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In October 2010, the Office of Internal Oversight Services (OIOS) released a report with the findings of a risk assessment of United Nations (UN) general trust funds. The report attempted to identify key risks in relation to the operation of UN general trust funds, particularly those that give funds to entities outside the UN secretariat, with risks grouped into four categories: Loss of legitimacy, loss of financing, loss of knowledge capacity and loss of operational capacity. For each risk identified the report presented mitigation controls already in place and assessed the residual risks that still need to be addressed. The Central Emergency Response Fund (CERF) is the largest of the general trust funds assessed by OIOS, and as such many of the identified risks were to some degree applicable for the operation of the CERF. Risk assessment and mitigation is already an integral part of the regular CERF work-planning process. The CERF secretariat, however, decided to formulate a response to the full risk assessment by OIOS (available on the CERF website). The full OIOS risk compendium served as a basis for development of a more focused risk action plan addressing key risks potentially facing CERF and which the CERF secretariat would seek to address as a priority.<sup>1</sup> The CERF risk action plan is used by the CERF secretariat to monitor and track the status of key risks and related mitigating actions and is updated annually. The risk action plan shall not be considered a separate work stream for CERF, rather the risk plan views CERF's regular workplan through a risk lens by mapping out relevant workplan initiatives against the risk areas that they help mitigate, and by helping to identify potential gaps in risk mitigation.

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<sup>1</sup> Risks that are not directly under the CERF secretariat's influence have not been included in this Action Plan as these are not linked to a specific new mitigating action by CERF. This does, however, not reflect that these risks are not important and they are referenced in the full risk assessment which can be found on CERF's website at <https://docs.unocha.org/sites/dms/CERF/Response%20to%20OIOS%20Risk%20Assessment%20AG%20May%202012.pdf>

| Risk and Potential Impact  | Existing Controls (Per Sep. 2012)  | Additional Mitigation Actions   | Status March 2016  |
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| <p><b><u>RISK AREA 1 - Performance Monitoring and Accountability</u></b></p>   |  |   |  |
| <p>A number of evaluations and reviews, notably the five-year evaluation of the CERF, have highlighted concerns surrounding issues of performance monitoring and accountability. The CERF's <b>reliance on agency monitoring and evaluation systems</b> presents advantages in terms of cost savings and the ability to maintain a lean management structure. As well, this structure has been reviewed and approved by agencies executive boards. However, this makes it difficult to obtain comprehensive, accurate and timely data on results achieved with CERF funds including independent <b>information on results at the beneficiary level</b>. Studies, such as the country reviews conducted under the Performance and Accountability Framework (PAF), have demonstrated that CERF can significantly improve the overall humanitarian response. This effect at the systemic level is more difficult to demonstrate at the project level.</p> |  |   |  |
| <p><b><u>Risk</u></b><br/>Reliance on agency monitoring and evaluation systems leading to:</p> <ul style="list-style-type: none"> <li>- Lack of adequate performance and results information.</li> <li>- Lack of verified and timely beneficiary level information.</li> <li>- Lack of project level impact evaluation.</li> </ul> <p><b><u>Potential Impact</u></b></p> <ul style="list-style-type: none"> <li>- Inability to adequately demonstrate CERF results or impact at the beneficiary level.</li> <li>- Possible loss of confidence by donors and member states.</li> </ul>  | <ul style="list-style-type: none"> <li>- The CERF Performance and Accountability Framework (PAF) (developed in 2010) delineates accountability and responsibilities and defines indicators to assess CERF performance.</li> <li>- Periodic evaluations of CERF itself (2 year, 5 year) have provided critical comprehensive external perspective.<sup>2</sup></li> <li>- Independent PAF country reviews provide an additional level of assurance around value added of CERF and helps gauge performance against PAF indicators.</li> <li>- The annual RC/HC CERF narrative reporting process provides information on</li> </ul> | <ul style="list-style-type: none"> <li>i. Regularly review the PAF to ensure that it meets the accountability needs of CERF.</li> </ul> | <ul style="list-style-type: none"> <li>i. An independent expert has reviewed the PAF. The final report has been made available on CERF's website and the CERF secretariat has implemented relevant changes. The CERF secretariat intends to internally review the PAF once a year to determine whether adjustments are required to keep the PAF relevant and fit for purpose (<b>Tentative timeline: Q4 each year</b>).</li> </ul> <p>A rating methodology for assessing CERF performance at country level against key PAF indicators was proposed in the review of the PAF. The new methodology was tested in CERF country reviews conducted in DRC, Sudan, Myanmar, South Sudan (regional) and Syria (regional) and has now been introduced as standard practice in future reviews when relevant and feasible. The PAF performance rating exercise may be undertaken as a joint exercise with Country Teams and/or other key country level stakeholders as part of exit briefings by consultants conducting CERF country level reviews. In March 2016 the CERF secretariat will hold a workshop with two humanitarian experts with in-depth CERF experience to review recent experiences with the PAF and to discuss opportunities for further improvements.</p> |

