



Review of

OCHA

Emergency Response Funds

(ERFs)



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The Evaluation Team is extremely grateful to the many people interviewed and consulted for this review. We would welcome corrections to errors of fact or interpretation and any additional information.

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ACRONYMS

ASDI	ASDI is the Angolan acronym for SIDA
AUM	ASDI-UCAH Mechanism in Angola
AusAID	Australia Aid – Australian government overseas aid programme
CAP	Consolidated Appeal Process
CERF	Central Emergency Response Fund
CHAP	Common Humanitarian Action Plan
CPIA	Comité Permanent Inter Agences
CRD	Coordination and Response Division of OCHA
DFID	UK Department for International Development
DI	Development Initiatives
DRC	Democratic Republic of the Congo
EHI	Emergency Humanitarian Intervention fund
ERF	Emergency Response Fund
ESS	Evaluation and Studies Section of OCHA
FAO	Food and Agriculture Organisation
HC	Humanitarian Coordinator
HRF	Humanitarian Response Fund, another name for an ERF
IDPs	Internally Displaced Persons
ILO	International Labour Organization
IOM	International Organization for Migration
MOSS	Minimal Operational Security Standards
NFI	Non-Food Items
NGO	Non-Governmental Organisation
OCHA	UN Office for the Coordination of Humanitarian Affairs
OFDA	US Office for Foreign Disaster Assistance
QERF	Quartering Emergency Response Fund in Angola
RRF/M	Rapid Response Fund/Mechanism in the DRC
SIDA	Swedish International Development Cooperation Agency
SPHERE	Strengthening Public Health Research in Europe
UCAH	Humanitarian Assistance Coordination Unit
UK	United Kingdom
UN	United Nations
UNCAS	UN Common Air Services in Somalia
UNCT	UN Country Team
UNDP	UN Development Programme
UN GRT	UN Geographical Review Team
UN-HABITAT	UN Human Settlements Programme
UNHCR	Office of the UN High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNMIL	UN Mission in Liberia
UNOG	UN Office in Geneva
UNOPS	UN Office for Project Services
WFP	World Food Programme

Executive Summary

This report presents overall findings from a review of OCHA-managed Emergency Response Funds (ERFs) in five countries (Angola, the DRC, Indonesia, Liberia and Somalia) with additional input from a separate review in Ethiopia. The purpose of the review was to:

- Build a central body of knowledge on ERFs within OCHA;
- Examine the role of ERFs in humanitarian response and in relation to other funding mechanisms;
- Provide guidance on how an optimal ERF can function.

An ERF is usually set up with contributions from more than one government donor. ERFs aim to provide rapid and flexible funding to in-country actors (mainly NGOs) to address *unforeseen* humanitarian needs. They have been used since 1997. In some countries, OCHA offices have developed additional funds with different names for specific purposes, which has sometimes led to confusion about the remit of individual funds. Data from all ERF-type funds in the six countries have been included in this report. At the time of the review, the funds had financed 538 projects, disbursing US\$64.49 million.

In the absence of centralised knowledge about the funds, they have developed in an ad hoc manner so there are commonalities but also many differences between the funds. See Table 2 for a comparison of a wide range of fund characteristics. It highlights the following:

- Most ERFs set a limit on project size and these have ranged from \$100,000-\$250,000. The DRC and Ethiopia funds have no limit but the Ethiopia advisory board was considering setting a limit of \$600-700,000 to focus funding on urgent needs and avoid funding large on-going humanitarian programmes.
- The majority of funding has been for NGOs (mainly international) but three ERFs have also financed UN agencies. The Liberia fund provided the largest proportion of funding for local NGOs while the Ethiopia, DRC and Somalia funds have provided the least funding for them.
- Some ERFs have been quick to approve proposals but the average time from proposal submission to the signing of the grant agreement is 30-40 days (usually involving a lot of clarifications with applicants).
- ERF grant agreements commit to disbursing in 7 days but OCHA Geneva has taken over 21 days on average (though Indonesia had an average disbursement time of 9.5 days).
- While ERF advisory boards usually comprise UN agencies, in Somalia and Ethiopia, they include NGO representatives. This has promoted collaboration between UN agencies and NGOs.
- The number of OCHA staff managing ERFs has varied across countries. The required number depends on the size of the fund, the number of projects managed and the types of organisations financed, but it is important to have at least one dedicated fund manager for good management and to maintain strategic direction.

Decision-making, roles and responsibilities

Figure 1 in the report outlines the general decision-making procedure used by ERFs (though individual funds have variations). Currently, OCHA Finance has requirements that slow down this process (such as verifying grant agreements before they are signed even though field offices are using a template and asking for the submission of different documents to effect fund transfers).

Advisory boards play a critical role in decision-making, ultimately either recommending proposals to the Humanitarian Coordinator (HC) for funding or rejecting them. Most boards are consulted electronically, with silence usually taken as assent. The Ethiopia board is

unusual in meeting to discuss proposals. At present, the board's role stops with reviewing proposals – it gets no information about projects once they have been funded.

Donors have been very supportive of ERFs, initiating them in almost all cases. However, they have limited engagement with ERFs in-country, often relying solely on OCHA's annual reporting even though some would like more feedback on the outcomes of ERF-funded projects. Sometimes, different donors have different expectations from ERFs.

UN agencies often start out being hostile to ERFs, which can delay their start-up. But, once agencies realise in the benefits of the ERF to coordination and achievements on the ground, they become strong supporters and commit a lot of time to reviewing proposals.

ERFs have strengthened OCHA's coordination role. This is because OCHA can not only identify unmet needs but also solicit proposals to meet them. The availability of funding also gives NGOs an incentive to participate in coordination meetings. Finally, having proposals reviewed by the advisory board avoids duplication and promotes collaboration between UN agencies and NGOs.

Efficiency and Accountability

If humanitarian response is categorised into immediate response to a new emergency, addressing on-going needs and post-crisis recovery, ERFs have provided greatest added value in the middle phase, by filling a range of gaps in humanitarian response, increasing humanitarian access and enabling NGOs to scale up their activities. The DRC fund, which involves UNICEF pre-positioning emergency kits and funding focal point NGOs in advance, has supported genuinely rapid response to population displacements. The Indonesia fund has supported early recovery in a post-conflict situation.

Though interviewees had the impression that ERFs are fast and flexible, some ERFs have introduced rules that make them inflexible and reduce their effectiveness. Examples include:

- setting a low ceiling on project size in Indonesia. Combined with a 7% limit on administration costs, this meant that NGOs could not work without other funding and found it hard to meet needs in an area ignored by other donors.
- not allowing recipients to move more than 10% between budget lines, which makes it difficult to adapt projects to changing needs on the ground.
- interpreting 'headquarters costs' as costs in Nairobi and disallowing these though they are critical for the cross-border operation in Somalia.
- not allowing recipients to purchase capital assets like communications equipment.

Recipients found OCHA's reporting format straightforward but the requirement for monthly as well as interim and final reports is burdensome for small or short projects. OCHA's recent requirement that every ERF project is audited is expensive (the cost is covered by the ERF) and puts additional demands on pressured NGO staff. On the other hand, OCHA has not commissioned any evaluations of ERF projects even though donors have expressed more interest in project impact than financial reporting. The project visits undertaken for this review were the first ERF project evaluations and led to useful follow-up action in Indonesia.

OCHA appears to be a cost-efficient manager of ERF funds. As part of the Secretariat, OCHA charges a 3% 'Program Support Cost' fee (though its normal fee is 13%)¹. This goes into OCHA's overall budget and is not related directly to ERF management costs. So some

¹ Though UNDP charges 1% to act as an Administrative Agent, this is to transfer funds, not to actively manage grants. UNDP has charged this for the Iraq Multi-Donor Trust Fund and the Pooled Funds in Sudan and DRC. These have involved large sums of money - \$80-100 million – so it has received larger absolute amounts than OCHA has for the ERFs.

OCHA offices have charged an additional amount of \$200-270,000 for administration costs in the field. The fact that some offices have chosen not to charge donors for field management costs makes ERFs more cost-efficient, but agencies need to ensure sufficient resources for fund oversight, particularly monitoring. OCHA needs to explore the staffing issue internally and decide under what circumstances it needs to levy an additional charge.

Coherence

In some countries, the ERF has been included in the CAP as an OCHA project. The Humanitarian Response Review suggested that, in every country with a CAP, a percentage of this should be set aside for an ERF. However, this is likely to be expensive - OCHA will have to invest in setting up an ERF management structure in every CAP country without any guarantee of funding.

Three case study countries had CERF funding as well – DRC, Ethiopia and Somalia. These are also the three countries where the ERF funded UN agencies well before the CERF established its grant-making element. In future, OCHA needs to ensure that the two funds do not duplicate on UN funding and may need to explore whether ERFs should be restricted to NGOs.

A Pooled Fund was established in the DRC in 2006. Since the ERF mechanism was regarded as working well, the Pooled Fund is expected to guarantee a minimum level of support to it. Although both funds are overseen by OCHA, there are no formal links between the two funds though this would be useful to ensure funding continuity. In most of the case study countries, OCHA has not focused on the issue of continued funding for ERF projects, perhaps because it assumes that ERFs are addressing short-term needs (though this is not usually the case).

Connectedness

There was little evidence that ERF projects link directly to recovery programmes, since they are intended to be short-term, one-off projects. In Ethiopia, though, applicants are encouraged to demonstrate links to recovery activities or other sources of funding. In the DRC, OCHA uses coordination meetings to encourage other humanitarian actors to take over from ERF projects. Though ERF projects usually address unforeseen needs, all ERF guidelines require proposals to link to the objectives of the CHAP or its equivalent.

As noted earlier, ERFs have provided limited support to local NGOs even though they are often the first line of response in an emergency, may be the only organisations to access certain areas (in conflict situations) and are the implementers for almost all international NGOs and UN agencies. In some cases, such as Somalia and Indonesia, ERF rules have deterred local NGOs from applying to the fund.

The review included two funds that had closed – Angola and Liberia – in order to cover the full life-cycle of funds. The Indonesia fund was also winding down during the review though it is now likely to receive additional funding and continue operating. These three funds highlight the fact that ERFs tend not to have an exit strategy – their lifespan is determined by the presence of an OCHA office or the availability of funding. This may be because most ERFs have been initiated by donors but the issue needs to be recognised and addressed by existing ERFs.

While the report has addressed the first two objectives of the study, it has not provided guidance on an optimal ERF. This objective was based on the assumption that it is desirable to standardise ERFs across countries. However, the study has highlighted the fact that one of the key strengths of ERFs is that they have adapted to specific country circumstances. Therefore, while OCHA should aim to standardise administrative and financial procedures, aspects of the funds like types of activities and organisations financed, project size etc.

should remain context-specific. The last section of the report outlines various questions that an OCHA office establishing an ERF should consider.

Key Recommendations

Fund structure and management:

- OCHA should appoint a focal point to advise OCHA offices establishing ERFs on the substantive issues they need to consider. OCHA should also appoint at least one finance officer to process ERF disbursements. This will ensure that ERF payments are given priority and speeded up.
- At country level, an ERF should have sufficiently broad objectives to avoid setting up separate ERFs for different purposes. This will avoid confusion amongst recipients and an additional management burden for OCHA.
- OCHA and advisory boards should set limits on project size that are appropriate for the country and review these periodically to ensure that they remain appropriate.
- In disaster-prone countries, OCHA should consider whether it is appropriate to finance the pre-positioning of non-food items and to finance NGOs in advance.
- OCHA field offices should work with OCHA Finance to ensure swift response in urgent cases to be able to finance immediate response more consistently.
- OCHA should explore further its minimum requirements for fund management and whether management costs can be met from the 3% Programme Support Costs or not.

Advisory Board:

- ERF advisory boards should represent NGOs as well as UN agencies.
- If they review proposals electronically, a minimum number of responses should be required.
- Advisory boards should meet at least quarterly to discuss ERF-related issues.
- OCHA should keep boards informed about the progress of funded projects as this will help with transparency and monitoring.

Accountability

- OCHA should identify the minimum eligibility and reporting requirements for recipients and ensure that they are not burdened with additional requirements.
- OCHA should reduce the emphasis on financial audits and focus more on monitoring and evaluation in order to assess project outcomes.
- Ideally, OCHA should monitor projects throughout their life cycle. OCHA offices should be creative about involving a range of actors in monitoring, such as local government structures and beneficiaries.

Linkages and exit strategies

- There is an assumption that ERFs cover short-term or one-off activities though, in many cases, the populations covered have on-going needs. Therefore, it is helpful if OCHA offices encourage links between ERFs and other country-level humanitarian funds.
- In countries with a plethora of funding mechanisms, it may be useful for the HC to establish a committee of those managing the key funds supporting, or taking over from, humanitarian activities to ensure complementarity between them.
- OCHA offices should discuss the role of the ERF with the HC, donors and other stakeholders in a country to establish an exit strategy for the fund and to determine how best to ensure a handover of the activities covered.

Institutional Relationships

- When establishing an ERF, OCHA offices should clarify donors' expectations and agree the frequency and content of any reporting and/or meetings at field level.
- OCHA senior management should have discussions with other UN agencies at headquarters level to explain ERFs and reduce hostility for each new fund. OCHA should also explore how UN agencies can take account of the time and effort that senior field staff put into supporting ERFs and build this into performance assessment.

1.0 Introduction

OCHA's Evaluation and Studies Section commissioned Development Initiatives (DI) in February 2006 to undertake a review of Emergency Response Funds (ERFs). The funds have been given different names in some countries, for example, Humanitarian Response Fund (HRF) in Somalia and Ethiopia and Emergency Humanitarian Intervention (EHI) and Rapid Response Fund (RRF) in the DRC. For convenience and to avoid confusion, all the funds will be referred to as ERFs in this report.

An ERF is an OCHA-managed fund usually set up with contributions from more than one government donor². ERFs aim to provide rapid and flexible funding to in-country actors to address urgent and unforeseen humanitarian needs, i.e., they tend to fund projects that are not in the CAP or its equivalent because they respond to needs that could not have been predicted in advance. However, projects are expected to be in line with the objectives of the CHAP or its equivalent. They mainly fund NGOs though some ERFs have financed UN agencies as well. The mechanism has been in use since 1997, when one was first established in Angola. Similar funds have been employed in Liberia, Somalia, the Democratic Republic of Congo (DRC), Iraq, Indonesia, the Democratic People's Republic of Korea (DPRK), Ethiopia and Zimbabwe. In each of these countries, the OCHA office drew on the experience of other offices to set up the mechanism since there was no central body of knowledge that they could use.

1.1 Purpose

OCHA's decision to commission this review was based on the proliferation of this mechanism and the ad hoc way in which it was established in each country. Therefore, it set three main objectives, which were to:

- Build a central body of knowledge on ERFs within OCHA;
- Examine the role of ERFs in humanitarian response and in relation to other funding mechanisms;
- Provide guidance on how an optimal ERF can function.

The third aim was based on the assumption that it is desirable to have a standardised ERF. However, findings from the review highlight that one of the key strengths of this mechanism is that it has adapted to country-specific circumstances. The last section of the report tackles this issue while the body of the report addresses the first two objectives.

The original Terms of Reference (see Annex 1) suggested that the review should be based on four country case-studies - Angola, Liberia, Somalia and the DRC. Following discussions with OCHA staff in Geneva, though, it was decided to include Indonesia as a fifth study. This is because it has been used to respond to both natural and conflict-related disasters; it has developed into a mechanism for financing recovery activities; and it is in the context of an Asian country with a strong government (unlike the other four case study countries). In addition, DFID commissioned DI to conduct a review of the fund in Ethiopia, which is still in its early stages. Therefore, where appropriate, findings from Ethiopia have been included in this report.

