

**INTER-AGENCY STANDING COMMITTEE  
WORKING GROUP XVIII<sup>TH</sup> MEETING  
8 May 1995, IOM, Geneva**

**CENTRAL EMERGENCY REVOLVING FUND  
(CERF)  
Background Paper Submitted by DHA**

Agenda Item No. 1

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- 0.1 The Central Emergency Revolving Fund (CERF) was established pursuant to General Assembly resolution 46/182 as a cash-flow mechanism to ensure the rapid and coordinated response of the operational organizations of the United Nations system to requests for emergency assistance. The CERF has a target operational level of \$50 million.
- 0.2 The usefulness of the CERF in facilitating timely response to emergencies is well recognized by the operational agencies. Increasingly, they have relied on the CERF as their predominant source of funding in the critical initial phase of emergencies. Despite encouraging results, however, concerns have been raised about the level of resources of the CERF as well as constraints in its utilization which need to be addressed to ensure its continued effectiveness.
- 0.3 These constraints were acknowledged by the General Assembly in its resolution 49/139-A, where it noted the need to increase the resources available in the CERF and to ensure that it maintains an adequate level at any time to respond to new emergencies. The Assembly invited potential donors to make additional contributions to the Fund and, in that context, requested the Secretary-General to explore the feasibility of seeking in-kind donations. Concerns have been expressed over delayed replenishment of the CERF and the difficulties encountered by some agencies in reimbursing advances drawn for "silent emergencies", where donor contributions were not forthcoming. Concerns have been raised as well about the judicious use of the CERF to finance on-going emergencies, in exceptional circumstances when immediate funding is not available, to avoid serious interruption of much-needed humanitarian relief activities.

**I FEASIBILITY OF SEEKING IN-KIND CONTRIBUTIONS TO THE CERF**

- 1.1 The General Assembly, in its resolution 49/139-A, requested the Secretary-General to continue to take measures to ensure the availability of resources in the CERF to meet early emergency requirements, and in that context, to explore the feasibility of seeking in-kind donations.
- 1.2 To that end, DHA has worked closely with its humanitarian partners to review the implications of in-kind contributions to the CERF as well as their usefulness in facilitating timely response to emergencies. The general consensus among the agencies surveyed was that while in-kind donations are essential additional resources, they would not be practical nor consistent with the envisaged use and revolving nature of the Fund.
- 1.3 The rapid availability of cash is the basic pre-requisite for swift response at the onset of an emergency as it offers more flexibility and can be mobilized rapidly to move available goods and staff as well as to meet other essential start-up costs in the crucial early phase of the crisis.
- 1.4 Apprehensions were expressed that increased focus on in-kind donations might lead to diminished cash resources being made available for the CERF.
- 1.5 Concerns were expressed about the cost-effectiveness of in-kind contributions, given the need to mobilize, transport, handle and store such material donations, potentially giving rise to significant management and overhead costs. Furthermore, certain humanitarian relief materials, such as medicines and agricultural seeds, require strict adherence to the respective agency's technical specifications which donors may not always be in a position to readily fulfil.
- 1.6 Questions were also raised concerning the mechanism for accounting and reimbursement of in-kind contributions, in light of the revolving nature of the CERF.
- 1.7 It was generally agreed, however, that while the concept of seeking in-kind donations may not fully correspond to the envisaged use and nature of the CERF, in-kind contributions have proved useful in the context of overall emergency response and therefore should be encouraged as direct bilateral contributions to the agencies concerned.

## **II TIMELY REPLENISHMENT OF THE CERF**

- 2.1 The need for the timely replenishment of the CERF cannot be overemphasized. Delayed reimbursements have seriously impacted the Fund's ability to meet emergent situations. In efforts to ensure the timely recovery of advances, DHA has taken steps to strengthen

existing procedures, establish close links with donor agencies and link consolidated appeals to target dates of repayment. Despite such initiatives, however, a number of advances have remained outstanding for more than a year due to weak responses to consolidated appeals. These include advances drawn by WFP for Tajikistan (\$2,436,879), HABITAT for Lebanon (\$3,306,724), IOM for Zaire (\$350,153) and UNDP for Kenya (\$500,000).

- 2.2 In such cases, measures were taken to restore the balance of the CERF, in accordance with the provisions of the Guidelines governing the operation of the CERF (ST/SGB/251 of 22 July 1992), which, in paragraph 16, states inter alia that the Coordinator may:
- (i) utilize such balance of CERF, including accumulated interest, as may exceed the target level of \$50 million;
  - (ii) appeal to donors to make specific contributions to CERF to cover the amounts advanced;
  - (iii) require the operational organization to repay the balance of the advance from its own resources.
- 2.3 Given that the balance of the CERF, interest included, has remained well below the \$50 million level and therefore could not be utilized for that purpose, DHA requested concerned agencies to consider reimbursing the CERF from their own resources. Three of the agencies, HABITAT, IOM and WFP, responded that in the absence of donor contributions, they were not in a position to repay the CERF from their own funds. No reply has been received from UNDP:
- 2.4 Under the circumstances, the Emergency Relief Coordinator will seek the support of donor governments to make specific contributions to cover the outstanding advances and will ensure that full reimbursement to the CERF is effected within "two years of the date of the advance", as called for in paragraph 17 of the aforementioned Guidelines. The Coordinator will keep the General Assembly informed of the matter.

### **III JUDICIOUS USE OF THE CERF FOR "PROTRACTED EMERGENCIES"**

- 3.1 In very exceptional situations, operational organizations have sought support from the CERF to meet much-needed relief requirements for on-going emergency programmes when other sources of funding were not readily available. Although such requests go beyond the envisaged scope of the Fund, the judicious use of the CERF as "bridge-funding" might be considered in order to avert any serious interruption or scaling down

of much-needed humanitarian relief activities. The Coordinator will bring the matter to the attention of the General Assembly with a view to securing the necessary authority to extend, in compelling circumstance, the judicious use of the CERF to "protracted emergencies".