

Desk Review of CBHA's Emergency Response Fund Performance

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This desk review analyzes the grant activity of the CBHA Emergency Response Fund (ERF) since its initial activation in June 2010. The purpose of the review, externally commissioned by the CBHA Programme Management Unit, has been to determine whether or not there is measurable evidence that the ERF has added value to humanitarian response efforts. The review seeks not to reiterate the findings and conclusions of the midterm review and annual report, but rather to provide a quantitative evidence-base to further inform the current discussions around continuing and potentially expanding the ERF model. Using data supplied by CBHA, and aid flow figures from the UN Financial Tracking Service (FTS), the analysis compares the ERF track record to the results of other funding mechanisms in the given case examples.

1. ERF funding activity to date: review and comparison

The ERF has come into being amidst a varied and still-growing field of international humanitarian financing instruments. Determining whether any new funding mechanism has added value to international humanitarian response efforts requires evidence that it has facilitated greater volumes in funding flows, increased speed in response time, and/or that it has filled existing gaps and addressed under-served needs. These three criteria - additionality, timeliness, and coverage - are examined below in relation to ERF funding results. This is followed by a comparison of transaction costs between the ERF and other grantmaking modalities.

The ERF has made a total of 46 separate grants to date, totaling £3,777,060, across 11 emergency cases. Six of these cases were sudden-onset natural disasters, three were conflict-related displacement crises, and two were slow onset drought emergencies.

Table 1: Grants allocated by emergency, 2010-11

Emergency	Allocations	Total (GBP)
Bangladesh floods 2011	5	325,000
Horn of Africa drought 2011	4	555,814
India Orissa floods 2011	4	222,000
Ivoirian refugee crisis 2011	4	197,045
Kyrgyzstan conflict 2010	4	160,425
Myanmar: Cyclone Giri 2010	5	449,351
Pakistan floods 2010	8	750,000
Pakistan floods 2011	3	200,000
Somalia drought 2011	5	442,876
South Kordofan 2011	2	189,258
Sri Lanka floods 2011	6	285,291
Totals: 11	46	3,777,060

Source: Data from CBHA

Of the 15 NGO consortium members, all but one (Oxfam) have applied for and received rapid response funding through the ERF, with Save the Children and Christian Aid showing the highest usage.

Table 2: Grants allocated by agency, 2010-11

Agency	Allocations	Total (GBP)
Action Against Hunger	3	301,674
ActionAid	3	318,215
Cafod	4	359,870
Care	1	50,223
Christian Aid	7	576,899
Concern	3	255,457
HelpAge	3	165,624
IRC	2	248,527
Islamic Relief	3	241,356
Merlin	3	291,005
Plan	1	82,798
Save the Children	7	508,917
Tearfund	3	128,965
World Vision	3	247,530

Source: Data from CBHA

The average size of CBHA ERF allocations has been £82,000 (\$136,000), which is relatively small compared with the average size of NGO grants from other funding sources in these emergency response cases. In Myanmar, for example, the average CBHA ERF grant for Cyclone Giri relief amounted to £112,300 (\$185,357); roughly half of the size of the average NGO grant received through other channels for that emergency (\$342,000). Similarly, in Kyrgyzstan the average NGO grant was \$199,800, while for the CBHA ERF the average size of allocations was \$88,234. However, given that ERF grant periods are limited to 30 days, and nearly all non-CBHA grants are for a longer duration (three to six months or more), the average contribution amount per month for these examples may be roughly comparable. The size discrepancy between ERF grants and other NGO allocations becomes larger the larger the overall international response. In the Pakistan floods of 2011, for instance, the average CBHA ERF grant amounted to \$111,333, while overall the average allocation to NGOs responding to that emergency was more than ten times that amount: \$1.2M.

A modest additionality effect

In the cases where detailed funding information is available,¹ the ERF was seen to contribute between .1 and 10 percent of total funding received by NGOs.² The percentages were higher for those emergencies not covered by a CAP or Flash Appeal, namely Bangladesh, Myanmar, and South Kordofan, suggesting that the

¹ This includes all CBHA ERF responses except for the India Orissa floods, for which OCHA FTS information was still incomplete at the time of this writing.