<sup>2</sup> The CERF has now matured considerable and as such smaller studies and evaluations targeting specific issues may likely add greater value than what can be achieved through large scale, all-inclusive evaluations of CERF (like the two and five years evaluations).



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|                           |                                   | <p>iv. Conduct additional PAF country and regional reviews and use these to demonstrate CERF's performance and its added value as well as to explore key areas of interest or concern.</p> <p>v. Strengthen cooperation with agency evaluation departments to improve CERF coverage in agencies' own evaluations and studies.</p> <p>vi. Ensure that RC/HCs are kept adequately informed about CERF implementation. In this respect, clarify the responsibilities for CERF monitoring and for sharing information on CERF project implementation.</p> | <p>2014) close to 80 percent are assessed as having followed a 'very good' or 'good' in-country process, indicating a high use of AAR type exercises.</p> <p>iv. Three reviews were conducted in 2015 (South Sudan (regional), Syria (regional) and Iraq) taking the total number of different countries reviewed since 2010 to 30. Additional reviews are planned for 2016. A key element of each review is to assess the added value of CERF in the given context. The review reports and their recommendations and findings are discussed with the CERF Advisory Group, published on CERF's website and systematically acted upon by CERF (Ongoing).</p> <p>v. FAO and IOM conducted an evaluation of their use of CERF funds in 2010 and 2012 respectively and WFP and UNHCR have concluded similar evaluations in 2014. WHO will likely in 2016 launch an evaluation of their use of CERF and Country Based Pooled Funds. CERF follows up to relevant findings from these evaluations and liaises with recipient agencies to explore opportunities for further evaluative initiatives and cooperation.</p> <p>vi. The CERF secretariat has introduced a number of measures to ensure better and more timely information sharing on CERF project implementation at country level:</p> <ul style="list-style-type: none"> <li>- CERF guidance note that outlines the roles and responsibilities of key actors in relation to CERF monitoring and information sharing at field level.</li> <li>- A standard template for recipient agencies to provide CERF project updates to the RC/HC during the implementation period.</li> <li>- Included in the CERF application template requirements to explain agencies' monitoring</li> </ul> |

