

**REVIEW OF THE POTENTIAL FOR ASSESSED FUNDING FOR
THE CENTRAL EMERGENCY RESPONSE FUND (CERF)**

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EXECUTIVE SUMMARY

This study was commissioned by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) to examine the feasibility of having an increase in the Central Emergency Response Fund (CERF) to be funded in total or in part from assessed contributions, to determine the financial, administrative, policy, and political implications of such a proposal, and to outline the process leading up to the adoption of the proposal.

The CERF was last upgraded by the General Assembly in 2005 to include a grant element of \$450 million to be funded from voluntary contributions. Any changes to the CERF in terms of its scope, size, management, and oversight would need to be a decision by the General Assembly. Moreover, the Charter of the United Nations rests the General Assembly with the authority to decide on all matters pertaining to the financing of the Organization. An increase in the target size of the CERF would therefore require a decision of the General Assembly, regardless of whether the increase is to be funded from voluntary or assessed contributions.

Currently, the United Nations funds its activities and staffing through primarily a regular budget and a peacekeeping budget with slightly different scales of assessment. The five permanent members of the Security Council contribute a larger share for peacekeeping operations. While the UN budget has been under considerable constraints, there has been steady increase in recent years, particularly in peacekeeping operations and special political missions. The United Nations, and the Security Council in particular, are the only intergovernmental bodies that have the mandate for the maintenance of peace and security and Member States fund peacekeeping and political missions from the budgets of the United Nations. The same however could not be said about humanitarian assistance that has been funded up to now almost exclusively from voluntary contributions.

While member states appreciate the leadership and coordination role of the United Nations in humanitarian assistance and the performance and management of the CERF, they expressed their preference for the continuation of a decentralized humanitarian financing structure and to fund disasters and emergencies, particularly the mega emergencies, on a case-by-case basis. Many donors also mentioned that their funding decisions have to take into account the changing humanitarian environment with an increasing number of humanitarian actors outside the UN system. Any proposal to strengthen the CERF will have to take these considerations into account.

In recent years, conflict related emergencies accounted for more than 80 per cent of humanitarian needs as reflected in OCHA humanitarian appeals. For all the conflict-related emergencies in 2014, the United Nations also has peacekeeping missions, special political missions, or good offices of the Secretary-General. This clearly demonstrated that humanitarian assistance is essential to the maintenance of peace and security. The United Nations expects humanitarian assistance to be delivered for the affected populations of these emergencies and yet has not provided any resources from its budgets for such assistance. Governments have also recognized their responsibilities to provide

humanitarian assistance within their countries and to support such efforts of other countries. These are some of the compelling reasons to explore funding an increase of the CERF through assessed contributions as a manifestation of the collective responsibilities of Member States to humanitarian assistance and the critical importance of humanitarian assistance for peace and security. In addition, assessed contributions would also provide predictability and sustainability of funding for the CERF.

On the other hand, OCHA must find an arrangement whereby the use of assessed contributions would not compromise the flexibility and quickness of the CERF while ensuring accountability. This is important given the tendency of the Fifth Committee of the General Assembly and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) to engage in reviewing financial details of all activities funded from assessed contributions. Since no indirect costs could be charged to activities funded from assessed contributions, OCHA would also need to see how best to support CERF activities that would be funded from assessed contributions in the future.

While Member States appreciate the need to increase the size of the CERF as a result of the steady increase of humanitarian needs in recent years, there is little support so far to have such an increase to come from assessed contributions. The major contributors to the UN have expressed serious reservations or objections to such a proposal. Major contributors to the CERF have also indicated their difficulties to increase substantially to a strengthened CERF if it is to be funded from voluntary contributions. They have advised OCHA to seek additional support from other potential donors, including the Gulf and BRICS countries.

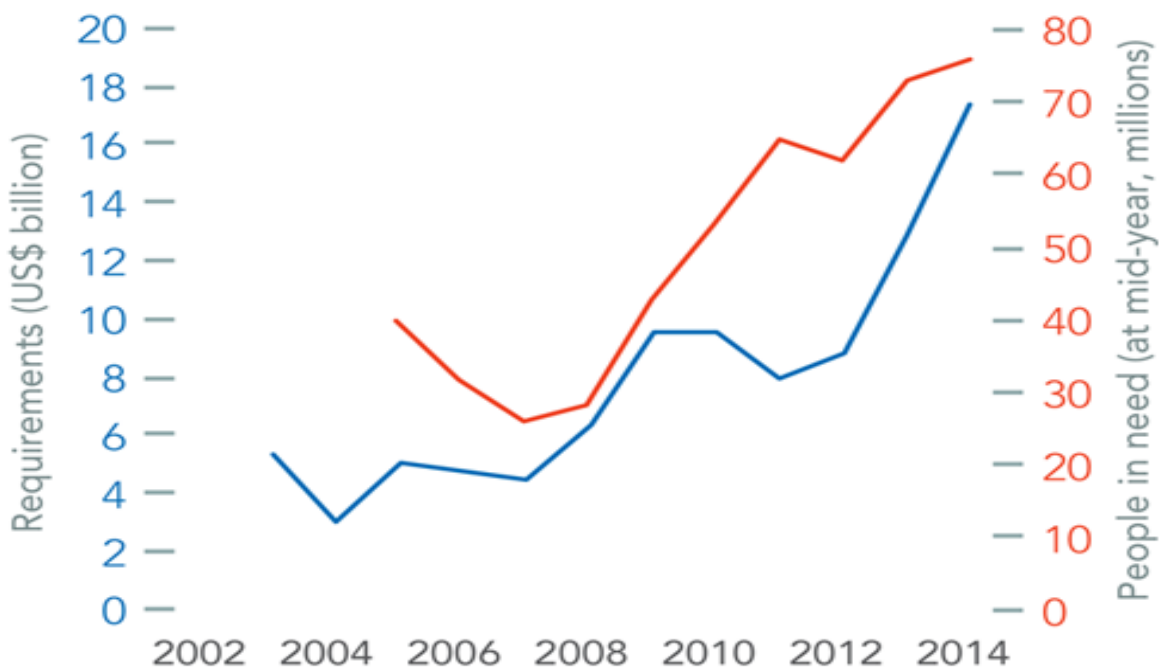
The study explored a number of options relating to funding of the CERF from assessed contributions, and the possible scope and size of a strengthened CERF. It also outlined a number of considerations that OCHA may wish to take into account in moving forward. At the request of OCHA, no recommendations were made. It should be stressed however that Member States appreciated the CERF because it is simple, focused and easy to understand. The CERF is considered well managed, it's use flexible, and it's disbursements quick. Member States would like the strengthened CERF to retain these characteristics.

The process leading to a decision of the General Assembly to strengthen the CERF would take time. Taking into account the World Humanitarian Summit in April 2016, it seems that the 2016 fall session of the General Assembly would be appropriate for the Secretary-General to make a proposal for consideration and hopefully adoption by the General Assembly. The study outlined the steps that OCHA may wish to consider in the preparation of a proposal to strengthen the CERF, the mobilization of support for the initiative, as well as the broader context to best put forward such a proposal.

