**Central Emergency Response Fund CERF - Guidance Note for COs and ROs on Key Issues**

This note (developed by EMOPS, PARMO, DFAM) outlines key changes for CERF that will have implications for Country Offices - including guidance of the revisions that took place due to the Umbrella Letter of Understanding (LoU) between Central Emergency Response Fund (CERF), and the impact on UNICEF programmes and procedures. The provisions apply to both Rapid Response Grants, as well as the Under-Funded Emergencies Grants unless otherwise stipulated below. Please also refer to the revised Secretary General’s Bulletin on CERF ([ST/SGB/2010/5](http://ochaonline.un.org/cerf/WhatistheCERF/GeneralAssemblyReportsandResolutions/tabid/3358/language/en-US/Default.aspx)), the Umbrella LoU for details of the changes.

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|  | **Key Changes & Issues** | **What this means for COs** | **Key Actions for COs** |
| **CO’s to alert EMOPS & RO’s when CERF projects are being drafted; share final submissions with EMOPS & RO.** | | | |
| **1** | **Extended time-frame** **for Implementation**- | Activities funded against the Rapid Response Grant will have to be implemented within 6 months following disbursement.  **No Cost Extensions** - This means that No-Cost Extensions (NCE) will no longer be as necessary as before and if needed will need stronger justifications.  **Definition of implementation** - ST/SGB/2010/5 "Implementation is defined as the completion of programmatic activities related to the grant, and the expensing of grant funds within an eligible organization’s internal financial system" | Rapid Response PBAs will be issued for 6 months from **the date of disbursement** [[1]](#footnote-2)(or 6 months after the start date of the project if a start date is specified in the project application template – see point 6 below) and will need to be closely monitored based on expenditures.  **No Cost Extensions** -will rarely be given and if in rare circumstances is requested then *justifications need to be strong*. The NCE should be requested ***at least* one month before the expiry** of the CERF PBA and will have to be strongly based on the CERF life-saving criteria. |
| **2** | **Financial Management** – | The Office of the Executive Director was notified of funds that have been refunded due to non-expenditure over the last few years. The worst reports were for CERF PBAs. *Please ensure applications made to CERF are made on realistic needs and expenditure plans within the timeframes indicated.*  Over-expenditure on any budget line (with the exception of staff costs and recovery costs) exceeding 15% of budget line item will have to be endorsed by the RC/HC and have written approval from the ERC prior to the expenditure being incurred. For staff costs any overexpenditure must have prior approval from the ERC. No increases on the total budget should be made.  Change in the use of the funds from what has been approved in the proposal requires prior approval from the ERC (clause 2.7 of the Umbrella Agreement) | Careful monitoring of expenditure against budget lines will have to be maintained and prompt notification of the RC/HC in case of any overexpenditure of a budget line will be required.  It is important that country office uses CERF funds only for the project approved. Funds cannot be used for other purpose until written approval is requested and approval is obtained from the ERC. If not approved, the unused funds must be refunded.  Committing the funds as early as possible upon receipt of the budget should be standard practice. Whenever possible, do not wait until the last few days of the grant duration to commit or expend the funds.  Given the history of high rate of refunds EMOPS will also send reminders to COs to ensure expenditure of funding is on track. |
| **3** | **Application Procedure and** **Template** - | **New Budget Categories:** As of 1st January 2013, CERF submissions are expected to use the new budget categories in the CERF grant application (updated to reflect recent changes to the UN Development Group (UNDG) budget categories). Regarding financial expenditure reports, please note that the CERF will only apply the new categories in the expenditure report for projects approved in 2013 and onwards. | Please include 7% indirect costs (recovery cost) in the budget.  Make a decision how UNICEF will include **direct** **programme support costs** in the projects. They must be incorporated into programme budget lines as these are part of the costs of running programmes; they can be included in category G (general and operating and other direct costs) if they cannot be conveniently included within another category.  **Specific changes to budget category** Refer to the [CERF website](http://ochaonline.un.org/cerf/HowtoApply/CERFGuidance/tabid/5818/language/en-US/Default.aspx) for the revised application template**:**  Budget category B. Personnel (staff, consultants, travel) has been separated into three categories in the new format - category A. Staff and other personnel costs, D. Contractual Services and category E. Travel.  