Good Humanitarian Donorship, 2003).

the UN Humanitarian Reform process in general, the greater was the confidence of interviewees that CERF was meeting the priorities<sup>30</sup>.

120. The quality of the prioritisation process also depended on the quality of the data and analysis of needs that was available to the humanitarian community, and in clusters, the presence of experienced technicians. Prioritisation improved in countries where there was good data, as with the Food Security and Nutrition Analysis Unit in Somalia, the annual Short Rains and Long Rains assessments in Kenya, or the Nutrition Cluster in Niger, or where a joint assessment was organised such as in Guatemala and Central African Republic. Where clusters had an effective and transparent system for defining priorities, such as the WASH cluster in oPt and clusters in DRC, this also helped prioritisation.
121. A final factor in the quality of the prioritisation process was in the strength of the Humanitarian Coordinator (HC). The team noted that experienced and knowledgeable HCs, like the HC in Somalia or Nepal, had the authority to bring the country team together to focus on humanitarian priorities rather than agency agendas. In some countries, the strength of the HC was affected by the dual role of Resident Coordinator/Humanitarian Coordinator (RC/HC) where these were combined in one post. The RC role must manage the development reform process and this can exceed the capacities of both the incumbent as well as agency staff. OCHA offices frequently play an active role in promoting a needs-based and inclusive process (e.g. CAR, DRC, Kenya, Pakistan, Somalia).
122. In Pakistan, for the third RR allocation made in response to the 2010 floods, the HCT prioritised a Survival Strategy promoted by UNICEF, WFP and WHO, to enhance the effectiveness of UN assistance by providing an integrated response in four key emergency sectors (food, health, WASH, and nutrition) within geographical areas of greatest need. A similar approach was taken in Mongolia during the response to the 2009-2010 *Dzud* disaster. Generally, UN staff members interviewed in the field were more satisfied with the clarity of the Rapid Response Window process than with the Underfunded Emergency Window funding process.

### *Conclusion*

123. Consistent prioritisation and decision-making processes is still a serious challenge for CERF processes in certain countries. Good practice examples developed in certain countries (e.g. CAR, DRC, oPt, Pakistan, Somalia) ought to be replicated in other countries.
124. There are strong links between the effectiveness of a cluster or HCT and how effectively and efficiently CERF funds were allocated. In oPt, for example, consultations within the WASH and agriculture clusters during the CAP process in late 2010 were continued and refined during CERF UFE prioritisation processes in early 2011.

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<sup>30</sup> The link between inclusive processes and good prioritisation was illustrated in the oPt where an inclusive CERF process in some clusters led to better quality prioritisation by those clusters for using other funding.

125. The evaluation team had greatest confidence the priority needs were being targeted when the prioritisation decisions were based on an analysis involving a range of humanitarian partners. Humanitarian emergencies often result from a complex mix of sudden onset and slow onset crises, with many overlapping needs, some resulting from chronic underdevelopment and socio-economic exclusion, and some from environmental causes. Inclusive processes allow the widest possible information base for setting priorities.
126. The transparency of the process has improved, but could be further improved by better documentation and dissemination of the reasoning behind allocation decisions at all coordination levels.
127. The quality of prioritisation processes is strongly dependent on the quality of information available to humanitarian actors. The quality of such information is a broader issue for the humanitarian system, and does not apply only to CERF-funded projects. Again, more inclusive processes provide better information for prioritisation.
128. While there is a balance to achieve between inclusion and effectiveness on one hand, and speed and efficiency on the other, CERF timelines allow for a few extra days to achieve a more inclusive process. A truly inclusive process offers integrity of information sharing, greater objectivity, the potential for more effective interventions, and far fewer gaps in response.

## Life-saving criteria

*To what extent is the vetting process thorough and based on good quality criteria including the life-saving criteria? Do these processes represent due diligence?*

129. The CERF Secretariat has sought to facilitate decision-making by developing a set of life-saving criteria to address the broad nature of the concept of 'life-saving'. These were drawn up by the CERF Secretariat together with the UN agencies and global Cluster Leads (the first version was published in August 2007, and the latest was signed by the ERC 26 January 2010)<sup>31</sup>. These criteria outline what the CERF will and will not fund for particular sectors. They have been reinforced by policies for particular sectors such as humanitarian air operations.
130. The CERF Secretariat does not rely solely on these criteria but also seeks and receives information on the external context, agency funding levels, and agency capacity from the local OCHA office (where there is one), agency focal points at field and HQ level, the OCHA country desk in New York, and the HC/RC. FTS and CAPs/ Flash Appeals are also key sources of information. The content of the submitted CERF proposals along

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<sup>31</sup> The criteria can be found online at:

<http://ochaonline.un.org/OCHALinkClick.aspx?link=ocha&docid=1061084>



with information from these sources informs the CERF Secretariat's review of submitted proposals.

131. Staff in both OCHA and applicant UN agencies were generally very positive about the criteria, stating that they made the CERF application process more transparent and less contested. The criteria allow staff without specialist knowledge of a particular sector to review proposals for such sectors. It generated rich discussion about "grey areas", fostered better understanding among UN agencies of the life-saving contribution of livelihoods protection approaches, and helped focus the deliberations.

#### BOX 6. WHAT IS LIFE-SAVING?

- B30. Almost any humanitarian or development intervention has the capacity to save lives and reduce suffering<sup>32</sup>. Almost all the Millennium Development Goals have the potential to save lives and reduce suffering. The four goals of eradicating extreme poverty and hunger; of reducing child mortality rates; of improving maternal health; and of combating HIV/AIDS, malaria, and other diseases; are all explicitly life-saving. But even the goals of universal primary education and gender equality can also save lives, since we have known for more than two decades that under-5 mortality decreases with maternal education (Cleland and Van Ginneken, 1988).
- B31. Food aid can be a critical life-saving intervention in some contexts, but merely a useful income supplement in others. The same is true for all humanitarian action. Immunisation can be a very effective life saver, but the immunisation of 160,000 people against cholera in Aceh after the tsunami was not (de Ville de Goyet and Morinière, 2006; Guha-Sapir and Panhuis, 2005, p. 100). What determines whether a particular activity is likely to save lives is not the activity in itself, but the activity in the context.
- B32. The evaluation team faced this issue when devising a tool to determine to what extent the CERF-funded projects were life-saving through an examination of proposals. This was found to be impossible, because there was not enough information available on the context (external context, agency funding levels, and agency capacity with its partners) to make evidence-based decisions.

132. The difficulty of criteria-based selection has emerged here over time. As agencies have become familiar with CERF life-saving criteria, they have written their applications to conform to them, making nuanced distinctions more difficult. The CERF Secretariat notes that most of the referrals of projects back to applicants are now around budget issues rather than substantive ones, which may also reflect the experience of agencies,
133. While the CERF life-saving criteria provide a useful yardstick for project review, it is not always possible to tell from the proposal whether a project is truly life-saving or not, and therefore difficult to define which proposal is more eligible. Indeed, most proposals respond to primary needs in difficult and complex contexts, and the criticality of each sector depends on the context in the field. As for project analysis, all projects had the

<sup>32</sup> In the CERF, the life-saving criterion has to be read in parallel with the criterion for timeliness.

potential to save life, but criticality of the projects was higher in the RR window. The assessment and prioritisation processes in-country are key to determining the criticality of needs in each sector.

134. Apart from the case made by agencies that operate in sectors closer to development than humanitarian action, most complaints about the life-saving criteria related to their inflexibility, and not taking the context sufficiently into account. In highly unstable countries where multiple shocks are experienced, it is not easy to distinguish between response preparedness and response (e.g. the prepositioning of stocks in contexts where they are used on a 'rolling' basis as in DRC) or crisis and recovery stages

### *Conclusion*

135. The CERF Secretariat conducts a thorough review of project proposals including using the life-saving criteria, and consulting with colleagues in the field or on the geographical desks (typically the OCHA country or regional office, CERF focal points of UN agencies, or desk officers in OCHA's Coordination Response Division), and several data sources. It also consults the Financial Tracking System.
136. Almost any humanitarian or development intervention has the capacity to save lives and reduce suffering. While the CERF life-saving criteria provide a useful yardstick for project review, it is not always possible to tell from the proposal whether a project is truly life-saving or not, and therefore difficult to define which proposal is more eligible. Indeed, most of them respond to primary needs in difficult and complex contexts. As for project analysis, all projects had the potential to save lives, but criticality of the projects was higher in the RR window. Whether any action does so depends not just on the action itself but on the context in which it takes place. For this reason, the in-country prioritisation process is of key importance. The CERF would benefit from a review process that takes greater account of the context. The clusters in the field have richer context information than the CERF Secretariat, and are better placed to determine if particular projects are life-saving or not.

## Vulnerable groups

*To what extent do CERF processes and projects consider the needs of vulnerable groups?*

137. Interviews suggest that attention to gender varies between countries. Consolidated Appeals for 2011 have been prepared using the Inter-Agency Standing Committee's Gender Marker (see Annex II on methodology for a description of this tool.) This meant that UN staff in these countries were able to articulate gender issues quite well<sup>33</sup>. It should be noted that the gender and vulnerability marker were piloted in 2010 and were not launched officially until 2011 after the CERF evaluation period was concluded.

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<sup>33</sup> In addition, UNICEF is also developing its own gender marker.



Therefore better data on this in future and increasing attention to gender in CERF proposals may be anticipated from 2011 onwards.

138. However, the analysis by the team of 299 randomly selected projects showed that over one third of CERF proposals did not reflect gender in any serious way. While the CERF Secretariat now requires applications to estimate the number of beneficiaries by gender, the team did not regard this, in itself, as evidence of attention to gender issues<sup>34</sup>. At the same time the team assessed the attention that these projects paid not only to gender, but also to vulnerability and other cross-cutting issues.

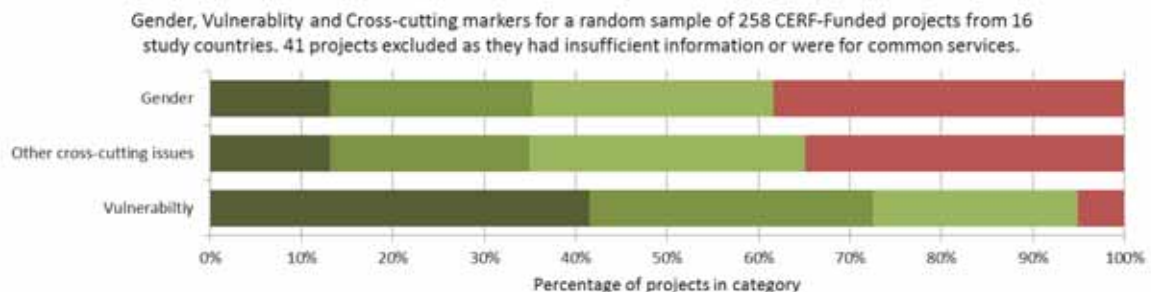


Figure 10: Number of projects by the level of attention to Gender, Vulnerability, and Cross Cutting issues.

139. Of the three areas, CERF proposals were far better at focusing on vulnerability than on gender or other cross-cutting issues<sup>35</sup>. Some 95 per cent of CERF proposals (see Figure 10) and 97 per cent of funding (Figure 14) made some contribution to addressing vulnerability, and over 40 per cent of projects (and 30 per cent of funding) addressed vulnerability as their principal purpose.

<sup>34</sup> The team took the view that gender was more likely to be considered in the implementation when it was mentioned in the project proposal. But this focus on mention has its limitations. One agency, while conceding that their proposal made no mention of gender, pointed out that it did have a number of gender elements. Similarly, the fact that gender is mentioned in the proposal is not a guarantee that it will be considered in project implementation.

<sup>35</sup> As listed in the ALNAP guide to evaluations using the OECD/DAC criteria (Beck, 2006), cross cutting issues include: protection, participation of the affected population, environment, coping strategy, and resilience, Disaster Risk Reduction (DRR), capacity building of local capacity, HIV/AIDS (awareness and prevention aspect), and human resources.

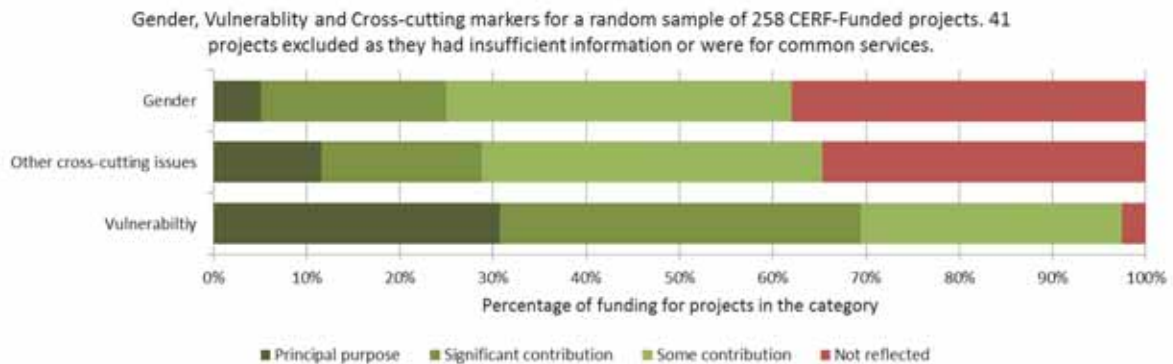


Figure 11: Value of CERF contributions by the level of project attention to Gender, Vulnerability, and Cross-Cutting issues.

140. It should be pointed out however that more gender-specific information is provided in CERF reports. Poor gender scores in project proposals may be due to the format, and also to the overall priority which the agency places on gender (e.g. UNFPA and UNICEF generally scored quite high). Giving too much emphasis to proposals risks creating a focus at one step removed from field implementation, and gender sensitivity during implementation is going to be mainly determined by specific local factors.

### Conclusion

141. CERF proposals are paying a lot of attention to vulnerability with 95 per cent of projects scoring more than 1 on this. On the other hand, many UN agencies are beginning to pay attention to conflict sensitivity (the ability to minimise the negative effects on conflict and maximise the positive), and this is not reflected in the CERF criteria. Similarly, disaster preparedness and disaster risk reduction do not feature highly in proposals, whereas they are important aspects of quality in humanitarian action, and could serve as useful indicators of sustainability in CERF-funded projects.
142. The gender marker is in the process of being mainstreamed, but the degree to which gender is taken into account is not very apparent even though almost all humanitarian crises have gendered impacts, even the apparently gender-neutral natural disasters. (Neumayer and Plümper, 2007).

## Field management

*How well managed are CERF processes at the field level? Are HCTs and country OCHA offices adequately resourced?*

143. The team considered the country-based CERF process to be well managed where interviewees were familiar with the CERF process, and where it conformed to the guidelines established by the CERF Secretariat. However, the management of CERF processes in the field is variable; the team found that management was best where there was strong humanitarian leadership (e.g. DRC, Nepal and Somalia), a country team with

significant experience of using the CERF or other pooled funds (in particular CHF), and a dedicated humanitarian funding unit in the OCHA office to support the HC (as in DRC, Somalia, and Pakistan).

144. Humanitarian Coordinators, Resident Coordinators and OCHA receive no additional resources for managing CERF processes, although these include complex tasks such as eliciting proposals for submission through multi-layered decision-making<sup>36</sup>. The actual task of management falls to the national or regional OCHA office, or to the support staff for the RC. However, OCHA does not have access to CERF funding, and resources allocated to coordination, like other common services (which can be supported by the CERF), are always difficult to obtain. The two resource challenges here are funding and staffing. OCHA staff frequently described how OCHA suffers from difficulties in recruitment and restrictive personnel rules.<sup>37</sup> Interviewees also commonly reported that OCHA suffered from high staff turnover in the field.
145. Documentation about how CERF allocation decisions were made and what kind of discussion took place, such as minutes of meetings or records of telephone calls and email exchanges was found to be scarce. Available minutes of key meetings usually did not include information beyond a few action points or conclusions.

### *Conclusion*

146. While CERF country-based processes are well-managed, prioritization and selection deliberations, which would provide some of the missing contextual analysis referred to in one of the previous sub-sections, are not well documented.
147. The CERF Secretariat should aim to encourage clusters and HCTs to develop proposals for UFE funding according to pre-specified criteria based on common needs assessments and inclusive prioritisation processes. Such an approach would have the advantages of providing an incentive for improved humanitarian reform processes, preventing the “surprise” element of UFE grants observed during many country studies, and ensuring more effective use of CERF.
148. To help ensure a common understanding of selection criteria, a “pre-qualification” process of submitting short concept papers in mid-year could be instituted. A short-list of countries of potential recipients of UFE grants based on selection criteria could then be circulated prior to CAP processes at which stage a full proposal would be developed.
149. To ensure humanitarian needs are met in countries where, due to leadership gaps or other constraints, HCTs have difficulty in pulling together credible proposals a portion

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<sup>36</sup> The management of CERF processes would typically entail, for OCHA, facilitating consultations, providing guidance to UN agencies, preparing the submission for the HC, managing amendment requests, and preparing the annual reports on the use of CERF grants

<sup>37</sup> For example, one OCHA head of office lamented that it was impossible for them to have an effective handover to their successor, as the UN Secretariat rules require that one person vacates the post before the other arrives to fill it. While such a rule may make sense for support staff in New York, it does not make sense for heads of offices in complex environments.

of UFE funds could be set aside as a “safety net” reserve to ensure that life-saving needs can be covered through gap-filling arrangements. Selection would be similar to the current UFE selection process, but would be a more focused and less time-consuming exercise, since it would involve a small number of countries.

150. The system would need to be designed to avoid a situation where a lack of a submission or poor quality submission resulted in a lack of CERF funding to meet critical humanitarian needs. For example, depending on the context, a “safety net” UFE grant would not necessarily be seen as a positive reflection on leadership of humanitarian reform system. Based on results of this study, leadership would probably require additional external support to ensure that CERF funds were prioritised and used efficiently and effectively. On the other hand, UFE grants allocated on the basis of good quality proposals should reward performance of HCTs and recipient clusters.
151. **Recommendation: Develop a process for UFE envelopes that promotes more effective and efficient use of CERF funds through strengthening links with CAP and other humanitarian interagency planning processes.**
152. **Recommendation: Better document and disseminate the reasoning behind allocation decisions at all coordination levels in order to improve the thoroughness transparency of the process.**

## Relative speed

*How does the timeliness of CERF funding compare with other funding sources?*

153. There is a detailed discussion on the timeliness of CERF funding in the next chapter. Interviewees gave the timeline for humanitarian funding from donors other than CERF as from two to four months, and generally reported that CERF funding was the fastest funding available except for internal agency emergency funds and advances. There were a few exceptions to this.

### BOX 7. HOW HUMANITARIAN ACTORS FUND TIME-CRITICAL NEEDS

- B33. Humanitarian actors have a number of funding sources for urgent responses.
- B34. The first source is simply existing resources redirected – for example in the Haiti earthquake response, many agencies already had programmes in progress addressing the ongoing complex emergency, and then deployed these resources for the new needs.
- B35. Another source is emergency reserve funds. This is how many NGOs, UNHCR, WFP, UNICEF, and WHO respond to new crises. Some donors, such as Irish Aid and Norway, have also provided NGO partners with emergency response funds (replenished when the partners report on the use of funds) for this purpose.
- B36. Internal loan mechanisms are a very significant source of funding for emergency response. WFP has one of the strongest internal loan mechanisms that permit it to respond while waiting for donor resources to come through. UNICEF also has an

internal loan mechanism to respond to emergencies (the Emergency Programme Fund with a current biennial expenditure of US\$75 million). FAO has a working capital component, under the Special Fund for Emergency and Rehabilitation Activities, which allows advances to projects in the range of US\$30/40 million on a yearly basis; but it is not used in tandem with the CERF.

