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## Good Practices in Humanitarian Financing: Afghanistan's CERF Underfunded Allocation 2010

The Good Practice Paper series of the NGOs and Humanitarian Reform Project\* aims to highlight examples of practices identified within the project's four focus countries (Afghanistan, Democratic Republic of Congo, Ethiopia and Zimbabwe), that contribute to effective implementation of the humanitarian reform agenda. The purpose of the papers is not to address problems nor do they necessarily capture the whole picture. They are not intended to make definitive recommendations.

### Background

This Good Practice paper focuses on Afghanistan, looking at the cluster process of the 2010 Central Emergency Response Fund (CERF), particularly centered on the underfunded allocation to Afghanistan and the inclusiveness of the process undertaken within the clusters.

The CERF is a humanitarian fund established in 2005 by the United Nations to enable timely and reliable humanitarian assistance to those affected by natural disasters and armed conflicts. Afghanistan is the sixth largest recipient of CERF funds. As of 2009, it had received US\$60.1 million (or 4.06 % of the total CERF disbursements) since the fund was set up in March 2005.<sup>1</sup>

The CERF guidelines state:

"The HC/RC (*Humanitarian Coordinator/Resident Coordinator*) is responsible for leading an inclusive and transparent process. In this regard, the inclusion of NGOs and government partners in the field-based prioritization of needs and selection of proposals – through the country team structure and, clusters sectors and or ad hoc arrangements – is essential".<sup>2</sup>

In spite of the spirit of these guidelines, the inclusion of non-governmental organisations (NGOs) in setting CERF priorities and selecting proposals for CERF allocations in Afghanistan until 2009 had been severely limited. In 2010, however, this picture changed. Although there is still work to be done to ensure that these advances become institutionalised and changes are consistently applied across all eligible clusters, this paper highlights the significant improvements that have been made in terms of the transparency of processes and the equity of outcome.

Only two NGOs interviewed during the research for this paper were aware of having received CERF funding in previous allocations up to and including 2009. This allocation was through the Water and Sanitation and Hygiene (WASH) cluster during a drought rapid response application in January 2009. This is the only CERF allocation in Afghanistan that has included NGOs in the prioritisation and selection of needs. This has led to a perception among NGOs that the CERF allocations have primarily benefited UN agencies. However, the January 2009 Mapping Study commissioned by the NGOs and

Humanitarian Reform Project<sup>3</sup> identified that NGOs may have been the recipients of CERF funding as implementing partners of the UN without being aware of the funding source.

The 2010 CERF underfunded allocation took place against a backdrop of significant improvements in humanitarian coordination in Afghanistan in 2009. The re-establishment of the Office for the Coordination of Humanitarian Affairs (OCHA), dedicated cluster leads, the engagement of NGOs in humanitarian coordination mechanisms and the presence of the NGO and Humanitarian Reform Project all contributed to increased NGO awareness of the processes to access CERF funding. UN staff were also increasingly aware of the need to ensure transparency and equality in allocation decisions. This resulted in an improved level of transparency and inclusiveness during the 2010 CERF underfunded allocation process, which can serve as a model for other contexts.

What defines the process as good practice from the NGO perspective is not only that NGOs receive funding from the CERF, but also that the cluster approach (based on the Principles of Partnership<sup>4</sup>) is striving to fulfil its purpose. The aim is to ensure transparency and complementarity within the partnership and to attempt a discussion of the needs from a field perspective.

### The process

In January 2010, US\$11 million was allocated to Afghanistan, based on the underfunding of the Humanitarian Action Plan for 2009. The news was communicated to the clusters by OCHA on 20 January during an inter-cluster meeting. The cluster leadership<sup>5</sup> agreed that the funds would be shared among the four most underfunded clusters; Agriculture, Health, Nutrition and WASH.

At this stage, OCHA clearly communicated that the needs prioritisation process and proposal selection should be an inclusive process within the clusters, including all cluster partners. This message was later reiterated by the Humanitarian Coordinator (HC) in the following Humanitarian Country Team (HCT) meeting. The HC expressed clearly to the Heads of UN Agencies that the CERF funding should benefit the cluster partnership in general and not only the UN agencies.

Subsequently the cluster leadership from the four selected clusters met to divide the total allocation of \$11 million, based on the needs within each sector and the implementation capacity of the partners. The discussions resulted in allocating \$3 million each to the Agriculture, Health and WASH clusters and \$2 million to the Nutrition cluster. Encouragingly, the clusters decided to try and focus on similar geographical areas in order to enhance the impact of the funding. However, at the same time, they did not exclude areas where specific humanitarian needs were identified.

#### Cluster specific processes

In three out of the four clusters, the call for proposals was sent out immediately to the cluster partnership, with clear communication of the

<sup>1</sup> CERF Country information can be found at [www.ochaonline.un.org](http://www.ochaonline.un.org).

<sup>2</sup> CERF Procedures for Grant Allocations to Under-Funded Emergencies 01 January 2008.

<sup>3</sup> See <http://www.icva.ch/ngosandhumanitarianreform.html> for more information.

<sup>4</sup> The Principles of Partnership (PoP) are: Equality; Transparency; Result-oriented approach; Responsibility; Complementarity. See [www.globalhumanitarianplatform.org](http://www.globalhumanitarianplatform.org).

<sup>5</sup> Cluster leadership refers to the UN and the NGO leadership of a cluster.

criteria for each cluster and in line with the CERF life-saving criteria<sup>6</sup>. For the fourth cluster (Agriculture), the cluster partnership was invited to a meeting where it was decided to conduct the process in a cluster inclusive manner.

Cluster partners were encouraged to coordinate where proposals were of a similar nature and synergies between clusters were encouraged as well, especially for the Health, Nutrition and WASH cluster, to increase geographical impact and support baseline data collection in the process.

