Policy2Practice Team

Study of the Central Emergency Response Fund (CERF) and Humanitarian Donor Decision-Making

Final Report

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Tasneem Mowjee

Financial analysis by Lydia Poole

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Acronyms

CAP	Consolidated Appeal Process
CAR	Central African Republic
CERF	Central Emergency Response Fund
CHF	Common Humanitarian Fund
CRED	Centre for Research on the Epidemiology of Disasters
DG ECHO	Directorate General for Humanitarian Aid and Civil Protection
DRC	Democratic Republic of Congo
ERC	Emergency Relief Coordinator
FTS	Financial Tracking Service
GHD	Good Humanitarian Donorship
GVCA	Global Vulnerability and Crisis Assessment (undertaken by DG ECHO)
ICRC	International Committee of the Red Cross
OECD	Organisation for Economic Cooperation and Development
RC/HC	Resident Coordinator/Humanitarian Coordinator
RR	Rapid Response
ToR	Terms of Reference
UFE	Under-Funded Emergency
UK	United Kingdom
UN	United Nations
USA	United States of America
WFP	World Food Programme

Executive Summary

The CERF secretariat commissioned this study with the objective of understanding the extent to which funding from either the Rapid Response (RR) or Underfunded Emergency (UFE) windows influences the direct funding of key humanitarian donors. This report is based mainly on 17 interviews with staff members from 13 donor countries and from the OECD's Development Cooperation Directorate. Australia, Canada, Denmark, the European Commission, Germany, Ireland, Japan, the Netherlands, Norway, Spain, Sweden, the United Kingdom (UK) and the United States of America (USA) have participated in the study. The interviews took place between 27th November 2013 and 24th January 2014.

The report also draws on a review of documents and an analysis of funding flows in 2013 to six crises that the CERF secretariat identified as ones to which it was the main donor.

How do donors make humanitarian funding decisions and how important a factor is CERF funding in the decision-making process?

Most donors try to ensure that their funding is needs based and four donors undertake perhaps the most extensive analysis of information from a range of sources in order to allocate their funding. Donors tend to take account of CERF funding when looking at the overall amounts of funding to a given crisis. None of the participating donors listed CERF funding as a criterion that influenced their decisions but one donor is using the CERF's identification of countries for funding from the UFE window for its strategy for these crises. Donors were asked to rate the importance of CERF allocations to their decision-making process on a scale of 1-5, where 1 was not at all important and 5 was extremely important. 10 out of the 13 donors responded to the question and all rated the CERF at 3 or below.

How do CERF allocations influence donors' direct funding?

For donors with limited capacity and/or budgets, the added value of the CERF is that it enables them to concentrate their resources on a smaller number of crises but reach other crises through the CERF. For three donors, CERF funding to an underfunded crisis would mean that they did not have to provide funding. Therefore, two of these donors were in favour of strengthening the CERF's UFE window. By contrast, a well-resourced donor did not believe that a low level of funding to an inter-agency response plan was an indication that donors were not interested or that emergency needs were not being met. Therefore, it was less supportive of the role of the UFE window.

Three donors stated that a CERF allocation might prompt them to consider funding a crisis or to increase their funding. However, for the majority of donors, CERF funding does not influence their direct funding one way or the other. Rather, their decisions are context-specific and dependent on other factors.

How do donors take account of their share of a CERF allocation?

Most of the participating donors highlight the fact that they have contributed to a crisis through the CERF, internally to decision-makers and/or to the public. For example, Norway highlights its contribution through the CERF particularly when politicians travel to a country that it is not funding directly but also when providing an overview of its humanitarian funding to a country. Some donors make an explicit calculation of the amount of a CERF allocation that can be attributed to their funding, particularly for internal purposes. When highlighting their contribution to the public, donors tend to state the amount that the CERF has provided and the fact that they are one of the top donors to it.

Does the type of crisis make a difference to how donors take account of CERF funding?

For the participating donors, the type of crisis – whether a sudden onset disaster or an underfunded crisis – did not really make a difference to how they factored CERF funding into their decision-making. This is probably because their decisions are based on a range of information sources and criteria.

Does the amount of CERF funding to a crisis influence donor decisions?

The amount of a CERF allocation does not generally influence donor decisions by itself. However, all donors examine the level of existing funding to a crisis when making their decision so CERF funding is factored into this overall level of funding. In the case of a large-scale rapid onset crisis such as Typhoon Haiyan, the issue of timeliness was more important to a couple of donors than the size of the CERF allocation. For some donors, the influence depends on the context. In a high profile disaster, such as Typhoon Haiyan, all donors are under pressure to respond and a CERF allocation has limited effect. However, where donors have less presence or strategic interest, a large allocation may indicate the gravity of the situation and prompt a response.

What sources of information do donors use for CERF allocations?

A number of donors use the CERF website directly to get details of allocations. A couple of donors that rely on their Embassies or country offices for information noted that these receive little or no information on CERF allocations at country level. In general, donors are not involved in discussions about CERF allocations at country level but there have been a couple of exceptions when the Resident Coordinator/Humanitarian Coordinator (RC/HC) has consulted donors about UFE allocations.

Are donors informed of the analysis for funding from the UFE window?

Although almost all the participating donors find the CERF website very useful, only two knew that the documents outlining the CERF secretariat's process for selecting countries for funding from the UFE window are available on the website. This is probably because the documents are on the page for applying for UFE grants, which donors would not visit. Most donors are aware that the secretariat has a procedure for allocations from the UFE window but they had not sought more information because they have a high level of trust in the secretariat to follow a robust process and make the right decisions. However, this information is likely to become more important for donors as they increasingly have to demonstrate that funding channels such as the CERF represent value for money and contribute to a needs-based response. Therefore, two donors requested more details of how the secretariat determines the actual amounts that it allocates to each crisis from both the RR and UFE windows.

What are the best ways to approach donors for advocacy purposes?

Donors have different structures and use different sources of information for decision-making. Therefore, they suggested different entry points that the CERF secretariat could use to advocate for increased funding to underfunded crises. These included: country offices and Embassies, the Missions in New York and Geneva, the European Council Working Group on Humanitarian Aid and Food Aid (COHAFA) and the OCHA Donor Support Group (ODSG). In addition, two donors highlighted the Emergency Relief Coordinator's relationship with donor governments as a powerful advocacy tool.

Donor issues related to CERF funding and the humanitarian system

Some donors voiced concerns or raised issues about CERF funding and the humanitarian system that were not directly related to the study questions. These included the timeliness of funding from CERF recipient agencies to implementing partners, the need to improve OCHA's Financial Tracking Service (FTS), the leadership of RC/HCs and ensuring that CERF funding is prioritised effectively at country level, the CERF's allocation of funds that donors provide as un-earmarked to specific projects, the need for clearer information on humanitarian needs in crises without an inter-agency response plan, and donors agreeing on a set of indicators for reporting that the CERF could also use.

Conclusions and Recommendations

1. CERF funding is not an important factor in donor decision-making. Instead, donor decisions to fund underfunded crises are influenced by presence, strategic interest, political leverage or the ability to add value in some way. Even well resourced donors may have reasons for not funding

a particular crisis. Therefore, OCHA should support the Emergency Relief Coordinator (ERC) with a strategic approach to advocacy, focusing on those donors that are likely to provide funding because they see that there is an added value in this.

