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Good Practices in Humanitarian Financing: Ethiopia's Humanitarian Response Fund (HRF)

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

A humanitarian emergency, by definition, requires immediate action, and for emergency actors to be able to respond they need access to quick and flexible funding. In many cases, donors are unable to distribute funds quickly enough to address these immediate needs; a fund that takes over a month to approve projects and disburse funds cannot be considered an emergency fund.

In light of this reality, the OCHA-managed Emergency Response Funds (ERFs) – or Humanitarian Response Funds (HRFs), which currently operate in nine countries,¹ were established to provide quick, flexible and well-coordinated financial resources. Donors who support the ERFs /HRFs are confident that the Humanitarian Coordinator, who has overall responsibility of the funds and OCHA, who manages the funds on behalf of the HC, will strategically and effectively allocate the available resources to address the most pressing emergency needs in the country.

The HRF in Ethiopia, described as “an emergency funding mechanism established to address gaps in critical, life-saving emergency response,”² was established in 2007. Since then, the fund has grown substantially: in 2007, the fund had a budget of \$6.4 million and supported 17 projects; in 2008, the budget rose to \$44.8 million and the fund supported 64 projects. The number of projects supported in 2009 – between January and October – already exceeds the number funded in 2008, and it is expected that the total amount of money allocated through the fund will exceed the 2008 budget as well.³

Objectives

As with any relatively new mechanism, particularly those that experience this kind of rapid expansion, the HRF in Ethiopia has undergone a number of policy revisions since 2007 that were designed to improve its quality and effectiveness. Focusing primarily on the ‘good practices’ underlining the progress made since its inception, this short policy paper will also briefly highlight where existing strengths might be even further improved. This paper aims to be useful to those in Ethiopia managing and receiving funding from the HRF, as well as to those managing ERFs in other parts of the world, and to actors engaged in developing terms of reference for new funds, since a number of the ‘good practices’ identified could be replicated in these other contexts.

Evidence of Success and Impact

The paper's conclusions about good practices of the Ethiopia HRF are based on the assumption that an ideal emergency response fund – and therefore a model HRF – is flexible and quick, and is shown to improve the effectiveness and coordination of humanitarian response and that it ensures access for NNGOs and LNGOs.

Flexible:

A 2007 workshop on humanitarian financing, which brought together donors, NGOs, UN and fund managers, reported that as an overarching principle for humanitarian financing all emergency response funds must be managed to ‘ensure responsiveness, timeliness, and flexibility to meeting needs.’⁴ A key comparative advantage of the HRF is in fact its flexibility, meaning that it can therefore respond to pressing humanitarian needs. While referring to existing needs assessments and longer-term humanitarian strategy documents can, and should, help guide funding decisions, recognizing that the humanitarian context can change rapidly, the Ethiopia HRF is designed to be flexible enough to be able to respond to unexpected events and newly emerging needs, such as the acute watery diarrhea / cholera outbreak in mid/late 2009 and the even less highlighted needs relating to the protection of internally displaced communities around the country.

Quick:

While several factors have led the HRF review, approval and fund-disbursal process to slow down in recent months, it is still the fastest mechanism for providing emergency funding in Ethiopia. The time between project submission and approval can be as short as two weeks – compared to a month or more with most bilateral humanitarian donors. However, so that all projects are revised as required and processed within this short timeframe, both OCHA and the applicants have certain responsibilities: in the case of OCHA, to ensure that all bureaucratic and time-consuming steps relating to project review and approval are minimized as much as possible, and in the case of the applicants, to ensure that the proposals are completed in line with the guidelines, that reports are submitted on time and that proposals are submitted prior to deadlines. To speed up the process even further, OCHA should consider allowing applicants to start spending HRF funds from the date the proposal is approved, rather than requiring applicants to wait until the contract is signed by all necessary actors – this will facilitate even more timely emergency response.

Inclusive and Representative Review Board:

The HRF Review Board that meets weekly to review, discuss and approve proposals and HRF policies more broadly, is an inclusive body comprised of UN agency staff, members of the HRF team (OCHA) and four NGO representatives⁵. Embodying the spirit of humanitarian reform, the Review Board is an example of good humanitarian partnership and coordination, where the NGO community has an equal voice to UN agencies in determining which projects to fund and deciding upon revisions and improvements to the HRF operational guidelines and policies.

Clusters Provide Technical Review:

Prior to going to the HRF Review Board, proposals are filtered first through the HRF team (OCHA) and are then sent to the clusters or emergency taskforces for technical review. This good practice supports improved coordination, speed and effectiveness of the fund. Relying on these groups comprised of both NGO and UN technical experts to design and lead the technical review process helps to ensure that the projects

¹ Democratic Republic of Congo, Ethiopia, Haiti, Indonesia, Iraq, Myanmar, the occupied Palestinian territories, Somalia and Zimbabwe

² <http://www.ocha-eth.org/hrf/index.html>

³ Jan-Oct 2009: No. of projects funded-73, Total amount funded: \$36.3 million

⁴ UN-OCHA. *Humanitarian Financing Workshop Report*, Addis Ababa, Jan 9-10, 2007.

