

UPDATE ON WORKSTREAMS IDENTIFIED IN 'A REVISED OPERATING MODEL FOR A LARGER CERF'



CERF ADVISORY GROUP MEETING, 23-24 OCTOBER 2018

This paper builds on the paper "A Revised Operating Model for a Larger CERF"¹ shared with the Advisory Group in May 2018. It aims to provide an update on progress and activities over the past few months on the seven workstreams identified in the paper related to possible strategic and operational opportunities presented by a larger CERF. These and other workstreams are meant to inform the development of a clear strategy for a \$1 billion CERF endorsed by the UN General Assembly in 2016 that will feed into an investment case for a larger CERF. A target that will help ensure that the fund can continue to meet its humanitarian mandate while more efficiently and effectively responding to the changing humanitarian landscape within a context of increasing global humanitarian needs and requirements.

Leveraging Higher Funding Level for a More Effective and Efficient Humanitarian Response

New allocation approaches that will allow CERF to respond more effectively and efficiently to humanitarian needs through its Rapid Response and Underfunded Emergencies windows by strategically leveraging the higher funding levels. This may involve changes to how, how much and what CERF funds will address in specific crises types and will include a review of CERF's life-saving criteria.

Update: This workstream will evolve as CERF's funding level increases to ensure that additional CERF funds are leveraged to foster a more effective and efficient humanitarian response. However, a number of initiatives have already commenced over the past months.

Considering that the last revision of the CERF Life-Saving Criteria (LSC) was finalized in 2010, the CERF secretariat has since January 2018 engaged in consultations with IASC partners to assess the need for a new revision. These initial exchanges have resulted in the conclusion that the CERF LSC, which represent the critical criteria guiding CERF allocations, would benefit from an update and adaptation to developments in the humanitarian system that have occurred since 2010 to better align the criteria with current terminology, practices and approaches applicable to humanitarian emergencies. Beyond updating these aspects, some propositions have been made on broadening the area of intervention for CERF to include, among others, activities related to anticipatory financing and expanding CERF's role in pandemics and at disease outbreak. To guide the revision of the LSC, the outcomes of the on-going workstreams on CERF's role and niche in Early Action as well as in health emergencies and disease outbreaks will need to be completed prior to proceeding with the changes of the LSC. Considering these on-going discussions, the launch of the updated version is anticipated in the second half of 2019.

Linked to discussions around a bigger CERF, increased funding levels would enable the provision of a larger proportion of funding towards needs in low-profile, small-scale humanitarian crises that are not likely to attract significant donor attention or funding. A recently commissioned independent review under CERF's Performance and Accountability Framework (PAF) of the fund's contribution to the hurricane response in Cuba and Eastern Caribbean in 2017 will address this question (among others). Findings and recommendations will be provided in a report expected to be published in early February 2019.

As presented in the 'Revised Operating Model for a Larger CERF' paper in May, greater flexibility in assigning funding volumes between the rapid response (RR) and underfunded emergencies (UFE) windows (currently locked at 2/3 – 1/3 ratio) will enhance the ability of the Emergency Relief Coordinator to use a larger CERF strategically at the global level to respond to emergencies according to the nature and profile of needs in any given year. The UFE/RR ratio is set out

¹ https://cerf.un.org/sites/default/files/resources/cerf_ag_revised_operating_model_20180503.pdf

in the original Secretary-General's bulletin (SGB) on 'Establishment and operation of the Central Emergency Response Fund' and reaffirmed in subsequent bulletins. A revision of the SGB will be required to formally change the ratio. The CERF secretariat has reviewed the SGB to identify and categorize the potential changes needed and determined the process for taking different changes forward if required. The CERF secretariat expects an update of the SGB to take place over the course of 2019.

CERF-Funded Early Action

Leveraging CERF's global reach and its proven needs-based, coordinated and field-driven allocation framework to systematically support early action to slow- and sudden-onset emergencies by responding to imminent shocks based on early-warning information and triggers.

