

CERF and Country-Based Pooled Funds

Stocktaking

CERF secretariat, April 2013

1. Introduction

The present paper provides an overview of the main findings regarding complementarity at country level between the Central Emergency Response Fund (CERF) and country-based pooled funds (CBPFs), such as the Common Humanitarian Funds (CHF) and Emergency Response Funds (ERFs). Evidence is drawn from a number of recent documents, including OCHA-external studies and evaluations, studies commissioned by the CERF secretariat and annual reporting by Resident and Humanitarian Coordinators (RC/HCs) on the use of CERF funds.

The paper aims to collect a representative overview of main findings that can inform the preparation of a guidance note on CERF-CBPF complementarity, rather than providing a complete inventory of relevant quotes in all possible studies. The guidance note will be developed in close consultation with the Funding Coordination Section in OCHA New York and pooled fund teams at the country level. The findings presented are the observations and conclusions of the respective authors at the time of the studies and reports. They do not necessarily reflect the current situation in the various countries.

2. Studies and Evaluations External to OCHA

Department for International Development Multi-lateral Aid Review

The Department for International Development's (DfID) 2011 Multilateral Aid Review (MAR) listed country-based pooled funds as one of OCHA's strengths. Specifically, the MAR highlighted the CBPFs ability to foster partnerships stating that "OCHA manages a range of country-level pooled funding mechanisms that support join-up working amongst actors and foster stronger partnerships."

Five-Year Evaluation of the CERF – Synthesis Report

The 2011 five-year evaluation (5YE) of the CERF found that in countries where there was a locally managed CHF, CERF funding integrated well into joint planning and monitoring of activities with cluster members, including national and international NGOs. The evaluators argued that in countries with an ERF, such as Pakistan, Kenya, and the occupied Palestinian territory, CERF and ERF processes tended to be managed separately, and their integration could be developed to maximise both processes of prioritisation and monitoring.

CHF and ERF processes were seen by the evaluators as relatively more inclusive and the interagency monitoring systems resulting in better quality data and increased learning opportunities.

Another area for CERF-CBPF complementarity according to the evaluators lay in CBPFs' ability to mitigate the effects of protracted sub-granting processes by UN agencies¹. Delays in passing on CERF funds tended to be less of an issue in countries where NGOs had direct access to ERF/CHF funds or alternative sources of quick funding. Delays, however, continued to be observed in countries where alternative pooled funds did not exist or during responses to large-scale emergencies, such as the 2010 Pakistan flood response where ERF management capacities were initially overwhelmed and grant sizes too small to enable rapid scale-up of operations.

According to the evaluators, in countries with a CHF, the CERF process was managed by the same team managing the CHF. Under these circumstances the CERF was usually well managed. The best

¹ The terms "UN agencies", "Un agencies and IOM" and "agencies" will be used interchangeably.

managed system was found to be in the Democratic Republic of the Congo (DRC) where the pooled funding unit managed the CERF and the CHF.

On the other hand, in countries with an ERF, the evaluation found that the CERF process was not necessarily managed by the same team, and the process followed was not the same. In addition, the evaluators argued that countries with a CHF or an ERF in place already had a mechanism for rapid funding and for establishing humanitarian priorities. These systems worked very well in some cases. There seemed much to be gained in pooling some of the analytical capacities for the prioritisation of actions for CERF funding. It was challenging, however, to streamline the management and processes for these pooled funds, so as to maximise benefits from analytical capacities.

The evaluators concluded by recommending the integration of CERF prioritization, implementation and monitoring processes into CBPF systems where present while ensuring that these are based on examples of existing good practice.

Five-Year Evaluation of the CERF – Country Studies

As part of the five-year evaluation of the CERF, the evaluators conducted 16 country studies that informed the overall synthesis report. The following section presents the main findings on CERF-CBPF complementarity from reports conducted in countries with an ERF or CHF.

For the **DRC**, the evaluators noted that the linkages between CERF and the CHF processes were considered as good practice and worth encouraging in other countries with CBPFs where the processes might be different.