- B37. NGOs, Red Cross and UN national committees may launch appeals to the general public within days. Such appeals can raise significant amounts of money even in a week<sup>38</sup>.
- B38. Agencies may also access pooled funds, such as Common Humanitarian Funds or Emergency Response Funds, or pooled resources, such as the relief items held in the UN Humanitarian Response Depots.

### *Conclusion*

154. CERF funding is a faster funding source than other external funding mechanisms with the possible exception of locally controlled pooled funds. For some UN agencies, however, internal financing mechanisms are the fastest source of funds. These agencies maximise the effectiveness of both CERF and internal funds by making them work together.

## Reporting

### *To what extent does CERF reporting meet the needs of users?*

155. All Humanitarian Coordinators or Resident Coordinators that receive CERF funding are required to report on its use. This usually involves the OCHA team, or the RC support office, asking agencies for information about the projects for which they received CERF funding. OCHA field staff report that some agencies are cooperative, but that others refer them to their annual reports and provide no additional information.
156. The team noted that the more recent CERF reports provide more information than reports from before 2008<sup>39</sup>. However, in some cases, the reports are lacking in basic data, notably achievements using appropriate indicators and descriptions of overall humanitarian context, people affected, and other appeal funding sources. Project summaries often report on activities and outputs, without specifying what percentage of the intended beneficiary population has been reached by the particular activity. There is very little “self-evaluation” in the reports.

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<sup>38</sup> For example the UK joint NGO Appeal for the Asian Earthquake and Tsunamis of 26 December 2004 launched by UK NGOs on December 29<sup>th</sup> had brought in £60 million (then worth US\$115 million) by 1 January 2005, less than a week after the disaster.

<sup>39</sup> CERF reporting is done at different levels: agencies report to the HC on their activities in-country, and the HC compiles these reports into a yearly country report, submitted to the CERF Secretariat. Agencies also provide the CERF Secretariat with a global yearly report.

157. This is particularly true for information on agencies' sub-grants to NGOs and others with CERF funds. Only 12 per cent of the projects funded in 2009-2010 reported that funds had been passed to NGOs. Moreover, only some agencies report this data.
158. The HC has neither the mandate nor resources to monitor CERF-funded projects. Agencies have their monitoring and reporting systems in place, but HCs cannot obligate agencies to provide reporting beyond what is mandated by the CERF legal framework, according to the SGB on the CERF<sup>40</sup>.
159. The only exception is in DRC, where UN agencies and NGOs provide information on their Pooled Fund and CERF funded projects on a semi-annual basis through a common "Results Sheet", which takes CERF reporting requirements into consideration. This enables the OCHA/UNDP Joint Pooled Fund Unit (humanitarian financing unit) to monitor progress towards objectives and spot poor performance. In addition, a number of online, real-time reporting initiatives have been developed in DRC (UNICEF established 'ActivityInfo' - an online platform for the creation and management of monitoring databases, which has improved the accuracy and quality of reporting"<sup>41</sup>; and the Joint Pooled Fund Unit online 'SharePoint') and Pakistan (Single Reporting Format), which if successful, could be promoted by the CERF Secretariat for the real-time monitoring of CERF funded projects.
160. The CERF Secretariat informs Humanitarian Coordinators that the failure to report may lead to future requests from that country being ignored. While this cannot be applied in full (as the CERF would have to respond to any major crisis), it has been relatively effective at getting compliance with the broader reporting requirement. In the case of Pakistan in 2010, the CERF Secretariat decided to forgo reporting on the 2009 CERF grants as this would have diverted the country team from attending to the floods.

## Accountability

*To what extent is the CERF accountable - upwards or downwards? What mechanisms exist?*

161. Without a mandate for the HC to monitor CERF-funded projects, there is no formal mechanism for calling agencies to account for their use of CERF funds other than

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<sup>40</sup> CERF recipient agencies are required to report to the HC on results achieved with CERF funds as input to the annual HC CERF country report. At the global level, agencies are obliged to provide financial reporting on CERF funds as well as an annual narrative report on the usage of CERF grants from a global agency perspective. SGB: April 2010, para 5.1 point (ii): "5.1 Eligible organizations shall take full responsibility for the use of and reporting on all funds disbursed under the Fund and shall comply with the following requirements... (ii) Inputs at the field level on the use of and results achieved with Fund resources shall be submitted to Resident Coordinators or Resident/Humanitarian Coordinators and the Coordinator, in accordance with the deadlines and processes set in the narrative reporting framework."

<sup>41</sup> UNICEF DRC – Annual Report 2009, p. 23.



through their CERF-mandated programmatic reporting at country level and financial reporting at the global level. Agencies are of course subject to their own internal controls, but this is a separate accountability mechanism.

162. The findings of this evaluation correlate largely with the results of the research undertaken for the PAF in that, at country level, it is understood that OCHA currently has neither the capacity nor the mandate to conduct a 'watchdog' function for the performance of recipient agencies. At the same time, there was a widespread sense of frustration among many stakeholders about the perceived lack of transparency regarding use of CERF funds. Questions about this were particularly prevalent in countries where there were already interagency monitoring systems in place for ERF or CHF pooled funds.
163. A recent DFID review, which generally gave a favourable rating to the CERF, found, like this study, that its monitoring was relatively weak. Even with the PAF, the CERF is not able to report systematically on results at the beneficiary level. This is the responsibility of the implementing UN agencies. Although CERF is strong on strategic management, its lack of a results framework makes it difficult to demonstrate results systematically at the country level<sup>42</sup>.
164. No UN agency has carried out an independent evaluation of their CERF projects, apart from FAO, which in 2009 commissioned an external evaluation of its CERF projects in Kenya for 2006-2009. One of the main findings was that their M&E component was insufficient, despite monitoring and supervisory visits by FAO staff, the technical line ministry and implementing partners. Consequently, one of the recommendations was that *"future CERF emergency projects should provide for internal evaluation"*<sup>43</sup>. Another one was that *implementing partners should indicate clear targets and achievements*.
165. As the CERF frequently makes contributions to programmes also funded by other donors, attributing results to a particular source of funding would be impossible; but this should not be viewed as a reason for not carrying out an evaluation. While joint projects should ideally be evaluated jointly by its different donors, this rarely happens and in practice, each donor is entitled to evaluate the entire project as if it were funded by them. The CERF being itself a pooled fund, attribution to particular donors is impossible anyway.
166. A review of Inter-Agency Real Time Evaluations (IA-RTE) conducted during the past three years indicates that the CERF was only mentioned, if at all, with regard to how much funding was allocated to the response and without reference to any resulting outputs, outcomes, or interaction with the other pillars of the humanitarian reform.
167. It is worth noting here that humanitarian donors with a technical capacity in the field increasingly coordinate, formally and informally, and exchange views about the performance of agencies, with implications for funding decisions (e.g. DRC, Pakistan and to a growing extent, Kenya).

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<sup>42</sup> DFID (2011) Multilateral Aid Review: Assessment of the Central Emergency Response Fund <http://www.dfid.gov.uk/Documents/publications1/mar/CERF.pdf>

<sup>43</sup> Ibid, p. 80.

### *Conclusion*

168. Beyond CERF-mandated reporting, an enduring operational weakness in the CERF project management cycle is its dependence on internal agency monitoring processes. Whereas the Humanitarian Coordinator is responsible for recommending the funding of projects, neither the HC nor OCHA have authority to exercise any form of oversight. The monitoring of CERF funding depends on the quality of each agency's internal monitoring systems and monitoring data remains internal to UN agencies.
169. The gaps at monitoring level were previously highlighted in the two-year CERF evaluation and in the framework of the study that accompanied the development of the 2010 CERF Performance and Accountability Framework. The lack of progress in this area is in sharp contrast to many other aspects of CERF management.
170. CERF reporting has improved over time but still frequently falls short of providing a useful account of the humanitarian context, including the number of people affected and targeted and of achievements against objectives using appropriate indicators, if only quantitative.

**Recommendation:** The Humanitarian Coordinator should formally be given the mandate to monitor the implementation by recipient agencies of all UN-managed pooled funds (including the CERF), and their ToR should be amended and adequate resources provided accordingly

**Recommendation:** Strengthen CERF monitoring and learning systems at a country level to improve CERF impact. Agency/cluster monitoring systems should be adapted to promote more ownership at a country level, making use where relevant of existing in-country systems linked to ERF and/or CHF pooled funding mechanisms or other useful innovations such as online project monitoring.

**Recommendation:** A percentage of CERF funds should be allocated to OCHA to reinforce the HC and OCHA's monitoring capacity at country level, as while some economy of savings would be realised by integrating CERF processes into those of other pooled funding mechanisms, many countries do not have such systems and, even where they exist, the increased number and larger scale of CERF grants would need more monitoring capacity.

**Recommendation:** All UN agencies except FAO should conduct an evaluation of their use of CERF funds within 18 months to determine what internal factors, including partnership policies and practices, influence the effectiveness of CERF projects.

**Recommendation:** CERF performance should be considered during Inter-Agency-Real Time Evaluations. Probably the simplest way to accomplish this is for the CERF Secretariat to be represented on the IA-RTE Steering Group. This would help ensure that performance of CERF (and other UN-managed pooled funds) is considered in IA-RTE methodology, guidelines and TORs for individual IA-RTEs.



**Recommendation: The annual CERF reporting exercise should be combined with an interactive interagency workshop to share results and lessons learned<sup>44</sup>.**

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<sup>44</sup> This was also recommended in the 2009 CERF Performance Accountability Framework review.

### 3. OUTPUTS

#### Distribution

*How have CERF funds been allocated, by geography, sector, and emergency type?*

171. From 2006 to the end of 2010, UN agencies in 79 different countries had received CERF grants (Figure 13) through either the Rapid Response (RR) window or the Underfunded Emergency (UFE) window.

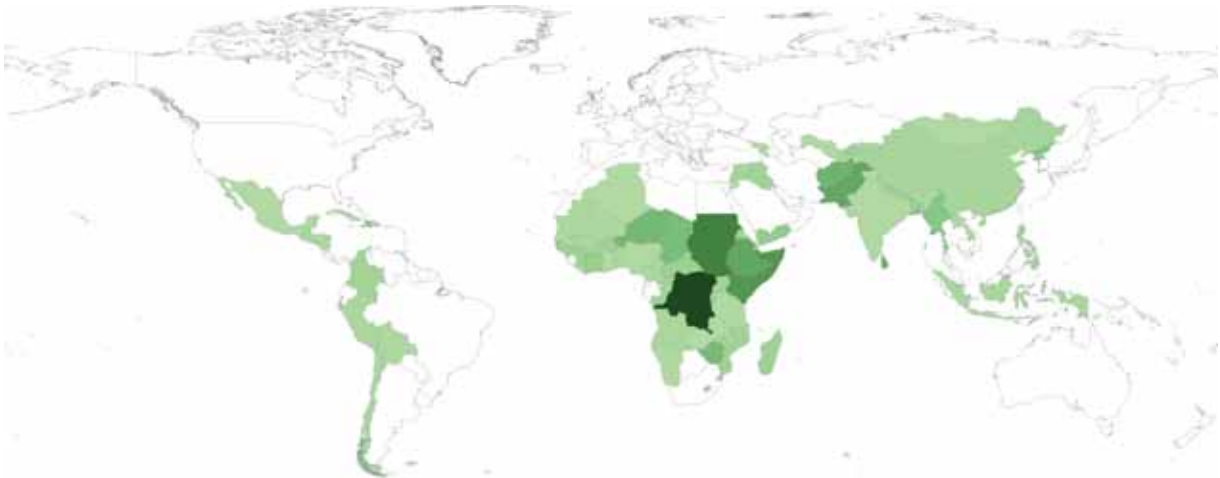


Figure 12: CERF funding by geography; darker colours indicate higher levels of CERF funding

172. The Democratic Republic of the Congo (DRC) has received the largest amount of CERF funding, totalling nearly US\$200 million (Figure 13). Many interviewees commented that DRC had very strong humanitarian leadership for most of this period, and that this strong leadership had led to a more intensive use of all resources including CERF funding. DRC has also benefited from a strong pooled funding management Unit. Most of the funding for DRC was from the underfunded window; whereas the next three best-funded countries (Sudan, Somalia, and Kenya) drew the majority of their funding from the Rapid Response window.

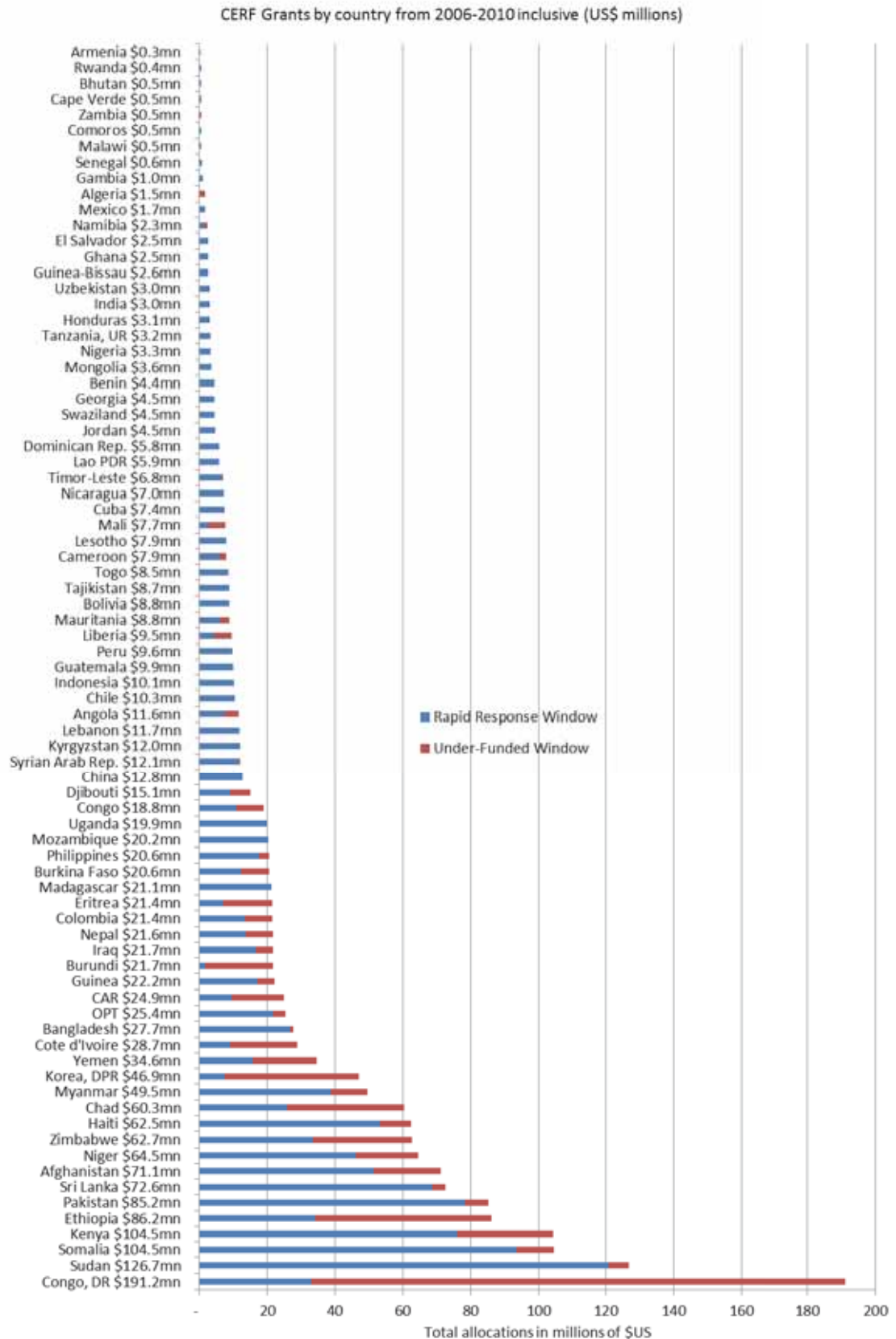


Figure 13: Countries ranked by overall size of CERF allocation for 2006-2010 inclusive.

173.

The pattern of CERF funding varies each year, in evident accordance with the occurrence of particular emergencies. For example, there was funding for cyclone Nargis and the Sichuan earthquake in 2008, and heavy funding for the Pakistan floods and the Haiti earthquake in 2010.

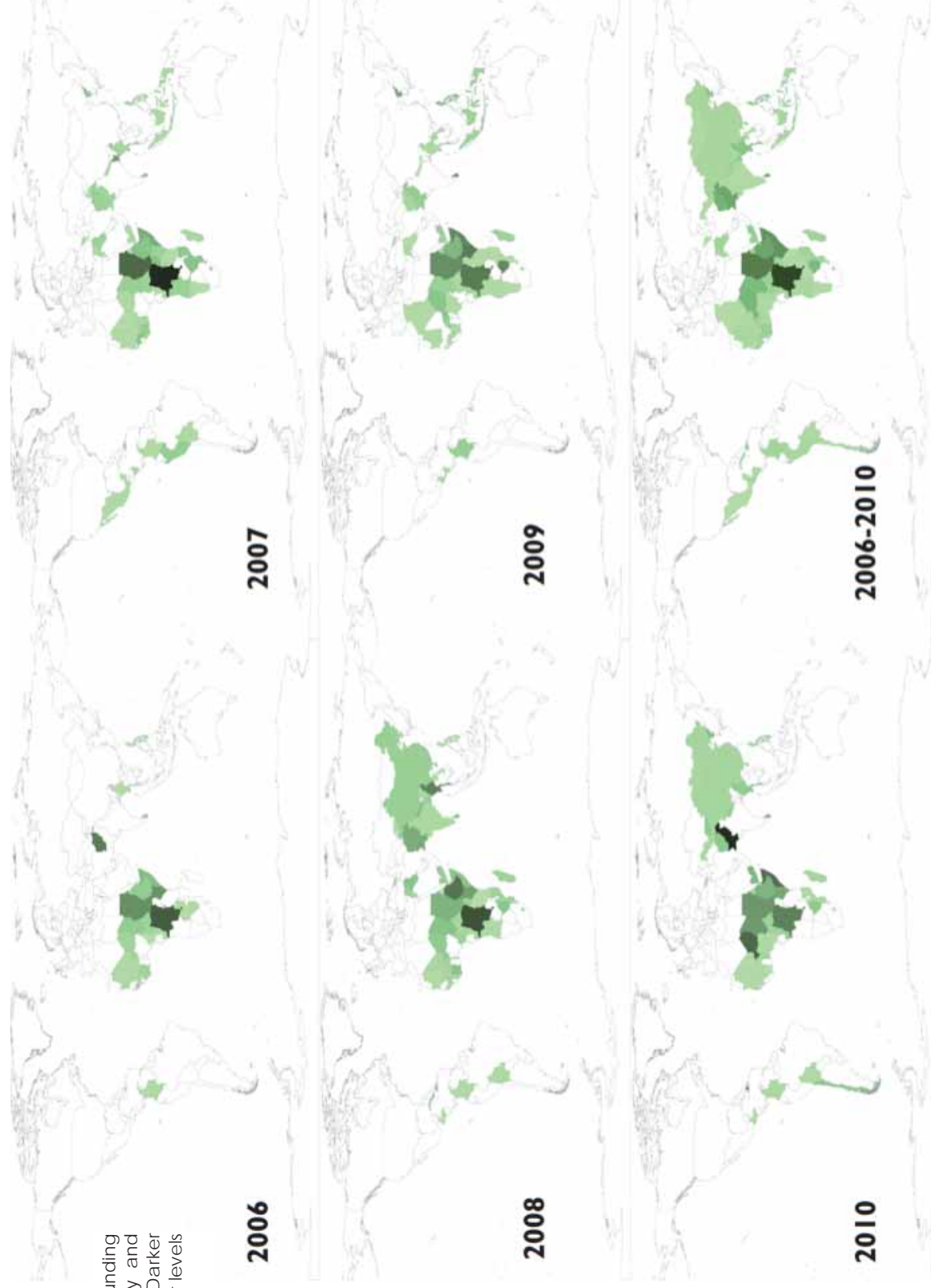


Figure 14: CERF funding pattern by geography and year 2006-2010. Darker colours indicate higher levels of funding.