² For the sake of more accurate comparison, the analysis excluded amounts allocated to UN agencies, private contractors, and the ICRC/IFRC, which typically receive grants of a larger scale than NGOs.

ERF helped to drive up the volume of funding to low profile emergencies where bilateral donors were not focusing their attention.

Table 3: Grants allocated by emergency, 2010-11

Emergency	Total NGO funding (USD)	ERF allocations (USD)	%	CAP/FA?
Bangladesh floods, 2011	5m	.5m	10%	No
Horn of Africa drought, 2011	160m	.9m	1%	CAP
Ivoirian refugee crisis, 2011	27m	.3m	1%	CAP
Kyrgyzstan conflict, 2010	45m	.3m	1%	FA
Myanmar: Cyclone Giri, 2010	38m	.7m	2%	No
Pakistan floods, 2010	725m	1.2m	0.2%	FA
Pakistan floods, 2011	40m	.3m	1%	FA
Somalia drought, 2011	168m	.7m	0.4%	CAP
South Kordofan, 2011	7m	.3m	5%	No
Sri Lanka floods, 2011	14m	.5m	4%	FA

Sources: Data from CBHA and FTS

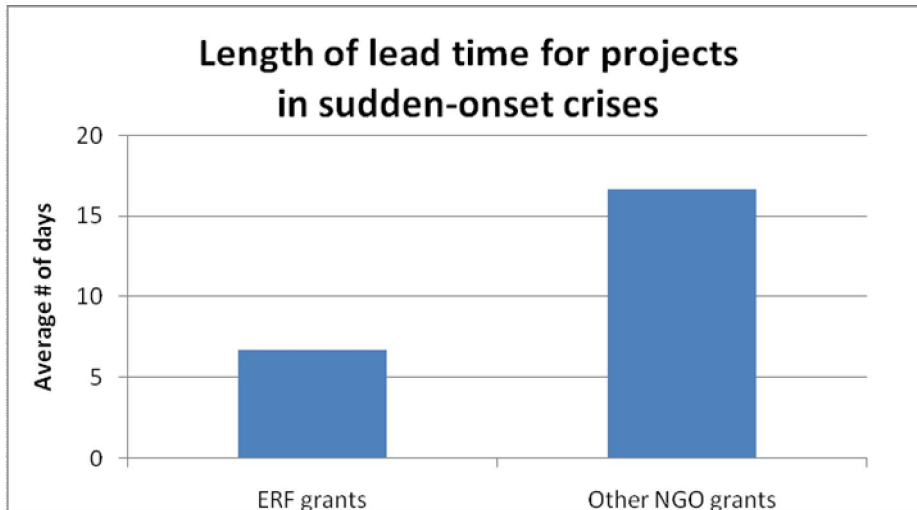
Focusing just on funding from the UK (the provider of the ERF resources) reveals that in four of the 11 emergency cases the UK made no bilateral contributions at all, and in another two their bilateral grants were awarded only to non-NGO recipient organizations. This illustrates how the ERF has provided additional, direct resources to NGOs in emergencies where most funding is being channeled through UN agencies (directly or by dint of the CERF).