Budget category D. Contracts has also been separated into two categories in the new format - D. Contractual Services and F. Transfers and Grants to Counterparts (through PCA’s/SSA’s/contracts etc).  The new category G. General Operating and Other Direct Costs better clarifies where to include general operating costs which was unclear in the previous format.  The new format does not include 'Training of counterparts', as in the previous template. Training should now be budgeted in the new categories according to the type of cost incurred (e.g. if the training is directly implemented by the agency, the costs should be budgeted under the categories A. staff, B. supplies and material and C. contractual services, according to the nature of these costs. If implemented through a partner, the costs should be budgeted in categories F. transfers and grant to counterparts). |
| **4** | **Financial reporting** – | For Rapid Response projects with an implementation end date between 1 January and 30 June of a given year, interim financial reports from agency HQ will be submitted by 15 August of the same year (previously reporting was at 31 December only). For projects with an implementation end date between 1 July and 31 December of any given year, interim financial reports as at 31 December will be submitted by 15 February of the following year. | Strong project management and prompt ordering of supplies will help ensure high implementation rates in interim reports and further advocacy with CERF for future funding. |
| **5** | **Substantive (narrative) reporting** | At the field level - narrative reporting on CERF projectsis submitted to the RC/HC. On 28 August 2013, the CERF secretariat informed us about changes to the CERF reporting (for narrative reports) schedule announcing a shift from the fixed 15 March deadline for submission of Resident/Humanitarian Coordinator (RC/HC) CERF reports to a rolling model with individual deadlines 3 months after the expiration of each CERF grant. | This will require strong M & E systems in place. CO/RO to use the standard narrative reporting template provided by RC/HC. |
| **6** | **Pre**-**financing** – | Project start dates will remain as the date of the disbursement of funds from the CERF to the recipient UN agency headquarters. An earlier start date could be specified on the CERF application and approved by the Emergency Relief Coordination (ERC) for Rapid Response grants, up to a maximum period of up to 6 weeks prior to the date of CERF disbursement, and not before the date of the onset of the emergency. | In order to be able to reverse funds against expenditures already under-taken for the emergency (for EPF or RR funds etc) please indicate an earlier implementation start date of CERF funded activities in Part 111, 6B of the Application Template. Note that this is only permissible to the beginning of a crisis (max 4-6 weeks prior to CERF disbursement) ; or an escalation of a protracted crisis. |
| **7** | **Disbursement to NGO partners** | UN agencies receiving CERF grants rely to a significant extent on partners, such as NGOs, for the implementation of CERF‐funded projects. Therefore, the speed at which agencies sub‐grant funds to NGOs and other implementing partners (IPs) is considered to be a factor in determining the timeliness and effectiveness of CERF‐funded projects and, to a degree, of the CERF. This concern is not exclusive to the CERF but part of the broader UN/NGO partnership issue. The CERF 5 Year Evaluation noted that the average disbursement to NGOs is slow - an average of 50 working days. UNICEF’s average was 56 days. | New PCA guidance requires that all PCAs be launched in less than 30 days (and less in emergencies) and that this benchmark is tracked and reported on (the new guidance will be posted on the intranet). |
| **8** | **Visibility** | UNICEF reports to show CERF’s contributions more clearly for visibility. | COs/ROs to share pictures with Jalpa Ratna and Genet Yigezu. |
| **9** | **Evaluation** | Evaluations to incorporate CERF/humanitarian financing related information. | COs to ensure that humanitarian financing questions are incorporated. |

For further information on the application process, please refer to the [guidance](http://ochaonline.un.org/cerf/HowtoApply/CERFGuidance/tabid/5818/language/en-US/Default.aspx) on the CERF website: <http://ochaonline.un.org/cerf/HowtoApply/CERFGuidance/tabid/5818/language/en-US/Default.aspxI>

If you have any further queries please contact your relevant EMOPS Humanitarian Field Support Section focal point:

[EMOPS Humanitarian Field Support Section Desk officers](http://intranet.unicef.org/emops/emopssite.nsf/root/PagexxWhoCanHelpYou).

1. All disbursement dates are recorded here: <http://www.unocha.org/cerf/cerf-worldwide/allocations-agency> (click UNICEF) [↑](#footnote-ref-2)