



**UN Agency¹ Sub-Granting of CERF Funds
to
Implementing Partners**
CERF Secretariat
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A. Introduction and Background

UN agencies receiving CERF grants rely to a significant extent on partners, such as non-governmental organizations (NGOs), for the implementation of CERF-funded projects. Therefore, the speed at which agencies sub-grant funds to NGOs and other implementing partners (IPs) is considered to be a factor in determining the timeliness and effectiveness of CERF-funded projects and, to a degree, of the CERF. This concern is not exclusive to the CERF but part of the broader UN/NGO partnership issue. Funds received by UN agencies from bilateral donors go through the same process. However, the issue is particularly relevant to the CERF because it cannot fund NGOs directly, and because rapid response is part of its mandate.

During the meeting of the Advisory Group held in Nairobi on 27 and 28 April 2011, the CERF Secretariat presented an initial analysis of the speed at which Fund grants were passed by UN agencies to IPs. The Advisory Group asked the Secretariat to undertake further research on this issue and to ensure that it was well covered through the ongoing performance and accountability framework country reviews.

Starting with the annual report of the Resident and Humanitarian Coordinators (RC/HCs) on the use of the CERF in 2009, the CERF Secretariat has requested agencies to list all sub-grants, their corresponding CERF project number and the date of disbursement. The table below provides an overview of the timeliness of sub-granting.

NGO SUB-GRANTS			
Year	Average number of working days to forwards funds to NGO partners (All Projects)	Average number of working days to forwards funds to NGO partners (RR)	Average number of working days to forwards funds to NGO partners (UFE)
2009	51.4	50.3	62.8
2010	54.3	50	65.5

As can be seen, it took on average between 50 and 55 working days for agencies to disburse funds to IPs after the disbursal of funds from the UN Secretariat to agencies. Sub-grants made under rapid response (RR) projects were disbursed two to three weeks sooner than sub-grants under projects approved as part of the under-funded emergencies (UFE) window.

¹ The terms “UN agencies”, “UN agencies and IOM” and “agencies” are use interchangeably.

B. Main Findings

Five-Year Evaluation

A part of its wider objective of identifying strengths and weaknesses of the CERF, the five-year evaluation of the CERF also examined partnerships between UN agencies and NGO implementing partners.

According to the evaluators, a positive change observed since the two-year CERF evaluation had been the increased engagement of NGOs in prioritisation and planning processes, not only in clusters but also as members of Humanitarian Country Teams (HCTs). In addition, in countries where there was a locally managed Common Humanitarian Fund, CERF funding was found to integrate well into joint planning and monitoring of activities with cluster members, including national and international NGOs.

However, it was noted that while disbursements of CERF grants to UN agencies had become quicker, sub-grants to NGOs continued to rely on the standard bilateral agreements between agencies and NGOs, which are not specifically related to CERF processes. How streamlined these bilateral mechanisms were varied between agencies, but on average it took two to three months between disbursements by the UN Secretariat and payment to NGOs². The evaluators also stated that the efficiency of the partnership arrangements was also likely to influence the inclusiveness of consultations at cluster level, as UN cluster lead agencies might prefer working with existing implementing partners, rather than spending time establishing new partnerships.

Processing times for sub-grants tended to be a less significant an issue in countries where NGOs had direct access to ERF/CHF funds or alternative sources of quick funding (internal revolving funds from large INGO or emergency funds from bilateral donors). However, where alternative pooled funds did not exist, or during responses to large-scale emergencies, such as the 2010 Pakistan flood response, operations might depend on the timeliness of sub-grants.

While recognizing the administrative challenges in timely processing of sub-grants faced by agencies, the evaluation stops short of recommending direct access of NGOs to CERF funding. Arguments in favour of direct access were said to lie in its facilitation of rapid humanitarian action. On the other hand, according to the evaluators administrative difficulties in managing large numbers of NGOs would caution against such an approach. Instead, since the CERF was intended to support the humanitarian reform, it would make sense for CERF funding to be channelled through the Cluster Lead Agencies.

