

CERF Risk Action Plan – Draft for Discussion

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In October 2010 the Office of Internal Oversight Services (OIOS) released a report with the findings of a risk assessment of United Nations (UN) general trust funds. The report attempted to identify key risks identified in relation to the operation of UN general trust funds, particularly those that give funds to entities outside the UN secretariat, with risks grouped into four categories: Loss of legitimacy, loss of financing, loss of knowledge capacity and loss of operational capacity. For each risk identified the report presented mitigation controls already in place and assessed the residual risks that still need to be addressed. The Central Emergency Response Fund (CERF) is the largest of the general trust funds assessed by OIOS, and as such many of the identified risks are to some degree directly applicable for the operation of the CERF. Risk assessment and mitigation is already an integral part of the regular CERF work-planning process, however, the CERF secretariat decided to formulate a response to the full risk assessment by OIOS (available at the CERF website). The full OIOS risk compendium served as a basis for development of a more focused risk action plan addressing key risks potentially facing CERF (with risks grouped into four overarching risk areas). The CERF risk action plan will be used by the CERF secretariat to monitor and track the status of key risks and related mitigating actions and it will be updated quarterly by the CERF secretariat.

Risk	Potential Impact	Existing Controls	Additional Mitigation Actions	Timeframe	Status
<u>RISK AREA 1 - Performance Monitoring and Accountability:</u>					
A number of evaluations and reviews, notably the five-year evaluation of the CERF, have highlighted concerns surrounding issues of performance monitoring and accountability. The CERF's reliance on agency monitoring and evaluation systems presents advantages in terms of cost savings and the ability to maintain a lean management structure. As well, this structure has been reviewed and approved by agencies executive boards. However, this makes it difficult to obtain accurate and timely data on results achieved with CERF funds including independent information on results at the beneficiary level . Studies such as the country reviews conducted under the Performance and Accountability Framework (PAF) have demonstrated that CERF can significantly improve the overall humanitarian response. This effect at the systemic level is more difficult to demonstrate at the project level. This lack of independent project level impact evaluations remains a challenge to providing a comprehensive overview of the Fund's work and impact.					
Reliance on agency monitoring and evaluation systems leading to: <ul style="list-style-type: none"> - Lack of adequate performance and results information. - Lack of beneficiary level information. - Lack of project level impact evaluation. 	<ul style="list-style-type: none"> - Inability to adequately demonstrate CERF results or impact at the beneficiary level. - Possible loss of confidence by donors and member states. - Difficult to attribute success. 	<ul style="list-style-type: none"> - The PAF delineates accountability and responsibilities and defines indicators to assess CERF performance. - Periodic evaluations of CERF itself (2 year, 5 year) have provided critical comprehensive external perspective¹. - Independent PAF country reviews provide an additional level of assurance around value added of 	<ul style="list-style-type: none"> • Further strengthen HC CERF narrative reporting format and process. • Introduction of country level CERF after-action reviews (AARs). • Conduct additional PAF country reviews and use these to target key areas of interest or concern. • Strengthen cooperation with agency evaluation departments to improve CERF coverage in agencies own 	Q1 2013 Q3 2013 Continuous Q4 2012	...

¹ The CERF has now matured considerable and as such smaller studies and evaluations targeting specific issues may likely add greater value than what can be achieved through large scale all-inclusive evaluations of CERF (like the two and five years evaluations)

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		<p>CERF and helps gauge performance against PAF indicators.</p> <ul style="list-style-type: none"> - The annual HC CERF narrative reporting process provides information on results achieved with CERF funds at country and project level. - Evaluations conducted by agencies themselves that include CERF funded activities. 	<p>evaluations and studies.</p> <ul style="list-style-type: none"> • Explore opportunities for utilising CHF monitoring frameworks to improve monitoring of CERF funded activities. • Build on monitoring initiatives under the IASC Transformative Agenda to improve monitoring of CERF funded activities. 	<p>T.B.D.</p> <p>(dependent on ITA progress)</p>	
<p>RISK AREA 2 – Partnerships:</p> <p>The CERF only makes grants and loans directly to UN agencies and IOM. Nevertheless, partnerships, such as those with non-governmental organisations (NGOs), play a key role in all stages of the project cycle, from the identification of needs, to the prioritization and implementation of interventions as well as the reporting phase. As a result, there are several potential risks surrounding partnership arrangements. Notably, agencies’ reliance (to varying degrees) on sub-grantees to implement parts of their programmes or projects. Delays in sub-granting or ineffective sub-granting arrangements, therefore, have the potential to affect the effectiveness of CERF as a rapid response mechanism. Similarly, a lack of inclusiveness in CERF country-level prioritisation and decisions may lead to situations where CERF is not funding the most pressing interventions, or where CERF funding decisions are not coordinated with other funding streams.</p>					
<ul style="list-style-type: none"> - Delays in sub-granting or ineffective sub-granting arrangements. - Lack of inclusiveness in CERF country level prioritisation and decisions. 	<ul style="list-style-type: none"> - Possibility of delayed response. - Donors prioritizing other funding channels over CERF (to fund NGOs). - CERF not meeting its objective of targeting the most urgent needs. - Loss of effectiveness and impact. 	<ul style="list-style-type: none"> - Annex 2 of HC CERF narrative report requires agencies to report on timeliness of sub-grants. - Importance of partnerships reflected in CERF guidance materials and trainings. - Overview section of grant application template (the “chapeau”) requires applying countries to outline inclusiveness of prioritization exercise. - Country studies conducted under the PAF provide an additional level of verification of CERF added value and of the quality of partnership arrangements. 	<ul style="list-style-type: none"> • Development of prioritization guidance containing additional information on role of partners in the process. • Introduction of country level CERF after-action reviews (AARs) to serve as platform for joint lesson learning at country level. • Continue to review and assess partnership issues in PAF country reviews; Conduct additional reviews in 2013. • Development of guidance on maximizing complementarities between CERF and country-based pooled funds (CBPFs) to enable CERF processes to be better grounded in the 	<p>Q4 2012</p> <p>Q3 2013</p> <p>Continuous</p> <p>Q4 2012</p>	<p>...</p>

