



**CENTER ON
INTERNATIONAL
COOPERATION**



**Common Funds for Humanitarian Action in
Sudan and the Democratic Republic of Congo:**

Monitoring and Evaluation Study

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Abby Stoddard
abby.stoddard@nyu.edu

Dirk Salomons
ds2002@columbia.edu

Katherine Haver
katherine.haver@nyu.edu

Adele Harmer
a.harmer@odi.org.uk

**Center on International Cooperation
New York University**

in collaboration with

**The Humanitarian Policy Group
Overseas Development Institute**

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Research team composition and report authorship

Team Leader: Dr. Abby Stoddard (CIC)

Abby Stoddard is a Senior Associate at the Center on International Cooperation, and coordinates CIC's research and policy consultations on issues in [international humanitarian action](#).

Dr. Dirk Salomons (Columbia University)

Dirk Salomons is the Director of the Humanitarian Affairs Program at Columbia University's School of International and Public Affairs, and the Managing Partner of the Praxis Group, Ltd., an international management consulting firm based in the USA and Switzerland.

Ms. Katherine Haver (CIC)

Katherine Haver is a Research Associate at the Center on International Cooperation

Ms. Adele Harmer (HPG/ODI)

Adele Harmer is a Research Fellow with the Humanitarian Policy Group at the Overseas Development Institute. She is currently based in New York, working in collaboration with the Center on International Cooperation.

All team members contributed to the research and writing of the reports. Field research in Sudan was conducted by Dirk Salomons. Field Research in the Democratic Republic of Congo was conducted by Katherine Haver and Abby Stoddard. Primary authors of the reports were as follows:

Chapeau report: "Common Funds for Humanitarian Action in Sudan and the Democratic Republic of Congo: Monitoring and Evaluation Study" - Abby Stoddard

Component report: "Evaluation of the Common Humanitarian Fund in the Sudan" - Dirk Salomons

Component Report: "Evaluation of the Pooled Fund in the Democratic Republic of the Congo" - Katherine Haver

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Acronyms

CAP	Consolidated Appeals Process
CERF	Central Emergency Response Fund
CHF	Common Humanitarian Funds
CIC	Center on International Cooperation
CPIA	Provincial inter-agency standing committee
DfID	United Kingdom Department for International Development
DI	Development Initiatives
DRC	Democratic Republic of the Congo
EC	European Commission
ECHO	European Commission Humanitarian Aid Office
ERF	Emergency Response Fund
FAO	Food and Agriculture Organization of the UN
FARDC	Armed Forces of the DRC
FTS	Financial Tracking Service
GHD	Good Humanitarian Donorship
HAG	Humanitarian Advisory Group
HC	Humanitarian Coordinator
HPG	Humanitarian Policy Group
IASC	Inter-agency standing committee
ICRC	International Committee of the Red Cross
INGO	International non-governmental organization
IOM	International Organization for Migration
IRC	International Rescue Committee
M&E	Monitoring and evaluation
MONUC	United Nations Organization Mission in the DRC

MONUC CAS	MONUC Civil Affairs Section
MOU	Memorandum of Understanding
MSF	Médecins sans Frontières
NAFM	Needs assessment framework
NFI	Non-food items
NGO	Non-governmental organization
NYU	New York University
OCHA	UN Office for the Coordination of Humanitarian Affairs
ODI	Overseas Development Institute
PCA	Project Cooperation Agreement
PF	Pooled Fund
RRM (or RRF)	Rapid Response Mechanism (or Rapid Response Fund)
RRR	Rapid Response Reserve
SCF	Save the Children
TOR	Terms of reference
UN	United Nations
UNCT	United Nations Country Team
UNDG	United Nations Development Group
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children Fund
UNMAC	United Nations Mine Action Center
UNMAO	United Nations Mine Action Office
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organization

Executive Summary

This report presents findings of the monitoring and evaluation study of the Common Funds piloted in Sudan and the Democratic Republic of Congo during 2006. The seven participating donor governments commissioned the study from the Center on International Cooperation (NYU) in collaboration with the Humanitarian Policy Group (ODI). The CIC-based team undertook research activities between April and October 2006, which included a document review, field visits to the pilot countries, and interviewing of 213 informants in total.

The Common Fund mechanism was designed to support more coherent, strategic humanitarian response - addressing what some have described as the essential flaw in the CAP. Instead of providing donors with a “shopping list” to choose from, the Common Fund seeks to enable the Humanitarian Coordinator to direct funding to priority needs identified in the field.

Overall the study concludes that the Common Fund mechanism has improved the process by which humanitarian response is planned, prioritized, and coordinated. It has also strengthened the position of the Humanitarian Coordinator, created strong incentives for coordination, and increased opportunities for actors to participate in a more coherent manner. As such it has shown the potential for improving humanitarian outcomes, and represents a significant step forward in international financing of humanitarian action.

In both countries the researchers found strong support among stakeholders for the ethos and objectives of the Common Fund, while its mechanics came in for some significant criticism. Many NGOs repeatedly expressed the concern that the mechanism is too UN-focused and top-down, choking off funding for NGOs or relegating them to the role of UN subcontractors. To these stakeholders, even though they endorsed the concept of pooled funding, the exercise appeared geared more toward consolidating the UN’s coordinating role than improving delivery. The mechanism also resulted in transaction costs, in the form of a great deal of extra coordination tasks, being shifted from donors to the field actors. This burden shift is in many ways unavoidable, but it could be argued that donors have not reciprocated with efforts to ensure the mechanism was supported with more timely and frontloaded disbursements compared to previous years.

The Common Funds’ deficiencies are reparable, but significant. The study nevertheless concludes that, with the necessary repairs, the mechanism is worthy of continuation in the two pilot countries, and should justify replication in additional countries. The study’s main findings, conclusions and related recommendations are summarized as follows:

- **Impact of Common Funds on humanitarian funding in Sudan and DRC**

By most measures, the DRC’s Common Fund had a stronger financial impact than Sudan’s, owing to its greater proportional size (it ended up 300% larger than planned and actually represented the largest single source of humanitarian funding in DRC). In regard to the **strategic coordination of funding**, since the inception of the mechanism, the portion of total aid flows directed to activities inside the countries’ strategic plan frameworks, as opposed to

uncoordinated direct bilateral payments, rose by a considerable amount – to 79% in Sudan (from a prior years' average of 56%) and 82% in DRC (formerly 54% on average).

In terms of **additionality**, the advent of the Common Funds corresponded to a small combined increase (between 1% and 2%) in the funding of the participating donors as a percentage of overall humanitarian aid flows in the pilot countries. Timeliness of disbursements against commitments by donors did not show a marked improvement compared to previous years. While commitments were made early, disbursements varied in lag time from donor to donor, and were contingent on headquarters procedures that did not seem to have been adjusted in service to the new mechanism. While most of the committed money had reached the Common Funds by third quarter 2006, some donor disbursements (for DRC) were still pending at the time of this writing.