⁵ As at end 2009 this comprised of 3 INGOs (CARE, Catholic Relief Services and Save the Children UK) and the Ethiopian Red Cross

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themselves are technically sound; ideally, the cluster or taskforce will recommend changes to further improve the project effectiveness. Having the clusters review the projects also reduces the HRF Team's and Review Board's workloads, improving the speed and efficiency of Board meetings and the project approval process. Finally, allocating this role to the clusters and taskforces strengthens the coordination groups themselves, as they are required to come together regularly to design the review process and discuss the projects. Of course, for this process to truly be effective, the clusters / taskforces must have the capacity to review the proposals in a short period of time, and the individuals in the clusters must truly have technical expertise in their sector. This requires that UN cluster leads allocate the necessary time and resources to support the overall effectiveness of each cluster.

Supports HC's Ability to Coordinate Humanitarian Response:

The HRF is sometimes referred to as the Humanitarian Coordinator's Fund. While OCHA in fact manages the fund and the overall review process, the HC does have ultimate oversight. The HC can, and should, use the HRF as a tool to assist him/her in coordinating humanitarian response in Ethiopia, one of his/her primary duties. The HC can also use his/her authority over the fund to improve humanitarian response strategy and to hold fund recipients – UN agencies as well as NGOs – accountable on reporting and other issues relating to specific projects. The HC should not, however, be involved in time-consuming and bureaucratic aspects of the fund.

Supports Improved Coordination outside the Capital:

To further strengthen humanitarian coordination in emergencies, the HRF guidelines require agencies to participate in regional coordination mechanisms as a prerequisite to receiving funding. While this condition is not closely monitored, there have been instances where the HRF team has found that fund recipients are not attending these regional meetings and, referring to the HRF guidelines, have required that the agency adhere to the requirements and attend. The fact that this policy is written into the guidelines is a good practice, although improvement in its enforcement is needed.

Highlights Gender, HIV/AIDS, and Requiring Detailed Analysis of Individual Needs:

The recent incorporation of gender guidelines into the HRF is indicative of a general trend to require applicants to closely consider the varying and diverse needs among community members. Requiring a detailed analysis of each project proposal through a gender-sensitive lens will ultimately lead to better, more responsive and accountable programming, both for projects submitted to the HRF and more broadly. The HRF also requires that proposals describe how the project addresses HIV/AIDS mainstreaming. However, the level of scrutiny to which projects are subjected around HIV/AIDS and gender is currently not sufficient, as clusters generally do not include these issues in their review. Simply putting a requirement in the guidelines is not enough; strict monitoring and evaluation of the project proposals' adherence to these guidelines is also necessary.

Supports Linkages Between Emergency and Long-Term Recovery Projects:

Because the HRF exists to support emergency projects, longer-term recovery or development needs will not be funded. However, the HRF does actively encourage strong linkages between humanitarian responses and longer-term frameworks. In some cases, if unable to fund a project because it is outside of the HRF mandate, the HRF management team may connect the applicant with donors who are able to fund such types of projects. The HRF recently established a livelihoods taskforce involving donors, UN and NGO representatives to discuss both the issue of funding livelihoods programmes and to determine ways to further strengthen linkages between disaster prevention, emergency response and early recovery programme funding.

Supports International and National NGO Partnerships:

Similarly, while the HRF does not currently fund national or local NGO projects directly, when approached by a national NGO seeking project funds, HRF staff have at times connected the NGO with a UN agency or international NGO working in the region. Thus, while not directly supporting the work or capacity enhancement of national NGOs doing humanitarian work, the HRF does support partnership-building between national and international actors. This can help to strengthen the effectiveness as well as the improved coordination of humanitarian response, as national NGOs often have greater capacity to reach remote or hard-to-access communities. However, the possibility of having the HRF directly fund the national NGOs is something that should be evaluated and strongly considered.

Coordinates with other Donors and Funding Mechanisms:

The HRF team maintains strong relationships with the Office of U.S. Foreign Disaster Assistance (OFDA) and European Community Humanitarian Aid Office (ECHO)—two key donors who do not give to the HRF. Meeting as a group monthly, and individually on a more frequent, ad-hoc basis, the two donors and OCHA share information on projects submitted and funded, and discuss funding needs and priorities. Additionally, while NGOs cannot get direct access to CERF⁶ funds, the HRF Review Board collectively decides on CERF fund allocations to UN agencies.

Promotes Improved Coordination by Funding Consortium Projects:

To improve the efficiency of the use of its limited resources, while also supporting overall improved coordination, the HRF now finances consortium projects and, because these projects have proven to be effective, flexible and efficient, is attempting to make this common practice rather than an occasional event.

Adaptable:

As the HRF will likely continue to grow and face new challenges, the need to review and, if necessary, revise existing guidelines and policies is very apparent. The current fluidity of the HRF, and the fact that the HRF team and Review Board continue to evaluate and modify policies and procedures to adapt to a changing operating environment are among the fund's overarching strengths.

Conclusion

Given the ever-changing environment in which an emergency fund must operate, perhaps this final point—on the Fund's adaptability—is also the most significant. Those managing and those receiving funds from the HRF must continue to review the HRF policies and practices, as improvements to the fund will always be needed. Over the past several years since the HRF's inception, a number of researchers and humanitarian practitioners have analyzed the fund, outlining recommendations for its improvement. Next steps for strengthening the fund should involve a collaborative approach in which all relevant humanitarian actors work to further analyze, review and revise the existing guidelines, with the aim of bolstering the effectiveness and speed of the fund and improving the overall quality of the projects supported.

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⁶ Central Emergency Response Fund (see: www.cerf.un.org)