

IASC Humanitarian Financing Task Team – Meeting Notes

Special Meeting on the Review of CERF

30 March 2015

Co-Chairs: Lisa Doughten (OCHA/CERF), Cecilia Roselli (ICVA)

Lisa Doughten, OCHA/CERF and co-chair of the Task Team, briefed the meeting on a review of the Central Emergency Response Fund (CERF). The CERF secretariat commissioned two scoping studies to review CERF and whether it is still fit for purpose. Barnaby Willitts-King conducted a 'strategic study,' which examined whether the \$450 million target of the fund should be increased. Ed Tsui conducted a 'technical study,' which reviewed the possibility of using assessed contributions to the UN for an expanded CERF. The studies were commissioned by CERF but do not necessarily represent its views but the views of the participants.

The CERF secretariat has compiled a consultation plan to follow up on these studies. As a first step, the ERC presented the studies to Member States at a briefing on 25 March. As a second step, the Task Team is being consulted.

Strategic Study

Mr Willitts-King thanked all participants who had been interviewed for the study. The study was an independent study, not an evaluation of CERF. The study was coordinated with the parallel study on assessed contributions.

The study involved consultations with 25-30 stakeholders from the donor community, UN agencies, and NGOs, to get a range of perspectives on what a revised CERF could do and how it could look.

As a funding channel, CERF's share of overall contributions has declined, as funding requirements and total funding have increased. It is still among the top-five humanitarian funding channels. CERF's decline has been relative to total funding; it has not decreased in absolute terms.

Participants agreed that CERF's comparative advantages are its speed, its capacity to act in a timely fashion, its flexibility, and that it can balance out unevenness in crisis funding. It is a strategic funding channel, which acts in the right place at the right time. The fund brings together humanitarian actors and thereby can contribute to better coordination.

CERF is very well supported and many participants were nervous about anything that could threaten this strong foundation and reputation. At the same time, many felt that a bigger fund could do more and contribute to the overall funding architecture.

There are different ways in which CERF could use additional funding: (1) more funding to a wider range of emergencies, (2) a larger share of funding to crises that are already funded, (3) increase the number of regional allocations, (4) increase the amount of funding within regional allocations.

With regard to the option of adding new funding windows, most participants felt that this was not the preferred option, as it could duplicate the work of other funding channels or take away from the current clear focus of the fund. One example would be a rapid response to large health crises, such as Ebola (which CERF supported). Overall, there was not much support for additional windows.

The study also discusses how CERF could change the way it deals with protracted crises and mega-crises. There was no consensus among participants on how CERF should change the way it funds the response to Level-3 crises. Restricting a portion of CERF funds to respond to L3 crises would restrict the flexibility of the fund. Protracted crises could absorb much larger amounts of funding, however, this could undermine CERF's role in other, smaller crises.

One option to address this issue is to loosen the division between the two funding windows, which is currently one-third of funds for underfunded emergencies and two-thirds for rapid response. Overall, this would increase the fund's flexibility.

With regard to preparedness, recovery, and related areas, participants felt that CERF should not expand to cover these areas and should remain restricted to the life-saving criteria. Yet, people recognized that these were important, underfunded areas. Two smaller changes, however, could improve the way CERF operates: CERF could enhance its risk management approach and increase its focus on early action (which CERF already funds at the moment).

The study includes three scenarios for an increased CERF funding target. With an additional \$100 million – 200 million, CERF could provide larger grants and increase its use of regional allocations. With an additional \$250 million – 350 million, it could increase its contribution to L3 crises to \$75 million – 100 million and increase funding for early action. With an additional \$400 million – 500 million, CERF could increase its contributions to L3 crises to \$100 million – 150 million. Interviewees felt that an increase of \$250 million – 350 million could be a reasonable first increase.

The top-10 CERF donors provide 90% of funding, the top-20 98%. In addition, there is a long tail of smaller donors. Funding for a larger CERF should be additional, not redirected from existing humanitarian budgets. The current largest CERF donors do not feel that they could increase their voluntary contributions to CERF and advised to focus on other funding channels. Options include private funding and donors outside the traditional main CERF donors. This would be challenging but not impossible.