Considerable benefits to timeliness/speed of response

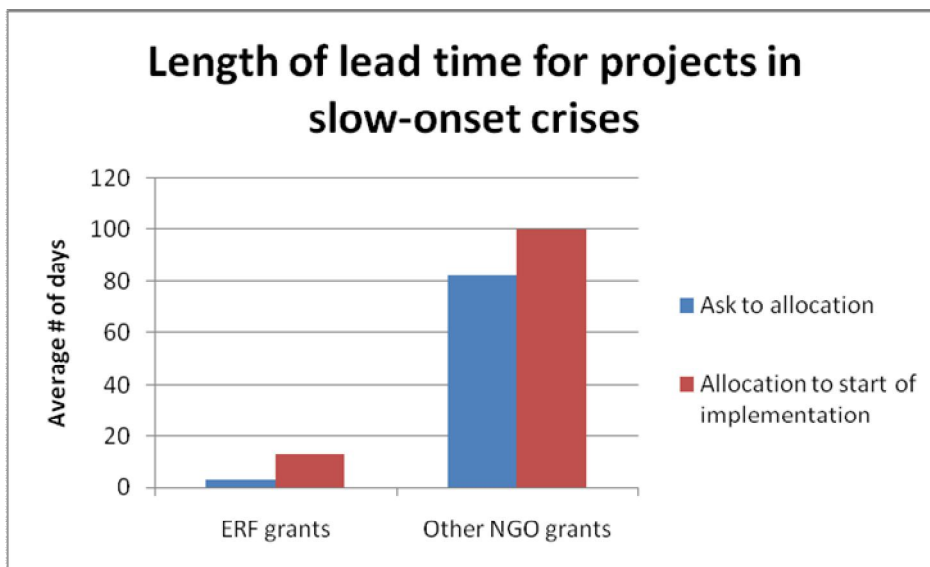
Owing to the small-scale and short-term nature of the grants, the overall impact of ERF grants in terms of volume/additionality is nevertheless fairly small. More robust evidence for the value of the ERF can be found in terms of timeliness. The ERF's focus on rapid application and approval of funding to kick-start emergency response in the early days of a crisis is reflected in markedly quicker disbursement and start-up times compared to other humanitarian funding modalities.

The review compared the timeliness of ERF projects to other NGO interventions by how quickly they were solicited, reviewed, approved, and initiated. In the sudden-onset emergency cases it compared the relative number of days from onset to "ask" (the appeal, or in the case of the CBHA, the telecon), from ask to allocation; and finally from onset to implementation (start of activities). In the slow-onset cases (without a defined onset date) the review looked at the number of days from the date of allocation to implementation. With the exception of some of the OCHA-run ERF grants operating at the country-level, the CBHA ERF mechanism is speedier in all four of these windows (although this is also partly due the manageably small number of applications that the mechanism has to process.) On average, ERF-funded projects in the cases examined were approved and became operational two to three times quicker than other NGO projects as a whole.

Figures 1 and 2: Speed comparison between CBHA ERF and other NGO grants



Sources: Data from CBHA and FTS, cases of Pakistan floods (2010), Bangladesh floods, and Pakistan floods (2011)



Sources: Data from CBHA and FTS, cases of the Ivoirian refugees (Liberia), Kyrgyzstan, Horn of Africa drought, and Somalia drought (here and above, cases omitted where FTS did not have comparable data available)

NGO representatives interviewed for this review lent support to these findings based on their individual experiences with the fund. Interviewees emphasized the advantages of the CBHA ERF in that it disbursed funds more quickly than other funding modalities, and either provided them with the necessary startup resources that they lacked, or else augmented their reserves, and allowed them to begin implementing on a larger scale than they would otherwise be able to in the first month of programming.

Potentially increased coverage for under-served emergencies

The third criterion, coverage, is difficult to assess using the quantitative indicators examined in this review. There are no sectoral, geographical, or demographic gaps in coverage within the first 30 days of a crisis that are measurable using the available data, and that the CBHA ERF grants can be shown to have filled. More broadly, however, it can be argued that the fund is able to fill gaps in coverage by the international system as a whole, by enabling responses in low-profile emergencies. The participants stressed that the CBHA ERF, because it is run by operational agencies, has the capacity to respond to crises where donors and the media are not paying attention. An observed rise over the past decade in small to medium scale natural disasters concomitant with climate change increases the likelihood that more people will be in need of aid in coming years in emergencies that are too small to get on the radar of the international system. Moreover, the ERF-supported response has the catalytic effect of attracting more donor attention and provider response efforts.

Minimal transaction costs

Because the transaction costs associated with humanitarian financing have an indirect effect on agency performance and outcomes for aid recipients, it is relevant to look at this issue when comparatively assessing the value of a new mechanism. The term transaction costs can be taken to mean both the administrative burden and staff time involved with obtaining a grant, as well as the percentages of funding typically taken as overheads by the grant-making and intermediary organizations. The latter can range from 1-3 percent of program costs for agencies acting as fund managers or 'pass-through' funders, to 5-7 percent for subgranting organizations partnering with NGOs. A frequent complaint by the NGOs in their dealings with the CERF and Common Humanitarian Funds involves the mounting cost of these 'cascading overheads' and that by the time it reaches the implementing organization there is often very little scope for covering the implementer's own indirect costs. This is particularly true of CERF funding, to which NGOs have no direct funding, so any funds received through this facility will be through at least one UN agency subgranter. In this respect, direct grants through the ERF have saved on transacted costs.

