

# CERF Risk Action Plan

## Semi-annual Update, April 2014



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

Risk and Potential Impact	Existing Controls (Per Sep. 2012)	Additional Mitigation Actions	Status April 2014
<p><b><u>RISK AREA 1 - Performance Monitoring and Accountability</u></b></p> <p>A number of evaluations and reviews, notably the five-year evaluation of the CERF, have highlighted concerns surrounding issues of performance monitoring and accountability. The CERF's <b>reliance on agency monitoring and evaluation systems</b> presents advantages in terms of cost savings and the ability to maintain a lean management structure. As well, this structure has been reviewed and approved by agencies executive boards. However, this makes it difficult to obtain accurate and timely data on results achieved with CERF funds including independent <b>information on results at the beneficiary level</b>. Studies, such as the country reviews conducted under the Performance and Accountability Framework (PAF), have demonstrated that CERF can significantly improve the overall humanitarian response. This effect at the systemic level is more difficult to demonstrate at the project level. This lack of independent <b>project level impact evaluations</b> remains a challenge to providing a comprehensive overview of the Fund's work and impact.</p>			

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

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<p><b>Risk</b> Reliance on agency monitoring and evaluation systems leading to:</p> <ul style="list-style-type: none"> <li>- Lack of adequate performance and results information.</li> <li>- Lack of beneficiary level information.</li> <li>- Lack of project level impact evaluation.</li> </ul> <p><b>Potential Impact</b></p> <ul style="list-style-type: none"> <li>- Inability to adequately demonstrate CERF results or impact at the beneficiary level.</li> <li>- Possible loss of confidence by donors and member states.</li> <li>- Difficult to attribute success.</li> </ul>	<ul style="list-style-type: none"> <li>- The CERF Performance and Accountability Framework (PAF) (developed in 2010) delineates accountability and responsibilities and defines indicators to assess CERF performance.</li> <li>- Periodic evaluations of CERF itself (2 year, 5 year) have provided critical comprehensive external perspective<sup>2</sup>.</li> <li>- Independent PAF country reviews provide an additional level of assurance around value added of CERF and helps gauge performance against PAF indicators.</li> <li>- The annual RC/HC CERF narrative reporting process provides information on results achieved with CERF funds at country and project level.</li> <li>- Evaluations conducted by agencies themselves that include CERF funded</li> </ul>	<ul style="list-style-type: none"> <li>i. Review the PAF to ensure that it meets the accountability needs of CERF.</li> <li>ii. Further strengthen RC/HC CERF narrative reporting format and process.</li> <li>iii. Introduction of country level CERF after-action reviews (AARs) to serve as platform for joint assessment of CERF processes and results.</li> <li>iv. Conduct additional PAF country</li> </ul>	<ul style="list-style-type: none"> <li>i. An independent expert has reviewed the PAF. The final report has been made available on CERF's website and the CERF secretariat has begun implementation of relevant changes (<b>Timeline: Q2 2014</b>). CERF has also started development of a tracking system for mapping evidence against key PAF performance indicators (<b>Timeline: Q4 2014</b>).</li> <li>ii. Revised format and schedule for RC/HC narrative reports introduced in 2013 and fully rolled out in 2014. The new reporting format provides more information on results and a rolling reporting schedule will lighten the reporting burden whilst allowing for improved quality and accuracy of reports. CERF has also developed an improved review framework that will enable better quality assessment of reports, improve extraction and analysis of key data and facilitate systematic review of planned versus reported achievements (<b>Piloted in Q1 2014 to be finalised in Q2</b>). Finally, CERF will systematically follow-up on CERF grant related agency evaluations when referenced in RC/HC reports.</li> <li>iii. With the introduction of a rolling RC/HC reporting schedule, AARs are recommended to be conducted at country level as part of the report preparation process. AAR guidance has been prepared and disseminated. Following the full roll out of the new RC/HC reporting process in first half of 2014 the usage of AARs will be reviewed and lessons will be drawn (<b>Timeline: Q3 2014</b>).</li> </ul>