1.2 Methodology

The review was conducted between February and October 2006, with delays occurring due to the Yogyakarta earthquake in Indonesia at the end of May and the elections in the DRC in July (which led to the postponement of the mission to mid-August). Initially, OCHA intended that a consultant from DI would be accompanied by an OCHA staff member (without involvement in the ERF mechanism being studied) and be supported by a national consultant who would evaluate projects and interview beneficiaries and local communities. For a variety

² Although at least one of the funds reviewed – the ERF in Liberia – had only one donor.

of reasons, this was not possible so the table below summarises how the case studies were conducted.

	Angola	DRC	Ethiopia	Indonesia	Liberia	Somalia
Country visit by DI staff member	Yes	Yes ³	Yes	No – desk review due to Yogyakarta earthquake ⁴	No – study done by national consultant ⁵	Yes
National consultant conducted project reviews	No – fund closed in 2004 so project visits not possible	Yes	No – project reviews by international consultant from Food Economy Group	Yes	Yes	No – due to security concerns
Participation by OCHA staff member	No	No	No – review commissioned by DFID	No	No	Yes

Table 1: Conduct of case studies

The review began with a two-day visit to Geneva to interview key OCHA staff members. This was followed by the six case studies, starting with Angola. After the first three case studies, DI presented interim findings at the OCHA Global Management Retreat in Montreux in June 2006. This helped to get some initial feedback from OCHA staff members and to validate the findings.

The case studies used qualitative methods, mainly interviews with staff members from OCHA, UN agencies (particularly those serving as advisory board members), NGOs and donors. In the countries where a national consultant undertook project visits, the national consultant interviewed government officials, local community representatives and beneficiaries, in addition to project staff. The review also included analysis of ERF project documents such as project proposals, reports and correspondence between applicants and OCHA. As the tables in the report demonstrate, financial analysis focused on project funding as well as ERF funding in relation to other humanitarian funding.

DI has already reported on the review through an initial *Inception Report*, outlining key questions, informants and methodology and through an ‘*aide memoire*’ on each of the country case-studies. For the Somalia study this took the form of a presentation to NGOs and UN agencies in Nairobi. This final report draws on the individual country reports but takes a broader overview and also covers cross-cutting issues that were not addressed in the case study summaries. Therefore, it should be read in conjunction with the country reports, which provide greater detail on the individual funds reviewed. These are attached separately.

2.0 Overview of the Funds Reviewed

This section begins by describing how ERFs have evolved since their inception in 1997. It goes on to provide a brief comparison of the six funds covered by this report, covering aspects such as their duration, disbursement, types of organisations and activities financed.

³ An outbreak of violence in Kinshasa when the results of the first round of Presidential elections were announced meant that the mission was cut short and some Kinshasa interviews had to be conducted by phone.

⁴ This made it easier to interview relevant respondents who are no longer based in Indonesia.

⁵ The Liberia fund closed at the end of 2005 and related documents were sent to Geneva so a national consultant undertook the in-country interviews and project visits while DI conducted the document analysis in Geneva.

2.1 Origin and Evolution of ERFs

The first ERF was established in Angola in 1997⁶, building on the ASDI-UCAH⁷ mechanism (AUM) established in mid-1993. In the case of the AUM, SIDA funded NGOs directly on the recommendation of OCHA so funding did not flow through OCHA. In 1995, OCHA established a Quick Response Fund for Demobilisation which was funded through the CAP and operated till 1997. In 1997, OCHA set up the Emergency Response Fund (ERF) with a broader remit to address emergency needs in the country. It attracted funding from three donors – the Netherlands, Sweden and the UK.

As with the AUM, donors have been instrumental in the establishment of ERFs in other countries. The Liberia fund was set up at the suggestion of OFDA while the Somalia and Indonesia funds were instigated by DFID. Of the funds reviewed, the DRC ERF is the only fund initiated by OCHA. Having learnt of the fund in Angola, OCHA DRC felt it would be a useful way to increase humanitarian access in the conflict-affected East, which was extremely limited in 1999. Accordingly, it sought funding from donors for innovative responses to the crisis and to increase coverage of humanitarian needs.

Due to the lack of knowledge at headquarters about the operation of these funds, when OCHA offices came to set up the funds reviewed, they tended to draw on the experience of other countries. So, the DRC fund was based on experiences in Angola while the Somalia fund drew on information from Liberia and Angola. The recently established fund in Ethiopia is based on the Somalia fund. A small ERF in Cote d'Ivoire was set up in 2006 without the knowledge of OCHA in New York. All field offices commented on the lack of support from headquarters. This will change if OCHA can use this review to create a central body of knowledge about ERFs, provide guidance to field offices on financial rules and procedures and ensure speedy disbursement.

In some countries, the OCHA office has developed additional funds to meet different needs. In Angola in 2002, in parallel with the ERF, OCHA set up the Quartering Emergency Response Fund (QERF) to provide life-saving assistance to soldiers' families around quartering areas. This was funded by the UK and Canada, who provided \$1.3 million in July and August 2002 for 10 NGO projects. One interviewee underlined the importance of the QERF in stabilising the peace process at a critical point. In Somalia, a separate fund was set up to respond to the tsunami and a third fund was established to meet the costs of tsunami assessment missions and logistics (though this was not found to be very useful). In Indonesia, the ERF was set up with DFID as the sole funder. However, in 2003, AusAID also wanted to contribute to the fund. This contribution was used to set up a separate fund – the Humanitarian Response Fund (HRF). This had a broader remit so that it could be used to finance preparedness and training activities as well as emergency response. This was important because the nature of the conflict situation in Indonesia was changing. OCHA Indonesia found that it was easier to establish a separate fund than to amend the ERF to widen its remit, which would have required negotiation with OCHA Geneva.

The DRC has had the widest range of funding mechanisms under the ERF umbrella. An Emergency Humanitarian Intervention (EHI) fund was established early on to finance transport and logistics as well as assessment missions. In addition, OCHA DRC has developed a very different model of the ERF called the Rapid Response Fund or Mechanism (RRF/RRM)⁸. It involves working in close partnership with UNICEF, which pre-positions NFI kits and distributes them through pre-arranged 'focal point' NGOs when there is a new

⁶ With the first projects funded in 1998.

⁷ ASDI is the Angolan acronym for SIDA. UCAH was OCHA's predecessor, the Humanitarian Assistance Coordination Unit. The Angola Aide Memoire has more details on the establishment of the mechanism.

⁸ While OCHA tends to refer to this as the Rapid Response Fund, UNICEF tends to use the term Rapid Response Mechanism because it regards it as more than just a funding instrument.

emergency. UNICEF receives direct funding from donors to purchase the NFI kits and to fund the focal points. OCHA's role is mainly in decision-making, coordinating distributions with other organisations and providing additional funding (particularly to non-focal point NGOs) when required. This mechanism has supported genuinely quick response to population displacements and other emergencies and it is estimated that the RRF responds to 80% of new displacements. Thus, the DRC has been most innovative in adapting the basic ERF structure.

The establishment of separate ERFs in the same country for different purposes can confuse recipients. In the DRC, once the EHI and RRF were merged in 2006, NGOs did not know if they could still apply for transport costs. It also increases OCHA's management burden unnecessarily because each fund has to be accounted for separately. In Somalia, the EHI set up for the tsunami was not used and OCHA had to get permission from the donors to put the money back into the tsunami ERF.

Recommendation 1: OCHA offices should ensure that an ERF has a sufficiently broad range of objectives so as to avoid the need for setting up separate funds to cover training, transport and logistics or needs assessments.

In 2005, the Humanitarian Coordinator, donors and UN agencies in the DRC discussed the possibility of establishing a Common or Pooled Fund in 2006 to finance priority projects in the Action Plan⁹. SIDA then approached OCHA with funding for NGOs and requested that it test the proposed Pooled Fund mechanism. OCHA combined this with existing DFID funding and developed a 'trial Pooled Fund' at the end of 2005. Although the decision-making structure for this was particular to the DRC context, this fund was not dissimilar in its operation to ERFs in other countries. This was a one-off trial and the Pooled Fund established in 2006 has operated separately. However, the EHI and RRF have now been merged into one funding mechanism so that the RRF can finance logistics costs. The RRF receives funding from the Pooled Fund, which guarantees it a minimum level of funding.

This section has outlined how ERFs have adapted to different country contexts either by establishing additional funds with a specific remit or amending the ERF structure. The following two sections show that ERFs have also differed in the types of organisations and activities funded and in their governance structures.

2.2 Comparison of fund characteristics

Table 2 below provides an overview of the ERFs covered by this review. It covers a range of aspects, each of which is discussed in turn – fund duration, total disbursement (to UN agencies, international NGOs and local NGOs), number of projects financed, limits on project size, the time taken to approve projects and disburse the first tranche of funding, the size and composition of advisory boards and the size of fund management teams. In total, the six funds have financed 538 projects with about \$64.5 million.

2.2.1 Size and duration

The Angola fund was the longest running of the funds reviewed and disbursed the largest amount of money in total, though the Ethiopia fund has disbursed more than any fund in a given year. The Liberia and Indonesia funds have been the smallest in terms of disbursement, though the Indonesia fund has been in operation for four and a half years.

⁹ The name for the CAP in the DRC.

	Angola	DRC	Ethiopia	Indonesia	Liberia	Somalia	Totals
Fund duration	1998-2004 (6.5 years)	2000-present (5.5 years)	March 2006-present (8 months)	2001-present (5.5 years)	2004-2005 (2 years)	2004-present (2.5 years)	
Total disbursed	\$23.8 m	\$15.3 m	\$11.5 m	\$3.69 m	\$2 m	\$8.2 m	\$64.49 m
Amount to UN		\$5.5 m (35.9%)	\$4.7 m (40.8%)			\$1.1 m (13.4%)	\$11.3 m
Amount to INGOs	\$23 m (96.6%)	\$9.6 m (62.7%)	\$6.8 m (59.2%)	\$3.43 m (92.9%)	\$1.1 m (55%)	\$7.08 m (86.3%)	\$51.01 m
Amount to local NGOs	\$784,240 (3.4%)	\$200,458 (1.3%)		\$261,056 (7.1%)	\$895,404 (45%)	\$20,000 (0.2%)	\$2.16 m
Total No. of Projects	276	120	21	56	26	39	538
Ceiling on project size	\$100,000 increased to \$200,000	No limit. Average project size about \$100,000	No limit. Average project size of \$400,000	\$100,000	\$130,000 (\$200,000 in exceptional cases)	\$250,000	
Time to approve projects	47 days (3-103 days)	25.5 days (10-45 days)	10.4 days (2-26 days)	34.6 days (18-62 days)	47 days (10-66 days)	35 days (12-43 days)	
Time to disburse first tranche	21 days (6-42 days)	25 days (4-118 days)	21.7 days (12-66 days)	9.5 days (5-10 days)	21 days (7-28 days)	31 days (11-72 days)	
Size of Advisory Board	About 5	CPIA: Varies RRF: 3	9	5	7	9	
Advisory Board composed of:	UN agencies	CPIA: UN, MONUC, 3 INGOs, cluster leads RRF: OCHA, UNICEF, focal point NGO	UN agencies and 3 INGOs	UN agencies	UN agencies	UN agencies, 2 INGOs & 1 Somali NGO	
Size of fund management team	1-2	3	4	1	1	0-3	
Focused on fund only	Yes	Yes	Yes	No	Yes	Sometimes	
Management fees		\$219,921 ¹⁰	\$269,000		\$238,877		

Table 2: Summary overview of ERFs reviewed

2.2.2 Types of organisations funded

The table above shows how much of the funds disbursed by each fund were given to UN agencies, international NGOs and local NGOs. The Angola ERF was established specifically

¹⁰ 2005 figures. Of the total, \$99,410 was for the EHI and \$120,511 for the RRF.

to fund NGO activities (at the request of the initial donor). Although it financed a handful of local NGOs (two of which received funding more than once), financing went overwhelmingly to international NGOs. The Liberia and Indonesia funds have also funded NGOs only. Of the 56 projects financed by the Indonesia ERF, 11 were implemented directly by local NGOs. Funding for 13 of the 26 projects supported by the Liberia ERF went to local NGOs.

The DRC, Somalia and Ethiopia funds have financed UN agencies as well as NGOs. With the exception of a couple of small projects, the Somalia ERF has funded UN agencies mainly for tsunami-related projects. It has provided a total of about \$1.1 million to:

- FAO for distribution of agricultural inputs;
- IOM to assist stranded irregular migrants to return;
- UN/GRT for an emergency intervention survey;
- UNOPS/ILO to undertake employment creation;
- UN-HABITAT to provide shelter;
- FAO to assist fishing communities;
- UNCAS for a hazardous waste fact-finding mission;
- UNHCR for emergency assistance to tsunami victims.

The DRC funds have provided greater support to UN agencies than the Somalia fund – almost \$5.5 million (excluding financing to UNICEF for its part of the RRF). This financing has ranged from amounts of less than \$10,000 for emergency deliveries of supplies to \$1 million to UNHCR for the return and reintegration of refugees from Tanzania and \$975,000 to UNICEF for an emergency water and sanitation programme. Similarly, the Ethiopia fund has provided \$4.7 million to UNICEF and FAO, with UNICEF getting by far the largest grants (\$3.7 million in total). In percentage terms, the Ethiopia ERF has channelled about 41% of its funding through UN agencies while the share of funding to UN agencies from the DRC funds has been around 36%. The Somalia ERF has provided a relatively small share of funds – about 14% - to UN agencies. In the case of all three funds, though, the majority of funding has still been for NGOs. This is in contrast to the Pooled Funds in Sudan and the DRC, which have channelled 82-83% of funding through UN agencies.

Of the funds reviewed, the Somalia, Ethiopia and DRC funds have provided least support to local NGOs, mainly due to concerns about their capacity, though this was less of an issue in Somalia and Ethiopia and it has been strongly recommended that both provide more substantial direct funding to local NGOs. This issue is discussed in more detail in section 3.5.5 on local capacity building.

2.2.3 Project size limits

As Table 2 demonstrates, almost all the funds reviewed set a limit on the size of project funded. However, these are set by OCHA at country level so there was some variation between the funds. The Angola fund originally had a limit of \$100,000 but this was eventually increased to \$200,000. The Indonesia fund also set a limit of \$100,000, which has been maintained for the duration of the fund. In Liberia, the fund had a limit of \$130,000, though it could provide up to \$200,000 in exceptional circumstances (but it never did). The Somalia fund has the highest ceiling on project size - \$250,000. An OCHA interviewee argued that it is helpful for ERFs to set a limit on project size, particularly if they are small. Otherwise they may fund only a handful of large projects instead of targeting a range of needs. However, as described in section 3.2.2, a low limit can prove to be counterproductive.

There is no limit on the size of projects in the DRC though the projects funded by OCHA have tended to be modest – usually just over \$100,000. Projects for logistics and transport have tended to be smaller – usually well under \$100,000. In Ethiopia, too, there is no limit on project size and the average project size has been about \$400,000. However, advisory board

members were concerned that they may be pressured into supporting the large on-going humanitarian programmes of UN agencies instead of focusing on the fund's comparative advantage as a strategic, gap-filling mechanism. Therefore, they were considering whether it would be helpful to set a limit of \$600-700,000, with the option of funding larger projects in exceptional cases.

Recommendation 2: OCHA offices should set limits on project size, in consultation with the ERF advisory board. This can ensure that a small fund does not finance only a handful of large projects and it can also keep ERFs focused on emergency needs instead of covering large-scale, on-going humanitarian programmes. The limits should be flexible, though, and reviewed periodically to ensure that they are appropriate.