I. INTRODUCTION

Since the CERF was upgraded with a grant component of \$450 million target in 2005, the CERF has been well supported, with contributions exceeding the target in 2008, 2011, 2013 and 2014. At the same time, global humanitarian funding requirements through humanitarian appeals have more than tripled from \$5.2 billion in 2006 to \$17.9 billion in 2014, and global funding for humanitarian assistance has almost doubled from \$7.7 billion in 2006 to \$14.4 billion in 2013. While CERF disbursement in 2007 was equivalent to 7.5 per cent of global humanitarian requirements or 4.5 per cent of recorded global humanitarian spending, CERF disbursement in 2013 accounts for only 2.5 per cent of global funding needs through humanitarian appeals, and amounts to 3.4 per cent of all global humanitarian expenditures. Moreover, with growing humanitarian crises and needs, as well as the number of protracted emergencies, humanitarian partners of the UN system look to CERF for strengthened support.

Figure A: Trends in funding requirements and people in need



Source: World Humanitarian Data and Trends 2014, OCHA

The year of 2014 has turned out to be the most challenging year for the international aid system and 2015 most likely to be even more so. Humanitarian needs are dominated by conflict related humanitarian crises, many of them have become protracted while intensified from time to time. Many are of the view that the humanitarian system is reaching a breaking point if additional humanitarian funding is not forthcoming and

political solutions to conflicts are not reached quickly. It is clear that the humanitarian financing system must be strengthened to make it more robust and sustainable. As far as the CERF is concerned, the question is what role it should play in a strengthened humanitarian financing system.

Encouraged by humanitarian partners and some key donors, OCHA has decided to undertake an assessment of opportunities for an expansion of the CERF. As a first step, OCHA has commissioned two related studies to be undertaken in parallel, one focusing on exploring if and why the CERF potentially should increase its funding target and the other to examine the feasibility and viability of having the expansion of the CERF funded in part or in whole through assessed contributions of the United Nations.

This study is undertaken to address the latter. It will consider, as requested by OCHA, the following key questions:

1. How assessed contributions function according to UN rules and regulations?
2. What are the legal, policy, political, financial, budgetary, administrative and other issues relating to CERF funded through assessed contributions?
3. What could be the implications of CERF being partially or fully funded through assessed contributions on the CERF, on humanitarian financing, and on global humanitarian action?
4. If affirmative, what are the options for configuring the CERF vis-à-vis assessed and voluntary contributions? What would be the roadmap for taking this forward?

The report will not make actionable recommendations, but will provide information, analysis and options for the ERC to draw appropriate conclusions and take relevant decisions.

II. ASSESSED CONTRIBUTIONS OF THE UNITED NATIONS

The Charter of the United Nations defines the functions and powers of the General Assembly and the Secretariat. Article 17 of the Charter stipulates that the General Assembly shall consider and approve the budget of the Organization, while the Secretary-General, as the Chief Administrative Officer of the Organization (Article 97 of the Charter) is responsible for the preparation of the budget of the Organization for consideration and approval by the General Assembly.

The budget of the United Nations is composed mainly of the regular budget and the budget of peacekeeping operations. Contributions to the regular budget of the UN by Member States are determined on the basis of a scale of assessment recommended by the Committee on Contributions and decided by the General Assembly. For peacekeeping operations, the scale of assessments is different and is “based on the scale of assessments

for the regular budget of the United Nations, with an appropriate and transparent system of adjustments based on levels of Member States".¹

Budget proposals for both the regular budget and peacekeeping operations are prepared and submitted by the Secretary-General on the basis of legislative decisions and mandates, in accordance with the Financial Rules and Regulations of the United Nations.²

While both the regular budget and the peacekeeping operations budget are funded by the United Nations, they are considered separately and having different budget cycles. The budget period of the regular budget consists of two consecutive calendar years, beginning with an even year. The budget period for peacekeeping operations is one year, from 1 July to 30 June. Budgets for new peacekeeping operations are reviewed and approved as and when necessary on a case-by-case basis. The regular budget of the United Nations is considered and approved as a package every two years with special political missions being part of the regular budget. New special political missions are also considered as additions and approved on a case-by-case basis.

The CERF was first established by the General Assembly in resolution 46/182 in 1991 as a loan facility with a \$50 million target and later upgraded with an additional grant component of \$450 million by the Assembly in 2005. Any change to the scope, operation and size of the CERF, including its possible funding from assessed contributions, will need to be a decision of the Assembly.

For a major decision pertaining to the strengthening of the CERF, it would be appropriate for the Secretary-General to make a proposal to the General Assembly at an opportune time for the consideration and approval by Member States. It would be desirable if the proposal was based on a request of the Economic and Social Council or the General Assembly for a study on the subject matter. The proposal can then be made through the annual report of the Secretary-General on the strengthening of the coordination of humanitarian assistance of the UN system.

The proposal should give an analysis of the challenges of humanitarian financing in the coming years and put forward compelling arguments why the UN should fund an increase of the CERF or part of it from assessed contributions. Some broad considerations in this regard include:

1. Past experiences have demonstrated the close link between the need for humanitarian assistance and the maintenance of peace and security and that the UN should consider a more coherent and consistent support of these inter-related

¹ While peacekeeping budget contributions are based on the scale of assessments for the Regular Budget, the five permanent members of the Security Council, who have veto power, pay a surcharge on top of their regular budget assessments. This compensates for developing countries that pay less.

² ST/SGB/2013/4

activities. This applies in particular to recent mega emergencies such as those in Syria, Iraq, South Sudan, and Central African Republic.³