174. Twenty-two countries have received CERF funding every year from 2006 to 2010 (Figure 15). Most of these are countries afflicted by complex or chronic emergencies (Afghanistan, Colombia, DRC Somalia or Sri Lanka, for example), or afflicted by frequent natural disasters (Myanmar, Pakistan, the Philippines).



Figure 15: 22 countries have received CERF funding every year from 2006-2010.

### Conclusion

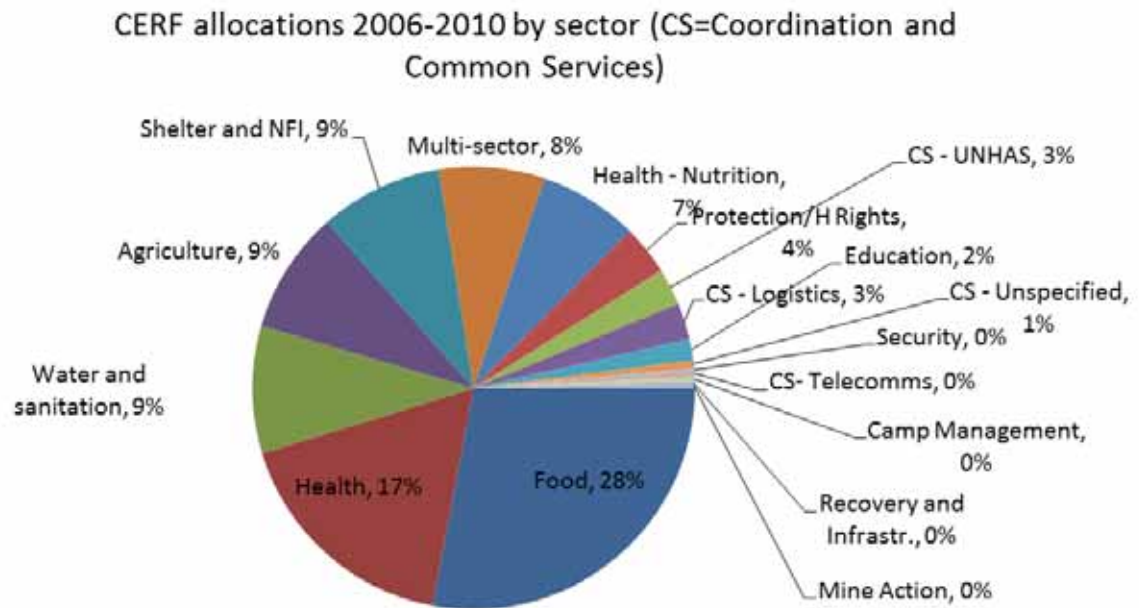
175. The geographical pattern of CERF funding is a reasonable match to the changing pattern of needs. The team noted that Kenya was the fourth largest recipient of CERF funding and got CERF funding every year. The consultant believes this was due to a series of factors including the significant caseload of “forgotten” Somali refugees and staff familiarity with the CERF, due in part to the experience of senior staff and provision of CERF training in Nairobi. All of these factors contribute to regular, successful CERF applications from Kenya.
176. A significant number of countries (twenty-two) have received CERF funding every year. This raises questions about the extent to which the CERF is going to continually fund action for the same type of crisis year after year in particular countries, and about whether some work on risk reduction might not be more cost effective.

## Project components

*What type of projects, and what components of projects are funded by the CERF, and what did agencies do that they would not otherwise have been able to do?  
What do agencies avoid using CERF funds for?*

177. The overall sectoral balance for CERF funding shows that the food sector gets the largest share of CERF funding, followed by health, and then water and sanitation. However, this pattern differs notably from country to country, depending on the context.

Figure 16: Sector distribution of CERF Funding



178. In Pakistan, for example, funding for security was five and a half times larger a share of the CERF budget compared to globally; camp management was four times larger; and shelter and non-food items were two and half times larger than elsewhere (Figure 17).

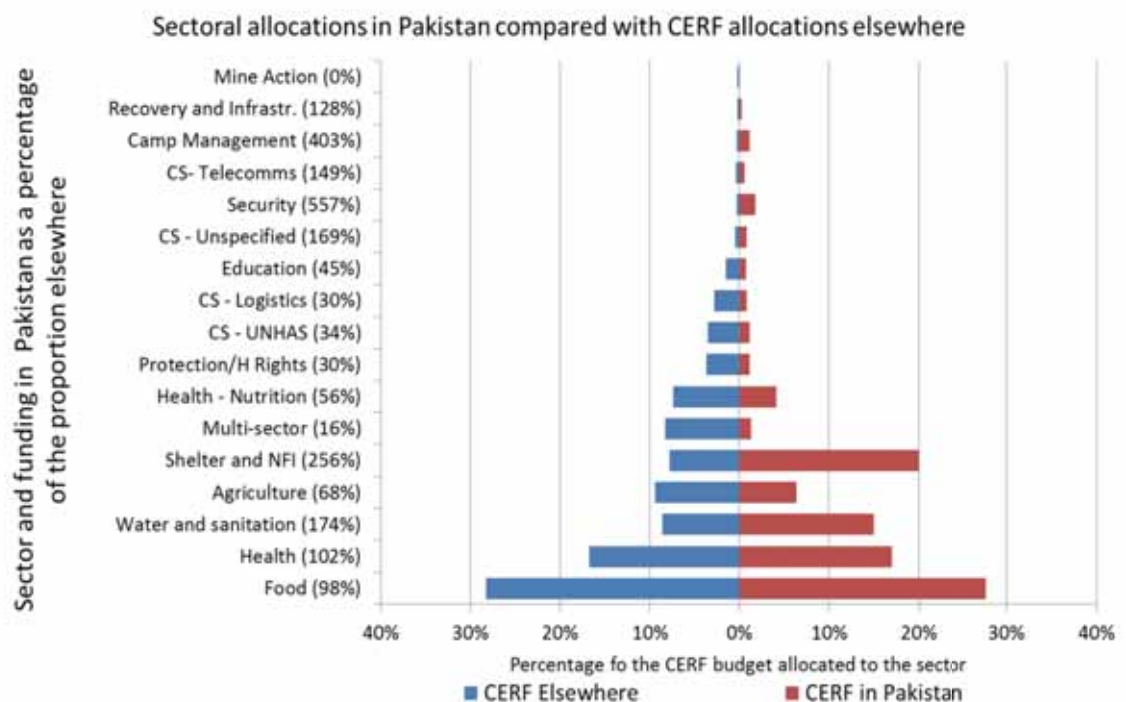


Figure 17: Sectoral funding for Pakistan compared with elsewhere.



179. The reasons for these differences were context-specific. The higher proportion of the budget spent on security is explicable by the very difficult security context in Pakistan. The focus on camp management, non-food items and shelter relate to the needs arising from the 2007 Baluchistan Earthquake, the 2008 Swat crisis, and the 2010 floods.
180. Similarly, there were good contextual reasons for other departures from the global pattern of CERF funding; these included the high proportion spent on health and nutrition in Ethiopia (three and half time the norm) and on UNHAS flights in Sudan and Somalia (four to five times the norm).
181. Field interviewees had strong perceptions of what the CERF would and would not fund. There was a general perception that the CERF would not fund training and capacity building (it will, but only as part of a project, not as the sole purpose – a good example is Kenya), projects requiring higher indirect costs (such as projects including creation of a new offices) or activities related to preparedness and development components, such as prepositioning of stocks, vaccination campaigns in some cases, or water system rehabilitation (whereas CERF would fund water trucking). Similarly activities like protection, and in some cases education, were considered as being difficult to fund<sup>45</sup>.
182. UN agencies reported that they tailored their proposals to meet the requirements of the life-saving criteria. In one country, UNHCR reported that they were not asking for funding for protection, as it was perceived to be difficult to get CERF funding for this. Instead, they concentrated on funding for shelter and non-food relief items (NFI). A similar issue was raised by OCHCR and OCHA staff in another country.
183. Agency perceptions that it is harder to get CERF funding for some sectors is supported by the data from the CERF Secretariat. In fact, the Secretariat is far more likely to reject applications from some sectors than from others (**Error! Reference source not found.**). Projects are usually withdrawn when it is clear that the Secretariat will not fund them, so these should also be treated as exclusions. Such exclusions, not captured in these figures, include projects, which are not formally submitted after informal advice that they are unlikely to be funded, and projects that are removed from submissions by the field when the overall envelope needs to be reduced, or which the Humanitarian Coordinator refused to put forward on the basis that they would not be funded.
184. Table 6 shows the evolution in the thinking in the CERF on priorities, particularly clear between the first two years and the last three (for which we have figures up to 2010). It should be noted that this evolution reflects other agency thinking and CERF thinking, where the exact balance of influence of each group is difficult to distinguish.

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<sup>45</sup> It should be noted that since 2007 the CERF Secretariat has had three different UNHCR secondees who were Head of the Programme Unit and are technical experts on protection. The CERF has also provided funding to protection projects and protection is included in the Life-saving Criteria (note the CERF also has secondees from FAO and WFP).



Table 6: Percentage of proposals rejected by the CERF or withdrawn by agencies as a proportion of all proposals. Common services include coordination.

<i>Sector and number of proposals funded, rejected, or withdrawn 2006-2010 .The first number is the total number of grant applicatoinis for '06-'08, the second number is for '09-'10.</i>	<i>Percentage of proposals rejected or withdrawn</i>	
	2006-2008	2009-2010
Recovery and Infrastructure. (3+9)	33%	56%
Common Services - Unspecified (25+3)	28%	67%
Security (11+9)	18%	22%
Common Services - Telecomms (19+8)	21%	13%
Agriculture (157+98)	15%	11%
Protection/H Rights (94+87)	14%	11%
Camp Management (0+4)		0%
Common Services - Logistics (27+27)	11%	11%
Common Services - UNHAS (33+17)	6%	24%
Food (186+103)	10%	11%
Shelter and NFI (102+92)	9%	10%
Health - Nutrition (75+124)	9%	9%
Water and sanitation (137+122)	6%	11%
Health (389+243)	7%	9%
Education (40+39)	8%	8%
Multi-sector (94+38)	2%	3%
Mine Action (5+3)	0%	0%

185. CERF priorities have evolved, as **Error! Reference source not found.** shows. It demonstrates the CERF's greater reluctance to engage in recovery and infrastructure, and greater willingness to support areas that generally receive less support, such as telecommunication equipment and protection. This corresponds to a clearer analysis of the main challenges in rapid response to large-scale humanitarian crises, while avoiding the pitfalls of an excessively broad discussion that would risk taking the CERF away from life-threatening and immediate protection issues.

186. New CERF guidance such as the guidelines for the CERF Life-Saving Criteria (Jan 2010), the UNHAS CERF guidance (Dec 2009) and a more detailed CERF application template (2009/2010) were only introduced during 2009/2010 and would thus only have informed allocations and submissions from 2010 and onwards. This evaluation therefore does not observe any effect on the reduction of rejections. Applications for some categories, such as "Common Services – unspecified" declined significantly between the beginning and the end of the evaluation timeframe (2006-2010), but this corresponds to more rigour in the criteria, as shown by the expansion of other common service categories.

187. Common services, like UNHAS air operations, do not directly assist affected populations but enable others to assist them; humanitarian donors are often suspicious of what is perceived to be an overhead support cost. Interviewees often cited CERF support for particular common services as the most useful CERF-funded projects they

had come across. The CERF played a critical role in supporting common services in CAR, DRC, Somalia, and West Africa. CERF has hence been more relevant by enabling operations to function efficiently, but has also remained prudent in its approvals. Overall, 17 per cent of common services projects are rejected or withdrawn compared with only 9 per cent of other projects (statistically significant at the 1 per cent level  $\chi^2=10.34$ ,  $p<0.01$ ). This reflects new considerations introduced over the five years, such as the criteria of supporting new operations or operations where the security situation has deteriorated.

## Cross-cutting issues

*What proportion of CERF allocations takes gender, vulnerability, and cross-cutting issues into account?*

188. Thirteen per cent of the assessed CERF proposals (representing just 5 per cent of CERF funding) have gender equality as their primary purpose, and 14 per cent of the assessed CERF proposals (representing 12 per cent of CERF funding) have cross-cutting issues as a primary focus.

### Conclusion

189. There are strong perceptions at the field level about what the CERF will and will not fund. Perceptions about which sectors were more likely to be funded were born out by analysis of the sectors for which projects were more likely to be funded. However, perceptions of what the CERF would not fund were often more restrictive than the actual practice by the Secretariat. This is in spite of sustained dissemination of information about its policies by the CERF Secretariat.
190. CERF has been a significant supporter of what are often difficult-to-fund common services. Interviewees often gave support for common services as an example of the most useful and critical CERF funding.

## Timeliness

*What is the typical timeline for CERF funding, and to what extent have CERF funds facilitated timely action?*

191. The CERF process for RR funding can vary depending of the context and the specific requirements of the response. As such, the actual speed of the process may depend on the urgency of the situation, as well as on the priority assigned to the process and the capacity of stakeholders involved.

192. The overall process for CERF funding is more rigorous for the slower onset crises. Initially there may be some discussion at the country level and with the CERF Secretariat before a formal application is made to the CERF. The application is reviewed by the CERF Secretariat and may be returned to the applicant for clarification or correction of some issue. After the final submission is received, if the Secretariat is agreeable, it is then passed to the Emergency Relief Coordinator for formal review and approval. This is followed by the Letter of Understanding between the agency and the UN Secretariat, following which funds are disbursed to the agency.
193. Some agencies only submit proposals after they have been reviewed by regional office or headquarters. This can take a few days, or a few weeks in extreme cases, and points to the dependence of the CERF on internal agency consultations and procedures. Proposals may also be informally shared with the CERF Secretariat to see if there are any major problems, a process which has contributed to a faster pace.

#### BOX 8: WHEN DOES A CERF APPLICATION BECOME FUNGIBLE?

- B39. No discussion of CERF timelines can be complete with a discussion of when a grant becomes fungible, or when it can actually be “spent” by the agency. This varies across agencies and circumstances.
- B40. Some agencies, for instance WHO,<sup>46</sup> can only spend the money once the grant has been disbursed. For agencies like UNDP, a minor CERF recipient, the grant has to be transferred to the country programme before it can be used.
- B41. FAO can advance the money from the SFERA once a firm commitment from donors has been received.
- B42. WFP, who account for over 40 per cent of all CERF RR grants by value, can advance funds from the Immediate Response Account even before a CERF grant is discussed. An indication from the CERF Secretariat is enough to allow the country programme to access the Working Capital Financing Facility.
- B43. UNICEF, who account for over 20 per cent of all CERF RR grants by value, has access to the Emergency Programme Fund, and the country programme can apply for an advance from this citing a likely CERF allocation as one of the potential sources of reimbursement.
- B44. The extent to which an agency can take advantage of internal advance mechanism depends on various factors, including the state of any existing advances. However the CERF contributes to the triggering of these funds, which have recently been introduced by agencies and considerably increase the level of international preparedness.

194. The first formal stage of the CERF processing is the review of the initial funding application. This is immediate for one third of projects, with another third completed in one week (Table 7).

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<sup>46</sup> FAO and WHO are the two agencies most dependent on the CERF for emergency funding but account for just over one fifth of the value all CERF RR grants.

195. An audit-like analysis of key decision points shows that most of the delay between initial and final proposals is due to the time it takes agencies to revise their proposals, rather than the time taken by the CERF Secretariat to review them. In some cases there may be several revisions; yet the large majority of cases take below one week for the rapid response window, and below one month for the underfunded emergency window.

Table 7: Distribution of the number of projects by the time between the first and final proposal

<i>Duration from first to final proposal</i>	<i>Rapid response window</i>	<i>Underfunded emergency window (for comparison)</i>
<i>Immediate</i>	31%	28%
<i>Less than one week</i>	34%	8%
<i>One to two weeks</i>	17%	18%
<i>Three weeks to one month</i>	12%	33%
<i>Two months</i>	5%	12%
<i>Over Two Months</i>	1%	1%

196. After the proposal is accepted by the CERF Secretariat, it is passed to the Emergency Relief Coordinator to approve. When the Coordinator approves the application, it is then passed to the Office of the Controller, which prepares the Letter of Understanding (LoU) with the agency<sup>47</sup>. It can take several weeks for UN agency headquarters to process the LoU.

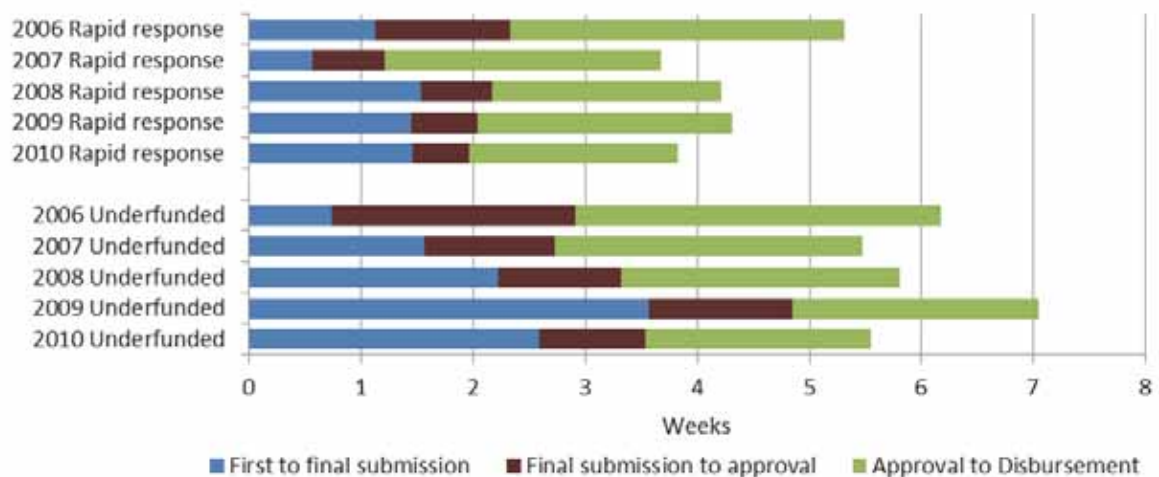


Figure 18: Average durations for CERF proposal processing (in weeks).

197. Considering the three elements of CERF processing, the CERF Secretariat has most control over the second element, the time taken from the final submission to approval by the Emergency Relief Coordinator. The time for this has been reduced from eight and half days in 2006 to three and a half days in 2010 for rapid response grants (Figure 19).

<sup>47</sup> This part of the process should now be speeded up as an agreement to use a single LoU for all projects in a year is now being signed after three years of negotiation between the UN Secretariat and the UN agencies.

This indicates a considerable effort in dialogue and systematic procedures, and a significant gain in efficiency.