The evaluators concluded by recommending that CERF commission, within one year, a study of the partnership arrangements with NGO implementing partners to capture good practice and propose a system for streamlining partnerships with known partners in new emergencies.

2011 PAF Country Studies

While the four country-reviews conducted under the performance and accountability framework (PAF) in 2011 did not have sub-granting of CERF funds as their primary focus, they did touch on the issue as part of a broader examination of the timeliness of CERF-funded interventions. The following contains the main findings of the reviews related to sub-granting.

² These findings were based on the same dataset that was presented by the CERF secretariat in the paper prepared for the last meeting of the AG papers. It contains the same limitations that the CERF secretariat has described. While the evaluators did not obtain additional timeliness data, they obtained anecdotal information from country desk review and missions.

BOLIVIA

The country review focused on the use of CERF funds in 2010. These totalled \$4.5 million from the RR window in response to seasonal flooding. Due to the particular nature of the humanitarian system in Bolivia UN agencies did not often implement through international NGOs (INGOs) for a variety of reasons. These included a unique humanitarian coordination system as well as delivery of aid by UN agencies through government partners.

This limited role of NGOs was reflected in the RC report on the use of the CERF in 2010. Only \$40,596 were stated as being transferred to NGOs in a total of only four grants. This represented less than 2 per cent of CERF funds. Despite the limited number of cases, the time taken to prepare sub-grants appeared comparable to other countries. The official CERF submission was received in New York on 25 February 2010 and money transferred to recipient agencies between 12 and 17 March. Sub-grants to implementing NGO partners were disbursed two to three months later.

INGOs interviewees were generally positive about broader NGO-UN relations. However, they pointed out that there was scope for improvement in developing a more thorough operational partnership. For example, INGOs consistently described having received “offers” to implement parts of CERF-funded projects via bilateral phone calls from agencies, rather than as part of jointly constructed response plans. They also reported significant time lags between the information on needs and possible interventions going into the coordination system and “offers” being made. INGOs did offer positive examples of implementing CERF-funded projects in coordination with those utilizing other funds. Others offered instances where the offer to implement CERF funds came too late to be of practical value.

COLOMBIA

The Colombia review focused primarily on the use of \$6.6 million allocated from the CERF in 2010, \$3 million from the UFE window and \$3.6 million from the RR window. To the extent possible the study also reviewed the prioritization carried out as part of the first UFE round of 2011 where Colombia received \$2.9 million. Similar to Bolivia but in contrast to many long-standing humanitarian crises where humanitarian reform was being implemented, the Government of Colombia was found to have well defined systems for emergency response. Therefore, government institutions were found to often be the default partners for UN agencies.

Overall, there were few instances of implementation through INGOs. WFP, amongst other agencies, cited cost as the main reason. UN agencies expressed a preference for working with local actors, such as the local authorities or local Catholic Diocese. A number of these groups had considerable reach and access. They also tended to have basic running costs and a certain level of transport and basic infrastructure funded. For these reason, they were able to undertake distributions and other activities at relatively little costs.

The 2010 CERF report from the RC/HC did not contain dates of onward transfer of CERF funds from UN agencies to implementing partners. However, anecdotal evidence suggested that finalization of sub-grants was time-consuming. For example, a representative of the NGO Diakonie reported significant delays with a collaborative agreement with FAO through the UFE. They reported that initial discussions had taken place in February 2010 and that negotiations around the implementation and the sub-grant had taken until August 2010. Once agreement had been reached, the contract and funding transfer from FAO took a further four months to appear. Both parties described relations at working level as good, but Diakonie felt that FAO was not sufficiently empowered at country level to negotiate such agreements and that significant delays were incurred through the process of clearing decisions and other bureaucracy in Rome. UNFPA stated that it was impractical to begin new partnerships with CERF funding, either for national or international actors since it is impossible to shortcut their normal internal procedures. These

required proper auditing and capacity checking before a new partnership agreement could be signed.