2. The study has highlighted that most donors contributing to the CERF appreciate its role in addressing underfunded emergencies, with some relying on it to channel funding to these crises. This finding indirectly points to challenges within the humanitarian financing architecture with ensuring adequate funding and support to crises that are underfunded according to a range of criteria, not simply the level of funding to an inter-agency response plan. Therefore, donors could use the CERF secretariat's identification of underfunded crises to understand why certain situations are underfunded and then look at how the financing architecture can be adapted to best address this. The Good Humanitarian Donorship initiative could be one forum for this discussion since the GHD principles commit donors to address humanitarian 'needs' wherever they occur.
3. Several donors obtain information that influences their decision-making from Embassies or country offices. Therefore, the CERF secretariat should ask OCHA offices to ensure that information on CERF allocations is disseminated to key Embassies and/or country offices in CERF-recipient countries. This would ensure that they had more systematic information on CERF allocations.
4. It is clear that donors have a high level of trust in the CERF secretariat but, as it becomes more important for them to demonstrate that funding channels such as the CERF represent value for money, it will be useful for them to understand the rationale for the CERF secretariat's selection of countries for funding from the UFE window. The CERF secretariat could use the annual High Level Meeting to highlight that documentation on the process is available on its website. It should also make the documents more accessible on its website or provide a link from its home page. In addition, it should provide a link to the documents when it announces allocations from the UFE window.
5. Most donors make their funding decisions in January for the forthcoming year so it would be useful for them to have a report on how their funds for the previous year have been used in December, around the time of the CERF High Level Meeting. This would enable them to factor the information into their decision making, not only for allocations to the CERF but also for allocations for on-going crises. The CERF secretariat could provide an overview of outputs as well as trends in funding and challenges at the annual High Level Meeting and then make the detailed information available on its website.

Section 1: Introduction

The General Assembly established the Central Emergency Response Fund (CERF) as a global humanitarian fund in 2006 to enable more timely and reliable humanitarian assistance to those affected by natural disasters and armed conflicts. The Emergency Relief Coordinator (ERC), who is also the Head of the Office for the Coordination of Humanitarian Affairs (OCHA), manages the Fund on behalf of the United Nations Secretary-General. The fund is replenished annually through contributions from governments, the private sector, foundations and individuals and constitutes a pool of reserve funding to support humanitarian action. The CERF was established to upgrade the Central Emergency Revolving Fund by including a grant element. The CERF has a grant facility of US$450 million and a loan facility of $30 million. Its objectives are to:

- Promote early action and response to reduce loss of life;
- Enhance response to time-critical requirements;
- Strengthen core elements of humanitarian response in underfunded crises.

The CERF's grant component has two windows; one for rapid response (RR) and one for underfunded emergencies (UFE). Rapid response funds help support life-saving, humanitarian activities in the initial stages of a sudden-onset crisis. They may also be used to respond to time-critical requirements or a significant deterioration in an existing emergency. One third of CERF grants are earmarked for underfunded emergencies. Twice a year, the ERC invites selected countries to apply for grants from the UFE window. The ERC selects countries based on numerous criteria, which can include funding statistics, UN agencies' recommendations, inter-agency consultations and discussions with the RC/HC.

In 2012, the CERF secretariat commissioned a review of the CERF's UFE window. One recommendation of the study was that the CERF secretariat should use the analysis that it undertakes to select countries for funding from the UFE window as a tool to advocate with donors regarding their direct funding to these crises. Using CERF funding to leverage additional funding from donors would contribute to the CERF's objective of strengthening core elements of humanitarian response in underfunded crises.

The CERF secretariat commissioned this study with the objective of understanding the extent to which funding from either the RR or UFE windows influences the direct funding of key humanitarian donors. As outlined in the Terms of Reference (ToR) in Annex 2, this study has sought to answer the following questions:

- How do donors make humanitarian funding decisions and in what ways does this process take account of CERF allocations?
- Have CERF allocations from either the RR or UFE window influenced funding decisions of bilateral donors?
- If so, in which direction has the influence worked? That is to say: Do donors tend to see CERF allocations to a given country as highlighting the need for additional bilateral aid or reducing it?
- How do CERF funding allocations influence donor behaviour? That is to say, what kind of decision mechanisms do donors use to make global funding allocations (e.g. ECHO uses the Vulnerability and Crisis Index), but how do they take into account funding from other sources, including the CERF?
- To what extent and how do donors take CERF funding into account in different types of disasters? Are there differences to this dynamic in new disasters/a sudden worsening in an existing disaster vs. chronic emergencies that are under-funded?

1.1 Methodology

This report is based mainly on interviews with a staff member from the OECD's Development Cooperation Directorate and 16 representatives from 13 donors– Australia, Canada, Denmark, the

European Commission, Germany, Ireland, Japan, the Netherlands, Norway, Spain, Sweden, the United Kingdom (UK) and the United States of America (USA). The interviews took place between 27th November 2013 and 24th January 2014. With the exception of the interview with the UK, all interviews were conducted by telephone. To preserve the anonymity of respondents, this report does not list individual interviewees. Where it names a donor when describing specific procedures or approaches, this has been done with the donor's permission.

The study also reviewed the following documents:

- Good Humanitarian Donorship (2013) 10 Years On: How are donors implementing the Good Humanitarian Donorship principles?
- Humanitarian Outcomes (2012) Independent Review of the Underfunded Emergencies Window of the Central Emergency Response Fund (CERF)
- Documents related to UFE window allocations in 2012 and 2013, particularly strategies for prioritising funding at country level.
- European Commission (December 2013) Annual Strategy for Humanitarian Aid in 2014: General Guidelines on Operational Priorities.

In addition, the secretariat identified the following six crises as ones where the CERF has been the main donor:

- Colombia – on-going conflict/displacement – UFE
- Ethiopia - yellow fever – RR (Funding to WHO in June 2013)
- Horn of Africa - polio – RR (July 2013)
- Myanmar - Kachin – UFE
- Philippines - Mindanao conflict – UFE
- Philippines - Zamboanga conflict – RR (October 2013)

Since the RR crises were all from 2013, the study has analysed financial data from OCHA's Financial Tracking Service (FTS) to identify funding to the six crises in 2013 from donors that are the focus of this study as well as other donors. This report draws on the findings of the financial analysis where appropriate while Annex 1 contains the full analysis.

The financial analysis shows that the CERF was the largest donor to the Zamboanga and Mindanao conflict situations in the Philippines in 2013. It was also the largest donor to the yellow fever response in Ethiopia, providing 70% of the funding while DG ECHO was the only other donor and provided the remaining 30%. DG ECHO was the only donor apart from the CERF to finance all six crises while Canada financed five of the six crises.

Section 2: Key Findings

This section outlines the key findings from the study organised under the main questions.

2.1 How do donors make humanitarian funding decisions and how important a factor is CERF funding in this decision-making process?

Each of the donors participating in the study has its own decision-making process. Most of them try to ensure that their funding is needs based but even donors that collate information from a wide range of sources noted that the process is not very scientific since it involves a degree of judgement. Canada, DG ECHO, Germany, Ireland and Sweden undertake perhaps the most extensive analyses of information from a range of sources in order to allocate their funding. For example, for 2014, Sida used the following criteria to allocate funding to 19 of the largest on-going humanitarian crises:

- Level on DG ECHO's global vulnerability and crises assessments (GVCA), including crises, vulnerability, rank and risk-management index.
- DG ECHO's forgotten crises assessment (FCA)
- Protection needs based on the ranking of countries of ICRC's global budget 2014
- Size and funding of the Consolidated Appeal Process (CAP) in 2013
- Increase or reduction of needs and size of inter-agency response plans in 2014
- Number of affected people and proportion of total number of affected in the 19 crises (according to inter-agency response plans, where available)
- Cost per affected in the crisis compared to other crises
- Proportion of Sida support in relation to proportion of affected
- Opportunities for humanitarian access and monitoring
- Sweden's role as humanitarian donor
- Link to Swedish development assistance
- Size of 2013 Sida funding
- Transparency and risk of corruption

Ireland has a needs-based approach, as outlined in its 2009 humanitarian policy. It uses a very broad range of information sources to develop a categorisation of crises according to needs. The level of funding to a crisis is one factor that determines its categorisation and CERF allocations are part of this funding picture. Ireland updates the categorisation as information on needs and funding comes in through the year so that it has a living document to guide its funding decisions.