2.2.4 *Timescales*

Table 2 shows the average time taken for OCHA to process a proposal, from its submission to the signing of the grant (the process is described and discussed in section 3.1.2). It also shows the average time taken for Geneva to disburse the first tranche of funding (from the date of the fund transfer request). The figures in brackets are the minimum and maximum times taken in each case. The figures are based on random samples of projects in each country. Where possible, projects were selected over the time that the funds have operated¹¹. This shows that it is possible for OCHA to approve projects quickly – recently, the Ethiopia fund has approved projects in an average of just over 10 days. Similarly, OCHA Geneva can disburse quickly – the average for projects in Indonesia was less than 10 days. However, in general, the average time for project approval has been 30-40 days and the average time for disbursement has been three weeks.

The minimum time figures show that some projects are processed very quickly indeed. For example, when it was first established in Angola in 1997, the ERF was very quick. In one case, the OCHA team in the field took just three days to agree upon a proposal and Geneva disbursed the first tranche of funding in six days. However, after 2000, when the number of proposals being dealt with increased substantially, the process slowed down considerably. In Somalia, though, the shortest time taken to process proposals in 2005 was 22 days and projects financed from the tsunami fund took a minimum of 38 days to be processed. Of all the funds examined, the one in Ethiopia has developed the fastest response time, with one urgent proposal being approved and signed in two days.

It should be noted that the approval time includes time taken by applicants to revise proposals and respond to questions from the advisory board so it is not necessarily an indication of slowness on the part of OCHA or the advisory board. In many cases, the advisory board has just 48 hours to respond so this should not usually cause delays. In a few cases, though, delays occurred because the Humanitarian Coordinator was out of the country and unavailable to sign grant agreements. However, it is now generally common practice to allow the Acting HC to sign the agreements.

The speed of approval should also be taken in the context of the kinds of projects being financed. In many cases, the projects were addressing on-going needs rather than the first phases of a rapid-onset crisis. This may be one reason why respondents were satisfied with the approval process and emphasised that the funds were faster than other donors. Issues around the speed of disbursement are discussed in section 3.1.1 below.

2.2.5 *Advisory boards*

When the ERF was first set up in Angola, OCHA alone made recommendations on funding or rejecting proposals. From mid-1998 onwards, though, other UN agencies were consulted

¹¹ In some cases, like Somalia and Indonesia, this was not possible because project documents from the early days of the fund did not record the date that proposals were submitted and other key dates.

for technical input into projects and this process has been used in all subsequent ERFs so that each fund has an advisory or review board. This has helped to make ERFs more inclusive and to overcome hostility towards the fund from UN agencies. As an OCHA staff member in one of the case study countries explained, OCHA would have ‘taken flack’ for establishing the ERF had it not given UN agencies a role in decision-making through the advisory board. In Ethiopia, the process of negotiating the establishment of the ERF took a year because of discussions with UN agencies. While this was a considerable delay, OCHA staff felt that it has created tremendous buy-in from the agencies so that they were willing to send senior staff to weekly advisory board meetings – a huge time commitment.

As Table 2 shows, the boards have varied slightly in size and composition. Although they usually comprise UN agencies, the Ethiopia and Somalia funds provide representation for NGOs as well. This has been found to be extremely useful because it has promoted joint activities and collaboration between UN agencies and NGOs that would not have taken place otherwise.

Recommendation 3: ERF advisory boards should represent NGOs as well as UN agencies.

The situation in the DRC is different because there have been a number of mechanisms with different decision-making procedures, which are described in detail in the DRC Aide Memoire. The EHI fund, used to fund logistics costs and assessment missions, relied on a provincial level body, the CPIA (Comité Permanent Inter Agences), to assess whether a project should be funded. This represents UN agencies as well as international NGOs. The exact size of the CPIA varies from province to province. As noted in section 2.1, the RRF/RRM is based on a network of ‘focal point NGOs’. Therefore, at provincial level, the RRM committee comprises OCHA, UNICEF and the focal point NGO. OCHA and UNICEF staff in Kinshasa are also involved in decisions.

2.2.6 OCHA fund management

Table 2 provides an overview of the number of staff members involved in managing the ERF in each country. This shows that staffing levels have varied across the funds:

- Although the Angola fund was one of the largest funds, it only had one international staff member as an ERF manager and one national staff member plus support from the deputy head of the OCHA office and field staff. Since the Angola fund also financed the largest number of projects and the ERF manager checked every financial report against the receipts provided, it is not surprising that the average response time for the fund is 47 days (one of the highest reviewed).
- The Ethiopia fund has the largest management team since it has disbursed the largest amount of money in one year. Also, unlike some funds (e.g. DRC and Angola) field staff have not played a role in advising on project relevance or in monitoring.
- In the DRC, the Rapid Response Unit comprises three staff members but the heads of OCHA field offices in the East also play a crucial role in the approval process (see the DRC Aide Memoire).
- In Somalia, shortly after the fund was established, senior OCHA staff changed so the fund was managed by short-term or acting heads of office for about a year. During the review, the fund was managed by two national staff members. A Donor Relations Officer has now been added as a fund manager.
- Although OCHA staff are usually dedicated to fund management, in Indonesia, the one ERF manager has had to deal with a wide range of other tasks as well. For example, the initial manager was also a Donor and NGO Relations Officer while her successor has served as a Public Information/Communications Officer.

To ensure that ERF projects are processed quickly and given due priority, it is important for an ERF to have at least one dedicated manager skilled in managing relationships with recipients and able to give the fund strategic direction. Otherwise, as experience in Somalia

has shown, the fund does not operate effectively in meeting urgent needs. The number of staff appointed to manage an ERF should be a factor both of the fund's size as well as the number of projects administered and the types of organisations funded (local NGO grants are likely to be smaller and more time-consuming to administer).

Table 2 shows that, in some countries, OCHA has charged management costs in addition to the 3% Programme Support Cost fee. The issue of resources for fund management is discussed further in section 3.2.4.

2.3 Range of activities financed

Since ERFs have grown out of country-specific needs, they have financed a wide range of activities (though they have all covered health, water and sanitation or emergency food programmes to some extent). For example, the Angola ERF funded mine clearance and awareness raising, which was a major problem. The DRC funds have covered logistics and transportation costs, since these are very high and other donors are often reluctant to finance them. One of the aims of the DRC funds was also to increase humanitarian access so they have financed projects that have rehabilitated roads and bridges or airstrips on a temporary basis. In addition to project funding, OCHA has obtained funding for Emergency Field Coordination Units¹². The Somalia fund was established in response to drought and piloted cash-for-work projects as an alternative response to traditional food distribution.

Annex 2 has extracts from ERF guidelines outlining the types of activities that they would fund. These show that the guidelines vary greatly in their level of specificity. For example, the Angola and Indonesia guidelines have not specified the sectors or types of activities that were eligible for funding whereas the Liberia fund guidelines did. The Somalia and Ethiopia fund guidelines focus more on selection criteria such as demonstrating that a project will have a positive effect on the lives and livelihoods of those affected by a crisis.

Activity	Angola	DRC	Indonesia	Liberia	Somalia
Agriculture, Fisheries and Seed Distribution	13	10	1	5	4
Capacity Building	5				
Cash for Work					4
Children (special programmes)	4	4	3		
Education	5	1			
Emergency Relief	35	5	9	1	10
Food and Nutrition Support	19	8	1		2
Health	46	10	14	7	
IDP and Refugee Assistance	61	11	9	3	
Income Generation	1		2		5
Increasing Humanitarian Access		19	1		
Logistics and Transportation		21			
Mine Clearance/Awareness	24				
NFI Distribution	23	12	1		
Post-Conflict Recovery			4		
Shelter			3	2	1
Water & Sanitation	35	6	2	7	8 ¹³
Other	5	13	6	1	5
	276	120	56	26	39

Table 3: Range of activities financed by ERFs

¹² These are mobile units which can be set up for a short time in the location of a sudden emergency. Data on funding for these units is not reflected in this report, which focuses on OCHA funding for other organisations.

¹³ This refers to water trucking projects and other projects to rehabilitate water sources to combat drought conditions, not traditional water and sanitation projects.

Projects in the 'other' category in the table above include:

- an environmental programme in Angola;
- support to focal point NGOs and strengthening coordination in the DRC as well as a project to assess aviation safety for humanitarian actors;
- training programmes as well as a project to collect data on IDPs and a health and nutrition assessment in Indonesia;
- a project to provide protection to women in Liberia;
- an anti-retroviral treatment project, solar cooker distribution and relocation of economic migrants in Somalia.

Sometimes, the types of activities financed have changed in response to changing circumstances. In Angola, early on, the ERF funded a range of emergency activities, such as the distribution of soap and clothes during scabies outbreaks. However, as the situation changed and people began to return home, it supported mine clearance and awareness activities. The Indonesia fund was originally set up to support conflict-affected populations in Maluku, central Sulawesi and Aceh. However, as the needs of these groups changed, it also supported post-conflict recovery activities. The fund had money remaining when the Yogyakarta earthquake struck in May 2006 so OCHA used this to fund two transitional shelter projects and the distribution of household and hygiene kits.

3.0 Review Findings

The Terms of Reference for the review identified a number of specific questions that the review should address. These have been grouped together and addressed under the following five headings – decision-making, roles and responsibilities; efficiency and accountability; relevance and effectiveness; coherence and connectedness.

3.1 Decision-making, roles and responsibilities

3.1.1 Decision-making procedures

There are slight variations in the decision-making structures in each country but Figure 1 below outlines the basic decision-making procedure. It includes the range of time that each step can take. These are very broad generalisations because times vary not only across funds but by project within a fund and interviewees did not have clear memories about the timescales involved.

Proposal development, submission and review by OCHA

NGO interviewees said that they usually discussed proposals with OCHA (either at field office level or in the national capital) to check on funding availability and whether they fitted with OCHA's priorities. Proposals are submitted either to a field office (e.g. in Angola or DRC) or at national headquarters level (Nairobi in the case of the Somalia fund). At this point, OCHA usually obtains feedback on the design quality of proposals from two sources – its own field staff and technical experts in operational UN agencies. In Angola, for example, if proposals were submitted to OCHA in Luanda directly, rather than to a field office, staff in Luanda would immediately send them to the relevant field office for comment. OCHA staff tend to obtain technical advice from UN agencies before proposals are submitted to the advisory or review board (as in Ethiopia and Indonesia). In Somalia, though, advisory board members share proposals with technical experts within their organisations to get their input.

If project proposals do not meet with OCHA's funding criteria or are not deemed to be technically sound, OCHA may request revisions to the proposal or simply reject it. In some countries, such as Indonesia, all proposals are sent to the advisory board and OCHA either recommends them for funding or not. In others, like Somalia, rejected proposals are not sent to the advisory board. While Somalia ERF board members did not want to read every single proposal submitted to OCHA, they suggested that OCHA provide at least quarterly

summaries of the rejected proposals in case they were able to develop proposals further with NGO partners or fund proposals directly.

Recommendation 4: OCHA offices should agree with the advisory board on how (and how frequently) to present information on projects that are deemed unsuitable for ERF funding.

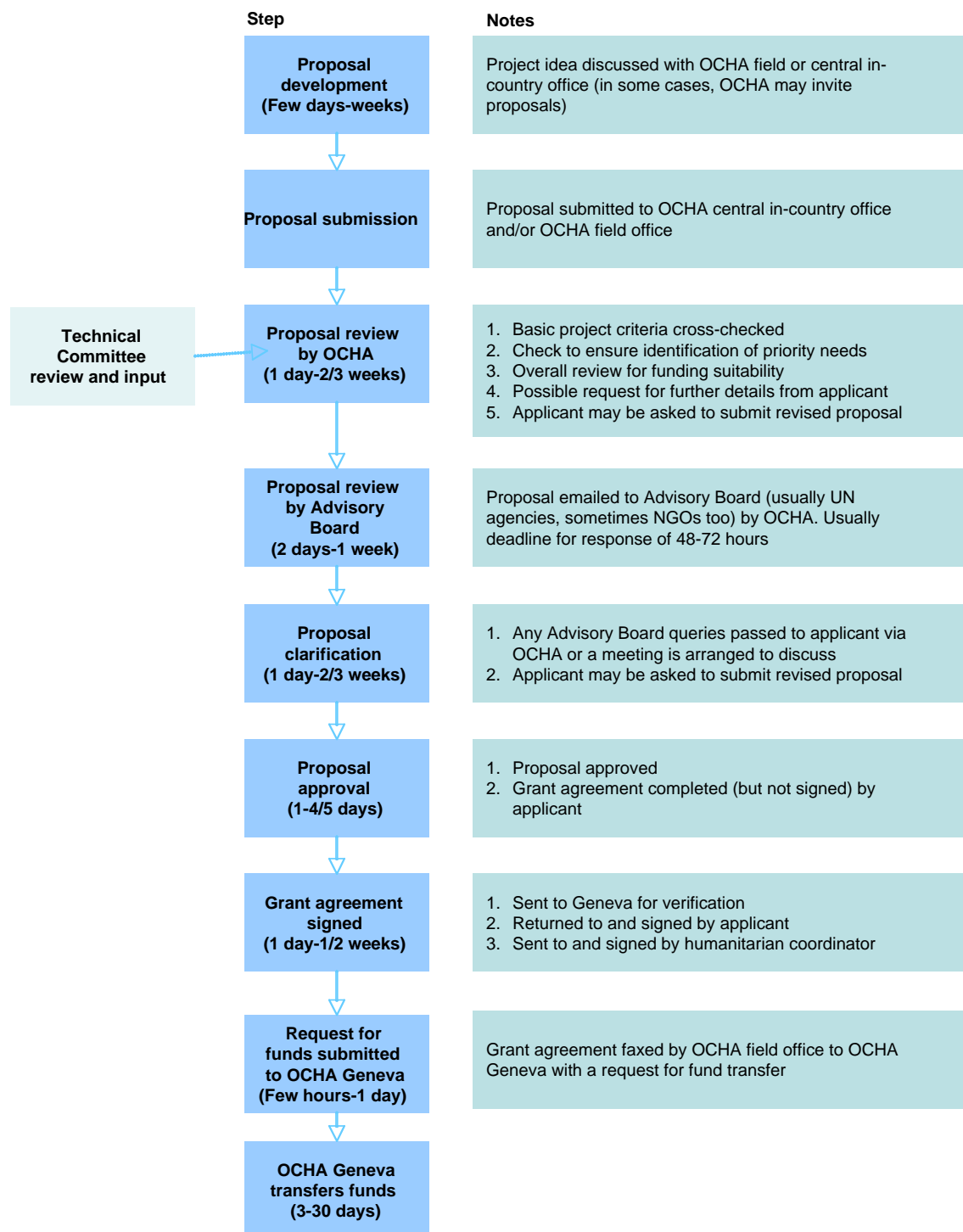


Figure 1: Outline of ERF decision-making procedure

Role of Advisory Board

The advisory board may receive and comment on proposals via email or meet in person or both. In Indonesia and Somalia, the board reviews proposals electronically. However, the Somalia board meets approximately quarterly and, in Indonesia, a board meeting is called if there is disagreement about whether a proposal should be funded or if there are serious concerns about a proposal. In Ethiopia, though, the board decided to meet to discuss proposals. In the early stages of the fund, there have been a large number of proposals to review so the board was meeting weekly. However, as of mid-October, the board decided to try fortnightly meetings.

When an advisory board reviews proposals via email, it is usually given a deadline of 48-72 hours to respond. In countries like Somalia and Indonesia, silence is taken as assent. This poses a danger that board members have simply not seen the proposal (because they are travelling, for example). Also, though it does not seem to have happened so far, there is always a danger that board members will fail to give proposals due consideration because they have too many other demands on their time or limited commitment to the ERF, given that the ERF is not part of their performance assessment criteria.

Recommendation 5: Advisory boards can be consulted electronically but OCHA offices should insist on a minimum of 2-3 responses for each proposal. Also, advisory boards should meet at least quarterly to discuss ERF-related issues.

