



Contents

- Introduction..... 1
- CERF decision making at headquarter level..... 2
 - Rapid Response Allocations 2
 - Underfunded Emergencies Allocations..... 5
 - Anticipatory Action Allocations 7
- Innovative Allocations 8
- Cash-flow management 9
- Country-Level CERF Prioritization..... 11
- Complementarity between CERF and CBPFs 13
- Annexes 15
 - CERF Index for Risk and Vulnerability (CIRV) 15
 - Relevant CERF Documents..... 16
 - Other Relevant Documents 17
 - External Sources..... 17

Introduction

As the UN’s global emergency fund, CERF has a specific humanitarian mandate: to support timely humanitarian response to new or deteriorating emergencies through its Rapid Response (RR) window, and to support critically underfunded humanitarian operations in neglected crises through its Underfunded Emergencies (UFE) Window. This mandate is set out in the General Assembly resolutions establishing and upgrading CERF, the Secretary-General’s bulletin governing the Fund, CERF’s criteria for eligible life-saving humanitarian activities and the CERF handbook – all available on the [CERF website](#).

At the global level, the CERF secretariat is responsible for the day-to-day management of the fund and for supporting the Emergency Relief Coordinator (ERC) in making allocation decisions. At the field level, Humanitarian and Resident Coordinators lead CERF allocation processes supported by OCHA country and regional offices, as described in a specific document, also available on the CERF website.

This paper describes the key CERF decision-making and prioritization processes at the headquarters and country level including complementarity between CERF and CBPF allocations, as well as how the CERF secretariat conducts overall cash-management and planning.

CERF decision making at headquarter level

This section describes a framework for headquarter-level decision-making that informs different types of allocation decisions by the Emergency Relief Coordinator (ERC). As each allocation decision ultimately depends on factors specific to each individual crisis, the outputs generated by the framework do not translate into funding decisions in an automated or mechanistic way but provide important inputs for the ERC's decision that are considered with specific factors unique to each situation. Context matters.

The CERF secretariat aims to provide the best possible advice to the ERC, by making systematic, evidence-based and timely recommendations using the full range of available information and evidence, including quantitative data and analysis, qualitative information about contextual factors and consultations with partners.

Each allocation includes four key decision-making steps:

- Whether the situation matches CERF's overall mandate
- Whether or not to make an allocation
- Whether the proposed strategic and operational use of the allocations is in line with CERF's criteria and objectives
- How much money to allocate

These decision steps take place for all CERF allocations in some form. However, given that decision-making approaches vary for different types of allocations across and within the two windows, this section of the paper is structured according to four main types of allocations:

Rapid response and early action allocations through the RR window in response to country-level requests triggered by new or deteriorating humanitarian emergencies

- Allocations to underfunded emergencies through the UFE window based on a global analysis of levels of funding, risk and vulnerability
- Anticipatory action allocations through the RR window, provided based on forecasts in advance of a predictable humanitarian shock
- Innovative allocations decided by the ERC at global level to address a specific humanitarian challenge

Rapid Response Allocations

Rapid response allocations take place immediately after a shock has materialized (response), or while a crisis is still emerging or developing (early action). They can broadly be categorized as responses to sudden-onset shocks (e.g., floods, storms, sudden displacement, etc.) or slow-onset shocks (e.g., drought, many disease outbreaks, escalating conflict and displacement, etc.). These two categories entail different priorities in decision-making. Speed is of essence for sudden-onset shocks whereas the right timing and targeting usually weighs higher for slow-onset situations.

Global Monitoring: Early detection of potential need for CERF rapid response

For all rapid response allocations CERF aims to respond early in line with its mandate, which requires early detection of situations that may require CERF support.

To generate alerts about new or deteriorating crises that may require support, CERF applies a multi-dimensional global monitoring approach. This helps place situations on CERF's watchlist early, even if many of these ultimately will not require CERF support. Key elements are:

- A **network of stakeholders** at country, regional and headquarters level:

- Humanitarian and Resident Coordinators and OCHA country and regional offices alert the CERF secretariat at any time on behalf of the country team. Ideally, discussions about a possible CERF allocation take place as early as possible.
- OCHA desk officers are also among the first to alert CERF about crises that potentially require CERF support.
- Colleagues at UN agency headquarters may alert CERF to new or deteriorating crises. In addition to the dedicated CERF focal points in each UN agency this includes subject-matter experts, e.g., on cholera or locusts.
- Allocations from other funds can serve as early warning signs. For example, the START Fund shares email announcements of new alerts and allocations, and IFRC shares email alerts of new appeals.
- **Internal OCHA analyses** and updates provide information on new or deteriorating crises. This includes daily operational updates, weekly operational meetings and emergency meetings for specific high-profile crises.
- **Public forecasts and projections**, such as projections for future food insecurity from the IPC or FEWSNet.
- **Public documents** on humanitarian crises such as situation reports, flash updates, statements, assessment reports and flash appeals. These are typically found on ReliefWeb.
- Press releases, **media** articles and social media feeds can provide information on emerging crises. The UN has a partnership with Dataminr which provides customized alerts.
- Subject **experts** can provide more context to better understand a new or deteriorating crises, for example regarding the interpretation of meteorological forecasts, e.g., on the likelihood that an upcoming rainy season will fail or on the likelihood of El Niño and La Niña phenomena.
- **Monitoring of existing global crises data.** The Centre for Humanitarian Data and CERF have set up a global monitoring and alert system for existing food security, displacement and disease outbreak data. The system, currently in testing, includes near-real-time dashboards and automatic email alerts to flag emerging crises earlier and more systematically than is possible from manual monitoring.

Decision to Fund: The Trigger

Once a situation reaches a critical point where a shock has materialized, or is deemed imminent, and a request for CERF funding has been made, CERF moves to a more in-depth assessment of the situation with the aim of making a concrete recommendation to the ERC.

While each situation is unique, the core criterion for triggering a CERF allocation is that a significant humanitarian scale-up is required, which is assessed by considering the following aspects in close consultation with partners, especially at country level:

- The number of new people currently (or, if relevant, projected to be) in need of humanitarian life-saving assistance, and the severity of the needs
- The resources required to meet the new humanitarian needs
- Existing in-country capacity to address the needs (national or international)

In addition to assessing the humanitarian situation, the added value of providing CERF funds is also considered to ensure that a CERF allocation will make a difference in the response.

For **sudden-onset situations**, once a humanitarian shock has materialized, the key challenge for CERF is to quickly estimate the humanitarian impact while the situation on the ground may still be unclear for several days. This includes estimating whether the severity of the situation requires CERF support and the level of funding to provide. Given the need to respond quickly, allocation decisions will be on a no-regrets basis informed by the best available information at that time.