Update: Over the past months, the CERF secretariat has conducted consultations with experts in Forecast-based Financing and Early Action in London, Geneva, Rome and Nairobi (including OCHA colleagues, the IFRC DREF, Start fund, FAO and WFP, the Overseas Development Institute (ODI), and the Centre for Global Disaster Protection). Several donors have expressed their backing for a CERF anticipatory approach. During the General Assembly week, two CERF-focused events took place: a high-level side event with ministerial and Secretary-General participation and a breakfast meeting on disaster risk finance co-hosted by Germany and the UK, both of whom have offered technical support to develop a CERF anticipatory approach. The CERF secretariat has also engaged with the World Bank on its Famine Action Mechanism (FAM) initiative and participated in consultations at headquarters and in the field.

CERF has also been working with ODI on DfID-funded research about taking Forecast-based Financing to scale. A CERF-specific study focuses on what an anticipatory approach for CERF would look like in practice. In addition, CERF has commissioned the above-mentioned independent review of CERF's added value to the 2017 hurricane response in Cuba and Eastern Caribbean under the fund's Performance and Accountability Framework (PAF), which includes an assessment of the potential of a CERF anticipatory approach for sudden-onset emergencies. A second independent review under the PAF looks at CERF's added value to the humanitarian response in the Democratic Republic of the Congo, including CERF's support to the Ebola outbreaks in May and August 2018, respectively. Given that some disease outbreaks have similar characteristics to the type of emergencies qualifying for early action (e.g. slow onset, availability of early warning indicators, humanitarian and financial advantages of responding early), the results of this review will likely feed into the development of an anticipatory approach. The final reports on the two PAF reviews are expected to be published in early February 2019.

Disaster Risk Financing and Insurance

Given the global momentum behind innovative financing, explore whether insurance mechanisms or similar financial instruments can help serve as a balancing mechanism for CERF's response to natural disasters, by smoothing out related peak cash drawdowns, or raise additional funding for CERF so that it can take on additional risk and provide more and more predictable financing for humanitarian crises resulting from extreme weather events.

Update: In line with the Advisory Group's recommendation from May 2018, the CERF secretariat has monitored trends and developments on risk insurance within the humanitarian and development financing system, for example through participation in the annual Forecast-Based Financing Dialogue Platform hosted by the German Federal Foreign Office and the German Red Cross in Berlin September and through consultations with the UK Centre for Global Disaster Protection and other actors within this field. While not an immediate priority, CERF will continue to monitor developments to consider whether new risk insurance approaches could in the future be of relevance for CERF.

Furthering CERF's Role as Catalyst and Strategic Enabler

CERF promotes more effective and efficient humanitarian response by providing timely, targeted and strategic funding, by promoting coherence and coordination and by funding enabling humanitarian support services. In the context of a larger CERF with more funds available, explore opportunities for new approaches that will strengthen CERF's role as a

direct and systematic enabler of catalytic and innovative country-level initiatives in support of an improved humanitarian response.

Update: Within its Performance and Accountability Framework (PAF), the CERF secretariat recently commissioned an independent review of the fund's added value to the humanitarian response in the DRC, including a particular focus on the rapid response allocation in early 2018 following the IASC system wide Level 3 (L3) emergency activation in October 2017. Given that CERF had released \$14 million in Rapid Response funding one month prior to the activation, the Emergency Relief Coordinator agreed that additional funding should support the L3 operational benchmarks and plans in support of collective priorities identified by the UN Humanitarian Country Team. These included joint needs assessment and analysis, coordination, logistics, and accountability to affected populations in support of agencies' delivery of multi-sectoral assistance. Representing an innovative approach for CERF funds to provide targeted and strategic funding by promoting coherence and coordination of response, the review will look at strategic questions related to CERF's role in supporting L3 scale-up operations and related strategic priorities and enabling activities, including whether the approach adopted for the DRC L3 scale-up allocation could be systematized and replicated. The review findings will feed into the delivery of a concise report including a set of practical recommendations aimed at improving the functioning of the CERF, as well as highlight potential policy issues to be taken up at the global level. The report is expected to be published in early February 2019.