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|                           |                                   | <p>vii. Build on monitoring initiatives under the IASC Transformative Agenda to improve monitoring of CERF's contribution to humanitarian results.</p> <p>viii. Clarify procedures for communicating cases of fraud with CERF funds should these occur.</p> <p>ix. Strengthen the CERF secretariat's capacity to support processes and</p> | <p>arrangements at project level and to describe at the application level how the RC/HC and HCT will be kept abreast of project implementation status.</p> <ul style="list-style-type: none"> <li>- Introduced in the ERC's formal allocation communication to RC/HCs standard messaging on recipient agencies' CERF related information sharing responsibilities towards the RC/HC.</li> <li>- Introduced a performance indicator in the PAF related to information sharing at country level.</li> </ul> <p>vii. CERF's contribution to results at cluster/sector level is referenced in the guidance and template(s) for the HPC reference module on Periodic Response Monitoring. The framework was rolled out in HRP countries in 2015.</p> <p>viii. A guidance note on communication responsibilities of recipient agencies and of the CERF secretariat in cases of fraud involving CERF funds has been developed in consultation with CERF recipient agencies, the UN Risk Group and the CERF Advisory Group. While agencies have committed to keep the CERF secretariat informed of any potential fraud cases under CERF grants, the CERF secretariat will also proactively follow-up with relevant departments within agencies at least twice a year to ensure that no cases go unreported. In addition, the CERF secretariat has consolidated all internal actions related to the handling of fraud cases into a single Standard operating Procedures (SOP) document. The SOP will be presented to the CERF Advisory Group at its meeting in March 2016.</p> <p>ix. CERF performance and accountability processes have been consolidated in the CERF Performance, Monitoring</p> |

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|                           |                                   | systems around performance monitoring and accountability. | and Policy Section. This includes the oversight of the RC/HC narrative reporting process, management of the CERF PAF, management of internal and external evaluations and studies, support to CERF related audits with a programmatic focus, management of performance frameworks with external partners and handling of potential fraud cases involving CERF grants. |

**RISK AREA 2 – Partnerships**

The CERF only makes grants and loans directly to UN agencies and IOM. Nevertheless, partnerships, such as those with non-governmental organisations (NGOs), play a key role in all stages of the project cycle, from the identification of needs, to the prioritization and implementation of interventions as well as the reporting phase. As a result, there are several potential risks surrounding partnership arrangements. These notably include agencies’ reliance (to varying degrees) on sub-grantees to implement parts of their programmes or projects. **Delays in sub-granting or ineffective sub-granting arrangements**, therefore, have the potential to affect the effectiveness of CERF as a rapid response mechanism. Similarly, a **lack of inclusiveness in CERF country-level prioritisation and decisions** may lead to situations where CERF is not funding the most pressing interventions or where CERF funding decisions are not coordinated with other funding streams.

