



CERF's Role in Funding of Preparedness

CERF Secretariat
22 September 2011

A. Background

At the CERF Advisory Group's first meeting in 2011 on 27 and 28 April in Nairobi the Group agreed that it would have a conceptual discussion around funding of disaster preparedness at its next meeting in New York. The issue was also to be revisited in the context of the five-year evaluation. This paper offers a brief update on the discussions at global level around emergency preparedness from a humanitarian perspective. It also provides an overview of preparedness related references and recommendations made in the CERF Five-year Evaluation and in the independent CERF country reviews under the CERF Performance and Accountability Framework (PAF). Finally, the paper outlines CERF's current practice with respect to supporting preparedness activities and reflects on what an increased focus on this area could mean for the CERF.

B. Financing of Emergency Preparedness in Humanitarian Contexts

There is general acknowledgment of the importance of preparedness and that investing money in preparedness and disaster risk reduction (DRR) can lead to a reduced need for spending on emergency response and recovery while also helping to save lives and protect livelihoods. However, it is also widely acknowledged that there are significant shortcomings in implementing and funding preparedness and DRR despite strong commitments from donors and organisations. Reasons for this include different definitions of what preparedness is and what it is not, of what preparedness means in different countries and contexts, of institutional mandates and structures including divisions between humanitarian and development priorities and mandates, lack of clear evidence of the value of funding preparedness activities and finally an inadequate financing architecture.

The interagency standing committee (IASC) has emphasised that humanitarian actors need to play a key role in preparedness. It has also stressed that only a holistic approach involving all relevant stakeholders, in particular national actors, can ensure that preparedness is implemented in a sustainable way. In addition, the IASC has recognised current weaknesses of the preparedness structures and while recognising that IASC agencies are involved in numerous efforts to strengthen capacities on emergency preparedness, it is also acknowledged that these efforts often lack coherence and coordination to ensure optimal effectiveness.

In the absence of wider ranging structural and system-wide solutions to address the current shortcomings of the preparedness and DRR architecture, pressure is often placed on humanitarian actors to provide short-term solutions to preparedness gaps. This pressure also extends to humanitarian financing mechanisms such as CERF and Common Humanitarian Funds that are increasingly being requested to fund preparedness type activities.

Recent studies on preparedness financing

Two recent studies on preparedness financing are of direct relevance for a discussion around the CERF's role in funding of preparedness¹.

In 2011, the Task Team on Funding for Preparedness of the IASC Sub Working Group on Humanitarian Financing commissioned Development Initiatives, an independent consulting group, to undertake a study

¹ The CERF Five-year Evaluation and PAF country reviews will be covered separately later in the paper.

on funding of preparedness entitled "Analysis of Financing Mechanisms and Funding Streams to enhance funding for Emergency Preparedness". The consultants started work on the study in June 2011 and an inception report with some preliminary findings was finalised in August 2011. A synthesis report is expected by the end September of 2011 and a final report is planned for 15 June 2012. The final report will include detailed analysis of year long tracking of preparedness related financial data from FTS.

The consultants use the following definition of emergency preparedness as basis for their study:

"The aim of emergency preparedness is to strengthen local, national and global capacity to minimise loss of life and livelihoods, to ensure effective response, enable rapid recovery and increase resilience to all hazards (including conflict and epidemics).

This entails readiness measures (risk assessment, contingency planning, stockpiling of equipment and supplies, training, community drills and exercises) and institutional preparedness (coordination arrangements, early warning systems, public education) supported by legal and budgetary frameworks."

Of special interest for the CERF is the part of the study that will examine the capabilities of current financing mechanisms to fund preparedness. More specifically, the consultants intend to look in detail at the advantages and disadvantages of key humanitarian and development financing mechanisms. They will also examine the extent to which it would be possible to adapt these instruments to include support for preparedness. This will include an examination of existing mandates and the current levels of donor support. The mechanisms examined will be the:

- Central Emergency Response Fund (CERF),
- Global Facility for Disaster Risk Reduction (GFDRR),
- Common humanitarian funds (CHF),
- Emergency response funds (ERF),
- UNDP Bureau for Crisis Prevention and Recovery (BCPR),
- Trust Fund for Crisis Prevention and Recovery,
- United Nations Trust Fund for Disaster Reduction,
- Global Environment Facility Trust Fund (GEF-TF),
- Green Climate Fund (GCF).