Canada has developed a Humanitarian Needs Index, based on data from a range of sources such as the Centre for Research on the Epidemiology of Disasters (CRED), in order to develop an objective analysis of needs. It takes account of CERF funding along with funding from other donors.

Germany was one donor that mentioned using the CERF secretariat's analysis to select countries for funding from the UFE window when it is making its own funding decisions for UFE crises. It is also working with its NGO partners to develop a strategy for financing underfunded crises that will explicitly refer to the CERF's rationale.

Other donors also tend to take CERF allocations into account when looking at the overall amounts of funding to a given crisis. While some use FTS data and OCHA's dashboard, others use the CERF website for information on allocations because they believe that this provides more accurate and up-to-date information (although OCHA updates the FTS with CERF allocation data promptly when the ERC sends a confirmation letter). As highlighted by Figure 1 below, several donors use appeals by humanitarian partners for information and the extent to which needs are covered is one of the main factors in

decision-making (also reflected in responses to the Good Humanitarian Donorship (GHD) study, pg. 11). CERF funding helps to increase coverage and it is one donor in the equation. For some donors, a CERF allocation from the UFE window is an indication that the situation merits attention but it is not a key factor in the decision-making process.

Figure 1 below summarises the range of information sources that donors use when making humanitarian funding decisions, showing the number of donors that use each particular source.

Figure 1: Sources of Information Used by Donors for Decisions

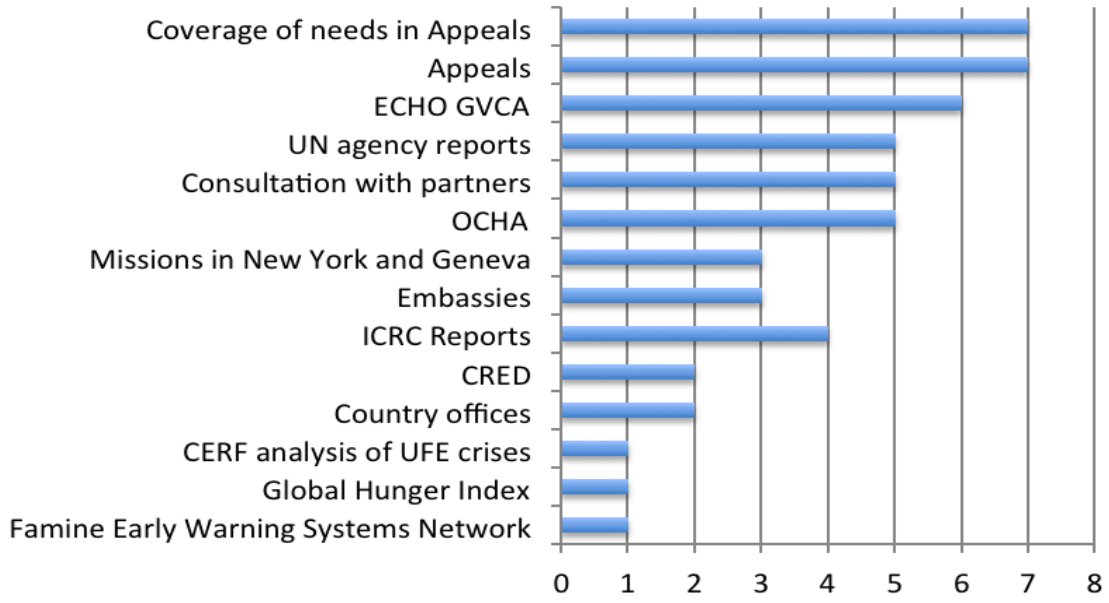


Figure 2: Donor Criteria for Decision-Making

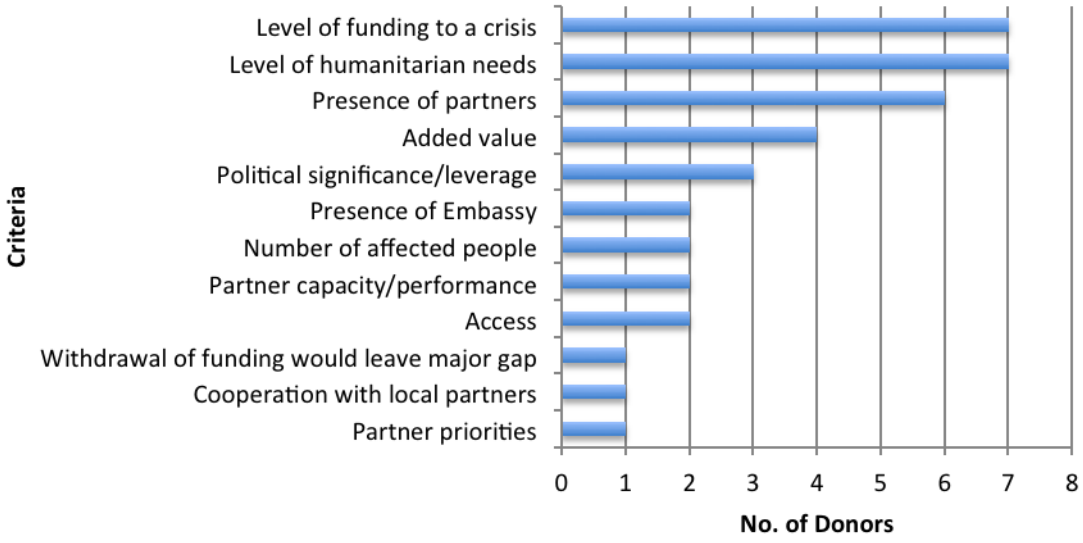


Figure 2 above summarises the main factors that drive donor decision-making. Unsurprisingly, this also shows that the level of humanitarian needs and the level of funding to a crisis are critical factors for most donors.

Some donors have specific approaches to decision-making. For example, Denmark provides highly flexible funding to a small group of strategic partners. It consults with these partners to identify priority crises where it will provide funding but then leaves it up to partners to identify key activities. It also pre-positions funding with these partners so that they can use up to DKK 3 million to respond to sudden onset crises without requiring permission from the Danish government. The only two requirements are that the crisis-affected country does not have a per capita income of more than $3,286 and that they do not use the funding to start up new operations that will require additional funding later. This high degree of flexibility means that partners can respond where they identify needs. The financial analysis in Annex 1 shows that Denmark provided funding to the Kachin crisis in Myanmar in 2013 (see figure 6). However, this was a response mounted by the Danish Red Cross without discussion with the Danish government. This demonstrates the important role that Denmark's partners play in the prioritisation process.

Australian bilateral interests currently prioritise the Indo-Pacific region. Within that, Australia allocates funding to those best positioned to deliver assistance, which takes into consideration their presence, their capability, and their access.

