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# Central Emergency Response Fund (CERF): Grant Component

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## Guidelines: CERF Grant Component

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### ANNEXURES

- CERF Project Template
  - CERF Letter of Understanding (LoU)
  - CERF Reporting Requirements
  - ST/SGB/251 *Establishment and Operation of the Central Emergency Revolving Fund*
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### A. PURPOSE

1. Establish relevant roles and responsibilities among the Emergency Relief Coordinator (ERC), OCHA, Humanitarian/Resident Coordinators (HCs/RCs), UN Funds, Programmes, Specialized UN humanitarian organizations and the International Organization of Migration (IOM) eligible for CERF grants (eligible humanitarian organizations), and NGOs (as implementing partners), for prompt prioritization, decision-making, field support, and processing of allocations from the grant component of the Central Emergency Response Fund (CERF).

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### B. SCOPE

2. The guidelines are intended for use by CERF grantees (eligible humanitarian organizations) and their implementing partners. It explains the relative roles of OCHA manager of the fund and the Humanitarian/Resident Coordinators, who exercise essential leadership and prioritization of CERF priorities in the field.

3. It also addresses the criteria for use, application process, decision-making process, and the appropriate roles for staff.

4. These guidelines do not cover in detail the criteria for use of the CERF loan component. For further information, please refer to ST/SGB/251 on “Establishment and Operation of the Central Emergency Revolving Fund” (attached).

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## C. RATIONALE

5. The CERF is a new funding mechanism requiring clear guidelines for users. OCHA will play a proactive leadership role in explaining the new procedures to HC/RCs, eligible humanitarian organizations, and NGOs. Allocations will be evaluated by the CERF Advisory Group, the General Assembly, donors, and ECOSOC for their appropriateness, effectiveness, and timeliness. Since disbursements should be made as quickly as possible, it is essential for all actors to be clear on the process and their roles and responsibilities.

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## D. TERMS AND DEFINITIONS

6. **CERF Grant:** A CERF grant is an allocation made from the grant component of the CERF to eligible humanitarian organizations for core emergency humanitarian needs. The grant must fulfill one of the three CERF objectives to (1) promote early action and response to reduce loss of life, (2) enhance response to time-critical needs, and (3) strengthen core elements of humanitarian response in under-funded crises. All CERF requests must be based on assessed/demonstrable needs. The grant need not be paid back unless funds are raised through subsequent resource mobilization efforts.

7. **Rapid Response for Sudden Onset Crises:** Grants that fulfill the first objective of the fund to promote early action and response. Generally used to respond to sudden onset emergencies or crises including both natural disasters and new complex emergencies, or rapid deteriorations of existing complex emergencies. Must be implemented within three months.

8. **Rapid Response for Time Critical Requirements:** Grants that fulfill the second objective of the fund to enhance response to time-critical requirements. Generally to be used for slow-onset natural disasters such as drought, locust infestations, etc. In such cases, rapid funding is required because a time critical intervention will prevent escalation of the disaster and reduce overall costs and impact. Must be implemented within three months.

9. **Under-Funded Emergency:** Allocations fulfill the third objective of the CERF to strengthen core elements of humanitarian response in under-funded crises. Although there is no set definition for what constitutes an “under-funded emergency”, the document entitled “Criteria and Procedures for allocating CERF funds to Under-Funded Crises” dated 28 February 2006 outlines the decision-making process. CERF allocations for under-funded emergencies will be made twice annually, in January and July. OCHA uses FTS/CAP data to identify eligible programmes and subsequently informs the relevant HC/RC, who prioritizes core emergency humanitarian needs in consultation with the ASC Country Team.<sup>1</sup> The ERC may also proactively identify individual crises not covered by a CAP or a Flash Appeal as eligible for this type of CERF funds.

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<sup>1</sup> The term IASC Country Team is used to denote an expanded Country Team inclusive of all key humanitarian organizations such as UN humanitarian organizations and IOM, NGOs, and the Red Cross movement.

10. **Core emergency humanitarian needs:**<sup>2</sup> All allocations from the CERF, whether for rapid response or under-funded emergencies, are to be used for core emergency humanitarian activities, defined as activities that within a short time span remedy, mitigate or avert direct physical harm or threats (whether violence, disease, or deprivation) to a population or major portion thereof. Also permissible are common humanitarian services that are necessary to enable core emergency humanitarian activities. In general, the sectors to be considered fulfilling immediate core emergency humanitarian needs are: food, health, protection, security, shelter/NFI, watsan, and multi-sector (where applicable).