The study will also examine the possibility of developing new financial tools that would better structure and encourage preparedness financing. The consultants highlight in the inception report that their initial findings strongly suggest that certain mechanisms are likely to work better in some contexts than others and that further analysis of the funds at a country level will be fundamental to support the initial global overview of funding of preparedness as presented in the inception report.

Once the synthesis report is available the CERF Secretariat will review the findings of the study and determine if these will require further consideration or follow-up by CERF.

Another recent study on preparedness commissioned by the Norwegian government that is of relevance to the CERF is a 2009 feasibility study² by Humanitarian Outcomes. This study examined the possibility of a thematic Consolidated Appeal (CAP) for national disaster preparedness in order to address the shortcomings of current preparedness systems. In addition to exploring the potential and limitations of a thematic CAP for disaster preparedness, the research also led the consultants to consider alternative options for financing of preparedness such as:

- A joint fund in the model of the Global Fund to Fight AIDS, Tuberculosis and Malaria,

² <http://www.humanitarianoutcomes.org/resources/ThematicCAPonpreparednessreport2.pdf>

- Direct funding for disaster preparedness towards existing mechanisms, such as the International Strategy for Disaster Reduction (ISDR), the World Bank’s Global Facility for Disaster Reduction and Recovery (GFDRR), UNDP, and ECHO’s DIPECHO programme,
- Inclusion of a preparedness component in annual CAPs and Flash Appeal “revisions”,
- Small multi-donor funds in country,
- Establishing a global joint fund on disaster preparedness managed by OCHA similar to but separate from the CERF.

Due to the scope of the study these alternative options were not fully examined by the consultants and the report only included initial analysis of each option. The study did not suggest an expanded mandate of CERF as a potential option for improved funding of disaster preparedness. However, it did explore the possibility of a new fund similar to the CERF managed by OCHA and dedicated to preparedness. In this respect the consultants raised some questions around whether OCHA would be best placed to host such a fund, or whether specific DRR and development expertise would be needed:

“Locating a disaster preparedness fund entirely within OCHA not only potentially stretches OCHA into areas where it is less comfortable (such as hazard monitoring or weather forecasting), but also risks further reinforcing the idea that humanitarian actors are primarily responsible for disaster preparedness and wider, related DRR activities. However, one could imagine a joint CERF-like fund that was co-operated by OCHA and an agency with wider DRR expertise, such as UNDP and/or UNISDR. Such an arrangement would likely involve considerable bureaucratic hurdles.”

C. Country Reviews under the CERF Performance and Accountability Framework

A number of the country reviews conducted under the CERF’s performance and accountability framework (PAF) have touched upon the issue of disaster risk reduction and emergency preparedness, and some country reports contained specific observations on the CERF’s possible role in funding preparedness. Below is a brief summary of references to preparedness in the various PAF country reviews.

KENYA

The pilot PAF country review for Kenya in 2009/2010 contained some specific observations on CERF’s role in supporting preparedness in chronic emergencies, and the report indicated that consideration should be made as to if CERF could play a bigger role in this respect. The Kenya PAF country review found that:

“This kind of a chronic situation is a challenge for the CERF, which is predicated on the notion of rapid, short-term, life-saving activities. Disaster mitigation and preparedness activities may well save more lives in the long run in Kenya than reactive responses to crises but the CERF cannot fund them. It is not the CERF’s responsibility to finance every aspect of a humanitarian response but, when allocating CERF funds, the Kenya Humanitarian Partnership Team (KHPT) and CERF Secretariat should be careful to ensure that they are not supporting activities that create dependency amongst aid recipients and undermine alternative, longer-term solutions. For the KHPT, this will be a challenge because, currently, it focuses on “short-term” emergencies rather than discussing how to address underlying causes. According to one interviewee, the UN Country Team is also not addressing these questions because humanitarian issues are the remit of the KHPT”

This led the author recommend that “When considering the CERF’s added value, the Advisory Group should clarify its role in chronic emergencies and whether it is appropriate for the CERF to exclude preparedness and mitigation activities when these may save more lives than responding to a disaster once it has occurred.”

CHAD, MAURITANIA and SRI LANKA

The consultant who undertook the three PAF reviews of Chad, Mauritania and Sri Lanka in 2010 included a similarly worded and almost identical recommendation on preparedness in all three-country reports:

“A disaster preparedness element or window to reduce the impact of an impending disaster could be considered:

- *This would still be life-saving and could also be seen as saving livelihoods and therefore reduce the overall costs of humanitarian response and preventing loss of life.*
- *This is where CERF could really be able to say that they are reinforcing capacity but this should not take the place of present capacity-building activities and only used at the time of an impending disaster.”*

The overarching recommendation on CERF’s role in preparedness emerging from these three studies was partly based on concrete findings from the country missions and partly informed by a general observation by the consultant regarding CERF’s possible role in preparedness³.