198. The steady improvement in the speed of approval since 2008 is illustrated in Figure 19. . Interviewees who had worked in the CERF Secretariat in 2006 and 2007 noted that the approach in the early years had been somewhat ad-hoc, and not at all as rigorous or as thorough as it is now. The performance of the final review and approval process is even better when analysed on the basis of first approval; in 2010, nearly two thirds of the value of all CERF grants was approved within three days.

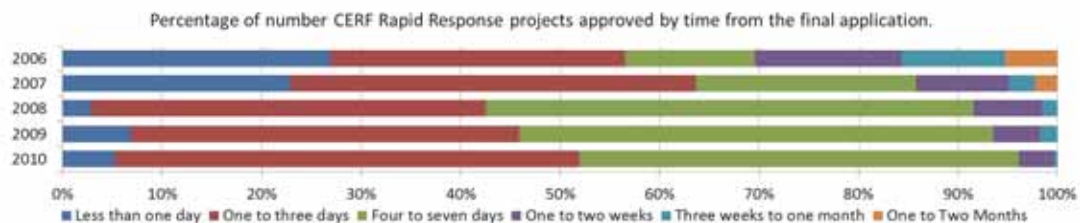


Figure 19: Proportion of CERF Rapid Response grants approved within a given time period from the final application.

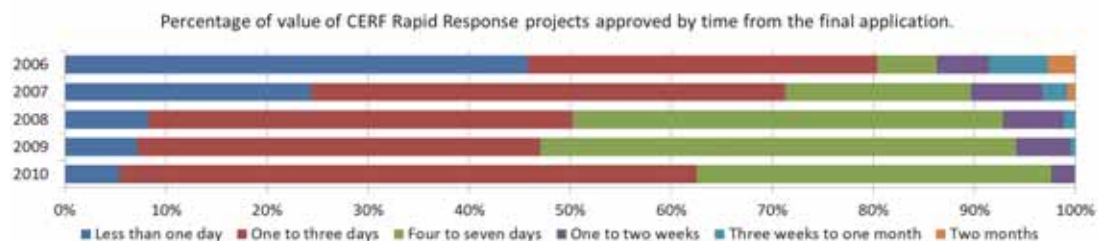


Figure 20: Percentage of CERF RR projects (by value) approved within a given time period from the final application.

199. A striking example in terms of processing speed was the initial CERF funding for Haiti Earthquake. Haiti was struck by a Magnitude 7 earthquake on 12 January 2010. The UN General Secretary (SG) announced on the following morning that US\$10 million had been allocated by the CERF for the emergency. However, this allocation was based not on a country level process, but on the discretion given to the Emergency Relief Coordinator in the SG's Bulletin. The set of grants was approved quickly, and paid out in less than a week -- the fastest disbursement for any regular CERF grant.
200. Some donor interviewees made the point that the rapid response of the CERF to the Haiti crisis was welcome as it demonstrated clearly their rapid response in supporting the Haiti operations. CERF management also made the point that this grant increased the profile of the CERF.
201. The flow of CERF funding to NGOs indicate a relatively slower process. The ten first grants made to Haiti (seven on 15 January, and three on 22 January), other than pre-approved grants in 2006, were the only CERF grants in five years that were disbursed

within one week of the initial request<sup>48</sup>. No data is available on how long it took to make any further sub-grants to NGOs from this funding. Information is only available for two grants which passed funds to NGOs in Haiti in 2010 (IOM and FAO); the average time from CERF disbursement to NGO payments for these two grants was 18 weeks (the two sub-grants constituted only US\$287,000 out of a total CERF allocation of US\$36 million, or less than 0.8 per cent, and as such cannot be assumed to represent the general trend).

202. It has remained difficult for the CERF to overcome delays that stem from the Country Team consultations and agency procedures. The case of the 2009 Dengue Fever outbreak in Cape Verde illustrates the inter-linkage between the critical path for decisions, extending much beyond the CERF.

203. The outbreak was first noticed in late October 2009 and the number of cases peaked in the week of 1-7 November. The Government appealed for international aid on 4 November. The first CERF proposal was submitted on Tuesday 17 November, two weeks after the outbreak had peaked, and the revised proposal was submitted on the

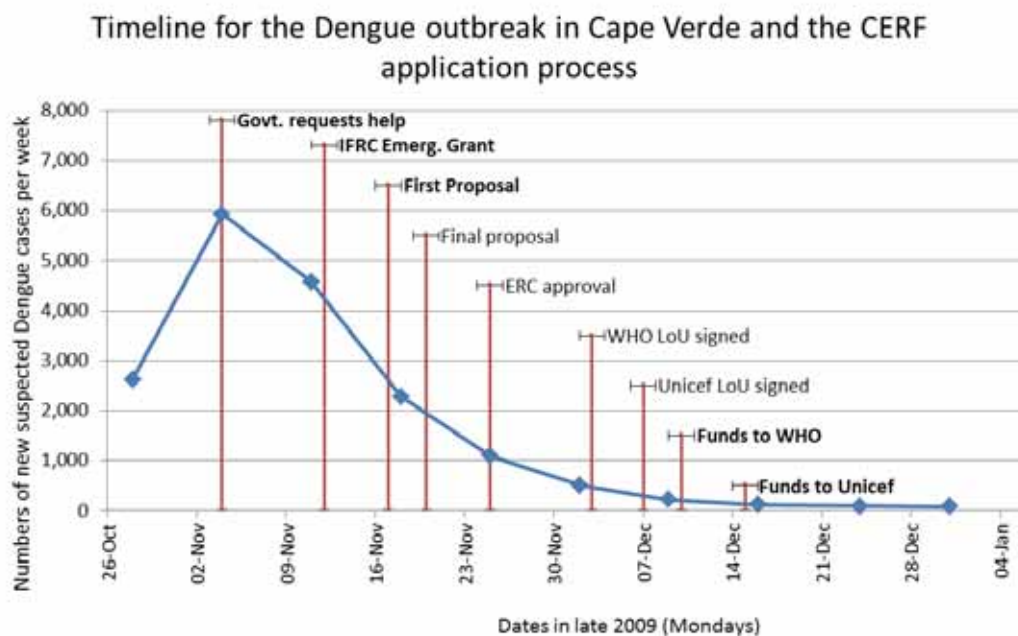


Figure 21: Epidemic curve and key CERF dates for the Dengue outbreak in Cape Verde.

following Friday, by which time the number of cases dropped to half the peak level. The duration for the different elements was much shorter (15 and 20 days for WHO and UNICEF respectively) than the average duration for other rapid response projects in other countries in 2009 (30 days). Cape Verde was granted US\$474 338 by the CERF. Although the CERF funding for Cape Verde was faster than on average, as Figure 21

<sup>48</sup> Two earlier grants for Djibouti and Ethiopia were also very fast, but in those cases in 2006, the grants were approved by the ERC one to two week before the application was submitted. Thirteen projects in 2006 and 2007 were approved by the then ERC in advance of the submission of the application. No project since has been approved prior to the application.



shows, the critical stage of the epidemic was over before the system had found the means to obtain approval for CERF funds. A number of factors led to this: First, in Cape Verde's development context where agencies aligned mainly with the Government and operated at a slower pace than for humanitarian operations, they did not look for funding until after the formal government request for help. Second, it took the agencies nearly two weeks to submit a CERF proposal; this may be attributed to the unfamiliarity of UN agencies with the CERF in Cape Verde. There is also no OCHA office in Cape Verde to support any CERF applications, and the OCHA Regional Office was not aware that the country was preparing a CERF application.

204. This compares unfavourably with the speed with which the International Federation of the Red Cross and Red Crescent Societies (IFRC) made their small grant (one week as per Figure 22). Red Cross agencies are very familiar with the IFRC Disaster Relief Emergency Fund, due to IFRC training and promotion, and simplified procedures for initial response and preliminary appeals.
205. The case for a broad analysis of the impact of CERF decisions on the overall international response is clear. For example in the occupied Palestinian territory, the first rapid response grant for the response to "Operation Cast Lead" launched by Israeli security forces on 27 December 2008 was allocated to WFP on 13 January 2009, by which time US\$74 million had already been committed or pledged to the international response<sup>49</sup>.
206. The revised format for CERF reports, introduced in 2009, asks agencies to report what proportion of their funding they have passed on to NGO implementing partners and when the payment was made to the implementing partner. The format does not specify whether this is the first or the last payment. However, the team consider that the dates given represent the first tranche, as this was the practice in Somalia where the team checked (the timescales are too short for the final tranche which comes normally with the closing of the project account).
207. Relatively few CERF recipients provided data on the proportion of CERF funding forwarded to NGO implementing partners. This indicates the lack of accountability by UN agencies to the Humanitarian Coordinator, since the HC requests this data to complete the annual CERF country report. Table 8 shows the proportion of projects for which different agencies have reported this data. On average only 12 per cent of CERF grants have such data. Nevertheless, there is no reason to believe that the projects that agencies have reported on are in any way unusual or abnormal in the time taken to forward funds to NGOs, especially as the available data from the analysis matches the delays related by interviewees.
208. However as indicated earlier, this lack of data does not represent a weakness of the CERF as such, but points to the different ways in which the CERF mechanism plays out in different contexts. The most important element is the CERF's enabling of some agencies to gain access, on the force of the CERF approval, to other emergency funds. A comprehensive tracking of funding flows targeted at other pooled funds and internal

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<sup>49</sup> OCHA FTS accessed June 23, 2011



agency mechanisms may point to the general acceleration of the use of such funds as a result of the CERF funding. This was also mentioned by several interviewees.

209. The degree to which agencies can use reserves to pre-finance interventions once the formal approval of funds has been made depends on both the level of the internal reserves and the finance policies of the agency. For example UNHCR has a large emergency fund for responding to new crises, WFP and UNICEF have significant internal advance accounts, and agencies such as UNFPA can increasingly call on such reserve mechanisms. However, FAO does not use SFERA, which can quickly advance resources to projects, in conjunction with the CERF.
210. Only around one quarter of CERF funding is passed through NGO partners<sup>50</sup>, and a focus on NGO implementation does not provide the full picture. UN agencies channel significant amounts of in-kind resources, be it food, seeds, medicines.

#### BOX 9: A QUARTER OF CERF MONEY TO NGOS - WHERE DOES THE REST GO?

- B45. **UN and CERF Secretariat cost recovery:** The UN Secretariat takes 3 per cent of grants. This is used to pay for the costs of the CERF Secretariat, approximately 1.2 per cent and as a contribution to the UN Secretariat, approximately 1.8 per cent.
- B46. **Indirect cost support:** UN agencies take 7 per cent of the CERF direct costs<sup>51</sup> for indirect cost support, representing 6.5 per cent of the grant value. The actual practice varies by agencies; in some the full amount is retained by headquarters, in others it is distributed between the field and headquarters.
- B47. **Non-cash transfers:** UN Agencies may supply partners with food and non-food-items as well as cash. For example, WFP is the largest UN agency and the largest CERF recipient. It spends about half of its budget for the purchase of food, with the remainder going to cover transport, storage, and handling, and its own management. In all these costs account for 27 per cent of CERF grants for WFP alone, and this is passed to partners for distribution. We have no general data on procurement by other agencies such as FAO (seeds and tools) or UNICEF (kits) to allow us to identify what proportion of the CERF funds are used for these.
- B48. **Project Services:** UN agencies may provide partners with project specific services. For example, UNHCR may loan vehicles or other equipment to its partners. We have no data on that costs of such services, although they are relatively small.
- B49. **Common services:** The costs of common services are made up of staff and support costs, and contracted services (such as air transport). These account for a further 7.3 per cent of CERF funding.
- B50. **Other:** The remaining CERF funding (probably around 30 per cent of the total) is divided between other procurement (of medicines, water and sanitation supplies, non-food items etc.), grants to non-NGO partners such as Government, and agency local operational and

<sup>50</sup> See the methodology chapter for details of the basis for this estimate, and the discussion on funding for NGOs later in the Appropriateness and Relevance chapter later in this report.

<sup>51</sup> The grant value minus 3% for the UN secretariat

overhead costs. However, even though NGOs are only getting one quarter of CERF funding, some further components of projects are implemented by NGOs without being reported and the use of the rest of the funds is still dependent on the NGO or other implementing partners.

211. Both UN and NGO interviewees reported that the biggest cause of delay in forwarding CERF funds to NGOs was the time taken to negotiate agreements between the recipient UN agency and the implementing NGO. Taking the time until first funding as a proxy for the time taken to negotiate agreements, this time taken usually depends on the efficiency of the recipient agency approaches, rather than CERF processes.
212. In Niger, for example, NGOs found WFP processes were very efficient whereas UNICEF and FAO were perceived as slower. Reflecting the CERF's added value to UN agencies, larger NGOs like Oxfam were able to advance funds to start FAO CERF activities in Niger on time; but not many NGOs are in a position to do this. In Pakistan, at the onset of the 2010 floods, several large Pakistani NGOs active in the WASH cluster were able to borrow from their reserves to kick-start the response, because they were already implementing partners of UN agencies in the area initially affected.

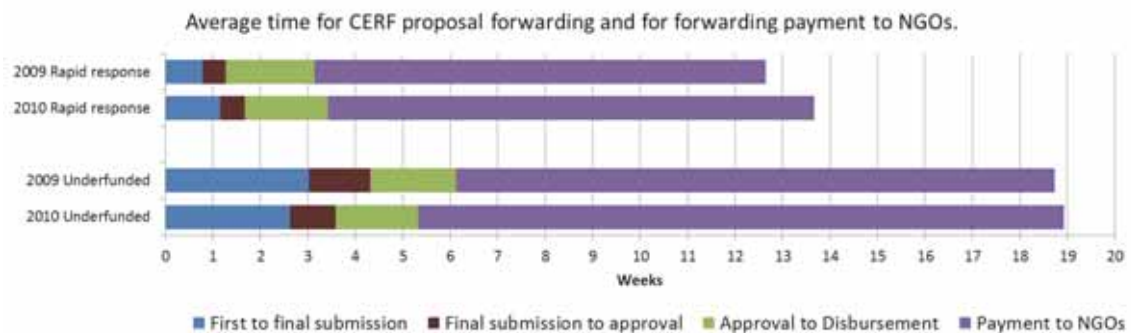


Figure 22: The overall CERF timeline from first submission to forwarding of funds to implementing partners.

213. Agency processes to make sub-agreements with NGOs and forward payments take much longer than CERF processes –on average 69 days for Rapid Response grants and 91 days for Underfunded Emergency grants<sup>52</sup>. The overall average time from the first formal submission to the forwarding of funds to partners was 92 days (13 weeks) for Rapid Response grants, and 132 days (19 weeks) for underfunded emergency grants. This echoes original complaints made by NGOs about the CERF (Oxfam, 2007; Porter, 2007; Save the Children, 2007). The Two-Year evaluation report raised the same issue (Barber et al., 2008). If framework agreements between UN agencies and NGOs are in place prior to the crisis, this can help speed up processes; but most NGOs do not have these and they are difficult to put in place during an emergency response. A good practice should be noted here from OCHA in Central African Republic; during the

<sup>52</sup> Note that only some agencies in some countries have provided the requisite data, so the estimates of time may vary when the completeness of the underlying data improves.

facilitation of the CAP and CERF processes, OCHA CAR checks and pushes for technical and financial agreements to be concluded between the UN agencies and their partners, so that disbursement time to partners is reduced and better monitored.

214. The data presented here is not influenced by a few extreme cases. The cumulative funding curve shows that it takes nearly 9 weeks before 50 per cent of rapid response grants have led to funding for NGO partners (Figure 23).

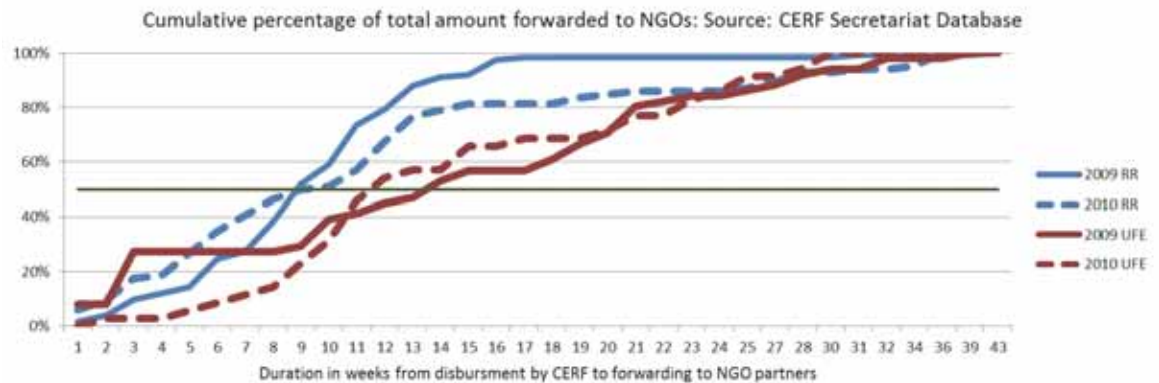


Figure 23: Cumulative curve showing the time taken for UN agencies to forward CERF grant funding to NGO partners.

215. As per the few data available on disbursement to partners, there were significant differences between the UN agencies on the average time taken to forward CERF funding to their partners, with the slowest taking more than three times longer than the fastest (Table 8).
216. There was a correlation between speed and the relative experience of an agency in implementing through NGOs. Certain agencies, by virtue of their mandates will have much more experience working through NGOs and civil society than others. For example, UNHCR uses NGOs (both international and national) as implementing partners for protection, whereas WHO will usually implement through government and public health sector.
217. Another question that arises in disaster-prone countries is the need to look at “standby” arrangements with NGOs, so that agreements can be modified using existing templates and delays can be reduced.

Table 8: Average number of days elapsing between disbursement by the CERF and onward disbursement to implementing partners

Agency	Average number of days to forward CERF funds to NGO partner	Number of projects for which data was reported	Projects for which data reported as a proportion of all projects for 2009-2010
UN Habitat	142	3	20%
UNDP	142	2	6%
OHCHR	135	1	25%
UNAIDS	126	1	25%
IOM	99	4	7%
WHO	85	12	9%
WFP	80	6	4%
FAO	75	11	13%

UNFPA	72	8	11%
UNICEF	71	51	20%
UNHCR	45	10	11%
UNIFEM	43	1	25%

218. In the Democratic Republic of the Congo, the CERF has usefully supported the capacity to carry out multi-sector assessments and response preparedness by funding the UNICEF Rapid Response to Population Movements, which functions on the basis of pre-established and financed partnerships with a few international NGOs, twice (the project receives funding every year from the Pooled Fund/CHF), as well as the replenishment of stocks of key emergency items that are used on a rolling basis to respond to frequent large- and small- scale population displacements.

### *Conclusion*

219. CERF funding is often the fastest external source of funding for UN agencies. At the same time, the majority of humanitarian assistance is simply not as time-critical as portrayed in the media; only a small part of humanitarian assistance is very time-critical. More importantly for the CERF, the leading UN humanitarian agencies meet these acute time-critical needs by diverting resources, using internal emergency funds or internal advances, and the CERF has a real impact on increasing access to such funds.
220. Apart from the limited acute time-critical needs, it could be argued that coordination is more important than speed in many disasters. The biggest threat to a disaster affected community in the weeks following the disaster comes from uncoordinated action that duplicates some assistance and leaves large gaps. The CERF helps to ensure that assistance is coordinated.
221. Funding for the Haiti earthquake was rapid in comparison with other sudden onset disasters, and this rapid allocation both increased the profile of the CERF and was welcome by donors. The allocation was made without a country-level process, and predated the flash appeal by two days. Funding was also provided twice in Pakistan against projects to be included in the Flash Appeal under preparation (2007 Yemyin cyclone and floods; 2010 floods)<sup>53</sup>.
222. The CERF disbursement timeframes are measured in weeks (and not days) for reasons that are external to the CERF, and related to the procedures and personalities of the agencies in-country. This makes the disbursement tempo slower than what would be needed for directly funding the earliest activities in humanitarian response, which is measured in days and weeks; however, speed can be significantly increased when CERF works effectively together with agencies' internal advance mechanisms. This illustrates the fact that specific measures should be considered for the CERF to continue to strengthen the overall response. Constraints identified by interviewees included slow internal processes, financial rules, and slow systems generally. The team considers the

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<sup>53</sup> Typically, the CERF Secretariat can agree to fund projects even before the Flash Appeal is issued as long as credible guarantees are provided that the projects will be included in the appeal once issued.

