



Summary of the procedure for determining allocations from the CERF Underfunded Window

November 2008

Background

One-third of the Central Emergency Response Fund (CERF) is set aside for allocations to strengthen the core elements of humanitarian response in underfunded crises. Underfunded allocations are given in two rounds per year to countries with high levels of humanitarian need and relatively low funding for humanitarian activities. The allocations are decided by the ERC, as the fund manager, following consultation with a range of stakeholders, including the CERF Secretariat and the Coordination and Response Division in OCHA, the inter-agency group that meets regularly on CERF issues, and HC/RCs and OCHA field staff, as necessary. There are two phases to the decision-making process: selection of countries and apportioning of funds.

First phase: Country selection

Two types of crises are eligible for selection through two parallel processes: countries that participate in the Consolidated Appeals Process (CAP) and those that do not (non-CAP countries). There is no quota for CAP or non-CAP countries; in recent allocations about half of the selected countries have had a CAP and half have not.

CAP countries: Contributions to CAP projects are recorded by the Financial Tracking Service (FTS), part of the CAP unit in OCHA. At the start of the country selection process, the CAP unit ranks the CAPs by percentage of funding received; the least-funded CAPs are eligible for an allocation.¹ The CERF Secretariat and CRD review the list of eligible CAPs and, if necessary, consult with field staff to gather additional information; then a recommendation for which CAPs should be funded is made to the ERC. The inter-agency group on the CERF also is consulted on the recommendations. The final decision is made by the ERC.

Example: Central African Republic. The CAR CAP was selected to receive an allocation in each of the first four rounds of grants from the CERF underfunded window. The allocations were justified by the low funding received for CAP in 2005 and 2006- it was the worst-funded CAP in 2005 (at 42%) and 13th out of 19 in terms of percentage of funding received in 2006 (62%). However, in 2007 and 2008 it has been among the best-funded CAPs (an outcome the country team attributes to agencies' successful use of CERF of funds, which attracted donor attention, as well as to improved leadership and coordination), so it has not been selected for an allocation in the fifth and sixth round.

Non-CAP countries: There are many countries that do not participate in the CAP process but still have underfunded humanitarian needs – so many that it is not feasible for OCHA to collect information on their funding shortfalls from them directly. Instead, UN agency headquarters recommend countries based on information received from their field offices. These recommendations are collected through the CERF inter-agency group, and detail the country's humanitarian situation, overall funding requirements and shortfalls for each agency, coordination and partnership mechanisms, and implementation constraints. The CERF Secretariat discusses the recommendations with CRD, with the inter-agency group as a whole, and with field staff as necessary. The final decision on which recommended countries should receive allocations is made by the ERC.

¹ Initially, the lowest-funded one-third of CAPs were considered eligible. When the number of CAPs decreased in 2008 and it was decided to consider the lowest-funded one-half. In the second round of 2008, since most CAPs were equal in funding, some CAPs just above the threshold were selected (Chad and Iraq, which were 2 and 3 percentage points better funded than the cut-off, but which had a higher level of emergency needs than some worse-funded CAPs that were more recovery-oriented).



Example: Cameroon. In early 2008, UNHCR, WFP, and UNICEF recommended Cameroon for an allocation in the fifth CERF underfunded round to respond to an influx of 45,000 refugees from CAR which had begun in 2005. UNHCR had only received 16% of the requested funds for its Cameroon appeal in 2007. Since Cameroon was not usually a humanitarian crisis, the CERF Secretariat and CRD consulted with the RC and the country team to determine if there were necessary capacities and planning tools in place for CERF funds to be used effectively. The country team provided an update on the humanitarian situation based on recent joint assessment missions, said that an inter-agency working group on the refugee crisis had recently been established that would manage the CERF application, and provided more information on funding needs and plans for resource mobilization over the longer term. The ERC agreed that Cameroon should receive an allocation of \$2 million.

Additional considerations during the country selection phase: In addition to shortfalls in funding, the ERC also considers other information when selecting countries, including the severity of humanitarian needs, restrictions on humanitarian access, the capacity of implementing agencies to absorb significant CERF funds, and if the political repercussions of identifying a country as a humanitarian crisis would be so damaging that it would make an allocation counterproductive. (For instance, in the second underfunded round of 2008, the Zimbabwe and Somalia CAPs were both among the least-funded; however, at the time the implementation constraints on humanitarian actors in both countries were so great that allocations were not given because it would have been impossible to spend the money).

Second phase: Apportionment of funds

After the countries are chosen by the ERC, the funds available for that round need to be divided among them². The CAP Unit and the CERF Secretariat compile the unfunded humanitarian requirements for each country, using information from FTS, UN agencies, and country and regional offices, who are consulted as necessary. Then a mathematical formula is used to divide the total funding for the round between the countries in proportion to the size of their unfunded requirements. The initial amounts are then scaled to increase the smallest allocations and reduce the largest ones; this is done to avoid allocating too much money to a single crisis and to reduce the incentive for country teams to inflate their requirements. The amounts arrived at by the mathematical formula are then reviewed by the CERF Secretariat, CRD, and the CERF inter-agency group and adjusted if necessary to reflect operational realities on the ground, such as new increases in humanitarian needs, restrictions on humanitarian access, or limitations in agency capacities. The ERC makes the final decision on the allocated amounts. Once the allocations are decided, HC/RCs in the selected countries are informed and invited to submit proposals.

Example: DPRK. DPRK was selected to receive an allocation in the second underfunded round of 2008. WHO, UNICEF, and UNFPA had reported shortfalls in their programs for the remainder of the year totalling approximately \$18 million. The total amount of the unfunded humanitarian requirements for the seven selected countries was \$238 million, and \$30 million was available for the round. After the \$30 million was divided between the selected countries and scaled, the amount allocated to DPRK was \$1.8 million. CERF and CRD suggested rounding this up to \$2 million, which was the amount approved by the ERC.

² The total amount available for the underfunded window in a given year is determined after the CERF pledging conference in December. More than half of the funds are allocated in the first round each year, in order to improve the predictability of funding.



For more information, please refer to the *CERF Procedures for Grant Allocations to Underfunded Emergencies*, available on the CERF website.