

## CERF Risk Action Plan – Semi-annual Update

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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 were to some degree applicable for the operation of the CERF. Risk assessment and mitigation is already an integral part of the regular CERF work-planning process. The CERF secretariat, however, 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) and which the CERF secretariat would seek to address as a priority<sup>1</sup>. The CERF risk action plan is used by the CERF secretariat to monitor and track the status of key risks and related mitigating actions and is updated twice a year by the CERF secretariat.

Risk	Potential Impact	Existing Controls	Additional Mitigation Actions	Timeframe	Status
<b><u>RISK AREA 1 - Performance Monitoring and Accountability:</u></b> 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 <b>reliance on agency monitoring and evaluation systems</b> 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 <b>information on results at the beneficiary level</b> . 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 <b>project level impact evaluations</b> remains a challenge to providing a comprehensive overview of the Fund's work and impact.					

<sup>1</sup> Risks that are not directly under the CERF secretariat's influence, such as potential mismanagement of funds by recipient agencies or their implementing partners, have not been included in this Action Plan as these are not linked to a specific new mitigating action by CERF. This does, however, not reflect that these risks are not important and they are referenced in the full risk assessment which can be found on CERF's website at <https://docs.unocha.org/sites/dms/CERF/Response%20to%20OIOS%20Risk%20Assessment%20AG%20May%202012.pdf>

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<p>Reliance on agency monitoring and evaluation systems leading to:</p> <ul style="list-style-type: none"> <li>- Lack of adequate performance and results information.</li> <li>- Lack of beneficiary level information.</li> <li>- Lack of project level impact evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>- Inability to adequately demonstrate CERF results or impact at the beneficiary level.</li> <li>- Possible loss of confidence by donors and member states.</li> <li>- Difficult to attribute success.</li> </ul>	<ul style="list-style-type: none"> <li>- The PAF (developed in 2010) delineates accountability and responsibilities and defines indicators to assess CERF performance.</li> <li>- Periodic evaluations of CERF itself (2 year, 5 year) have provided critical comprehensive external perspective<sup>2</sup>.</li> <li>- Independent PAF country reviews provide an additional level of assurance around value added of CERF and helps gauge performance against PAF indicators.</li> <li>- The annual HC CERF narrative reporting process provides information on results achieved with CERF funds at country and project level.</li> <li>- Evaluations conducted by agencies themselves that include CERF funded activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Review the PAF to ensure that it meets the accountability needs of CERF.</li> </ul>	Q3 2013	An independent expert has reviewed the PAF. The final report will be available by the end of the third quarter of 2013 after which the CERF secretariat will begin implementation of relevant changes.
			<ul style="list-style-type: none"> <li>• Further strengthen RC/HC CERF narrative reporting format and process.</li> </ul>	Q3 2013	Revised format and schedule for RC/HC narrative reports introduced in 2013. The new reporting format provides more information on results and a rolling reporting schedule will lighten reporting burden whilst allowing for improved quality and accuracy of reports.
			<ul style="list-style-type: none"> <li>• Introduction of country level CERF after-action reviews (AARs) to serve as platform for joint assessment of CERF processes and results.</li> </ul>	Q3 2013	AAR guidelines have been prepared. With the introduction of a rolling RC/HC reporting schedule, it is expected that an AAR will be conducted at country level as part of the report preparation stage.
			<ul style="list-style-type: none"> <li>• Conduct additional PAF country reviews and use these to target key areas of interest or concern.</li> </ul>	Continuous	Four reviews conducted in 2013 (Sahel, DRC, Yemen, Pakistan) taking the total number of countries reviewed since 2010 to twenty.
			<ul style="list-style-type: none"> <li>• Strengthen cooperation with agency evaluation departments to improve CERF coverage in agencies' own evaluations and studies.</li> </ul>	Continuous	Inclusion of CERF-specific questions in agency evaluation piloted by FAO. In 2012 IOM conducted a review of its use of CERF. WFP and UNHCR will in 2013/2014 include CERF as part of their evaluation programme.
				Q3 2013	Utilizing of CBPF monitoring