While recommending that CERF should be able to fund preparedness, the consultant also highlighted that ideally preparedness should be addressed through other more development-oriented processes. In addition, he stated that bilateral donors should be willing to support preparedness more consistently and that if CERF were to start funding preparedness more broadly it could potentially weaken CERF support to emergency response.

BOLIVIA

The Bolivia country review from 2011 refers to disaster risk reduction and preparedness as key issues for consideration in the Bolivia context and the consultant made the following recommendation:

“DRR programmes in general were not a specific focus of this study. It is evident, however, that across the humanitarian system as a whole, greater focus needs to be placed on very practical/operational efforts for disaster preparedness as part of disaster risk reduction efforts. For UN agencies in general, disaster preparedness needs to be included as a stronger element of ongoing programmes in order that funding (and additional staff time) is dedicated to the issue”

The study did not recommend that CERF should fund preparedness directly, but it did suggest the possibility of creating a link between CERF and country level disaster preparedness activities in the sense that ongoing data collection and analysis at the country level could serve as reference for advanced agreed ‘trigger’ levels for CERF intervention:

“At global level, (for Bolivia and perhaps more broadly) the CERF may consider:

- *Agreeing in advance with the HC/OCHA ‘trigger’ levels for intervention by the CERF. This might encourage ongoing collection of data through the ‘mesas’ and reduce the time taken to ‘re-start’ the data collection system in the event of natural disaster.*
- *Tracking (perhaps via the OCHA desk) the progress of disaster preparedness and the strengthening of national response systems. Some external pressure for the improvement of such systems may help to facilitate strengthening.”*

ETHIOPIA

The Ethiopia country review from 2011 also referred to the importance of disaster risk management and preparedness in the specific context of Ethiopia and highlighted the challenges in financing these types of activities, but the report did not make any specific recommendations in relation to CERF’s role.

“...the government of Ethiopia has focused increasingly on disaster risk management (DRM) and developed a draft policy for it. This points out that DRM covers a complete disaster management cycle: prevention (avoiding disasters by addressing vulnerabilities), mitigation (minimizing potential disaster impacts through disaster risk management), preparedness (ensuring readiness through strengthening early

³ There were no concrete preparedness related examples from Sri Lanka, whereas a specific example was highlighted by the consultant for Mauritania and the issue was reported as being brought up by interviewees in Chad

warning system, building logistic capacity, maintaining adequate resource reserves and other precautionary measures), response (saving lives and livelihoods), recovery (immediate post-crisis assistance), and rehabilitation (building capacities to withstand future crises). It also emphasises that the prevention, recovery and rehabilitation components of DRM are the responsibility of development actors”

“The Government is developing a Strategic Programme and Investment Framework for DRM (DRM-SPIF) to harmonise DRM activities, coordinate investment and ensure that the DRM approach supports the achievement of objectives and targets in the GTP. This defines and costs DRM programmes/ components. Alongside this, UNDP is establishing a Multi-Donor Trust Fund for DRM while FAO is also setting up a pooled fund for DRM.

Despite these developments, UN agencies participating in this review argued that, currently, there is no funding available for the prevention and preparedness elements of the DRM cycle. Despite the DRM policy’s emphasis on the responsibilities of development actors, they have not shown any signs of financing these activities, which leaves the agencies dependent on humanitarian financing to cover them.”

D. The Five-year Evaluation of the CERF

The Five-year Evaluation of the CERF offers a number of observations on disaster and emergency preparedness in relation to the CERF, but makes no specific recommendations for action and follow-up in this respect. Referring to the importance on preparedness at the systemic level, the evaluation synthesis report highlighted that effective preparedness mechanisms at country level could help make the CERF more practical and faster:

“A standard system was lacking for emergency response preparedness, which could have made the CERF more practical and faster, especially in disaster-prone countries. In certain countries, however, the United Nations Development Assistance Framework (UNDAF) and the UN development reform process was used for forming preparedness activities, vulnerability assessment (especially related to food insecurity and a climate related crisis), and was an effective tool interfacing with the CERF. “

The evaluation also makes direct reference to the CERF’s role in supporting preparedness and suggests the possibility of CERF being more flexible in funding certain types of preparedness activities, while at the same time recognising the risk of weakening the CERF’s capacity for emergency response by broadening its mandate:

“The CERF has adapted to the changing humanitarian contexts in different countries through changing the areas funded. But since CERF funding has supported 22 countries every year often for similar crises, it is worth noting that preparedness may sometimes be a more appropriate investment than response alone. Recognising the risk that too large a focus on preparedness would lead to the dilution of the CERF, the CERF guidelines should probably be more flexible to deal with such contexts, allowing for integration of a preparedness component, possibly as a cross-cutting issue, when this is not funded.”