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

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	activities.	<p>reviews and use these to demonstrate CERF's performance and its added value as well as to explore key areas of interest or concern.</p> <p>v. Strengthen cooperation with agency evaluation departments to improve CERF coverage in agencies' own evaluations and studies.</p> <p>vi. Explore opportunities for utilising Country Based Pooled Funds' (CBPF) monitoring frameworks to improve monitoring of CERF funded activities.</p> <p>vii. Build on monitoring initiatives under the IASC Transformative Agenda to improve monitoring of CERF funded activities.</p> <p>viii. Strengthen the CERF secretariat's capacity to support processes and systems around performance monitoring and accountability.</p>	<p>iv. Four reviews were conducted in 2013 (Sahel, DRC, Yemen, Pakistan) taking the total number of countries reviewed since 2010 to twenty. Three to four additional reviews are planned for 2014. The review reports and their recommendations and findings are discussed with the CERF Advisory Group, published on CERF's website and systematically acted upon by CERF (<b>Ongoing</b>).</p> <p>v. FAO and IOM conducted an evaluation of their use of CERF funds in 2010 and 2012 respectively. WFP and UNHCR will in 2013/2014 include CERF as part of their evaluation programme (UNHCR evaluation to conclude in Q2 2014 and WFP by Q4). In addition, inclusion of CERF-specific questions in an agency evaluation has been piloted by FAO. CERF will follow-up with other recipient agencies to explore opportunities for further use of this methodology.</p> <p>vi. The possibility of using CHF country level monitoring frameworks to also cover CERF funded activities is one of the opportunities outlined in the guidance note on CERF-CBPF harmonization. This option will be explored further as the CHF (and ERF) monitoring systems are rolled out and solidified (<b>Ongoing</b>).</p> <p>vii. CERF contribution to results is referenced in the draft guidance and template(s) recently finalised as part of the HPC reference module on Response Monitoring. The framework is being piloted in 2014.</p> <p>viii. The oversight of the RC/HC reporting process has moved to the CERF Performance and Monitoring Unit in 2013 to ensure better integration with the</p>

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			overall CERF performance and accountability structure. In addition, the unit has been strengthened with additional staff.

