

**EXECUTIVE SUMMARY :**  
**DRAFT PAPER ON ENHANCED FINANCIAL TRACKING AS IT**  
**RELATES TO THE FIELD GUIDELINES FOR THE CAP**  
**13TH IASC WORKING GROUP MEETING**  
**27 JULY 1994**

The attached note proposes modifications regarding presentation of financial requirements of all concerned organisations "*concerned organisations*" is refer in this document (and in the *Field Guidelines for the CAP*) to cover UN operational agencies and, where appropriate, the International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (IFRC), the International Organization for Migration (IOM), non-governmental organisations, bilateral donors as well as appropriate national and regional structures. in the CAP, and for enhanced financial tracking. Relevant components of the agreed approach will be incorporated into the field guidelines for implementation of the CAP.

**OBJECTIVES**

- \_UN Consolidated Inter-Agency appeals, to the extent possible, should provide information about the overall assessed sectoral emergency requirements, clearly indicating target populations per sector and proposed interventions of the various "concerned agencies".
- \_These appeals should include information about the funding requirements of all relevant "concerned agencies", rather than only referencing the specific budget requirements of UN agencies.
- \_In the follow-up financial reporting on the UN Consolidated Inter-Agency appeals, all organizations which make up a part of the total strategy should be referenced.

\_Contributions (cash and in-kind) not channelled through a "concerned organization" requesting funding through the appeal, but responding to requirements listed in the appeal should be reflected in decreases in the sectoral shortfall of the appeal.

\_Sectoral shortfalls need to be regularly adjusted in order to serve as strategic data.

\_Matrixes listing "concerned organizations" by location and sector of involvement should be included as a standard part of the appeals, as they clearly demonstrate the actual inter-relationship of various programmes which make up the operational strategy.

## **ISSUES FOR IASC-WG CONSIDERATION**

\_The proposal relies on networking and data exchange **in-country** between all relevant concerned organisations, in order to produce a comprehensive and integrated consolidated appeal. Therefore, implementation of this programme will rely heavily on the capacity of the in-country coordination structure (DMT). Although compiling statistics on donor contributions and UN agency funding is handled from DHA headquarters, other data collection and interpretation must be done in-country, e.g.

determining the relevant "concerned organizations" for inclusion in the appeal strategy, based on implementation capacity and sector of assistance;

completing a location/sector matrix (as above) reflecting the present areas of programme implementation for relevant "concerned organizations";

determining targeted beneficiaries for each sector of assistance, as well as an overall target population;

determining the extent to which bi-lateral and other contributions not strictly "in direct response to the appeal" actually reduce sectoral requirements.

Enhanced reporting as described in the document will also be dependent upon increased donor commitment to reporting to DHA and specifically defining their reporting expectations of DHA. (see points 8.4, (1-9).

UN agencies will want to review points 8.2 (1-9), and should indicate a preference for monthly reporting option one 8.2 (4) or option two 8.2 (6).

UN agencies should comment on the proposal to have relevant non-UN channelled contributions reduce the sectoral shortfalls of UN Consolidated Inter-Agency appeals, as a means to provide the most accurate sectoral shortfalls. The in-country methodology to determine relevant contributions should also be discussed (*eg : an in-country sectoral working group (composed of DMT members) would review sectoral contributions, both bilateral and multilateral, to determine the extent to which CAP-identified sector requirements have been met*Information will be supplied to the in-country team by DHA headquarters in advance of their scheduled sector meetings.