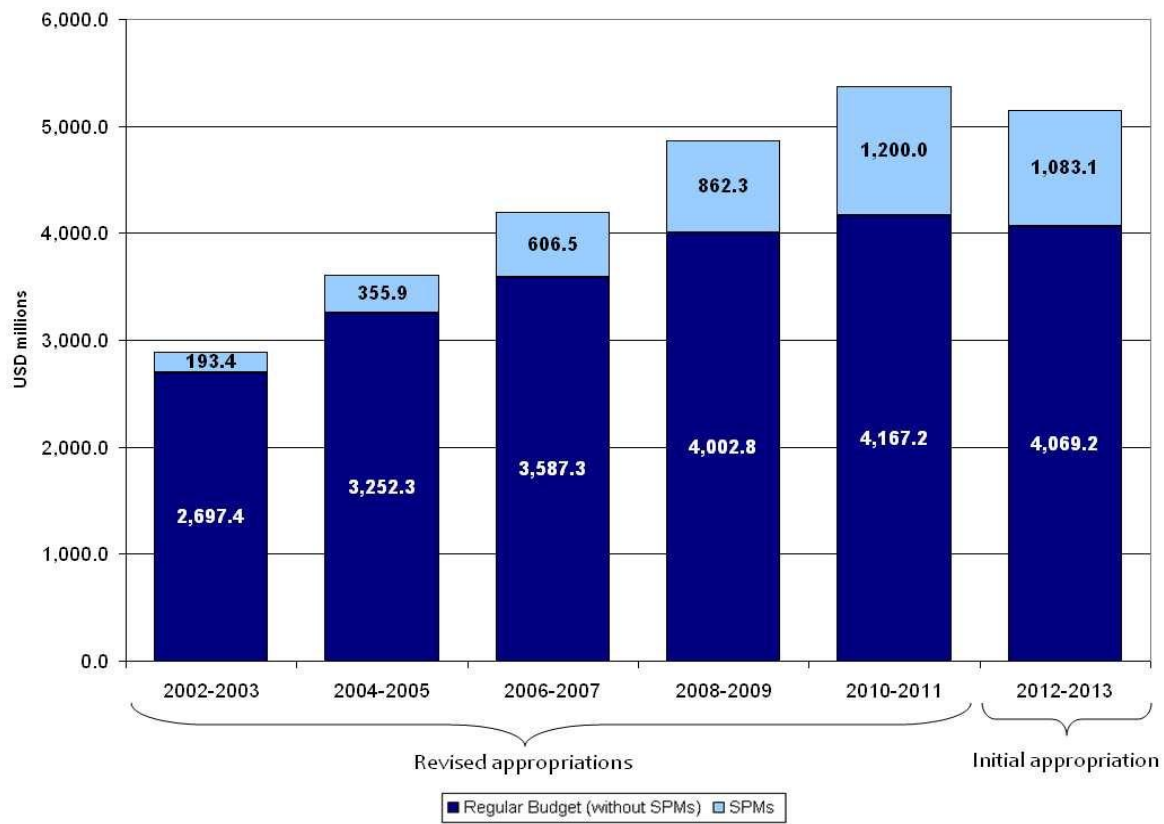
2. Humanitarian assistance is universally regarded as a core function of the UN system and assessed contributions for the CERF will reinforce the central role of the United Nations in providing leadership and coordination of such assistance.
3. Funding through assessed contributions will reinforce the commitment by all countries to supporting humanitarian assistance as a universal endeavour and a manifestation of international solidarity with those who are in humanitarian needs, as distinct from some perception that it is primarily a Western countries' driven intervention.
4. It will commit all countries to support humanitarian assistance through multilateral channels and would further empower the UN to ensure an impartial and needs driven approach to such assistance.
5. Support of the CERF through assessed contributions will provide predictability and sustainability to CERF funding and thereby contribute to an even more effective and efficient CERF management, as well as streamlining and saving costs in resource mobilization by OCHA and partner agencies.
6. Funding through assessed contributions would bring more evenly distributed support from Member States. In 2014, the top 10 donors to the CERF provides 95 per cent of total CERF income while the top ten contributors of the Regular Budget of the UN provides 68.2 per cent of its requirements.

A decision by OCHA to seek assessed contributions to strengthen the CERF should also keep in mind the following:

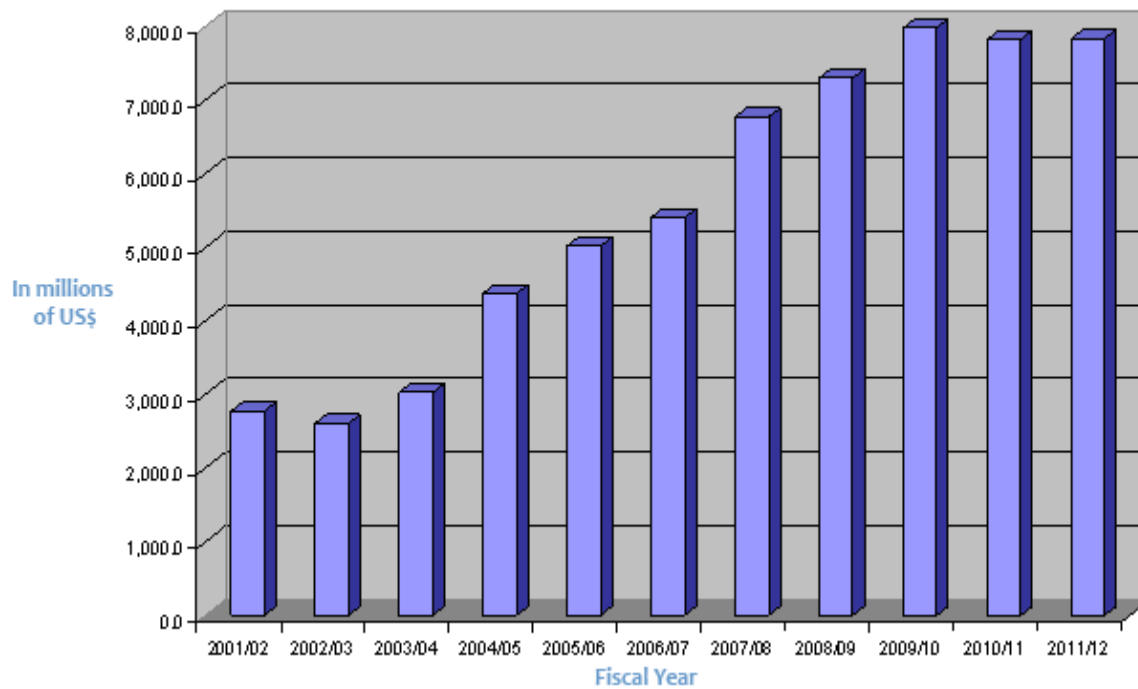
1. The UN is perceived to be under constant pressure to keep its overall budget contained although UN expenditures through assessed contributions have increased steadily in the last ten years. Increases concentrated mainly in the peacekeeping and political areas.⁴ The annual budget for Peacekeeping operations have increased from \$2.8 billion in 2001-2002 to \$7.8 in 2011-12 while the annual budget of Special Political Missions (SPM) that are funded from the regular budget of the UN have increase from roughly \$97 million in 2001-2002 to over \$500 million in 2012-2013. Human rights have also enjoying a two-fold increase in regular budget appropriation in the last ten years. In contrast, assessed contributions funding for development and humanitarian activities have remained largely unchanged in the same period of time.

³ One should be aware that similar arguments are made for development and human rights activities.

⁴ Peacekeeping operations and Special Political Missions vary in number, size and duration each. The Fifth Committee of the Assembly reviews and adjusts their budget throughout the year.