One INGO stated that for the underfunded window, an offer to implement had only come once it became apparent to one UN agency that they would be unable to implement within the allotted timeframe without additional capacity. Partnership was, in effect ‘an afterthought’ based on the requirement to spend funds within the allotted time rather than strategy.

ETHIOPIA

The country-level review of the CERF’s value added in Ethiopia focussed on the use of \$16.7 million allocated to the country in 2010 from the UFE window. To the extent possible, the study also examined the prioritization exercise conducted for an \$11 million allocation as part of the first UFE round of 2011. The review found that the CERF Secretariat was quick to process applications once they had been finalised. Likewise, the Controller’s Office disbursed money quickly. In 2011, the CERF Secretariat and agencies had been able to finalise proposals quite quickly, taking between 15-21 days.

However, it was difficult to judge how quickly CERF recipient agencies sub-granted funding to implementing NGOs as many of them had agreements that went beyond CERF funding. It was a challenge to track CERF funding because the NGOs were often unaware of the sources of the agencies’ funding. In addition, some agencies did not record the transfer of CERF funds specifically. As in Bolivia and Colombia, UN agencies in Ethiopia worked largely through the government rather than NGOs. As of writing, the annual report of the RC/HC did not require agencies to list disbursement dates for grants to government partners. Data provided by UN agencies for 2010 showed that they had transferred funding to partners generally within project timeframes but this did not show whether the partners completed implementation on time.

ZIMBABWE

The review focussed on \$10.4 million allocated to Zimbabwe in 2010 from the RR window. To the extent feasible, the study also examined the prioritization exercise held as part of an allocation of \$5 million under the first UFE round of 2011 and \$4 million from the RR window in response to a cholera outbreak. Unlike the three previous countries, in Zimbabwe agencies implemented projects mainly through NGOs, although there were exceptions, such as WHO which worked through the government.

In terms of timeliness, the review found that the CERF Secretariat was quick to process applications, once they had been finalised and that the Controller’s Office disbursed money rapidly as well. Sub-granting timeliness, however, varied across projects. In some cases, there were significant variances within the same agency. For example, UNICEF signed partnership agreements with its WASH project implementers a month after receiving CERF funding and disbursed funding to them a month after that. On the other hand, a UNICEF nutrition project took six to seven weeks after disbursement to sign partnership agreements. Nevertheless, these timeframes were an improvement on projects funded in 2009, which resulted in several no-cost extensions and which caused some NGO interviewees to highlight delays in implementation.

UNICEF, in particular, had experienced administrative difficulties in negotiating contracts with implementing partners for CERF-funded projects in 2009, resulting in the need for no-cost extensions. It had made a concerted effort to address these problems, thereby improving the timeliness of onward funding. One approach had been to use partners that already have a Project Cooperation Agreement (PCA) with UNICEF and preparing an addendum to this for CERF-funded projects and to start processing agreements as soon as CERF grants were approved in

New York. Another approach was for IOM to act as the channel for CERF funding. However, IOM itself required two months to negotiate agreements with the implementing NGOs.

Based on interviewees conducted in-country, the review concluded that despite the above delays in sub-granting, the implementation of CERF-funded projects in Zimbabwe appeared to be broadly taking place in a timely way.

C. Interpreting the Findings

As highlighted in the paper on timeliness prepared for the first meeting of the Advisory Group of 2011, care should be taken in interpreting the data on sub-grants contained in the annual reports of the RC/HCs, which formed the basis of the five-year evaluation and the country-level reviews of the PAF:

- First, the volume of sub-grants disbursed by the principal recipients of CERF funds to NGO partners seems to be under-reported. Anecdotal evidence gained during country visits and interactions with field staff would suggest a much larger reliance on NGO implementing partners than implied in the annual reports. In addition, a comparison of anticipated sub-grants described in proposals with those reported reveals significant disparities with a series of large scale grants foreseen in proposals going unmentioned in the annual reports.
- Second, reporting is incomplete. Not all countries have included this data in the reports. It is also unclear if those who did not report details on funds transferred to NGOs are stating that no funds were transferred, or simply did not report.
- Third, it is unclear how the UN agencies calculate the disbursement data, for example whether entries reflect a first payment, or a final payment. In addition, some agencies' accounting systems do not permit them to break down payments to implementing partners by donor. WFP is an example of this.