**RISK AREA 2 – Partnerships**

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

<p><b><u>Risk</u></b></p> <ul style="list-style-type: none"> <li>- Delays in sub-granting or ineffective sub-granting arrangements.</li> <li>- Lack of inclusiveness in CERF country level prioritisation and decisions.</li> </ul> <p><b><u>Potential Impact</u></b></p> <ul style="list-style-type: none"> <li>- Possibility of delayed response.</li> <li>- Donors prioritizing other funding channels over CERF (to fund NGOs).</li> </ul>	<ul style="list-style-type: none"> <li>- Annex 2 of RC/HC CERF narrative reports requires agencies to report on size and timeliness of sub-grants.</li> <li>- Importance of partnerships reflected in CERF guidance materials and trainings.</li> <li>- Overview section of grant application template (the “chapeau”) requires applying countries to outline inclusiveness of prioritization exercise.</li> <li>- Country studies</li> </ul>	<ul style="list-style-type: none"> <li>i. Utilise revised RC/HC reporting schedule for improved analysis of reported sub-grants.</li> <li>ii. Development of prioritization guidance containing additional information on role of partners in the process.</li> <li>iii. Ensure that partnership issues are reviewed and assessed in PAF country reviews.</li> </ul>	<ul style="list-style-type: none"> <li>i. The revised RC/HC narrative reporting schedule (introduced in 2013 and fully rolled out in 2014) means that reports are going to be submitted on a rolling basis within three months of grants completion. This will allow CERF to better follow-up on reported sub-grant data and it will enable continuous analysis of information rather than limit it to a yearly exercise as in the past.</li> <li>ii. Prioritization guidance to be finalised and disseminated by third quarter of 2014. The guidance will reflect recent IASC initiatives under the Humanitarian Programme Cycle (HPC reference modules) and will take into consideration related initiatives for Country Based Pooled Funds (CBPFs) <b>(Timeline: Q3 2014)</b>.</li> <li>iii. This continues to be a standard component of the</li> </ul>
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<ul style="list-style-type: none"> <li>- CERF not meeting its objective of targeting the most urgent needs.</li> <li>- Loss of effectiveness and impact.</li> </ul>	<p>conducted under the PAF provide an additional level of verification of CERF added value and of the quality of partnership arrangements.</p>	<ul style="list-style-type: none"> <li>iv. Development of guidance on maximizing complementarities between CERF and country-based pooled funds (CBPFs) to enable CERF processes to be better grounded in the existing partnerships surrounding CBPFs.</li> <li>v. Introduction of country level CERF after-action reviews (AARs) to serve as platform for inclusive joint learning at country level.</li> <li>vi. Address partnership issues in the IASC Humanitarian Financing Task Team (HFTT).</li> <li>vii. Discuss partnership issues in the CERF Advisory Group (AG).</li> </ul>	<p>country review ToR and the four reviews conducted in 2013 (Sahel, DRC, Yemen, Pakistan) also covered this issue. An additional three to four country reviews are planned for 2014. CERF will follow-up on relevant partnership findings from the reviews.</p> <ul style="list-style-type: none"> <li>iv. Guidance developed and shared with CBPF managers and OCHA Heads of Offices. Follow-up discussions with fund managers will be held at the global OCHA Pooled Fund Managers workshop in May 2014</li> <li>v. See point <i>iii</i> under Risk Area # 1 for status of this action.</li> <li>vi. Identification of best practices in UN – NGO partnership agreements is included as an activity under the 2014/2015 work plan of the HFTT. This activity will amongst other things explore issues related to timeliness of agencies' disbursements of funds to their implementing partners (<b>Timeline: Q4 2014</b>)</li> <li>vii. Partnership issues are included as a regular agenda point of the IASC session of CERF AG meetings. At the May 2014 meeting a number of agencies will participate at senior level to discuss the issue with AG members.</li> </ul>

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<b><u>RISK AREA 3 - Resource Mobilization</u></b>			
CERF has received support from 122 of 193 Member States and Observers, as well as from private donors and the public. CERF, nevertheless, exhibits a <b>heavy reliance on a small group of donors</b> . This makes CERF vulnerable to fluctuations in the support from the core group of donors.			
<p><b><u>Risk</u></b></p> <ul style="list-style-type: none"> <li>- Heavy reliance on a small group of donors.</li> <li>- Perception that CERF is a fund for a few member states rather than a fund for all.</li> </ul> <p><b><u>Potential Impact</u></b></p> <ul style="list-style-type: none"> <li>- Significant loss of funding in case of policy change away from pooled funding by core donors or through impact of economic crisis.</li> <li>- Lack of interest by donors outside the core group.</li> </ul>	<ul style="list-style-type: none"> <li>- CERF maintains and updates a resource mobilization strategy targeting specific member states and groups. The strategy is revised regularly in consultation and discussed with the CERF Advisory Group.</li> <li>- CERF's Annual High-level Conference (HLC) serves as main fundraising event for CERF for Member States.</li> <li>- Regular Member States briefings provide opportunity to update Member States on CERF outside of High-level Conference.</li> <li>- Members of the CERF Advisory Group constitute a broad and diverse representation of Member States.</li> <li>- CERF Advisory Group members also function as advocates for CERF.</li> </ul>	<ol style="list-style-type: none"> <li>i. Ensure adequate staff capacity, procedures, tools and systems are in place to support resource mobilization efforts.</li> <li>ii. Revise resource mobilization and communications strategy to strengthen initiatives for maintaining, broadening and deepening of the donor base.</li> <li>iii. Develop innovative funding and promotional initiatives, including through private sector engagement, to attract new funding and to increase CERF visibility.</li> <li>iv. Integrate CERF resource mobilization efforts into broader UN initiatives to strengthen</li> </ol>	<ol style="list-style-type: none"> <li>i. The CERF secretariat's Reporting and Information Unit has in Q1 2014 been expanded with additional staff capacity and has transformed into Resource Mobilization and Communications Section.</li> <li>ii. Strategy has been revised and will be presented at the CERF Advisory Group meeting in May 2014. The new resource mobilization strategy includes communications as a core element.</li> <li>iii. CERF is continuously exploring new options for increasing visibility and reaching new partners. Recent initiatives include:               <ul style="list-style-type: none"> <li>- CERF has set up procedures for private sector engagement (including outreach and due diligence) through the UN Foundation and relevant OCHA counterparts.</li> <li>- CERF is also working with OCHA's Communications Services Branch to become the fundraising vehicle for private sector and individual contributions through the OCHA-managed World Humanitarian Day campaign.</li> <li>- CERF teamed up with award-winning musician Pharrell Williams and the UN Foundation on International Day of Happiness on 20 March to raise money and awareness for the fund.</li> </ul> </li> <li>iv. Targeted CERF resource mobilisation messages regularly included in USG and other OCHA/CERF senior officials' briefing packages/talking points for meetings with emerging or non-traditional donors. In</li> </ol>