The Evolution of Approved Peacekeeping Resources 2001-02-2011/12



Source: United Nations

2. The UN is the only international institution with the mandate for the maintenance of peace and security. It is universally accepted that the UN should fund peacekeeping operations and special political missions that are authorized by the Security Council. Humanitarian assistance however requires no specific decision by the Security Council and/or the Assembly. The humanitarian assistance architecture is decentralized with many different actors at different levels and most donors, traditional and otherwise, prefer flexibility in addressing humanitarian funding requirements. Funding the CERF through assessed contributions would require a fundamental rethinking of Member States on how humanitarian assistance should be funded in the future, given the increasing number of conflict related emergencies and their intrinsic link to the maintenance of peace and security.
3. To put the possible funding of a part of total increase of the CERF from assessed contributions in perspective, a decision of the General Assembly to upgrade the target of the CERF to \$1 billion with \$500 million to be funded through assessed contributions would represent an increase of 5 per cent of UN total expenditures, including peacekeeping operations. If funded through the regular budget of the United Nations, it would constitute 20 per cent of that budget.
4. Assessed contributions have been used primarily for funding the Secretariat and for operations carried out by the United Nations itself. There is a Development Account funded from the Regular Budget that provides currently \$28 million for the biennium 2014-2015 that funded technical cooperation for development projects. Their projects (currently 45) are reviewed and approved by the General Assembly before implementation. All these projects are implemented by UN entities such as the Department of Economic and Social Affairs (DESA), the United Nations Conference on Trade and Development (UNCTAD), and the regional commissions. All costs relating to the design and implementation of these projects are absorbed by these entities. An example of the inclusion of assistance grants in the Regular Budget of the UN is OCHA's own Disaster Relief Grant but it constitutes an extremely small part of UN overall expenditures. OCHA annual appropriation for the Disaster Relief Grant is \$750,000 and is included as part of OCHA budget. It would therefore be quite a novelty for the General Assembly to approve a large amount for the CERF to be given as grants by the Secretary-General to agencies for implementation.
5. The Fifth Committee and ACABQ review and approve budgets to ensure that they are in line with specific legislative mandates and that resources requested are justified for the tasks to be undertaken. In accordance to financial rules and regulations, these bodies will review any draft resolution to fund the CERF from assessed contributions before its final approval by the General Assembly. They could recommend monitoring and other accountability measures to the General Assembly regarding the management of the CERF that may affect the functioning of the CERF. ACABQ most likely will request a lot of information and reports on everything relating to CERF operations.

6. The Fifth Committee and ACABQ are known for their financial conservatism and its practice to get into minute details of the UN budget.⁵ CERF is highly regarded as a well managed, flexible, focussed as well as quick in disbursing fund to implementing partners and is well supported by Member States for those reasons. The performance and management of the CERF must therefore not be compromised regardless the source of funding. OCHA must find a way to avoid these processes from affecting the flexibility and quickness of CERF disbursements. One consideration is to spell out in as much detail as possible about the management of the CERF and the authority of the Secretary-General on the basis of CERF best practices in the authorizing resolution to avoid unnecessary micro-management by these bodies. In that context, the Secretary-General may also consider the option of proposing the strengthening of the role of the CERF Advisory Board in providing oversight in the use of the CERF in order to allay the concern of some about the proper use of assessed contributions.
7. Should the General Assembly decide to include the CERF in the United Nations budget as a grant facility to be given to humanitarian partners, the United Nations could provide programme support (currently 7 per cent of a project) to them as direct costs. The United Nations, including OCHA, would not be able to charge administrative expenditures incurred (considered in UN context as indirect costs that is equivalent to the 3 per cent the UN charged to projects funded from the current CERF) to the assessed contributions of the grant. The UN and OCHA will have to find other ways to absorb such costs, either through requesting additional posts from its regular budget or through extra-budgetary support. It should be noted that UN budgets fund activities essentially implemented or backstopped by regular staff of the UN, with the exception of peacekeeping operations that the General Assembly has been approving as a separate support account. The Department of Political Affairs has difficulties to backstop special political missions in recent years because of the rapid increase in the number and size of such missions without corresponding increase in resources through the Regular Budget. The Assembly has so far declined to provide it with either a separate support account similar to peacekeeping operations or to increase adequately the number of staff needed. The Department of Public Affairs (DPA) has to turn to voluntary contributions to support its conflict prevention activities and to backstop special political missions.⁶
8. A decision by the General Assembly to fund an increase of the CERF from assessed contributions should be taken by consensus. Such a decision will have substantial financial implications for the major contributors to the assessed contributions of the United Nations. Among the ten biggest contributors to the UN budget⁷, only three (Germany, United Kingdom, and Canada) are also in the list of the top ten donors to the CERF. The United States, providing \$4 million to the CERF in 2014, would be obligated

⁵ DPKO, DPA, and DFS have to devote inordinate amount of staff time to prepare reports for and to answer questions and queries from the ACABQ and the Fifth Committee. OCHA would have to prepare for similar demand.

⁶ Extra-budgetary expenditures now account for one-third of DPA annual requirement.

⁷ Top ten contributors provide 68.2% of total regular budget of the UN while top ten donors for the CERF provide 90.6% of contributions received in 2015.

to provide \$110 million if an increase of \$500 million for the CERF were to be financed from assessed contributions of the UN.⁸ As another example, China's share would be \$25.7 million through assessed contribution in comparison to its \$1 million contribution to the CERF in 2014.⁹ The understanding and support of major contributors to assessed contributions of the United Nations is critical for reaching consensus on an enabling resolution.

Top Ten Contributors to the Regular Budget of the UN for 2015:

United States	22.0%
Japan	10.8%
Germany	7.1%
France	5.6%
United Kingdom	5.2%
China	5.2%
Canada	2.9%
Spain	2.9%
Brazil	2.9%
Russian Federation	2.4%
	68.2%
Total	

Top Ten Donors to the CERF in 2014:

United Kingdom	\$113.2 Million
Sweden	\$ 72.6 Million
Norway	\$ 66.1 Million
Netherlands	\$ 54.9 Million
Germany	\$ 29.8 Million
Canada	\$ 26.7 Million
Denmark	\$ 18.2 Million
Belgium	\$ 17.6 Million
Australia	\$ 14.6 Million
Ireland	\$ 12.2 Million
	\$425.9 Million (90.6% of total contributions)
Total	

Should the General Assembly decide to increase the size of the CERF through assessed contributions while maintaining \$450 million as a target to be funded through voluntary contributions, the obligations of Member States to finance assessed contributions for this purpose may adversely affect their ability or willingness to continue to fund the CERF through voluntary contributions at the same level.

⁸ Using the current scale of assessment for the Regular Budget of the UN

⁹ The scale of assessment is adjusted every three years and the assessment for China went up from 3.9% in 2012 to currently 5.1%. It will most likely increase to slightly over 9% at the next adjustment.

9. Within the existing framework of humanitarian financing, it is not certain that a decision by the General Assembly to fund the CERF from assessed contributions would definitely represent a substantial net increase in resources available for the humanitarian system. It has been pointed out by a number of Member States that their governments most likely will cut back on their voluntary contributions to the CERF if they have to fund it through assessed contributions. Others mentioned that any increase for the CERF would need to be redeployed from funding earmarked for other humanitarian organizations given the limited resources available within their governments. This could change however if there is a fundamental rethinking of how humanitarian assistance should be funded in the future. Many Member States agreed that while the General Assembly and the Security Council expect the humanitarian needs of conflict-related crises to be fully addressed, they do not directly contribute to the financing of these operations. To them, it would be timely to explore funding humanitarian assistance from resources available for the maintenance of peace and security.

III. OPTIONS FOR FUNDING CERF FROM ASSESSED CONTRIBUTIONS

In seeking UN assessed contributions for a strengthened CERF, OCHA could consider the following options:

1. As part of the Regular Budget of the United Nations and the use of its scale of assessment accordingly;
2. As a separate assessed contributions mechanism similar to peacekeeping operations while using the scale of assessments of the Regular Budget;
3. As a separate assessed contributions mechanism, using the scale of assessments of Peacekeeping operations;
4. As a separate assessed contributions mechanism, similar to the Tribunals, with a hybrid scale of assessments composing 50 per cent each of the scale of assessments of the Regular Budget and Peacekeeping operations.