FAO evaluation (Cossée et al., 2010) to be a good example of what can be done in this regard.

223. The CERF Secretariat has provided a good example of follow-up with the excellent management matrix for the CERF two-year evaluation. This is reinforced by the fact that the Advisory Group is tracking the recommendations made for the CERF in this evaluation, which is of strong significance. It would be appropriate that similar management matrices are developed from further evaluations concerning the CERF, and that the Advisory Group keeps updates on the follow-up of recommendations made for FAO and other agencies<sup>54</sup>. Indeed, this would also increase the effectiveness and efficiency with which the CERF funding is eventually used.
224. The CERF Secretariat needs to pay even more attention to the issue of the time taken for UN agencies to forward CERF funds to implementing partners. The CERF Secretariat has made a good start with the developed reporting format.
225. Greater monitoring of CERF funded projects by the HC would naturally provide some of this information. There are large differences between the average time taken by different UN agencies to forward CERF funds to the NGO partners.

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<sup>54</sup> The implementation of recommendations aimed at the agencies is the primary responsibility of the agencies concerned, and the Advisory Group has no mandate to track them; but it would be in the interest of the CERF that the Advisory Group should track changes in agency procedures and capacities to respond to emergencies, and efforts made in that respect.

## 4. OUTCOMES

### Underfunded emergencies

*To what extent has CERF contributed to better overall funding for underfunded emergencies?*

226. The CERF has provided nearly US\$0.6 billion for underfunded crises between 2006 and 2010. The CERF underfunded window has made a significant contribution to appeal income in several underfunded countries (see Table 9) although the average CERF contribution was only 1.9 to 3.7 per cent of the CAP funding for these countries. It should be noted that for UFE allocations, the CERF Secretariat often considers only a portion of the CAP requirements rather than the entire CAP, as it often includes recovery and/or development-oriented activities.
227. The main advantage ascribed to underfunded emergency grants by interviewees was the funding itself, rather than any other added-value outcome. There could be a risk of spreading resources too thinly and reducing impact, such as in oPt where the 2011 UFE allocation of just under US\$4 million amounted to 0.7 per cent of the Appeal target<sup>55</sup>, and was divided up among five agencies.

Table 9: CERF Underfunded emergency grants contributions to CAP appeals (and subsidiary appeals in CAP countries), as percentage of overall appeal income for agencies eligible for CERF funding. The table understates the support as many of these countries also received rapid response funding. It also ignores countries covered by regional appeal (e.g. the West African appeal) rather than a national one.

<b>Contribution of UFE Grants to CAP appeals (and other appeals in CAP countries) by year and country as % of all appeal funding for Agencies eligible for CERF funding</b>					
<b>Country</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Afghanistan					3.0%
Burundi	2.6%	9.0%			
Central African Republic	12.9%	11.8%	0.1%	5.3%	7.4%
Chad	4.3%	0.4%	2.9%	1.6%	5.0%
Congo		8.4%			8.5%
Congo, The Democratic Republic of the	14.5%	15.5%	9.8%	2.5%	7.5%
Cote d'Ivoire		23.1%	29.4%	19.4%	
Guinea	12.5%				
Iraq			2.8%		
Kenya				1.7%	2.8%
Liberia	5.7%	1.8%			
Palestinian territory, occupied		1.4%			
Somalia		0.5%		2.1%	
Sudan		0.7%			
Yemen					13.8%
Zimbabwe	0.8%	2.2%	1.7%	5.0%	

<sup>55</sup> The oPt allocation of US\$4m was decided upon by looking at the humanitarian component of the appeal, and not the overall CAP requirements which include some recovery and basic social services programming.



228. Underfunded grants were particularly welcome in countries where UN agencies or particular clusters had difficulty in raising funds, such as in Afghanistan, CAR, DRC, Ivory Coast and Pakistan (e.g. 2008 floods). They have played for instance a particularly important role in DRC, which got US\$158 million in underfunded allocations from 2006 to 2008 and where a system was developed in 2008 to give under-funded clusters of the previous year and under-funded priority activities of these clusters a preference for funding. However, UN agency interviewees repeatedly stated that, apart from the allocation system, the only practical difference between using rapid response and underfunded grants at the field level was the different expenditure periods.
229. CERF underfunded emergency grants are viewed by field staff as being less predictable than rapid response funds, since the decisions are made at the global level and country teams are not directly involved. While UFE funding for areas not obtaining sufficient resources was regarded by UN personnel interviewed as highly relevant, staff in several countries had little advance notice of such funding. Staff in one country that had received a UFE allocation in 2010 was unaware that they would not receive one in the first round of 2011, even though the allocations had already been decided. There is indeed no systematic communication from the CERF Secretariat to inform countries, having received UFE funding during the previous year or included in the list of potential recipients, that they have not been selected for UFE funding.
230. This view is not widely shared at headquarters level, where the recommendations on the selection of countries take place. Many CERF Focal Points in respective UN agency HQs feel that underfunded allocation processes have become much more streamlined, and work relatively well. On the other hand, others felt that selection processes were complicating factors, using different sets of criteria to select countries rather than just basing allocations on received funding levels. By contrast, interviewees characterised the CERF rapid response grants as reliable, as one could rely on getting funding in the event of an emergency, a worsening crisis, or a break in a key pipeline.

### *Conclusion*

231. CERF has played a useful role in providing funding for particular underfunded crises and clusters which had difficulty in raising funds.
232. While this study found that there is an overall level of satisfaction with the transparency and perceived effectiveness of UFE prioritisation processes at HQ level amongst recipient UN agencies, at field level UFE grants were frequently characterised in interviews and in HC reports to the CERF Secretariat as a “surprise”. At best, this meant that agencies and clusters felt they had to put together proposals in a rush and, at worst, time-bound competition for funding caused or aggravated acrimony within clusters or the HCT. These latter examples were more often seen where there cluster or HCT members felt there were already gaps in leadership.
233. This “surprise” factor can be partially linked to the timing of the announcement of UFE grants. Although HCs were notified that their respective countries were being considered for the first round of UFE grants in November, confirmation typically was only received from the CERF Secretariat during the third week of December when the vast majority of HCs and many other UN staff were not in country. This season



phenomenon meant that first-round UFE allocation processes only got underway properly around mid-January in most countries studied. CERF has played a useful role in providing funding for particular underfunded emergencies. It has played a particularly important role in DRC, which got US\$158 million in underfunded allocations from 2006 to 2008.

234. However, the manner in which support was allocated to different countries was generally perceived by UN staff in the field as being non-transparent manner and the results of the process as unpredictable from year to year. This relates also to the fact that CERF UFE allocations vary from year to year depending on humanitarian needs and donor trends and UFE allocations aim to even out funding across emergencies. By contrast, rapid response grants were felt to be reliable, in that they were available for emergencies.

## Response capacity

*How has CERF affected agencies' ability to respond, at both HQ and field?*

235. The CERF has increased UN agencies' ability to respond in the field, as several interviewees related how it was easier advocate for intervention locally to a HC and Country Team who are aware of the context, than it was to their headquarters.
236. In several countries, there were examples of UN agencies that would not have been able to take part in the initial response without CERF funding (e.g. DRC and Pakistan) or whose operational response capacities were greatly improved thanks to CERF funding (IOM, FAO and WHO in Kenya at the time of widespread post-election violence in 2008).
237. Headquarters staff also viewed the CERF as enabling them to respond in situations where they might not otherwise do so, due to concerns about ability to mobilise resources. Again, the CERF has given confidence to agencies that they could obtain some funding for a rapid response, and even for low-profile emergencies.

### Conclusion

238. CERF has facilitated the ability of UN agencies to respond to new crises by providing reliable funding even for low-profile crises.

## Leverage role

*To what extent has the availability of CERF contributions enabled agencies to use internal advance mechanisms and leverage donor funds?*

239. There were a few examples of agencies using CERF as security for internal advances. Single agencies in Somalia and Kenya reported doing so. However, several agencies used internal advances, while waiting for CERF to come through, at different stages of the application process and depending on the agencies' own specific procedures. For WFP, CERF funding is considered to be almost certain once the application has been sent, and internal advance mechanism can start at this stage. Yet financial rules in FAO

and other agencies mean they can only use the internal advance mechanism once the formal agreement for the grant is signed.

240. The team found some examples of CERF leading to the leveraging of other resources. Agencies reporting that CERF funding enabled them to leverage funding from other donors included FAO in DRC, Pakistan and Somalia; IOM in Kenya; UNDP and UN-Habitat in Pakistan; and WFP in DRC (Haut Uélé 2009). In Kenya, instances were reported of CERF funding leading to a government contribution (WHO grant for cholera response) or provided with an expectation of a government contribution (UNICEF and WHO funding for nutrition). The ability to leverage came from the fact that CERF funding enabled them to establish a presence on the ground, or to demonstrate their capacity to implement a particular approach.
241. The team encountered a number of examples where the CERF has added value beyond the cash value of the funds or the leveraging of donor funds. In Guatemala, for example, interviewees felt that appeals (flash appeals, humanitarian appeals) were funded better in 2009 and 2010 as a result of the CERF, bringing more credibility and visibility to the emergency response. In West Africa, CERF funding allowed the vital humanitarian flights to continue when they were threatened with closure. In Nigeria, CERF funding allowed WHO to address the issue of lead poisoning in water supplies and put this issue on the Government's agenda. In this case, the Government had the resources to address the problem, but it was the kick-starting of the issue with CERF funds that led them to do so.

### *Conclusion*

242. The CERF has enabled the provision of internal advances among the larger UN agencies (in particular WFP and UNICEF), which represent a main part of the funding. These internal advances mechanisms are used at different stages depending on the agencies. Only in some cases has the CERF allowed agencies to leverage other funding, although CERF funding has had a general leverage effect on funding of crises<sup>56</sup>.
243. The CERF prioritisation process in the oPt, has enabled improved prioritisation for other funding through strengthening the functioning of some of the clusters. This is another example of CERF funding's main impact of on overall humanitarian reform.

## Coverage

*To what extent has CERF contributed to better coverage? How?*

*To what extent do CERF processes and projects consider the differing needs of women, boys, girls, and men?*

244. CERF funding has allowed agencies to increase the scale of their operations. Interviewees normally reported this as a matter of scale only, but in a few cases, such as Pakistan, CERF allowed a qualitatively different coverage; in this case, the CERF funding was used to expand coverage to areas not reached by other donors' funding.

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<sup>56</sup>UN agencies interviewed are WFP, UNICEF, UNHCR, FAO, WHO, IOM, UNFPA.

245. The question of the attention that CERF processes pay to gender has already been discussed. The current CERF proposal format now asks all applicants to provide a gender breakdown of the expected beneficiaries and to outline gender specific considerations to project implementation in the narrative part of the proposals.

### *Conclusion*

246. The CERF has generally allowed an increasing scale of coverage, but examples of facilitating qualitative changes in coverage (such as in the Pakistan floods or Equateur Province in DRC in 2010) are rare. CERF has contributed to greater coverage simply through making more funding available.

## Early recovery

*To what extent has CERF supported prevention and supported the transition to early recovery? Is this coherent with the objectives of CERF?*

247. By virtue of the life-saving criteria, CERF funding for the early recovery and infrastructure activities has been minimal. More specifically, there has been limited funding for the Economic Recovery and Infrastructure sector/cluster (6 projects approved under RR for a total of US\$4,3millions).
248. Some current definitions of humanitarian assistance (see Box 1: What is Humanitarian Assistance?) include early recovery as an aspect of humanitarian assistance, and thus early recovery activities are often mainstreamed into regular cluster plans in CAPs. Since most early recovery activities are embedded within broader humanitarian sectoral/cluster plans, there is no easy way of tracking the level of CERF funding to early recovery activities. For example, many agricultural projects implemented by FAO include an element of early recovery, in that they assist a community to move beyond a crisis so that they are no longer dependent on relief aid. This is significant in relation to the challenges raised by the global food crisis, for which the CERF set aside US\$100 million in 2009. As CERF's role is limited to emergency assistance, and there is no global pooled fund for funding early recovery, it may be necessary to establish an additional parallel funding structure. This would serve to reinforce direct linkages and coordination between relief and early recovery, while meeting needs in terms of early recovery funding. Alongside the CERF, such a fund would ensure an increase in the more preventive and proactive response capacities of the UN, such as that required for addressing global food insecurity.
249. Although the exact extent of CERF funding to early recovery is not accurate, the evaluation notices that many CERF grants in different sectors have included support to building the capacities of government services to manage the response to emergencies, mostly through training and the provision of technical expertise.
250. Interviewees stated that it was very difficult to get CERF funding for early recovery projects. UNDP staff who manage the early recovery sector often spoke in favour of greater funding for the sector, and so did the staff of some other agencies, who argued that early recovery activities in particular sectors would be very appropriate in their context.

251. The argument against providing more funding for early recovery is that the CERF is subject to many other funding demands. A stronger argument is that made by one interviewee that the timescale needed for early recovery was a poor fit with the timescale of CERF funding, including the timeframe required by procurement.

### Conclusion

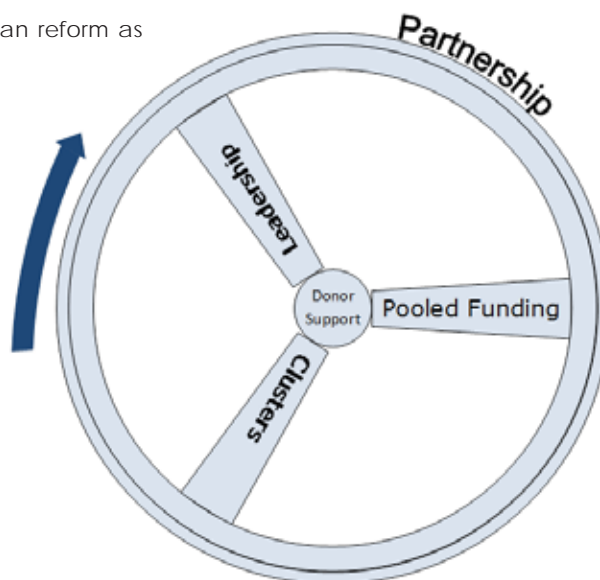
252. CERF support for early recovery and infrastructure has been minimal, even though early recovery is now regarded as a normal part of humanitarian assistance. The valid reasons for excluding early recovery include: relatively long lead times for procurement, to limit the scope of the CERF; and mismatched timescales, as well as a more remote relation to life-saving.
253. The impact of the global food crisis needs to be analysed separately and addressed in relation to the CERF. CERF cannot easily respond to this growing need, without reducing its capacity for funding rapid response. It is possible that a separate funding apparatus needs to be created.

## Humanitarian reform

*To what extent has the CERF reinforced other elements of the humanitarian reform, and has this contributed to timely responses to new needs and underfunding?*

254. Humanitarian reform can be conceived as a wheel with three spokes, for pooled funding, for leadership, and for cluster coordination. A hub of donor support supports the spokes, while a rim of partnership maintains them (Figure 24). The wheel analogy illustrates a key aspect of humanitarian reform: its different elements are mutually supportive and rely on each other.

Figure 24: The humanitarian reform as a three-spoke wheel.



255. The CERF had led to more collaborative and inclusive working practices, according numerous interviewees in the field and donors. This was said to be the case in Afghanistan, Burkina Faso, CAR, Guatemala, Kenya, Nepal, occupied Palestinian territories, Pakistan, the Philippines, and Somalia (i.e. 63 per cent of the countries studied).
256. Humanitarian coordinators in several countries reported that having the CERF brought UN agencies together to discuss priorities, rather than each agency sending in their own needs as may happen with some Flash Appeals; in a number of instances, integrated inter-agency approaches were encouraged (CAR, Kenya, Pakistan). In the Central African Republic, the last application for Rapid Response was actually a sole project application, including different agencies. The CERF was also said to have improved coordination with donors, as they wanted to know what the CERF was funding to avoid duplication.
257. Similarly, cluster coordinators credited CERF funding with increasing interest in coordination in those countries where the clusters played a role in the allocation process. As a counterpart to leveraging donor funds, it was noticed in the occupied Palestinian territory that processes in the WASH and Agriculture clusters around the CERF allocation later led to better prioritisation for other funding and had strengthened the functioning of the clusters.
258. Some NGO interviewees argued that the CERF's restriction to UN agencies undermined the principles of partnership on which the humanitarian system is based. A counter argument from some UN agencies was that discussing how CERF resources should be used in cluster meetings led to strong relationships in the cluster and strong bonds with implementing partners. As mentioned earlier, the importance of involving partners in all stages of emergency planning and implementation / monitoring is recognised.
259. The use of the CERF was made more effective by strong humanitarian reform structures and mechanisms, and in turn served to strengthen these structures. This was usually in countries with a longer history of emergencies, a strong UN presence, an experienced and proactive HC, and systematic emergency networks, clusters and well organised reporting.
260. A standard system was lacking for emergency response preparedness, which could have made the CERF more practical and faster, especially in disaster-prone countries. In certain countries, however, the United Nations Development Assistance Framework (UNDAF) and the UN development reform process was used for forming preparedness activities, vulnerability assessment (especially related to food insecurity and climate related crisis), and was an effective tool interfacing with the CERF.

### *Conclusion*

261. The teams found that interviewees had the most positive accounts of the CERF where there was strong humanitarian leadership: that is HCs with a significant background in and understanding of humanitarian action, a clear humanitarian strategy, and an inclusive approach.

262. Similarly, interviewees were happiest with the CERF processes, and more likely to give positive examples of the use of CERF funding, where the clusters were strongest and where there was a strong commitment to partnership.
263. Where there was weak leadership in either the HCT or clusters, CERF funds were sometimes perceived as causing more problems than they solved.
264. The team concluded that one of the principle outcomes of the CERF has been strong support for the humanitarian reform process, and that the CERF has been most effective where other elements of the reform were in place.

## 5. EFFICIENCY

### Transaction costs

*How do the CERF transaction costs compare with the transaction costs for other funding? If higher, why do agencies apply for CERF funding?*

265. Despite an earlier study raising questions about the transaction costs of pooled funds (Salomons et al., 2009), UN agency interviewees in the field generally did not raise this as a concern. Interviewees at field level almost universally rated the CERF as having transaction costs lower than, or at most equal to, the costs associated with other funding sources.
266. The CERF application format was generally regarded by interviewees to be easier, or equal to, the easiest other application format. However, there were one or two exceptions. A complaint was around the level of detail required for some of the budget items, where applicants were required to list the equipment they wanted to buy instead of just giving a lump sum and details in the text. Having to list implementing partners and their respective budgets at such an early stage was mentioned as a complication. Similarly, the reporting format is appreciated for its straightforwardness and periodicity.