Even if assessment data may be sparse in the early hours or days after a new shock, CERF can still make informed decisions quickly, including based on secondary data. Tools are available that may help predict likely impact. For instance, for earthquakes, the US Geological Survey provides a now-cast of the possible economic damage and human fatalities, which is automated and available within minutes of an earthquake occurring. For storms, the WFP's ADAM (Automatic Disaster Analysis & Mapping) project and GDACS provides estimates of the number of people that could be affected by a storm at different levels of severity.

For situations where the rationale for CERF support is clear but not yet the scale of needs, CERF may adopt a **two-step allocation** approach: CERF initially releases an amount of funding assuming a ‘typical’ level of impact for the type of situation to ensure a fast scale-up of the response, which may then be followed by a top-up allocation if the humanitarian impact turns out to be much more severe than initially evident.

For **slow-onset situations** the objective is to identify if and when a CERF allocation should be triggered for optimal impact. For emerging or deteriorating crises, there is often a time window when peak humanitarian impact has not yet occurred and, by acting earlier, some of it may still be mitigated. Achieving this involves forward-leaning allocations, taking a measured approach to accepting risks while making allocations on a no-regrets basis, including allocation decisions based on forecasts and projections.

For example, for emerging food security crises, the IPC and FEWSNet provide projections 3-6 months into the future. This allows for earlier allocations and humanitarian action while food insecurity is still deteriorating rather than waiting until the situation is at its worst. The 2023 and 2022 multi-country food security allocations were both decided based on the already acute situation in the selected countries but also on projections that the situation could deteriorate further – up to the risk of famine in some countries.

Displacement crises often develop over several weeks or months and unusual spikes may signal an imminent deterioration. Even with a sudden eruption of conflict, as recently in Sudan, people may flee their homes over several weeks or months. For example, CERF allocated \$25 million to countries neighboring Chad in April and May 2023 to provide assistance and protection to new arrivals from Sudan. These allocations were based both on current numbers and projections.

Similarly, disease outbreaks, such as cholera, often develop over several weeks and early allocations may avoid a larger spread and be cost-effective. OCHA is currently discussing with UNICEF and WHO the possibility of an early action framework to respond to cholera outbreaks across countries more systematically and earlier, to help contain outbreaks before tens of thousands of people become affected.

In sum, early action allocations may be followed by additional response allocations later in the crises-timeline if a significant deterioration of the humanitarian situation continues.

Deciding an Allocation Amount

Once the CERF secretariat has reviewed a request for CERF funding (consisting of an allocation strategy and an operational prioritization – see section on country-level prioritization for details) and decided to recommend to the ERC to make an allocation, it has to decide on a recommended allocation amount, driven by data and taking into account a number of factors (as listed in the CERF handbook):

- Scale and severity of needs
- Total funding requirements for responding to new needs
- Comparison with other similar emergencies and CERF allocations
- In-country operational capacity to respond to the situation
- Activities proposed for funding
- Availability of and complementarity with other resources
- Available CERF funds

The first three assessment parameters are central to setting an initial likely funding range for a potential allocation. Often a reliable initial estimate of the appropriate allocation amount can be based on historical data from similar situations and CERF allocations. This is a critical step as it ensures systematic and consistent decision-making, and requires a careful analysis and comparison with similar past shocks and CERF allocations across multiple dimensions.

CERF has real-time allocation dashboards and a set of statistical models to compare new funding requests quickly and systematically with past allocations.

- **CERF allocation dashboards:** The dashboards are linked to a comprehensive database of all past CERF allocations and allow the CERF secretariat to quickly filter and find the best comparison list (e.g., allocations to past droughts in southern Africa) and provide relevant summary statistics (e.g., allocated amount per person targeted).
- **Statistical models:** Informed by data since 2014, multi-variate regression models allow the secretariat to calculate a average range as a reference for a new allocation based on four factors: the emergency type, overall funding requirements for the response to the specific emergency, the number of people targeted and a country's overall humanitarian situation measured by the CERF Index for Risk and Vulnerability (CIRV) score (see section on Underfunded Emergencies). The model was updated in December 2022 incorporating recommendations from an external review by the UK's Government Actuary's Department in collaboration with the Centre for Disaster Protection.

The comparisons from the dashboards and expected allocation amount from the statistical models provide a solid base but are only two of several inputs for the decision-making. Other context-specific factors are the availability of other funding for the response, current or in the pipeline, the ability of humanitarian partners to implement activities within the project timeframe including as it relates to operational capacity and access constraints, and the type and costs of the activities proposed funded by CERF (different response activities have different costs, and similar activities may vary in implementation costs depending on the context – for instance, areas in the Republic and Democratic Republic of Congo can only be accessed by boat when they are flooded, leading to high logistics costs).

Finally, CERF's cash availability at the time of the allocation may be a factor in determining the final funding amount, especially for larger allocations (see section on cash management).

ERC Decision

Once the CERF secretariat has reached a conclusion, the recommendation, i.e., to fund or not to fund and the proposed amount, is presented to the ERC for a decision along with the allocation strategy and operational prioritization. Once the ERC has decided, which may include a request for some adjustments, this is immediately communicated to the Humanitarian or Resident Coordinator who in the case of a positive decision will be given a short timeline to submit a full application. At this time, partners are informed by email (sign up here: <https://bit.ly/signup2CERFnews>). Once the proposal and related projects have been reviewed and cleared by the CERF secretariat, which may lead to final adjustments in the allocation, project proposals go to the ERC for final approval, after which funds are disbursed. (Agencies can start implementation up to 6 weeks before the disbursement, though not before the new emergency started.)

Underfunded Emergencies Allocations

CERF supports the most underfunded and neglected humanitarian crises through its underfunded emergencies (UFE) window, typically through two allocation rounds per year. UFE allocations normally constitute around one third of funds allocated each year.

Funding envelope and other allocation parameters

At the outset of an UFE allocation the ERC decides on an overall funding envelope to be allocated. At the beginning of each year, based on projected income and expenditure, the CERF secretariat adopts a planning figure for UFE allocations. Based on this planning figure the ERC decides a funding envelope for the first allocation round of the year, which is usually the larger round to allow frontloading of underfunded humanitarian operations early in the year. The amount for the second annual UFE allocation round, which typically begins at mid-year, is then calibrated in line with an updated income and expenditure projection (see section on cash management).

At the beginning of each allocation round, the ERC also sets out any potential strategic thematic focus which will be captured in a guidance note, such as support for localization or strengthening of protection from gender-based violence (GBV) or programming for people with disabilities (also see the section on innovative allocations).

Prioritization Methodology

The funding that CERF provides through its UFE window is limited compared to global needs and the core of the UFE process is to prioritize the emergencies to fund in each round. The methodology applied for this prioritization is described in detail in documents available on the CERF website.