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| <p><b><u>Risk</u></b></p> <ul style="list-style-type: none"> <li>- Delays in sub-granting or ineffective sub-granting arrangements.</li> <li>- Lack of inclusiveness in CERF country level prioritisation and decisions.</li> </ul> <p><b><u>Potential Impact</u></b></p> <ul style="list-style-type: none"> <li>- Possibility of delayed response.</li> <li>- Donors prioritizing other funding channels over CERF (to fund NGOs).</li> <li>- CERF not meeting its objective of targeting the</li> </ul> | <ul style="list-style-type: none"> <li>- Annex 2 of RC/HC CERF narrative reports requires agencies to report on size and timeliness of sub-grants.</li> <li>- Importance of partnerships reflected in CERF guidance materials and trainings.</li> <li>- Overview section of grant application template (the “chapeau”) requires applying countries to outline inclusiveness of prioritization exercise.</li> <li>- Country studies conducted under the PAF provide an additional level of verification of CERF added value and of the quality of</li> </ul> | <ul style="list-style-type: none"> <li>i. Utilise revised RC/HC reporting schedule for improved analysis of reported sub-grants.</li> </ul> | <ul style="list-style-type: none"> <li>i. The revised RC/HC narrative reporting schedule (introduced in 2013 and fully rolled out in 2014) means that reports are submitted on a rolling basis within three months of grants completion. This allows CERF to better follow-up on reported sub-grant data and it will enable continuous analysis of information. CERF now shares reported sub-grant data with agencies at least every six months for their review and prepares an analysis of data by mid- and end-of-year. The sub-grant analysis has been expanded to show in more detail how CERF grants are implemented with partners. Data shows an upward trend in sub-grants with implementing partners under CERF projects in terms of both number of sub-grants and volume of funding (\$107 million, or close to a quarter of all CERF funds, were reported as sub-granted to implementing partners in 2014). This increase includes local partners in recipient countries who in 2014 received sub-grants totalling a record \$55.5 million (excluding in-kind arrangements).</li> </ul> |
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| <p>most urgent needs.</p> <p>- Loss of effectiveness and impact.</p> | <p>partnership arrangements.</p>  | <p>ii. CERF guidance containing information on role of implementing partners in the process.</p> <p>iii. Ensure that partnership issues are reviewed and assessed in PAF country reviews.</p> <p>iv. Development of guidance on maximizing complementarities between CERF and country-based pooled funds (CBPFs) to enable CERF processes to be better grounded in the existing partnerships surrounding CBPFs.</p> <p>v. Introduction of country-level CERF after-action reviews (AARs) to serve as platform for inclusive joint learning at country level.</p> <p>vi. Address partnership issues in the IASC Humanitarian Financing Task Team (HFTT) and bilaterally with UN agencies.</p> | <p>ii. Guidance on CERF <u>country level</u> processes emphasises the role of implementing partners in the full CERF programme cycle, including in the application and prioritization stages.<br/>At the <u>global level</u>, NGOs were for the first time formally consulted during the first underfunded emergencies round in 2016. Several members of the ICVA-led NGO working group on humanitarian financing participated in a consultation with the CERF secretariat on identifying possible underfunded emergencies.</p> <p>iii. This continues to be a standard component of the terms of reference of country reviews.</p> <p>iv. Guidance developed and shared with CBPF managers and OCHA Heads of Offices. Follow-up discussions with fund managers are held at the annual global OCHA Pooled Fund Managers workshop.</p> <p>v. See point <i>iii</i> under Risk Area # 1 for status of this action.</p> <p>vi. Identification of best practices in UN – NGO partnerships under CERF grants was included as an activity under the 2014/2015 work plan of the HFTT, and the activity has been concluded. Amongst other things this activity explored issues related to timeliness of agencies’ disbursements of funds to their implementing partners (IP) and the involvement of IPs in the CERF application</p> |

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|                           |                                   | <p>vii. Include the issue of inclusiveness as part of the new CERF training package that targets CERF decision makers and process managers at country level.</p> <p>viii. Discuss partnership issues in the CERF Advisory Group (AG).</p> | <p>process. A paper highlighting a number of identified best-practices was developed and this was presented and discussed with the CERF Advisory Group at its October 2014 meeting. The CERF secretariat continues to follow up bilaterally with UN agencies to encourage them to implement these best practices.</p> <p>vii. CERF redesigned its training package in 2014 and 2015. The new CERF training predominantly targets CERF decision makers and process managers with an aim of strengthening prioritisation and improve strategic use of CERF funds. The training includes the issue of partner inclusiveness in CERF processes.</p> <p>viii. Partnership issues are included as a regular agenda point of the IASC session of CERF AG meetings.</p> |

### **RISK AREA 3 - Resource Mobilization**

CERF has received support from 125 of 193 Member States and Observers, as well as from private donors and the public. CERF, nevertheless, exhibits a **heavy reliance on a small group of donors**. This makes CERF vulnerable to fluctuations in the support from the core group of donors.