<sup>2</sup> The CERF has now matured considerably 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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			<ul style="list-style-type: none"> <li>Explore opportunities for utilising CHF monitoring frameworks to improve monitoring of CERF funded activities.</li> <li>Build on monitoring initiatives under the IASC Transformative Agenda to improve monitoring of CERF funded activities.</li> <li>Strengthen the CERF secretariat's capacity to support processes and systems around performance monitoring and accountability.</li> </ul>	<p>(dependent on ITA progress)</p> <p>2013</p>	<p>frameworks is one of the recommendations of the guidance note on CERF-CBPF harmonization. This was discussed at the April 2013 OCHA Pooled Fund Managers Workshop and will be explored further as the monitoring systems are rolled out.</p> <p>IASC is expected to finalise a <i>Response Monitoring and Reporting Framework</i> during first half of 2014.</p> <p>The oversight of the RC/HC reporting process was moved to the CERF Performance and Monitoring Unit in 2013 to ensure better integration with the overall CERF performance and accountability structure. In addition, the unit was strengthened with the creation of an additional P-3 post and the transfer of two existing P-3 posts to the unit (one Geneva based).</p>
<p><b>RISK AREA 2 – Partnerships:</b></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. These notably include agencies' reliance (to varying degrees) on sub-grantees to implement parts of their programmes or projects. <b>Delays in sub-granting or ineffective sub-granting arrangements</b>, therefore, have the potential to affect the effectiveness of CERF as a rapid response mechanism. Similarly, a <b>lack of inclusiveness in CERF country-level prioritisation and decisions</b> 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"> <li>- Delays in sub-granting or ineffective sub-granting</li> </ul>	<ul style="list-style-type: none"> <li>- Possibility of delayed response.</li> <li>- Donors prioritizing other</li> </ul>	<ul style="list-style-type: none"> <li>- Annex 2 of RC/HC CERF narrative report requires agencies to report on timeliness of sub-grants.</li> </ul>	<ul style="list-style-type: none"> <li>Development of prioritization guidance containing additional information on role of partners in the process.</li> </ul>	<p>Q4 2013</p>	<p>Prioritization guidance to be finalised and disseminated in last quarter of 2013.</p>

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<p>arrangements.</p> <ul style="list-style-type: none"> <li>- Lack of inclusiveness in CERF country level prioritisation and decisions.</li> </ul>	<p>funding channels over CERF (to fund NGOs).</p> <ul style="list-style-type: none"> <li>- CERF not meeting its objective of targeting the most urgent needs.</li> <li>- Loss of effectiveness and impact.</li> </ul>	<ul style="list-style-type: none"> <li>- Importance of partnerships reflected in CERF guidance materials and trainings.</li> <li>- Overview section of grant application template (the “chapeau”) requires applying countries to outline inclusiveness of prioritization exercise.</li> <li>- Country studies conducted under the PAF provide an additional level of verification of CERF added value and of the quality of partnership arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to review and assess partnership issues in PAF country reviews; Conduct additional reviews in 2013.</li> <li>• Development of guidance on maximizing complementarities between CERF and country-based pooled funds (CBPFs) to enable CERF processes to be better grounded in the existing partnerships surrounding CBPFs.</li> <li>• Introduction of country level CERF after-action reviews (AARs) to serve as platform for inclusive joint learning at country level.</li> </ul>	<p>Continuous</p> <p>Q3 2013</p> <p>Q3 2013</p>	<p>This is a standard component of the ToR and the four reviews conducted in 2013 (Sahel, DRC, Yemen, Pakistan) also covered this issue. CERF will follow-up on relevant findings from the reviews.</p> <p>Stock-taking paper and guidance developed and shared with field for comments. The guidance will be finalized by end Q3 2013.</p> <p>AAR guidelines have been prepared. With the introduction of a rolling RC/HC reporting schedule, it is expected that an AAR will be conducted at country level as part of the report preparation stage.</p>