If the advisory board has questions or concerns about proposals, OCHA requests clarifications or amendments from applicants. It is very rare for a board to completely reject a proposal though, if there are lots of questions or changes required an applicant may withdraw its proposal.

Advisory boards play a critical role in ERF decision-making procedures but a number of members pointed out that they receive no feedback from OCHA on the status of projects once they have been funded. This would be helpful for transparency and monitoring purposes, particularly when board members have projects in the same areas.

Recommendation 6: OCHA offices should keep board members informed about the progress of ERF projects, as well as any difficulties with their implementation. To promote transparency and avoid funding duplication, OCHA offices should explore ways of making ERF funding information public, such as a website.

Approval and signing of grant agreement

Once the board has approved a proposal, the grant agreement has to be signed by the recipient and the HC. The requirement to have the grant agreement verified by OCHA Geneva (shown at the 'Grant Agreement Signed' stage) is relatively recent. Field offices have questioned the need for this since they are using a template approved by the UN Office of Legal Affairs. This has led to delays, particularly in the DRC, where OCHA sends the grant agreement to the recipient organisation for completion but asks that it is returned unsigned. This is then sent to OCHA Geneva for checking. Once OCHA Geneva has authorised it, the agreement is returned to the applicant for signature. The applicant then has to send back the signed agreement to OCHA for the HC's signature. Since the grant agreement has to be signed as a hard copy and there is no postal system in the DRC, agreements have to be sent from Eastern DRC to Kinshasa, places which are at opposite ends of a country the size of Western Europe, by air. Table 2 showed that, with some notable exceptions, it can take 30-40 days to go through the proposal approval steps in Figure 1. The requirement for verifying the grant agreement is slowing down the decision-making process further.

Recommendation 7: If possible, OCHA Geneva should remove the requirement to check grant agreements, since the field offices are using a template and can take responsibility for

ensuring that recipients have not changed this. If this is not possible, OCHA Geneva must guarantee that it will verify agreements within a set time which should not exceed 24 hours.

Fund transfer

Once a grant agreement has been signed by both the recipient and the HC, the field office sends this to OCHA Geneva with a fund transfer request form. OCHA Ethiopia had been asked to submit documents to Geneva that are in addition to those provided by other offices. The Indonesia office only sends the grant agreement and the fund transfer request while the DRC office also sends the minutes of the CPIA or RRM committee meeting notes approving the project. However, in addition to the grant agreement and fund transfer request form, OCHA Ethiopia had to send its recommendation to the review board that the project be approved, the minutes of the review board meeting at which the proposal was approved and a letter from the HC endorsing the proposal he has signed¹⁴.

Recommendation 8: OCHA Finance needs to standardise its requirement for documentation for fund transfers from OCHA country offices and reduce this to the minimum level – the grant agreement and the fund transfer request form - which has proved adequate for the Indonesia ERF.

In grant agreements with recipients, OCHA makes a commitment to disburse within 7 days. However, as demonstrated by the figures in Table 2, the average time taken to disburse after receiving a transfer request from the field is actually over 21 days. Once a grant agreement has been signed, UN agencies and large international NGOs can pre-finance activities but smaller organisations, particularly local NGOs, cannot. Also, if a project involves a substantial purchase of relief items, it may be difficult even for large NGOs to pre-finance this. Since the fund is supposed to be a fast mechanism and many emergency projects are time-sensitive, it is important to speed up disbursement times.

Some of the delays also occur because finance officers have said that they are unable to disburse in the last week of each month, perhaps because they are busy with staff payrolls. Other delays occur because a new recipient organisation's bank details have to be entered into the system by UNOG. Finally, finance officers are over-stretched because the administrative unit has been under-staffed so ERF disbursements are not a priority at times, particularly as there is no incentive for finance officers to prioritise ERF disbursements. This should change when the Administrative Office expands in January 2007.

Recommendation 9: OCHA Finance needs to appoint at least one administrative officer with sole responsibility for disbursing ERF grants quickly. This will ensure consistency across funds and that ERF disbursements are given priority.

Recommendation 10: OCHA Finance should explore ways of speeding up the entry of new bank details into the system. For example, these could be sent to Geneva when an OCHA office recommends a proposal to the advisory board so that they will be in the system by the time the grant agreement is signed.

3.1.2 Roles and responsibilities

This section looks at the roles and responsibilities of various actors in turn – donors, UN agencies, OCHA and NGOs.

¹⁴ OCHA Geneva argued that the importance of the endorsement letter "is to show that the members of the Grants Committee 'met' and agreed to fund this project. The real document required is the minutes of the Grants Committee, however because the 'meeting' takes place in cyberspace we accept a letter from the Head of Office that states 'OCHA and members of the Review Board, namely: WFP, WHO'" However, this ignores the fact that, unlike in most countries, the Review Board does meet to approve projects and the minutes of these meetings are already forwarded to Geneva (again unlike other ERFs).

Donors

As noted in section 2.1, donors have initiated almost all the ERFs reviewed. The table below lists donors and their contributions to the different ERFs. This shows that the Angola fund had the widest range of contributors, whereas the Liberia fund only had one donor. The UK has been the most consistent and largest contributor to these funds while the Netherlands, Norway, Sweden and the USA have contributed to three funds each.

Donors have been very supportive of the ERFs because these funds have several advantages for them. They enable donors to:

- Fund small-scale NGO activities without the accompanying administrative burden;
- Ensure that funds are directed towards priority needs in a coordinated and coherent manner;
- Demonstrate their commitment to un-earmarked funding and to UN reform, particularly strengthening the role of the HC;
- Fund a wider range of organisations than they may be able to directly (e.g. local NGOs);
- Provide strategic/gap-filling funding without a large field presence.

As a result, one donor representative in Ethiopia said, "I don't understand why other donors haven't contributed to the fund". However, these advantages also mean that different donors can have different expectations from the fund. For example, in Indonesia, AusAID viewed the ERF as a way to channel funding to local NGOs whereas DFID, the other contributor, did not have a specific stance on the organisations financed. In Ethiopia, there was some confusion amongst donors as to whether the ERF should be their main channel of funding to UN agencies or whether it should be a gap-filling, emergency response fund.

Donor	Angola	DRC	Ethiopia	Indonesia	Liberia	Somalia
Australia				999,000		
Canada	922,132	257,207				
EC (AIDCO)	1,497,916					
EC (ECHO)	235,953	213,677				
Ireland						389,105
Italy	787,577					
Netherlands	6,264,331	753,586	5,000,000			
Norway	3,227,218		1,553,277			1,915,931
Sweden	2,865,868	1,509,824				420,549
Switzerland		25,675				
UK	4,197,339	11,334,953	8,923,000	2,863,899		5,516,613
USA	4,300,000	1,555,833			2,622,700	
Private	170,482					
Total	24,468,816	15,650,755	15,476,277	3,862,899	2,622,700	8,242,198

Despite their considerable support for ERFs, donors have tended to have limited engagement with the funds, probably because they are over-stretched. They are usually satisfied with OCHA's annual reports on the fund, provided at headquarters level. In some cases, though, OCHA offices have also reported at field level. Even if there is no reporting at field level, OCHA is usually in regular contact with donors and has a good relationship with them. A donor representative in the DRC said she was confident that, in the event of any

operational problems, OCHA would not hesitate to contact her¹⁵. Other donors would like more regular updates so the HC in Ethiopia has requested meetings with donors to clarify their expectations of the ERF there.

Recommendation 11: Each OCHA office managing an ERF should agree the frequency and content of any reporting and/or meetings with donors at field level. OCHA offices should also clarify donors' expectations from the fund – do they want OCHA to fund local NGOs as a matter of course, do they see the fund as a gap-filling mechanism or one of the main channels for funding to NGOs etc. Discussing these issues when a fund is being established will increase donor buy-in and commitment and will also avoid disappointing expectations at a later stage.

UN agencies

As described in the previous section, UN agencies provide technical advice on proposals and also form the advisory board that recommends whether a proposal should be funded or not. Although they are consulted by email in most countries (Somalia, Indonesia, Angola, Liberia and at national level in the DRC), this still requires a fair amount of time to read and comment on proposals, especially when they are given a 48-hour deadline to respond. At present, most UN agency staff members have contributed their time generously, even though ERF-related duties are not part of their job description or one of the criteria against which their performance is evaluated. However, there is a danger that, due to lack of time, they will not be able to give project proposals due consideration and, because silence is usually taken as assent, projects will be approved without any appraisal beyond OCHA's initial check.

Recommendation 12: OCHA should explore how UN agencies can take account of the time and effort that senior field staff put into supporting ERFs and build this into performance assessment.

The level of commitment of UN agency staff to the ERFs usually develops over time. In many cases, the agencies have been hostile initially to the establishment of these funds (e.g. Angola, Somalia and Ethiopia). This is because they perceive the funds as a threat to their own funding levels even though donors were clear that providing funding to ERFs and to UN agencies is not a zero sum game, i.e., funding to one is not at the expense of funding to the other. In countries, like Somalia and Ethiopia, where the ERFs channel resources to UN agencies as well as NGOs, the funds may be perceived as a barrier between individual agencies and their donors. However, in time, the agencies come to realise that the funds are not a threat but actually promote coordination and collaboration, particularly with NGOs. They then become strong supporters, as they have done in Somalia and Ethiopia.

Recommendation 13: To avoid hostility towards new funds, it would be useful for OCHA senior management to have discussions with other UN agencies at headquarters level to explain how the fund works, how UN agencies have been involved, its advantages for the UN agencies and the fact that their field staff have come to be amongst the strongest supporters of the fund. OCHA could also ensure that information on ERFs is available on its website so UN staff members can find out more about them. It may also help to have a PowerPoint presentation available for field offices to use when discussing the establishment of an ERF with UN agencies at field level.

OCHA

OCHA manages the ERF on behalf of the Humanitarian Coordinator, who signs the grant agreement with the recipient agency. OCHA does not usually decide whether a proposal

¹⁵ She gave the example of a problem when a DFID-funded NGO sub-contracted an NGO to undertake an NFI distribution. An ERF-financed NGO was already covering the area so OCHA contacted DFID and the matter was quickly resolved, with the NFIs being directed to another geographical area.

should be funded or not – its role is simply to screen out proposals that are completely outside the remit of the fund. With all other proposals, OCHA obtains technical input and forwards them to the advisory board, which then recommends the proposal to the HC for funding or not. However, as described in section 2.2.5, in the DRC, OCHA, UNICEF and the focal point NGO form the RRM committee which decides whether activities should be financed, with the funding for focal points channelled through UNICEF, not OCHA. As part of its role as a secretariat for the fund, OCHA also monitors projects (see section 3.2.3).

ERFs have strengthened OCHA's coordination role because OCHA can not only identify unmet needs but also solicit proposals to address those needs. Also, the availability of funding gives NGOs an incentive to participate in coordination meetings. Finally, having proposals checked by the advisory board avoids duplication with their activities and can even lead to active collaboration between NGOs and UN agencies. As a donor interviewee pointed out, "OCHA is good at getting people to work together. They see this as their role." Thus, ERFs are helping OCHA to fulfil its mandate.

NGOs

NGOs are usually restricted to the role of fund recipients but, in Somalia and Ethiopia, international NGOs have seats on the advisory boards. It is useful for NGOs to participate in the advisory board because this gives them a seat at the table with UN agencies and enables them to establish collaborative relationships. In Ethiopia, the review board acts as an IASC so NGOs have also been able to engage in policy discussions.

It has already been recommended that NGOs are represented on advisory boards as a matter of course. In both Somalia and Ethiopia, there has been some discussion about giving local NGOs, not just international ones, representation on the board. In Somalia, there was some concern that, in light of the strong clan affiliations of the NGOs, they would be likely to press for funding to 'their' people or geographical areas. However, after the completion of the Somalia case study, a Somali NGO has been included. In Ethiopia, board members feared that the political links of the NGOs would restrict the free and frank discussions of the board. Nevertheless, local NGO representation would be one way to ensure that the boards are not overly Western in composition and reflect the priorities of local people.

Recommendation 14: Since NGOs are the main recipients of ERF funding, to avoid potential conflicts of interest by including them on advisory boards, ERFs could institute a rule that board members do not participate in discussion and decision-making on their proposals. Also, the NGO seats on the board could revolve periodically.

3.2 Efficiency and accountability

This section begins by outlining the ways in which ERFs have contributed to humanitarian response. It goes on to examine whether ERFs are fast, flexible and adaptable in practice. It then discusses monitoring and reporting issues and concludes with an overview of whether OCHA is a cost-efficient manager of ERFs.

3.2.1 Contributions to humanitarian response

Interviewees in recipient agencies highlighted the fact that ERFs have added value to humanitarian response in a variety of ways. For example, they have allowed recipients to:

- *Test innovative approaches*

In Somalia, the ERF was originally established in response to a drought and used to fund cash-for-work programmes rather than the traditional response of food aid. This allowed NGOs to test an innovative (and successful) approach, which they may not have been able to do otherwise.

- *Quickly respond to sudden emergencies*

When the mechanism was first established in Angola in 1997, approval and disbursement times were very short so the mechanism allowed NGOs to respond to urgent needs. In the DRC, the RRF enables NGOs to respond immediately to new population displacements or outbreaks of disease and one RRF donor argued that no other donor could support as quick a response. The Ethiopia fund has improved its response time sharply and, in an urgent situation, approved projects within one or two days.

- *Fill gaps in humanitarian response*

In Somalia, the fund has allowed IOM to address a recurrent problem of stranded economic migrants, which clearly had humanitarian implications but was not covered by any other donor. In Indonesia, the fund allowed NGOs to work in conflict-affected areas where needs were being ignored by other donors. In the DRC, early on, the ERF enabled students in the conflict-affected East to sit national exams. This was a form of peace-building that no other donor would finance.

- *Fill different types of funding gaps*

In Liberia and Somalia, some NGOs have used the ERF to start emergency work while waiting for other donor funds. Also, in Angola and Somalia, the ERF has allowed NGOs to continue providing emergency services during gaps between their other sources of funding. In the DRC, the fund has often covered transport costs for both NGOs and UN agencies, when this was crucial for an emergency response but unavailable from other sources.

- *Scale up response*

This could be by increasing the number of beneficiaries or by expanding activities geographically. In Indonesia a number of NGOs mentioned using ERF money to increase the number of beneficiaries served. In Somalia, being able to address the needs of a certain number of beneficiaries or cover certain geographical areas can be crucial for avoiding conflict and the ERF has provided financing for this form of scaling up when other funding sources were inadequate.

- *Increase humanitarian access and response capacity*

In the DRC, the ERF has been used to increase humanitarian access by funding road and bridge rehabilitation projects. Through the RRF, it has also been used to create a rapid-response capacity within focal point NGOs.

Given the range of ways in which ERFs have added value, it is not surprising that the review has found great support for the mechanism. NGOs in Angola and Liberia, where the funds are no longer operational, felt that the ERF could have continued to provide valuable support.

3.2.2 Speed, flexibility and adaptability

Interviewees had the impression that ERFs are fast and flexible, at least compared to other donors. However, as discussed in sections 2.2.4 and 3.1.1, on average, it can take 30-40 days to approve a project and a further 21 days to disburse the first tranche of funding. If humanitarian response is categorised into three phases – immediate response to a new emergency, addressing on-going emergency needs and post-crisis recovery activities, such response times make it difficult for the ERF to support the first phase. Table 5 summarises how and to what extent the funds have been useful for addressing the three phases of humanitarian response.

The one place where the ERF has genuinely supported rapid response is in the DRC. This is because it is based on UNICEF pre-positioning NFIs and signing annual contracts with focal point NGOs so that they can receive 60% of the funding in advance. In Ethiopia, prior to the establishment of the fund, UNICEF and the government had pre-positioned NFIs, which were extremely useful in responding to the recent floods. As a result, UNICEF has received \$1 million from the ERF to replenish these stocks.

