

Draft Guidance Note - Harmonization of Central Emergency Response Fund (CERF) and Country-Based Pooled Funds (CBPFs)

CERF secretariat, 19 April 2013

Introduction

The years since the grant element of CERF became operational in 2006 have seen a marked growth in the number of country-based pooled funds. While OCHA had been managing Emergency Response Funds (ERFs) since 1995, these had typically been few in number and with an annual budget of less than US\$10 million. By contrast, in 2010 there were 16 active ERFs in addition to five Common Humanitarian Funds (CHF). As of 15 November 2012, ERFs had collectively received \$461 million in contributions and CHF \$2.04 billion since inception. In addition, a number of these CBPFs are located in countries that have been long-standing recipients of significant amounts of CERF funds, such as the Democratic Republic of the Congo (DRC), Somalia as well as Sudan and South Sudan. The various types of pooled funds therefore collectively contain significant amounts of funding under at least partial control of the Humanitarian Coordinator (HC). It is consequently important to ensure that HCs and other key stakeholders have the necessary tools to use them efficiently and maximize their joint impact.

Existing CERF, CHF and ERF guidelines¹ already highlight the need for complementary use of the funds. While they provide general guidance in this respect, more detailed information is required. It has therefore been decided to develop specific guidance reflecting good practices and based on experience from the field as well as findings from relevant reviews and evaluations. As an initial step, a stock-taking exercise was conducted consisting of a review and compilation of relevant findings from various studies, evaluations and reports. This included the five-year evaluation of the CERF, the CHF evaluations as well as a several country-level reviews conducted under CERF's Performance and Accountability Framework (PAF).

As outlined in the stock-taking paper, a number of recent studies and evaluations have also called for greater harmonization in the use of CERF and CBPFs with a view to achieving greater complementarity.

Guidance

Based on the findings and recommendations emerging from the stock-taking exercise, the following presents a number of good practices that can be adopted to increase the complementarity between CERF and CBPFs with the aim of achieving greater overall impact with the available funding. This list is neither exhaustive nor intended to necessarily apply equally in all cases. Instead, these recommended practices should be interpreted according to local circumstances and modified as required. It should be noted that for small or very specialized CBPFs not all the recommendations may apply (such as 2 and 5).

- **Recommendation 1 - CERF requests should be handled by the same staff that manage the CBPF:** Ensuring that the preparation of the CERF requests is handled by the same staff as those managing the CBPF would increase the likelihood that both funds are used in a complementary manner by, for example, avoiding duplication and by aligning analysis, consultations and prioritization.
- **Recommendation 2 - Use existing CBPF processes and structures to support CERF allocations:** Most CBPFs have well established structures and processes to guide consultations, identification of needs and prioritisation of funds. These are designed to be inclusive of a broad range of actors at the country-level, including national and international

¹ Extracts contained in Annex 1.

NGOs, UN agencies and IOM as well as cluster or sector leads. While keeping in mind the differences between the funds, it is recommended to use CBPF structures and processes (or relevant parts of these) to also support the development of CERF allocations as elaborated in more detail below.

- a) **Use similar processes to identify needs and priorities for both CERF and the CBPF:** A comparable approach to the identification of needs and priorities for CERF as for the CBPFs can lead to a more coherent prioritization and allocation of funds. This would also increase the likelihood that both UN and non-UN partners are actively involved in CERF prioritization, and that sectors/clusters are playing a lead role in identifying needs and priorities for all funding streams. While bearing in mind the need for a rapid and light process for the allocation of CERF Rapid Response funds, in some cases CERF grant applications could be strengthened by the adoption of the more consultative approach of the CBPF².
 - b) **Consider vetting CERF proposals through CBPF governance structures:** Experience has shown that utilising existing governance or review structures from CBPFs³ can add value to the CERF review process. This would add an additional element of rigour and peer review to the CERF process and it could help foster a more coherent and coordinated review of all pooled fund allocations. In addition, in some cases it may be an opportunity to increase involvement of non-UN actors in the CERF process.
- **Recommendation 3 - Use the funds jointly and strategically according to their respective comparative advantages:** In order to maximize the complementarity of the two funding sources, HCs should apply the funds through a joint strategy, utilise each fund's comparative advantage and target their assistance to humanitarian response activities based on each fund's comparative advantage (including fund mandate and allocation criteria⁴, eligibility of recipient organisations⁵, grant size and timing⁶ and implementation timeline⁷). In addition HCs are encouraged to coordinate pooled fund allocations with those of bilateral donors to avoid gaps and duplications in funding decisions and to maximise complementarity of all funding channels.
 - **Recommendation 4 - Include in CERF submissions a description of how CBPF allocations will complement the requested CERF grant:** In order to allow better assessment of the requested CERF allocation's contribution to response efforts in the country concerned, HCs are requested to provide a brief overview in the chapeau section of CERF submissions about how CERF and any CBPF allocations would complement each other.
 - **Recommendation 5 - Employ CBPF monitoring frameworks to monitor CERF projects:** To the extent feasible and where present, utilizing CBPF monitoring frameworks to also monitor CERF-funded interventions⁸ would provide an opportunity to foster joint learning, advance good practices and enhance accountability.