In summary, though not by big leaps, Common Funds did contribute to increased volume of aid to the two countries by providing a convenient channel for donors to contribute proportionally greater amounts than previously. In DRC they also created the potential for additional, non-traditional donors to DRC to add the overall volume, as some have signaled their intention to do. It also added to coherence and strategic impact of aid in that a significantly greater share was directed to interventions inside a common planning framework. Some donors in DRC, however, channeled 90% or more of their contribution to the Common Fund, raising concerns that this would lead to reduced decision-making flexibility, and that important non-participating organizations (ICRC, MSF) would lose access to key resources. Finally, as regards **timeliness**, although participating donors took pains to establish the new financing mechanism, their internal, home office funding mechanics did not change accordingly to enable them to frontload the Funds in the early part of the year. The goal of **predictability** of funding, therefore, was advanced little.

Recommendations: The donors, who drove the establishment of the Common Funds, bear the ultimate responsibility for its success or failure. Accordingly, they must take all necessary steps to support the mechanism, including making changes in their own systems if this is what is needed. For instance, donors must make the necessary arrangements and/or policy changes to allow them to commit and disburse at the beginning of the calendar year to the Common Funds. In addition both participating and non-participating donors should make efforts to coordinate among themselves and report their funding activities and intentions in a more timely and accurate fashion. It is recommended that participating donors reserve a portion of their funding for programming outside the mechanism for non-participating agencies, activities that fall outside the geographical or temporal parameters of Common Fund eligibility, and unforeseen contingencies. The size of this portion should be determined by each donor depending on their priorities and monitoring capacity, but as a general rule donors should be able to give programmatic justifications for decisions to channel over three quarters of country contributions through the fund (beyond mere ease of programming or desire to support the Common Fund mechanism itself.)

- **Effectiveness of the mechanism as a strategic tool for meeting priority needs**

The first round of funding decisions in both countries were procedurally flawed and resulted in some questionable allocations, but on balance the mechanism can be said to have fostered improvements in the strategic financing of humanitarian interventions, empowering the HCs to

direct resources to under-served areas and activities. The biggest shift in resources was seen in the health sector, which saw significantly increased funding (in both countries but especially in DRC) compared to previous years, and was hailed by actors in the field as addressing under-resourced priorities (a large percentage of this increase went to WHO allocations, however, which raised other issues – see below). Somewhat in contrast to the original vision for the mechanism, the HCs created decentralized decision-making structures within the cluster system to create a bottom-up, field driven prioritization process. While each HC still takes the final decisions, these are based on the technical assessment and vetting of projects at the field level.

Problems identified in the allocation process include apparent conflict of interest issues, and difficulties faced by NGOs in access and participation. Moreover, some UN agencies that are not traditionally major players in humanitarian action seem to have benefited disproportionately from the mechanism in financial and visibility terms, showing huge jumps in funding from past years. This has raised questions as to whether the increased flows are being directed to the most capable actors, even if they do target priority areas. Cluster leadership has varied, and not all leads have actively engaged NGOs, and particularly local NGOs. A number of NGOs reported difficulties in accessing and participating in the mechanism, and expressed fears that their funding is being strangled while they are being allowed only backdoor access to the fund. Although local NGO participation was limited in this first year, the mechanism shows potential for increasing the funding and capacity of these organizations, and enhancing overall response by promoting sustainability.

The HC decision-making structures based in the cluster/sector system, particularly the DRC model, have been effective in mitigating inter-agency turf pressures as well as informing the process with crucial ground-level knowledge of needs and conditions. Having a formal structure also contributes to sustainability - mitigating fears that the system will be too dependent on strong personalities inhabiting the role of HC. An active and engaged Advisory Board consisting of key donors and agencies, small enough to serve as a working forum for discussion and decision-making, has been an asset to the HC and the Common Fund mechanism in DRC, and provides a useful model to be replicated.

On balance, there is no evidence to date that NGO humanitarian action in the two countries has been harmed by the Common Funds mechanism per se, but the system has failed to fully engage and utilize NGO capacities and gives insufficient weight to their primary implementing role.

Recommendations:

NGO access to Common Funds is a priority area to be addressed. In addition to the changes in the financial arrangements for NGO allocations (see below), recommendations include:

- Requiring cluster leads to actively engage all capable operators in the area, including actively seeking out national NGOs
- Expanding the practice, where feasible, of naming NGO cluster/sector co-leads at the field level.
- Improving timely communications from the central level on Common Funds activities and important dates.
- Creating a national-level team in both countries that would support the cluster system by leading a comprehensive countrywide needs assessment process to establish a baseline

and benchmarks, as well as overall impact M&E. Project-level technical review and evaluation would rest in the sectors/clusters, supported by OCHA.

- Based on lessons learned in each country, drafting new TORs for the mechanism that are detailed and clear.

- **Efficiency, transparency and accountability**

In both cases, UNDP stewardship of the fund was highly problematic. While it performed the Administrative Agency function adequately, as the NGO funding conduit it suffered from difficulties and delays stemming from its internal regulations and a contracting format inappropriate for humanitarian programming. During the pilot year, UNDP largely failed to meet expectations in its role as NGO partnering institution for the mechanism, in large part due to UNDP's use of the NGO execution modality, as specified in the Funds' TOR. While its personnel have honestly assessed the constraints and expended great efforts to fulfill the role under and despite these constraints, it is not clear how these difficulties can or will be addressed going forward.¹

Transaction costs have not so much been reduced as shifted from donors to field level actors, with a new layer of coordination and project oversight tasks added to the work of the clusters/sectors at the field and national levels. The review finds it to be an acceptable tradeoff for the effectiveness gains made by devolving the humanitarian decision-making closer to the field, and while burdensome to many actors in the field, on balance has not detracted overmuch from substantive programming work.

Transparency of the allocation process and basic information on the administration of the Funds could use improving. At the time of this writing mechanisms for M&E and accountability of Common Funds-financed activities were still in the early stages of development.

Recommendations:

The donors and their UN partners should examine alternatives to modify or replace the Fund's legal structure in order to allow qualified NGOs to receive funds in the same manner as the UN agencies, through the pass-through mechanism fund rather than through a Participating UN Organization agreement. If this proves impossible, or is legally unacceptable by governments of participating donors, then a more appropriate partnering mechanism must replace the current UNDP instrument. If UNDP cannot revise its standard NGO execution modality, it is recommended that its role as Administrative Agent be separated from its function in contracting the NGO Fund recipients. While UNDP should continue in the former role (subject to its willingness to make the necessary staff available), another UN agency should be selected as the contracting partner for the NGO community, and the selection criteria should include administrative capacity, flexibility in issuing user-friendly contracts, and ability to provide guidance in project formulation and monitoring. OCHA should be given special consideration for this role, as it has proven it can competently manage such a fund (DRC RRM 2005-6, Angola

¹ In November, when this report was being revised/finalized, UNDP provided the review team with a draft "NGO/MDTF study" (Charles Downs, November 2006), which contains potential options and recommendations for adjustments to the NGO funding arrangements for four multi-donor funds including Sudan and DRC.