While donors use different criteria for making their decisions, it is pertinent that no donor listed CERF funding as a factor that shaped its decision-making. As a result, when donors were asked to rate how important a factor CERF funding was for them when they were making their own humanitarian funding decisions, they rated it as not very important. 10 out of 13 donors responded to this question and, as Table 1 below illustrates, on a scale of 1-5, where 1 was not at all important and 5 was extremely important, they rated the CERF's role at 3 or below. Some donors indicated the CERF's importance in a range of 1-2 or 2-3 and this is reflected in Table 1.[1]

Rating on Scale of 1-5	No. of Donors
1	2
1-2	3
2	2
2-3	2
3	2

Table 1: Donor Rating of CERF's Importance in their Decision-Making

2.2 How do CERF allocations influence donors' direct funding?

Donors have different perspectives on the role of the CERF. Some donors have limited budgets and/or capacity to cover a wide range of crises. For them, the added value of the CERF is that it enables them to concentrate their limited resources on a smaller number of crises but reach other crises through the CERF. For these donors, it is very useful to be able to explain to their constituents that they are financing underfunded emergencies or small-scale disasters through the CERF rather than directly. Other donors choose to focus on specific crises due to strategic interest or because they believe that they can add

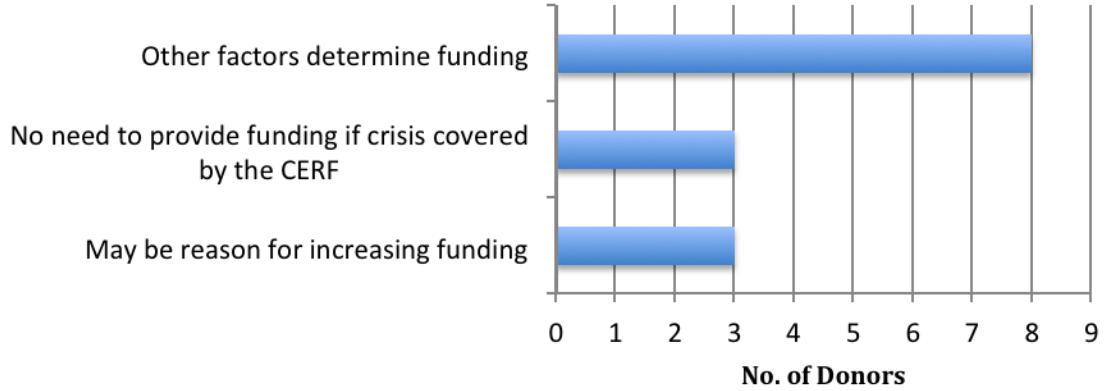
[1] The table shows 11 responses because one donor rated the CERF's importance as 1 for large crises and 3 for small crises.

value with their funding. One donor pointed out that, in the case of the Central African Republic (CAR), it had found it difficult to fund NGO partners because there was no response to its call for proposals. The CERF provided the donor with the opportunity to state that the CAR was a priority and that it was funding the UN system through the CERF. As a result, six out of the 13 donors stated that they use the CERF to provide at least some funding to crises they would not fund otherwise. This reinforces the finding of the GHD study that, for 15 GHD donors, the CERF was a key way to ensure at least a minimum level of funding to forgotten crises (pg. 14).

One of these donors argued that, if the CERF was the main donor to some underfunded crises or funding certain situations on a regular basis, this would point to the need to strengthen the UFE window and enable the CERF to do more in these crises. This donor felt that the CERF is working more effectively than some country-level pooled funds so there is a justification for increasing funding to the CERF. Due to this view of the CERF as a mechanism that can fund crises that donors cannot directly, another donor believed that it would have a stronger rationale for increasing funding to the CERF if it increased the percentage of its total funding that it allocates to underfunded crises. By contrast, a well-resourced donor felt that a low level of funding to an inter-agency response plan was not necessarily an indication that donors were not interested in the situation or that critical emergency needs were not being met. There may be reasons why a crisis appears to be underfunded, such as a lack of prioritised needs in the response plan or the inclusion of non-emergency needs. Even though funding from the CERF's UFE window is based on a number of factors, and not simply on funding levels of an inter-agency response plan, it is less supportive of the role of the UFE window.

In accordance with GHD principles to fund humanitarian needs wherever they occur, Canada aims to fund humanitarian needs proportionally across all humanitarian situations, without focusing on specific crises. This is reflected in the financial analysis in Annex 1, which shows that Canada provided funding to four of the six crises analysed (DG ECHO is the only donor to fund a larger number of the crises analysed, contributing to all six). Therefore, Canada's approach is not to favour some crises over others and allow the CERF to cover others. Rather it aims to fund humanitarian needs in all crises and regards the CERF as complementing its direct funding.

Figure 3: Influence of CERF Allocations on Donors' Direct Funding



Donors' responses to the question of whether a CERF allocation would prompt them to increase or decrease their funding or not make a difference reflects their different perspectives, as shown in Figure 3 above.[2] This demonstrates that, in most cases, CERF funding does not influence donor behaviour one way or the other. Rather, the decision is context-specific and dependent on the other factors that influence donor decisions. For example, one donor argued that CERF funding to a crisis such as the Democratic Republic of Congo (DRC) would not trigger funding because the donor has no presence there and it is not of strategic interest. However, if the CERF is funding situations where the donor is already concentrating its resources, this helps to reinforce the donor's decision. An appeal or inter-agency response plan draws the donor's attention to humanitarian needs and CERF funding confirms that the needs are genuine. The donor can then examine whether it can add value through direct funding or whether it is best to leave it to the CERF and other donors to provide funding.

One donor noted that it was aware that the World Food Programme (WFP) had made use of the CERF's loan facility for its response to the Syrian crisis. This was an indication that the system was stretched and required additional funding directly from donors.

Australian interviewees pointed out that the CERF was set up as a revolving contingency fund for the UN, when other donor funding was late in arriving. In recent years, there has been a view that the CERF's funding should serve to leverage resources from other donors. This is reflected in the study on the UFE window and country level reviews of the CERF provide examples of how individual UN agencies have used CERF grants to leverage additional funding. While some donors have adjusted to this mandate, others may still be holding on to the original concept, resulting in a mixture of those that feel that the CERF takes care of situations where they cannot fund and those who see CERF funding as an indication that greater funding is required.

2.3 How do donors take account of their share of a CERF allocation?

Most of the participating donors highlight the fact that they have contributed to a crisis through the CERF, internally to politicians/decision-makers and/or to the public. For example, Norway highlights its contribution through the CERF particularly when politicians travel to a country that it is not funding directly but also when providing an overview of its humanitarian funding to a country. Since Norway's contribution to the CERF was around 15% of the CERF's total funding in 2013, it attributed 15% of the CERF's allocations to specific countries as its contribution. For Norway, being able to highlight CERF funding as supplementing direct humanitarian funding is an added value.

One European donor makes an explicit calculation internally of its share of funding to a crisis through the CERF and DG ECHO, which is factored into the amount that it decides to allocate to the crisis. In some cases, the amount is used in press releases and public documents as well. While some other donors make a similar explicit calculation of their share of CERF funding in certain contexts (such as Syria), in other cases they may simply state that the amount that the CERF has allocated and note that they are significant donors to the CERF. Ireland also does not enumerate its share of CERF funding to a given crisis. Instead, it states the amount that the CERF has allocated and that Irish Aid is one of the top 10 donors to the CERF. This avoids confusion and also underlines Ireland's focus on pre-positioning funds, which is an important principle. Canada follows the same approach, highlighting that it is one of the top five donors to the CERF although it does calculate its share of CERF funding internally. In Sweden, the Ministry of Foreign Affairs, which funds the CERF, usually calculates its share of CERF

[22] The figure shows 14 responses because one donor stated that a CERF allocation may cause it to consider funding a crisis but that, ultimately, other factors determined whether it provided funding.

funding going to a crisis as part of a calculation of total Swedish support. However, it does not publish the calculation.