For example, when a when a CERF allocation was made around the same time as a CHF allocation, the CHF Board reviewed the pre-selected projects before the HC decided on the final list. This provided an additional level of scrutiny to the process and ensured complementarity between CERF and CHF projects, and the participation of donors added a useful external perspective to the deliberations. This ensured coherence and complementarity between CERF and CHF allocations and to some extent lessened potential UN agency pressures on the HC.

In addition, a harmonised approach for the selection of CERF and CHF projects has been in place since 2007. Agencies were required to be in compliance with CERF and CHF reporting obligations and to demonstrate a rate of utilization of (previous) funds of more than 70 per cent.

In the **Central African Republic (CAR)**, the evaluators highlighted the existence of a CHF as an opportunity to strengthen the monitoring and evaluation (M&E) structure of CERF in country. This could be based on the CHF M&E framework under development as of the report's writing.

For **Kenya**, the evaluators found complementarities between the CERF and the local ERF as the later was accessible to NGOs. In addition, the ERF had been used to complement the CERF from a strategic and operational point of view. For example, since the 2011 underfunded emergencies (UFE) allocation went to refugee assistance and the ERF was used for drought response.

The evaluators also argued that ERF processes were more inclusive than those of the CERF given that projects were vetted (via email) by a Technical Review Board in which cluster/sector coordinators played the main decision-making role (grants will only be given to projects they approve). The Humanitarian Country Team (HCT) as such was not involved in ERF processes, but the HCT was updated and consulted on ERF developments. The evaluators considered that bringing the two pooled funding mechanisms (CERF and ERF) under the responsibility of the same management structure should be considered as a means to improve their effectiveness.

In **Somalia**, both the CHF and CERF were found to be parts of the same effort to address predictability and reliability in the funding of humanitarian action. Both were intended to ensure that the needs of affected populations are met in a timely manner. Both now used the same broad

prioritisation mechanism at country level. The CHF operated at the country level and the CERF globally. However, at the country level the CHF is a more flexible mechanism as it can channel funds to NGOs as well as to UN agencies.

Evaluation of the Pakistan Emergency Response Fund, 2011

The evaluator highlighted the fact that for the Pakistan ERF a decision had been taken to prioritise NGOs (who aren't able to access the CERF funds directly) over UN agencies. Despite the early ERF funding portfolio including several large grants to UN agencies, analysis showed that 95 per cent of the funds were split between INGOs and NNGOs with the former receiving 56 per cent of the funds and the latter 39 per cent.

Evaluation of the Common Humanitarian Fund, CAR Report, 2011

The report noted the flexibility of the fund and highlighted its complementarity with other funding sources, such as CERF, the Peacebuilding Fund (PBF), EuropeAid and ECHO, particularly because a number of these did not fund 100 per cent of a project's requirements. The report recommended strengthening the link between the management of the three UN funds (CERF, CHF, PBF). In particular, M&E activities could be undertaken jointly by a same unit for the three funding sources.

Evaluation of the Common Humanitarian Fund, DRC Report, 2011

The evaluators noted that the HC had made a complementary use of funding resources by combining CERF allocations with CHF allocations. In doing so, he had given preference to the CERF for covering the requirements of UN agencies since NGOs were not eligible for CERF funding. Moreover, the HC had used CERF funds primarily to support projects of a national scope while targeting the CHF for regional interventions.

This had enabled him to give NGOs a larger share of CHF funds. In addition, the report highlighted that the HC had harmonized CHF and CERF project selection procedures. The involvement of the CHF board in the review of CERF allocations made around the time of CHF allocations before the HC's decision had also provided a useful outside perspective ensured coherence and complementarity between CERF and CHF allocations. Annual reporting for the two had also been combined, with the introduction of a common reporting format ("Results Sheet") in 2007.

The report went on to recommend to the CHF Board that it should consider adopting the CERF Guidelines on the Life-Saving Criteria, since they provided a fairly broad interpretation of the life-saving criterion as well as a minimal baseline for all sectors.

Evaluation of the Common Humanitarian Fund, Sudan Report, 2011

The report noted that the CHF and the CERF were coherent as the CERF secretariat considered the potential availability of CHF grants before making a CERF allocation to Sudan.