**RISK AREA 3 - Resource Mobilization:**

CERF has received support from 122 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"> <li>- Heavy reliance on a small group of donors.</li> <li>- Perception that CERF is a fund for a few member states rather than a fund for all.</li> </ul>	<ul style="list-style-type: none"> <li>- Significant loss of funding in case of policy change away from pooled funding by core donors or through impact of economic crisis.</li> <li>- Lack of interest by donors outside the core group.</li> </ul>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- Annual High-level Conference serves as main fundraising event for CERF for Member States.</li> <li>- Regular Member State briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Revise resource mobilization strategy to strengthen initiatives for broadening and deepening of the donor base.</li> <li>• Use specialised expertise to identify possibilities for CERF private sector outreach in order to complement fundraising efforts from Member States.</li> </ul>	<p>Q3 2012</p> <p>Q1 2014</p>	<p>Strategy has been revised.</p> <p>CERF is exploring options, such as collaboration with Deloitte or other external experts, for the development of a private sector strategy.</p>
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		<p>provide opportunity to update Member States on CERF outside of High-level Conference.</p> <ul style="list-style-type: none"> <li>- Members of the CERF Advisory Group constitute a broad and diverse representation of Member States.</li> <li>- CERF Advisory Group members also function as advocates for CERF.</li> </ul>	<ul style="list-style-type: none"> <li>• Integrate CERF resource mobilisation efforts into broader UN initiatives to strengthen humanitarian partnerships with emerging or non-traditional donors.</li> <li>• Further improve CERF Public Information products and initiatives.</li> </ul>	<p>Continuous</p> <p>Continuous</p>	<p>CERF resource mobilisation messages regularly included in USG and other OCHA/CERF senior officials' briefing packages/talking points for meetings with emerging or non-traditional donors. In 2013 CERF held its first policy side-event under ECOSOC's Humanitarian Affairs Segment.</p> <p>Graphic designer and editor were hired in 2013 to assist in producing information products, such as the annual report. The CERF website was revamped in 2012 and further improvements are being implemented in 2013</p>
<p><b>RISK AREA 4 - Value for Money:</b></p>					
<p>A number of broadly inter-related factors have the potential to affect perceptions about the CERF offering sufficient <b>value-for-money</b>. This includes the risk that CERF is unable to demonstrate sufficient <b>added value</b> 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 <b>transaction costs</b> (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 <b>issues related to programme support costs (PSC)</b> will affect the perception 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.</p>					
<ul style="list-style-type: none"> <li>- Perception of insufficient added value of CERF.</li> <li>- Perception of CERF not being conscientious about costs and value for money in its allocation decisions.</li> <li>- Perception of excessive transaction costs.</li> </ul>	<ul style="list-style-type: none"> <li>- Possible loss of funding if donors cannot be convinced of sufficient added value.</li> <li>- Possible loss of funding in the long-term as donors pursue other funding channels perceived to have lower "overhead".</li> <li>- Inadequate resources for CERF secretariat to</li> </ul>	<ul style="list-style-type: none"> <li>- Country studies conducted under the PAF seek to provide additional level of assurance regarding value added of CERF to a given emergency response.</li> <li>- Periodic external evaluations assess overall functioning and value added of the fund at the global level.</li> <li>- Agreement on overall PSC rate with Controller's office in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Explore options for strengthening the concept of value for money (VFM) and cost conscientiousness throughout the CERF cycle (prioritisation, implementation, reporting). This will involve a review and possible revisions of relevant CERF guidance and material.</li> <li>• Develop improved guidance on typical CERF cost ranges for</li> </ul>	<p>Q4 2013</p> <p>Q1 2014</p>	<p>CERF is reviewing its application template as well as the official CERF guidance for Rapid Response and Under-funded applications. In this respect CERF is exploring possible options for strengthening the concept of VFM.</p> <p>A CERF Review Handbook is being developed which includes such</p>

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<ul style="list-style-type: none"> <li>- Disagreements over level and use of PSC.</li> </ul>	<ul style="list-style-type: none"> <li>fulfil its duties<sup>3</sup>.</li> <li>- Inadequate resources for recipient agencies and their implementing partners to effectively support implementation of CERF projects.</li> </ul>	<ul style="list-style-type: none"> <li>- Consultations within IASC SWG on Humanitarian Financing provide opportunity for soliciting feedback from recipient agencies.</li> <li>- Ad-hoc studies (e.g. UFE review, review of PAF itself).</li> <li>- CERF participation in the UN secretariat PSC working group</li> </ul>	<ul style="list-style-type: none"> <li>project and emergency types and explore opportunities for introducing thresholds and triggers for informing CERF response to emergencies.</li> <li>• Include in the review of the PAF (scheduled for 2013) an assessment of how well value for money is represented by the existing PAF indicators. Revise PAF indicators if and as necessary.</li> <li>• In the PAF country reviews, strengthen the assessment of value for money aspects of the CERF process at country level.</li> <li>• Ensure an on-going and transparent dialogue about CERF PSC levels and their use.</li> </ul>	<ul style="list-style-type: none"> <li>Q3 2013</li> <li>2014</li> <li>Continuous</li> </ul>	<ul style="list-style-type: none"> <li>guidance.</li> <li>An independent expert has reviewed the PAF. The final report will be available by the end of the third quarter of 2013 after which the CERF secretariat will begin implementation of relevant changes.</li> <li>This is pending the conclusion of the review of the PAF and actions will depend on review findings.</li> <li>The ERC and the CERF Advisory Group regularly discuss issues related to CERF PSC and also engage the UN controllers' office on the topic. The deputy UN Controller briefed the Advisory Group at its meeting in May 2013 and the UN Controller will meet with the group during the November 2013 meeting to further discuss usage of the PSC.</li> </ul>

<sup>3</sup> 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.