*Please note that information on contributions provided outside of the UN Consolidated Appeal framework is already compiled by DHA based on donor reports in the "14 point" format.. Improved donor reporting (sector-specific and timely) will ensure that DHA provides optimal data to the in-country sector group.)*

# ENHANCEMENT OF FINANCIAL TRACKING AS IT RELATES TO FIELD GUIDELINES FOR THE CAP

## 1. SUMMARY

- 1.1 This note proposes modifications regarding presentation of financial requirements of all concerned organisations. "*concerned organisations*" is utilized in this document (and in the field guidelines for the CAP) to cover UN operational agencies; and, where appropriate to the situation, the International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (IFRC), the International Organization for Migration (IOM), non-governmental organisations, bilateral donors as well as appropriate national and regional structures. in the CAP, and for enhanced financial tracking. (See Annex I and II) These ideas are for review, modification and approval by the Inter-Agency Task Force on the Consolidated Appeal Process (CAP). Relevant components of the agreed approach will be incorporated into the field guidelines for implementation of the CAP.

(For a definition of terms and acronyms, please consult Annex III.)

## 2. INTRODUCTION/BACKGROUND

- 2.1 The concept of consolidated appeals was laid down in the GA Resolution 46/182. In 1993, both ECOSOC and the General Assembly (GA 48/57) requested that, in preparing consolidated appeals at field level, the activities of bilateral donors, ICRC, IFRC & RC and NGOs should be taken into account and that information including contributions of funds should be provided regularly to governments.
- 2.2 The Guidelines on the Consolidated Appeal Process (CAP), endorsed by the IASC at its meeting on 13 April 1994, call for national, regional and international concerned organisations collaboration to identify the prioritised requirements of emergency-affected peoples in major or complex emergencies. *see Consolidated Appeal Process, (approved version) especially Attachment II, "The Principle of Prioritisation in the Consolidated Appeal Process pp17 - 18.* At the same time, there is an important and positive trend in which non-UN organisations are

beginning to participate in the strategic planning underlying consolidated appeals as well as using them to seek funding for projects intended to address prioritised needs identified by the system. *For example, 1994 Angola appeal, May 1993 and November 1993 Mozambique appeals.*

**2.3** The guidelines, as well as the use of consolidated appeals by a broader base of participants make it necessary to introduce some modifications in financial tracking procedures used to date. These modifications will lead to more accurate analysis of met and unmet needs for emergency-affected peoples and will also enhance overall accountability.

### **3. FINANCIAL TRACKING TO DATE**

**3.1** Since June 1992, 35 consolidated inter-agency appeals have been issued. Between June 1992 and May 1993, consolidated appeals only carried projects of United Nations agencies with, on very rare occasions, projects introduced by governments of the affected countries. This trend began to alter with the consolidated appeal for Mozambique in May 1993, in which non-governmental organisations (and other non-UN organisations) used the appeal as a vehicle for seeking resources to meet inter-agency agreed prioritised needs. By the beginning of 1994, three consolidated appeals were carrying requirements of organisations outside the UN system.

**3.2** To date financial tracking procedures have thus concentrated on analysing and reporting the funding and shortfalls of the UN Consolidated Inter-Agency Appeals, which only present UN agency requirements. Data is collected monthly from the UN agencies concerned through a designated UN agency headquarters focal point following standardised criteria.

This data is verified against donor data received via the "14 points" (*attached*) when the donor indicates a UN agency as the channel for the contribution.

**3.3** Also, as a secondary function, DHA reports on "additional contributions" which are not in direct response to the appeal, but which represent emergency assistance provided to the emergency through various channels. (This data is also provided by donors).

### **4. WEAKNESSES OF THE PRESENT SYSTEM**

**4.1 Reporting of "shortfalls" is only provided against UN requirements:**

Normally, consolidated appeals do not present total prioritized emergency needs on a sectoral basis and only present the funding requirements of UN agencies *for the most part, UN agencies appeal for a part of their total identified needs which the agency can cover taking into account the prevailing situation and the UN agencies' capacity.* **DHA, as a follow-up to the appeals, reports all known contributions given through all channels, but is limited** to reporting sectoral/project shortfalls for the UN programmes only, since these usually represent the only identified needs. At the same time, it is evident that in many emergencies a portion of the relief assistance is covered by non-UN entities. The total picture of prioritised needs per sector, and the subsequent funding and shortfalls, is therefore limited.