Moreover, work by IPs may not wait to start for funds to be disbursed by the UN agencies to IPs in all cases for several reasons:

- As was pointed out in the PAF country reviews, agencies may have ongoing agreements with IPs that go beyond the duration of the specific CERF grant. Examples of this would include WFP agreements with distribution partners and UNHCR annual sub-projects. Payments by the agency to the IP under these arrangements may take place on a schedule that is independent of the date of the CERF grants. These considerations are particularly relevant for projects approved under the UFE window of the CERF, which are typically intended for activities that are already ongoing. However, it is important to recall that all agencies have their own regulations and procedure for preparing and administering sub-grants.
- In addition, larger NGO partners may have their own reserves that enable them to start activities once a project has been approved without having to wait for all funds to be disbursed by the agency.
- Lastly, it bears recalling that substantial support by agencies to implementing partners is rendered in-kind, rather than on a cash basis. Examples of this include the provision of drugs and medical equipment by WHO as well as seeds, tools and veterinary drugs by FAO. This represents an important contribution to the overall response, but information on them is not captured by merely looking at the date of disbursement for sub-grants,

D. Priorities for future action

The CERF Secretariat will explore ways of facilitating agency efforts at improving the timeliness of their sub-grants to IPs through the following main avenues:

- Increased emphasis on partnership issues in PAF country reviews: The CERF Secretariat will make partnerships issues a greater focus of the country-level reviews of the value added of the CERF that it conducts annual under the PAF. Taking the annual reports of the RC/HC as a point of departure, these reviews will examine challenges and identify good practices for dissemination to partner agencies.
- The CERF Secretariat will work through the relevant recommendations of the five-year evaluation. These include:
 - a. Partnership study: The evaluation contains a recommendation addressed to the CERF to “commission, within one year, a study of the partnership arrangements of the different UN agencies with NGO implementing partners to capture good practice and propose a system for streamlining partnerships with known partners in new emergencies”. In its response to the recommendation, the CERF Secretariat noted that the issue was broader than the CERF and any comprehensive review of different sub-granting procedures and identification of best practices would require significant support and involvement by agencies. The CERF Secretariat will introduce this topic in the regular meetings of the IASC Sub-Working Group on Humanitarian Financing, which is the primary forum for IASC discussions of CERF related issues.
 - b. Support to recommendation addressed at agencies that touch upon partnerships: The evaluation contains two recommendation addressed to agencies that relate to partnerships. The are, first, for each agency to “conduct an evaluation of their use of CERF funds within 18 months to determine what internal factors, including partnership policies and practices, influence the effectiveness of CERF projects” and, second, to “ensure the development and implementation of emergency procedures for disbursing funds to implementing partners.” The CERF Secretariat will support these agency initiatives to the extent possible and as requested.
- Task Team on Partnerships in Sub-Working Group on Humanitarian Financing: The CERF Secretariat will explore the possibility of establishing a dedicated task team on partnership issues as part of the IASC SWG on humanitarian financing and will introduce this topic in coming meetings.
- Increasing complementarities between country-based pooled funds and CERF: Building on the potential for greater synergies between CBPFs, such as Common Humanitarian Funds (CHFs) and Emergency Response Funds (ERFs), and the CERF will be a priority work area for the Secretariat in the coming years. This is particularly relevant since CBPFs are able to fund NGOs directly. The CERF Secretariat has already noticed a number of where countries with CBPFs are preparing complementary CBPF allocation and CERF applications for a given crisis, with NGO projects being primarily through the former and UN agency interventions through the latter. The CERF Secretariat will explore, including through country-level review under the PAF, ways of capturing and replicating good practices.

*CERF Secretariat
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