2.4 Does the type of crisis make a difference to how donors take account of CERF funding?

For the participating donors, the type of crisis – whether a sudden onset disaster or an underfunded crisis – did not really make a difference to how they factored CERF funding into their decision-making. This is probably because, as highlighted in section 2.1, their decisions are based on a range of information sources and criteria. One donor pointed out that it was not the type of crisis but its own presence that made a difference to the importance of the CERF. The CERF was more influential in its decision-making in areas outside its immediate bilateral interest than in crises where the donor had a good presence on the ground. Where the donor has a limited presence, it relies on donors such as the CERF and ECHO that have better access to information on the ground to help it make needs-based funding decisions.

A couple of donors noted that the CERF has an important role to play in both types of crises. In sudden onset crises, the CERF can release funding quickly which should enable UN agencies to kick-start their response and leverage funds from other donors. Section 2.2 highlighted the CERF's value to donors in underfunded crises.

2.5 Does the amount of CERF funding to a crisis influence donor decisions?

The amount of a CERF allocation does not generally influence donor decisions by itself although one donor felt that a large allocation might raise alarm bells and lead them to consider providing funding. However, all donors examine the level of existing funding to a crisis when making their decision so CERF funding is factored into this overall level of funding. As one donor phrased it, "it makes a difference to the number crunching".

In the case of a large-scale rapid onset crisis such as Typhoon Haiyan, the issue of timeliness was more important to a couple of donors than the size of the CERF allocation. They found the CERF's release of $25 million within the first week reassuring because it meant that UN agencies could mobilise their response. However, they recognised that it takes time for CERF funding to reach implementing partners so they mobilised other rapid funding mechanisms to ensure quick funding to NGOs. To facilitate an immediate response, one of the donors had put a response team on a flight even before the Typhoon hit.

One of these two donors suggested that, when the CERF releases a large amount of funding for a rapid onset crisis, it would be helpful to provide 'good news' stories early on about how quickly lives have improved on the ground. Visiting the Philippines three weeks after the crisis, the donor was unable to get a sense of how quickly CERF funding had started making a difference.

For some donors, the influence depends on the context. For example, in the case of Typhoon Haiyan, the size of the CERF allocation had very little or no influence for most donors because this was a high profile crisis and donors were under pressure to show that they were responding. In other contexts, where a donor has less presence or strategic interest, the release of CERF funds may be taken as one proxy indicator of need and therefore may be factored into decisions on the timing and allocation of funds. One donor noted that, depending on the context, the size of a CERF allocation may trigger funding by showcasing the gravity of the situation or it may lead the donor to delay its own funding allocation because the CERF had covered initial needs.

2.6 What sources of information do donors use for CERF allocations?

As mentioned in section 2.1, a number of donors use the CERF website directly to get details of allocations as well as other information about the CERF. One donor noted that it receives quarterly newsletters. Another highlighted the fact that, although it generally relies on its Embassies for information on humanitarian situations, these are not informed about CERF processes and allocations at country level. Donors with an extensive field presence tend to have discussions with other donors at field level. One of these mentioned that there was a perception amongst its field staff that CERF processes at country level were not transparent.

Although donors are not generally involved in discussions about CERF allocations at country level, there have been at least a couple of exceptions. For the first allocation round from the UFE window in 2012, the RC/HC in CAR consulted key humanitarian actors including donors such as DG ECHO before convening a meeting of the Humanitarian Country Team to discuss priority activities.[3] In 2013, when Sudan received an allocation from the first round of funding from the UFE window, the RC/HC combined the prioritisation processes for the CERF and the country-level Common Humanitarian Fund (CHF). This meant that the CHF Advisory Group, which includes donor representatives, scrutinised applications for CERF funding.[4]

2.7 Are donors informed of the analysis for funding from the UFE window?

Almost all the participating donors noted that they find the CERF website very useful. Nevertheless, only two donors knew that the documents outlining the CERF secretariat's process and rationale for selecting countries for funding from the UFE window are available on the website. This is probably because the documents are on the page for applying for UFE grants, which donors would not visit. Most donors are aware that the secretariat follows a procedure for allocations from the UFE window but they do not go into the details because they trust the secretariat to follow a robust process and make the right decisions. As one donor noted, the list of crises financed through the UFE window makes sense so they do not check the details of the CERF's decision-making process. If countries that they believed were not a priority began to top the list of CERF recipients, they would be more concerned.

However, this information is likely to become more important for donors as they increasingly have to demonstrate that funding channels such as the CERF represent value for money and contribute to a needs-based response. Therefore, one donor suggested that it would be useful to have information on how the CERF secretariat determines the amount that it allocates for rapid onset emergencies as well as underfunded crises. For example, it would be helpful to understand the rationale for allocating $25 million rather than a smaller amount to the Typhoon Haiyan response so that donors can decide on their own level of investment. Another donor also felt that clearer information on why the CERF had allocated a particular amount to a crisis would help donors to get a better sense of whether the CERF's funding was proportional to needs. The donor argued that, in the case of Syria, while donors realise that the CERF only has a finite amount of funding and such a crisis could absorb all of it, some feel that its funding was not proportional to the scale of the crisis. In Somalia, since the CERF has strict life-saving criteria and the multi-annual Appeal includes a lot of resilience building activities, proportional CERF funding would be different to Syria so it would be helpful to have this made clear. The donor also felt that with growing support for the resilience agenda and arguments for earlier interventions to save lives, it would be helpful for the CERF secretariat to communicate when and how the CERF will intervene and how it will complement other funding.

[3] According to the prioritization strategy submitted by the RC/HC to the CERF secretariat.
[4] According to the prioritization strategy submitted by the RC/HC to the CERF secretariat.

2.8 What are the best ways to approach donors for advocacy purposes?

As outlined in section 2.1, donors have different structures and use different sources of information for decision-making. Therefore, they suggested different entry points that OCHA could use to advocate for increased funding to underfunded crises, with CERF funding as leverage. These were as follows:

- For four donors, country programmes are a good entry point for advocacy.
- Embassies are an important source of information for three donors.
- Three donors obtain information from their Missions in New York and Geneva. One of these donors suggested that the CERF secretariat should issue an alert (short paragraph) when it makes its UFE allocations, which would trigger attention.
- Two donors highlighted the Emergency Relief Coordinator's relationship with donor governments as a powerful advocacy tool.
- For European donors, the Council Working Group on Humanitarian Aid and Food Aid (COHAFA) would be one forum for raising awareness of underfunded crises.
- The OCHA Donor Support Group (ODSG) is an important forum for two donors.
- One donor finds OCHA's Donor Relations Unit in Geneva a very useful source of backup information.
- For a donor that relies heavily on its partners to identify priority crises and activities, it would be most effective for the secretariat to engage with its partners rather than with the government.
- One donor pointed out that the Pooled Funds Working Group was a useful way for donors to exchange information on what the CERF and country level pooled funds were doing so this could also be a forum for reaching out to donors on underfunded crises.
- One donor suggested that the CERF Advisory Group and reports from the Secretary-General could help to create a culture amongst donors of responding to needs wherever they occur, thereby increasing support for underfunded crises.

2.9 Donor issues related to CERF funding and the humanitarian system

Some donors voiced concerns or raised issues about CERF funding and the humanitarian system that were not directly related to the study questions.