11. **Assessed/Demonstrable Needs:** All allocations from the CERF must be based on demonstrable or assessed needs. The appealing agency must provide assessment data in its application form. This assessment data should be validated by the HC/RC and the IASC Country Team.

12. **Grant Implementation Period:** Grants for rapid response must be implemented within 3 months. Grants for under-funded-emergencies should be implemented within the regular programme cycle as specified in the appeal or project document.

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## E. POLICY

### **General Background: The upgraded CERF grant component**

13. **Purpose:** The CERF grant component was established by the General Assembly in December 2005 to improve the speed, reliability and equity of humanitarian funding in response to identified core emergency humanitarian needs. The CERF is not meant to detract from voluntary contributions to humanitarian programmes, nor replace consolidated appeals or other traditional funding channels. Rather, it is meant to mitigate the unevenness and delays of the voluntary contribution system by providing seed money for core emergency humanitarian activities in the first three months of a sudden onset crisis or minimal coverage of core emergency humanitarian assistance activities for emergencies that have not yet attracted sufficient voluntary funds.

14. The new CERF grant component will contain funds of up to \$450 million, depending on the voluntary contributions received. UN humanitarian organizations and IOM are eligible to apply. NGOs are eligible as implementing partners of UN humanitarian Organizations and IOM or through the cluster leads. All funds from the CERF grant component must address core emergency humanitarian needs. Applicants must justify the need for funds, taking into consideration other available resources such as internal emergency reserves and un-earmarked funds. If donor resources are foreseen, the CERF's revolving loan facility should be used. See also attached bulletin on the criteria for use of the CERF loan component, ST/SGB/251 *Establishment and Operation of the Central Emergency Revolving Fund*.

15. **Application Process:** The application process is field-driven and would benefit most from active involvement of the Country Team under the leadership of the HC/RC. All project applications to the CERF must be based on needs assessment(s) and must be approved by the HC/RC in consultation with the Country Team. Eligible humanitarian organizations must verify that their proposed project(s) has been endorsed by the HC/RC to be eligible to apply. Eligible humanitarian organizations should apply using the standardized project template and

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<sup>2</sup> For the purpose of the CERF, "core emergency humanitarian needs" and "life-saving needs" benefit from the same technical definition detailed here.

model Letter of Understanding (see attached, project template, model LoU, and reporting requirements).

16. The application process is initiated by the HC/RC or the ERC in the case of grants for rapid response. The ERC suggests eligible country programmes for the under-funded grant window on a biannual basis. The HC/RC plays a crucial leadership role in the prioritization of programmes, but the contractual grant agreement is between UN/OCHA and the recipient agency. As such, eligible humanitarian organizations submit applications to OCHA following endorsement by their HC/RC. In all cases, the HC/RC and eligible humanitarian organizations must verify that the CERF is an emergency funding source and that all other donor leads, country-level or agency stand-by funds (whether revolving or not) have been exhausted.

## **CERF Grants for Rapid Response : Application Process**

### **Prior to an Emergency**

17. OCHA, HC/RCs, and eligible UN humanitarian organizations should identify training and information needs related to use of the CERF to ensure adequate knowledge of CERF procedures. CERF procedures and the HC/RC leadership role will be element of all HC/RC inductions and orientations and annual HC/RC trainings. Relevant guidelines, application forms, model LoUs, etc, will be distributed through the IASC and by OCHA for onward distribution to field staff. OCHA will also provide necessary training to field staff to ensure effective support to the HC/RC in use of the CERF. Eligible humanitarian organizations and NGOs should also regularly update FTS data in order to avoid delays in CERF allocations due to incomplete funding information. HC/RCs should also keep the ERC informed of potential crises requiring support through the CERF. Contingency plans may also incorporate potential use of the CERF for deteriorating crises as a last resort if no other funds are available.