Most humanitarian operations are underfunded to some degree, and many are chronically underfunded year on year, funding levels alone do therefore not provide enough information to select emergencies to include in an allocation round. In addition, the severity of current humanitarian needs and the risk of a deterioration should be considered when determining where funds are likely to have the greatest impact. This poses a challenging puzzle for which there is no right or unique solution. To address this challenge the CERF secretariat undertakes a multi-dimensional analysis based on quantitative and qualitative data to assist the ERC in making best possible decisions. This analysis includes:

1. An **analysis of levels of underfunding** based on data from the Financial Tracking Service. This also takes into account recent CERF and CBPF funding.
2. An **analysis of the severity of humanitarian needs** and the risk of a further deterioration, using a composite index giving a big-picture overview of the severity of humanitarian needs and risks in each country, the CERF index for risk and vulnerability (CIRV). CIRV consists of three components: the INFORM Risk index, a global open-source risk assessment for humanitarian crises; the INFORM Severity index, which objectively measures and compares the severity of humanitarian crises and disasters globally; and a third component including qualitative and quantitative data on early warnings (including the IASC's Alert, Early Warning & Readiness Report), conflict, and food insecurity. See the annex for more details on CIRV.
3. A **qualitative review** of documents such as humanitarian needs overviews, humanitarian response plans and others
4. **Consultations** with members and observers of the Inter-Agency Standing Committee (IASC) including NGO consortia and the Red Cross/Red Crescent movement and a working group of key UN agencies. Eight humanitarian UN agencies form the CERF UFE working group which is consulted multiple times throughout the process and explicitly indicate their priority emergencies for each UFE round and the rationale. The agencies (FAO, IOM, OCHA, UNFPA, UNHCR, UNICEF, WFP, WHO) are represented at headquarters level but consult their regional and country offices during the process.

This multi-layered UFE analysis allows the CERF secretariat to combine and triangulate information on key dimensions of crises into a four-tiered ranking reflecting how countries emerge as candidates for selection. This ranking informs the secretariat's final recommendation to the ERC, which consists of a balanced portfolio of emergencies and a proposed funding envelope for each. Typically, a mix of emergency profiles and sizes are funded in each round, including protracted contexts covered by a Humanitarian Response Plan (HRP), 'mega-crises', and non-HRP countries with relatively small but chronic and neglected humanitarian needs where smaller amounts of funds can still have big impact.

As many humanitarian operations are protracted and chronically underfunded, CERF typically does not fund the same country in consecutive rounds, but instead provides larger amounts per country through each round. This ensures lower transaction costs, larger country allocations, and allows for more countries to be covered during the year.

Country Allocation Amounts

To advise the ERC on funding envelopes for each country, the secretariat adopts a standard formula as basis for country envelopes which is then manually adjusted based on contextual factors. The standard formula assigns an initial funding envelope to each country, taking into consideration the scale of funding needs and level of underfunding in each operation while also ensuring a meaningful baseline amount. Country amounts may then be manually adjusted based on contextual factors, to ensure optimal distribution of funds. For non-HRP contexts for which funding requirements are not formally recorded, a comparative analysis of the size and type of the emergency informs the funding level.

ERC Decision

In presenting its recommendation to the ERC, CERF prepares a comprehensive analysis and recommendation note that provides a clear justification for proposing each candidate country, and a funding envelope. The ERC may follow the

recommendation fully or decide to adjust based on additional information available or other strategic considerations. Once the ERC has made a final decision on the country selection, the secretariat invites the Humanitarian and Resident Coordinators of the recipient countries to lead a two-step prioritization process, focusing first on identifying a clear strategic vision for the use of the CERF funds before engaging in more operational discussions about which agencies, sectors and activities will be funded in order to achieve the strategic objectives set out for the allocation (see section on country-level prioritization). In parallel, CERF prepares and publishes on its website the rationale in a summary note that builds on the content of the ERC recommendation note.

Anticipatory Action Allocations

CERF's support for anticipatory action is currently mostly tied to formal anticipatory action frameworks, so far in 11 countries (see the [OCHA website](#) for an overview). This is because anticipatory action works best if all key elements are agreed and prearranged by stakeholders in advance. Each framework includes three core elements:

1. the forecasts for a hazard and the threshold levels that are used to 'trigger' the actions
2. an action plan with roles of each stakeholder and a set of activities to be implemented if the trigger threshold is met
3. financing which is automatically provided when the trigger is met.

In addition, each framework is accompanied by a strong learning component.

The decision-making regarding anticipatory action thus consists of two levels: First, selecting countries and types of shocks for the development of AA frameworks and second, agreeing on the type and threshold of the trigger, the operational action plan and the allocation amount. Once the framework is set up, the process becomes more or less automated, requiring little further decision-making.

AA Framework selection and decision

The selection of countries and shocks for CERF-supported anticipatory action frameworks is done by the ERC in response to requests from Humanitarian and Resident Coordinators (RC/HCs). For CERF to support anticipatory action, the shock has to be of extraordinary nature, i.e., it should have a high humanitarian impact and medium to low probability (typically a 1-in-3 to 1-in-5-year return period).

ERC decisions are supported by OCHA's Anticipatory Action Working Group, as well as inhouse and partner consultation, guided by the following set of criteria: exposure to type of hazard, humanitarian impact of the hazard, predictive capability for country, window of opportunity, country-level leadership and capacity, partner implementation capacity, potential for bringing in other contingency finance, donor interest, ability to monitor and evaluate, and minimal complicating factors. Informed by an analysis of the above criteria, a recommendation note is presented to the ERC for decision.

The amount of CERF funding that each framework can receive is determined similarly to regular CERF RR allocations (see above). Instead of current need, a historical analysis of needs resulting from the selected shock in the selected country as well as past CERF allocations is undertaken.

At country level, the RC/HC leads the development of an anticipatory action framework, supported by OCHA and in partnership with the Humanitarian Country Team, the clusters or sectors, the Government and key technical partners. The RC/HC and ERC endorse the final framework.

Forecasts, indicators and specific trigger thresholds are identified and proposed at country level, with support from and review by OCHA's Centre for Humanitarian Data. Key considerations include accessibility of data, availability of historical data, and ease of use.

An operational action plan is developed so that projects can be pre-approved by CERF especially for sudden-onset frameworks, and ready to be funded and activated immediately if a trigger is met. Action plan activities must be in line with CERF's life-saving criteria. In addition, the selection of activities considers three key criteria: the anticipatory character (is

the activity effective in mitigating the priority humanitarian impacts of the selected shock), feasibility (is it possible to implement the activity within the lead time offered by the forecast), implementation capacity and readiness (does the respective implementer have the capacity to implement the activity within the necessary window and at the required scale).

Once all elements are in place, and have been endorsed by the ERC, an AA framework is considered operational. Should a trigger be reached, an automated allocation process will be activated with CERF funds being disbursed quickly against agreed projects in the action plan.