² In this respect the different nature of CERF Rapid Response and Underfunded applications should be taken into consideration.

³ This recommendation will mainly be relevant in countries with CBPFs of a considerable size that fund both UN and NGO partners and that have well-established and inclusive technical review structures.

⁴ Whereas CERF is guided by the CERF Life-saving criteria CBPF allocations may be determined by other allocation criteria.

⁵ Only UN agencies and IOM are eligible to receive CERF funds whereas CBPFs can typically fund both UN agencies, IOM and NGOs (national and international).

⁶ Several independent reviews have positively remarked on instances where CERF and CBPF allocations were coordinated to bridge funding, gaps for example releasing funds from the CBPF ahead of an anticipated allocation from the CERF UFE window or vice versa.

⁷ The different funds, or windows within them, often have different implementation timelines that may suit certain activity types better than others.

⁸ This should be based on prior consultation and agreement with relevant partners at country level.

- **Recommendation 6 - Harmonise country level reporting processes between CERF and CBPFs:** To the extent possible, use similar or joint consultation processes and focal points for preparing CBPF and CERF narrative reports. In addition, ensure that both CERF and CBPF annual reports contain a section that explains how the funds have been used in a complementary way. For CAP countries it is recommended that the assessment of the added value of CERF and CBPF funding is included in CAP mid- and end-year reviews, along with a description of the complementary use of the two funds. In addition, to complement CERF's real-time reporting on grant decisions to the Financial Tracking Service (FTS), CBPF managers should also ensure regular and accurate reporting to FTS on fund income and allocations.
- **Recommendation 7 – Joint evaluation efforts for CERF and CBPFs:** When conducting CERF or CBPF specific evaluations consider including issues related to complementarity between the funds into the scope of the evaluation. For evaluations related to the broader humanitarian system in the country ensure that the role of CERF and CBPFs is adequately addressed.

Next Steps

(This is for reference only and will not be included in final guidance)

- This draft guidance will be discussed with CBPF managers at the annual OCHA global pooled fund managers' workshop in late April.
- Once finalised the guidance will be published and disseminated to all CBPF managers. The guidance will also be reflected in CERF training as relevant.
- The degree of implementation of the recommendations will be assessed through reviews of the annual RC/HC CERF reports, through CERF country reviews under the CERF PAF and through consultations with relevant focal points.

Annex 1 - Summary of Existing Guidance on CERF CBPF Harmonisation

(This is for reference only and will not be included in final guidance)

From CERF RR Guidance (published September 2011)

“The existence of a Common Humanitarian Fund (CHF) or an Emergency Response Fund (ERF) in a country does not preclude the CERF from providing rapid response funds. Employing the CERF in combination with in-country pooled funds (i.e. ERFs or CHFs) provides the Humanitarian/Resident Coordinator (RC/HC) and the humanitarian country team with a powerful toolbox of humanitarian financing options for responding quickly to emergencies within a given country. To achieve a high degree of complementarity between the pooled funds and to maximize impact of the funding available through these mechanisms, it is recommended that a common framework is used at country level to prioritize funding from the different channels. Where CHFs and ERFs exist these funds have established a standardized framework for prioritization and allocation of funds at the country level, a framework that should be supported by a well-defined management structure and based on strong sector/cluster participation. In order to improve overall coherence and effectiveness it is strongly recommended that the RC/HC utilizes these structures to identify needs and to undertake prioritization of activities if/when applying for CERF funding for the country. This will help to ensure that CHF, ERF and CERF funds are used to complement each other as much as possible, that both UN and non-UN partners are actively involved in CERF prioritization, and that sectors/clusters are playing a lead role in identifying needs and priorities for all funding streams.”

From Global ERF Guidelines (published October 2012)

“ERFs complement existing funding channels such as CERF. To improve consistency, coherence and complementarity, the CERF secretariat and FCS are harmonizing the processes and mechanisms for grant management and allocations for CERF and ERFs. In countries where an ERF is in place, HCs are encouraged to use the existing ERF structure and consultation framework as a basis for identifying and prioritizing projects for CERF funding. This will enhance the coordination and complementarity between ERF and CERF allocations. This will also help ensure that CERF processes build on well-established structures and systems, and that Non-Governmental Organization (NGO) partners actively participate in CERF discussions and decisions.”

From Global CHF Guidelines (currently under revision)

“CHFs contain a standardized mechanism for prioritization and allocation of funds at the country level, which is supported by a well-defined management structure and based on strong cluster participation. In order to improve overall coherence and effectiveness it is recommended that the HC utilizes the CHF structures to identify needs and to undertake prioritization of activities if/when applying for CERF funding for the country (from the Rapid Response and/or Under-funded CERF windows). This will help ensure that CHF and CERF funds are used to complement each other best possible, that both UN and non-UN partners are actively involved in CERF prioritization and that clusters are playing a lead role in identifying needs and priorities for all funding streams.”