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			existing partnerships surrounding CBPFs.		
<u>RISK AREA 3 - Resource Mobilization:</u>					
CERF has received support from 126 of 193 Member States and Observers, as well as from private donors and the public. CERF, nevertheless, exhibits a heavy reliance on a small group of donors . This makes CERF vulnerable to fluctuations in the support from the core group of donors.					
<ul style="list-style-type: none"> - Heavy reliance on a small group of donors. - Perception that CERF is a fund for a few member states rather than a fund for all. 	<ul style="list-style-type: none"> - Significant loss of funding in case of policy change away from pooled funding by core donors or through impact of economic crisis. - Lack of interest by donors outside the core group. 	<ul style="list-style-type: none"> - CERF maintains and updates a resource mobilization strategy targeting specific member states and groups. The strategy is revised regularly and discussed with the CERF Advisory Group. - Annual High-level Conference serves as main fundraising event for CERF from Member States. - Regular Member State briefings provide opportunity to update Member States on CERF outside of High-level Conference. - Members of the CERF Advisory Group constitute a broad and diverse representation of Member States. - CERF Advisory Group members also function as advocates for CERF. 	<ul style="list-style-type: none"> • Revise resource mobilization strategy to strengthen initiatives for broadening and deepening of the donor base. • Use specialised expertise to identify possibilities for CERF private sector outreach in order to complement fundraising efforts from Member States. • Integrate CERF resource mobilisation efforts into broader UN initiatives to strengthen humanitarian partnerships with emerging or non-traditional donors. • Further improve CERF Public Information products and initiatives. 	<p>Q3 2012</p> <p>Q2 2013</p> <p>Continuous</p> <p>Continuous</p>	<p>...</p>
<u>RISK AREA 4 - Value for Money:</u>					
A number of broadly inter-related factors have the potential to affect perceptions about the CERF offering sufficient value-for-money . This includes the risk that CERF is unable to demonstrate sufficient added value to donors, which is to say “is there sufficient benefit in channelling money through a pooled fund like CERF, rather than employing bilateral aid, to justify the expense?” Similarly, there is a risk that agencies will perceive the transaction costs (e.g. in the form of project prioritization, proposal preparation, compliance and reporting) associated with obtaining funds from CERF as excessive compared to bilateral donors. There is also an inherent risk with the CERF allocation process in that often each sector/cluster targeted with CERF funding is represented by only one or two UN agencies which may limit the competitive element and reduce considerations about cost conscientiousness. Lastly, there is a risk that issues related to programme support costs (PSC) will affect the functioning of the fund. These include concerns over the overall level of PSC associated with the fund (currently 10 per cent) as well as the use of the 3 per cent allocated to the CERF secretariat and wider UN Secretariat.					

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<ul style="list-style-type: none"> - Perception of insufficient added value of CERF. - Perception of CERF not being conscientious about costs and value for money in its allocation decisions. - Perception of excessive transaction costs. - Disagreements over level and use of PSC. 	<ul style="list-style-type: none"> - Possible loss of funding if donors cannot be convinced of sufficient added value. - Possible loss of funding in the long-term as donors pursue other funding channels perceived to have lower “overhead”. - Inadequate resources for CERF secretariat to fulfil its duties². - Inadequate resources for recipient agencies and their implementing partners to effectively support implementation of CERF projects. 	<ul style="list-style-type: none"> - Country studies conducted under the PAF seek to provide additional level of assurance regarding value added of CERF to a given emergency response. - Periodic external evaluations assess overall functioning and value added of the fund at the global level. - Agreement on overall PSC rate with Controller’s office in place. - Consultations within IASC SWG on Humanitarian Financing provide opportunity for soliciting feedback from recipient agencies. - Ad-hoc studies (e.g. UFE review, review of PAF itself). - CERF participation in the UN secretariat PSC working group 	<ul style="list-style-type: none"> • Strengthen the concept of value for money and cost consciousness throughout the CERF cycle (prioritisation, implementation, reporting). This will involve a review and possible revisions of relevant CERF guidance and material. 	Q1 2013	
			<ul style="list-style-type: none"> • Develop improved guidance on typical CERF cost ranges for project and emergency types and explore opportunities for introducing thresholds and triggers for informing CERF response to emergencies. 	Q1 2013	
			<ul style="list-style-type: none"> • Include in the review of the PAF (scheduled for Q4 2012) an assessment of how well value for money is represented by the existing PAF indicators. Revise PAF indicators if and as necessary. 	Q1 2013	
			<ul style="list-style-type: none"> • In the PAF country reviews strengthen the assessment of value for money aspects of the CERF process at country level. 	Q2 2013	

² In particular if the scope of work should change (e.g. growing monitoring dimension) or if CERF funding levels drop thereby reducing available PSC revenues.