Innovative Allocations

In recent years, CERF has adopted innovative CERF allocation approaches to help address key humanitarian priorities better. These allocations have had different focus, but what unites them is an overall objective of using CERF as a catalyst to improve the humanitarian system's response to a key challenge, ideally leading to change beyond the individual allocation. Each allocation is underpinned by systematic learning, to identify lessons for improvement for CERF and for the wider system.

Innovative CERF allocations, listed below, have differed considerable in scope and focus, but each originated from CERF's unique position as the only global emergency fund that operates at a scale where it can help improve the response to a humanitarian problem.

Deciding an innovative allocation

Given the different nature of the allocations, decision-making has varied. But they have all been initiated by the ERC at global level in response to a specific concern, usually informed by global monitoring and analysis by the CERF secretariat and other parts of OCHA.

Once an innovative allocation has been decided, or raised as a possibility, the CERF secretariat consults internal and external partners, in particular technical experts, to develop specific criteria and guidance to frame and guide each allocation.

Deciding an allocation amount

Setting an allocation amount depends on the type of allocation. For example, for proactive allocations to a global situation where needs are immense (e.g., Covid, food insecurity), it will typically be the cash-availability in CERF that dictates the overall allocation amount. Once an amount has been set, global coverage is prioritized based on greatest needs and risks. This is similar to the country-selection approach under UFE allocations.

For thematic envelopes within larger allocations (e.g., GBV response and prevention and disability inclusion) funding amounts are decided by considering the minimum amount of funding needed to achieve the thematic objectives set out, while also ensuring that the envelope is only a limited portion of the total allocation (a thematic 'top-up') to still allow RC/HCs to prioritize funds in line with the greatest needs and priorities.

Notable innovative allocations

Allocations that have adopted innovative approaches in how CERF funds have been decided, prioritized and implemented include the following:

1. **Block grants:** In March and April 2020, CERF allocated \$95 million as 'block grants' to agencies, to support their Covid response in any humanitarian contexts globally. 'Block grants' are allocated to UN agency headquarters at the global rather than country-level and the agencies can then prioritize countries within certain parameters. This allowed funds to quickly be channeled to the contexts where they were needed the most, informed by agencies' existing operational knowledge, and avoided a prolonged process of global analysis and country consultations that would have delayed

disbursement and implementation of CERF funds. For example, the second allocation of \$80m was to support the Global Humanitarian Response Plan for Covid-19. The Inter-Agency Humanitarian Evaluation of the Covid-19 Humanitarian Response found that “pooled funds played a very important role in providing quality funding to meet priorities within the GHRP.”

2. **NGO allocation:** In June 2020, when Covid-response funding for front-line NGO responders was critically low, CERF led the way, releasing \$25 million through IOM to support NGOs in delivering life-saving health, water and sanitation assistance in six countries – the first allocation in CERF’s history to directly support NGOs. The funding supported 16 international and 8 national NGOs. An independent review of the allocation found that it met its objective of enabling NGOs to deliver life-saving activities during the pandemic.
3. **GBV allocations:** In December 2020 CERF allocated \$25 million to prevent and respond to gender-based violence (GBV) in humanitarian settings – which had seen a dramatic increase during the pandemic. The funding was allocated as block grants to UNFPA and UN Women and had an added objective of strengthening local women-led organizations’ GBV programming, with around \$10 million of the funds being passed on to WLOs across 11 countries. In parallel, an allocation from the UFE window focused on gender-based violence and an earmarked GBV envelope of \$5.5 million catalyzed almost \$22 million of GBV and related programming across 10 countries. An independent review of the allocations found that they were “important to improving attention to GBV” and that stakeholders considered them “good practice” and “valuable”.
4. **Disability inclusion:** For all CERF allocations, RC/HCs are encouraged to promote an inclusive response taking into consideration the specific needs of at-risk and vulnerable groups such as women and girls, persons with specific needs and people with disabilities. In addition, to better respond to the needs of persons with disabilities, the ERC released \$10m in 2021 as part of a \$135 million allocation through the underfunded emergencies window for 7 countries specifically to advance programming for persons with disabilities. The initiative sought to promote the “must do” actions highlighted in the IASC’s Guidelines on the inclusion of persons with disabilities in humanitarian action. This includes removing barriers to accessing services, promoting meaningful participation, and developing the knowledge of humanitarian actors on the rights and capacities of persons with disabilities. A CERF-commissioned independent review of this allocation is currently underway.
5. **Food security allocations:** CERF has conducted three multi-country food security allocations since December 2020, totaling \$314 million. In December 2020, the ERC released \$80 million to address rising food insecurity as a result of the Covid pandemic – primarily through cash and voucher assistance – in 6 countries in Africa and the Middle East. Based on the lessons learned from this allocation, summarized in an independent review, CERF made two further multi-country food security allocations, \$130 million in April/May 2022 to 11 highly food-insecure countries, and \$104 million in February 2023 to 8 countries. Both allocations were forward-looking, based on an analysis across 40+ countries of food security data and projections. They provided funding earlier: in many countries, months ahead of the lean season when CERF allocations would likely be requested. Second, they adopted a multi-sector approach focusing on people in food insecurity.
6. **Localization:** CERF has increasingly made localization a priority in its allocations, in particular through the UFE window. By requiring RC/HCs to consult local and national partners in the CERF prioritization process and to set ambitious targets for funding that goes to local and national organizations as implementation partners, localization has been strengthened in CERF-funded humanitarian action with more CERF funding reaching local organizations.

Cash-flow management

To ensure that CERF always has cash at hand to respond to requests, the CERF secretariat applies rigorous cash-flow management and planning procedures.

Initial annual cash-planning

At the outset of the year CERF develops an overall cash plan for the year. Based on the opening cash balance for the year (the carry-over), projected donor income and the minimum amount required to be carried over by the end of the year to ensure sufficient cash flow in the opening months of the following year, CERF can estimate an overall minimum amount that will be available for allocations for the year.

This allows CERF to prepare a broad initial allocation plan to guide overall allocation decisions. Typically, CERF sets out to spend around one third of funds through the underfunded emergencies window, and two thirds through the rapid response window. In addition, CERF assesses anticipatory action (AA) commitments for the coming year, i.e., how many existing or new frameworks supported by CERF may trigger, when would this happen, and for how much funding. Having this mapped out helps ensure that the amounts are accounted for, and that cash will be at hand when needed for AA activations.

On-going cash management

The initial allocation plan is not static, it is only the starting point. To ensure best possible utilization of available funding during the year the CERF secretariat regularly calibrates the overall planning assumptions and parameters for the year to reflect the latest available information. This overall cash-planning helps inform bigger funding decisions, including the amount for a UFE round, how much to commit to AA, or whether to consider a multi-country RR allocation (e.g., for food insecurity).