And:

“There are occasions where preparedness may be a more appropriate investment than response alone. Current definitions of humanitarian action include preparedness (Good Humanitarian Donorship, 2003), and there are contexts where preparedness can be the most effective life-saving intervention. However, the CERF mandate does not include preparedness, and CERF Secretariat mentions that it does not have the resources to support it. Consequently, the current life-saving guidelines specifically prohibit preparedness. The CERF guidelines should probably be more flexible to deal with such contexts, or integrate a preparedness component, possibly as a cross-cutting issue, when this is not funded. Still, there is the risk that a large focus on preparedness would lead to the dilution of the CERF; and it would be impossible to support preparedness on an exceptional basis as once the precedent is made UN agencies will expect it to be supported in other situations.”

The evaluation also references specific feedback from field level interviews on the topic:

“The most common suggestions in the field to the question about potential extra windows for the CERF were windows for response preparedness or for early recovery. Interviewees made the point that, in some cases, immediate response preparedness could be the most cost-efficient life-saving intervention.”

Overall the evaluation makes a strong case for increased focus on emergency preparedness for chronic or reoccurring emergencies, and also suggests looking into how CERF could support elements of preparedness while avoiding that the mandate of CERF be broadened to an extent where the Funds’ capacity to support its core mandate is diluted. However, amongst the 19 evaluation recommendations directed to CERF and other stakeholders for follow-up there is not any specific recommendation related to preparedness.

E. CERF and Preparedness

This section provides an overview of current CERF funding policies and practices with respect to preparedness programmes, it suggests possible initiatives that may increase CERF’s support for preparedness within the limits of its current mandate and finally it highlights a number of possible constraints and implications if CERF’s mandate would be expanded to include preparedness more broadly.

Current Practice of CERF in Funding Emergency Preparedness

Preparedness, prevention, disaster risk reduction and early warning activities are currently not eligible for CERF funding. The CERF’s Life-Saving Criteria elaborate on these four areas of non-eligible types of activities:

Preparedness: Activities and measures taken in advance to ensure effective response to the impact of hazards, including the issuance of timely and effective early warnings and the temporary evacuation of people and property from threatened locations. The CERF does not support regular agency stockpiling, or pre-positioning of relief goods as a contingency measure. However, in the case of a sudden onset emergency, if an agency starts to respond using emergency stocks or diverts stocks intended for other operations, the replacement of these stocks can be included in their rapid response submission.

Prevention: Activities to provide outright avoidance of the adverse impact of hazards and means to minimize related environmental, technological and biological disasters. This does not exclude activities for an ongoing emergency.

Disaster risk reduction: The conceptual framework of elements considered with the possibilities to minimize vulnerabilities and disaster risks throughout a society, to avoid (prevention) or to limit (mitigation and preparedness) the adverse impacts of hazards, within the broad context of sustainable development.

Early warning: The provision of timely and effective information, through identified institutions, that allows individuals exposed to a hazard to take action to avoid or reduce their risk and prepare for effective response.

While it for the most part is clear whether specific preparedness or prevention type activities are eligible for CERF funding or not, there are also occasional grey areas where the CERF eligibility criteria requires context specific interpretation by the CERF Secretariat and the ERC. This means that some activities that would be considered as preparedness or prevention can be funded by CERF under certain circumstances. Some examples of this are:

Emergency stocks: CERF guidance is clear about not supporting regular agency stockpiling or pre-positioning of relief goods as a contingency measure. However it does allow for CERF to fund replenishment of existing emergency stocks that have been used to respond to an emergency. This means that CERF can play an important role in maintaining emergency stocks in high risk countries, and it also allows swift response by agencies as they do not have to wait for CERF funds to be

disbursed but can respond immediately with existing stocks and rely on CERF to help replenish these.

