



## **Independent Review of the CERF Underfunded Emergencies Window**

*CERF secretariat, October 2012*

### **Background**

The Underfunded Emergencies Window (UFE) was designed to fulfill one of three primary objectives of the CERF: to make funding for emergencies more equitable and less contingent on donor predilections. UFE grants are not meant to substitute for voluntary contributions from donor governments, nor replace Consolidated Appeals or other traditional funding channels. Instead, UFE grants should mitigate unevenness and slowness of voluntary contribution systems by targeting emergencies that have not attracted or are unlikely to attract sufficient funding for life-saving activities.

The Five-Year Evaluation of the CERF highlighted the positive role of underfunded emergencies allocations for poorly funded emergencies and in politically sensitive crises. However, the evaluation noted a persistent gap in knowledge of and breakdown of communication regarding the country selection and apportionment process at the field level. Ultimately, the evaluation recommended the CERF secretariat to “develop a process for Underfunded Emergency envelopes that promotes more effective and efficient use of CERF funds.”

In response to the Five-Year Evaluation and in an effort to continually review and improve its processes, the CERF secretariat committed in 2012 to “conduct research to identify potential alternatives or improved methods to select participating countries for biannual UFE rounds, including their costs and benefits, as well as ways to improve understanding of UFE procedures and outcomes at field level.” For this, the CERF commissioned an independent review of the UFE process.

The review was undertaken by two independent consultants between May and September 2012. A draft review report was available late September and a final report is expected to be circulated publicly in November. The researchers undertook a desk-based study that entailed a review of relevant documentation, key informant interviews and a financial analysis. The document review included the 2009 OCHA internal review of the same issue, a full UFE country selection documents for 2011 and the first round of 2012, and country studies under the performance and accountability framework (PAF). About thirty key informant interviews were conducted with: staff of the CERF Secretariat in New York, relevant OCHA staff in Geneva (including the CAP and FTS section), CERF focal points from UNICEF, IOM, UNPFA, UNHCR, WHO, WFP and FAO. The financial analysis reviewed CERF allocation figures provided by the CERF secretariat as well as global humanitarian funding figures from the Financial Tracking Service (FTS), and looked at volumes, distribution and timing issues.

## **Summary of Findings and Recommendations**

Overall, the review concludes that the current processes behind the UFE window are fundamentally sound. As such, the review finds no need to replace or to significantly re-model them. The UFE country selection process is based upon the best available assessments of humanitarian need and financial reporting. The consultants note, however, a number of acknowledged challenges with the available data. In all respects, these challenges have roots and implications well beyond the CERF.

### **Findings**

Regarding timing, the review finds that the current system with two UFE rounds a year coinciding with the CAP launch and Mid-Year Review was the right one and found no reason to change. The first round of allocations each year is timed to coincide with the annual CAP launch. Analysis is based on a reasoned estimate of the potential for underfunding of agencies. Such estimates are predicated on the belief that contribution patterns will repeat themselves. Notwithstanding the issues with accuracy of available financial data at the time of analysis, the timing made sense to interviewees for the study, both intuitively and practically. No alternative timing is suggested.

The consultants highlight that the CERF is a tool of the UN-led humanitarian system, and works for and through this system. Any analysis of CERF processes becomes a frame through which existing weaknesses within the system come into focus. In the analysis of the UFE window, the consultants describe two broad sets of challenges:

First, the financial data from the Financial Tracking Service (FTS) on which the country selection process is based may be the best available but suffers from a number of acknowledged weaknesses. These lie in the quality and consistency of financial reporting on humanitarian funding, and as such, in the core FTS data set, which is a vital tool for the country selection process. Reporting to FTS varies greatly between participating agencies; ranging from frequent reporting at a reasonably complete level, to not reporting at all.

Despite the issues with the core data set, the consultants state that “there is no better method for country selection which is purely statistical.” To address concerns over data quality, the CERF carries out multiple layers or rounds of analysis with several stakeholders, including UN agencies, various OCHA units, and sometimes RC/HCs. The consultants commend the benefits of this multi-layer process to combine objective data and subjective views for a more comprehensive analysis.

The second broad challenge remarked by the consultants is the engagement of non-UN actors in the UFE process as a way to increase transparency. In particular, the review notes that the lack of international NGO participation in the UFE country selection process. Whilst increased engagement would reinforce the CERF’s aim to be an inclusive and transparent mechanism, the consultants also state that “INGOs have largely disengaged on CERF issues, not least because they cannot directly access the fund.”

## **Draft Recommendations**

1. “Retain the current two-round system, with the same timing and front-loaded weighting. For the reasons detailed in the research findings, the review concludes there is no clearly superior alternative model, and the current system should prevail.
2. “As a priority, OCHA should strongly advocate for and assist in the development of means to strengthen agency reporting to FTS.

### Options to explore:

- i. Under the accountability pillar of the Transformative Agenda, the IASC should set a standard of reporting for each agency to FTS, including the adequate allocation of human resources and commitments to timeliness and accuracy.
  - ii. Through the Good Humanitarian Donorship, OCHA Donor Support Group, or the Montreux forum OCHA should strongly encourage donors to re-double efforts to improve reporting practices. This would include: standardizing reporting practices specifically for humanitarian action. Investigating alternatives to the practice.
3. “Increase the transparency and objectivity of the UFE process through the inclusion of INGOs in the country selection process. Whilst acknowledging the considerable challenges involved, it is important to continue to engage proactively with stakeholders beyond the UN system, in particular international NGOs.

### Options to explore:

- i. Engage with the INGOs main coordinating bodies around the construction of an annual, collective position on priority, forgotten crises. A credible, evidence-based position on country vulnerability and funding could be considered as one additional ‘under-funded’ vulnerability tool to feed into the CERF process. Since funding via the CERF would not be forthcoming, such a tool would have to be seen as having a broader function as an advocacy tool for other donors.”

## **Actions / Next Steps**

The review report is currently in draft form and being shared with stakeholders for comments. A final version should be available and circulated publicly in November 2012 at which time the CERF will review the findings and recommendations, discuss them with stakeholders, and prepare a response plan.