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		<p>humanitarian partnerships with emerging or non-traditional donors.</p> <p>v. Further improve CERF Public Information products and initiatives.</p> <p>vi. Use the IASC Humanitarian Financing Task Team (HFTT) to discuss CERF visibility and branding issues with IASC partners.</p>	<p>2013 CERF held its first policy side-event under ECOSOC's Humanitarian Affairs Segment and will also in 2014 have an ECOSOC side event.</p> <p>v. This work is ongoing. During Q4 of 2013 and Q1 of 2014 CERF upgraded its visual identity and key information products. CERF's website has been revamped to offer easier access to information and improved usability.</p> <p>vi. Exploring opportunities for improving visibility of CERF's support to humanitarian response is an activity under the 2014/2015 work plan of the HFTT (<b>Timeline: Q3 2014</b>).</p>
<p><b><u>RISK AREA 4 - Value for Money</u></b></p> <p>A number of broadly inter-related factors have the potential to affect perceptions about the CERF offering sufficient <b>value-for-money</b>. This includes the risk that CERF is unable to demonstrate sufficient <b>added value</b> to donors, which is to say "is there sufficient benefit in channelling money through a pooled fund like CERF, rather than employing bilateral aid, to justify the expense?" Similarly, there is a risk that agencies will perceive the <b>transaction costs</b> (e.g. in the form of project prioritization, proposal preparation, compliance and reporting) associated with obtaining funds from CERF as excessive compared to bilateral donors. There is also an inherent risk with the CERF allocation process in that often each sector/cluster targeted with CERF funding is represented by only one or two UN agencies which may limit the competitive element and reduce considerations about cost conscientiousness. Lastly, there is a risk that <b>issues related to programme support costs (PSC)</b> will affect the perception of the fund. These include concerns over the overall level of PSC associated with the fund (currently 10 per cent) as well as the use of the 3 per cent allocated to the CERF secretariat and wider UN Secretariat.</p>			
<p><b><u>Risk</u></b></p> <ul style="list-style-type: none"> <li>- Perception of insufficient added value of CERF.</li> <li>- Perception of CERF not being conscientious about costs and value for money in its allocation</li> </ul>	<ul style="list-style-type: none"> <li>- Country studies conducted under the PAF seek to provide additional level of assurance regarding value added of CERF to a given emergency response.</li> <li>- Periodic external</li> </ul>	<ul style="list-style-type: none"> <li>i. Review the PAF to ensure that it provides an adequate framework for assessing CERF's added value.</li> <li>ii. Systematically explore and address barriers for maximizing</li> </ul>	<ul style="list-style-type: none"> <li>i. An independent expert has reviewed the PAF. The final report has been made available on CERF's website and the CERF secretariat has begun implementation of relevant changes (<b>Timeline: Q2 2014</b>).</li> <li>ii. CERF continues to utilize studies and evaluations to explore opportunities for increasing CERF's performance and its added value. Recent initiatives</li> </ul>