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| <p><b><u>Risk</u></b></p> <ul style="list-style-type: none"> <li>- Heavy reliance on a small group of donors.</li> <li>- Perception that CERF is a fund for a few member states rather than a fund for all.</li> <li>- Uncertain income projections due to currency fluctuations.</li> </ul> <p><b><u>Potential Impact</u></b></p> <ul style="list-style-type: none"> <li>- Significant loss of funding</li> </ul> | <ul style="list-style-type: none"> <li>- CERF maintains and updates a resource mobilization strategy targeting specific member states and groups. The strategy is revised regularly in consultation and discussed with the CERF Advisory Group.</li> <li>- CERF's Annual High-level Conference (HLC) serves as main fundraising event for CERF for Member States.</li> </ul> | <ul style="list-style-type: none"> <li>i. Ensure adequate staff capacity, procedures, tools and systems are in place to support resource mobilization efforts.</li> <li>ii. Revise resource mobilization and communications strategy to strengthen initiatives to maintain, broaden and deepen of the donor base.</li> <li>iii. Develop innovative funding and promotional initiatives, including through private sector engagement,</li> </ul> | <ul style="list-style-type: none"> <li>i. The CERF secretariat's Resource Mobilization and Communication Section fully staffed (Feb 2016).</li> <li>ii. RM/C strategy and action plan revised for 2016, taking into consideration the current resource mobilization environment. Feasibility study of innovative financing opportunities for CERF is underway.</li> <li>iii. CERF is continuously exploring new options to increase visibility and reach new partners. Recent initiatives include:</li> </ul> |
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| <p>in case of policy change away from pooled funding by core donors or through impact of internal domestic priorities.</p> <ul style="list-style-type: none"> <li>- Lack of interest by donors outside the core group.</li> </ul> | <ul style="list-style-type: none"> <li>- Regular communication and outreach with donor representatives (technical and political level) allow for mitigation and proactive approach in donor engagement.</li> <li>- Regular Member States briefings provide opportunity to update Member States on CERF outside of High-level Conference.</li> <li>- Members of the CERF Advisory Group constitute a broad and diverse representation of Member States.</li> <li>- CERF Advisory Group members also function as advocates for CERF.</li> </ul> | <p>to attract new funding and to increase CERF visibility.</p> <ul style="list-style-type: none"> <li>iv. Integrate CERF resource mobilization efforts into broader UN initiatives to strengthen humanitarian partnerships with emerging or non-traditional donors; and strengthen key donors' involvement to broaden and deepen the donor base.</li> <li>v. Further improve CERF Public Information products and initiatives.</li> </ul> | <ul style="list-style-type: none"> <li>- Leveraging CERF's 10 year anniversary to drive evidence based advocacy and outreach, including from the SG, ERC, UN agency heads, donors and others.</li> <li>- In order to boost visibility, CERF has further expanded its digital and social media engagement.</li> <li>- Maximising the dissemination and use of key communication products: 10 year flagship publication, 10 year film as well as an animation film that explains the role of CERF in a format that is accessible and interesting to a wide audience. Key products are being translated into Arabic and other languages.</li> <li>- Based on collaboration with agencies and donors, including a donor survey on information and communication needs, the draft communications framework to be finalised. The framework focuses on CERF visibility and donor visibility/recognition.</li> </ul> <ul style="list-style-type: none"> <li>iv. Updated and targeted CERF resource mobilization messages regularly included in USG and other OCHA/CERF senior officials' briefing packages/talking points for meetings with emerging or non-traditional donors as well as with existing core donors. CERF will hold its fourth policy side-event under ECOSOC's Humanitarian Affairs Segment (June 2016, New York)</li> <li>v. This work is ongoing and CERF continues to upgrade its visual identity and key information products. CERF website is being revamped to offer easier access to information and improved usability. CERF has further expanded the availability of audio-visual content demonstrating the results of CERF-funded response</li> </ul> |

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|                           |                                   | <ul style="list-style-type: none"> <li>vi. Use the IASC Humanitarian Financing Task Team (HFTT) to discuss CERF visibility and branding issues with IASC partners.</li> <li>vii. Monitor the impact of currency fluctuation on the projected income for 2016 and alert Member States.</li> </ul> | <p>through the website.</p> <ul style="list-style-type: none"> <li>vi. Exploring opportunities for improving visibility of CERF's support to humanitarian response has been an activity under the 2014/2015 work plan of the HFTT.</li> <li>vii. Analysis ongoing. Impacts to be presented in individual briefings with donors.</li> </ul> |