#### **4.2 Shortfalls are only determined based on funding provided and do not factor in the changing situation in-county**

As the General Assembly has noted (GA 48/57) needs must be **assessed on a continual basis**. Certainly, for "shortfalls" to provide more strategic information they would need to be adjusted both based on funding received and on constant reassessment of sectoral requirements.

## **5. OBJECTIVES AND PRODUCT SOUGHT**

### **5.1 Long-term objective :**

The Department of Humanitarian Affairs' long-term objective is to provide "real time" information on all prioritized emergency needs by sector (sector shortfalls) as a standard part of the CAP follow-up, with the CAP encompassing the requirements not only of UN agencies, but of all relevant concerned organisations. In order to produce this level of strategic information which is constantly updated, the data exchange must be coordinated and centralized in-country.

The Mozambique model has achieved this level of reporting because it is a field-based programming tool. Note some aspects of the system:

- 5.2** There is in-country capacity to insure the involvement of all relevant actors in the on-going programming (CAP) process because there is a constant information exchange among concerned organisations which is not limited to the UN agency representatives.
- 5.3** The proposed activities of concerned organisations are compiled on a sectoral basis. This means that all relevant organisations have the option of appealing for funds through the consolidated document.
- 5.4** The financial reporting incorporates both an on-going in-country re-assessment of needs and reporting on relevant donor commitments toward the sectoral activities. Therefore the "shortfall" reported is closer to "real time" because it factors in both contributions received against a set requirement **and the changing requirements in-country**. Again, this type of financial reporting must be an in-country exercise in order to be truly effective.

**5.5 Present Limitations :**

Not all field structures have the staff or technical resources available as in Mozambique. In some instances, there are sufficient staff and technical resources in place, but the orientation of the in-country programme is biased toward a "UN only" approach, in which regular contact with national, regional and international concerned organisations does not take place. The enhancements (A, above) rely heavily on **in-country networking and data exchange** among all relevant partners.

Until field coordination mechanisms are sufficiently equipped, any suggested enhancement of the CAP must not in any way overburden the in-country structure and appeal formulation process. For this reason, the following short-term objective is proposed. The proposal relies on networking and data exchange **in-country** between all relevant concerned organisations, in order to produce a comprehensive and integrated consolidated appeal. Note that reporting on the funding of appeals and on other contributions related to the emergency, is currently undertaken in **Geneva**, to support the in-country structures. Mozambique is the exception to this, as discussed above, where the programming documents (appeals) are entirely produced and "tracked" in-country.

**5.6 Short-term objective :**

The short-term objective would attempt to involve referencing all relevant concerned organisations that appear in consolidated appeals, and their funding requirements, and then "track" all relevant contributions received against these requirements. The optimal presentation of requirements for all concerned organisations (eg, NGOs, etc.) would be to include their total emergency requirements as actual project submissions (which would

classify them as "appealing organisations"). While the objective is valid as a means to supply strategic data to all parties concerned, it is fully recognized that the objective will be limited by the level of collaboration taking place in country at the time of appeal formulation and by the specific mandates of some organisations. Although all relevant organisations may not choose to appear as "appealing organisations" in the document, they could be included as relevant concerned organisations. **All organisations that have contributed to determining the prioritised needs reflected in the appeal**, will be grouped, if they so wish, in summary tables by their sector of activity and listing their individual funding requirements. This means of presenting financial data will be especially useful for those organisations which are an integral part of the Consolidated Appeal Process but due to their mandate, the time-frame of their programme, etc. may choose not to use the given appeal to request project funding.