Recommendation 15: OCHA offices and advisory boards should consider financing the pre-positioning of NFIs in disaster-prone countries where this would speed response.

Recommendation 16: OCHA Finance should consider replicating UNICEF’s arrangement with NGOs in the DRC, i.e. signing annual agreements with NGOs with the requisite capacity and providing them with some financing in advance. This could be used not only for NFI distribution but also to speed up other forms of emergency response in countries prone to rapid-onset disasters. If this is not possible due to the constraints of the Secretariat’s financial rules and regulations, OCHA could consider formalising cooperation with UNICEF to replicate the RRF structure (i.e. joint management) in countries where this would be appropriate.

Even outside of the RRF structure, ERFs have the potential to respond quickly (as demonstrated in Ethiopia). Providing rapid funding on a consistent basis would give ERFs a comparative advantage in relation to other funding mechanisms (section 3.4.1 outlines some of these emergency funds).

Recommendation 17: OCHA field offices should work with OCHA Finance to ensure swift response in urgent cases to be able to finance immediate response more consistently, particularly in situations like the cycle of droughts and floods in Somalia or in an on-going conflict which creates population displacements on a regular basis.

Country	Immediate response	On-going emergency needs	Early recovery
Angola	In early stages	Filled response & funding gaps	
DRC	Through RRF	Increased access, funding activities not covered by other donors	
Ethiopia	In few cases	Filled geographical and sectoral gaps	
Indonesia		Filled geographical gaps, allowed some scaling-up	Once nature of situation changed
Liberia		Filled response & funding gaps. Enabled local NGOs to respond.	Through a few livelihood projects
Somalia		Funded activities not covered by other donors & filled funding gaps	

Table 5: Utility of ERFs in different emergency phases

As highlighted by the previous section, ERFs have been useful for meeting on-going emergency needs in a variety of ways, such as improving physical access to areas of need, enabling NGOs to scale up their activities and filling gaps in response, whether geographical or sectoral. Hence, a number of NGO interviewees (in Indonesia, Somalia and Ethiopia) declared that they were satisfied with the speed of the funds.

In Indonesia, with the change to a post-conflict situation, the ERF has been a useful source of funding for early recovery activities. However, the ERF covered such activities when addressing a geographical gap – no other donor was providing funding for needs in Maluku and central Sulawesi. In Liberia, too, the support to a few agriculture and fisheries projects was deemed very beneficial (see section 3.3.1 below). However, in general, ERFs have not covered recovery activities.

ERFs showed some signs of adapting to changing circumstances so, for example, in Indonesia, the fund supported recovery activities when the regional conflict that it was

established to respond to changed to a post-conflict situation. Section 2.3 gave other examples of ERFs funding different types of activities in response to changing needs.

However, the review also found evidence of a variety of rules and regulations that limit their flexibility. In Indonesia, NGOs found it helpful that the ERF was willing to support recovery activities as needs changed. They emphasised that the ERF was a valuable donor even before the tsunami and more so after it because it was almost the only donor still supporting humanitarian and recovery projects outside of Aceh. However, because the fund had imposed a limit of \$100,000 on projects and only allowed a maximum of 7% of this to be used for administrative costs, it was not feasible for international NGOs to work with ERF funding unless it was supplemented by other sources of financing that could provide more realistic project and administrative costs. When this was not available, NGOs were forced to close their programmes despite the availability of ERF funding and the ERF was left with unspent money¹⁶. Section 2.2.3 described the project size limits applied by the different funds. Of these, the Indonesia fund was the lowest. In Angola, the ERF raised the ceiling on project size in line with need. Had the Indonesia ERF done the same, it would have allowed NGOs to work in an area of need and fill a gap left by other donors.

Recommendation 18: OCHA field offices, together with advisory boards, should set realistic ceilings on the size of ERF project size, recognizing that this determines what administration costs NGOs can claim and that very low limits can be counterproductive. Since OCHA field offices determine the percentage allowed for administration costs, they should be flexible about this as well.

Most ERFs (Angola, Somalia, Ethiopia and Indonesia) do not allow recipients to shift more than 10% from one budget line to another without written permission from OCHA (although in no case can the total budget increase). According to one administrative officer, this is not required by the Secretariat's financial regulations. But it can make it much more difficult for recipients to respond flexibly to changing needs. For example, in Indonesia, one NGO had said that it would provide hygiene kits but then could not find a supplier for these. It wanted to provide seeds and tools instead, as there was a need for these, but was deterred by the fact that it could take up to 2 weeks to get authorisation from OCHA and this would leave it with almost no time for distribution (because it was a short project). Therefore, the NGO preferred to return unspent money but this meant that needs that could have been covered went unmet. This rule may be one reason why the review did not find evidence of ERF recipients flexibly adapting projects in response to changing needs on the ground.

Recommendation 19: OCHA should remove the restriction on the amounts that can be moved between budget-lines. Instead, to ensure that ERF funding is spent on appropriate items, OCHA should provide guidelines on how much should be spent on deliverables overall. OCHA offices should also encourage recipients to discuss how they are adapting to changing needs on the ground.

In Somalia, NGOs were deterred from applying to the fund, thereby leaving needs unmet and ERF money unspent because the OCHA office had interpreted the rule stating that the ERF would not finance headquarters costs to mean the cost of communications and other operations in Nairobi. Since it is virtually impossible for international organisations to be based in Somalia, if NGOs could not cover the cost of calls or travel from their base in Nairobi to Somalia, it was impossible for them to oversee activities on the ground. Thus, in

¹⁶ Although Indonesia has been affected by a series of natural disasters since December 2004, the ERF did not change its objectives to finance the needs created by the natural disasters. This may be because, like the tsunami, these were well-funded. However, OCHA was put in the position of having to return left-over money to DFID. Then, with only one month left to spend it, it was able to get DFID's agreement to finance emergency shelter in the aftermath of the Yogyakarta earthquake.

the interests of ensuring that the majority of funds are directed towards beneficiaries, the OCHA office had unwittingly created a counterproductive situation.

All the above examples demonstrate that some ERFs have introduced rules that make them inflexible and in danger of being dysfunctional. Hopefully, one of the outcomes of this review will be recognition amongst OCHA field offices that the rules that they have copied from other ERFs are not unchangeable rules put in place by OCHA Finance or headquarters staff but, in fact, established or interpreted at field level. All OCHA staff members should also recognise that flexibility is one of the key comparative strengths of ERFs.

Other rules, such as the one disallowing the purchase of capital assets worth over \$1,500, also impede implementation by NGOs. When working in insecure environments with poor infrastructure, items like communications equipment and vehicles are vital for implementing organisations, particularly local NGOs who cannot finance them from other funding sources. If NGOs do make any capital purchase, these have to be returned to OCHA at the end of the project. In Angola, the OCHA office could not cope with computers and other equipment being returned so it devised a way to sign ownership of such purchases over to NGOs on condition that they were used for humanitarian purposes.

Recommendation 20: OCHA Finance should establish ways of allowing small organisations to purchase communications and other equipment on a case by case basis, when it can be demonstrated that this is essential for a particular working environment.

3.2.3 Accountability - reporting, monitoring and evaluation

All ERF recipients are expected to submit interim and final financial and narrative reports. In the case of NGOs, the payment of the final 20% of the grant is dependent on OCHA receiving satisfactory final reports, though UN agencies receive 100% of their funding up-front. Interviewees found the reporting format quite simple and straightforward though, in Somalia, organisations were expected to use logframes, which could be a hurdle for local NGOs. In some countries (like the DRC and Ethiopia), recipient organisations are also expected to provide monthly progress reports. In the case of very short projects, i.e., less than 6 months, or very small projects - \$100,000 or less - this creates an unreasonable burden, particularly since, in areas where there is an OCHA field office, OCHA is usually well aware of project activities.

Recommendation 21: OCHA offices should do away with the requirement for monthly reporting and reduce reporting to interim and final reports for projects over 3 months and to final reports only for projects less than 3 months.

OCHA has now introduced a requirement that every NGO project financed by the ERF should be audited. The cost of the audit is covered from the ERF and can absorb substantial resources. In the case of small projects, 10% or more of the total cost could be spent just on the audit (which then makes it difficult to justify a 7% limit on administration costs). Interviewees have argued that this puts great pressure on NGO staff, particularly in conflict areas where it is difficult to obtain receipts. Others have pointed out that receipts are no indication that project activities were undertaken since it is possible to obtain fictitious receipts in some countries¹⁷.

Donors have indicated that they are more interested in reporting on project impact than in financial reporting alone. Despite this, to date, none of the ERFs have commissioned evaluations of projects. The project visits conducted as part of this review were the first evaluations and, in Indonesia, led to follow up on the projects where local partners had not

¹⁷ One NGO interviewee mentioned coming across a project (not funded by the ERF) with receipts and documentation for a workshop that had never taken place.

implemented satisfactorily or where there had been unintended consequences. This highlights the value of such evaluations and suggests that they should be undertaken more systematically.

Recommendation 22: It would be a more efficient use of ERF funding if OCHA Finance removed the current requirement for every NGO to be audited (this could be reduced to spot checks if necessary) and used the money saved for independent evaluations of groups of ERF projects. Where possible, it would be useful to involve beneficiaries in carrying out evaluations.

All three national consultants found that monitoring was one of the weaknesses of the ERF. In Liberia, projects based in Monrovia were visited frequently - ranging from two to four visits - while those implemented in isolated places were barely visited at all. This was due to various constraints such as:

- OCHA's limited number of programme officers (only two);
- insistence on MOSS compliance, so that each trip required a minimum of two vehicles with two occupants each, excluding the driver;
- poor road conditions.

Also, once OCHA began to be integrated into UNMIL, staff paid little attention to monitoring ERF projects. The consultant concluded that the lack of monitoring "greatly contributed to the mixed output and average impact in River Gee County".

In Indonesia, as long as OCHA had a presence in Maluku and Central Sulawesi, staff regularly visited and monitored projects. However, no monitoring took place after the closure of these field offices. This is because OCHA then had only a small presence in Jakarta and its focus was on coordination. However, international NGOs implementing through local partners were allowed to budget for their own monitoring, which was a help.

One of the main reasons for OCHA's 'one visit per project' approach to monitoring is that it does not have sufficient staff for intensive monitoring. However, donors have suggested that they would be willing to finance the additional capacity that OCHA would require for this. The national consultants suggested that advisory board members should support monitoring activities because they have expertise in the areas of project implementation. However, advisory board members in each of the countries covered by this review have said that their staff are already over-burdened.

Recommendation 23: OCHA must ensure more regular and consistent monitoring of ERF projects, ideally throughout their life cycle – at the proposal stage, during implementation and after completion. Therefore, each office managing an ERF needs to consider how best to develop a monitoring capacity. It should be creative and explore options for monitoring with/through advisory board member agencies, government bodies, international NGOs (when they are implementing through local NGOs) and private monitoring agents.

Recommendation 24: To reduce the need for monitoring which is like 'policing', OCHA needs to develop partnerships with NGOs that are based on trust so that NGOs feel secure enough to be honest about reporting constraints and failures. OCHA has a good relationship with NGOs in most countries so field offices should share experiences with each other and replicate best practice so that they can build trusting relationships on a consistent basis.

3.2.4 OCHA as fund manager

Compared to other UN agencies, OCHA appears to be a cost-efficient manager of ERF funds and able to disburse funds quickly - potentially within 3-5 days. As part of the Secretariat, OCHA charges a 3% 'Program Support Cost' fee on contributions to ERFs

(although its normal fee is 13%) but this goes into the overall OCHA budget and is not used specifically for ERF management costs. UNICEF charges 7% for fund transfers while UNDP charges 1% when acting as an Administrative Agent (i.e., channelling funds to UN agencies)¹⁸. As shown in Table 2, a few OCHA offices have charged donors an additional amount for administration costs directly related to fund management in the field. The Liberia ERF included a budget in the grant agreement with the donor for 'salaries and operating costs' of \$238,877. In 2005, OCHA in the DRC charged \$99,410 and \$120,511 for the EHI and RRF respectively. In Ethiopia, OCHA charged \$269,000 for fund management in 2006¹⁹. The other funds did not charge any costs in addition to the 3% fee so, in these cases, this has covered a more active grant management service than provided by UNDP and UNICEF.

A review of the Pooled/Common Funds in Sudan and the DRC²⁰ has found that, while UNDP was adequate as an Administrative Agent for funding to UN agencies, it did not perform well as a conduit for funding to NGOs because of internal regulations and its use of a contracting format that is inappropriate for humanitarian programming. Also, several NGOs (in Angola and the DRC) have found UNICEF to be slow to disburse. Therefore, if OCHA can ensure that Geneva consistently disburses as quickly as it is capable of doing and can continue to cover some field management costs directly, it will continue to be a cost-efficient way to administer ERFs.

OCHA's fees suggest that the funds cost a minimum of just over \$200,000 to manage in the field although there were considerable differences in the amounts managed – with similar administration charges, the Liberia fund managed just over \$2 million while the Ethiopia ERF has managed over \$15 million. However, the level of management required does not depend on the size of the fund alone but also on the number of projects funded (if, as in Angola, the ERF supports a large number of small projects each year, this is more staff intensive) and on whether the fund finances local NGOs - this involves more staff time to help with applications and reporting and for supervising implementation.

It is interesting that some OCHA offices chose not to charge donors for these real management costs. This does make the fund more cost-effective, given that the 3% fee translates into a substantial sum if the fund is a large one, as in Ethiopia. However, OCHA needs to ensure that it has sufficient human resources for fund oversight, particularly monitoring. Even a small fund requires staff time committed to it to ensure strategic direction and good relations with stakeholders. The absence of this dedicated attention can reduce the effectiveness of the fund, as it has done in the past in Somalia. As noted earlier, donors have expressed more interest in learning about the impact of project activities than financial reporting while one donor expressly wanted OCHA to fund local NGOs in Indonesia. Donors are usually willing to finance the additional capacity required for monitoring or managing small grants to local NGOs. OCHA needs to explore internally, between headquarters and field staff, the issue of human resource requirements for fund management and the staff costs involved and to decide under what circumstances OCHA needs to levy a charge to cover staff costs.

¹⁸ This is the fee that UNDP has charged for the Iraq Multi-Donor Trust Fund as well as the Pooled Funds in Sudan and DRC. However, the sums involved here are much higher than any ERF – around \$100 million in Iraq and Sudan and about \$80 million in the DRC. Therefore, UNDP has received much higher absolute amounts than OCHA has with its 3% fee for ERFs.

¹⁹ OCHA Ethiopia estimates that this cost will rise to \$440,000 in 2007, specially if it puts in place additional monitoring capacity.

²⁰ 'Common Funds for Humanitarian Action in Sudan and the Democratic Republic of the Congo: Monitoring and Evaluation Study'. Center on International Cooperation and Humanitarian Policy Group. December 2006.

3.3 Relevance and Effectiveness

This section begins by looking at whether ERFs have been relevant for addressing shortages in humanitarian funding and addressing local priorities. It goes on to discuss the timeliness and effectiveness of ERF funding, including whether projects achieved their objectives.

3.3.1 Relevance

Section 3.2.1 described the ways in which ERFs have addressed shortages in humanitarian funding. These shortages have been both sectoral - financing important but neglected activities such as support for the families of demobilised soldiers in Angola or assisting stranded migrants in Somalia - and geographical - covering humanitarian needs in geographical areas ignored by other donors, such as Maluku and central Sulawesi in Indonesia. In the DRC, by opening up humanitarian access, the fund was able to increase the level of humanitarian activity in the country. This demonstrates that ERFs are definitely useful for addressing sectoral and geographical gaps in humanitarian response. However, section 3.2.2 made the case that it would also be useful for ERFs to fund the time gap between the occurrence of a rapid-onset emergency and the availability of funding from other donors, the first phase of an emergency response.