ERF 1997) and as the support structure for the HC it would provide greater coherence of leadership. OCHA HQ must also increase its proactive engagement on the mechanism if it is to successfully take responsibility for managing the instrument – it cannot remain “neutral” regarding the success of the initiative.

In terms of monitoring and evaluation:

- Consider the national multi-sectoral team for impact monitoring on a sectoral level against objectives outlined in the Action Plan/Work Plan.²
- For monitoring at the project level, rely on the existing legitimate M&E capacities of the participants for internal evaluations and use the cluster system – agencies and NGOs to report on progress and justify subsequent proposals for funding on past performance.
- Provide for an annual financial audit by an external independent auditor.

² The common humanitarian strategic plans in Sudan is referred to as the “Work Plan” and in DRC as the “Action Plan.” The report will use the generic term “Plan” unless specifying one or another country’s instrument.

1. Introduction

This report analyzes findings and highlights general lessons learned from the monitoring and evaluation study of the Common Funds³ in Sudan and the Democratic Republic of Congo (DRC) during 2006. It includes recommendations for the funds' participating donors regarding the broad policy and structural issues pertaining to the mechanism and its potential for extension and replication in other emergencies. Details on the specifics of each mechanism in the two country cases can be found in the appended component reports.

1.1 Background and goals of the common funding initiatives

Beginning in 2005, a group of government donors⁴ initiated collaborative efforts on new common humanitarian funding instruments in Sudan and DRC. Common funding represents a departure from traditional humanitarian financing, which is mainly comprised of voluntary, bilateral contributions from donors going directly to UN agencies and NGOs for specific program activities. Under a common funding approach, donors instead provide un-earmarked contributions to a common pool from which the Humanitarian Coordinator allocates funding according to strategic priorities outlined in a humanitarian action plan.

The concept of pooled funding for assistance efforts is not new. The creation of the UNDP in 1970, for example, represented a concerted effort on the part of the donors to harmonize their funding strategies and enhance the impact of their giving by channeling all development aid resources into one structure. Pooled funding remained a relative rarity since then, however, as donor interests of accountability, control, and visibility competed with the goals of decentralization in decision making. The United Nations reform efforts, however, as well as the GHD initiative, have given a new impetus to the idea that effective coordination and prioritization of humanitarian efforts are greatly facilitated by common funding. In addition to the newly expanded Central Emergency Response Fund (CERF), recent years have seen common funding instruments of a thematic nature (HIV/AIDS, Avian Flu) established in different high profile cases.

Country-based examples include the multi-donor trust funds established as part of the recovery efforts in Afghanistan, East Timor, Liberia, and Iraq by UNDP and the World Bank. These instruments helped provide a single, rationalized channel for funding for such areas as civil administration, justice and rule of law activities, and broader infrastructure reconstruction efforts. The experience thus remains largely within post-conflict recovery and transitional contexts as opposed to unstable political contexts with ongoing humanitarian emergencies. One of the few exceptions being a 1997 pooled funding mechanism established for NGOs to respond to urgent needs in Angola, administered by OCHA. The non-emergency side of the UN, however,

³ To avoid confusion, for the purposes of this report the phrase "Common Fund" is used as a generic term to describe the mechanism which in Sudan is referred to as the Common Humanitarian Fund (CHF) and in DRC as "Pooled Fund" (originally "GHD Fund").

⁴ Participating donor governments are Belgium (DRC only), Canada (DRC only), Ireland (Sudan only), the Netherlands, Norway, Sweden, and the United Kingdom

provided a pre-existing legal framework for joint funding – the ‘Joint Programming Model’ to guide UN agencies for similar endeavors in relief settings.

In 2005, the governments of Canada, Denmark, Netherlands, Sweden and the United Kingdom commissioned Development Initiatives (DI) to explore how multi-donor joint funding could be established in Sudan for the humanitarian component of the 2006 Work Plan. The idea was extended to DRC later that year following a second, separate assessment and report by DI. Limited “pre-pilots” of this approach ran in both countries in 2005⁵, leading into formal pilots for 2006, in which donors placed significant amounts of humanitarian funding into pooled funding mechanisms. After a lengthier than planned process of setting up the legal frameworks, in March 2006 the Common Funds in Sudan and DRC were officially established.

Building on recommendations from DI’s study, the common funding approach seeks to realize the principles and good practices in humanitarian financing as codified in the Good Humanitarian Donorship (GHD) Initiative. These principles include ensuring rapid and flexible (un-earmarked) aid flows that are strategically targeted to priority needs and based on these needs alone, regardless of political or other considerations. Unlike the Consolidated Appeals Process (CAP), which essentially had donors earmarking their contributions within a list of proposed projects; the Common Funds mechanism is intended to serve as a vehicle for funding a strategic plan for coordinated humanitarian response. As part and parcel of this effort, it aims to strengthen the role of the Humanitarian Coordinator (HC) and give the HC more funding authority to make strategic allocation decisions.

Though originating in the GHD process, the goals of the Common Funds are closely linked with goals of the UN reform initiative, including promoting better coordination and coverage, reduced duplication of activities and costs, and a more streamlined and coherent UN operational presence. The UN reform ethos aspires toward full joint programming, where possible, laying groundwork for reforms anticipated to emerge from the UN High Level Panel on UN System-wide Coherence in Areas of Development, Humanitarian Assistance, and Environment.

Although process and mechanics figure heavily in the ongoing discussion and evaluation of the mechanism, it bears reminding that the single and fundamental purpose of the Common Funds’ “is to improve humanitarian response.”⁶ The objectives of the Common Funds in service to this overriding goal have evolved along with the mechanisms in each country, and to some stakeholders they are still not completely clear. Do they seek primarily to fill funding gaps, to fund top priority interventions, or to provide liquidity for rapid and flexible humanitarian response? In this report each case is examined on its own merits, and while there are crucial differences between the two experiences, there is enough commonality on the broader issues that useful lessons learned may be drawn.

⁵ In Sudan in 2005 the “Allocation Model” was tested – a step short of pooled funding whereby donors jointly placed a tranche of money at the disposal of the Humanitarian Coordinator, who decided where and how it should be allocated. The donors then made direct disbursements to the identified recipient agency. In DRC a two-donor (UK and Sweden) pooled fund was established in the final three months of the year and administered by OCHA

⁶ Development Initiatives, “Proposal for a Good Humanitarian Donorship Fund for the DRC,” Final Report (October 2006), 10.

1.2 Objectives and methodology of the review

The review team, based at the Center on International Cooperation at New York University, and in collaboration with the Humanitarian Policy Group of the Overseas Development Institute, agreed with the donor contact group to undertake the monitoring and evaluation study of the Common Funds in Sudan and DRC. The study's objectives were 1) to establish a baseline to enable the monitoring and evaluation of the Common Funds and related approaches, 2) to assess the benefits and disadvantages of this mechanism, and 3) to make recommendations regarding the future of Common Funds and related approaches in DRC, Sudan and elsewhere. (Full Terms of Reference attached as Annex 1). The aim of the review was to provide participating donors with an external assessment of the initial performance and longer-term potential of the mechanisms, in order to guide the donors' decision-making on whether and how to move forward with the common funds approach.