#### Conclusion

267. The CERF transaction costs are lower, or at worst, no higher than other funding sources. CERF budgets are too detailed on some items and this generates a lot of unnecessary work when budgets have to be changed.

### CERF Secretariat

*How well is the CERF being managed by the CERF Secretariat, is it adequately supported and resourced?*

268. The CERF Secretariat has adopted an increasingly service-oriented culture, in particular since its expansion in 2008 in line with recommendations from the two-year evaluation of the CERF. Secretariat staff has sought to increase its responsiveness, facilitate decision-making through the development of clearly-defined life-saving criteria, and reinforce accountability through more transparent information systems and the development of a Performance Accountability Framework.
269. UN agency interviewees at both global and country level were virtually unanimous in expressing satisfaction with rapid responsiveness, ease of access to staff, quality and flexibility of consultative processes, and openness to constructive criticism and learning. The Secretariat was said to be responsive to requests for information; to engage with HCs, OCHA offices and UN agencies; and to offer good support, even if they did not fund all requests.



270. UN staff in the field were very positive about the training offered by the CERF. One HC said the training received had enabled them to manage their first CERF application without difficulty.
271. In addition, OCHA offices are viewed as managing CERF processes well, and providing useful guidance including about the CERF life-saving criteria.
272. The UN Secretariat levies a fee of 3 per cent on all donor contributions to the CERF. The fee is levied at the time of disbursement from the fund and not at the time of contribution. The UN Secretariat normally retains 60 per cent of this fee (1.8 per cent of contributions). This is said to be an “unwritten rule” of the UN Secretariat for pooled funds managed within the Secretariat. The same rule applies to the Peacebuilding fund. So far, the UN Secretariat (excluding the CERF Secretariat) has benefited from some US\$34 million through the CERF.
273. The Office of the Controller provides accounting services to the CERF Secretariat, and deals with the memoranda for the individual grants. The actual cost of the service provided is acknowledged to be far less than the fee levied. In 2010, the Office of the Controller was persuaded to allow 42 per cent of the fees for the CERF Secretariat, but was initially resistant to a similar concession for 2011. The CERF Advisory Group has written to the Office of the Controller on this point, and the evaluation team was told that the Office of the Controller has agreed that the CERF Secretariat should have its share of the fee based on its budget rather than on a fixed percentage of the fee.
274. The CERF Secretariat now has a staff of 23 and the Secretariat management considers that this level of staff is more or less adequate for the workload. There were some minor complaints from CERF Secretariat staff about overwork, but this was no more than one would expect.

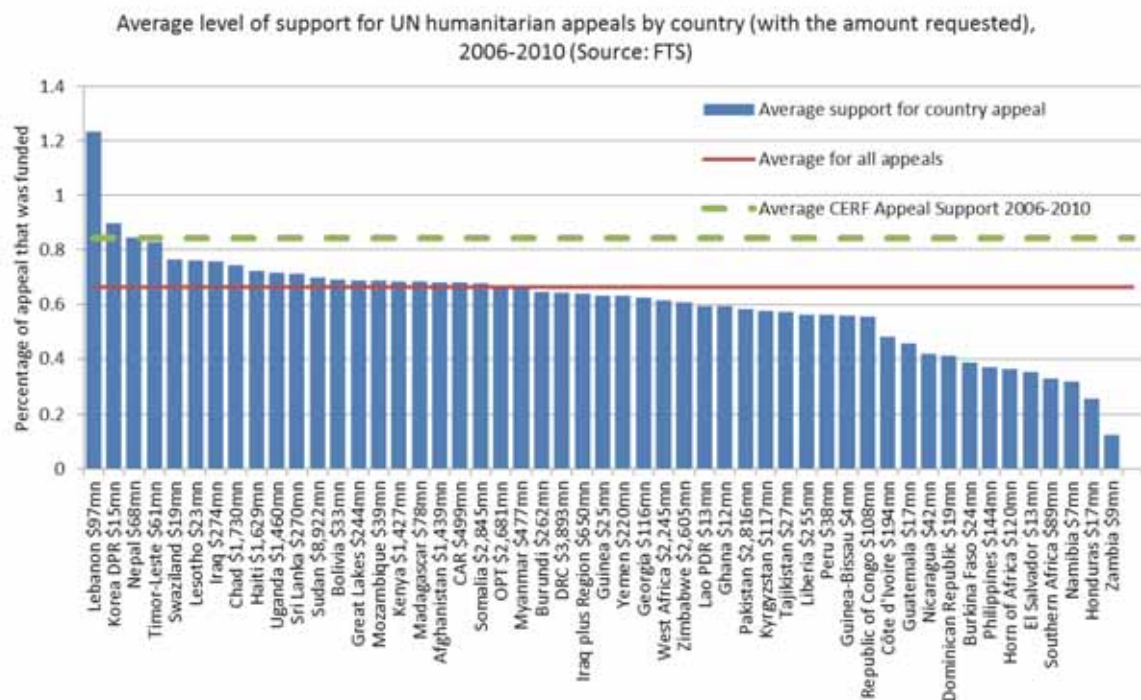


Figure 25: Average level of support for the CERF compared with the average level of support for country appeals from 2006-2010.

275. The CERF Secretariat has been effective at mobilising resources for the CERF. Support for the CERF (at 84 per cent for 2006-2010 and 89 per cent since 2007) is higher than almost any other UN humanitarian appeal. However, the support for larger appeals (requesting more than US\$1bn for the period) ranges from 58 per cent for Pakistan to 74 per cent for Chad. The CERF appeals have been far more successful than these.
276. The CERF Secretariat has also managed to receive contributions on time, and sufficiently early to enable early allocations from the CERF. This has sometimes led to confusion about the level of the CERF fund when contributions for the following year are included in funding requested for the current year. The team has used the contribution year indicated in the UN's Financial Tracking System to establish what year the contribution is intended for.

Table 10: Notional end of year cash balances (ignoring interest and contributions for the next year).

<i>Notional Cash balances at year end</i>					
<i>Year</i>	2006	2007	2008	2009	2010
<i>Balance (US\$ mn)</i>	63.7	61.4	69.6	92.0	42.2

278. The CERF Secretariat has maintained a very conservative policy on the end-of-year cash balance (Table 10 and Figure 27). Note that contributions have been taken as being net of the 3 per cent fee levied by the UN Secretariat on all pooled funds managed in the CERF Secretariat. Strictly speaking, this fee is only levied on disbursements from the fund.

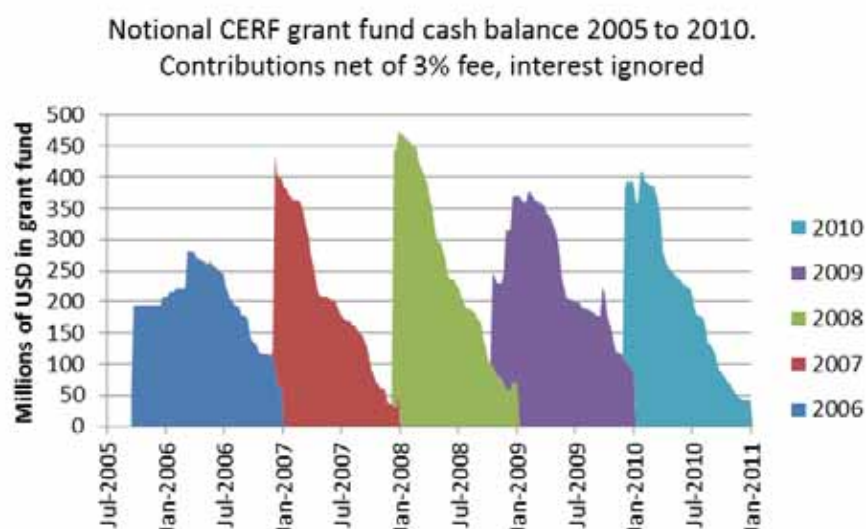


Figure 26: CERF cash flow 2005-2010. Income for interest and contributions for 2011 ignored.

279. Figures shown in Table 10 understate the real cash balances, as they ignore: the contributions already in hand for the following year; interest earned; the returned portion of unexpended grants; and the loan fund's US\$75 million cash pillow (held in a separate account and not accessible for CERF grants).

### Conclusion

280. CERF Secretariat's capacity and functioning improved along its expansion in 2008. This has contributed to improved processes, procedures and information management. Its adoption of a service-oriented culture has significantly increased the level of trust in the CERF. In many ways, the CERF Secretariat provides a good practice model of a UN body facilitating interagency processes. These best practices should be disseminated and replicated in the other parts of the UN.
281. The culture promoted by the CERF Secretariat with support from the ERC was observed to positively influence other stakeholders, including the UN Controller's Office, which has developed more flexible and streamlined approaches for processing CERF funds. It has effectively mobilised resources, but have adopted a somewhat conservative approach to fund management.
282. A cash balance of US\$60 million would be appropriate to ensure that the CERF could respond to two major emergencies at any time if needed. The cash balance would be the actual cash balance, including interest and advance payments, rather than the notional balance.
283. The UN Secretariat maintains the bulk of the 3 per cent levied on disbursements from the CERF. This exceeds the real costs of the CERF. This money would be better spent on monitoring in the field.

## Evaluation implementation

*To what extent have previous evaluation recommendations been implemented, and what impact has any such implementation had?*

*To what extent has CERF contributed to a more effective humanitarian system?*

284. The two-year evaluation made 33 operational recommendations, which were presented as an evaluation matrix by the CERF Secretariat. The Secretariat then made a serious effort to implement 32 of these recommendations, after rejecting one of them (Barber et al., 2008; CERF Secretariat, 2010). In the experience of the team, it is rare to find an evaluation in the humanitarian sector in which such a high proportion of so many recommendations has been implemented in a relatively short time.
285. Of the 32 accepted recommendations, 26 have been largely implemented. In general, the implementation of the recommendations from the previous evaluation has led to a more structured and better quality CERF process.
286. The six recommendations that proved difficult to implement included four recommendations that required the action or the consent of the Office of the Controller. The other two recommendations relate to the broader relationship of NGOs with the UN, including time-limits for forwarding CERF funds to partners and broader UN-NGO partnership issues.
287. The way in which the CERF supports the humanitarian reform has already been discussed.

### Conclusion

288. The two-year evaluation was well followed-up by the CERF Secretariat and the Advisory Group. This is a best practice example of the use of a management matrix to track the implementation of evaluation recommendations. The majority of the recommendations from the two years evaluation have been implemented and have led to a more structured and better quality CERF process.
289. Reinforcing the humanitarian reform is CERF's greatest contribution to a more effective humanitarian system.

## Advisory group

*To what extent does the AG contribute to the CERF process? How could this be improved?*

290. Established by the General Assembly under Resolution 60/124 of 15 December 2005, the CERF Advisory Group was set up to provide the Secretary-General with periodic policy guidance and expert advice on the use and impact of CERF funding, with the Emergency Relief Coordinator managing it day-to-day. The intention is that members of the Advisory Group serve in their individual capacity, and not as representatives of their countries or governments, and would be carefully selected to reflect a geographical and gender balance.
291. In terms of geographical balance, there was slightly more representation on the 2010 Advisory Group from the OECD/DAC and other European countries, while six of its 18 members were women.
292. It is clear that the CERF Advisory Group is playing a significant role in the overall management of the CERF, has commissioned the CERF Secretariat to conduct useful studies, and has been active on some of issues, such as the fee-split with the UN Secretariat that affects the CERF. However, based on observations of the evaluation team of the functioning of the Advisory Group, it was apparent that very few of the members of the Advisory Group had significant humanitarian experience and this has sometimes limited the ability of the Advisory Group to fulfil their role in providing appropriate advice. Sixteen of the 18 members of the Advisory Group in 2010 were affiliated with governments, one with the Red Crescent, and another with a European-based NGO that specialised in refugee resettlement. All were based at their respective HQs. Greater diversity, not just in terms of gender and geographical balance, but also in terms of the humanitarian sector (government, NGOs, UN, Red Cross) and operational backgrounds in CERF recipient countries would significantly improve the quality and relevance of guidance provided.

**Recommendation : Advisory Group membership should be more representative of the humanitarian sector and include appropriate representation of operational backgrounds based in CERF recipient countries.**

### Conclusion

293. The Advisory Group has played a useful role, but could play a stronger role if there were more experienced humanitarians in the group.

294. Suitable persons might be found in humanitarian think-thanks such as the Humanitarian Policy Group or others. Retired UN staff with no particular agency agenda would also be suitable.

## 6. EFFECTIVENESS

### Coherence

*Are CERF policies, strategies, and mechanisms coherent with each other and with the objectives of resolution 60/124?*

295. The team found no evidence of any lack of internal coherence between CERF policies, strategies and mechanisms.

#### *Conclusion*

The policies, strategies, and mechanisms of the CERF are largely coherent with each other.

### Transparency

*To what extent are CERF processes, in the field and in NY, perceived to be transparent?*

296. As noted earlier, while over two thirds of UN staff responding to the survey regarded CERF processes as mostly or very transparent, less than half of donor respondents and only one third of NGO respondents regarded them as such.
297. A further transparency issue relates to the Secretary-General's annual report on the CERF, which does not include such basic financial information as the cash balance of the fund, interest earned, grants returned, loans written off, or loans outstanding.

### Pooled funding

*How does the CERF interact with other pooled funding mechanisms? How do they affect each other?*

#### **BOX 10. COUNTRY-LEVEL POOLED HUMANITARIAN FUNDING MECHANISMS**

- B49 The CERF is only one of the three main humanitarian pooled funding mechanisms. The two main country-level pooled funding mechanisms for humanitarian financing are the Common Humanitarian Funds (CHF) and the Emergency Response Funds (ERFs). In 2010, funding for the CHFs and ERFs together exceeded funding for the CERF, mostly due to contributions from a single non-traditional donor to the Haiti ERF.
- B50 **CHFs:** Four countries currently have CHFs: DRC (since 2006), Sudan (2006), Central African Republic (2008), and Somalia (2010). CHFs may be over US\$100 million a year in size, the financial management is usually done by UNDP as administrative agent, and both UN and non-UN agencies (the latter typically through UNDP as the grants



management agent) can access the funds. The average grant size varies by country and by year, but the global average size of CHF grants is US\$0.4 million, and grants are typically for 12 months.

<sup>851</sup> **ERFs:** ERFs predate humanitarian reform, with the first one founded in Angola in 1997. ERFs may be known by other names, such as the Humanitarian Response Fund or Expanded Humanitarian Response Fund. ERFs existed in 16 countries in February 2010: Afghanistan, Columbia, DRC, Ethiopia, Haiti, Indonesia, Iraq, Kenya, Myanmar, Nepal, occupied Palestinian territory, Somalia, Sudan, Uganda, Yemen and Zimbabwe (Mowjee et al., 2007; OCHA, 2010). In 2008, the balance of the CAR ERF was transferred to the new CAR CHF; this happened also in Somalia in 2010, and that same year, and a new ERF was established in Pakistan. FTS data also shows an ERF in Lebanon in 2009. **ERFs** are typically less than US\$10 million per year, but several are much larger than this. They are managed by OCHA directly. Both UN and non-UN agencies can access the funds, but the majority of grants are typically for NGOs. Grant size varies by ERF, with US\$100,000 to US\$250,000 being typical. Grant size varies by ERF, with US\$100,000 to US\$250,000 being typical. The grant duration is generally for three to six months. ERFs are transitory. They may be closed, as was the case with the original Angola ERF.

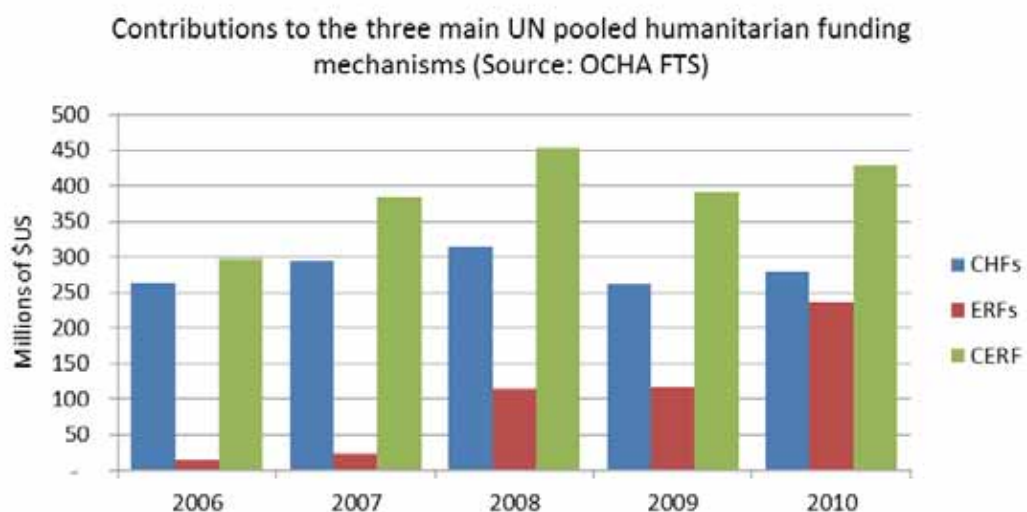


Figure 27: Contributions to the main pooled funding mechanisms by year.

<sup>298.</sup> In countries with a CHF, the CERF process was managed by the same team managing the CHF, and in these circumstances, the CERF was usually well managed. The best managed system was in DRC where the pooled funding unit managed the CERF and the CHF. Countries with a CHF had an established process for determining funding priorities, which benefited the CERF. In CAR, the CERF followed the same process as the CHF, with all cluster members being allowed to propose projects. The only difference was that CERF projects were managed and administrated by the Cluster Lead, instead of UNDP in the case of the CHF. This changed in 2011 towards more focus on UN agencies projects. In countries with an ERF, the CERF was not necessarily managed



by the same team, and the process followed was not the same. Cluster coordinators and ERF Advisory Boards play a key decision-making role in ERF.

### *Conclusion*

299. Countries with a CHF and an ERF already have a mechanism for rapid funding and for establishing humanitarian priorities. These systems work very well in some cases. There seems much to be gained in pooling some of the analytical capacities for the prioritisation of actions for CERF funding. The challenge is rather to streamline the management and processes for these pooled funds, so as to maximise benefits from analytical capacities.

## Constraints

*To what extent do current humanitarian architecture and agency procedures and capacities limit the potential impact of the CERF?*

300. The FAO evaluation (Cossée et al., 2010) identifies several internal constraints in FAO's ability to use the CERF, including the lead times needed for procurement. Agency staff reported that they tailored their CERF proposals to manage such internal constraints. For example UNICEF in Somalia planned to work with existing partners only to get around the long lead time for negotiating project cooperation agreements with new partners.
301. Other agency interviewees identified internal constraints in different agencies. For example FAO has very strict rules for expenditures and sub-contracting. In UNHCR, it is very difficult to use a CERF grant without a budget renegotiation with headquarters unless the grant is used for activities that were planned and budgeted at the start of the year.

## 7. APPROPRIATENESS/RELEVANCE

### Donor diversity

*To what extent is the CERF donor base adequately diversified?*

302. Over 120 member states have contributed to the CERF, including many less developed countries. The CERF has been very successful at mobilising funds. Some 35 states where UN agencies received CERF funds have contributed to the CERF.