- Two donors were concerned that, although the CERF secretariat is quick to disburse funds, it does not flow to implementing partners and affected communities in a timely way.
- Since many donors use the FTS to get an overview of funding to a crisis, two donors argued that it needs improvement in order to provide more timely and accurate data. One European donor suggested that FTS data should be aligned better to DG ECHO's reporting system for member states, EDRIS.[5]
- Two donors were concerned that a lack of strong leadership by some RC/HCs resulted in a negotiation between UN agencies to 'get a share of the cake' of CERF allocations rather than a genuine prioritisation exercise. The challenge is that UN agencies assess the performance of RC/HCs, making it much more difficult for an RC/HC to assert his/her authority over them. Although it has implications for the effectiveness of CERF funding, this is an issue that is beyond the CERF secretariat's control and remains to be addressed by the Transformative Agenda.
- One donor questioned the fact that while donor funding to the CERF is un-earmarked and very flexible, the CERF secretariat allocates funding to very specific projects and activities. While this helps the CERF secretariat to be accountable, it perhaps undermines collaborative efforts or a

[5] However, this is perhaps due to a misperception since EDRIS data is fed directly into the FTS.

more flexible programmatic approach. The donor also felt that since the CERF puts pressure on UN agencies to deliver to set standards, the secretariat should engage more proactively in following up on CERF funding.

- Many donors rely on inter-agency response plans to provide an indication of humanitarian needs and the number of people affected. One donor expressed a desire for OCHA to provide clearer information on humanitarian needs in situations where there is no inter-agency response plan or the government-endorsed appeal is not very credible. This would help donors to understand the extent to which the humanitarian needs in these situations are, in fact, being met or not.
- One donor made the point that it would be helpful if donors could agree on a standard set of indicators for reporting results achieved with their funding (at least at output level). The CERF could then also report against these indicators and this would increase the accuracy and relevance of CERF reporting.

Section 3: Conclusions and Recommendations

1. One overall message from this study is that CERF funding is not an important factor in donor decision-making. Instead, donor decisions to fund underfunded crises are influenced by other factors, such as presence, strategic interest, political leverage or the ability to add value in some way. Even well resourced donors may have reasons for not funding a particular crisis. Therefore, OCHA should support the Emergency Relief Coordinator with a strategic approach to advocacy, focusing on those donors that are likely to provide funding because they see that there is an added value in this.[6] For example, Australia, Japan and the USA are also major donors to the Mindanao conflict in the Philippines, which the CERF has funded through the UFE window for a number of years (see Table 7 in Annex 1). Advocating for these donors to increase their funding would be more effective than trying to persuade donors without a presence to provide funding. This would also contribute to a more effective overall humanitarian response than 10 new donors deciding to contribute small amounts of bilateral funding in a fragmented way due to advocacy based on CERF allocation decisions and not having the means to follow up on their contributions.
2. The study has highlighted that almost all donors contributing to the CERF appreciate its role in addressing underfunded emergencies, with some donors relying heavily on it to channel funding to these crises (even though only 30% of total CERF funding is reserved for the UFE window). The finding indirectly points to challenges within the humanitarian financing architecture with ensuring adequate funding and support to crises that are underfunded according to a range of criteria, not simply the level of funding to an inter-agency response plan. Therefore, donors could use the CERF secretariat's identification of underfunded crises to understand why certain situations are underfunded and then look at how the financing architecture can be adapted to best address this. The Good Humanitarian Donorship initiative could be one forum for this discussion since the GHD principles commit donors to address humanitarian 'needs' wherever they occur.
3. The study has shown that several donors obtain information that influences their decision-making from Embassies or country offices. Therefore, the CERF secretariat should ask OCHA offices to ensure that information on CERF allocations is disseminated to key Embassies and/or country offices in CERF-recipient countries. This would ensure that they had more systematic information on CERF allocations.
4. It is clear that donors have a high level of trust in the CERF secretariat but, as it becomes more important for them to demonstrate that funding channels such as the CERF represent value for money, it will be useful for them to understand the rationale for the CERF secretariat's selection of countries for funding from the UFE window. The CERF secretariat could use the annual High Level Meeting to highlight that documentation on the process is available on its website. It should also make the documents more accessible on its website or provide a link from its home page. In addition, it should provide a link to the documents when it announces allocations from the UFE window.
5. Most donors make their funding decisions in January for the forthcoming year so it would be useful for them to have a report on how their funds for the previous year have been used in December, around the time of the CERF High Level Meeting. This would enable them to factor

[6] To help with the development of this advocacy strategy, OCHA could draw on a study being undertaken by Development Initiatives on donor priorities as reflected in policy documents and in actual funding flows.

the information into their decision making, not only for allocations to the CERF but also for allocations to on-going crises. The CERF secretariat could provide an overview of outputs as well as trends in funding and challenges at the annual High Level Meeting and then make the detailed information available on its website. The CERF secretariat's shift from annual RC/HC reports submitted in March of each year to rolling reports submitted three months after the expiry date for each allocation (which will be mandatory as of March 2014) should make this feasible.

Annex 1: Financial Analysis

As part of this study, the CERF secretariat identified six crises where it was the main donor (see Table 1 below). This section puts CERF funding into the context of funding from other donors. The analysis is based on FTS data (downloaded on 10th January 2013). Where UN funding appeals were in place, the analysis included all funding within the appeal, plus funds outside of these appeals that referenced the crises in project descriptions. These appeals were: Colombia 2013, Myanmar - Kachin Response Plan 2013 (March - December 2013) and the Philippines Mindanao Action Plan 2013. In each case, the analysis did not identify more than four transactions 'outside the appeal'. In the other cases, contributions to the focus crises were identified using a word-search of project descriptions.

The analysis focuses on the donors participating in this study: Australia, Canada, Denmark, ECHO, Germany, Ireland, Japan, the Netherlands, Norway, Spain, Sweden, the UK and the US.

Summary

Table 2: Contributions to six crises via the CERF, focus donors and all other donors, 2013

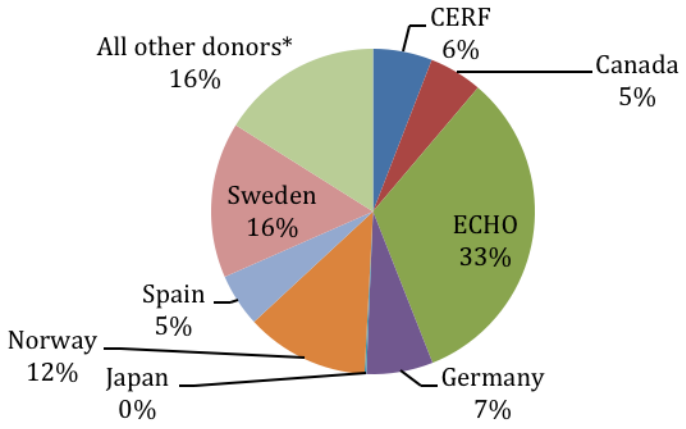
	Total contributions (USD million)	CERF	Focus donors	All other donors
Colombia internal displacement crisis	59.3	6%	78%	16%
Ethiopia Yellow fever	1.8	70%	30%	
Horn of Africa polio outbreak	8.5	17%	83%	
Myanmar Kachin crisis	27.3	11%	88%	1%
Philippines Mindanao crisis	58.1	27%	58%	15%
Philippines Zamboanga crisis	6.3	38%	48%	14%

Source: UN OCHA FTS

1. Colombia: conflict and internal displacement 2013

The CERF was the sixth largest donor to the crisis in 2013, contributing 6% of the total. Focus donors provided an additional 78% of funding to the crisis. Their contributions may be higher if carried-over funds, ERF contributions and allocations of un-earmarked funds via UN agencies are taken into account.