In sum, there is support for a moderate expansion of CERF, as long as it remains focused on the life-saving criteria. Risks include the reputational risk of the fund not meeting its funding target. The discussion around a revised CERF should take the broader humanitarian financing architecture into account. An expansion of CERF should be coordinated with the process leading up to the World Humanitarian Summit, e.g. the role of local actors should be taken into account.

Contributions Study

Mr Tsui presented his study on the feasibility using assessed contributions to cover all or parts of a revised CERF funding target. His study covers legal, legislative, financial, policy, and political implications of such a change.

From a legal and legislative point of view, a decision by the General Assembly is required, since the General Assembly in 1991 created the Central Emergency Revolving Fund, which it revised and

expanded into today's CERF in 2005. In addition, Article 17 of the UN Charter specifies that the General Assembly decides on important financial matters of the UN. The Charter's Article 97 specifies that the Secretary-General shall submit a budget proposal to the General Assembly. Thus, the Secretary-General could submit a proposal for a larger CERF.

The UN has been under pressure not to increase its overall budget. Yet, its peacekeeping budget has increased from \$2.8 billion in 2001 to \$7.8 billion in 2011. Its budget for political missions has increased from \$97 million to about \$500 million over the same time. Thus, budget growth is possible but needs a political decision.

If CERF's funding target was doubled, this \$450 million – 500 million increase would represent 5% of the overall UN budget (looking at assessed contributions only). However, it would represent a 20% increase of the UN regular budget (without peacekeeping). The UN's regular and peacekeeping budgets have different scales of assessment.

Administrative implications: Should CERF be funded by assessed contributions, UN agencies that receive CERF funding could continue to charge the regular programme support costs, which are currently at 7%. However, the UN Secretariat, including OCHA, could not continue to charge the 3% programme support costs they currently charge. One of the main concerns of Member States is that the ACABQ and 5th Committee could potentially micro-manage CERF and limit its flexibility.

Policy implications: Member States fund peacekeeping through assessed contributions because the UN has the sole mandate for maintaining peace worldwide. The same is not true for humanitarian aid, which has traditionally been decentralized and based on voluntary contributions. Thus, Member States would have to fundamentally rethink the way they fund humanitarian: This would make the provision of aid more predictable, and could reinforce the link between humanitarian aid and the maintenance of peace and security. Instead of decentralized, voluntary contributions, using assessed contributions to fund CERF would imply a collective responsibility of Member States to fund humanitarian aid.

Politics: An increase in CERF's funding target requires a GA decision; in Mr Tsui's view, such an important decision should be taken by consensus. The US contributes 22% to the UN's regular budget, and even more to peacekeeping. Japan contributes 10% to the regular budget. The top-10 contributors to the regular budget account for 68%. For CERF, the top-10 contributors account for 90%. Thus, assessed contributions would lead to more balanced donor support. The US contribution to CERF would increase from the current \$4 million in voluntary contributions to about \$110 million in assessed contributions. A mix of voluntary and assessed contributions to fund CERF could create confusion. Some Member States said their governments would likely reduce their voluntary contributions if they had to pay assessed contributions. Assessed contributions to fund CERF could be based on the formula of the UN's regular budget, the peacekeeping budget, or a mix of both.

The UN has a unique role in addressing mega-emergencies, which no other actor can play. This is one possible in-road to argue for assessed contributions. One option would be to use assessed contributions mainly for mega-emergencies.

Timing: The earliest that the CERF funding target could be increased is 2016. Any General Assembly decision should be based on a carefully formulated proposal from the Secretary-General. The longer

the timeframe to prepare for this, the more options could be included, and the better it could be prepared.

An increase in CERF's funding target cannot be discussed in isolation. An increased CERF should be situated in the changing humanitarian landscape. The 2016 World Humanitarian Summit would be a very good opportunity to make a proposal and move toward an increased CERF. Should OCHA decide to go ahead with a proposal for a larger CERF, it should start mobilizing the support of Member States as soon as possible.