## **Phase 1: Prior to Submission of Requests**

### **Triggering the Process**

18. The HC/RC should signal the need for rapid response funds from the CERF. The initial communication should provide a detailed justification including: (1) cause of the situation, (2) number of people affected, (3) description of humanitarian indicators and indications of any rapid deteriorations thereof, (4) displacement figures (new displacements), (5) implications if needs are not met, and (6) review of fund-raising efforts to date. This justification can take the form of a brief communication (letter, email). The HC/RC should also submit a detailed list of priority core emergency humanitarian needs following consultations with the IASC Country Team. The ERC will also proactively suggest potential uses of the CERF by alerting HCs/RCs when CERF funds may be appropriate and will urge the HC/RC to meet with the Country Team to analyze needs.

### **Roles and Responsibilities**

#### **HC/RC**

- Verifies that existing resources are inadequate and that Agency reserves, unearmarked funds, and donor commitments are insufficient
- Ensures assessments have been undertaken and that data is collated and verified
- Chairs meeting of the Country Team, preferably an expanded IASC Country Team including leading NGOs, to identify priority core emergency humanitarian needs

- Consults national authorities on priorities, as appropriate
- Submits the justification and list of priority core emergency humanitarian to the ERC

#### **Eligible Humanitarian Organizations**

- Complete assessments; provide data to HC/RC and OCHA; use data to develop and suggest priorities
- Liaise with Government on priorities and executing arrangements, as appropriate
- Identify implementing partners and alerts them of likely funding to ensure readiness
- Update FTS data
- Ensure adequate resources (staff, stocks, etc) for immediate implementation of CERF-funded programs
- Draft grant applications and LOUs using templates provided; ensure signature by headquarters and forwarding to CERF Secretariat

#### **NGO implementing partners**

- **Participate in project applications as implementing partners through and in collaboration with eligible humanitarian organizations**
- Complete assessments; share data with OCHA and HC/RC
- Suggest priority interventions through participation in expanded IASC Country Team
- Prepare program applications based on priority list
- Identify appropriate executing arrangements
- Build-up capacity for immediate program implementation as needed

#### **OCHA field staff**

- Support and advise the RC/HC in the humanitarian situation and response, including the use of the CERF.
- Participate in or lead assessment missions
- Work with eligible humanitarian organizations and NGOs to ensure that core emergency humanitarian needs are adequately assessed and identified and that data is collated
- Answer agency questions on application procedures

#### **OCHA Headquarters**

- Provide substantive guidance and support to the field offices and the HC/RC in preparing their submissions in order to avoid the need for resubmission;
- Verify HC/RC priority list for coherence, evaluate agency capacity to implement priority programmes, suggest amendments
- Solicit and provide updates to FTS Funding tables from eligible humanitarian organizations and donors
- Provide updated guidelines and application templates as needed
- Answer technical questions on eligibility, procedures, and appropriate use of funds

<b>Phase 2: Priority List and Applications Submitted to OCHA</b>
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19. Once eligible humanitarian organizations have submitted their applications and signed LoUs in the prescribed formats, OCHA will process requests on an urgent basis. OCHA will review all applications in consideration of the stated objectives of the CERF and approve them based on the quality of the needs assessments, the project prioritization, and of the merits of the individual project submissions. Swift approval of applications depends on prompt follow up by OCHA as well as the applicants, who may be required to make modifications.

## Responsibilities

### OCHA

- Reviews priority list of projects and justification for use from the HC/RC to ensure coverage of core emergency humanitarian needs
- Reviews applications to ensure that the proposed projects are within the fund objectives, that there is immediate capacity to implement them within three months, confirms that other funds are not available
- Reviews applications for technical compliance with CERF procedures and templates
- May suggest adjustments following review. If so, communicates required revisions to HC/RC with a copy to the appealing agency
- Communicates responses to eligible humanitarian organizations

### Eligible Humanitarian Organizations

- Discuss application revisions with OCHA and ensure swift adjustments and re-submissions

## Phase 3: Projects Approved, Processed; Grantees Report on Use of Funds

### UN/OCHA Responsibilities

- CERF Secretariat Initiates memo from ERC to the Controller requesting authorization to disburse funds
- Controller reviews requests and verifies consistency with UN Financial Rules and Regulations; authorizes disbursement
- Posts CERF allocations on FTS, links allocations to Appeals

### Eligible Humanitarian Organizations

- Grantees report to OCHA on use of funds as per the LoU and reporting requirements (see attached)