To do so the research team employed the following methods:

-- **Desk review and data analysis:** Background research included a review of literature on past and present common funding modalities for assistance, policy and background documents pertaining to the proposal and establishment of the Common Funds mechanism, the strategic planning documents from Sudan and DRC, and review of financial data on aid flows to the two countries over the past three years, using OCHA's Financial Tracking System and data provided directly by donors. (See bibliography, Annex 2)

-- **Headquarters based interviews:** The research team conducted interviews with participating and non-participating donor representatives in capitals, as well as headquarters representatives of UN agencies and the larger NGOs. (Full list of interview subjects attached as Annex 3.)

-- **Field visits:** One team member (Dirk Salomons) conducted field research in Sudan, visiting Khartoum, Darfur, and Southern Sudan between June 25 and July 27. Two team members (Abby Stoddard and Katherine Haver) undertook the field research in DRC during September 25-October 6, visiting Kinshasa and Goma. In the course of these visits the researchers conducted over 170 interviews with UN agency representatives, international and local NGOs, ICRC and Red Cross/Red Crescent organizations, OCHA staff, peacekeeping mission personnel, and the Humanitarian Coordinators.

1.3 Structure of the report

The following sections assess performance of the Common Fund mechanism against the quantitative and qualitative evidence gathered in the course of the study. Each substantive section begins by outlining the key questions examined. Section 2 concerns the impact of the mechanism on humanitarian funding patterns in the two countries. Section 3 assesses the effectiveness of the mechanism as a strategic tool for addressing humanitarian needs, including issues of planning, coordination and participation. Section 4 examines issues of efficiency, transparency and accountability in the administration and management of the mechanism. Chapter 5 contains summary conclusions, including an analysis of the interests, benefits, challenges, and responsibilities of the main stakeholder groups (donors, UN agencies, and NGOs), and provides recommendations.

1.4 Caveats

At the time of writing, the Common Funds mechanisms in Sudan and DRC had only been operational for seven months, and had not completed their final allocations. In-country evaluations/impact assessments of the projects funded through these mechanisms had not yet begun, and neither was it clear how such evaluations would eventually proceed. In other words there was much still to observe and assess about the first year of operations. The research team originally requested a longer time frame for the study – ideally stretching into a second trial year in order to observe the full process and better determine which problems were related to start-up difficulties (“teething pains”) and which were more fundamental in nature. However, the one-year trial period and the necessity to have firm recommendations before year’s end necessitated the submission of this report by early November 2006. The researchers have endeavored to make these judgments with the information available at the time of writing, as well as to keep apprised of in-country Common Fund developments and activities during the drafting process. The compressed time frame, however, is expected to leave certain questions unanswered.

The study has attempted to provide a quantitative evidence base to back up its qualitative findings regarding the impact of the Common Funds on performance of the humanitarian system. There are challenges, however, in attributing causality in changes in funding levels for instance (i.e., did donors increase funding levels in 2006 because of the existence of the Common Funds instruments, or political developments, or changing perceptions of need, or some combination of factors -- and in what proportion?), and in presenting a counterfactual (i.e. to demonstrate how the situation might have been different, given the same needs and conditions, without the mechanism). In addition, the researchers found many areas where the funding data available on the UN’s Financial Tracking System’s database is not consistent with financial information reported from donors in their direct contacts. Where figures differ we have relied on the data we have received directly from donors during the course of the research.

In part because of limitations to the quantitative data, the in-person interviews undertaken during field visits proved to be the most essential component of the research. The researchers are conscious that, given the subject matter these visits were relatively short and did not always allow for a comprehensive examination of the Funds’ impact across different regions where the functioning of the mechanisms may have differed. The team attempted as far as possible to uncover some of these geographic differences in the interviews of representatives of agencies with wide geographical presence.

2. Impact of Common Funds on humanitarian funding in Sudan and DRC

Although the Common Funds in both Sudan and DRC funneled significant total amounts of aid in 2006 (\$129.9m and \$87m respectively), the mechanism in Sudan represented a comparatively small percentage of overall humanitarian flows (11%)⁷. In DRC, by contrast, the Common Fund

⁷ The Humanitarian Coordinator’s office has calculated that the Common Fund’s share of humanitarian aid rises to 37% when food aid is excluded from the total. Our own calculations of Sudan humanitarian contributions minus food aid derived a CHF percentage of 19%.

has grown dramatically from what was originally envisioned. The HC had planned to use the fund as a small (\$20-\$25m), flexible, gap-filler and a means of making loan advances to providers. The total of roughly \$87m, or over \$100m if one includes the CERF contribution which the HC combines in a single pot, makes the Common Fund the single largest source of humanitarian aid in DRC, followed by USAID's and ECHO's bilateral contributions. For this reason, the impacts in terms of funding levels and changes in balance among donors, recipients, and sectors are much more observable in DRC than in Sudan.

On the financial aspect of the Common Funds' performance, the review focused on the following areas of inquiry:

- Contribution proportions and additionality – Did the Common Funds contribute to greater aid flows overall and from the participating donors in particular?
- Timeliness - Did pledged/requested funds materialize more quickly in disbursements?
- Predictability – Were pledges made early in the year, providing a good estimate of what total amounts were expected to flow through the mechanisms? Were they reliably fulfilled, and front-loaded without negatively impacting other commitments?

2.1 Contribution proportions and additionality

Getting a measure of the Common Funds' impact on funding cannot be a simple exercise of comparing absolute contribution levels by year, since these have waxed and waned with changing needs, formal appeals and donor priorities. For the purposes of this study we thought it would be most useful to compare 2006 figures with those of the three prior years in terms of: contributions from the participating donors as a percentage of overall aid flows; and percentage of overall aid directed to activities inside the common Work Plan/Action Plan.

Participating Common Funds donors continued to fund outside of it, via direct bilateral contributions. One way to gauge whether the existence of the Common Funds has had an impact on their overall funding volumes is to examine the total contributions of these donors, as a percentage of overall humanitarian funding⁸ for each pilot country, pre- and post-Common Funds. This would demonstrate if these donors contributed a greater percentage of the humanitarian resources after the Common Funds were established. This was found to be so, though the increases were slight. The combined share of total humanitarian funding from the largest donors⁹ that was represented by the Common Fund participants increased compared to the previous year: by only a tiny amount in Sudan, from 21.5% to 21.8%, and by a somewhat more substantial amount in DRC - 49.3% to 53.2%.¹⁰