Member States felt that leadership by the Secretary-General and the Emergency Relief Coordinator was of crucial importance for an increased CERF. Some Member States could be encouraged to advocate for an increased CERF. The support of humanitarian organizations is equally important.

In Mr Tsui's view, it would be difficult to convince Member States to fund CERF through assessed contributions within two years, given elections in the US and for a new Secretary-General. At the same time, the opportunity to seek a decision relating to the CERF do not come often and OCHA should strategically decide how best to situate the CERF to be relevant and effective for the next ten to fifteen years. OCHA could be ambitious and realistic at the same time. One option would be to have a new target for the CERF (like \$1 billion), with an increase of \$300 million by 2018 funded through voluntary contributions (assuming the decision will be taken in 2016), and the rest to be attended thereafter. The decision of the General Assembly could also include a request to the Secretary-General to continue to consult Member States on funding part of the CERF through assessed contributions.

Discussion

Sandra Aviles, FAO, said the reports were hugely important. Many UN agencies are increasingly relying on voluntary contributions and their share of assessed contributions is diminishing. Humanitarian aid should be presented, and understood, as a global public good, and thus CERF, as a global pooled fund, is an ideal funding mechanism. Using assessed contributions for CERF would not necessarily support the fund's role in this regard but could restrain it. Most could agree that increased flexibility between the CERF funding windows would be beneficial. An increased CERF focus on early action would be welcome from FAO's point of view. One option would be to use parametric triggers. The discussion around a revised CERF should feed into the High-Level Panel on Humanitarian Financing.

Marina Skuric Prodanovic, UNFPA, thanked both consultants. She asked how the use of assessed contributions would influence the role of emerging donors, such as China or Russia. One option would be to combine assessed and voluntary contributions. WHS. Ms Skuric Prodanovic asked how country-based pooled funds would fit into the equation of a larger CERF. CERF's funding target has remained constant since 2006 while the volume of country-based pooled funds has increased.

Darla Silva, UNICEF, said that UNICEF was interested in larger CERF contributions to protracted crises. She asked how the private sector can help CERF grow. She also asked when OCHA will make a decision on whether and how to use the assessed contributions study, and what support would be required from UN agencies.

Natasha Kindergan, WHS secretariat, commented on the view that humanitarian aid was a public global good. An increased CERF, funded through assessed contributions, is only one option to reinforce this perception, but there are other options, including increased funding for development. She asked whether any Member States saw assessed contributions for CERF as an option to increase their control over CERF (via ACABQ or the 5th Committee). CERF should increase its efforts to raise private funding, e.g., by conducting a campaign.

Fabrizio Andreuzzi, UNDP, asked whether a larger and more flexible CERF would lead to increased efficiency and effectiveness, and a better return on investment, particularly by funding early action as a time critical response that would include early recovery interventions. Discussions around a larger CERF should involve development actors, including the Multi-Partner Trust Fund office and UNDP. Fernando Hesse, OCHA/FCS, asked whether country-based pooled funds had been taken into account in the two studies.

Mr Willitts-King said that many stakeholders were cautious about CERF funding early action unless triggers were clearly defined. On emerging donors and the private sector, there is growth potential and CERF has a unique identity which would help to realize some of this potential; this will still be a challenge. Hybrid options that combine assessed and voluntary contributions could be interesting. CERF should balance any increase in its funding target with the need to maintain its effectiveness and efficiency. The studies did not take into account country-based pooled funds. However, this is an important dimension that OCHA should take into account when making a decision about a larger CERF.