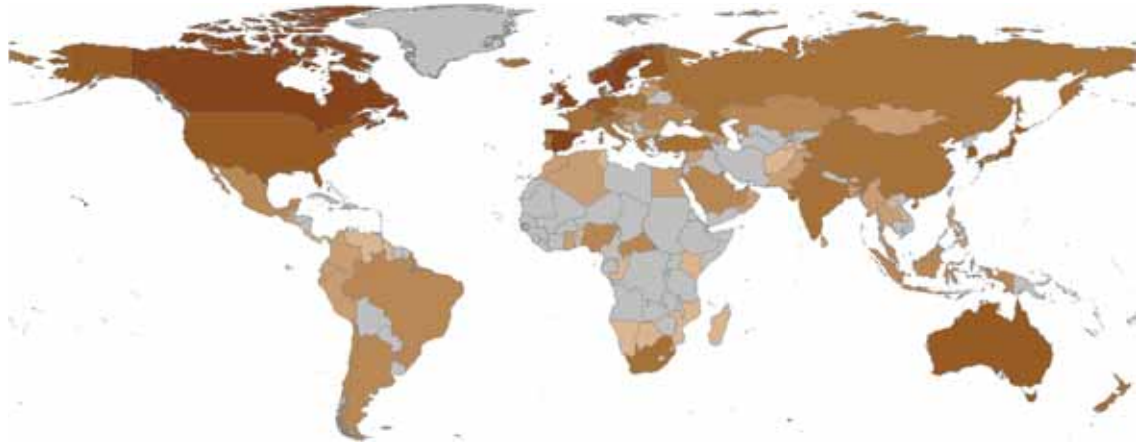


Figure 28: States contributing to the CERF. Darker colours indicate higher contributions.

303. The largest sources for CERF funding are the member states of the Organisation for Economic Cooperation and Development (OECD) (Figure 29). These traditional donors have provided nearly 99 per cent of all funding for the CERF. However, the CERF has received contributions even from low-income states.

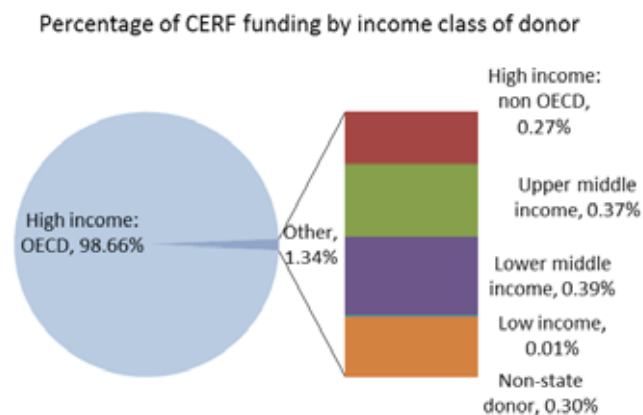


Figure 29: Funding for the CERF by the World Bank classification of state income level.

304. Luxembourg has been the most generous contributor per head of population, providing more than US\$55 per head of population for 2006-2010. Norway has been the second most generous providing more than US\$51 per head.

Table 11: The twelve most generous donors to the CERF in terms of US\$ donated per head of population (Populations based on 2010 Human Development Report Data).

Country	US\$ Per Capita	World Bank Income Class
Luxembourg	55.46	High income: OECD
Norway	51.19	High income: OECD
Sweden	28.21	High income: OECD
Liechtenstein	24.46	High income: nonOECD
Ireland	22.76	High income: OECD
Holy See	18.09	High income: nonOECD
Netherlands	16.80	High income: OECD
Monaco	14.46	High income: nonOECD
Denmark	8.53	High income: OECD
Finland	6.72	High income: OECD
United Kingdom	5.79	High income: OECD
Canada	4.96	High income: OECD

305. Donor funding for the CERF peaked in 2008 (Figure 30). Donor contributions dropped in dollar terms in 2009, but recovered in 2010.

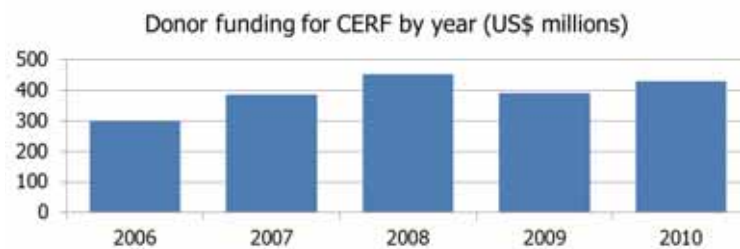


Figure 30: Funding for the CERF, based on Financial Tracking Service data.

306. There have been significant unfavourable exchange rate changes between the US\$ and the currencies of the largest CERF donors since 2008. Economies using the Euro, Pound Sterling and Norwegian Kroner account for more than two thirds of all contributions to the CERF (and some other large donors have currencies that move in tandem with the Euro). These currencies enjoyed a peak in value compared to the US\$ from late 2007 to mid 2008, leading to the peak in contributions for that year (Figure 31).

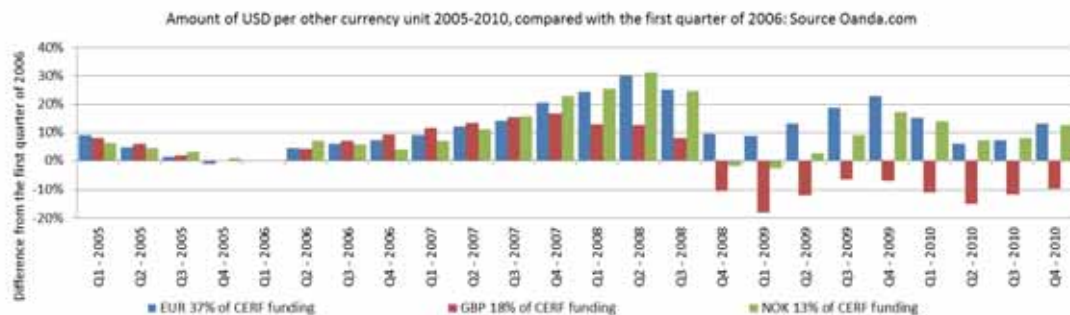


Figure 31: Exchange rate variations against the US\$ for the three main CERF contribution currencies.

307. Variations in the exchange rates are the real cause of the apparent fall of support for the CERF in 2009. This can be seen if contributions are calculated using a standard exchange rate (the average for the last quarter of 2007, when most of the contributions for 2008 were made) instead of the actual exchange rates. When such a fixed rate is used, very little variation is seen in contributions to the CERF (in terms of the currencies of donors) since 2008.

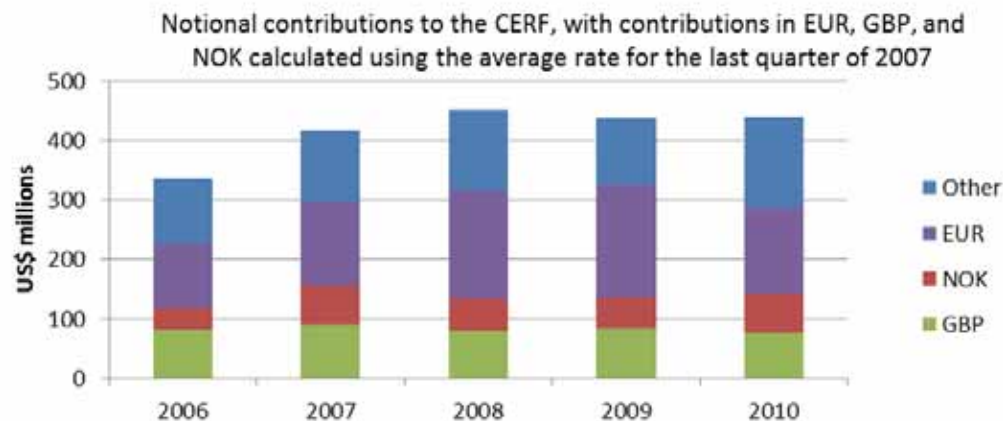


Figure 32: Contributions to the CERF calculated as if the exchange rate from the last quarter of 2007 had applied to all contribution years.

308. The CERF is very reliant on a few key donors. Seven donors together provide over 80 per cent of the funding for the CERF (Figure 33). This makes the CERF very vulnerable

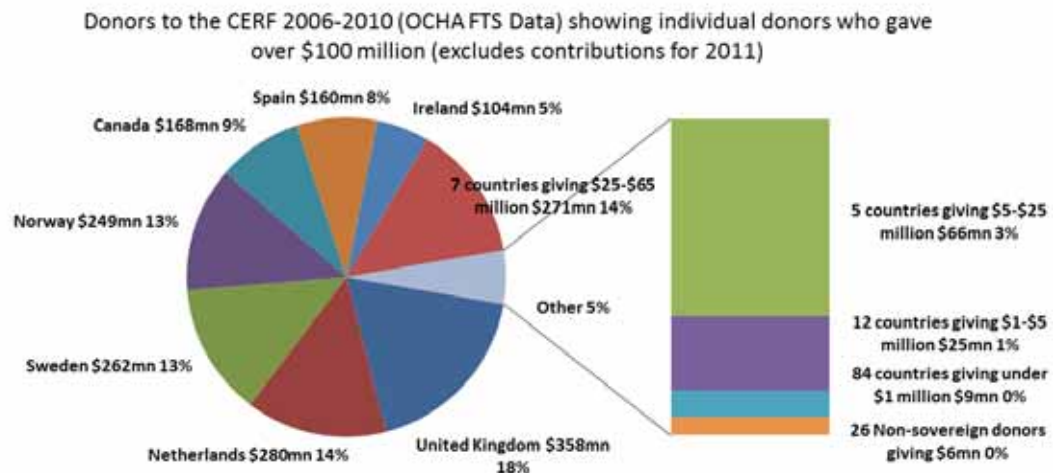


Figure 33: Imbalance in donor contributions to the CERF.

to changes in government policy or economic circumstances in these seven countries.

309. The world's largest humanitarian donor<sup>57</sup>, the United States, has provided US\$25 million for the CERF, slightly less than Luxembourg. US officials noted that the United States

<sup>57</sup> The OECD/DAC statistics database shows that the US was responsible for more than half of all official humanitarian funding in 2009.

rarely contributes to pooled funding mechanisms because, unlike other donors, the US has a large staff in the field that allows it to prioritise humanitarian funding. They argue that the US has less need of the reach that the CERF provides for other donors. Nevertheless, the US is a supporter of humanitarian reform, and the evaluation found in the field that the CERF can in some circumstances support reform.

310. ECHO, the humanitarian aid office of the European Commission, is another large humanitarian donor. ECHO holds that the need for accountability to the European taxpayer precludes it from contributing to pooled funds. However, the European Commission provides General Budget support and other forms of sector support so it is difficult to see why support to the CERF would be any less accountable than these types of funding. Again, ECHO has been a strong supporter of humanitarian reform and the CERF can support this.
311. Germany, the largest European economy,<sup>58</sup> is only the eighth largest contributor to the CERF, providing US\$63 million and ranking behind Ireland, Europe's fifteenth largest economy. France, Europe's second largest economy, is ranked nineteenth among CERF contributors with US\$5 million, and Europe's fourth largest economy, Italy, is ranked eighteenth with US\$8 million. Japan, one of the main contributors to the CERF loan fund, is ranked seventeenth with US\$15 million.
312. There is a need to broaden the CERF donor base and to encourage lower ranked donors to make contributions more in line with their general levels of ODA.
313. CERF contributions to countries with consolidated appeals are normally reported by the Financial Tracking Service as contributions to that appeal (even if they are rapid response grants), unless a flash appeal has been issued. In 2007, the first year of full operation of the CERF, CERF grants provided 4.7 per cent of all humanitarian appeal income (Figure 34). The continuing growth in the size of UN appeals, and of donor support for them, has meant that the portion of the CERF to overall UN humanitarian funding has fallen.

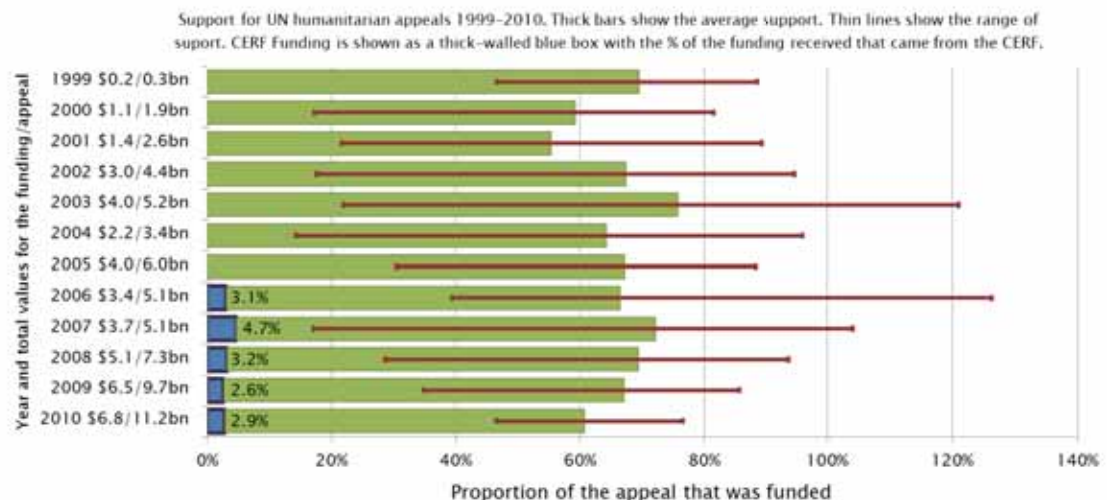


Figure 34: UN Humanitarian appeals and the CERF (Source Financial Tracking Service)

<sup>58</sup> Economy sizes in Gross Domestic Product at current market prices from Eurostat.

314. The evaluation team found that there was no real appetite among the major CERF donors interviewed to increase the CERF without broader support from other donors.

### Conclusions

315. The CERF has been well supported by donors, but is overreliant on a handful of key donors with seven donors providing over 80 per cent of the funding. A number of other major donors do not support the CERF on a scale commensurate with their general humanitarian funding.
316. The CERF is very sensitive to changes in exchange rates against the US dollar, since more than two thirds of all CERF contributions are from Sterling, Euro, or Norwegian Kroner economies.
317. The CERF, overreliant on a number of key donors, needs to attract new donors to the CERF. The CERF represents a cost effective way for emerging donors to become effective supporters of humanitarian action.
318. There is no appetite among the key donors for a much larger CERF without greater support from what are currently minor donors. At present the CERF grant element has a target value of US\$450 million per year. This was exceeded in 2008 and may be exceeded again depending on the dollar exchange rates.

## Adaptation

*How has the CERF adapted to changing needs and what further changes may be needed to make the CERF more appropriate and relevant?*

*To what extent are the current fund scale and window arrangements (RR, UFE, and loans) appropriate?*

319. The differences between the CERF funding pattern in each country and over time suggest that the CERF funding has adapted to changing needs.
320. UN agencies have not applied for CERF loans in recent high profile emergencies. Even the largest users of the loan facility have not used it for several years (Table 12).

Table 12: Agency use of CERF loan facility since its inception (Source CERF Secretariat study on loans).

Recipient	Number Of Loans	Date Of Last Loan
FAO	103	22-Mar-07
UNICEF	39	10-Mar-07
OCHA	18	22-Dec-10
WFP	14	7-Jul-08
WHO	12	12-Dec-05
UNHCR	11	30-Nov-05
DPKO	10	22-Jan-07
UNDP	6	16-Aug-07
UNMAS	4	18-Feb-04



Recipient	Number Of Loans	Date Of Last Loan
IOM	3	25-Nov-05
UNHCHR	3	9-Sep-99
UNHABITAT	2	9-Sep-93
UNDSS	1	24-Feb-03
UNOG	1	25-Feb-05
UNREO	1	28-Apr-94
UNRWA	1	20-Nov-00
Total	229	

321. The CERF Secretariat undertook a survey of the CERF focal points from the UN agencies that most used the loan fund to look at reasons why the fund was not being used even though the loan is roughly twice as fast as the grant windows. The conclusion was that the loan window is not being used because internal loan mechanisms are more flexible.
322. This study considered three possible options: retaining the loan element as it is; closing the loan element and transferring the balance to the grant fund; and reducing the balance on the loan element and transferring the surplus to the grant fund.
323. Perceptions of the effectiveness of the rapid response window are very positive.

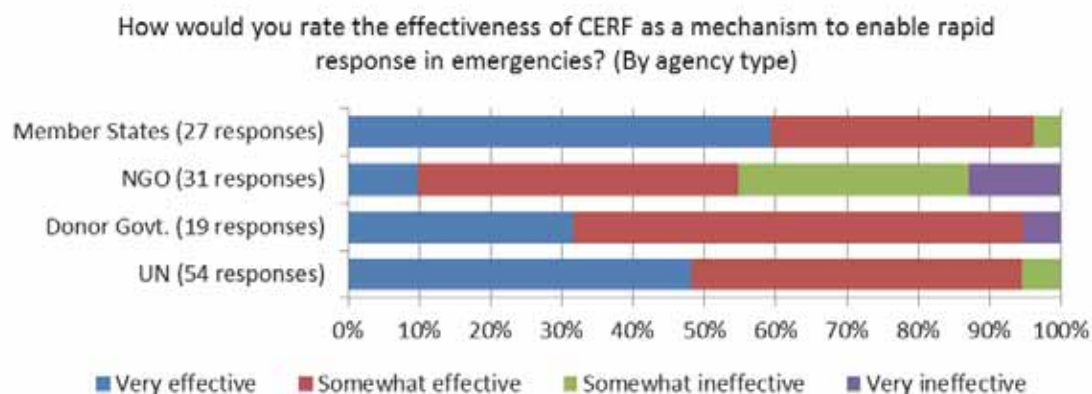


Figure 35: Perceptions of the effectiveness of the CERF as a rapid response mechanism.

324. Member states held the most positive perception of the CERF (Figure 35), followed by UN Staff, donors and NGOs. However, more than half the NGO respondents regarded the CERF rapid response element as being very or somewhat effective. Given the time taken for UN agencies to forward CERF funds to NGOs (10 week on average on top of the 4 week disbursement process), it is not surprising that less than 10 per cent of NGO respondents regarded the CERF as a very effective rapid response mechanism.

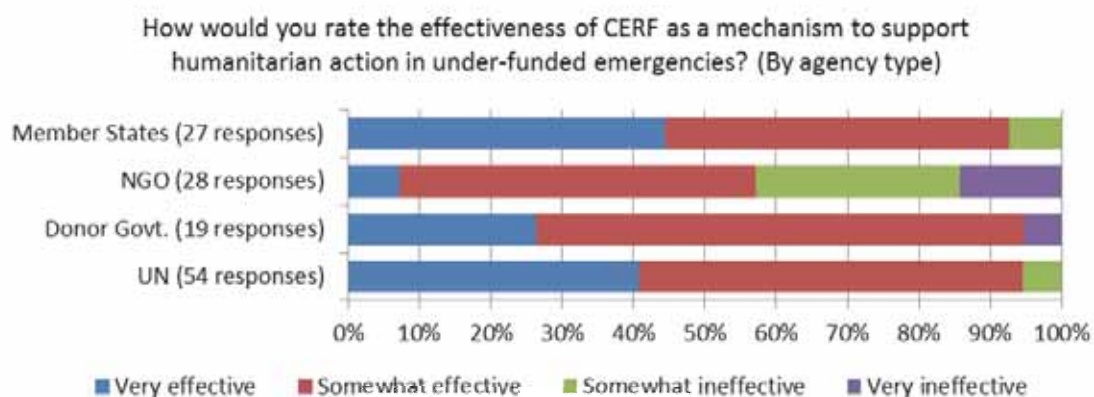


Figure 36: Perceptions of the effectiveness of the CERF as a mechanism for underfunded emergencies.