Regarding **option 1**, one should keep in mind that the Regular Budget of the United Nations has been under considerable pressure in recent years and the politics of the Fifth Committee has made negotiations on the biennium budget increasingly difficult, affecting everything that is funded from it. The negotiations on the 2016-2017 budget outline and the agreement reached last December ended up reducing \$120 million from SPMs and \$78 million from the rest of the proposed budget even though the Secretary-General's original proposal was already \$250 million below the 2014-2015 budget. This definitely does not bode well for a proposal for the CERF to be funded from the Regular Budget in the near future.

Option 2 would also be subject to the overall budget constraint of the UN but at least would insulate the funding of the CERF from the bargaining and horse trading of the Fifth Committee relating to the Regular Budget. The scale of assessment is more equitable in compare with that of peacekeeping and would demand not as much from the five permanent members of the Security Council.

Option 3 would be using the scale of assessment for Peacekeeping Operations but would be separate from the peacekeeping account for financial management purposes. This option would entail greater burden for the P-5. One would also have to come up with solid reasons for using the peacekeeping scale of assessment for humanitarian assistance without the direct decision of the Security Council since all peacekeeping operations are approved by it.

Option 4 could be considered as recognition of a link between humanitarian assistance and the maintenance of peace and security on the one hand and its “independent” and “needs” driven principles on the other. The option would still put greater burden on the P-5 and subject to the same question relating to the role of the Security Council.

In seeking assessed contributions for an increase of the CERF in part or in total for both the rapid response and the underfunded windows, OCHA could consider seeking assessed contributions only for immediate system-wide response to mega emergencies, with increases needed for other activities continue to be funded through voluntary contributions. This option has the advantage of establishing a more direct link to the maintenance of peace and security and a clearer and simpler rationale for requesting assessed contributions on the basis that the UN is the only Organization that can ratchet up a quickly comprehensive response to mega emergencies, particularly conflict-related emergencies.¹⁰

¹⁰ For example, it was suggested that OCHA could proceed on the assumption that there will be need to address 2 to 3 new mega emergencies each year in the future and that \$100 million will be required to scale up immediately the UN response for each of these mega emergencies.

IV. THE SCOPE AND SIZE OF THE STRENGTHENED CERF

The Scope

Delegations interviewed for this study are positive about the CERF and consider it a valuable funding tool for the following main reasons:

1. CERF is simple, easy to understand in terms of its purposes, and is focussed in fulfilling its purposes.
2. It has become an essential funding mechanism for ensuring immediate response to disasters and emergencies large and small.
3. It is quick and flexible in its disbursement.
4. It is well managed in comparison with funds administered by other organizations of the UN system.
5. It is well supported with the target of \$450 million almost fully subscribed since 2006.
6. OCHA has disbursed almost all contributions in a transparent, objective and accountable manner each year.

It would therefore be important to retain these attributes regardless whether a strengthened CERF were to be funded through assessed or voluntary contributions.

The leadership of the ERC, the quickness of disbursement and the flexibility in its use are considered the three critical elements.

Humanitarian agencies are happy that the CERF has brought additional funding to their humanitarian operations¹¹. While they appreciate the rapid response window for new disasters and emergencies, they find the “underfunded emergencies” window particularly useful. One reason is that key UN humanitarian partners have their own in-house rapid response funding mechanisms. Moreover, they see funding for underfunded emergencies from the CERF as clearly additional resources that would not be available to them otherwise. As a matter of fact, the United Nations Children’s Fund (UNICEF) will propose to its Executive Board to increase its Emergency Programme Fund from \$50 to \$75 million per biennium in 2015.

Most Member States like the life-saving focus of the CERF and would not like the scope of the CERF to go beyond its current “rapid response” and “underfunded” windows. Both developed and developing countries share this view. Though not supportive of a separate new window for “resilience and preparedness”, many countries however would like to see projects submitted for CERF funding designed in such a way that they would support building resilience and preparedness.¹² In their view, countries have the primary

¹¹ Confirmed by a recent evaluation commissioned by WFP. The evaluation confirmed that the added value of pooled funds, including the CERF, comes mainly from their relative timeliness, predictability and additionality.

¹² Arguments against the CERF funding directly “resilience and preparedness” include: a. building resilience and preparedness is first and foremost the responsibility of the country concerned; b. funding needs to be

responsibility for building resilience and preparedness, and financial support can best be provided elsewhere. It is suggested that OCHA should consider negotiating partnership agreements with its implementing partners on making more strategic use of the CERF to promote a more robust “risk management” approach, particularly for activities in protracted emergencies and in response to natural disasters.¹³

As regards the proposal to establish a “super” CERF to address mega emergencies, most member states are in support of using the CERF to launch immediate response, but are of the view that subsequent funding should be addressed by other mechanism, multilateral or otherwise. It was pointed out that mega emergencies such as Syria and Iraq get mega attention and media coverage, accompanied by robust advocacy and fund raising efforts, including through well attended donor conferences. CERF, therefore, could not and should not be expanded to fund such mega emergencies per se. OCHA could consider strengthening the CERF to provide the necessary funding for priority life-saving requirements for the first three months of a mega emergency as and when it occurs. On the basis of recent experiences, OCHA could determine the magnitude of the CERF increase that would be needed.¹⁴

To complement the use of the CERF to fund immediate response to a mega emergency, it was suggested that OCHA could more systematically use country based pooled funds to support overall humanitarian requirements. Given the complexities and the political nature of many of mega emergencies, OCHA should consider striking a proper balance between the role of the Headquarters and the field in the strategic use and the management of such funds. Such arrangements would be in line with the preferences expressed by member states for a case-by-case approach to mega emergencies.

As for natural disasters, some Member States pointed out that many disaster-affected countries have been increasingly assuming responsibility for humanitarian response and in overall coordination of assistance. OCHA should consider how best to support such efforts, including in the use of the CERF. It was also suggested that OCHA should explore expanding the eligibility of the use of the CERF for governmental relief agencies in natural disasters, taking fully into consideration the importance of accountability and quickness of response.

Given the increasing humanitarian needs and the growing funding gaps, the imperative to strengthen resources for underfunded emergencies has also become apparent. Humanitarian agencies have found the underfunded window extremely useful but inadequate to address the scale of their requirements. It has been suggested that resources

linked to government plan and are by nature longer-term based; c. funding for capacity-building activities should best be country based; d. OCHA does not have the expertise to properly ensure the effective use of the CERF for this purpose.

¹³ See also the related study on the review of the added value of a reformed Central Emergency Response Fund.

¹⁴ It has been suggested that CERF increase for this purpose could be calculated on the assumption that in a given year, it should be able to fund initial responses to 2-3 mega emergencies in the magnitude of \$100 million for each.

for underfunded emergencies of the CERF should be at least doubled to be in line with the magnitude of the increase of humanitarian needs of underfunded emergencies since 2006.

Jan Egeland, the former ERC who spearheaded the increase of the CERF target size to \$500 million in 2015, recalled that one of the original intent of strengthened CERF was to provide better common support and services to all humanitarian organizations across the board, including Non-governmental organizations (NGOs) and other humanitarian partners. He advised OCHA to consider a more robust use of the CERF for financing such common support and services, including funding the immediate activation of such services for mega emergencies. This view is shared by some other stakeholders.