Mr Tsui said he had interviewed 17 Member States, and all perceived CERF as being simple, easy to understand, with a narrow focus, quick, and flexible. This includes CERF's major donors and emerging donors. No Member State indicated that they would like to gain greater influence via the ACABQ or 5th Committee. Instead, they said that voluntary contributions gave them more visibility and better influence. Gulf and BRIC countries have a lot of potential for larger contributions. Some of them are interested in increasing their humanitarian funding. How can we make them support CERF instead of funding on a case-by-case basis? The humanitarian community should take these donors seriously as humanitarian partners, and not consider them as "ATMs." Several donors made reference to country-based pooled funds. Most donors felt that CERF should fund mega-emergencies but only during the start-up phase and not on a continuing basis. Instead, OCHA (and the humanitarian community) should use the full range of funding options, including country-based pooled funds.

David Matern, WFP, said that WFP considered CERF a success and an important tool. WFP is ready to support OCHA and the CERF secretariat should they decide to argue for a larger CERF. Mr Matern said that most large aid agencies did not usually meet their funding targets and that CERF was an exception; it could be more daring in setting its funding target. UN agencies would benefit from a larger CERF with more flexibility between its funding windows, as shown in a recent evaluation of WFP's use of pooled funds.

Monika Brühlhart, UNHCR, said the CBPFs should be part of the equation when deciding about a larger CERF. Since CERF's top donors are not ready to increase their contributions, the only way is to find additional funding sources. The current model of voluntary, ad hoc contributions is unsuitable to

fund the world’s large and often protracted humanitarian operations; and new options should be explored, including but not limited to assessed contributions.

Cecilia Roselli, ICVA, said she appreciated the section on NGO access to CERF in the strategic study as pointed out by one key donor. A larger CERF should not limit NGO access to pooled funds. The idea of a larger CERF should be taken into account together with other initiatives such as the global facility for direct NGO access currently under study. Wider consultation with NGOs on this is recommended.

Mr Tsui said OCHA should be ambitious but realistic in its proposal for a larger CERF since there will only be one option for a GA resolution for probably the next ten years. For instance, OCHA could propose a gradual increase over several years. Donors appreciated that CERF was fully funded, and that their contributions were well used. OCHA could ask the G20 to reconsider their fundamental approach to funding humanitarian aid. The assessed contributions scale was agreed by all stakeholders, which could be an advantage. For instance, China’s contribution will likely increase from currently 5.1% to 9% during the next review, given the country’s economic growth.

Ms Doughten said that CERF secretariat had a resource mobilization strategy in place, which included private sector fundraising. However, efforts were limited due to staff capacity. She agreed that any discussion about a larger CERF should be part of a larger discussion: linked to the World Humanitarian Summit, the High-Level Panel, and country-based pooled funds. Different pooled funds have different purposes and are complementary: CERF can be used for kick-starting, country-based pooled funds for more sustained humanitarian funding. The consultation plan, mentioned above, includes a discussion with OCHA’s senior management team, a dedicated discussion at the next meeting of the CERF Advisory Group in Geneva in May, and at an ECOSOC side-event in Geneva in June.

Participants

Location	Name	Agency
New York	Fabrizio Andreuzzi	UNDP
	Sandra Aviles	FAO
	Julie Belanger	OCHA/HLP secretariat
	Lisa Doughten (co-chair)	OCHA/CERF
	Gina Gugliotta	UNICEF
	Fernando Hesse	OCHA/FCS
	Michael Jensen	OCHA/CERF
	Natasha Kindergan	WHS secretariat
	Taija Kontinen	UNDP
	Christelle Loupforest	IASC secretariat
	Nicolas Rost (secretariat)	OCHA/CERF
	Darla Silva	UNICEF
	Marina Skuric Prodanovic	UNFPA
	Ed Tsui	Consultant for CERF
Geneva	Monika Brühlhart	UNHCR
	Kate McGrane	NRC
	Mirja Peters	IASC secretariat
	Cecilia Roselli (co-chair)	ICVA

By phone/Webex	Rachel Criswell	World Vision
	Caterina Galluzzi	WFP
	Mirela Hasibra	FAO
	Angela Hinrichs	FAO
	Marie-Lyne Joseph	WFP
	David Matern	WFP
	Jordan Menkveld	IOM
	Joanna Purcell	WFP
	Helen Somes	WFP
	Barnaby Willitts-King	Consultant for CERF