In addition to the overall cash and allocation planning adjustments that may happen at intervals during the year, CERF also prepares weekly real-time cash-flow analysis to inform individual allocation decisions.

The key cash-management elements and levers are:

- **Donor income:** Given CERF's reliance on a core group of committed and predictable donors, CERF has a high degree of visibility and prior knowledge of the minimum amount of funds that CERF will receive, and when this funding will arrive. This allows for solid planning at the beginning of the year. Nevertheless, income projections will change during the year as CERF typically receive additional contributions not previously communicated (often as 'top-ups' towards the end of the year). Other factors, such as exchange rates, also affect income. The income projection for the year is therefore updated continuously. In addition to assessing overall income, CERF also projects when contributions will arrive in CERF's account to support running cash-flow management.
- **End-year carry-over target:** As CERF always must be able to respond and does not start or stop with the calendar year, a certain level of carry-over is needed to ensure operations during the first months of the following years while awaiting new donor contributions to arrive. CERF typically sets a slightly conservative carry-over target at the beginning of the year to ensure that it will not end up short in a worst-case scenario (i.e., low income, unfavorable exchange rates, no top-ups and a high need for support). This gives some room for adjusting the carry-over target later in the year when there is more clarity, which may free up additional funds for allocations.
- **Underfunded Emergencies window:** Given that the amount allocated through the UFE window is decided by the ERC, this planning parameter is fully under CERF's control, and the UFE amount is therefore the main lever for making a significant one-of correction during the year. While the amount for the first UFE round is decided already at the beginning of the year, the second round is decided by mid-year when much more information on likely income and rapid response demands is known. In case of an unfavorable income outlook, or high demand for RR funds, the ERC may decide to do a smaller UFE second round that is below the initial planning amount. On the contrary, if the cash-availability and projection is healthy, the ERC may decide on a larger amount for the second UFE round. The UFE thus allows for a cash-planning adjustment at mid-year that can be in the tens of millions.
- **Rapid Response window:** As RR requests are driven by humanitarian crises globally and usually initiated by Humanitarian and Resident Coordinators, it is the least predictable component of cash-planning. However, while RR requests may be unpredictable in the short-term, seasonal and historical allocation trends offer a useful planning tool and CERF uses an analysis of monthly allocation trends from the previous three years to inform RR cash planning. RR decisions are made on an ongoing basis through many individual allocation decisions during the year, each with some flexibility when it comes to amounts. If there are changes in overall cash planning assumptions that need to be

reflected in expenditure levels, the dynamic nature of RR allows CERF to make gradual adjustments by consistently going for the lower or higher end of the funding range for each allocation. While this will affect cumulative expenditure levels in the desired direction, each crisis will still be supported with an appropriate amount. Thanks to its prudent cash management CERF is never in a position where it is not able to support a RR request due to lack of cash at hand. Instead, CERF plans so that it always has cash at hand to respond to a large-scale new crisis (\$30m+) while continuing to make other allocations.

- **Anticipatory Action:** AA allocations are highly plannable, but not necessarily highly predictable. CERF supports a portfolio of AA frameworks with a pre-agreed amount for each. This means that CERF knows the full AA exposure for a given year, and since most AA frameworks are linked to seasonal triggers CERF also knows when each framework may trigger during the year, and when the chance of activation has passed. What is not known in advance is whether a framework will trigger or not. CERF incorporates the AA portfolio exposure into its overall cash-flow management so that it can guarantee that the required cash is at hand should they be activated.

Country-Level CERF Prioritization

While the ERC at the global level decides on whether to make an allocation for a specific crisis, how much to allocate, and what broad parameters to apply to an allocation, the country-level prioritization of CERF funding happens under the leadership of the Humanitarian and Resident Coordinators. To ensure coordinated, strategic and coherent allocations, CERF only accepts consolidated submissions from RC/HCs on behalf of humanitarian agencies and CERF does not accept individual agency requests.

OCHA country or regional offices support the RC/HC and RC office in managing all aspects of the CERF process. In addition, the Humanitarian or UN Country Team, clusters or sectors, the Government and technical partners are involved as relevant in country-level process. OCHA headquarters, including the CERF secretariat, provide additional support throughout the CERF process.

To help guide RC/HCs in their CERF responsibilities OCHA has developed dedicated [guidance for RC/HCs](#), that outlines key responsibilities during the life cycle of an allocation and is available on the CERF website

Trigger for a CERF request

Country allocations from the CERF underfunded emergencies window are decided and communicated by the ERC from the global level. However, for rapid response (RR) allocations the first key task for an RC/HC when faced with a new emergency is to consult with the country team and relevant partners to determine whether to request CERF funding. An RR allocation may be requested following a new emergency, a significant deterioration of an existing one, or a change in the operational environment, such as access opening up, allowing agencies to reach people with humanitarian assistance that they could previously not reach. To determine whether a situation falls within the scope of CERF's RR Window, the RC/HC should consider several key questions, including what the trigger for the CERF request is, what time-critical interventions could be put in place, and the potential comparative advantage of supporting the response through CERF funding.

When a CERF request is under consideration the CERF secretariat aims at engaging the country team as early as possible, ideally before the prioritization process has begun. This will allow CERF to provide advice to RC/HCs on the likelihood of a request being accepted by the ERC considering the specific context, discuss the envisioned strategy for the use of CERF Funds and potentially also provide an indication of a realistic funding range. Such early informal engagement can help set the field on the right path from the outset, thereby managing expectations and ensure a more focused and efficient country-level process.

A three-step CERF prioritization and application process

The country-level prioritization and submission process is a three-step process consisting of strategy development, operational prioritization and full proposal development.

Setting the strategy: Once a CERF request has been triggered, the first step for the RC/HC is to articulate a “strategic statement” on the intended strategic use of a CERF allocation, explaining its focus, and how it will make an impact in the operational context, beyond simply providing additional funding to the response. The strategic statement should be developed before discussions around prioritization of funds takes place. It should not be operational but describe in strategic terms the focus and added value of the allocation to the overall response and reflect how CERF resources will be leveraged to maximize saving of lives. For rapid response it should articulate how the CERF funds will be used to respond to the emergency that triggered the request, considering the highest humanitarian priorities and building on CERF’s comparative advantage. For underfunded emergencies allocations the strategy should set out how CERF funds will be focused to have a clear humanitarian impact within the context of overall needs. For both windows, it should articulate intended strategic co-benefits of the allocation beyond direct programmatic results.

In countries with a Country-Based Pooled Fund (CBPF), the strategic statement should also clarify how the CERF allocation and CBPF funding will complement each other.