Size of a strengthened CERF

In deciding on the possible size of the increase for the CERF, OCHA should take into consideration the following:

1. The opportunity for getting the General Assembly to consider and approve to increase the size of the CERF and how it should be funded do not come often and it takes considerable time and resources to prepare and mobilize support for such decisions. OCHA should therefore think of a strengthened CERF that can adequately fulfil its purpose for at least the next ten years.
2. While the financial considerations of Member States should be taken into account, OCHA should consider taking a principled approach and base its proposal on what is really needed from a humanitarian perspective to enable the CERF to make a difference in achieving its objectives.
3. As far as assessed contributions for the CERF is concerned, considerable efforts will be needed to persuade Member States, particularly the major contributors to the UN budget, to support such a proposal, regardless whether the size is \$100 million or \$500 million.
4. If the increase is to be funded by voluntary contributions, the attainment of the new target can be by stages to allow time for OCHA to work with Member States to reach the target and get the necessary parliamentary support as appropriate.
5. A \$1 billion target is a good, simple and easy to register in the mind of people and could definitely be explored, but OCHA must come out with solid analysis and how the increase is needed and used in the future based on experiences so far in responding to disasters and emergencies, as well as in addressing the needs of underfunded emergencies.

V. MEMBER STATES AND THEIR SUPPORT

In light of the importance of the support of Member States for a possible increase of the CERF, the study tried to interview as many representatives of Member States as possible, including those who have direct experiences in humanitarian assistance and its financing, as well as those who understand the funding of the United Nations and the dynamics and politics of the intergovernmental decision-making process and oversight mechanism. Given the limited time available, only a sample group of representatives from traditional donors and developing countries were interviewed.¹⁵ The following observations can be provided on the basis of consultations undertaken:

1. The CERF is well appreciated for what it has achieved. It is considered well managed under the leadership of the ERC, who has demonstrated that a humanitarian fund can be used on a need basis in an impartial manner. It is regarded as a simple, flexible, quick and yet accountable financing instrument. Its twin purposes of immediate response to crises and supporting underfunded emergencies have proven unique and valuable.
2. Member States in general support an increase in the size of the CERF if OCHA can demonstrate the real need for such an increase. They also have a strong preference for the CERF to keep its focus on the two key windows of the Fund.
3. Many major donors to the CERF however advise that before OCHA put forward such a proposal, it should first address some of its shortcomings. These include the issues of the timely disbursement of funds by UN agencies to their NGO implementing partners, the change from the culture of “pie-sharing” to a more strategic use of the CERF in accordance to prioritized needs at the country level, and the concern that agencies are charging 7 per cent PSC and not sharing it with implementing partners.
4. Many countries, particularly the Nordic countries, that are strong supporters of the United Nations and its coordination role, value the CERF in bringing about a more strategic and coherent UN wide response to disasters and emergencies. They would like to see a even more active and strategic use of the CERF to drive global response to disasters and emergencies. It should be noted however that the CERF could only do so if it has substantial resources at its disposal.
5. Much has changed since the CERF was upgraded with a grant element in 2005. There are more humanitarian actors and financing instruments, with the CERF being just one of many. Some donors see the limitation of the CERF in it being accessible only by 10 UN agencies. NGOs have practically given up on direct access to the CERF. Donors are under increasing pressure to work through NGOs, particularly their own national NGOs. Developing countries have always preferred

¹⁵ See Annex II for complete list of interviewees. Should OCHA decide to bring this study forward to the next phase, it should devote more time for additional consultations with Member States.

providing humanitarian assistance bilaterally or through their national Red Crescent Societies and/or their national or local NGOs. Most Member States have a strong preference to use their humanitarian resources strategically and find it fit their purposes better by keeping a diversified range of financing instruments and use those that fit best the specific requirements of different humanitarian crises.¹⁶ Resources available to support an increase of the CERF are therefore limited.

6. The three biggest contributors to the CERF, United Kingdom, Norway, and Sweden have been providing substantial support to the CERF in good part because their respective governments have been increasing their assistance budget to reach their respective Official Development Assistance (ODA) targets. Now that those targets have been reached, they would find it very difficult to come up with additional resources to increase their contributions to the CERF. They also expressed reluctance to redeploy humanitarian resources from elsewhere for this purpose.
7. Governments, the key donors of the CERF in particular, emphasized the importance of visibility of their contributions, including results and impact of their use for their support to the CERF to be sustained or increased. OCHA is strongly urged to step up its advocacy and communication strategy to make the uniqueness, efficiency and impact of the CERF and the difference donors contributions have made better known at the global, regional and their own country levels.
8. Many donors would like OCHA to make better use of the key financing instruments at its disposal, particularly in enhancing the complementarity between the CERF and the Country-Based Pooled Fund (CBPF). It was suggested, for example, that the CERF should continue to focus on kick starting immediate response for a new emergency to be complemented by the establishment or reinforcement of a country based pooled fund to provide longer-term support.
9. Current big donors to the CERF strongly suggested that OCHA should look for additional funding for the CERF from other Member States. They are of the view that OCHA should mobilize support from the Gulf and BRICS countries. References are also made to foundations, private sector and other potential funding sources.
10. OCHA has a good standing among developing countries. It is regarded as objective and impartial in the coordination of humanitarian assistance. It has also a good reputation in the management of the CERF. To them, OCHA has done quite well in demonstrating how the CERF has made a difference in saving lives. It is most likely that developing countries will support the strengthening of the CERF, particularly through voluntary contributions.
11. Gulf countries have been increasing their humanitarian assistance in recent years, including through multilateral channels for political, visibility and humanitarian

¹⁶ One government cited a recent study that has demonstrated that divergent funding arrangement is good for the delivery of humanitarian assistance.

reasons. These countries definitely have the potential to support the CERF in a substantial way in the future, particularly through voluntary contributions. These countries cautioned that OCHA do not approach them as “ATM machine” but as serious equal partners in humanitarian assistance. In moving forward on the proposal of increasing the size of the CERF, OCHA is advised to engage and consult them very early on, perhaps through some consultations mechanism that includes a representative group of Member States.

12. In recent years, OCHA has been trying to build partnership with an increasing number of developing countries, including the Gulf countries. OCHA has signed letters of understanding with these countries, outlining specific areas for cooperation, including information sharing, training, and technical support to government agencies on response preparedness and risk management. OCHA should consider scaling up such efforts as a foundation to mobilize their support for a strengthened CERF. Timing is quite good since many developing countries consider humanitarian assistance as a government responsibility and they are increasingly open to providing some of such assistance through multilateral channels.
13. Regarding possible funding from assessed contributions, while some found the idea interesting and worth further exploration, others consider the idea as a “non-starter” and see such arrangements could compromise the flexibility and quickness of the CERF. Major contributors to UN assessed contributions expressed their strong reservations or objections to the idea.¹⁷
14. Many governments also expressed their concern that funding the CERF from both assessed and voluntary contributions may bring confusion and may reduce the amount OCHA will receive from voluntary contributions. Some key donors to the CERF mentioned their preference for it to continue to be funded on a voluntary basis for greater visibility and influence of their governments.