Time critical requirements: Some activities that would usually be considered as preparedness or prevention, and thus not be considered eligible for CERF funding, may in some situations be supported in light of CERF's mandate to support time critical humanitarian needs. This would typically be in situations where CERF is considered the only available source of funding for time critical activities that will reduce or prevent an imminent humanitarian disaster. Two illustrative examples of this would be early CERF support for responding to an imminent locust outbreak in Madagascar in 2010, which helped reduce crop damages and diminish humanitarian consequences in an already vulnerable context, another example is CERF support for multi-sector assistance to the most vulnerable of camp populations in Sri Lanka in 2010 in advance of impending heavy rains. Such cases will always be context specific and be based on in-depth analysis and consultations by the CERF Secretariat, but they would all have in common that a humanitarian disaster is imminent, that the humanitarian consequences of not responding in time would be significant and that CERF is deemed to be the last resort.

Possibilities for strengthened CERF engagement in preparedness within its current mandate

Studies and internal CERF discussions have identified areas where CERF could potentially strengthen its interaction with disaster and emergency preparedness systems and processes, without expanding its mandate to include funding of preparedness directly. Possible CERF initiatives for consideration in this respect include:

- Analyse through CERF proposals, CERF reports and through PAF country reviews how and what CERF funds in chronic and/or reoccurring emergencies, and if the funding pattern is influenced by the presence or absence of effective country level emergency preparedness systems.
- Explore if and how CERF through its funding decisions can help promote more effective emergency preparedness systems at country level. This could include increased CERF attention in the application review and assessment phase to the need for such systems, especially in chronic or reoccurring emergencies where CERF allocations are made regularly.
- Increase interaction with preparedness fora at the global level to ensure alignment of policies and guidance.
- Review existing CERF guidance and templates (application and reporting) and consider whether increased references to preparedness related issues would be relevant and beneficial.
- Improve clarification of the grey areas for when CERF may fund preparedness type activities, and consider developing additional internal or external guidance in this respect.

Such initiatives could potentially help reinforce country based disaster and emergency preparedness systems and processes without necessitating a change in CERF's mandate or funding policies.

Possible constraints for increased CERF engagement in funding of preparedness

While a comprehensive analysis of the feasibility of increased CERF funding of preparedness is not available, findings from existing studies and research bring forward a number of possible constraints for consideration when discussing a potential expansion of CERF's mandate:

- It has been a consistent view of the ERC and the CERF Advisory Group that expanding CERF's mandate and directing more funding towards preparedness activities could risk dilute CERF's capacity (human and financial) for responding effectively to sudden emergencies.

- Expanding CERF's mandate to include preparedness would potentially open up for a continuous stream of new proposals since disaster preparedness is an ongoing activity across many humanitarian and development operations.
- Given the scale of needs globally CERF in its current form could not solve, nor significantly reduce, the funding gap for preparedness at the global level. Even at local level it is unlikely that CERF could have a real impact on improving preparedness systems in any one country or emergency.
- Emergency preparedness is one component of broader DRR systems and as such preparedness activities relies on close coordination and integration with development processes and systems. CERF may not be well placed to offer the appropriate level of integration and expertise.
- Compared to other potential financing mechanisms, what would make CERF better suited than these to fund preparedness?

This of course is by no means an exhaustive overview of possible implications and constraints, but it does highlight some of the key areas and risks that need to be considered in a discussion around an expanded CERF mandate for preparedness.

F. The Way Forward

Studies and evaluations confirm that financing and coordination of disaster and emergency preparedness is facing some systemic shortcomings that need to be addressed. It has in this respect been suggested by some that CERF could play a role in funding preparedness. The CERF Five-year Evaluation and the PAF country reviews have offered some observations around CERF's role in funding of preparedness, and the current study on financing mechanisms and funding streams for emergency preparedness that is being undertaken by Development Initiatives may offer additional useful analysis and findings, although it is unlikely to provide a comprehensive analysis from a CERF perspective.

Current evidence does not suggest that CERF would be well suited to fund preparedness at a larger scale, and should the possibility of increased funding of preparedness by CERF be subject to more substantive consideration and debate, additional analysis and research would be required.

Proposed next steps

Based on the outcome of the discussions at the October 2011 Advisory Group meeting, and following a review of the findings of the ongoing preparedness study by Development Initiatives, the ERC will decide whether additional research is required by the CERF Secretariat and/or through dedicated external studies to further clarify aspects of CERF's role in funding of preparedness. The ERC will report back to the Advisory Group on the issue at its next meeting.

*CERF Secretariat
New York, 23 September 2011*