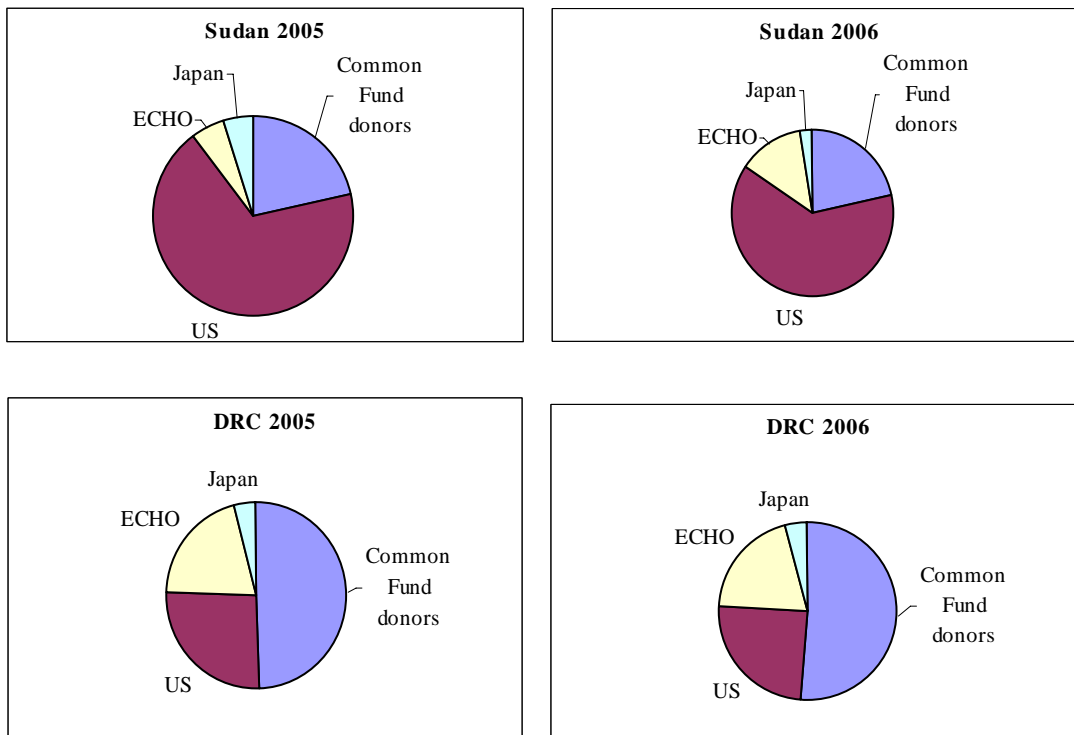
⁸ "Overall humanitarian funding" for the purposes of this calculation includes the participating donors, plus the other three largest donors: the US, ECHO, and Japan. Discrepancies between donor supplied funding data and FTS figures meant necessitated this simplification of this calculation, as FTS totals would not have reflected the different donor-supplied figures which took precedence in the review's calculations. Arguably this also provides a more consistent measure across years, since other private and government donors have come in and dropped out of the process over the years.

⁹ Participating donors plus US, ECHO, and Japan: see note 7. Does not include carry-over or CERF funding.

¹⁰ Data sources: FTS (December 6, 2006) and donors

The Common Fund donors are also the largest contributors to the expanded CERF, which in DRC is treated as part of the Common Fund. If one adds these donors' percent contribution to the CERF to the calculation, their combined share of overall humanitarian funding rises further, to 23% for Sudan and 63% for DRC.

Figure 1: Proportion of Common Fund participants' contributions in Sudan and DRC 2005-2006



Data sources: OCHA Financial Tracking Service (FTS) (December 6, 2006), and donors

The study also looked at the percentage of total aid flows directed to activities inside the strategic Plans for the two countries. A large increase in this percentage from years prior would indicate that the level of strategically coordinated contributions, as opposed to direct bilateral flows outside the CAP/Plan framework, rose by a considerable amount upon the onset of the new mechanism. And this indeed seems to be the case. Figure 1, below, illustrates how the percentage of coordinated contributions in Sudan jumped from 56% to 71% in 2005 – the pre-pilot year in which \$100m was channeled by donors to HC-determined priorities allocations (through the so-called Allocation Model). It increased still further to 79% the next year when the Common Fund was established. In DRC the rise from pre- to post-Common Funding was even

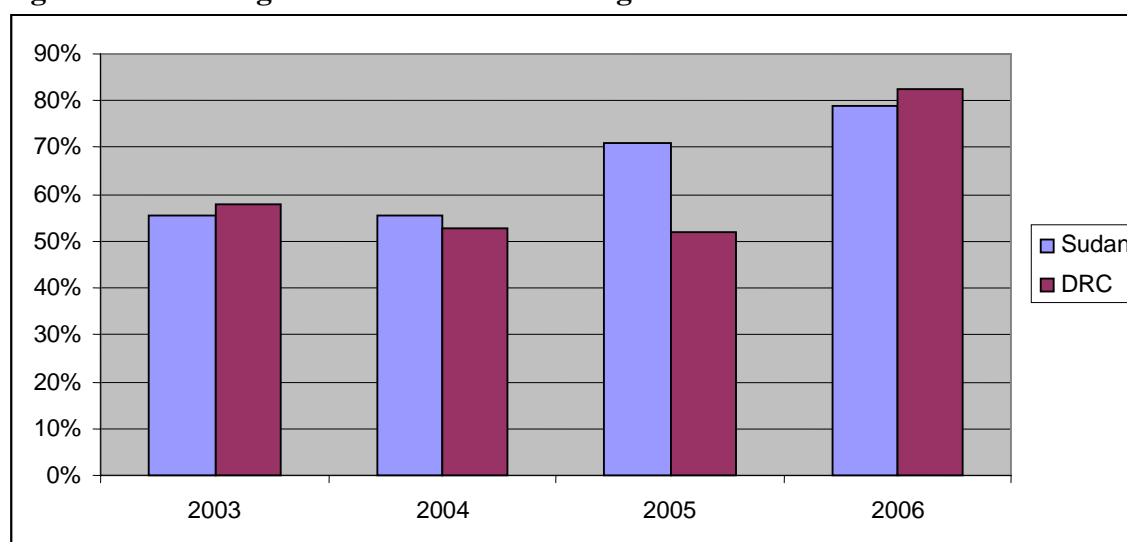
steeper: from a three-year average of 54% (2003, 2004, and 2005), it jumped to 82% in 2006, the year the DRC Common Fund was established.¹¹

Table 1: Total humanitarian aid flows 2003-2006

	2003	% inside CAP	2004	% inside CAP	2005	% inside CAP	2006	% inside WP/AP
Sudan	350,641,266	56%	994,991,413	56%	1,402,415,342	71%	1,196,001,021	79%
DRC	186,514,587	58%	224,034,403	53%	273,394,740	52%	362,289,692	84%

Source: FTS December 2006

Figure 2: Percentage of humanitarian funding inside the CAP/Plan frameworks 2003-2006



Data source: FTS, November 2006.