This high-level strategy shall serve as the basis for articulating a focused funding proposal – and is the starting point for prioritizing how CERF funds should be allocated. Depending on the time criticality of a request, the “strategic statement” may be shared and discussed with the CERF secretariat before an operational strategy is developed and funding is prioritized (typical for UFE), or the RC/HC may send both the strategic statement and operational prioritization as one package (typically for RR) – sometimes even with the full project proposals if agreed with the CERF secretariat in very specific situations.

When developing the allocation strategy, the RC/HC shall ensure that the needs of the most vulnerable are considered. In this respect, the RC/HC, with support from OCHA, should see that technical experts and leads on cross-cutting programmatic priorities, including on gender, GBV, PSEA and disability are engaged in CERF decision-making and programme design, and that accountability to affected people (AAP) underpins the CERF allocation design.

Operational prioritization: Once an overall strategy has been decided, the RC/HC leads an inclusive process to determine the best possible prioritization of CERF funding to implement the strategy. The RC/HC’s leadership on this as a neutral broker is critical to shift the focus from the implementing organizations’ individual funding goals towards the achievement of collective results.

The RC/HC sets out the parameters for the allocation of funds and lead discussions with partners on the optimal funding breakdown across clusters and agencies to achieve strategic goals. While this should be based on an inclusive consultative process informed by best available assessments data and analysis, the RC/HC should not devolve decision-making responsibility to the working level, such as to the inter-cluster/inter-sector coordination group.

RC/HCs should ensure that the prioritized activities are in line with CERF’s life-saving criteria, and that an allocation is focused on a limited number of projects that will have a significant impact towards the achievement of the strategic vision, thereby helping ensure a focus on results and impact and avoiding that the CERF funding is committed across too many fragmented projects, sectors or geographic locations.

The operational prioritization explains the operational strategy and outline the intended use of funds, by sector, agency and project, but it will not contain full project proposals.

ERC endorsement and full submission: Once the strategic and operational prioritization is submitted by the RC/HC, the CERF secretariat engages with the RC/HC and their team to clarify any questions and improve the proposal if needed. When the request is deemed ready, CERF sends a recommendation to the ERC for endorsement or rejection. If endorsed in principle by the ERC, the secretariat invites the country team to submit full project proposals in line with the approved strategy. These will go through a rigorous review by the OCHA country office and the CERF secretariat before being finalized and submitted to the ERC for final approval after which funds will be disbursed.

Linkages between CERF allocations and HPC tools and processes

CERF allocations are shaped according to the context in which they are prioritized and will be informed by the Humanitarian Programme Cycle (HPC) processes and tools in place in the country. In countries with HRPs, CERF allocations are guided by the strategic priorities set out by the HRP and informed by the HNO. This will be most evident for UFE allocations as these are provided in support of underfunded humanitarian interventions within the HRP, and consequently UFE submissions often include direct references to HRP priorities and strategies. However, given the limited size of UFE allocations compared to overall HRP funding need it's important that the CERF funding be focused on a specific humanitarian priority within the overall HRP where it can have meaningful impact, rather than aiming to support the HRP priorities broadly. For RR allocations the link to the HRP will typically be less direct as RR allocations are often in support of unforeseen shocks outside the regular programs and plans.

CERF guidance stipulates that strategies for CERF allocations should be based on joint assessments and analyses of humanitarian needs and priorities, which needs to be described in submissions. This can vary depending on the type of allocation and is guided by the assessments already conducted in a given context. For underfunded emergencies allocations, which have a longer timeframe, the Humanitarian Needs Overview which is based on the Joint Intersectoral Analysis Framework (JIAF), is usually the main needs analysis, at least in countries with a Humanitarian Response Plan. For rapid response allocations to slow-onset crises, the JIAF results may be used or also more specific assessments such as the Integrated Phase Classification for Acute Food Insecurity or SMART malnutrition assessments. For sudden-onset rapid response allocations, early estimates may be used instead of full needs assessments which can take some time to be completed.

Complementarity between CERF and CBPFs

Given that CERF often supports humanitarian action in contexts with Country-Based Pooled Funds (CBPF), ensuring that the two Funds are used jointly and strategically for greatest overall impact is a continuing priority for OCHA and partners.

Complementarity from a global perspective

Complementarity between the two pooled funds from a global perspective is ensured in the CERF decision-making processes. In allocating resources, CERF first considers available funding at the country level, and only steps in if needs outstrip existing available resources. As such, CERF considers available CBPF resources and potential allocations that are underway or planned, in informing allocation decisions. As every situation is different there is not a set 'formula' for determining CERF support for counties with CBPFs – rather, CERF will consider each request within the parameters of the specific emergency context.

Rapid Response Allocations: While no two situations are identical, most allocations can be placed within three broad scenarios (with the first two the most common), each of which entails specific considerations for CERF:

- **The CBPF has little or no funding available for the new response.** In this case, CERF will assess requirements based on the new humanitarian needs and funding available from other sources, as in any other context. Should the CBPF be positioned to make a small allocation, complementarity between CBPF and CERF funding will be ensured at country level.
- **The CBPF has significant funding available to respond** to the situation, in which case CERF will assess whether the CBPF will be able to fully meet requirements with existing resources, or whether additional CERF support is needed. If CERF support is required, the size of the allocation will be determined by the scale and severity of needs and will take into consideration resources deployed by the CBPF as well as from other sources. Ensuring complementary with CBPF funding will be a key consideration in determining the scope of the CERF allocation, and an integral part of the allocation strategy the Humanitarian Coordinator submits as part of the CERF request.
- **The CBPF has significant funding available but will not be able to respond at scale** to the new situation as existing funding is needed for other priorities. A CERF request in this context will demand added scrutiny and require close

consultation with the country office to understand competing priorities and the rationale for the CBPF not responding to a greater extent to the new needs with its existing resources. Where found to be justified, a CERF allocation may proceed in the normal way ensuring strategic complementarity with a likely smaller allocation from the CBPF. The justification for the limited response from the CBPF will be included as part of the CERF request put forward by the HC.

Underfunded Emergency Allocations: As explained elsewhere in this paper allocations from the CERF Underfunded Emergencies (UFE) window are informed by a global analysis of funding and vulnerability levels across all humanitarian operations to determine the most underfunded emergencies to support. The analysis of funding levels considers available CBPF resources where these exist. Funding requests from countries with a CBPF will need to explain how CBPF and CERF UFE funding will complement each other strategically.

Complementarity at country level

Complementarity between the two pooled fund mechanisms at the country level is ensured through the Humanitarian Coordinators' leadership, and through OCHA's management of the allocation and oversight of project implementation. Through their decision-making, the Humanitarian Coordinator can decide how best to use these different funding sources based on the comparative advantage of each mechanism, and as part of one joined-up approach.