**RISK AREA 4 - Value for Money**

A number of broadly inter-related factors have the potential to affect perceptions about the CERF offering sufficient **value-for-money**. This includes the risk that CERF is unable to demonstrate sufficient **added value** to donors, which is to say “is there sufficient benefit in channelling money through a pooled fund like CERF, rather than employing bilateral aid, to justify the expense?” Similarly, there is a risk that agencies will perceive the **transaction costs** (e.g. in the form of project prioritization, proposal preparation, compliance and reporting) associated with obtaining funds from CERF as excessive compared to bilateral donors. There is also an inherent risk with the CERF allocation process in that often each sector/cluster targeted with CERF funding is represented by only one or two UN agencies which may limit the competitive element and reduce considerations about cost conscientiousness. Lastly, there is a risk that **issues related to programme support costs (PSC)** will affect the perception of the fund. These include concerns over the overall level of PSC associated with the fund (currently 10 per cent of direct costs) as well as the use of the 3 per cent allocated to the CERF secretariat and wider UN Secretariat.

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| <p><b><u>Risk</u></b></p> <ul style="list-style-type: none"> <li>- Perception of insufficient added value of CERF.</li> <li>- Perception of CERF not being conscientious about costs and value for money in its allocation decisions.</li> <li>- Perception of excessive</li> </ul> | <ul style="list-style-type: none"> <li>- Country studies conducted under the PAF seek to provide additional level of assurance regarding value added of CERF to a given emergency response.</li> <li>- Periodic external evaluations assess overall functioning and value</li> </ul> | <ul style="list-style-type: none"> <li>i. Review the PAF to ensure that it provides an adequate framework for assessing CERF's added value.</li> <li>ii. Systematically explore and address barriers for maximizing CERF's</li> </ul> | <ul style="list-style-type: none"> <li>i. An independent expert has reviewed the PAF and the framework has been updated based on the findings. The CERF secretariat internally reviews the PAF once a year to determine whether adjustments are required to keep the PAF relevant and fit for purpose. A number of the indicators focus on CERF's added value.</li> <li>ii. <u>Evaluation and studies</u>: CERF continues to utilize studies and evaluations to explore opportunities for increasing</li> </ul> |
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|                           |                                   | <p>value and value for money throughout the CERF cycle (prioritisation, submission, implementation, reporting).</p> <p>iv. Ensure an on-going and transparent dialogue about CERF PSC levels and their use.</p> | <p>clearly explain the prioritization approaches applied, reference any needs assessments informing the CERF submission and clarify linkages to relevant humanitarian response plans (HRPs). The template also references how value-for-money and cost effectiveness were considered in preparing the submission, how affected people were consulted, if the project includes a Gender Based Violence (GBV) component and whether proposed activities are expected to contribute to strengthening resilience. In addition the revised template includes a simple log-frame that will clarify expected CERF contribution and results.</p> <p><u>Improved RC/HC Narrative Reporting:</u> Revised format and schedule for RC/HC narrative reports was introduced in 2013 and fully rolled out in 2014. The new reporting format provides clearer information on results achieved and specifically requests information on CERF's added value according to four key parameters. This information is systematically analysed by the CERF secretariat and communicated to stakeholders.</p> <p>iv. The ERC and the CERF Advisory Group regularly discuss issues related to CERF PSC and also engage the UN controllers' office on the topic. Starting in 2015 OCHA has engaged the UN Controller in dialogue about the possibility of reducing the UN secretariat's management fee for CERF from the current three per cent of disbursements (of direct costs) to two per cent. Assuming current funding levels such a reduction would free up more than \$4 million for additional CERF allocations to humanitarian programmes annually, but would also represent a reduction in funding available for supporting UN secretariat administrative processes (incl. administrative support for CERF).</p> |

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|                           |  | v. Continued efforts to ensure efficiency throughout CERF operations. | v. In early 2016 the CERF secretariat established an internal Efficiency Task Team that will examine each element of the CERF cycle to identify opportunities for making processes more efficient and reduce transaction costs. The Task Team will ensure that potential efficiency gains are not sought at the expense of quality or accountability of CERF allocations. |