## 5.7 Product Sought :

**5.7(1)** In the appeal document, sectoral summaries will present the funds requested by concerned organisations *whether or not they are "appealing organisations with individual project budgets in the document"* for prioritised emergency interventions, as indicated in the consolidated appeal. There are two proposals as to how this sectoral data could be presented :

- a. These may be presented together with the total sectoral funding being sought by "appealing agencies" (Option 1 : Annex I, Table I "Total Prioritized Requirements") (*UNICEF has indicated a preference for this option.*)
- b. These may be shown in a common sector based summary (as above), but in a table which separates "appealing organisations" from "participating organisations". (Option 2: Annex I, Table I "Total Prioritized Requirements") (*FAO has indicated a preference for this option.*)

**5.7(2)** In the monthly financial reports, DHA will provide detailed reporting on the funding and shortfalls of the programmes listed above (see Annex II sample). As noted below, and in the two tables in Annex II, it would be possible to indicate a total percentage of sectoral funding to the overall needs published in the original consolidated inter-agency appeal or in subsequent inter-agency updates.



**5.7(3)** The feasibility of more expanded financial reporting (eg. monthly tracking of the concerned organisations actual level of commitments of their received pledges) will be discussed at future Inter-Agency Task Force meeting.

**6. METHODOLOGY/PROCEDURES as they relate to the field guidelines for the CAP**

**6.1** Financial reporting, as part of the final stage of the CAP, is dependent on all of the preceding stages, from "pre-disaster programming" through formulation of the appeal document. The level of coordination among all concerned organisations will be reflected in the follow-up tracking of each individual appeal.

**7. WORKPLAN**

<b>DATE</b>	<b>CONCERNED ENTITY</b>	<b>REQUIRED ACTION</b>
<b>May 6</b>	<b>CAP Task Force</b>	<b>Distribution of draft proposal for review</b>
<b>May 11</b>	<b>CAP Task Force</b>	<b>Discussion and proposed amendments</b>
<b>June 8</b>	<b>CAP Task Force</b>	<b>Final suggestions received and incorporated</b>
<b>July 27</b>	<b>IASC-WG</b>	<b>First distribution of the financial tracking draft paper</b>
<b>July</b>	<b>Donor Consultation : (Donor "Core" technical group, IASU, financial tracking)</b>	<b>Discussion of draft including specific donor-related issues below</b>
<b>July</b>	<b>NGO Consultation: (NGO technical group, DHA Senior NGO Advisor, DHA financial tracking)</b>	<b>Discussion of draft including specific NGO-related issues below</b>
<b>May-Aug</b>	<b>In-Country Consultations with DHA</b>	<b>Discussion of draft including issues below</b>
<b>Sept</b>	<b>DHA</b>	<b>Distribution of proposed elements for incorporation into the CAP Task Force, based on UN agency, donor, NGO and in-country stakeholder consultations/recommendations to DHA</b>
<b>21 Sept</b>	<b>IASC-WG</b>	<b>Agreement on the proposed elements to be included in the CAP field guidelines</b>
<b>Oct (?)</b>	<b>IASC</b>	<b>Endorsement of CAP field guidelines</b>

**8.** Implementation - Overall Recommendations for Discussion and Agreement Relating to the Above Proposal :

**8.1** Specifically Relating to Consolidated Appeals :

**8.1(1)** Henceforth, in the UN Consolidated Appeals, a prioritized sectoral requirement (not limited to the emergency activities of UN agencies) will be established *Appeals will be structured around **prioritized sectoral needs**. Clearly identified needs may be met (funded) through any channel, (UN or non-UN).* as an integrated part of the Consolidated Appeal.

**8.1(2)** This requirement will be based upon the findings of in-country, inter-organisational sectoral groups (convened by the DMT) which will become an integral part of the CAP. The sectoral groups should include all relevant concerned organisations.

**8.1(3)** In all cases, the total sectoral requirements will be targeted to a **specific** population (ie number of beneficiaries and location). (Single project activities may be targeted to a sub-set of the overall sectoral target population.)

**8.1(4)** In those cases where concerned organisations propose multi-sectoral programmes, their budgets will nevertheless be detailed **per sector**, so that each component of their programme may be reviewed on a sector by sector basis (as part of the sector working groups).