Figure 4: CERF and focus donor contributions to the Colombia internal displacement crisis in 2013



*Source: UN OCHA FTS. * Includes allocation of un-earmarked funding via UN agencies, carry-over, ERF allocations and contributions from non-focus bilateral donors*

Table 3: Donor contributions to the Colombia internal displacement crisis in 2013 ranked by volume

Donor	USD million	% of total
ECHO	19.4	33%
Sweden	9.2	16%
Norway	7.3	12%
Germany	3.9	7%
Carry-over (donors not specified)	3.7	6%
CERF	3.5	6%
Canada	3.1	5%
Spain	3.1	5%
Switzerland	2.7	5%
Luxembourg	1.5	2%
ERF	1.3	2%
Allocation of unearmarked funds by OCHA	0.9	2%
Italy	0.1	0%
Japan	0.1	0%
Balancing entry of ERF allocations	- 0.7	-1%
Total	**59.3**	

Source: UN OCHA FTS

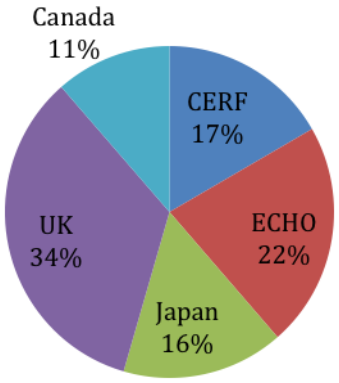
2. Ethiopia: Yellow fever outbreak 2013

The FTS reports two contributions for the crisis. The contribution of USD 1.26 million from the CERF represents 70% of total contributions while the other, from DG ECHO, was for USD 530,000, which represents 30% of the total.

3. Horn of Africa: Polio outbreak 2013

The CERF was the third largest donor to the crisis. All the other contributions to the crisis were bilateral contributions from focus donors.

Figure 5: CERF and focus donor contributions to the Horn of Africa polio outbreak response in 2013



Source: UN OCHA FTS

Table 4: Donor contributions to the Horn of Africa polio outbreak response in 2013 ranked by volume

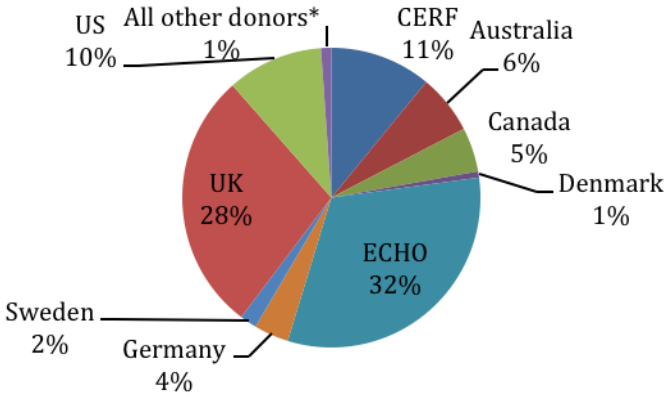
Donor	USD million	% of total
UK	2.9	34%
ECHO	1.9	22%
CERF	1.4	17%
Japan	1.3	16%
Canada	1.0	11%
Total	**8.5**	

Source: UN OCHA FTS

4. Myanmar: Kachin crisis 2013

The CERF was the third largest donor to the crisis, providing 11% of total contributions. Focus donors provided an additional 88% of the total in bilateral contributions. The remaining 1% of the total was channelled via the ERF.

Figure 6: CERF and focus donor contributions to the Myanmar Kachin area crisis in 2013



Source: UN OCHA FTS

Table 5: Donor contributions to the Myanmar Kachin area crisis in 2013 ranked by volume

Donor	USD million	% of total
ECHO	8.7	32%
UK	7.7	28%
CERF	3.0	11%
US	2.8	10%
Australia	1.8	6%
Canada	1.3	5%
Germany	1.0	4%
Sweden	0.5	2%
ERF	0.3	1%
Denmark	0.2	1%
Total	**27.3**	**100%**

Source: UN OCHA FTS

While the FTS registers Denmark as having contribution $200,000 to the Kachin crisis, it contributed DKK 32,251,841 (USD 5,740,805) in total for Myanmar.[7] This was through 4 partners, as detailed below:

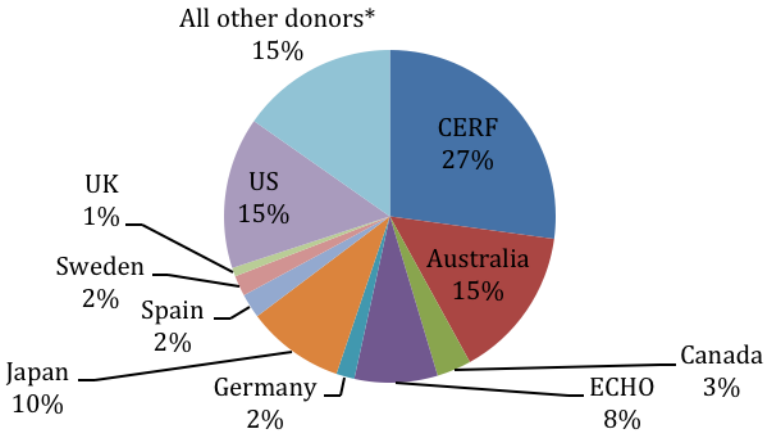
	Total commitments
Myanmar	**32.251.841**
DanChurchAid	8.298.697
Danish Red Cross	2.585.337
Danish Refugee Council	6.367.807
UNHCR	15.000.000
Hovedtotal	**32.251.841**

Since Denmark does not earmark its funding to a particular situation within a country or to particular activities, its partners have full flexibility to decide to which sub-national crises or activities to allocate funds. Therefore, while the Danish Red Cross received DKK 2,585,337 (USD 460,188) for Myanmar, it may have allocated $200,000 to the Kachin crisis and the rest to other areas within Myanmar.[8]

5. Philippines: Mindanao conflict 2013

The CERF was the largest donor to the crisis, providing 27% of the total. Focus donors provided an additional 58% of funding to the crisis.

Figure 7: CERF and focus donor contributions to the Philippines Mindanao crisis in 2013



*Source: UN OCHA FTS. *Includes allocation of un-earmarked funds via UN agencies, NGOs, private contributions and donations from non-focus government donors*

Table 6: Donor contributions to the Philippines Mindanao crisis in 2013 ranked by volume

Donor	USD million	% of total
CERF	15.8	27.2%
Australia	8.6	14.8%
US	8.6	14.7%
Japan	5.5	9.5%
ECHO	4.7	8.1%

[7] The exchange rate used is the OCED-DAC's annualised exchange rate for 2013 of USD1 = DKK 5.618. See http://stats.oecd.org/index.aspx?queryid=169

[8] Denmark also had challenges with uploading data to FTS in 2013 but it was not possible to verify the accuracy of the FTS data.

