

CENTRAL EMERGENCY RESPONSE FUND
Meeting of the Advisory Group
23 and 24 May 2007
New York

Note by the Secretary General

The twelve-member Advisory Group was established by the General Assembly, in its resolution 60/124 of 15 December 2005, to advise the Secretary-General through the Under-Secretary-General for Humanitarian Affairs, on the use and impact of the Fund, including timeliness and appropriateness of fund allocations, performance, accountability and transparency. The Advisory Group had its first meeting in March 2006. The third meeting of the Advisory Group took place in New York, from 23 to 24 May 2007. The Group addressed progress and challenges during the first 15 months of the Central Emergency Response Fund's (CERF) operations.

The Secretary-General takes this opportunity to share with the General Assembly, the observations and conclusions of the CERF Advisory Group based on updates by the Under-Secretary-General for Humanitarian Affairs and the Manager of the Fund, independent reviews, including from the field and specific NGO perspectives as well as consultations with UN agencies and the International Organization for Migration (IOM).

1. The CERF had come a long way since its inception in March 2006 although the need still existed for additional improvements such as rationalisations and streamlining of administrative procedures to enhance the expediency of the Fund, improved analytical reporting on results and achievements of the Fund at country level and enlarged stakeholder participation in the prioritisation of fund allocations at country level under the leadership of the Humanitarian/Resident Coordinator.
2. The Fund had made good progress towards its objectives of providing quick initial funding for life-saving assistance and rapid response in sudden onset, rapidly deteriorating, and under-funded emergencies. However, further clarity is required on criteria for the use of the Fund in such situations to enhance further the predictability and added value of CERF as a complement to other funding mechanisms rather than a substitute. The additionality of the contributions to the CERF funds over and above the contributions made to the UN and other agencies for humanitarian assistance must be encouraged and its linkages to country-level pooled funding for humanitarian response must to be enhanced.
3. The Fund could be a catalyst for UN reform at country level, improving the coordination and prioritization at all levels and promoting timeliness and equity in the humanitarian response, building on broad-based country-level partnerships. The leadership role of the Humanitarian/Resident Coordinator in this regard is critical.

More specifically the Advisory Group made the following recommendations:

4. For the CERF to become a progressively more effective tool for emergency response in the field, additional efforts were required to mobilize resources to reach the funding target of United States dollars (\$)500 million in 2008, including \$50 million as a loan component, as

endorsed by the General Assembly¹. The Advisory Group welcomed the large number of new donors to the CERF and the increased and multi-year commitments made by some donors. The continued use of the loan element despite the increase in the grant funds provided a valuable tool for critical funding gaps thus validating its continued existence. The Group encouraged the Under-Secretary-General for Humanitarian Affairs to look into the possibility of reimbursements from agencies in cases where subsequent response to appeals exceeded expectations. Members of the Advisory Group offered their services to the Under-Secretary-General in support of continued resource mobilization efforts to meet the 2008 target of \$500 million, including on advocacy. The Advisory Group recommended that the Secretary-General calls upon Member States, including Permanent Members of the Security Council, to make every effort to achieve the \$500 million target by 2008.

5. The Advisory Group reviewed the transaction costs of the CERF and the need for transparency in the nature of expenditures covered by the percentage overhead charged to the Fund for administrative costs. The Advisory Group recommended that, the administrative costs of the CERF Secretariat be covered by the overhead percentage charged by the Secretariat, which currently stands at three percent. The Advisory Group asked that the Secretary-General pursue this matter further with a view to reducing the overhead percentage to cover actual costs. The Advisory Group noted that the overhead charged by the implementing UN agencies and IOM reflected decisions by their respective Boards and asked the Secretary General to explore options to direct the appropriate proportion of this overhead to the final implementing partner. Concern was registered that current practice could impede efficient programme implementation.
6. The Advisory Group reviewed the existing staff capacity of the CERF Secretariat. When considering the further work needed to be done on performance monitoring and evaluation, resource mobilization and financial tracking, reporting and gradually moving from project allocations to more strategic levels of decision-making in line with the cluster approach practiced by most UN country teams and concluded that further staffing was necessary. The Advisory Group noted that the costs for such a staff increase would still be possible within the three percent overhead at CERF Secretariat level.
7. The Advisory Group noted the need to examine how the CERF could streamline its management of an increasing number of projects, inter alia, through a more flexible funding based on improved needs assessments and performance monitoring. The Advisory Group noted that such a development was part of a broader reform agenda in the humanitarian response, of which CERF had an important role. The Advisory Group recommended further efforts in developing and communicating appropriate guidelines and resolving outstanding administrative issues such as the agreed umbrella Letter of Understanding (LOU), which had yet to be put into practice. The Advisory Group encouraged progress towards the creation of such a standard document in order to speed up disbursement of funds and expressed concern that projects could adversely impact OCHA's ability to manage process.
8. The Advisory Group recommended the development and urgent implementation of an all-inclusive communications strategy to promote predictability and transparency as well as increased training for humanitarian actors at the field level. In addition, the Advisory Group recommended improved quality of reporting on outputs and achievements for 2007 based on the analysis of reports received from participating humanitarian agencies. And the Advisory