The question of “critical mass” was first raised in the DI studies, which argued that the mechanisms will only prove useful, and worth the time and effort expended to establish and run them, if they channel large volumes of aid. In Sudan the fund amounts to only 11% (although in absolute terms it remains a significant sum). Some have argued that this is not so useful when one considers the work involved, and that the fund might as well be reserved as a rapid reaction facility rather than for longer term projects from the Work plan. The review team found that the potential for greater volumes of aid, as signaled by the small increases already seen and by qualitative information indicating that additional donors may be attracted to the mechanism, can offset these concerns. More to the point, the evidence that the Common Funds have greatly increased the amount of funding harnessed within a strategic planning framework speaks in favor of the Sudan fund continuing in its current capacity. The Common Fund in DRC in some ways

¹¹ It is difficult to isolate the effect of the Common Fund on this increase in DRC, since reforms in the Action Plan, needs assessment, and cluster system in 2006 all contributed to a more inclusive and encompassing framework, but it is reasonable to consider these factors linked to and support by the Common Funds.

poses the opposite problem and outlook from Sudan, as there is no doubt that critical mass has been achieved. Large sums tend to beget heavier, less flexible structures and create additional coordination and administrative burdens – a subject that will be discussed in more detail in Section 4.

In DRC, although not in Sudan, the participating donors' contributions as a percentage of total humanitarian contributions have also risen in relation to those of US and ECHO, particularly when contributions to the CERF are factored in. (The expanded CERF represented 10% of total humanitarian flows to DRC in 2006, and the CF participating donors UK, Sweden, Norway, Netherlands, and Canada were the top five CERF donors.) Although, as stated above, it is generally not as meaningful to look at absolute numbers for individual donors when assessing additionality, it bears mentioning that in DRC, the UK and the Netherlands in particular boosted their contributions during the pilot year, specifically via the Common Fund. In fact the amount of their contribution through the Common Fund alone exceeded their total DRC contributions for each of the three previous years.

Achieving critical mass for the Common Fund was not a problem in DRC. On the contrary, the UK and the Netherlands both directed over 80 percent of their DRC contribution (for calendar year 2006)¹² to the Common Fund, leaving what some have argued was too little for discretionary funding. The potential for donors to rely too heavily on the mechanism is cause for some concern since, for one, major organizations such as the ICRC and MSF do not participate in the mechanism for reasons of mandate and principle, and will continue to require outside funding for their programming. In addition, NGO programming for large, long-term or functionally unique activities that do not fit into the common plan framework will require a portion of donor funding to remain outside the mechanism. Funding entirely through the Common Fund would be counterproductive in terms of independence and flexibility of decision-making by donors, and could conceivably stifle innovative program responses that may spring up outside the common framework. Long-term bilateral relationships with NGOs also provide continuity in staffing and program priorities. Some respondents suggested that a minimum of 10% of their total country contribution was a reasonable guideline for what donors should hold back for the purpose of direct bilateral funding, and an earlier draft of this paper included that figure as a suggested minimum. However, there are good reasons for not establishing any specific percentage, even as a guideline. For larger donors, on whom the non-participating IOs and NGOs may rely for a large portion of their funding, it may be more appropriate to keep 30 percent or more outside the mechanism during some years. At the same time, the potential for the Common Funds to allow smaller, and non-traditional donors to begin or increase aid flows to the country should not be thwarted by an insistence that the donor also program bilaterally – if it lacks the in-country capacity to do so effectively. Criteria for funding distribution within and outside the Common Funds should therefore be based on donor priorities and capacities in the particular country context, as guided by GHD principles.

¹² Contribution figures provided to the study by the six contributing Pooled Fund donors differ from those available on FTS. For purposes of comparison, UK contributions were counted as falling within the first year of their fiscal year, which runs from April to March, so that a contribution made in UK FY 2005-2006 would be counted as 2005.

2.2 Timeliness of donor disbursements

In principle, common funding can improve timeliness by not forcing projects to hinge on the vagaries of multiple individual donors and their funding machinery and cycles. For this to work in practice two things must happen. First, the donors need to commit early, and ideally disburse the majority of that commitment to the fund within the first quarter so that allocations can be decided. Second, the mechanics of the fund must allow for a rapid transfer of funds to the agencies after the allocation decisions have been made.

In Sudan 91% of commitments to the Common Fund had been received by July 10, about two months after the legal frameworks were finalized for the fund and donors began the money transfers. Allocations had been made for projects to begin at the start of the year, however, and UN agencies such as UNICEF had to borrow from reserves and the CERF loan facility, and found the experience a difficult drain on resources. And for nearly all NGOs, beginning programming months in advance of funds transfer is simply not possible. In DRC the first tranche of allocations didn't go forward until donor money began to hit the fund, so the timetable for the entire process was pushed back.

There is little reason to suspect that donor timetables will be different in a second year of Common Funds. Although there were specific start-up delays in 2006, no donors indicated that any significant alterations have or will be made in their headquarters cycles or disbursement practices in order to support the success of the Common Fund. A fair number of donors indicated that both the amounts and the timing of contributions are decided in headquarters in the donor capitals, with little or no field input.

2.3 Information on donor contributions

Accurate aid flow tracking is crucial for planning. Not only is it important to know when and how much will be coming to the Common Fund, but one must also know as early as possible what the other major donors have planned in order to support complementary programming and prevent overlap. This is no easy task as some donors admittedly don't know or can't say publicly what they will give until they have done it. USAID's Office of Foreign Disaster Assistance (OFDA), for instance, typically starts out with a small amount and does not know how much it will have for the year until the year is drawing to a close. The review found also that the FTS system is out of date on many of the latest aid flow figures, and some donors have been remiss in keeping up with this important responsibility of updating information on their contributions.

In addition to bilateral donors, greater efforts should be invested in examining possible complementarities between the various funding mechanisms, including the CERF. For instance: could the Common Fund borrow against the CERF to fill the vacuum before donor disbursements arrive? Could the Common Fund be a source of matched funding where other donors want the recipient leverage additional funds from other sources?

3. Effectiveness of the mechanism as a strategic tool for meeting priority needs

The line of inquiry in this subject area primarily concerned the process and basis for which the Humanitarian Coordinators decided allocations from the Common Funds, including:

- Needs-appropriateness of allocation decisions
- Impact of the Common Funds on the coherence of humanitarian response efforts
- Impact of the Common Funds on the geographical and sectoral coverage - Were there changes in the balance of funding between sectors and regions, or new regions identified for targeting?
- Participation and implementation capacity - Were there observable changes in the proportion of funds disbursed through different channels (e.g. NGOs, UN agencies, ICRC)?

The majority of respondents attested that compared to prior years, the experiences of the Common Funds in DRC and Sudan in 2006 showed improvements in the strategic financing of humanitarian interventions. It is not a small point, for if donors are to be willing to keep contributing to the mechanism, they must be reasonably assured that their resources are being targeted more accurately to the priority needs of beneficiaries than would be the case under previous modalities, that is through bilateral funding arrangements from their offices in the capitals or home countries. Overall, the cases can be said to show a strengthened authority of the humanitarian coordinator to make strategic allocations decisions for the whole country and based on locally identified needs. With the entire spectrum of needs in the country as the remit, the flexible financing source represented by the Common Funds provides the HC with a potent tool for directing resources to areas and activities that otherwise have gone un- or under-funded. The challenge for the HC is to do this in a meritocratic fashion – it cannot be a situation where all comers get a slice of the pie just for being at the table, and it must be remembered that some projects that went unfunded in the past may have been unfunded for good reason.