¹⁷ The United States made it very clear that it will not support such a proposal. Japan expressed serious reservation and considered such a move would be against the voluntary nature of humanitarian assistance. The United Kingdom also had serious problem with such a proposal given their serious problem relating to the finance of the United Nations. The Russian Federation also expressed their inability to support such a move. China has so far not responded to a request for an interview on the ground that no instruction has yet been received from Beijing.

VI. A POSSIBLE ROADMAP LEADING TO A DECISION BY THE GENERAL ASSEMBLY

This study was commissioned by OCHA in order to facilitate the ERC to consider whether to seek an increase in the target size of the CERF and the possible funding in part or in total from assessed contributions. It is understood that a policy decision in this regard has yet to be made. However, in terms of putting to the General Assembly a proposal to strengthen the CERF, regardless of whether the increase will continue to be funded from voluntary contributions or to be funded in part or in total from assessed contributions, OCHA should take into consideration the following:

1. When the CERF was upgraded to a \$500 million fund with a grant facility in 2005, it was put forward as an essential component of a humanitarian reform that included also the strengthening of the humanitarian coordination system and the introduction of the cluster approach to address gaps in response and enhance the quality of humanitarian action. OCHA may wish to consider doing likewise, i.e. to put forward the further strengthening of the CERF as an integral part of a reform package to strengthen the international humanitarian system.
2. The process of preparation will take time and should take into account important related activities such as the Secretary-General's initiative to convene a high-level panel on the future of humanitarian financing system in 2015 and the World Humanitarian Summit that will be convened in April 2016. OCHA should also follow closely the preparation, deliberations and outcome of the International Conference on Financing for Development that will be convened in July 2015, particularly on the possible financing of disaster preparedness and risk management as well as on the inter-linkage between development and humanitarian financing.
3. In addition, OCHA should also consider how to mobilize political support for the strengthening of the CERF before any proposal is finalized for submission to the General Assembly for consideration and action, including possibly through fora such as the G-20. The leadership and advocacy roles of the Secretary-General and the ERC would be critical.

On the basis of the above, should OCHA decide to proceed with a proposal to strengthen the CERF through an increase of its target size, a possible roadmap leading to a decision of the General Assembly is outlined as follows:

1. As soon as a decision in principle is taken to strengthen the CERF, OCHA should undertake more structured consultations with Member States on various aspects of the proposal and to mobilize their understanding and support. Such consultations could begin as soon as possible leading up to the articulation and finalization of a proposal of the Secretary-General on strengthening the CERF for submission to the General Assembly in the fall of 2016;

2. OCHA could consider including in the Secretary-General report on “the strengthening of coordination of humanitarian assistance of the UN system” for 2015 a reference to the need and reasons for the strengthening the CERF, taking into account the possible outcome of the High Level Panel on Humanitarian Financing;
3. OCHA works with interested Member States at the 2015 session of the General Assembly to include in the resolution on humanitarian assistance a request for a study by the Secretary-General on the strengthening of the humanitarian financing system for submission to the Assembly in 2016;
4. In early 2016, OCHA should elaborate and fine tune its proposal for the strengthening of the CERF in light of its consultations with Member States. The proposal could be presented to the World Humanitarian Summit for its consideration and possibly support;
5. In the fall of 2016, the Secretary-General puts forward a concrete and detailed proposal on the strengthening of the CERF, taking into consideration the deliberations and conclusions of the Humanitarian Summit¹⁸;
6. OCHA supports Member States in the finalization of a draft resolution on the strengthening of the CERF for approval by the General Assembly before the end of 2016¹⁹;
7. Depending on the decision of the Assembly concerning the day the resolution would come into effect, the Controller’s office would incorporate the requirements into the programme budget of the UN. One possible option is to have such requirements included in the 2018-2019 proposed budget outline for consideration and approval by GA in 2017.

¹⁸ The report will be prepared by OCHA and will need to be cleared by the Controller’s Office if it entails financial implications for the Organization

¹⁹ The Controller’s Office will be responsible for preparing a document on the Programme and Budget implications (PBI) of the draft resolution to be submitted to the Assembly before the adoption of the resolution. The Fifth Committee will review the PBI and provides its inputs.

VII. CONCLUDING REFLECTIONS

The humanitarian landscape has undertaken dramatic changes in the last decade. While the role of the United Nations in providing leadership, coordination, strategic planning and prioritization continues to be valued by Member States, many other actors outside of the UN system, including NGOs, civil societies and private sectors are considered viable and sometimes better alternatives in light of their proximity and knowledge of affected population and community and their strong presence on the ground. Many governments of affected countries have assumed direct responsibilities for the provision of disaster relief assistance and the coordination of external support. Local NGOs and civil societies have also become active assistance providers. The UN system is facing an increasingly competitive environment when it comes to donors' financial support.

With humanitarian needs increased more than three times in the last ten years, the humanitarian financing system has been stressed to its brink. Mega emergencies of recent years have not only put a disproportionate burden on the system, but they have become protracted and there is no solution in sight for these conflict related mega emergencies. If anything, more may be in the horizon.

In recent years, there is growing recognition that the provision of humanitarian assistance is a responsibility of governments concerned. Governments are also expected by their population as well as by the world community to support other countries when disasters strike. The challenge for the UN is to harness the support of these governments into a collective commitment to ensure adequate and timely funding for disasters and emergencies, large or small and regardless whether or not they attract media attention. OCHA should promote a reflection on how to fund humanitarian assistance adequately and in a sustainable manner going into the future. The funding of the CERF from assessed contributions is a novel idea. Like any new ideas, many doubts and questions have been raised. New ideas also need time to mature, refine, and hopefully be accepted. OCHA needs to take this into account in deciding what it would like to do in terms of strengthening the CERF.

The UN humanitarian organizations are the ones that benefit the most from the CERF. They should support OCHA in making it a truly effective tool by addressing some of the outstanding concerns relating to the use of the CERF. They should also support OCHA in mobilizing support for a viable and dynamic CERF.

OCHA has come a long way in building partnership with developing countries. It has a good standing with many of them. It should step up efforts to strengthen such partnership and invite them to join as equal partners in the strengthening of the humanitarian financing system, including the CERF.

Last but not least, the strengthening of the humanitarian financing system, including the CERF would benefit from political support of Member States at the highest level. It seems likely that Turkey, Chair of the G-20 for 2015, will try to put on the agenda of the G-20

summit the question of how to fund protracted mega emergencies. OCHA should work with the government of Turkey to see whether that can be broadened to include the future challenges of the humanitarian financing system, including the strengthening of the CERF. The support of the G-20 can be a valuable impetus for the Humanitarian Summit in 2016 to endorse the strengthening of the CERF.

ANNEXES

I. METHODOLOGY

For this study, the consultant first undertook a literature review to understanding the working of assessed contributions of the United Nations, including those relating to the regular budget as well as peacekeeping operations. The research include studies of relevant UN regulations and rules pertaining to financial management and the roles of various intergovernmental and expert bodies pertaining to the process of review and decision relating to the budget. The study also attempts to come to grip with the respective authorities and roles of the Secretary-General and the Secretariat on the one hand and relevant intergovernmental bodies on the other in this process and their interaction.