Process Review of the Somalia Common Humanitarian Fund, 2012

The evaluators highlighted that the CHF was considered by the HC as working in a complementary manner to the CERF. As the CERF was directly accessible only to UN agencies and allocated funding according to different criteria, it could be used as a different type of funding source. For example, it could be used to meet food pipeline gaps or other shortfalls.

The timing of allocations also afforded opportunity for complementarity. For example, Somalia received CERF UFE funding in February 2011, bridging the gap due to major funding shortfalls between the February Standard allocation and the planned CHF Standard Allocation in August 2011.

3. Performance and Accountability Framework Country Reviews

The CERF secretariat commissions between three and five independent studies of CERF's added value to a country's emergency response per year under its Performance and Accountability

Framework (PAF). While not specifically geared towards examining CERF-CBPF complementarity, the studies contain some findings on CERF-CBPF interaction for countries with an ERF or CHF.

2010 Kenya Pilot Study

During interviews for the study, NGOs compared the UN agency procedures for sub-granting CERF funds unfavourably with those that OCHA used for the ERF. The review noted that attempts to channel CERF funds through ERFs in Iraq and Somalia, using UNDP as a pass-through mechanism were unsuccessful as UNDP was unable to disburse funds in a timely way. The authors suggested the possibility of donors providing additional funding directly to ERFs that operate in many of the countries that receive CERF allocations to ensure complementarity and timely funding of NGOs.

2011 Colombia Study

The ERF and its allocation mechanisms were not a specific focus of this study. A cursory analysis, however, suggested that the allocation and management structures of the ERF contained a number of features which could improve the openness of the CERF process. These included the use of a national Humanitarian Risk Index as part of the process of identifying key geographical areas for intervention. In addition, the ERF had an oversight structure at country level including a technical committee to assess project proposals and an Advisory Board, chaired by the HC and including donors to the fund and the government of Colombia to oversee its use.

Country-based donors were said to have felt that the CERF was largely a non-transparent process. Although there is no reason why they ought to play an explicit part in allocation decisions, there was a general consensus that information on the use of the CERF at country-level was weak. Whilst donors to the ERF sat on its advisory board and felt informed and part of decision making there was no such transparent process around the CERF.

Accordingly, the author recommended that greater complementarity should be sought between processes for the ERF and CERF. As was practiced in some other countries where two pooled funding mechanisms operate, joint mechanisms, either formal or informal, could be instituted to look at priority needs.

2011 Ethiopia Study

The study found several instances of complementarity between the CERF and the local ERF². For example, agencies with large humanitarian spending, such as UNICEF and WFP, appeared to leave the ERF to fund NGOs while they receive their funding from the CERF.

In addition, the ERF has a review board with UN agencies, NGOs (including the Ethiopian Red Cross Society), a donor agency (OFDA) and a government representative as members. Amongst its other responsibilities, the Board reviews proposals submitted to the ERF (after they have undergone a technical review in the relevant Cluster) and decides whether to recommend them to the HC for funding or not. This use of the ERF review board to review concept notes was found to reinforce complementarity between the CERF and the ERF (with members able to suggest that agencies should apply to the HRF for certain activities rather than to the CERF).

Although the ERF financed both UN agencies and international NGOs, OCHA was not mandated to monitor UN agency projects. However, it had introduced a system of peer reviews that covered UN as well as NGO projects to help strengthen ERF-financed projects as a whole, particularly at a technical level, and enable organisations to learn lessons. The author recommended that the ERF team in Ethiopia should explore with CERF recipient agencies the option of extending the peer review monitoring process to CERF projects.

In addition, it was recommended that the ERF Review Board discuss what the CERF recipient agencies have achieved with the previous year's funding to ensure that CERF allocation decisions

² The ERF in Ethiopia (called the HRF) is the largest ERF in existence and it has funding levels comparable to many CHFs

take account of agency performance. This would enable NGOs to contribute to the discussion as implementing partners and/or Cluster members. If the HC decides to use the ERF Review Board to consider proposals for CERF funding, the two discussions would fit together well.