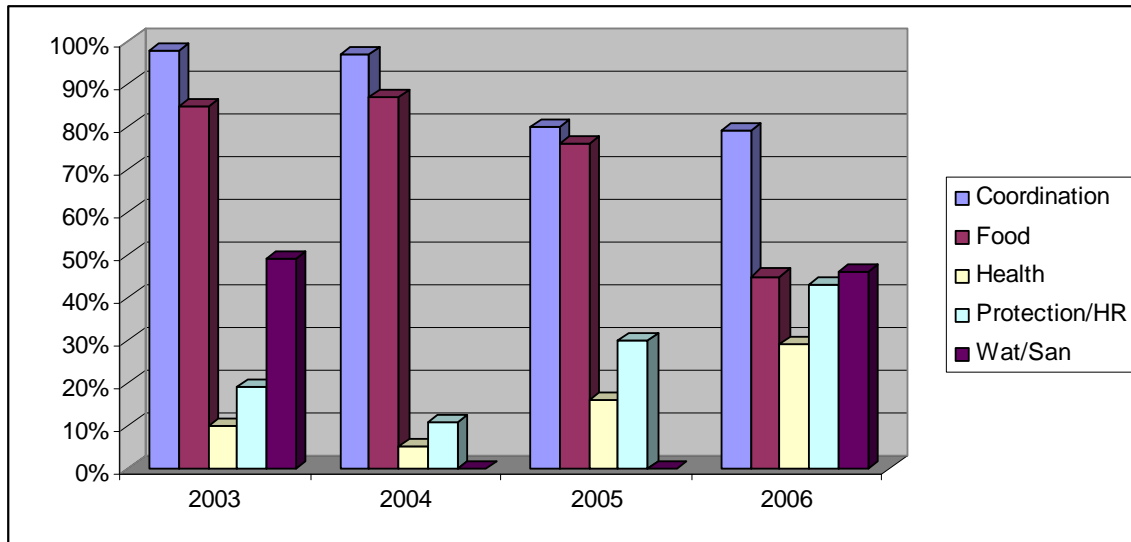
The findings from the two cases demonstrate that, on balance, the Common Funds mechanisms in both countries were able to achieve this goal. In other words, in the absence of the Common Funds, less strategic, more fragmented and duplicative patterns of funding would have persisted. In terms of clear and appropriate prioritization, the DRC model emerges as the stronger of the two. There are lingering issues for both, however, which are mainly related to the strategic plans used in the two countries, and the prevailing weakness of joint needs assessment.

3.1 Strategic decision-making and coherence of response

In Sudan the proportion of humanitarian funding channeled through the Common Fund was comparatively small, yet it nonetheless afforded the HC a significant amount of un-earmarked funding to fill unmet priorities and allow for rapid response to urgent needs. The Sudan background report finds “evidence that the CHF allocation process steered funding towards regions that remained under the radar of public opinion, and to sectors or sub-sectors that were severely under-funded.” In DRC, the Common Fund not only allowed the HC to direct funds to humanitarian priorities, it helped initiate a bottom-up process to define these priorities.

In terms of sectoral funding, the Common Funds’ inception years - 2006 for DRC and 2005 (allocation model) and 2006 for Sudan – saw changes in the balance of financial attention between sectors. The habitually under-funded health sector made great gains under the Common Funds allocations. This was most evident in the case of DRC, but also seen in Sudan, where health funding increased 49% from 2004 to 2005,. DRC also saw greater amounts going to water and sanitation and protection, both of which had been prioritized for targeting but left wanting in previous years.

Figure 3: DRC funding by select sectors as percentage of requirements



Sources: FTS and OCHA DRC (November 2006)

3.1.1 Role of the Humanitarian Coordinator

The terms of reference for the Common Funds envision a system whereby the HC is given greatly enhanced decision-making power to shape the coordinated humanitarian response. In the run-up to and during the pilots, UN and non-UN stakeholders alike commonly expressed three concerns in this regard: First, is it possible for the HC stand up to pressure from UN agencies, over which s/he exerts no real line management authority, as they endeavor to maximize their share of the funding resources? Second, is it realistic and appropriate for one person to assume this decision-making responsibility at a central level? And finally, can the HC, increasingly a multi-hatted position in integrated mission contexts, separate and safeguard humanitarian from political imperatives?

In the first allocations, both countries experienced the feared “fair share” principle at work. In Sudan in 2005, an initial decision was taken in the water and sanitation cluster to divvy its allocation up among all participants in tiny, \$35k grants. Likewise during the first allocation in DRC in 2006, a similar method of assigning block allocations to regions resulted in an alarming submission of 1000 projects, eventually whittled down to slightly over 100. One province was asked to re-do its submission when its allocation was carved up into many small, equal pieces.

Although the process may have been originally conceived as vesting decision-making authority solely in the HC, faced with the realities of these two large countries with diverse conditions and needs, it quickly became clear that the HC could not realistically make these decisions in isolation. Both HCs accordingly created decision-making structures whereby field level actors with the best information of needs in their area prioritize and recommend interventions for funding. The fact that this became a participatory process helped bolster coordination, as discussed in the next sub-section, but having a participatory process is not the goal. Rather it is a means of getting to decisions that are more appropriate and needs-driven, which is the ultimate goal. This form of decision-making has the additional benefit of diffusing responsibility and is thus more resistant to pressure on the HC from various competing interest groups. It also has a better chance of sustainability in that it does not rely on the personality of a particularly strong HC, but creates a structure that can be used effectively by successors in the role.

Both countries are politically volatile, with protracted humanitarian crises that are rooted in conflict. Neutrality issues therefore loom large, and many humanitarian actors are particularly concerned with the interrelation of humanitarian action with the peacekeeping missions. In DRC, for example, MONUC is engaging in quick impact projects and performing OCHA's coordinating role in sectors in the Western part of the country. It is also co-leading the protection cluster with UNHCR. The current HC has been described as uniquely suited for this difficult role, and nobody the research team spoke with relayed concerns that his other hats were interfering on key humanitarian decisions, or that humanitarian priorities were being trumped by political concerns. More than one respondent insisted that without this particular individual in the role, the appropriate balance could not have been achieved. Whether a successor HC can achieve the same level of trust and cooperation is an open question.

3.1.2 Use of the Action Plan/Work Plan

Allocations from the Common Funds are meant to be underpinned by a common strategic plan for humanitarian response, based on an accurate and comprehensive needs assessment. The Plan replaces the CAP of previous years, and provides the basis for decision-making by HC. The Common Funds TOR in both Sudan and DRC require that projects be within the Plan in order to be eligible for funding.

The review team had specific questions about the role and functioning of the Plan in these two contexts:

- To what extent were these plans truly based on and driven by needs rather than supply (reflecting program preferences and capacities of existing aid actors)?
- What was the level of participation?
- How can a relatively static one-year Plan, developed in advance, meet the (changing and unforeseen) needs of volatile humanitarian crises? Does it have sufficient flexibility built in?