The other potential drawbacks of common funding facilities in general are the sometimes heavy structures and their time- and labor-intensive procedures for proposal submissions and reporting. For a fund that makes only small, 30-day grants it is arguably imperative that the ERF keep its administration as streamlined as possible, or there would be little incentive for agencies to participate. For the most part the ERF seems to have achieved this. The granting process has been described by participants as somewhat 'intense' and 'high pressure' (because of the rapidity required), but nonetheless straightforward, efficient, and quick. Moreover, because the actual administrative work for the ERF takes place at headquarters level (with varying levels of field support) the burden falls more upon central management and does not take time away from field personnel.

2. Potential value of expanding the CBHA ERF

In summary, the desk review has found fairly clear evidence supporting the CBHA ERF's positive effect on timeliness of response to emergencies, a more modest effect on funding volume/additionality, and a hard to quantify but broadly salutary effect on coverage across emergencies. Further, it has managed to operate with

a minimum of transaction costs to its users. It was the overwhelming consensus of participants interviewed that the ERF has proven a successful experiment, worthy of continuation and possibly expansion.

If the criteria of timeliness, additionality, and coverage all have a direct impact on aid recipients, other, more indirect benefits to humanitarian response can accrue from the a funding mechanism's contribution to improved **coordination**, enhanced **program quality**, and support for **humanitarian principles**. In this regard participants affirmed the current and potential added value of the fund in these areas, but tempered with some downsides and potential pitfalls. Coordination between agencies is promoted in the current ERF framework, though mainly at the global/headquarters level, by virtue of the joint decision-making and transparency regarding alerts and allocations. The quality of programming benefits, on the one hand, by the competition inherent in awarding the grants, and in a more positive sense by the peer review element of the process. Some interviewees noted that this has knock-on effects on their local partners as well, and has helped to boost their capacity in developing rapid response programs.

These downsides and potential pitfalls of the ERF model that participants noted were few, but also mainly in relation to these criteria. One interviewee expressed the concern, for instance, that the principle of aid programming based on objective need (as opposed to capacity, and who happens to be on hand) is not always amenable to very short-term allocation processes. Without more comprehensive and collaborative needs assessments, which of course take time, it is hard to see how this particular programming principle will reinforced by the ERF (the suggestion floated for a separate fund allowing for longer-term grants may be one way of addressing this issue.) Additionally, the ERF at its core remains a reactive mechanism that does not directly build capacity for preparedness are independent response by national and local actors. This is not to detract from its value with the need for such a mechanism, but rather to illustrate how it may run counter to certain programming principles (again, ideas for another separate fund that would support preparedness and capacity building activities within government and other local entities would allow the consortium to address these concerns.)

Concerns will undoubtedly be raised about the future of humanitarian coordination between CBHA NGOs and UN actors on the ground, particularly if access to a new independent fund creates less incentive for NGOs to participate in the cluster system and other coordination mechanisms that are underpinned by multilateral funding mechanisms. It is doubtful that this will prove to be a major obstacle, however, as such a fund would not provide the primary resource base for participants, and is more likely simply to contribute to a healthy diversity of funding sources. Finally, there is a reasonable concern that the speed and efficiency and other positive results of the CBHA ERF will suffer from taking it to scale. Once a great many more eligible grantees are participating, there will undoubtedly be increased administrative, governance, and programmatic complications that could hamper the benefits of the mechanism.

On the whole it would seem that there is more than sufficient merit in exploring how the ERF mechanism could be expanded to include a wider membership of NGOs and a broadened donor base. Taking the above caveats into consideration, the consortium would be well advised to study the feasibility and elaborate the design of the potential expanded fund as the next steps in their collaborative endeavor.