



The NGOs and Humanitarian Reform Project II



The Emergency Response Funds Global Guidelines: A Guide to the Recent Changes

This note from ICVA provides a short summary of the changes to the Global Guidelines of the Emergency Response Funds. Following three rounds of discussion on draft guidelines prepared by OCHA Funding Coordination Section in New York, **the Global Emergency Response Funds (ERF) guidelines were endorsed and signed into effect by Emergency Response Coordinator (ERC) Valeria Amos on October 9th 2012**, and circulated to the Pooled Fund Working Group and IASC Sub Working Group on Humanitarian Financing on October 11th 2012.

The endorsed guidelines are the fourth iteration in 16 months and, though they were not distributed for NGO feedback prior to endorsement, **they do include a number of positive changes from previous versions**. Points raised by the NGO community in response to the first, second and third drafts of the guidelines are directly addressed in both the guidelines and the accompanying cover letter from Steve O'Malley and Shoko Arakaki, though not all comments have led to the requested changes.

The following has been addressed substantively in the endorsed guidelines:

- ▶ Much of the document is now a guiding framework that allows flexibility for country-specific contexts (however the financial regulations remain mandatory for all ERFs);
- ▶ A section on Rationale has been restored to the final version – it was previously removed from the second draft after the compatibility of the guidelines' content and their rationale was questioned by many NGOs;
- ▶ The reference to Good Humanitarian Donorship has been restored to the final version also – this was previously removed from the third draft;
- ▶ The guidelines have increased the percentage of allowable budget variations from 10 per cent to 15 per cent (without delays associated with HC approval), to allow for more flexibility in budget planning and revisions, in line with the contexts and requirements of humanitarian financing;
- ▶ The strategic value of the ERF as a coordination tool for OCHA and the HC in-country has been emphasized, along with the importance of the fund to partner organizations;
- ▶ The roles and responsibilities of the ERF Fund Manager and OCHA offices have been further detailed;
- ▶ Advisory Board (AB) and Review Board (RB) representation has been addressed insofar as the guidelines emphasize the need for diversity in membership, though representational arrangements have been left to the ToR of each Fund;
- ▶ Responsibility for implementing the Gender Marker has been assigned to the AB,
- ▶ International travel expenses are eligible expenditures;
- ▶ Security costs and domestic taxation costs are potentially eligible expenditures, to be considered by the OCHA Country Office (CO);
- ▶ ERF funding of evaluations is also a potentially eligible expenditure, to be reviewed on a case-by-case basis;
- ▶ Interim financial reports will only be required for projects that are 6 months in duration or longer.

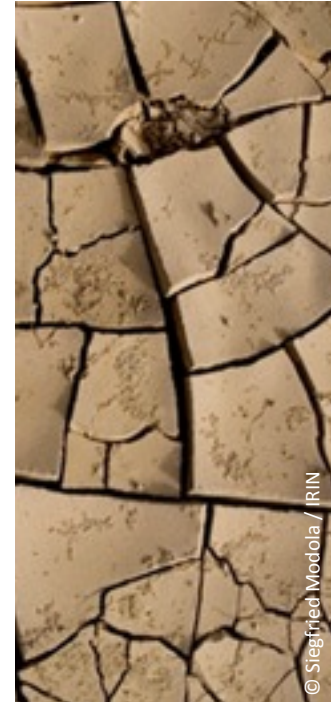


However, a number of issues remain, particularly in regards to the considerable delays in funding emergency interventions through the ERF mechanism, both in the quality of proposals and approval of these proposals, and disbursement of project funds.

In response to these problems, **OCHA has put in place measures to monitor delays in the project cycle**, and ultimately to identify unnecessary administrative processes which could be eliminated. However, NGO proposals to immediately address the source of these delays, such as pre-qualification of potential applicants, approval for spending to commence prior to fund transfer, and increased spending limits in acute emergencies, have not been adopted due to OCHA Financial Regulations and Rules. OCHA FCS plan to continue discussions with the UN Controller's Office on many of these 'matters preventing flexibility'. Unfortunately these have not been resolved during the past 16 months.

The following issues raised by NGOs during the revision process remain unchanged in the new ERF Global Guidelines:

- ▶ Continuation of payments in tranches to NGO partners (80/20 per cent), despite the significant delays in payment that have resulted from audit requirements, and the damaging impact this can have on recipient organizations, especially N-NGOs. OCHA is instead working to reduce the time needed to close projects, so that the final payment can be made sooner;
- ▶ No pre-qualification of potential applicant organizations to ensure rapid intervention to address emergency needs. OCHA CO still need to approve funding on a project basis (though OCHA Geneva/NY will continue to explore this issue);
- ▶ No retroactive approval of projects, to allow for rapid intervention to address emergency needs, due to OCHA Financial Regulations and Rules;
- ▶ Interim financial reports are required for all projects of 6 months in duration and upwards, despite the burden on recipient organizations to report after three months;
- ▶ Timely issues regarding the relationship between the global ERF guidelines and the evolving Transformative Agenda approach to responding to Level 3 (L3) emergencies were not taken up at this time. Stakeholders still require more detail about ERF operations (specifically the approval of funding and upper-limit of grants) during a future L3 emergency, to build on the IASC paper on Level 3 emergencies.



While many stakeholders hoped to see the guidelines process become an opportunity to address and change the above regulations and rules, due to the very busy period of time and limited resources of stakeholders, **the process focused instead on a debate over greater central control over the Funds**, versus protecting the autonomy and flexibility of the Funds in-country.

Happily, this issue has now been resolved, and the importance of financial delegation of authority to the field has been recognized by OCHA as a clear priority, along with the desired speed and flexibility of the Funds, on which stakeholders have been unanimous since the onset of the guidelines process. While the necessary changes to increase this authority at country level have been initiated, the required changes to UN Financial Regulations and Rules to allow for the necessary speed and flexibility will require considerable and continuing efforts from all stakeholders.



If you would like more information about the Emergency Response Funds or the upcoming Global ERF Evaluation, please contact: secretariat@icva.ch.