¹ General Assembly Resolution A/61/L46 of 8 December 2006

Group recommended the creation of a standardized reporting and monitoring framework by 2008 focussing on outputs and achievements.

9. The Advisory Group noted that guidelines and templates should be used as a mechanism to assist Humanitarian/Resident Coordinators in coordinating the Inter-Agency Standing Committee UN country teams, non-governmental organizations (NGOs), both international and national, as well as other humanitarian actors, including as appropriate national governments to assess priority needs and added value of CERF in relation to alternative resources. The central role played by governments and local authorities in natural disasters should be recognized throughout the cycle of providing life-saving relief. It was agreed that continuing guidance should be used to clarify the role and responsibilities of the Humanitarian/Resident Coordinators and the OCHA field offices where appropriate.
10. The Advisory Group underlined the need of finalizing the on-going process of refining the life-saving definition to ensure consistency and predictability of CERF allocations to humanitarian responses and expressed concern that too broad a definition could dilute the overall effectiveness of the fund. The Advisory Group committed itself to provide guidance on the criteria.
11. The Advisory Group underlined the need for a sound analysis of how the CERF had reinforced the humanitarian reform process, facilitated better coordination under the leadership of Resident/Humanitarian Coordinators, provided equitable balance to neglected emergencies, and promoted partnership and participation among UN agencies, NGOs, and other humanitarian actors. In this context, the Advisory Group noted that the performance and accountability framework for the CERF had two levels: the first is that of impact in addressing time-critical needs and the second, that of effectiveness and efficiency at the level of management. The Group welcomed the framework under development at the CERF Secretariat as a good start in the right direction and asked for the development of indicators for measuring impact/outcomes.
12. The Advisory Group reviewed the merits of members making field visits to assess first-hand the effectiveness of CERF allocations and came to the conclusion that it would be more productive to have consultations by video-conference with Humanitarian/Resident Coordinators on their key role in managing CERF. Such a consultation should take place at the next Advisory Group meeting scheduled for October 2007 in Geneva.
13. The Advisory Group had a close review of the role of NGOs in making good use of CERF allocations and confirmed the importance of international and national NGOs as well as national governments as strategic partners that should play a more active role in programming and strategizing humanitarian response. The Advisory Group recommended that the Emergency Relief Coordinator, together with participating agencies, explore ways to foster greater engagement of NGOs, for example, through the cluster approach. The Advisory Group further encouraged the Emergency Relief Coordinator to look into ways CERF allocations could enhance participation of NGOs at field level and more effectively be used for activities where NGOs held the implementation responsibility, including through the use of country level pooled funds.
14. The Advisory Group recommended that the CERF Secretariat solicits UN agencies and IOM receiving CERF funds to speed up the transfer of funds to NGOs and other implementing partners/agencies, if necessary, by making necessary modifications in the established procedures. The Advisory Group also asked the CERF Secretariat in consultation with UN

agencies, IOM and other stakeholders to look into the compelling circumstances under which the three-month implementation period for rapid response grants may be flexibly applied.

15. The Advisory Group noted that a significant amount of CERF funds had been used for common services in critical emergency situations, including for security, and that such services would benefit all humanitarian actors engaged in operations, including the NGOs.
16. The Advisory Group underlined the importance of the two-year evaluation of the CERF due in 2008 and asked to review the draft Terms of Reference for this evaluation, which should be as detailed as possible so as to make the best possible use of the final report as a basis for the General Assembly's consideration of the CERF achievements in the autumn of 2008. The Advisory Group would make use of the final report of the OCHA initiated interim independent review of six countries benefiting from CERF allocations in 2006 when making its contribution to the development of the Terms of Reference for the two-year external review.
17. The Advisory Group looked forward to assessing progress against these recommendations at their next meeting in October 2007.