The literature review tried to appreciate the evolution of the UN budget over the years and what activities were funded and why some activities enjoyed increases in recent years. The study also tried to find out how the UN budgets have been used to fund assistance activities, particularly through grants and the details about the process in their uses, particularly the role of the Fifth Committee and ACABQ.

In undertaking the literature review, the consultancy also focussed on how the use of assessed contributions would affect the use of the CERF, particularly the authority of the ERC in disbursing the Fund in a flexible and timely manner. The study also tries to appreciate the preoccupations of the General Assembly, particularly the Fifth Committee and ACABQ, in the use of assessed contributions.

The literature review was then followed by a series of interviews with various stakeholders. Interviews with OCHA managers and staff focussed on their experiences and advice on the use of the CERF, the mobilization of resources for it, the role of the CERF in the broader context of humanitarian financing, its relationship with other multilateral funding tools such as CBPFs, the increase of the CERF and its possible benefits, and the strengthening of the CERF in the increasing challenging humanitarian environment. Interviews with UN Secretariat outside of OCHA were intended to benefit from their advices and experiences on the use of assessed contributions and their interaction with intergovernmental processes. Advices were also sought from those that work directly with the Fifth Committee, ACABQ and the Committee on Contributions on how the CERF, if funded from assessed contribution would work and the implications for the management and use of the CERF in the future.

Interviews were then undertaken with a selected group of Members States that are the main donors of the CERF, the key contributors to the budget of the UN, developing countries, including those from the Gulf and BRICS countries. The consultancy tries to benefit from individuals who have direct experiences and responsibilities for humanitarian assistance and the CERF as well as those who have first hand experiences with the working of the relevant UN intergovernmental bodies. The interviews were intended to solicit their

views on the current use of the CERF and its possible increase in the near future, either through voluntary contributions and/or assessed contributions. Interviews were also undertaken with selected humanitarian organizations of the UN system to seek their advices on similar questions.

On the basis of the literature reviews and interviews, the consultancy would then analyse the outline issues that OCHA should take into account in making a decision on whether to seek an increase in the size of the CERF and whether the increase should be funded in part or in total from assessed contributions. The project then tried to outline a roadmap for seeking such an increase from the General Assembly.

II. LIST OF INTERVIEWEES

	Name (first & last)	Organization	Title / Unit
OCHA	Ms. Valerie Amos	OCHA	Under-Secretary General
	Ms. Gwi Yeop Son	OCHA/CPD	Director
	Mr. John Ging	OCHA/CRD	Director
	Mr. Antoine Gerard	OCHA/CRD	Deputy Director
	Ms. Lisa Doughten	OCHA/CERF	Chief
	Mr. Michael Jensen	OCHA/CERF	Chief, PMPS
	Ms. Susan Le Roux	OCHA/CERF	Chief, RMCS
	Mr. Matja Kovac	OCHA/CERF	Humanitarian Affairs Officer
	Mr. Chulmin Kang	OCHA/CERF	Chief, FAS
	Mr. Barnaby Willitts-King	OCHA/CERF	Consultant
	Mr. Barnaby Jones	OCHA/ASB	Executive Officer
	Ms. Rosa Malango	OCHA/ERPS	Chief
	Mr. Khalid Almulad	OCHA/ERPS	Deputy Chief
	Ms. Marcy Vigoda	OCHA/PRMB	Chief
	Mr. Hansjoerg Strohmeier	OCHA/PDSB	Chief
	Ms. Shoko Arakaki	OCHA/FCS	Chief
	Mr. Brian Grogan	OCHA/PDSB	Acting Chief, PAIS,
	Mr. Yasin Samatar	OCHA/PDSB	Deputy Chief, IPS,
	Mr. Rudolph Muller	OCHA/ESB	Chief, ESB
	Mr. Saeed Hersi	OCHA	Head of OCHA regional office for Middle East
Dr. Jemilah Mahmood	OCHA/WHS	Chief	
UN Secretariat	Mr. Jan Eliasson	UNHQ	Deputy-Secretary General
	Mr. Ramanathan Chandramouli	DM/PPBA/OC	Deputy Controller
	Ms. Delphine Bost	DPA/OUSG	Senior Officer
	Mr. Douglas Keh	DFS/OUSG	Chief
	Mr. Martin Kraus	DESA/CDO	Senior Programme Officer, Development Account
	Ms. Akiko Niihara	OLA	Senior Legal Officer
	Ms. Maryam Kamali	OLA	Legal Officer
	Mr. Adrian Hills	ACABQ secretariat	Deputy Executive Secretary
	Mr. Lionelito Berridge	DM/PPBA/Accts	Chief, Committee on Contributions
UN Agency	Mr. Yannick Glemarec	UNDP/MPTFO	Executive Director
	Mr. Steve O'Malley	UNDP	Resident Coordinator of Barbados
	Mr. David Matern	WFP/GDP	Senior Policy Advisor
	Ms. Shannon Howard	WFP	External Relations Officer, New York
	Ms. Darla Silva	UNICEF/PPD	Senior Advisor, Humanitarian Unit
Member States	Mr. Jan Egeland	Norwegian Refugee Council	Head
	Ms. Jette Michelsen	CERF AG - Denmark	Chief Advisor
	Ms. Anita Malley	Mission of US	Humanitarian Protection Advisor
	Ms. Helen McElhinney	DFID, UK	Humanitarian Advisor
	Mr. Phillip Reed	Mission of UK	Humanitarian Affairs, UK Mission to the United Nations
	Mr. Benedikt Zanker	Mission of Germany	First Secretary
	Ms. Susan Eckey	Mission of Norway	Minister Counsellor
	Ms. Sofia Calltorp	Sweden	Head of Humanitarian Section
	Mr. Per Örneus	Sweden	Head of Department for

		Multilateral Development Cooperation
Mr Taro Tsutsumi	Mission of Japan	Counsellor
Mr. Evgeny Varganov	Mission of Russia	First Secretary
Mr.Yigit Canay	Mission of Turkey	Second Secretary
Ms. Adriana Telles Ribeiro	Mission of Brazil	Second Secretary
Mr. Masni Eriza	Mission of Indonesia	Counsellor
Mr.Joost Andriessen	Netherland	Director of the Stabilization and Humanitarian Aid Department of the Dutch Ministry of Foreign Affairs
Mr. Manal Radwan	Mission of Saudi Arabia	First Secretary
Mr. Saud H. AlShamsi	UAE Mission	Second Secretary

III. ACRONYMS AND ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
BRICS	Brazil, Russia, India, China and South Africa
CBPF	Country-Based Pooled Fund
CERF	Central Emergency Response Fund
DESA	Department of Economic and Social Affairs
DFS	Department of Field Support
DPA	Department of Public Affairs
GA	General Assembly
NGO	Non-governmental organization
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OLA	Office of Legal Affairs
SPM	Special Political Mission
DFID, UK	Department for International Development, United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WFP	World Food Programme
WHS	World Humanitarian Summit