OCHA, in support of the Humanitarian Coordinators' leadership and in their management of the resources, helps translate this vision into allocation strategies and processes that ensure coherence, non-duplication and best overall use of resources. In countries with a CBPF, OCHA's Humanitarian Financing Unit also typically facilitates CERF funding requests, allocation processes and reporting. There is significant value in this arrangement, building on the CBPF's ongoing engagement and working relationships with a range of stakeholders and coordination platforms in country, including cluster coordinators, operational partners, the Humanitarian Country Team, NGO networks, donor forums, etc. Technical expertise available in-country to support CBPF processes, including GenCap and ProCap, have also been harnessed to inform CERF programming. In some cases, this has extended to vetting and quality control of CERF project proposals, in a similar approach to that used by the CBPF. In some cases, monitoring systems put in place by CBPFs have also been used to strengthen CERF in-country processes through monitoring of CERF-funded projects.

The note "[CBPF – CERF Complementarity - Lessons Learned and Good Practices](#)" explains complementarity in more detail, including examples of ways in which the two funds are used jointly at country-level.

Annexes

CERF Index for Risk and Vulnerability (CIRV)

The CERF secretariat developed the CIRV index in late 2015 as a data-driven, transparent and accountable tool to support this decision-making. Put simply, the CIRV assigns a score of between 0 and 100 for every country; the higher the score, the greater the level of humanitarian needs, risks and vulnerabilities. Combining the results of the CIRV with funding levels, CERF develops a two-dimensional analysis of needs: humanitarian needs versus funding requirements. CERF uses this analysis as a starting point for its consultations with a wide range of stakeholders before developing the recommendation for the ERC. The CIRV comprises 3 core components, each of which is based on a subset of indices.

First, the CIRV builds on the INFORM Risk index which provides a risk score, on a scale from 0 to 10, that a country may face a humanitarian crisis. The index is composed of around 50 indicators, grouped into three dimensions: hazard and exposure, vulnerability and coping capacity. Many of the indicators measure aspects of current humanitarian needs rather than the risk of future needs, such as the intensity of ongoing conflict, the number of displaced people, or the percentage of underweight children. The INFORM Risk index is measured at the country-level, for 191 countries as of 2022.

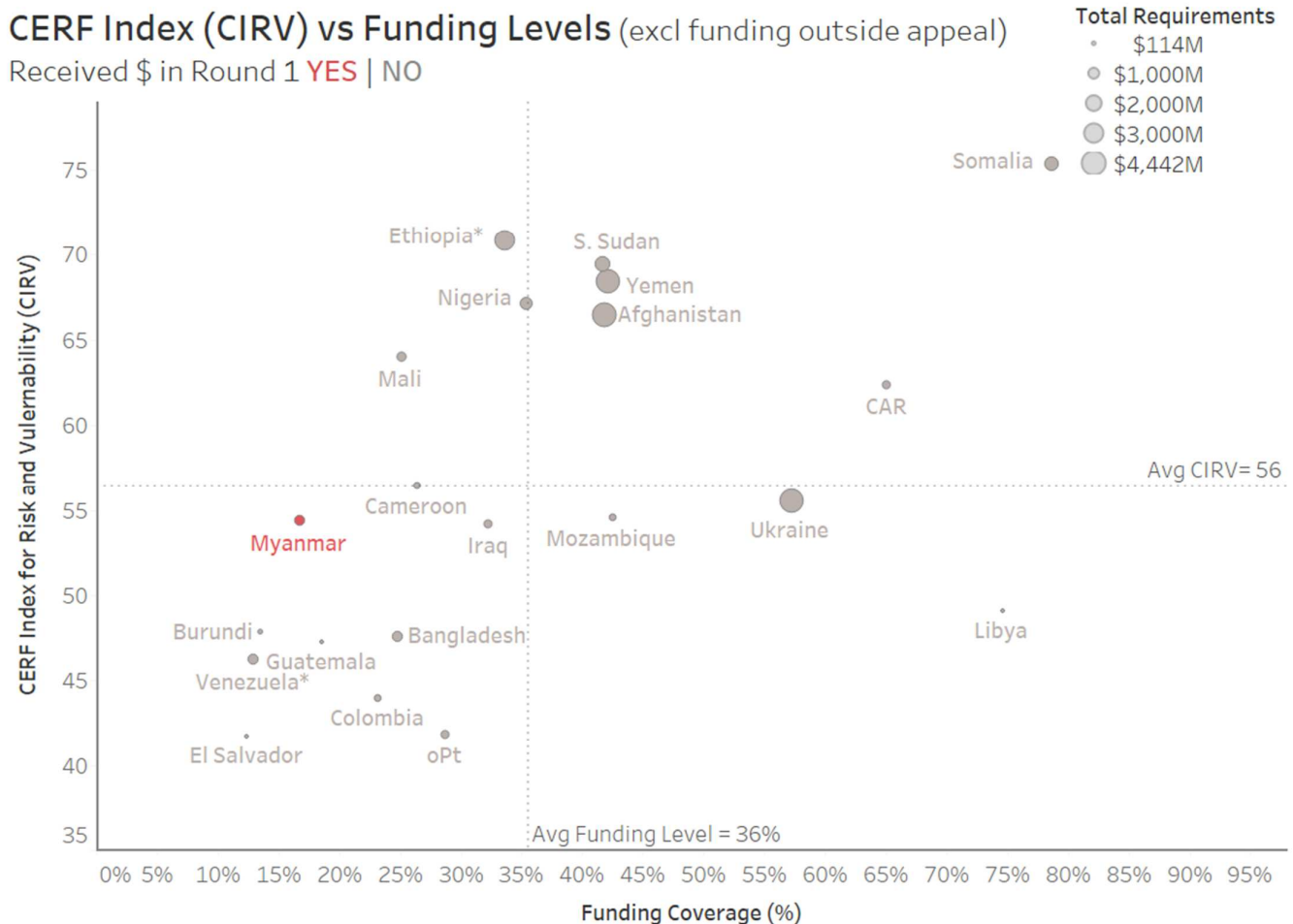
Second, the INFORM Severity index is another composite index which measures the current severity of humanitarian crises globally. The INFORM Severity index consists of about 35 indicators, also grouped into three dimensions: impact of the crisis, conditions of affected people and complexity of the crisis. It is measured at the crisis-level, for around 140 humanitarian situations as of late 2022. For countries with multiple crises, there is also a country-level score.

Third, CERF adds a component that includes three dimensions: countries that were highlighted in the Inter-Agency Standing Committee's early warning, early action and readiness analysis; a food insecurity dimension; and a measure of changes in conflict, strengthening the weight of conflict in the overall CIRV index.

These three dimensions are weighted equally, except for countries that are not listed on the INFORM Severity Index, in which case the 1st and 3rd dimension are weighted at 50% each. The table below gives an overview of the dimensions and weights in the CIRV.

