The CERF has been established in order to assist operational agencies in the execution of their mandate. Specifically, it was intended to permit funding of operational activities pending donors' confirmation of pledges or the announcement of such pledges. It had been labelled as "revolving fund" on the assumption that advances to operational agencies would be reimbursed quickly and that the Fund would remain reasonably fully replenished and even earning interest. In other words, the original proposal assumed that the Fund, once established, would be self-sustaining.

The principal problem with the CERF has not been so much lack of support but the great difficulty of some of the operational agencies to reimburse to the CERF the amounts borrowed. Reimbursement is not normally a major problem with regard to refugee welfare or food aid, except in those operations which are politically not attractive to donors or are hardly known operations. In WFP's history of borrowing from the CERF, the only operation that was never funded fully was Tajikistan; the Programme remains owing $2,400,000 as of 21/4/95.

The members of the General Assembly who have established and contributed to CERF should be made aware that many of them do not allow their eventual contributions to operational agencies to be used for reimbursing CERF. They insist on their own contributions being properly identified and transformed into donations: identification and "ownership" cannot be guaranteed once cash from CERF has been used.

There are agencies that never get their funding from donors possibly because they are making proposals that do not fit the emergency definition. However, there are genuine emergency requirements that are never met. CERF's reform may require a fresh look, such as maintaining two windows.

(i) On the same basis as at present, provide seed money where the expectations of reimbursement are 100%.
(ii) The second window would be for operations where there is a common agreement among the agencies that the needs are genuinely of a relief nature; that these needs are essential for survival of the beneficiaries or necessary to put them back on the path of rehabilitation, but where there are doubts on the question of resource mobilization at agency level. In such a case, while reimbursement could still be expected, it would not be mandatory. In this sense, the second window of CERF would be (almost) on a grant basis.

0.5 The mechanism for release of funds from the second window should be an inter-agency arrangement to ensure consensus on the validity of the request. Possibly, the Inter-Agency Standing Committee Working Group could be used as an approval body (through correspondence procedure to ensure speed in decision-making).

0.6 From the operational agency's point of view, the current funding of CERF cannot be sustained much longer in the future. Organizations that have dire cash requirements are already hesitating to call on the CERF for fear of not being able to reimburse.

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