CERF's Role in Large-scale Underfunded Protracted Emergencies

Leverage higher funding volumes to increase CERF's strategic impact in underfunded large-scale protracted emergencies. This will entail potentially rethinking how CERF's Underfunded Emergencies (UFE) window is applied in different crises profiles, and the approaches that could be adapted to maximize the value added of CERF allocations².

Update: Given other higher priority workstreams and limited capacity, this workstream has not been a focus of dedicated activity for the CERF secretariat during the period since the Advisory Group meeting in May. However, while not the main objective of the review, the above-mentioned CERF PAF review of CERF allocations to the DRC will explore strategic questions surrounding CERF's role in large-scale protracted crises like the DRC and how well the UFE allocation model meets the needs of a large-scale protracted emergency. Questions will also include considering how to foster maximum complementarity and strategic alignment between CERF, Country Based Pooled Funds (CBPFs), and other funding channels available to the Resident/Humanitarian Coordinator (RC/HC), and will reflect on multi-year humanitarian response plans and related funding opportunities.

CERF and Infectious Disease Emergencies

An expansion of CERF's funding level is an opportunity to assess and clearly define CERF's role in responding to disease outbreaks, including defining what a larger CERF could potentially do differently to facilitate a more robust and predictable response to such outbreaks, while complementing other emergency funds specifically available for health emergencies. This may involve reassessing allocation strategies and eligibility criteria and clarify CERF's response niche and its relationship to other funding mechanisms, in collaboration with other stakeholders active in this domain, such as WHO and the World Bank.

Update: To help define and clarify CERF's role and niche in responding to disease outbreaks and health emergencies, including defining what a larger CERF could potentially do differently to facilitate a more robust and predictable response to such outbreaks, the CERF secretariat is in the process of commissioning an independent consultancy looking into these issues. While CERF has regularly responded to infectious diseases either as a stand-alone allocation for an outbreak or as part of a broader allocation to a conflict or natural disaster emergency, the consultancy will explore to standardize and potentially amplify CERF's role in infectious disease outbreaks building on past experiences and recognizing advances in the humanitarian financing system for health emergencies. In parallel and closely linked hereto,

² With the underlying premise that any revisions to CERF should not undermine CERF's current added-value nor its effectiveness.

CERF has drafted Health Guidance based on the current framework within which CERF works, and which serves as guide primarily to the OCHA Country Office personnel, the Humanitarian Country teams and other stakeholders to (i) better determine the eligibility of an infectious disease emergency for a rapid response CERF allocation and (ii) orientate the applicant agencies toward the prioritization of life-saving health interventions in an infectious disease emergency. These discussions and recommendations will also be reflected in the on-going revision of the CERF Life-Saving Criteria related to CERF's role in responding to health and infectious disease emergencies.

In addition, the CERF secretariat is in the process of identifying 'best practices' on CERF allocations to Ebola outbreaks prompted by the recent rapid response allocations in support of the response to the outbreaks in the Equateur Province and in the North Kivu and Ituri Provinces of the DRC, in May and August 2018 respectively. While the recently commissioned CERF PAF review (mentioned above) of the fund's added value to the humanitarian response in the DRC does not seek to assess, or make recommendations on the fund's role and niche in health emergencies at the global level but rather look at the recent country-specific response, the review of these two allocations will also feed into ongoing efforts to better define CERF's role and niche in responding to disease outbreaks.

Improved NGO Engagement in CERF Funded Humanitarian Action

In the context of a \$1 billion funding target for CERF, the Grand Bargain workstream on less earmarking called for CERF to explore direct access to NGOs.

Update: In response to the recommendation from the Grand Bargain workstream, the CERF secretariat conducted research and consultations and prepared a discussion paper exploring various aspects of direct NGO access to CERF (available on CERF's website). The discussion paper pointed to several risks and limitations related to direct NGO access to CERF and suggested that given CERF's current political and operational set-up, direct access by NGOs to CERF does not offer clear operational or efficiency gains. If CERF cannot provide direct access to NGOs, it is important to consider other opportunities of improving NGOs' role in CERF-funded humanitarian action. Consultations with the NGO community in this respect will continue.