	Countries listed in the INFORM Severity Index	Countries not listed in the INFORM Severity Index
INFORM Risk Index	33%	50%
<ul style="list-style-type: none"> Global, open-source risk assessment for humanitarian crises and disasters Comprises 3 dimensions: hazards & exposure, vulnerability, and lack of coping capacity Includes over 50 indicators including dimensions on conflict, natural disaster, displaced and other vulnerable people, coping capacity Forward-looking (3-5 years) 		
INFORM Severity Index	33%	n/a
<ul style="list-style-type: none"> An improved way to analyse the severity of humanitarian crises globally Comprises 3 dimensions: the geographical and human impact of the crisis itself; the conditions of the people affected; and the complexity of the crisis in terms of factors that affects its mitigation or resolution Includes 30 indicators Updated monthly 		
Composite index	33%	50%
<ul style="list-style-type: none"> Comprises 3 equally-weighted dimensions: the risk of humanitarian needs, the prevalence of food insecurity, and the risks of conflict. Draws on qualitative reports and assessments including: <ul style="list-style-type: none"> Inter-Agency Standing Committee (IASC) Alert, Early Warning & Readiness Report FEWSNet: <i>Food Assistance Outlook Brief</i> FSIN: <i>Global Report on Food Crises</i> FAO: <i>Quarterly Global Report on Crop Prospects and Food Situation</i> FAO/IFAD/UNICEF/WFP/WHO: <i>The State of Food Security and Nutrition in the World (SOFI)</i> International Crisis Group: <i>CrisisWatch</i> global conflict tracker 		

The CERF secretariat relies on a scatterplot to compare humanitarian needs (using the CIRV) against funding levels (using FTS data) for all eligible countries. This gives a first, big-picture overview of the global situation. The analysis and the scatterplot do not determine the final decision which considers many other factors. They are merely an input into the decision-making process, albeit an important one. A sample scatterplot is shown below.



Source: *Financial Tracking Service* as of 21 August

* FTS funding data not available/up-to-date

Relevant CERF Documents

- General Assembly. 8 March 2006. "Resolution adopted by the General Assembly on 15 December 2005: 60/124. Strengthening of the coordination of emergency humanitarian assistance of the United Nations." https://cerf.un.org/sites/default/files/resources/cerf_ga_resolution_2005_en_0.pdf
- Secretary-General. 1 January 2020. "Secretary-General's bulletin: Establishment and operation of the Central Emergency Response Fund." <https://cerf.un.org/sites/default/files/resources/SGB%202020%205%20Establishment%20and%20operation%20of%20the%20Central%20Emergency%20Response%20Fund.pdf>
- CERF. 2020. "Life-Saving Criteria." https://cerf.un.org/sites/default/files/resources/CERF%20Life-Saving%20Criteria%202020_2.pdf; also available in Arabic, French and Spanish here: <https://cerf.un.org/grant-cycle/guidance-and-templates>
- CERF. January 2022. "Guidance for Humanitarian/Resident Coordinators: Key Points of Engagement in CERF Processes." <https://cerf.un.org/sites/default/files/resources/CERF%20Guidance%20for%20RCHCs.pdf>

- CERF. February 2023. Methodology notes for underfunded emergencies rounds. <https://cerf.un.org/apply-for-a-grant/underfunded-emergencies>
- CERF. March 2023. “Country Selection and Fund Allocations: CERF Underfunded Emergencies Window 2023-I.” <https://cerf.un.org/sites/default/files/resources/CERF%20UFE%202023-I%20Country%20selection%20and%20fund%20allocations.pdf>
- CERF. April 2023. “CERF Handbook.” https://cerf.un.org/sites/default/files/resources/CERF%20Handbook_0.pdf
- OCHA. May 2021. “CBPF – CERF Complementarity Lessons Learned and Good Practices.” https://www.unocha.org/sites/unocha/files/Complementarity%20between%20CBPFs%20and%20CERF_for%20Distribution.pdf
- OCHA. 25 May 2022. “OCHA Pooled Funds Complementarity: Central Emergency Response Fund (CERF) and Country-Based Pooled Funds (CBPFs).” https://cerf.un.org/sites/default/files/resources/24062022_Complementarity%20IG.pdf
- OCHA. “Anticipatory Action.” <https://aa.unocha.org>

Other Relevant Documents

- Global Humanitarian Response Plan: Covid-19. April 2020. <https://www.unocha.org/sites/unocha/files/Global-Humanitarian-Response-Plan-COVID-19.pdf>
- Inter-Agency Humanitarian Evaluation of the Covid-19 Humanitarian Response. 2 March 2023. <https://interagencystandingcommittee.org/inter-agency-humanitarian-evaluations/inter-agency-humanitarian-evaluation-covid-19-humanitarian-response>
- Inter-Agency Standing Committee (IASC). 2019. “IASC Guidelines, Inclusion of Persons with Disabilities in Humanitarian Action.” <https://interagencystandingcommittee.org/iasc-guidelines-on-inclusion-of-persons-with-disabilities-in-humanitarian-action-2019>
- Poole, Lydia. 11 October 2021. “Independent review Central Emergency Response Fund (CERF) COVID-19 NGO allocation.” <https://cerf.un.org/sites/default/files/resources/CERF%20Review%20COVID%20NGO%20Allocation%20.pdf>
- Seferis, Louisa. November 2021. “CERF Cash Allocation Review: 2020-2021 Averting hunger and promoting the use of cash during Covid-19.” <https://cerf.un.org/sites/default/files/resources/CERF%20Cash%20Allocation%20Review%20.pdf>
- Ward, Jeanne, December 2021. “OCHA Support to Gender and Gender-Based Violence Programming: Rapid Review of Recent Central Emergency Response Fund (CERF) Allocations Targeting GBV Prevention and Response in Humanitarian Action” <https://cerf.un.org/sites/default/files/resources/CERF%20GBV%20Report.pdf>

External Sources

- ADAM – Advanced Disaster Analysis and Mapping (WFP). <https://storymaps.arcgis.com/stories/8f2396e762154841b16d264e5b3008be>
- Centre for Humanitarian Data (OCHA). <https://centre.humdata.org/>
- INFORM Indices for Risk and Severity. <https://drmkc.jrc.ec.europa.eu/inform-index>
- IPC – Integrated Food Security Phase Classification (FAO). www.ipcinfo.org
- FEWSNet – Famine Early Warning Systems Network. <https://fews.net>
- FTS – Financial Tracking Service (OCHA). <https://fts.unocha.org>
- GDACS – Global Disaster Alert and Coordination System (OCHA). www.gdacs.org
- ReliefWeb (OCHA). <https://reliefweb.int>
- US Geological Service PAGER. <https://earthquake.usgs.gov/data/pager>