In terms of relevance to local communities, findings by the national consultants in three countries – Liberia, Indonesia and the DRC – indicate that the local communities and authorities found ERF projects to be in line with their needs and priorities. The report from Indonesia states, *“According to the ERF beneficiaries, projects funded under this mechanism have addressed their urgent or basic needs (e.g. clean water, latrines, etc), but also other needs that have helped them restart their lives (e.g. income generation, rehabilitation of public services)”*. Similarly, the Liberian consultant reported, *“Almost all beneficiaries interviewed said that it [ERF] responded to urgent needs. For instance, one NGO tackled emergency health care and cholera reduction, while funds allocated to three others targeted water and sanitation. Funds were also made available to three NGOs for agricultural recovery and rehabilitation”*. This demonstrates that the ERFs have been sensitive to the range of needs in different countries – in Indonesia, income generation was critical to support returning IDPs and reduce the potential for continuing conflict (even though it is not traditionally seen as an emergency activity). In Liberia, agriculture-related support was vital because 70% of the population survives on subsistence farming.

3.3.2 Timeliness and effectiveness

It is difficult to evaluate the impact of ERFs on the timeliness and effectiveness of humanitarian response as a whole in complex situations like the DRC (where a number of funding mechanisms, including the Pooled Fund and the CERF, are operating) or Indonesia (where response has been driven by the tsunami, not the conflicts for which the ERF was established). In Somalia, the effectiveness and coverage of humanitarian programmes is determined by the security situation and access rather than the availability of funding.

However, it is possible to argue that ERFs have improved overall humanitarian response by covering needs that would have gone unmet otherwise. The Indonesia ERF allowed NGOs to continue responding to the needs of conflict-affected communities in Maluku and central Sulawesi to some extent when other donors had shifted their attention to Aceh and there was almost no funding available for these areas that continued to be in need and in danger of slipping back into conflict. In Ethiopia, the knowledge of advisory board members meant that, following the 2006 floods, instead of funding activities in an already well-resourced area of the country, the ERF directed resources to Amhara, where needs had been overlooked. In Angola, one interviewee argued persuasively that assistance provided through the Quartering ERF played a significant role in keeping the peace process on track (see the Angola Aide Memoire for further details).

In relation to the effectiveness of individual projects, the project evaluations conducted by the national consultants provide some evidence that ERF projects have generally achieved their objectives. This review only evaluated 19 out of the total of 538 projects financed by ERFs, which is a small sample. However, these gave no indication that projects had serious problems attaining their stated objectives. An international consultant visited five projects in Ethiopia for the DFID-commissioned review but these were at an early stage of implementation. This review also examined a sample of reports by recipient organisations and interviewed OCHA staff about their monitoring activities.

In Indonesia, a couple of projects experienced unanticipated difficulties after completion. One project aimed to provide potable water to IDPs and their host communities. However, beneficiaries were expected to contribute towards the cost of electricity for the water pump. The poorest people, who were unable to do this, were then reluctant to take water and were, therefore, left without drinking water. In another, similar, case, the local community could not afford fuel for the generators for the electric pumps so they began to make unauthorised use of the state electricity network and left the generators unused. Following the evaluation, OCHA has asked the implementing organisations to address these problems.

On the other hand, several ERF-funded projects had beneficial impacts beyond their immediate objectives. For example, ERF projects in Indonesia indirectly supported reconciliation and integration between communities that had experienced conflict. They also improved relations between IDPs/returnees and host communities in post-conflict areas. In east Java for example, host communities benefited from water supply and distribution systems that were originally aimed at IDPs. The host communities were involved in water committees and contributed their land for the construction of the systems. In both Indonesia and Liberia, support for farming and fishing activities led to increases in income which then enabled beneficiaries to send their children to school.

3.4 Coherence

This section begins by putting the ERF in the context of other funding processes and mechanisms – the CAP, the CERF and Pooled Funds. It goes on to examine whether an ERF has a discernable effect on humanitarian funding levels for a country.

3.4.1 ERFs and other funding mechanisms

This section begins with the CAP before going on to cover the CERF and Pooled Funds. Three of the six ERF case-study countries also received CERF funding – DRC, Ethiopia and Somalia – while one country (DRC) also had a Pooled Fund.

Consolidated Appeal Process (CAP)

In some countries, like Angola and the DRC, the ERF has been included in the CAP as an OCHA project. In Indonesia, the ERF was not included in the CAP because it was established with a spontaneous contribution from the UK. In Liberia, the fund only received one OFDA grant so it, too, was outside the CAP. UN agency respondents thought that it was a good idea for ERFs to be included in the CAP because this is the UN's main coordination and emergency response tool. However, in some cases, the ERF has received more funding than requested in the CAP because it is inherently attractive to donors. In Angola, this was seen as taking away funding from operational UN agencies and led to hostility towards the ERF.

Recommendation 25: To enhance coordination and transparency, OCHA offices should include ERFs in the CAP or its equivalent consistently but not as an OCHA 'project', since OCHA is not an implementing agency.

The Humanitarian Response Review suggested that there should be an ERF in every country with a CAP, perhaps as a percentage of the CAP. However, this would be

impractical. If ERFs are established in every CAP country, OCHA will have to make a substantial investment in putting in place the necessary staff and management structures but there is little evidence to suggest that donors will contribute to them consistently – while donors have seen the advantage of supporting ERFs to meet needs in particular countries, it is not clear that they would support them in general.

Central Emergency Response Fund (CERF)

Three countries covered by the ERF review also received CERF support – the DRC, Ethiopia and Somalia, though Somalia’s funding was after the completion of the case study. Since the aim of the CERF is to complement, not replace, other sources of funding, there should not be any conflict or duplication between them. The key differences between the ERF and the CERF are summarised in the table below.

Characteristic	ERF	CERF
Recipients	Largely NGOs, both international and local	UN agencies only (NGOs access funding as sub-contractors)
Scale	Small overall fund size and relatively small project size	Large-scale funding - \$38 million for DRC is far bigger than any ERF. Individual project size also bigger
Time limits	No set limit on commitment of funds but, once grant agreement signed, projects have a 6-month time limit (with the possibility of a no-cost extension).	Rapid response funds must be committed within 3 months. Under-funded emergency money must be committed within the calendar year.

Table 6: Differences between CERF and ERF

Table 6 shows that one of the main differences between the funds is that the CERF is for UN agencies only, so that NGOs access the money as sub-contractors. ERFs, on the other hand, largely finance NGOs (as demonstrated by Table 2).

The second difference is the scale of funding. The CERF takes a global approach to addressing funding shortfalls and provides large blocks of funding for rapid response or under-funded emergencies. It has provided just under \$10 million for flood response in Ethiopia, \$16.6 million to Somalia and \$38 million from the under-funded emergencies window to the DRC. The amount to the DRC is far bigger than any ERF while even the \$10 million to Ethiopia is more than most ERFs have disbursed over several years. As country-level funds, ERFs play a valuable role in providing relatively small-scale support for critical and gap-filling activities within a crisis. The Ethiopia ERF, which is the only one that has given comparable grants to UN agencies, has recognised this difference. Hence, the advisory board is considering setting a ceiling on project size to avoid making large grants to on-going UN programmes, which can be better covered by other funding sources like the CERF.

The third difference in the operation of the two funds is in the timing of commitments and disbursements. Once a donor has contributed to an ERF, there is usually no short-term time-limit on committing funds - this is based on demand. However, once a grant agreement has been signed, projects are a maximum of six months in duration though it is possible for recipients to get a no-cost extension²¹. Once the CERF has allocated funding to a country, rapid response funds must be committed to projects within three months though project

²¹ Since the six-month limit is set by field offices, the DRC Aide Memoire discusses the issue of whether this should be increased.

implementation can take place after this. Money allocated through the under-funded emergency window must be allocated within the calendar year²².

Recommendation 26: Since the CERF is very new and only began operating after the review started, it has not been possible to examine its relationship to ERFs in depth. In future, OCHA and advisory boards should look at the potential for overlap if an ERF funds UN agencies as well - this did not appear to be a problem in the DRC because most UN grants were very small and mainly for transport and logistics but it has been raised as a concern in Ethiopia. OCHA may want to consider restricting ERFs to NGOs to avoid duplicating CERF funding.

Pooled and other Funds

In the DRC, a Pooled Fund was established in 2006. Since the ERF mechanism there was operating effectively, all stakeholders were keen to protect it. As one interviewee put it, they were clear that the mechanism “was not going to get muddled up with the Pooled Fund. It would stay separate and not be subject to an unhelpful reinvention of the wheel”. Therefore, the Pooled Fund simply guaranteed a minimum level of support to the mechanism.

Although both funds are managed by OCHA (by different units), there are no formal links between ERF projects and Pooled Fund-supported activities, though this could prove valuable. For example, the ERF usually provides support to IDPs or for ‘new’ emergencies for a maximum of six months, on the understanding that other donors will finance support after this. Therefore, although OCHA does work with ERF partners to encourage longer-term funding from other sources, stronger links between the two funds could ensure more coordinated support to beneficiaries.

In other countries, OCHA does not seem to have focused on whether other donors could continue support for the activities financed by the ERFs. This may be because it is operating under the assumption that the ERFs are only addressing short-term needs, which do not need continued support after the end of the ERF project. This is true in some instances, like a short-term health intervention to address a cholera outbreak or when the ERF finances transport or an assessment mission. However, in many cases, the population served by an ERF project requires on-going assistance and it would be helpful if OCHA encouraged NGOs to think about finding other funding sources or even proactively linked NGOs with other donors (as OCHA DRC and OCHA Ethiopia have done).

In Ethiopia, a whole range of funds exist or are being proposed, including a WFP/World Bank weather based insurance scheme, the government’s National Disaster Prevention and Preparedness Fund and a government-managed contingency fund for large-scale response in a drought emergency. To ensure good linkages between the ERF and other funds, the HC has suggested establishing a high-level steering committee representing all the key stakeholders.

Recommendation 27: OCHA offices should promote links between ERFs and other country-level humanitarian funds, particularly when these are managed by OCHA as well. Where there is a plethora of funds, it may be useful for the HC to establish a committee of those involved in the management of other key funds supporting, or taking over from, humanitarian activities to ensure complementarity between the funding mechanisms.

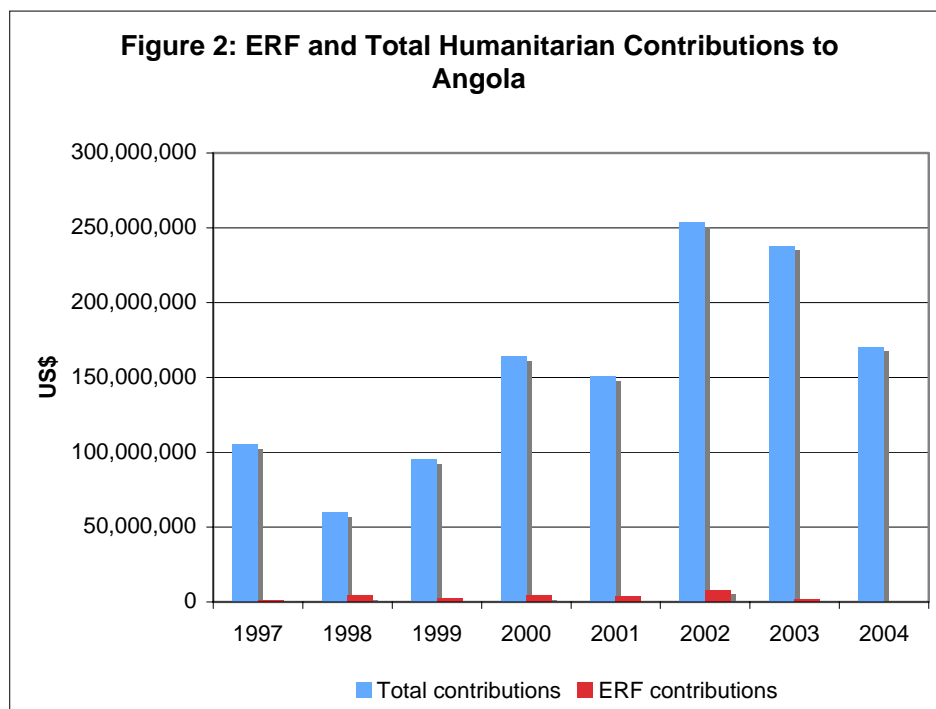
3.4.2 ERFs and overall levels of humanitarian funding

It is difficult to attribute the levels of humanitarian funding available for a crisis solely to the presence of an ERF. For example, in 2006, the DRC received \$72 million through the Pooled

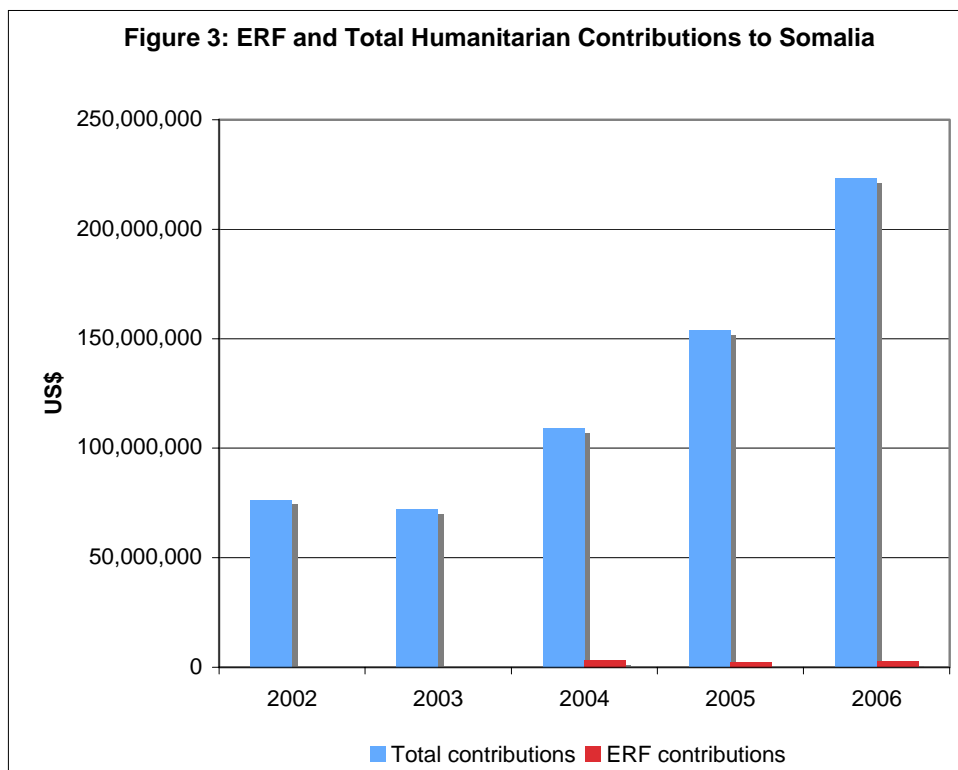
²² Though the commitment deadline for 2006 was extended to 30 June 2007 due to initial difficulties with the CERF.

Fund and \$38 million from the CERF's under-funded emergencies window while the ERF has remained at a steady level. Rather than making the case for all six countries individually, this section provides examples from Angola and Somalia to demonstrate this.

Figure 2 below uses FTS data to show emergency contributions to Angola for the duration of the fund as well as contributions to the ERF (ERF contributions are not included in the total contributions column). This demonstrates that the ERF only channelled a small proportion of the resources that flowed into the country, ranging from less than 1% to 6.7% in 1998. Also, given that total contributions fell sharply between 1997 and 1998 while ERF contributions rose considerably, from under \$1 million to almost \$4 million, this suggests that overall humanitarian funding levels were not greatly influenced by the ERF.