The clusters set up vetting committees to try and verify the needs prioritisation and criteria. Due to the absence of objective non-applying NGO participants in the vetting committees, in all instances the committees consisted of UN lead agencies and NGOs that were applying for funding. However, the UN lead agencies for all cases took the final proposal decision based on compatibility with the UN agency implementing partner's contracts. None of the NGO proposals submitted to all the clusters were rejected, although revisions were required in most instances.

In all clusters, the final proposal structure was based on the UN lead agency carrying out the central procurement of materials needed for project implementation and the NGO proposals were based on cost of operations. Of the \$11 million from the first round of CERF 2010, \$4,117,792 was allocated directly to 17 NGOs. Five of these were national NGOs. Additional materials were provided through the central procurement of the Food and Agriculture Organization (FAO), the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO). That represents 37% of the total CERF allocation for NGO operational costs, excluding supplies.

### Operationalising the Principles of Partnership (PoP)

Since this is the first time NGOs have been closely involved in the CERF allocation process in Afghanistan, a number of challenges in relation to the PoP were identified. These require solutions in advance of the next CERF underfunded or rapid response allocation:

- The clusters had nine days to compile their first draft proposals, which should be adequate in a humanitarian context. However, since the clusters did not have previous experience of inclusive CERF allocations, the process was not as inclusive as it should have been. For example, partners outside the capital Kabul were excluded from the process. Hence **equal** access to the CERF funds for all cluster partners was limited to those organisations with a presence in Kabul. With advance preparation in the clusters and improved cluster coordination outside of the capital, this situation should be improved in the next round.
- Although the process was initially transparent and inclusive, with all the clusters following the same model of inviting all partners to take part, the subsequent communication only included the partners that expressed interest or came to the first meeting. Hence, NGOs that for one reason or another missed out on the initial communication were cut off from the rest of the process. Improved efforts could be undertaken by the cluster leadership to ensure transparency throughout the whole process. This lack of

**transparency** has been recognised in the clusters, and will be addressed the next time around.

- The **result-oriented approach** is based on the premise that effective humanitarian action must be reality-based and action-oriented. The strength of the NGO community is in its diversity in programming and geographical reach. The CERF underfunding allocation shows that the way UN agencies operate can limit the geographical scope and programme creativity for NGOs that must become implementing partners with UN agencies to access CERF funding. UN agencies are bound by their standard implementing contracts and their monitoring and evaluation responsibilities, which can hinder them in channelling CERF funding to humanitarian needs identified by NGOs unless the geographical scope and programme activities fit the agency's operations. As the current allocation is also a learning experience for the relevant UN agencies, it has been suggested by the agencies involved that this needs to be looked into at an HQ level.
- The transparent nature of the process highlighted the difference in the cost of operations between international NGOs and national NGOs and standard contractual agreements on behalf of UN agencies. Sometimes national NGOs had to implement similar projects to international NGOs, but at 30% of the cost. This is an area that the humanitarian community must take into serious consideration to warrant the **responsibility** principle and to ensure that national NGOs are provided with the means, competencies, skills and capacity to deliver on their commitments. In the clusters where this situation applies, the issue will be raised among the partnership to find solutions.
- The CERF underfunded window is intended to cover urgent unmet humanitarian needs. Partners were brought together on the basis of expressed interest or submission of proposals without having an inclusive debate in the cluster regarding what and where the most urgent humanitarian needs are. This risks basing the needs definition on the geographical scope and capacity of partners. In a country such as Afghanistan, where access to populations in need continues to be a challenge, further efforts need to be undertaken to ensure that partners with a presence in areas with unmet humanitarian needs are included in the discussions. In this case, national NGOs should have been consulted in particular. This is the essence of the principle of **complementarity**, where local capacity is one of the main assets to build upon. There is no quick solution to address this problem, which needs to be tackled as an integral part of the cluster development.

### Conclusion

The current process is a significant leap forward when it comes to upholding and respecting the Principles of Partnership that are intended to guide the CERF allocation and decision-making process. The initial instruction from OCHA to the clusters to proceed with a partnership approach was key to ensuring the inclusiveness of the process. In addition the partnership approach by experienced cluster coordinators/leads understanding the importance of the cluster approach and the intended inclusivity of the CERF funding has been invaluable to ensuring essential NGO participation.

<sup>6</sup> CERF Life-Saving Criteria and Sectoral Activities (Guidelines). See [www.ochaonline.un.org/cerf](http://www.ochaonline.un.org/cerf)

# The NGOs and Humanitarian Reform Project

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The interlinked aspect of the humanitarian reform connecting coordination, funding, leadership and partnership has been clearly expressed in the 2010 Afghanistan CERF underfunded allocation. Although it is taking time to internalise awareness of the inter-linkages in the field, the process is moving in a positive direction. Increased NGO awareness about the processes in general is pivotal to be able to take advantage of the opportunities arising from the reform, and to be in a position to apply them as an additional resource to serve populations in need of humanitarian assistance.

The 2010 CERF allocation process shows that, if there is a will among the parties affected, there is a way. A lot of finetuning remains in relation to process and contractual arrangements, but the humanitarian community in Afghanistan is moving in the right direction, finding solutions to the problems as they arise.

\*The NGOs and Humanitarian Reform Project is a three year NGO consortium project funded by DfID. Member agencies are ActionAid, CAFOD, Care International UK, ICVA, International Rescue Committee, Oxfam and Save the Children

For further information contact [annie.street@actionaid.org](mailto:annie.street@actionaid.org) or visit the project website on [www.icva.ch/ngosandhumanitarianreform.html](http://www.icva.ch/ngosandhumanitarianreform.html)