**8.2** **Specifically Relating to financial Tracking/UN agencies :**

**8.2(1)** Follow-up financial tracking will be as "global" as the actual appeal. If, for example, NGOs are included as concerned organisations in an appeal, then contributions to these NGOs will actually impact the "shortfall" of the appeal. If the NGO is active in the country but not part of the CAP process, then the contributions that they receive may be reported, but not against a pre-determined appeal requirement.

**8.2(2)** UN agencies will continue to provide monthly financial reports on confirmed pledges to DHA through their UN agency designated focal points for this exchange.

**8.2(3)** In the interest of ensuring improved reporting of actual coverage of appeal requirements, UN agencies will be asked to consider the following options as proposed modifications to the financial tracking procedures :

#### 8.2(4) Option one :

On a monthly basis, UN agencies will indicate the status of their confirmed pledges as either "pledged" or "pledged and received". "Received" would be defined as cash transferred or as in-kind contributions actually received in-country.

8.2(5) In the monthly situation/financial reports, agencies should confirm that they would like DHA to calculate "shortfall" based on pledges to date rather than on actual pledges received.

#### 8.2(6) Option two :

Monthly reporting will continue as it is, with no distinction made between "pledged" and "received". Instead, UN agencies will indicate which of their "pledges" have not yet been received from the donor at the end of an appeal period or at the time of a revision of an existing appeal. In the case of a revision of an existing appeal, this data would need to be provided to DHA in time for publication in the new appeal document for inclusion of a table of "final funding received".

8.2(7) In either example, the "final funding" or "final shortfall" of an appeal will only reflect the contributions **which can actually be implemented by the agency in the time period covered by the appeal** *Usually this will mean "contribution received", but in the cases of UNHCR, FAO and UNICEF, a confirmed allocation may already allow these organisations to begin implementing a programme, and for this reason a distinction has been made.*, and the "pledged but not received" contributions will be indicated separately. This would mean that in the subsequent appeal for the same country, the outstanding, undelivered pledges from the previous appeal will be referenced, but **not** taken into account when determining the requirement for the next period. **When they are made available to the UN agency**, they will be reported and at that time will reduce the shortfall of the **new** appeal.

8.2(8) In the follow-up to the appeal, (for relevant contributions only), DHA will determine, together with the relevant UN agency, if the contribution meets a prioritized sectoral need as published in the appeal, regardless of the channel of the contribution.

#### 8.3 \_\_\_\_\_ Specifically relating to in-country programmes :

8.3(1) \_\_\_\_\_ Currently, reports on contributions to an emergency but outside of the specific CAP requirements are compiled by DHA to the extent that they are reported by donors

(DHA is taking measures to encourage more frequent reporting from donor governments.) DHA currently distributes this information to those in-country coordination mechanisms which are not overburdened with the information. These units review the data and distribute it at donor meetings. Contributions which have been reported or "discovered" locally, which have not been reported to DHA are followed up and included in the database, as relevant. This has shown to be an excellent means of enhancing the level of data, to the extent that the in-country office is aware of various contributions and is in contact with the local donor community.

#### **8.4 Specifically relating to donor governments :**

- 8.4(1)** donors will provide a technical contact (presumably in their capital) for each of the country emergencies (appeals) to ensure the most direct data verification and exchange.
- 8.4(2)** donors will again be requested to report pledges/contributions to DHA using the 14 point form *or modified format*, always providing as much detail as possible.
- 8.4(3)** Donors will comment on the feasibility of providing requested data in the "14 point" format. If donor "feedback" indicates that not all data is necessary, then the "14 point" format will be reviewed together with concerned organisations, (both for natural disasters and complex emergencies), to consider modification of the format.
- 8.4(4)** donors will be encouraged to centralize their own reporting procedures and data handling in their respective capitals to ensure rapid and comprehensive reporting of contributions to DHA.
- 8.4(5)** donors will be requested to identify the specific concerned organisation receiving funds (the "channel") when filling out the 14 point form.
- 8.4(6)** donors will indicate the relevant UN Consolidated Inter-Agency appeal project code when their cash or in-kind contribution addresses a specific project activity.
- 8.4(7)** DHA will follow-up on specific pledge announcements made by donor governments at pledging conferences for consolidated appeals. DHA will distribute a summary of allocations, (relating to the oral pledge statements) indicating their status (agreed, unconfirmed, etc.), at a designated time following the conference (eg, 3 months later). Pledge statements often include pledges which are not channelled through UN agencies in response to the appeals, but which will be given in the context of the emergency. DHA will also follow-up on the status of these pledges.