Based on FTS data, Figure 3 below shows contributions to Somalia from 2002-2006. While the substantial increase in 2004 coincides with the setting up of the ERF, it also reflects the fact that there was a severe drought in the country that year. 2005 may have seen a further increase in humanitarian funding to Somalia because of the effects of the tsunami.



Although an ERF alone does not influence the level of resources available for a country in a given year, ERFs do complement other funding sources by supporting responses to emerging needs and filling other critical gaps. Also, in countries like Angola and Indonesia, where there has been a relatively low ceiling on the size of ERF projects, organisations tended to use ERF money to complement existing programmes, funded by other donors. In the DRC, relatively small amounts of money for transport (\$9,000 or \$15,000) have enabled even UN agencies like FAO to deliver relief items that they would not have been able to provide otherwise.

3.5 Connectedness

This section begins by examining the links between ERF projects and longer-term activities and the extent to which ERFs promote adherence to common standards and humanitarian action plans. It goes on to discuss whether ERFs should promote local capacity building. The section concludes with the issue of exit strategies, which would ensure that other funding mechanisms cover humanitarian needs when ERFs phase out.

3.5.1 Links to recovery

There was little evidence that ERF projects link directly to recovery programmes since they are intended to be short-term, one-off projects. In Ethiopia, though, applicants are encouraged to demonstrate links with recovery activities or other sources of funding that can take over ERF-funded activities. In some cases, implementing organisations in Ethiopia had tried to adopt a developmental approach to emergency activities, for example, rehabilitating bore holes rather than using water trucking and OCHA and the advisory board were considering giving preference to such an approach when reviewing proposals for funding. In the DRC, the national consultant criticised projects for not linking to development programmes but OCHA has argued that it works with RRF recipients to use coordination meetings to encourage other humanitarian actors to take over from RRF projects. If others are unwilling or unable to do so, organisations implementing RRF projects can continue to

provide assistance for as long as needed - since focal points are funded annually, they are not limited to six-month interventions. Non-focal point organisations can apply for follow-on projects.

Section 3.4.1 made the point that, in many situations like an on-going conflict, populations served by ERF projects are likely to continue to be in acute need when the project is over and argued that ERF funding should link to other sources of longer-term funding. Such linkages are important for individual projects and the populations they serve and can also help with an ERF exit strategy.

Recommendation 28: Since ERF projects are short-term, OCHA offices and advisory boards should encourage ERF applicants to consider how other funding sources could continue to address on-going needs.

3.5.2 Adherence to standards and humanitarian plans

Even though ERF projects are usually addressing unforeseen needs, all ERF guidelines require project proposals to be in line with the objectives of the national CHAP or other relevant humanitarian action plans. There has been no CAP in Indonesia since 2005 so proposals are expected to reflect priorities in the Consolidated Strategy for Transition from Relief to Recovery in Areas Affected by Conflict or Natural Disasters.

Although ERF applicants are not explicitly held to standards like SPHERE or UNICEF's water and sanitation standards, when UN agencies provide technical input on proposals, they usually check that the organisations are complying with relevant standards. Several NGO interviewees stated that they mention the relevant SPHERE standard when appropriate, even though this is not a clear requirement. In Ethiopia there has been considerable discussion of how SPHERE standards can be adapted to reflect reality on the ground²³. Therefore, the advisory board should provide guidance on what are the appropriate standards for a given national context.

Recommendation 29: To ensure that ERF projects adhere to appropriate standards, the advisory board should be more systematic about checking that proposals are in line with relevant SPHERE standards, adapted to country circumstances if necessary. OCHA should also require recipients to report on their compliance with these standards and check this through monitoring and evaluation.

3.5.3 Local capacity building

Section 2.2.2 highlighted the fact that, with the exception of the Liberia fund, ERFs have provided limited support to local NGOs, even though they are often the first line of response in an emergency and, in conflict situations, may be the only organisations that can access certain areas (this has been the case in Indonesia and Somalia). In some countries, the situation may make it impossible for most international organisations to continue working. By supporting local NGOs, ERFs could help ensure that organisations with a track record were available to continue providing assistance. Finally, almost all UN agencies and international NGOs implement through local NGOs to varying degrees. Therefore, direct funding to local NGOs could be more cost effective, since this would remove one or two layers of overheads.

At the time of the study, Somali NGOs had been virtually excluded by the ERF's requirement that applicants have an international bank account and the rule that Somali NGOs could only receive grants of up to 20% of their annual income. As a result, only one organisation had been supported with \$20,000. Somalia does not have a traditional banking system so, to fulfil the bank account criterion, the NGOs would have had to set up bank accounts in Kenya,

²³ See S. Lautze (2006) *Mainstreaming Risk Management and Reducing Vulnerability in Ethiopia: Outlining a Non-Food Needs Strategy and Transition*. The Livelihoods Program.

which was very difficult because of Kenyan government rules. OCHA was unable to use the Somali informal banking system even though this was used by all other UN agencies and international NGOs. In Indonesia, though, OCHA was more flexible and had used UNDP to provide funding to Indonesian NGOs in local currency. Since the amounts involved were small, the organisations were paid the total amount in advance. OCHA Indonesia worked closely with the organisations to ensure that there were no problems with implementation or reporting.

OCHA staff in Angola did make an effort to finance national NGOs because the ERF was one of the few sources of significant funding for them. One interviewee argued that ERF funding enabled some Angolan NGOs to establish themselves and allowed others to scale up their activities considerably. But the ERF still only funded 16 local NGOs, all of which got one-off funding apart from two organisations. This represents 8.7% of the 276 projects supported by the Angola ERF.

In the DRC, OCHA staff have argued that the ERF had stopped funding local NGOs after supporting two to three organisations in the early days of the fund because they lacked implementation capacity. According to the national consultant, at least one international NGO's argument against direct funding to local NGOs was that the operating environment in the DRC "is no context for apprentices who would start learning". Nevertheless, the DRC Pooled Fund has financed a very small number of Congolese NGOs. This suggests that at least a few local NGOs do have the necessary capacity to handle direct international funding.

In Indonesia, one donor explicitly wanted OCHA to use its contribution to fund local NGOs and build their capacity. It accepted that this is more human resource-intensive for OCHA and was willing to finance the additional capacity that OCHA would require. This may be the case in other countries as well, especially those like Somalia and Ethiopia, where the local NGO community is very active and where almost all international organisations sub-contract local NGOs. Since strengthening humanitarian response capacity is part of its mandate, OCHA should be proactive in taking the opportunity to build local NGO capacity with ERF funding whenever possible, especially as this is likely to be one of the few sources of direct international funding for such organisations. It can also encourage international NGOs receiving ERF funding to engage in real partnerships with local NGOs and build their capacity instead of simply using them as implementers or sub-contractors.

Recommendation 30: OCHA offices should work with OCHA Finance to ensure that funding rules and proposal and reporting requirements do not discriminate against local NGOs. OCHA Finance should also disburse in local currencies to local NGOs (through UNDP) if this is necessary.

However, local capacity should not be interpreted as referring to NGOs alone. In both Indonesia and Ethiopia, there is a strong government that is active in humanitarian response and recovery activities. The Indonesia fund did not involve government structures in any way but, in Ethiopia, there were examples of ERF funding giving OCHA an entry point for engaging with (and strengthening) local government coordination structures. In the DRC, OCHA staff keeps members of the provincial government informed of OCHA's activities so, even in countries with weak government, the ERF can be a way for OCHA to support the government's coordination capacities.

Recommendation 31: OCHA offices should not ignore potential roles for the government in the operation of the ERF. They should also ensure that ERFs work to support government structures, particularly where these are weak.

3.5.4 *Exit strategies*

The review included two funds that had closed – Angola and Liberia – in order to be able to cover the full life-cycle of funds. In addition, the Indonesia fund was winding down during the review, although it is now likely to continue because a new donor has pledged \$500,000 to it and another donor has expressed interest in contributing. These three funds highlight the fact the ERFs tend not to have an exit strategy. In both Angola and Liberia, the funds closed when the OCHA offices closed although several NGO interviewees in Liberia felt that it would have been valuable for the fund to continue operating.

In Indonesia, the fund continued to operate in 2005 and 2006 because there were remaining funds that needed to be spent. With the promised additional funding, the ERF could continue to be useful for any further natural disasters in the country. However, so far, the lifespan of the ERF has been determined by existing funding rather than a strategic plan to meet needs in the country. One donor suggested that, rather than having the ERF continue, UNDP should be taking over ERF-funded activities from OCHA as part of its Disaster Risk Management programme. This lack of exit strategies may be the result of the fact that most ERFs have been initiated by donors (as described in section 2.1), but it needs to be recognised and addressed by existing ERFs.

Recommendation 32: OCHA offices should discuss the role of the ERF with the HC, donors and other stakeholders in the country to establish an exit strategy for the fund. This will help determine how best to ensure that other funders continue to cover the needs of beneficiaries served by ERFs.

4.0 **Considerations for future ERFs**

This report has provided information from six case studies to help OCHA to build up a central body of knowledge about ERFs. It has also placed ERFs in the context of other humanitarian funding mechanisms. While it was not possible to demonstrate that an ERF had directly increased the levels of resources available for humanitarian response in a given country, the study has shown that it is a successful funding mechanism, filling both geographical and sectoral gaps in humanitarian response and strengthening OCHA's role in coordination. Sections such as 3.2.2 on speed, flexibility and adaptability as well as 3.5.5 on local capacity building also showed that there is room for improving the efficiency of the funds, particularly in supporting response in the first phase of a new emergency. It is especially important for OCHA offices to recognise that many ERF rules are not set in stone so there is room for flexibility. Finally, OCHA senior management need to ensure that field staff are adequately resourced to manage and monitor ERF funding and that they are properly supported by OCHA Finance.

The report has thus addressed the first two objectives of the study. The third objective, to provide guidance on an optimum ERF, was based on an assumption that it would be helpful to standardise the operation of ERFs and develop a 'one-size-fits-all' model that could then be applied in different countries. However, as section 2.2 starkly highlighted, one of the key features of ERFs is that they have operated differently, depending on the country context. The fund size, types of organisations and activities financed, the size and composition of the advisory board and the ceilings on project size have all varied according to the circumstances of the crises in which they have operated. Therefore, rather than focus on standardising these aspects, where flexibility is a great advantage, OCHA should concentrate on standardising and simplifying administrative and financial procedures.

So, instead of outlining an 'optimum' ERF that would not function well in practice, this section outlines a range of questions that an OCHA office setting up a fund should consider. To facilitate fund establishment, OCHA could develop ERF guidelines which can have standard paragraphs relating to each option inserted into them, depending on the options chosen. The questions to be considered are as follows:

- What will be the composition of the advisory board and what will be the decision-making procedure for the ERF? Will the advisory board meet regularly to discuss proposals or will it be consulted by email alone?
- Should the ERF fund UN agencies and local NGOs? What are the resource implications of this?
- Is it necessary to set up a separate fund for assessment missions and logistics and transport or is it better to have one flexible fund? Should the ERF finance food or non-food responses only?
- Should there be a ceiling on the size of project funded? If yes, what is the appropriate ceiling?
- What types of activities will the ERF fund? Should there be some form of prioritising or gap identification, perhaps with the advisory board?
- Would it be appropriate to finance the pre-positioning of relief items? If yes, is it best to replicate the DRC Rapid Response Fund structure, i.e. work with UNICEF to implement the pre-positioning and pre-financing of NGOs?
- What is the most appropriate exit strategy for the fund?

The study findings should help staff to weigh up the pros and cons of each option and adapt each fund as appropriate. Since the findings are contained in the country-specific reports as well as this report, OCHA could synthesise them and make them available through its website.

Recommendation 33: OCHA should appoint an ERF advisor who could act as a ‘one-stop shop’ for OCHA offices setting up ERFs, advising and guiding them through the different choices and steps. This would help to ensure that best practice is replicated whereas, in the past, OCHA offices have adopted the practices of other ERFs without knowing if these are effective or not. This would both ease and speed up the process of establishing the funds.

Annex 1: Terms of Reference

Review of Emergency Relief Funds (ERFs)

1. Context

1.1 Emergency Relief Funds – the aim of which is to offer easily and rapidly available small grants to in-country aid actors -- have been in use since 1997, when one was first created in Angola. They have subsequently been employed in Liberia, Somalia, the Democratic Republic of Congo (DRC), Iraq, Indonesia and the Democratic People's Republic of Korea (DPRK); and efforts are underway to establish new ones in Burundi, the Republic of Congo (ROC) and Cote d'Ivoire. Although the architects of each of these may have drawn on previous experiences, they were all developed by and in consultation with different sets of actors in different, albeit often similar, contexts. They therefore differ to varying degrees in purpose, approach and practice.

1.2 The proliferation of ERFs since 1997 suggests that many aid actors have found the mechanism a potential means of ensuring more predictable funding and thus improving the effectiveness of humanitarian action. The need for country level funding mechanisms has been noted in several studies and widely discussed within the context of humanitarian reform.²⁴ But the degree to which ERFs have effectively contributed to a strengthened humanitarian response has not yet been systematically examined.

1.3 The UN Office for the Coordination of Humanitarian Affairs (OCHA) has therefore decided to commission an evaluation of the ERF mechanism.

2. Purpose

2.1 The evaluation will:

- Examine the evolution of ERFs, as well as the roles and responsibilities of the donors, managers, advisory boards and users of ERFs.
- Determine the efficiency, relevance, effectiveness, impact, coherence and connectedness of ERFs in providing easily accessible, timely and flexible resources to respond to emergency short-term needs of vulnerable groups and critical response gaps.
- Provide recommendations that address these issues for each of the case studies.
- Develop lessons learned on the role of ERFs in the overall humanitarian response.
- Create a model for how an optimally functioning and effective ERF would work, as well as guidance on their inclusion in the existing Consolidated Appeals Process (CAP).
- Examine the relationship of ERFs to the CAP and other financing mechanisms.

3. Scope

3.1 The evaluation will take place over roughly five months and be based on four case studies of ERFs in Africa. Two will be of past and concluded ERFs, in Angola and Liberia, which will provide evaluators with the opportunity to examine experience with the mechanisms from start to finish. Two will be of existing ERFs, in the DRC and Somalia, which will give the team the opportunity to examine functioning ERFs.

4. Criteria and key questions

4.1 The evaluation will address the following issues:

²⁴ These include the DFID commissioned paper on Flexible Funding Models, presented at the Good Humanitarian Donorship meeting in Ottawa in October 2004, which examined 12 funding models for humanitarian response, including the ERFs in Angola and DRC. Additionally, the August 2005 Humanitarian Response Review, commissioned by the UN Emergency Relief Coordinator, touched on need for country level funding mechanisms.

Evolution, roles and responsibilities

- What circumstances or need triggered the creation of the first ERFs and how have they evolved over time?
- What have been the roles of OCHA, non-governmental organizations (NGOs), United Nations (UN) agencies and donors, and might these be modified, if at all, to ensure the optimal management and use of ERFs in meeting their stated objectives?

Efficiency

- Is there another potentially more efficient way to deliver this “pot” of money? If so, what would it look like?
- What is the current relationship between the ERFs and the CAP as well as other humanitarian financing mechanisms; and what should it be to ensure the most optimal use of available funding to meet humanitarian objectives?
- What effect does the presence of ERFs have on the overall levels of humanitarian funding available for a crisis?

Relevance and impact

- Is the ERF concept relevant to addressing shortages in funding of the humanitarian response, and does it result in particular in more timely and effective funding to address critical gaps?
- What additional and/or alternative ERF objectives, if any, might contribute to the strengthening of humanitarian response, and how would ERFs be best structured and managed to meet them? In particular, what should be OCHA’s role in this regard?
- Are the funded activities in line with local needs and priorities? Do they meet the criteria for project selection?
- What impact, if any, do the ERFs have on the timeliness and effectiveness of the overall response?