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<p>decisions.</p> <ul style="list-style-type: none"> <li>- Perception of excessive transaction costs.</li> <li>- Disagreements over level and use of PSC.</li> </ul> <p><b>Potential Impact</b></p> <ul style="list-style-type: none"> <li>- Possible loss of funding if donors cannot be convinced of sufficient added value.</li> <li>- Possible loss of funding in the long-term as donors pursue other funding channels perceived to have lower “overhead”.</li> <li>- Inadequate resources for CERF secretariat to fulfil its duties<sup>3</sup>.</li> <li>- Inadequate resources for recipient agencies and their implementing partners to effectively support implementation of CERF projects.</li> </ul>	<p>evaluations assess overall functioning and value added of the fund at the global level<sup>4</sup>.</p> <ul style="list-style-type: none"> <li>- Agreement on overall PSC rate with Controller’s office in place.</li> <li>- Consultations within IASC SWG on Humanitarian Financing provide opportunity for soliciting feedback from recipient agencies (in 2013 the group transformed into the IASC Humanitarian Financing Task Team (HFTT)).</li> <li>- Ad-hoc studies (e.g. UFE review, review of PAF itself).</li> <li>- CERF participation in the UN secretariat PSC working group</li> <li>- Through CERF proposal reviews ensure consistency in costing across emergencies, applications and projects.</li> </ul>	<p>CERF’s added value.</p> <ul style="list-style-type: none"> <li>iii. Explore opportunities for strengthening the concept of added value and value for money throughout the CERF cycle (prioritisation, submission, implementation, reporting).</li> <li>iv. Ensure an on-going and transparent dialogue about CERF PSC levels and their use.</li> </ul>	<p>include UNHCR and WFP evaluations of their use of CERF FUNDS (to be concluded in 2014) and a study of donors’ consideration of CERF in their humanitarian allocation decisions (concluded in January 2014). In addition four CERF country reviews will be commissioned by CERF in 2014 (taking the total number of countries reviewed to 25). All reviews will help CERF identify options for improving overall effectiveness and added value of CERF.</p> <ul style="list-style-type: none"> <li>iii. <u>Improved CERF Application Template:</u> CERF has reviewed the grant application template and will pilot a revised version during second quarter of 2014. The new template is meant to more clearly explain the prioritization approaches applied, reference any needs assessments informing the submission and clarify linkages to relevant strategic plans (SRPs). The template also references how value for money and cost effectiveness was considered in preparing the submission, how affected people were consulted and whether proposed activities are expected to contribute to strengthening resilience. In addition the revised template proposes a simple log-frame that will clarify expected CERF contribution and results.</li> <li><u>Improved RC/HC Narrative Reporting:</u> Revised format and schedule for RC/HC narrative reports was introduced in 2013 and fully rolled out in 2014. The new reporting format provides clearer information on results achieved and specifically requests information on CERF’s added value according to four key parameters.</li> </ul>

<sup>3</sup> In particular if the scope of work should change (e.g. growing monitoring dimension) or if CERF funding levels drop thereby reducing available PSC revenues.

<sup>4</sup> The CERF has now matured considerable and as such smaller studies and evaluations targeting specific issues may likely add greater value than what can be achieved through large scale, all-inclusive evaluations of CERF (like the two and five years evaluations).

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			<p>iv. The ERC and the CERF Advisory Group regularly discuss issues related to CERF PSC and also engage the UN controllers' office on the topic. The deputy UN Controller briefed the Advisory Group at its meeting in May 2013 and the UN Controller met with the group during the November 2013 meeting to further discuss usage of the PSC. Roll out of UMOJA in the UN secretariat should provide additional clarity on how the PSC is used.</p>