## CERF Grants for Under-Funded Emergencies

### Criteria: Eligibility and Use

20. The ERC takes a leadership role in setting priorities for use of the grant window for under-funded emergencies. Thus, a funding request should not typically originate from eligible humanitarian organizations. Rather, the ERC will communicate country priorities for the biannual disbursements in January and July based on data from the CAP Section and the Final Tracking Service (FTS). A summary of the decision-making process for the prioritization of eligible country programmes follows:

### Step 1: Analysis of CAP/FTS data; Eligible Country Programmes suggested

- In January, FTS data from the previous year is the primary source; in July the Mid-Year review is the primary data source. Fund flows outside of the CAPs/UN System also analysed.<sup>3</sup>
- Benchmark for 2006, bottom one-third of CAP programmes may be eligible, depending on un-funded core emergency humanitarian programmes and the availability of funds
- OCHA may also consult with IASC members and/or HC/RCs at this stage
- ERC issues list of eligible country programmes and suggests relative allocations among country programmes

<sup>3</sup> In 2006 an interim allocation may be made in 2006 given the absence of a January round

- ERC also suggests any additional programmes from countries without a CAP/Flash Appeal

#### **Step 2: HC/RC prioritizes projects; UN Humanitarian Organizations Apply**

- HCs/RCs in selected programmes are notified by OCHA of the level of funds available
- HC/RC meets with IASC Country Team to identify priority core emergency humanitarian programmes
- HC/RC consults Government on priorities as appropriate
- Eligible humanitarian organizations apply for funds to CERF secretariat based on prioritized list, completing application form and draft LoU

#### **Step 3: OCHA Reviews applications**

- OCHA reviews all applications for compliance with procedures and appropriateness, feasibility, projected results, and the availability of funds from other sources

#### **Step 4: Projects Approved, Processed; Grantees Report on Use of Funds**

- CERF Secretariat processes all applications and requests disbursement of funds through the UN Controller.
- January allocation completed by end of January; July allocation by end of July
- Allocations posted on the CERF Website and FTS
- Grantees report back to OCHA in accordance with guidelines established by the LoU and reporting requirements (see attached)

#### **Ad-Hoc Requests and Humanitarian Needs without CAP/Flash Appeals**

21. Priority countries for disbursements from the under-funded emergencies grant component of the CERF will generally be identified by the ERC. Any ad-hoc requests will be considered during the twice annual allocations. Normally, the under-funded crises eligible to receive CERF funds shall be those where a consolidated or flash appeal exists. However, the CERF may exceptionally, and with strong justification, fund projects in situations where no consolidated or flash appeal exists, if: (a) a major or complex emergency exists but a consolidated appeal is not possible or not yet completed, though individual agency appeals exist; or (b) an emergency is not major or complex (i.e. not exceeding the mandate and/or capacity of any single agency), but an agency requires CERF funding to fulfill its mandate for core emergency humanitarian needs. In these situations, the potential grantee must confirm its funding requirements and funds received to date to OCHA, preferably by updating the required information through the FTS, so that the degree of under-funding can be assessed alongside that of CAP/Flash Appeals. Such information is required prior to the approval of any grant agreement funding programmes without a consolidated or flash appeal.

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## **F. REFERENCES**

### **Normative or Superior References**

*A/60/432 Improvement of the Central Emergency Revolving Fund: Report of the Secretary General*

*A.60.124 Strengthening of the coordination of emergency humanitarian assistance of the United Nations*

*SG's Bulletin: Establishment and Operation of the Upgraded Central Emergency Response Fund*

A.46.182 *Strengthening of the coordination of humanitarian emergency assistance of the United Nations*

**Related Policies**

*Criteria for allocations from the CERF for under-funded emergencies*, OCHA 28 February 2006

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**G. MONITORING AND COMPLIANCE**

22. Adherence to these guidelines will be monitored by the Fund Manager and the HC/RC. It is imperative that all relevant actors follow the guidelines in order to ensure rapid processing of requests. Failure to follow these guidelines will result in delayed decisions on funding requests, request for resubmission, and/or refusal.

23. Each grantee is also required to comply with the terms of the grant agreement as established in the Secretary-General's Bulletin on the *Establishment and Operation of the Central Emergency Response Fund*, the model Letter of Understanding (LoU) (attached) and the reporting requirements (attached).

**H. DATES**

24. These Guidelines shall be effective [on ] and be reviewed no later than 31 July 2006

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**I. CONTACT**

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**J. HISTORY**

First draft

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**SIGNED:**

**DATE:**