Effectiveness

- To what extent does the portfolio of projects funded by ERFs attain their stated objective(s)?
- To what extent do the individual project activities produce the expected results?
- Are there effective quality control mechanisms in place for: 1) planning and design, 2) approval of projects, 3) fund disbursement, and 4) monitoring, reporting and evaluation?
- To what extent do or should ERFs contribute to addressing the gender and human rights dimensions of the crisis?

Coherence

- To what extent do the ERFs contribute to the achievement of common goals, standards (such as SPHERE Minimum Standards for Disaster Response) and in-country plans for humanitarian action?

Connectedness

- Where applicable, to what extent do the ERFs contribute to local capacity building and make linkages to recovery programmes?

5. Methodology

5.1 A more detailed methodology will be proposed by the team leader in the inception report, to be discussed and approved by OCHA’s evaluation unit. The inception paper will propose an appropriate sampling method for selecting individual ERF-funded projects to evaluate in each country, as well as the design of a preliminary survey to help assess their relevance and impact. National consultants will be employed in each country to conduct

these surveys prior to the team's arrival. The team can then plan its visit based in part on the outcome of these preliminary assessments.

5.2 It is envisioned that the evaluation will also involve a desk review of existing documentation pertaining to ERFs and the response to it, as well as semi-structured interviews with key informants and groups, including but not limited to beneficiaries; UN, NGO and Red Cross headquarters and field staff; members of the ERF committees and boards; and the Humanitarian Coordinators.

5.3 Before leaving each country, the team will present its preliminary observations and recommendations in a meeting with key stakeholders.

5.4 Following the finalization of the report, a learning workshop will be held in either New York or Geneva, to share the findings and ensure dissemination and absorption of the recommendations and lessons within the organization and among other key stakeholders. While all stakeholders will benefit from the evaluation results, the main audience will be OCHA staff who are managing existing funds, and offices where the model may be replicated. To this end, a core learning group composed of the heads of offices of the case study countries as well as representatives from OCHA's Coordination and Response Division (CRD), the CAP Section, the External and Donor Relations Section and the Administrative Office has been established. The group will: 1) facilitate the team's access to necessary information and ensure that the relevant expertise are provided to the team, 2) support OCHA's Evaluation and Studies Section (ESS) in the review and acceptance of the final report, 3) participate in the final learning workshop, and 4) help ensure that the evaluation results are absorbed and applied within OCHA.

6. Products and reporting

6.1 The evaluation team will produce:

- A brief inception report (see attached OCHA ESS guidelines) outlining the proposed method, key issues and potential key informants for the evaluation, with particular attention paid to how impact will be measured.
- Four aid-memoires on key findings and observations, which will be presented to the UNCT at the end of each field visit in each country.
- A final report. This will include an assessment of the efficiency, relevance, effectiveness, impact, coherence and connectedness of ERFs; what evidence was found; and the resultant conclusions, recommendations and/or lesson learned. It will also include a model for an optimally functioning and effective ERF. The final evaluation report will not exceed 15,000 words in length, excluding annexes, and have an executive summary of no more than 1,000 words.
- The final report will be publicly available through Relief Web and OCHA Online.

7. Team composition

7.1 An external consultant will be contracted to lead a small team consisting of rotating OCHA staff and a national consultant in each country. The consultant must have extensive humanitarian experience and an in-depth knowledge of humanitarian financing issues, as well as be familiar with the CAP. Experience evaluating small funds and/or quick impact projects is especially desirable. S/he must have demonstrable experience in conducting evaluations of humanitarian programmes and the capacity to work collaboratively with multiple stakeholders and on a team; critically analyze key issues; clearly synthesize and present findings; and draw practical conclusions. Fluency in French; previous work in or knowledge of the UN and/or donor institutions; and workshop facilitation skills are all desirable.

7.2 In order to facilitate internal learning, OCHA will assign one staff member to participate in each of the field visits. This staff member may change from country to country.

The staff member will act as an equal partner to the consultant, but under his/her overall guidance. The staff member will: 1) share the burden of arranging meetings and establishing the programme of work with the consultant; 2) participate in all meetings, including the final debrief; 3) conduct interviews and research; 4) contribute to the formulation of the observations, recommendations and lessons learned; and 5) participate while in-country in any necessary drafting. After the field visits, the OCHA staff member will continue to provide comment and feedback on the draft case study and other products but will not be assigned any drafting responsibilities that extend beyond the duration of the field visit.

7.3 In each case study country, a national consultant will be contracted to begin work three weeks prior to the arrival of the external team in order to assist in the selection and preliminary assessment of ERF funded projects.

7.4 OCHA's Evaluation and Studies Section will assign an evaluation manager to oversee the conduct of the evaluation. His/her responsibilities are to: 1) provide guidance and institutional support to the team, especially on issues of methodology; 2) facilitate the team's access to specific information or expertise needed to perform the assessment; 3) monitor and assess the quality of the evaluation and its processes; 4) ensure that all stakeholders are kept informed; 5) make recommendations to management on the acceptance of the final report; 6) disseminate the final report, 7) help organize and design the final learning workshop; and 8) ensure a management response to the final report and subsequent follow up.

8. Use of Evaluation Results

8.1 The evaluation results will be used primarily by OCHA to:

- Contribute to and promote further consideration of the potential effectiveness of ERFs within ongoing policy discussions on humanitarian financing, as well as their potential universal inclusion in all CAPs.
- Help improve the effectiveness of existing and future ERFs by applying the resultant lessons learned and model.

8.2 To this end, ESS will ensure the broadest possible dissemination of and sensitization to the report findings with all key stakeholders, and ensure an appropriate management response to the recommendations and lesson learned. These will also be made public via ReliefWeb and OCHA Online.

8.3 OCHA's Policy Development and Studies Branch (PDSB) will lead internal consultation within OCHA and with other stakeholders in order to ensure that the evaluation's findings are considered and, as relevant, inform or make policy. The External and Donor Relations Section will also play a role in ensuring that the results are fed into the ongoing discussions on humanitarian financing.

8.4 OCHA's Coordination and Response Division (CRD) will ensure follow up at the country level on the case study recommendations, and that the correct policy guidance is provided to those wishing to start a new ERF. The CAP Section may also play a critical role in this regard.

8.5 The Administrative Office will follow up on any recommendations pertaining to the efficiency of fund management that pertain to it.

9. Timeline

The evaluation will take place roughly over a five month time period as follows:

Week	Team leader	OCHA participant	National researcher in each case study country
1	Desk Review (7 days)		
2	Briefings in NY and GVA (5)		
3	Inception report (3)		
4			Project survey (15 x 4 = 60)
5			
6			
7	Case study field visit 1 (10)	Case study field visit 1 (10)	Case study field visit 1 (10)
8			
9	Case study field visit 2 (10)	Case study field visit 2 (10)	Case study field visit 2 (10)
10			
11	Case study field visit 3 (10)	Case study field visit 3 (10)	Case study field visit 3 (10)
12			
13	Case study field visit 4 (10)	Case study field visit 4 (10)	Case study field visit 4 (10)
14	Final report writing (10)		Final report writing (5 x 4 = 20)
15			
16			
17			
18	Learning workshop and debriefing (10)		
19			
TOTAL DAYS	75	40 (10 per individual)	120 (30 per individual)

Annex 2: ERF Guidelines on Types of Activities Funded

The different ERF guidelines provide different amounts of detail on the types of activities that will be considered for funding. Extracts from the guidelines below offer a comparison.

Fund	Extract from guidelines
Angola ERF	<p>ERF Guidelines: Emergency interventions should focus on preventing a more serious problem and re-establishing basic living conditions in response to a particular crisis. The fund is not intended to respond to chronic social problems or other long-term development needs.</p> <p>March 2004 Briefing Note: The ERF is not intended to respond to chronic social problems or other long term development needs. Emergency interventions accepted for funding focus on:</p> <ul style="list-style-type: none"> • Re-establishing basic living conditions in response to a particular crisis; • Re-settlement of IDPs; • Food Assistance; • Water and Sanitation; • Agriculture and Food Security; • Non-Food Items; • Health and Nutrition; • Mine Action; • Education and Protection.
DRC EHI	<p><i>Typology of crises to be addressed by the EHI:</i></p> <ul style="list-style-type: none"> • War-inflicted sufferings; emergency health (war-wounded, high mortality, disruption of primary health services); emergency nutrition (loss of food reserves and inadequate food supply); emergency shelter (displacement in hardly accessible areas, away from settlements); emergency water (absence of clean sources, and contamination of); • Consequences of indiscriminate persecution based on ethnic origin (displacement, exposure to violence, family separation); • Serious food shortages as a result of isolation of communities and or the loss of harvest; • Natural calamities, such as floods, drought, landslides, erosion, etc.; • Epidemics and water borne diseases (measles, meningitis etc.). <p><i>Types of activities funded by the EHI:</i></p> <ul style="list-style-type: none"> • Inter-agency/NGO humanitarian evaluation missions (e.g., transport); • Improving humanitarian access especially to vulnerable populations (e.g., rehabilitation of communication infrastructure - bridges, roads-, humanitarian corridors); • Urgent assistance and deployment of humanitarian actors (e.g., transport and distribution capacity, logistics costs, etc.).
DRC ERF	<p><i>Typology of crises to be addressed through ERF:</i></p> <ul style="list-style-type: none"> • War-inflicted sufferings: emergency health (war-wounded, high mortality, disruption of primary health services); emergency nutrition (loss of food reserves and inadequate food supply); emergency shelter (displacement in hardly accessible areas, away from settlements); emergency water (absence of clean sources, and contamination of); • Consequences of indiscriminate persecution based on ethnic origin (displacement, exposure to violence, family separation); • Serious food shortages as a result of isolation of communities and/or the loss of harvest; • Natural calamities, such as floods, drought, landslides, erosion, etc.; • Epidemics of water borne diseases and measles. <p>No mention of any specific activities.</p>
DRC RRF	<p>Same typology of crises to be addressed as EHI and ERF. However the types of activities to be funded are as follows:</p> <ul style="list-style-type: none"> • Inter-agency/NGO humanitarian evaluation missions (e.g., transport); • Improving humanitarian access especially to vulnerable populations (e.g., rehabilitation

	<p>of communication infrastructure -bridges, roads-, humanitarian corridors);</p> <ul style="list-style-type: none"> • Urgent assistance and deployment of humanitarian actors (e.g., transport and distribution capacity, logistics costs, etc.); • Urgent assistance to displaced populations and returnees during the phases of displacement and reintegration; • Urgent food assistance to children and vulnerable adults; • Urgent primary education to vulnerable children; • Urgent medical treatment of vulnerable populations; • Emergency equipment for humanitarian actors.
Ethiopia HRF	<p>The HRF will be used to respond to both naturally triggered disasters – floods and droughts – as well as for complex conflict-related crises, and is based on needed response to requirements within the context of the 12-month Joint Humanitarian Appeal/and Flash Appeals that may be required within the course of the year. It will facilitate rapid humanitarian response</p> <ul style="list-style-type: none"> • for slow or sudden on-set disasters; • in ‘hot spots’ that may develop during the course of an emergency; • to fund humanitarian assistance required to save lives or protect threatened livelihoods; • to meet critical short-term humanitarian needs. <p>Initial screening criteria:</p> <ul style="list-style-type: none"> • Projects must demonstrate that they will have a positive impact on the lives and livelihoods of people affected by a recognised humanitarian crisis²⁵, and its objectives and activities must aim to meet emergency needs of an affected community as identified by a credible assessment; • Projects should complement other actors’ activities and reinforce cooperation and partnership with UN agencies and other actors, including local authorities; • Project(s) from agencies that are well established in the area of concern, and have a good track record and capacity will normally be considered preferentially over projects submitted by agencies new to the area; • Positive consideration will be given to projects that address underlying causes while meeting immediate needs; have positive spin-offs for the wider community, are participative and empower communities; work with local/community based partners in order to build capacity at the local level, and develop responses that lead to longer-term, sustainable programming aimed at reducing vulnerability; • Implementing partners are strongly encouraged to mainstream gender, child protection, and HIV/AIDS into their proposed activities.
Indonesia ERF	<p>The objective of the ERF is to provide Non-Governmental Organisations (NGOs) in Indonesia with a rapid response mechanism to meet short-term emergency needs of vulnerable communities. The ERF provides initial financing that will enable implementing partners to respond to an emergency without delay.</p> <p>Emergency activities will focus on preventing more serious problems from occurring and on re-establishing basic living conditions in response to a particular crisis. The ERF will also be used to lay the ground for activities supporting durable solutions for Internally Displaced Persons (IDPs) and affected communities, by meeting humanitarian and initial recovery needs, especially in areas where funding gaps exist.</p> <p>Projects should not respond to chronic social problems or long-term development needs, though projects that support the emergency rehabilitation of social service facilities (e.g. schools and health posts) and the reestablishment of basic living conditions (e.g. short-term provision of agricultural inputs, shelter materials, and income generation activities) in response to a</p>

²⁵ The decision to open the HRF to project submissions will be made by the Humanitarian Coordinator on the basis of his/her assessment of the situation on the ground. This may entail conducting an assessment to verify information from other sources.

	<p>particular crisis would be eligible for funding on a case-by-case basis. Projects that promote and lay the ground for the transition from emergency programmes to rehabilitation and development, would be eligible on a case-by-case basis.</p>
Liberia ERF	<p>Objective: To provide initial financing to enable implementing partners to respond to crises without delay. Interventions will focus on preventing more serious problems and re-establishing basic living conditions. It is not intended to respond to chronic social problems or development needs.</p> <p>Priority areas of intervention include:</p> <ul style="list-style-type: none"> • Water and sanitation; • Agricultural recovery; • Non food items/shelter; • Public health interventions; • Re-establishing basic living conditions of IDPs and Liberians in host communities; • Protection and related interventions.
Somalia HRF	<p>General Project Selection Criteria:</p> <ul style="list-style-type: none"> • The project must demonstrate that it will have a positive impact on the lives and livelihoods of people affected by a recognised humanitarian crisis, and its objectives and activities must aim to meet the needs of an affected community as identified by a credible assessment; • All project activities should be in line with the strategic goals/objectives, as detailed in the current Common Humanitarian Action Plan; • Projects should complement other actors' activities and reinforce cooperation and partnership with UN agencies and other actors, including local authorities • Project (s) from agencies that are well established in the area of concern, and have a good track record and capacity will normally be considered preferentially over projects submitted by agencies new to the area; • Positive consideration will be given to projects that are innovative, that address immediate needs, have positive spin-offs for the wider community, are participative and empower communities, and that can lead to longer-term programming aimed at reducing vulnerability; • Partners (UN or INGO) are encouraged to implement projects through local NGOs; • New proposals cannot be considered from Partners until previously HRF supported projects have been completed fully, including all financial, audit and narrative reporting requirements as established in the Agreement. <p>Specific Project Selection Criteria:</p> <ul style="list-style-type: none"> • The HRF exists primarily to support the development of rapid humanitarian responses that help communities affected by an emergency. Once regular emergency programmes come on line, the HRF will normally be used to fill gaps in the overall response; • In the early stages of a recognised emergency, the project should seek to support livelihoods and positive coping mechanisms of the communities concerned, with a view to prevent the erosion of productive assets. Projects that could seek funding through other emergency response funding mechanisms would not normally be considered; • After mainstream responses come on line, projects should demonstrate that they are meeting a recognised gap (either geographic or sectoral) in the overall response; • In the later stages of a crisis, projects that address recovery needs will be considered especially if continuity with earlier projects can be demonstrated, and if funding direct from donors is not likely to be identified and secured; • Projects should support humanitarian operations for not more than six months; • Projects should not respond to chronic social problems or long-term development needs.