2011 Zimbabwe Study

The Zimbabwe ERF was found to have adapted the CERF's life-saving criteria to determine eligibility for funding. In theory, the ERF can finance the humanitarian projects of UN agencies as well as international and local NGOs but, in practice, it has tended to fund largely NGOs. The ERF Advisory Board made a policy decision to focus more on funding NGOs because UN agencies had access to a wider range of resources (particularly the CERF). Also, unlike many donors, the ERF is able to fund local NGOs.

The ERF has an Advisory Board that is chaired by the HC and meets every two months. Unlike in Ethiopia, the ERF Review Board played no role in reviewing CERF funding though ERF and CERF guidance recommend using ERF structures to support CERF processes.

2012 Ethiopia Study (part of review of CERF response to the Horn of Africa drought)

The study notes that, according to FTS information, the Ethiopia ERF and CERF together would constitute the second largest source of humanitarian funds to Ethiopia. In terms of non-food aid, combined the ERF and CERF almost equalled that of the largest donors, the US.

The review found that the humanitarian coordination structures in Ethiopia, such as the HCT, the ERF review board, the cluster Leads and the clusters/sectors themselves, were key for CERF in providing the key inputs to CERF decisions.

The review echoed the 2011 Ethiopia PAF study's finding that CERF played an important role in Ethiopia, partly due to its close coordination with ERF funding. There seemed, however, a reluctance to integrate CERF more closely with the ERF, although good alignment occurred at a practical level. The report further noted that ERF and CERF monitoring and reporting were not explicitly linked. There was said to be scope for additional discussions in key forums.

The report concluded by recommending that OCHA Ethiopia should ensure that CERF processes were discussed within clusters, among cluster leads and by the Ethiopia HCT, and that these discussions should be more explicitly connected to OCHA planning.

2012 Kenya Study (part of review of CERF response to the Horn of Africa drought)

The study reported that there currently was no complementarity between the ERF and CERF in Kenya. Given the relatively limited size of the ERF and its light management structure, there was no overlap or attempt to link ERF processes with CERF allocations. The ERF was largely regarded as a stand-alone process by UN agencies which had access to the CERF and tended not to access the ERF on the basis of a relatively high ratio of project size to administrative burden. The author recommended that OCHA Kenya and the CERF secretariat follow up the recommendation from the Kenya country study of the CERF five-year evaluation about ensuring higher complementarity between CERF and the Kenya ERF.

2012 Somalia Study (part of review of CERF response to the Horn of Africa drought)

The review did find instances of complementarity between the CERF and the Somalia CHF. Notably, UFE allocations were made in conjunction with the CHF allocations and were informed by the same gap analysis.

The report noted that Somalia CHF had an Advisory Board, consisting of donors, NGO and UN representatives. However, this Board currently played no role in respect of the CERF. It was also noted that accountability (specifically project monitoring and evaluation), was an area of concern for the CHF and that systems had to be strengthened. There was no current complementarity between the CERF and the CHF in this regard.

There was, hence, scope for linking the monitoring and evaluation needs of the CHF and CERF projects. Monitoring and evaluation were said to have been long been acknowledged as a critical weakness in country level pooled funds. The Somalia CHF Review made a number of recommendations for OCHA's Funding Coordination Unit (FCU) in this regards. The need look for ways to make concrete links to CERF projects, and to extend monitoring arrangements and evaluation plans where at all feasible was also highlighted.

The study concluded by recommending that the current complementarity between future CERF allocations (in particular UFE allocations) and the CHF should be formalised and continue to the fullest extent possible. This should include ensuring that any future UFE allocations take place at the same time as standard allocation rounds for the CHF.

In addition, the authors recommended that special attention should be played by the OCHA Funding Coordination Unit in the Somalia country office in extending enhanced monitoring and evaluation processes for the CHF to CERF projects where at all feasible. The reviewers also recommended that, by way of increasing transparency of CERF allocations, the CHF Advisory Board (which contains donors and NGO representatives) should formally review CERF allocations.

4. 2011 RC/HC reports on use of CERF funds

With the introduction of a revised template for RC/HC report on the use of CERF funds in 2011 countries have been asked to comment on the relationship between CERF and CBPF. The following section presents the most relevant statements from the 2011 reports.