**8.4(8)** The donor technical focal points (identified in 8.4 (1)) will be asked to clarify the strategic data required by their governments. DHA will review the present reporting system in light of governments' responses, and will consult with agencies accordingly. *(At present, UN agencies already provide regular reporting to DHA on all current UN Consolidated Inter-Agency Appeals. DHA's consolidated reports are intended to satisfy donor information requirements. A clearer idea of donor requirements and a financial reporting system reflecting such requirements may reduce some of the burden on agencies produced by additional "ad hoc" requests from donors.)*

**8.5 Specifically relating to all other relevant concerned organisations :**

**8.5(1)** During the in-country appeal formulation, concerned organisations should clear their project/budget submissions with their respective headquarters. In any event, all budgets for publication must always have their headquarters clearance.

**8.5(2)** Organisations participating in the CAP will agree to provide monthly follow-up reporting to DHA (as do the UN agencies in the present system) and will utilize the relevant project code for their appeal project or otherwise indicate the relevant activity published in the appeal.

**8.5(3)** Organisations participating in the CAP will provide a technical contact (preferably in their headquarters) for each of their emergency programmes to ensure the most direct and efficient data exchange.

**8.5(4)** Participating organisations technical contacts will also be asked to clarify any donor-reported contributions which have not otherwise been reported directly by the organisation to DHA.

**8.5(5)** Participating organisations will be requested to report on their privately-raised funds/general programme funds when they are utilized to implement CAP activities. For these funds, if it is impossible to indicate a single "source of funding", the organisation will be asked to provide a footnote indicating their primary sources of funding (donors) and the percentage of total funding provided by these primary donors.

## **ANNEX III - Definition of Terms**

### **Shortfall :**

Unresourced requirements based on needs published in a UN Consolidated Appeal less relevant funding provided. Shortfall is calculated as "appeal requirement" less "reported funding" equals "shortfall". Therefore, in order to report a shortfall, one must begin with an identified requirement.

### **Appealing organization :**

An organization using the UN Consolidated Appeal Process to request funding (usually submitted in the form of a standard project activity sheet)

### **Additional contributions :**

Additional contributions reported by donors for emergency assistance, which is not in direct response to a requirement established in an Inter-Agency Consolidated Appeal. These contributions are carried by DHA as additional information in monthly situation reports. (As these contributions do not relate to a currently established need, they do not impact a defined shortfall.)

### **"14 point" format (sample attached) :**

A standardized DHA contributions reporting format which pinpoints the 14 specific criteria which are strategic data for the purpose of identifying and analysing contributions. (Most major donors utilize this format for reporting contributions. Note that in point 8, donors indicate the channel for emergency aid provided to UN and non-UN organisations [i.e., bilateral, UN, IGOs, IFRC, ICRC and NGOs])

### **Angola appeal model :**

A UN Consolidated Appeal launched in February 1994 which, in addition to appealing for UN agency requirements as above, also requested funding for 29 (non-UN) relevant relief organisations.

### **Mozambique programme model :**

Referred to as a "programme document" rather than an appeal document, this model incorporates all relevant relief partners as appealing organisations. The organisations coordinate on a sectoral basis. For each sector (eg, water) there may be a number of specific activities or projects presented. Each of these projects may have multiple "concerned agencies". There are therefore, no projects which are only appealed for by a single UN agency. Donors fund sectoral projects through the relevant channel of their choice.