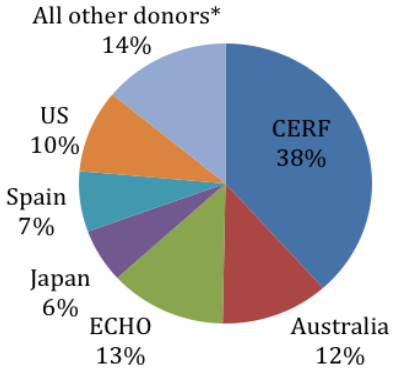
Philippines	2.8	4.8%
Canada	2.0	3.4%
New Zealand	1.9	3.4%
Spain	1.4	2.4%
Sweden	1.2	2.0%
Germany	1.0	1.8%
Italy	0.7	1.2%
Switzerland	0.6	1.1%
Korea, Republic of	0.6	1.0%
Private (individuals & organisations)	0.5	0.9%
UK	0.5	0.8%
Allocation of un-earmarked funds by OCHA	0.4	0.7%
Saudi Arabia (Kingdom of)	0.3	0.6%
Allocation of un-earmarked funds by UNICEF	0.2	0.4%
UNICEF National Committee/United Kingdom	0.1	0.2%
Association of Southeast Asian Nations	0.1	0.2%
Estonia	0.1	0.1%
Greece	0.1	0.1%
Americares	0.1	0.1%
Andorra	0.1	0.1%
USA Fund for UNICEF	0.1	0.1%
UNICEF National Committee/Hong Kong	0.0	0.1%
UNICEF National Committee/Canada	0.0	0.1%
Faroe Islands	0.0	0.1%
Hungary	0.0	0.0%
UNICEF National Committee/Australia	0.0	0.0%
UNICEF National Committee/New Zealand	0.0	0.0%
Total	**58.1**	

Source: UN OCHA FTS

6. *Philippines: Zamboanga conflict 2013*

The CERF was the leading donor to the crisis, providing 38% of the total. Focus donors provided an additional 48% in bilateral contributions. Non-focus donors provided 14% of the total. Italy, a non-focus donor, was the third largest contributor (11%).

Figure 8: CERF and focus donor contributions to the Philippines Zamboanga crisis in 2013



*Source: UN OCHA FTS. * Includes funds from non-focus bilateral donors*

Table 7: Donor contributions to the Philippines Zamboanga crisis in 2013 ranked by volume

Donor	USD million	% of total
CERF	2.4	38%
Australia	0.8	12%
Italy	0.7	11%
US	0.6	10%
Spain	0.4	7%
ECHO	0.8	13%
Japan	0.4	6%
New Zealand	0.2	3%
Total	**6.3**	

Source: UN OCHA FTS.

Although FTS data shows Japan's contribution to the Zamboanga crisis as $400,000, it contributed USD2 million though the International Organization for Migration (IOM), United Nations Children's Fund (UNICEF), and WFP.[9] This makes it the second largest donor to the crisis after the CERF in 2013.

[9] According to a press release from the Japanese government. See: http://www.mofa.go.jp/press/release/press4e_000036.html

Annex 2: Terms of Reference

STUDY OF THE INFLUENCE OF CENTRAL EMERGENCY RESPONSE FUND (CERF) ALLOCATIONS ON DONOR AGENCIES

Terms of Reference

1. Introduction to CERF:

The Central Emergency Response Fund (CERF) is a humanitarian fund established by the United Nations General Assembly in 2006 to enable more timely and reliable humanitarian assistance to those affected by natural disasters and armed conflicts. The fund is replenished annually through contributions from governments, the private sector, foundations and individuals and constitutes a pool of reserve funding to support humanitarian action.

The CERF was established to upgrade the Central Emergency Revolving Fund by including a grant element. The CERF has a grant facility of US$450 million and a loan facility of $30 million. The CERF grant component has two windows; one for rapid response and one for underfunded emergencies (UFE).

The CERF's objectives are to:

- promote early action and response to reduce loss of life;
- enhance response to time-critical requirements;
- strengthen core elements of humanitarian response in underfunded crises.

CERF was created by all nations, for all potential victims of disasters. It provides predictable and equitable funding to those affected by natural disasters and other humanitarian emergencies. It is an enormous undertaking which requires the collective support of all sectors. The Fund is managed, on behalf of the United Nations Secretary-General, by the Emergency Relief Coordinator (ERC), Valerie Amos, Head of the Office for the Coordination of Humanitarian Affairs (OCHA).

2. Background and Key Questions:

In 2012, the CERF secretariat commissioned a review of CERF's UFE window. Among other things, the study recommended that the analysis around the biannual UFE rounds be used as an advocacy tool towards donors concerning their bilateral allocations to emergencies. This would contribute to CERF's third objective of strengthening core elements of humanitarian response in underfunded crises by increasing the likelihood that CERF support to underfunded crises leverages additional donors contributions.

More broadly, questions remain about the extent to which CERF allocations from either window influence the behavior of bilateral donors and multilateral ones, such as ECHO, and their bilateral funding to emergencies. The proposed study would, therefore, be guided by the following sample questions:

- How do donors make humanitarian funding decisions and in what ways does this process take account of CERF allocations?
- Have CERF allocations from either the RR or UFE window influenced decisions funding decisions of bilateral donors?
- If so, in which direction has the influence worked? That is to say: Do donors tend to see CERF allocations to a given country as highlighting the need for additional bilateral aid or reducing it?

- How do CERF funding allocations influence donor behavior?. That is to say, what kind of decision mechanisms do donors use to make global funding allocations (e.g. ECHO uses the Vulnerability and Crisis Index, but how do they take into account funding from other sources, including the CERF?)
- To what extent and how do donors take CERF funding into account in different types of disasters? Are there differences to this dynamic in in new disasters/a sudden worsening in an existing disaster vs. chronic emergencies that are under-funded?

Based on the answers to the above questions, the study would also seek to identify a number of suggestions on how the CERF secretariat should approach bilateral donors for advocacy purposes.

Possible recommendations might, for example, include advice on:

- Whether the CERF secretariat should place a greater emphasis on approaching programmatic staff at donors' headquarters directly.
- How the CERF secretariat can communicate effectively to better leverage its allocations to ensure support to neglected emergencies.
- As appropriate, the study may also direct recommendations to donors.

4. Output and Methodology:

The main output will be one concise report in English to the CERF secretariat of no more than 25 pages (excluding appendices) in an electronic version plus an Executive Summary (up to two pages). The reports will include a set of specific, well targeted and action-oriented recommendations whose purpose should be to improve the CERF secretariat's strategic communication with donor agencies as well as any other issues the consultant considers pertinent.

It is anticipated that the methodology will largely consist of a desk review of CERF and bilateral donor funding allocations as well as interviews with donor and OCHA staff members. With respect to donor agencies, it is expected that the study will cover the 10 historically largest contributors to CERF (UK, Sweden, Norway, the Netherlands, Canada, Spain, Ireland, German, Denmark and Australia) as well as the US, Japan and ECHO. In terms of countries studied, the review should examine CERF support to a range of lower and higher profile emergencies.

The data should be analyzed statistically and presented clearly (e.g. using graphs, tables, maps etc.). Other document sources and interview partners will be consulted as necessary. Given the strategic-level focus of this study, no field travel is expected.

5. Proposed Consultants

It is anticipated that one consultant will be required to prepare the study. The consultant will be independent and he/she and should have the following skills:

- Expertise in UN humanitarian reform & financing, including the CERF, and knowledge of the CAP and Flash Appeal process;
- Expertise and extensive experience in humanitarian evaluation;
- Expertise in analyzing and presenting financial data in tandem with other types of information;
- Knowledge of broad range of humanitarian actors and institutions, such as UN agencies, donors agencies, Red Cross/Red Crescent Movement, local government disaster response structures and systems, and NGOs;
- Fluency in written and spoken English.