Kenya

The report noted that at the time of developing the CERF submission, the Kenya ERF had already received an additional commitment of \$778,000 which brought the total available amount in the Fund to \$2.4 million. These funds were used to complement CERF-funded activities and focusing on other drought affected areas not covered by the CERF, such as urban slums and other marginal agricultural areas. Implementation was undertaken by NGOs.

Central African Republic

The CAR report highlighted that complementarity with on-going CHF projects had been taken into consideration for the selection of CERF projects to be funded. Through the 2010 second CHF allocation carried out in November/ December 2010, a number of projects had been approved to begin early in January 2011 in order to respond quickly to the urgent needs of the affected people. Most of these projects were implemented by the same NGOs identified as implementing partners in the CERF projects.

Somalia

The report stated that, as a first line of coordinated response to the drought, the Humanitarian Coordinator made a decision to allocate \$4.5 million from the CHF emergency reserve in late December 2010 to the Livelihoods and WASH Clusters in line with their drought response position paper. The allocation of the \$15 million Underfunded envelope from CERF in February 2011 proved timely as it coincided with the decision-making on priorities for the Common Humanitarian Fund second standard allocation in February. Some \$35 million of an available \$45 million were allocated from the standard allocation to drought response. Not only were the allocations for the two pooled funds based on the same humanitarian priorities, they enabled the Humanitarian Country Team to implement a complimentary strategic drought response. CERF allocations were aligned to Common Humanitarian Fund priorities as set by its Advisory Board whose decisions were informed by the drought allocation, Food Security and Nutrition Analysis Unit findings, and priorities set by the Humanitarian Country Team. Combined, the pooled funds ensured timely implementation of crucial life-saving interventions from the beginning of the year and onwards.

Ethiopia

The Ethiopia report highlighted that integration between the ERF and CERF had always been implemented during the grant allocations under the different structures. Allocations from the different CERF windows were always discussed at ERF Review Board meetings to ensure complementarity and avoid duplication in humanitarian response. The Review Board also provided technical reviews of concept notes prepared by the applicant agencies in order to assess their merit from various perspectives including conformity with CERF criteria and analyse their intent to support national priorities. Additionally, to attain balanced access of existing pooled funds, the ERF encouraged greater use of the ERF by INGOs, as CERF is accessible for UN agencies. For the Underfunded Emergencies envelopes 2011, a separate committee was established consisting of non-UN and non-recipient agencies to review and prioritise the project applications. Support from OCHA HQ was also provided to facilitate the Second Underfunded round through the deployment of a staff member on surge.

Haiti

According to the report, the Haiti ERF Haiti complemented activities funded by CERF funds. The projects funded through the ERF were implemented in affected departments including, Artibonite, Centre, Nippes, Sud, Sud-Est, Ouest. Other projects covered more than one department. A total of 21 projects were funded for a total amount of \$8,080,810 to contribute to the reduction of the impact of the cholera epidemic.

Colombia

The Colombia report noted that the HCT ensured that CERF funding was complementary to other emergency funds like the ERF. At least four ERF projects were designed to fit into a wider strategy formulated around the CERF rapid response submission. In this way, local and international NGOs in partnership with UN agencies managed to address most critical gaps in water and sanitation, food security, early recovery and health. While humanitarian financing gaps remains a challenge in Colombia that neither CERF nor ERF can fill entirely, these pool funds enhanced the capacity of the HCT to reach most vulnerable communities in a timely manner.

Sudan

The Sudan report stated that the HCT, in collaboration with operational agencies in Sudan, developed a multi-sector, multi-agency response plan to respond to the urgent humanitarian needs that exceeded the planned level in the Sudan Humanitarian Work Plan (Consolidated Appeal). The response plan was funded by the CHF Emergency Reserve and CERF. CHF funding was prioritized for NGOs, while CERF funded UN agencies.

Complementarity had also been achieved in regard to M&E with OCHA's Humanitarian Financing Section fielding a mission to Zam Zam IDP camp in North Darfur to examine the use of CERF and CHF funds.