325. Perceptions of the underfunded emergency window were slightly less positive than for the rapid response window (Figure 36). Again, this reflected experience in the field where interviewees were more likely to comment unfavourably on the underfunded emergency response window.
- The most common suggestions in the field to the question about potential extra windows for the CERF were windows for response preparedness or for early recovery. Interviewees made the point that, in some cases, immediate response preparedness could be the most cost-efficient life-saving intervention<sup>59</sup>.
326. The CERF has adapted to the changing humanitarian contexts in different countries through changing the areas funded.
327. The fact that CERF funding has supported 22 countries every year, often for similar crises, raises the question as to whether the CERF will continue funding the same types of assistance in particular countries year after year.
328. There are occasions where preparedness may be a more appropriate investment than response alone. Current definitions of humanitarian action include preparedness (Good Humanitarian Donorship, 2003), and there are contexts where preparedness can be the most effective life-saving intervention. However, the CERF mandate does not include preparedness, and CERF Secretariat mentions that it does not have the resources to support it. Consequently, the current live-saving guidelines specifically prohibit preparedness. The CERF guidelines should probably be more flexible to deal with such contexts, or integrate a preparedness component, possibly as a cross-cutting issue, when this is not funded. Still, there is the risk that a large focus on preparedness would lead to the dilution of the CERF; and it would be impossible to support preparedness on an exceptional basis as once the precedent is made UN agencies will expect it to be supported in other situations.
329. The underfunded emergency window procedure is relatively complex, consumes a lot of staff time at headquarters level, and is often perceived as non-transparent by field staff. Yet agencies use the funds from this window in the same way that they use funds from the rapid response window.

## NGO engagement

*To what extent are NGOs engaged with the CERF? Is this level of engagement appropriate and sufficient, what are NGOs' perceptions of the CERF?*

330. The question of NGO engagement with the CERF raises the complex question of whether NGOs should have direct access to the CERF. The arguments in favour of direct access are that this would be significantly faster at the field level than the current arrangements, where there is a gap of two and a half to three months on average

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<sup>59</sup> DfID Humanitarian Emergency Response Review (HERR), concludes that the CERF should be enabled to fund preparedness. HERR Report (p.45); Chaired by Lord Ashdown, 28 March 2011. <http://www.dfid.gov.uk/emergency-response-review>

between disbursement by the CERF and payment to NGOs (see the discussion on timeliness in the Output chapter).<sup>60</sup>

331. The arguments against direct NGO access to the CERF include the administrative difficulty of processing proposals and providing grants to a far wider range of actors<sup>61</sup>, and the concern that the General Assembly wanted the CERF restricted to UN agencies. Certainly the majority of member states responding to the survey favour the continuance of the current restriction of CERF to UN agencies (Figure 37).

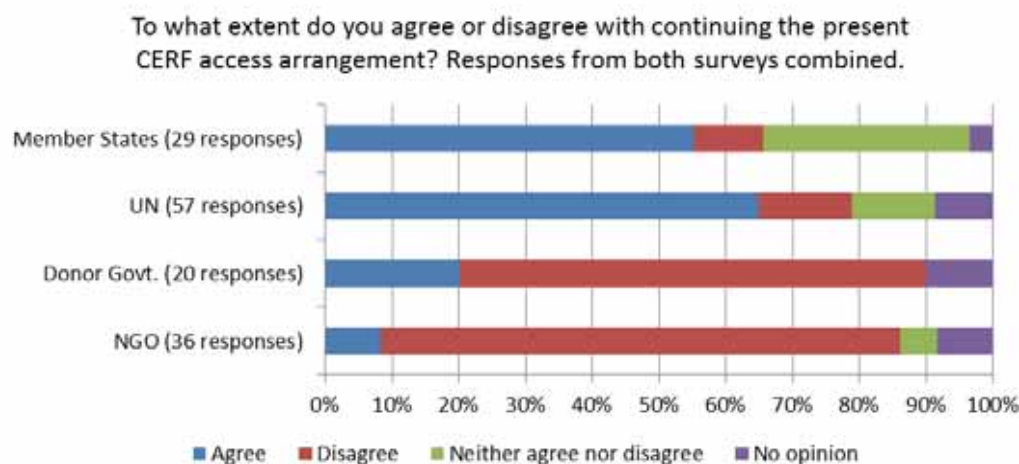


Figure 37: Views on whether the CERF should continue to be accessible to UN Agencies only.

332. NGOs and donors respondent to the survey both favoured a change in the current access system (Figure 37). UN agencies often say that NGOs have access to CERF funding through them, but there is no procedure whereby an NGO could apply for indirect funding from the CERF. The team did an analysis of the available data on grants from CERF recipients to NGOs and used this to estimate the overall proportion of CERF funding that is forwarded as sub-grants to NGOs. The methods used to obtain the estimate are described in the methodology section.

Table 13: Estimate of NGO funding with sub-grants from CERF grants to UN agencies.

Sector	From project analysis (2009-2010)	Estimated percentages	All CERF funding US\$bn '06-'10	Estimated CERF funding for NGOs US\$bn '06-'10
Food	5.2%		519.0	27.14
Health	37.0%		308.9	114.41
Water and sanitation	42.5%		168.9	71.79
Agriculture	12.9%		167.7	21.66
Shelter and NFI	50.2%		164.5	82.60
Multi-sector	40.1%		140.9	56.46
Health – Nutrition	38.6%		131.1	50.55

<sup>60</sup> DfID Humanitarian Emergency Response Review (HERR) concludes that NGOs need a support system similar to the CERF. HERR Report (p.31); Chaired by Lord Ashdown, 28 March 2011. <http://www.dfid.gov.uk/emergency-response-review>

<sup>61</sup> However, other pooled funding mechanisms and foundations do provide funding to a wide range of actors.

Sector	From project analysis (2009-2010)	Estimated percentages	All CERF funding US\$bn '06-'10	Estimated CERF funding for NGOs US\$bn '06-'10
Protection/H Rights	50.0%		63.3	31.63
CS – UNHAS		0.0%	60.3	-
CS – Logistics		0.0%	48.8	-
Education	31.1%		26.9	8.36
CS – Unspecified		0.0%	9.4	-
Security		0.0%	8.3	-
CS- Telecomms		0.0%	7.6	-
Camp Management	12.5%		6.9	0.86
Recovery and Infrastr.		27.4%	4.3	1.19
Mine Action		27.4%	3.1	0.86
<b>Overall estimate</b>		<b>25.4%</b>	<b>1,839.8</b>	<b>467.5</b>

333. The question of direct NGO access to the CERF remains a thorny one. Arguments in favour of direct access are that this would facilitate rapid humanitarian action compared to the current system where it takes several months for UN agencies to pass CERF funding on to partners. The argument against direct access is the administrative difficulty of coping with lots of partners.

334. Clearly, if the CERF is intended merely as a rapid response humanitarian funding mechanism, then it would make sense for NGOs to have direct access. However, if the CERF is intended to support the humanitarian reform, then it makes sense for CERF funding to be channelled through the Cluster Leads.

## 8. CONCLUSIONS

335. Five years after its establishment, CERF has proved an efficient and effective means of delivering funds, to mobilise or complement an emergency response or to fill critical gaps in underfunded emergencies. A number of replicable good practice examples were identified in countries where good leadership is in place<sup>62</sup> and the humanitarian system functioned well. Inclusiveness in CERF processes has improved overall, notably for NGOs. The CERF Secretariat has progressively and systematically improved not just its own performance but, also, with support from the ERC, progressively helped to change attitudes within the UN system so that CERF has the priority it deserves.
336. At the same time, this study has found several areas that have already been identified as key challenges during previous evaluations and studies that continue to handicap CERF effectiveness. Unless systems are in place that reward effective leadership within clusters and the HCT and create greater transparency and accountability through stronger monitoring and information systems, then CERF will not be able to play a full part in achieving the system-wide goals of saving lives and ensuring coverage of core humanitarian needs.
337. Overall, the evaluation concludes that while there were significant developments in the efficiency of the CERF, the institutional environment outside CERF continues to pose challenges. This environment is characterised by divergent funding interests, in the case of some agencies a lack of advance funding mechanisms that would complement the CERF, and inadequate monitoring. These are not factors over which the CERF has a direct influence, but constitute the horizon to which the CERF now should orient itself, with the aim of further enhancing the effectiveness of international response.

### Input

338. Beyond CERF mandated reporting, an enduring operational weakness in the CERF project management cycle is its dependence on internal agency monitoring processes. The gaps at monitoring level were previously highlighted in the two-year CERF evaluation, and the lack of progress in this area is in sharp contrast to many other aspects of CERF management. Meanwhile, CERF reporting has improved over time but still frequently falls short of providing a useful account of the humanitarian context, including the number of people affected and targeted, and of achievements against objectives using appropriate indicators.

### Outputs

339. The geographical distribution of CERF funding is a reasonable match to the changing pattern of needs. It is notable that 22 countries have received CERF funding every year, raising questions about whether the CERF will continually fund similar actions year after year, or whether funding risk reduction might be more cost effective. While strong perceptions exist at the field level about what the CERF will and will not fund, these

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<sup>62</sup> Echoing the findings of a recent DFID review

were often more restrictive than the actual practice by the Secretariat, in spite of sustained dissemination of information about its policies. Meanwhile, the CERF has been a significant supporter of often difficult-to-fund common services, which interviewees often cited as an example of the most useful and critical CERF funding.

340. CERF funding is often the fastest external source of funding for UN agencies. At the same time, only a small part of humanitarian assistance is very time-critical. Coordination is more important than speed. Funding for the Haiti earthquake, for example, was rapid in comparison to other sudden onset disasters, but the allocation was made without a country-level process. CERF disbursement timeframes are measured in weeks (and not days), a tempo slower than what would be needed for directly funding the earliest activities in humanitarian response. Nonetheless when CERF works effectively together with agencies internal advance mechanisms speed can be significantly increased.
341. The CERF Secretariat has provided a good example of follow-up to an evaluation with the excellent management matrix from the CERF two-year evaluation. The CERF Secretariat needs to pay even more attention to the issue of the time taken for UN agencies to forward CERF funds to implementing partners, and it has made a good start with the reporting format. Greater monitoring of CERF funded projects by the HC would naturally provide some of this information.

## Outcomes

342. While this study found that there is an overall level of satisfaction with the transparency and perceived effectiveness of UFE prioritisation processes at HQ level amongst recipient UN agencies and IOM, at field level UFE grants were frequently characterised in interviews and in HC reports to the CERF Secretariat as a “surprise”. The CERF has played a useful role in providing funding for particular underfunded emergencies, such as the DRC. However, the allocation of UFE support between countries was generally perceived by UN staff in the field as being allocated in a non-transparent manner, with results of the process seen as unpredictable from year to year. By contrast, rapid response grants were felt to be reliable, in that they were available for emergencies.
343. Overall, the CERF has facilitated the ability of UN agencies to respond to new crises by providing reliable funding, even for low-profile crises. It has enabled internal advances among the larger UN agencies (essentially WFP and UNICEF), which represent the main part of the funding. Its prioritisation process in the oPt, through strengthening the functioning of some of the clusters, has enabled improved prioritisation for other funding. The CERF has also generally allowed an increasing scale of coverage, simply through making more funding available. CERF support for early recovery and infrastructure has been minimal, even though early recovery is now regarded as a normal part of humanitarian assistance.
344. The team concluded that one of the principle outcomes of the CERF has been a strongly supported humanitarian reform process. The CERF has also been most effective where other elements of the reform were in place. Interviewees had the most positive accounts of the CERF where there was strong humanitarian leadership; that is HCs with a significant background in, and understanding of humanitarian action, a clear

humanitarian strategy, and an inclusive approach. Similarly, interviewees were happiest with the CERF processes, and were more likely to give positive examples of the use of CERF funding, where the clusters were strongest and where there was a strong commitment to partnership. Where there was weak leadership in either the HCT or clusters, CERF funds were sometimes perceived as worsening relationships between the agencies during the prioritization / allocation process.

## Efficiency

345. The CERF transaction costs are lower, or at worst, no higher than other funding sources. The CERF Secretariat manages the CERF process very well and was often praised for this by interviewees. However, a balance of US\$60 million would be appropriate to ensure that the CERF could respond to two major emergencies at any time if needed. The UN Secretariat maintains the bulk of the 3 per cent levied on disbursements from the CERF; this exceeds the real costs of the CERF, and would be better spent on monitoring in the field. Furthermore, the two-year evaluation was well followed-up by the CERF Secretariat and the Advisory Group. The Advisory Group has played a useful role. Yet, it could play a stronger role if there were more experienced humanitarians in the group.

## Effectiveness

346. The policies, strategies, and mechanisms of the CERF are largely coherent with each other. Countries with a CHF and an ERF already have a mechanism for rapid funding and for establishing humanitarian priorities. These systems work well in some cases, and there seems much to be gained in pooling some of the analytical capacities for the prioritisation of actions for CERF funding.

## Appropriateness/relevance

347. The CERF has been well supported by donors, but is over reliant on seven donors that provide over 80 per cent of its funding, while a number of other major donors do not support it on a scale commensurate with their general humanitarian funding. Further, the CERF is very sensitive to changes in exchange rates against the US dollar, as more than two thirds of all CERF contributions are made in Sterling, Euro, or Norwegian Kroner. The CERF needs to attract new donors, by offering a cost effective way for emerging donors to become effective supporters of humanitarian action. Without greater support from what are currently minor donors, there is no appetite among the key donors for a much larger CERF.
348. The CERF has adapted to the changing humanitarian contexts in different countries through changing the areas funded. But since CERF funding has supported 22 countries every year often for similar crises, it is worth noting that preparedness may be sometimes be a more appropriate investment than response alone. Recognising the risk that too large a focus on preparedness would lead to the dilution of the CERF, the CERF guidelines should probably be more flexible to deal with such contexts, allowing for integration of a preparedness component, possibly as a cross-cutting issue, when this is not funded.

349. The underfunded emergency window procedure is relative complex, consumes a lot of staff time at headquarters level, and is often perceived as non-transparent by field staff. Agencies use the funds from this window in the same way that they use funds from the rapid response window.
350. The question of direct NGO access to the CERF remains complicated by arguments that direct access would facilitate rapid humanitarian action by reducing overall management costs and shortening overall implementation times. Counterarguments are that it would be administratively difficult to cope with lots of partners, and this is beyond the CERF's original mandate.



## 9. RECOMMENDATIONS

351. Recommendations below have been drawn from analysis of findings and are designed to facilitate concrete action led by the CERF Secretariat, Donors to the CERF, the Emergency Relief Coordinator and Cluster Lead Agencies.

### To the Emergency Relief Coordinator

352. **Recommendation 1:** Where ERF and/or CHF pooled fund systems operate, **integrate CERF planning, implementation and monitoring processes based on existing good practice examples.** This recommendation would have several advantages. First it would strengthen the management of pooled funding in country and would support the local setting of humanitarian priorities. It would further reinforce the humanitarian reform. It would allow closer monitoring and follow up of the speediness of funding of humanitarian needs and of NGOs. In a best-case scenario, it would also reduce the workload of the CERF Secretariat, giving them time to focus more attention on countries without significant local pooled funds.

See Outcomes / Conclusions

353. **Recommendation 2:** **Provide the Humanitarian Coordinator with a formal mandate to monitor the implementation of all UN-managed pooled funds (including the CERF) by recipient agencies.** The HC ToRs should be amended and adequate resources provided accordingly (see Recommendation 6 below).
354. **Recommendation 3:** **Develop a process for Underfunded Emergency (UFE) envelopes that promotes more effective and efficient use of CERF funds.** This could be achieved through strengthening links with CAP and other humanitarian interagency planning processes.
355. **Recommendation 4:** **Make the CERF Advisory Group membership more representative of the humanitarian sector, including through appropriate representation of advisers with operational backgrounds in CERF recipient countries.**
356. **Recommendation 5:** **Strengthen the funding base for CERF by promoting it to existing and potential new donors as an efficient, effective and accountable humanitarian funding mechanism.** This task will be made easier if priority recommendations highlighted in this report are seen to be addressed.
357. **Recommendation 6:** In the screening process for submissions relating to chronic emergencies, **request information on how short-term funding provided by the CERF would support longer-term vulnerability reduction programs,** which are usually government-led.

### To the CERF Secretariat

358. **Recommendation 7:** **Develop Prioritisation Process Guidance for HCs and Cluster Coordinators.** The revised life-saving criteria produced in 2010 have been helpful in better understanding the concept and facilitated decision-making about priorities amongst stakeholders. To complement these revised life-saving criteria, accompanying

guidance should be developed, based on good practice examples, to help cluster coordinators and HCs to lead effective prioritisation processes.

359. **Recommendation 8: Strengthen CERF monitoring and learning systems at country level to improve CERF impact.** Adapt agency/cluster monitoring systems to promote more ownership at a country level (in line with the recommendation to the ERC above), making use where relevant of existing in-country systems linked to ERF and/or CHF pooled funding mechanisms or other useful innovations such as online project monitoring.

- The annual CERF reporting exercise should be an interactive interagency workshop to share results and lessons learned<sup>63</sup>.
- CERF performance should be considered during IA-RTEs. Probably the simplest way to accomplish this is for the CERF Secretariat to be represented on the IA-RTE Steering Group. This would help ensure that performance of CERF (and other UN-managed pooled funds) is considered in IA-RTE methodology, guidelines and TORs for individual IA-RTEs.

360. **Recommendation 9: Commission, within one year, a study of the partnership arrangements of the different UN agencies with NGO implementing partners** to capture good practice and propose a system for streamlining partnerships with known partners in new emergencies.

361. **Recommendation 10: Better document and disseminate the reasoning behind allocation decisions** at all coordination levels in order to improve the transparency and thoroughness of the process.

## To the UN Controller

362. **Recommendation 11: Allocate a percentage of CERF funds from the 3% UN Secretariat management fees to reinforce the HC and OCHA's monitoring capacity at country level.** While some economy of savings would be realised by integrating CERF processes into those of other pooled funding mechanisms, many countries do not have such systems, and, even where they exist, the increased number and larger scale of CERF grants would need more monitoring capacity.

363. **Recommendation 12: The CERF loan fund should be reduced to US\$30 million and the balance transferred to the grant window.**

## To Donors

364. **Recommendation 13: In at-risk countries where there are no alternate UN pooled fund mechanisms apart from CERF, donors should support the establishment of an ERF or other type of pooled funding that is directly accessible by NGOs.** CERF and other pooled fund process should be appropriately integrated/ mainstreamed.

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<sup>63</sup> This was also recommended in the 2009 CERF Performance Accountability Framework review.

365. **Recommendation 14: Ensure that future evaluations look collectively at CERF and other UN-pooled fund mechanisms.** This approach would help to better understand the performance of the humanitarian financing pillar as a whole and facilitate a more thorough analysis of how different funding streams can be better linked up. An analogy is where a programme-level evaluation is more constructive than a project evaluation.

## To Cluster Lead agencies

366. **Recommendation 15: Integrate performance measurement of UN-managed pooled funds into cluster performance systems.**
367. **Recommendation 16: Disseminate and promote good practice examples, such as the prioritisation system used by the WASH cluster in oPt.**

## To UN agencies

368. **Recommendation 17: Conduct an evaluation of their use of CERF funds within 18 months to determine what internal factors, including partnership policies and practices, influence the effectiveness of CERF projects.**
369. **Recommendation 18: Ensure the development and implementation of emergency procedures for disbursing funds to implementing partners.**
370. **Recommendation 19: UN agencies that do not use internal advance mechanisms in conjunction with CERF funding should establish interactivity and complementarities between these and the CERF, in order to speed up the start up of projects.**