Though a great deal of work went into the Plans of both countries, and the review found widespread agreement on their improvement over the previous years' CAPs in terms of their strategic usefulness, frustrations remain regarding the needs basis of the exercise. Sudan's Work Plan was intended as an assessment of the predictable requirements for humanitarian and

recovery assistance. Because it was done some time in advance, it had to a large degree build on assumptions rather than actual, real-time needs. Instead of working with at least two planning scenarios, it adopted a fixed set of assumptions, which then turned out to be optimistic. It also took a sectoral approach to defining needs, which, while not unsound, tended to further remove the targets from the reality of needs of the actual beneficiaries on the ground. As the needs were defined by the agencies that submitted projects, there was no certainty that they reflected the entire picture. NGOs regretted that more opportunities and incentives were not provided to enable them to participate more fully in the process, as time and staffing constraints limit all their interactions with the sectors.

DRC's Action Plan benefited from coming out of a two-month, country-wide comprehensive and widely participatory needs assessment that took place as part of the GHD needs assessment framework pilot. This exercise is credited with discovering urgent needs in previously overlooked provinces, Equateur in particular, where the cause of crisis conditions, like elsewhere in the west of the country, is not conflict, but rather complete lack of infrastructure and services. The needs assessment was time consuming (two months) and labor intensive (engaging a team of 30 people), and because of this was not repeated in 2006 in advance of the 2007 Action Plan for DRC. The 2007 Action Plan proceeded on the assumption that operational agencies present in these areas during the past year possess a current understanding of the needs situation sufficient to target priority interventions. This raises the risk, however, of new needs or emerging crises going under the radar.

Donors in both countries have complained that the Plans are overstuffed, and that funding requirements are set unrealistically high, which set the mechanisms up for CAP-level funding percentages (which indeed they have seen; as total requirements went up, coverage for the CAP/Plan went down from 76% to 56% in Sudan and from 70% to 45% in DRC) As the appended Sudan report notes, "If the Work Plan were a concise, carefully screened and prioritized assembly of key humanitarian needs, every project funded would automatically reflect the Humanitarian Coordinator's ability to shape the process. As long as the donors are not convinced that the Work Plan is realistic, however, the really tough choices concerning where the money should be spent are only made once contributions have been received. The allocation process then becomes the real planning exercise." Much of this issue stems from the fact that both HCs exhibited preference for including recovery and transitional activities into their respective Plans. Although many donors feel the Plan should be limited to emergency humanitarian response, the HCs deemed it important both to be able to respond to evolving situations and also to reflect the reality that needs and programming activities cannot generally be clearly delineated into 'humanitarian' and 'development' funding windows. Including both sets of activities in one Plan may also be an effective way to ensure continuity and coherence among diverse actors.

While some confusion persists in both countries as to whether the Common Fund is meant for early recovery/transition needs as well as urgent, life-saving needs, this review concludes the Fund need not define humanitarian need too precisely and especially not too narrowly. Rather, the Fund's allocation process itself will largely determine priority needs, especially to the extent that is field-based. And as the GHD principles recognize, it is important that humanitarian action include early recovery where appropriate.

Most critically, however, both Sudan and DRC suffer from lack of empirical baseline data, the absence of which makes it impossible to set impact indicators. The Plans do not include a systematic analysis, by region and sector, of the number of beneficiaries and their current status in terms of health, nutrition, shelter, security, and other vital areas. Program evaluators are left with process indicators such as money spent and the number of beneficiaries served. Some participants in DRC have argued for yearly baseline assessments that could be funded through the Common Fund. Though many insist that “the (Action Plan/Work Plan) is good representation of what needs to be done,” clearly this is not sufficient and should be considered the next prime area for improvement.

It should be stressed that despite some of the shortcomings discussed above, the planning system in both countries represents a significant improvement over past years. Plans work best when they can be flexible, “living documents”, which the DRC was able to achieve. By being able to incorporate new projects as needs and capacities developed, the DRC Action Plan helped reduce activities and funding outside the plan framework, which conceivably could have a multiplying effect on improved humanitarian response.

3.1.3 Role of Advisory Groups/Boards

The Pooled Fund Board in DRC has proven more useful than the Advisory Committee in Sudan. The latter group met only twice and became too large and unwieldy to fulfill its role of advising the HC on allocations and providing a main contact channel with the donors. The Board in DRC is a tighter group consisting of the three main donors (UK, Sweden, Netherlands), three agencies (WFP, UNHCR, UNICEF) and two NGOs (International Rescue Committee and Save the Children UK). Both participants and the HC have noted its value, particularly in discussing and helping resolve problems that arose in the first tranche of allocations. This representation, in that it contains the core actors and remains a small enough group for real dialogue and decision-making, is an apt model.

3.2 Contribution to the coordination of humanitarian response

In initiating the Common Funds, donors were interested not only in more efficient and speedy funding transfers, but also sought to support stronger and more effective sector coordination. The idea is that by changing the incentives of the major players (reducing competitiveness over donor funding) you can achieve a coherent strategy. In this section we discuss the impact of the Common Funds on the cluster system, examine the issues of workloads and participation, and then turn to the subject of coordination between donors themselves.

3.2.1 Cluster system

The recently inaugurated “cluster approach,”¹³ was born, most agree, out of the weak humanitarian response in key sectors during the onset of the Darfur crisis. It has quickly become

¹³ In the interests of space, we assume a general familiarity with the cluster approach on the part of the reader, and refer those interested in a detailed definition and description of the system to the IASC’s “Preliminary Guidance Note on the Implementation of the Cluster Leadership Approach” (June 2006) <http://www.humanitarianinfo.org/iasc>

a primary organizing principle in many emergencies, establishing lead agencies, who have also agreed to act as the “provider of last resort” when coverage is weak in the clusters.¹⁴

One of the strongest qualitative findings emerging from the study is that the cluster system of coordination has been strengthened and driven by the Common Funds mechanism. A recent policy paper on UN reform asserts that “country programmes can achieve limited coherence when the demand for coordination is high but the incentives to coordinate are weak. These are the problems the High Level Panel has been set up to solve.”¹⁵ The Common Funds has served as strong incentive for actors to engage in the clusters and the substance of its coordination work.

Compared to other past and ongoing interagency initiatives, the level of awareness of both the cluster system (and the common funds) among humanitarian actors throughout both countries is very high.¹⁶ Even some of those who do not participate in the Common Funds mechanism profess appreciation for the concept and objectives. Though there were some concerns expressed about “the tail wagging the dog” in the Common Fund mechanisms using the clusters as opposed to the other way around, the Funds have served to launch and maintain momentum for the cluster system, to the significant benefit of coordinated response.

Coordination, of course, is no more than a means to the end of improved humanitarian action, and one must take care not to treat it as an end in itself, nor automatically assume that the cluster system is necessarily the ideal coordination solution. It should be noted that some important NGOs have raised concerns (Oxfam, e.g.) or outright objections (MSF) to the cluster system as blurring the lines between humanitarian action and the political/military agenda of the integrated missions. Yet even non-participants in the cluster system such as MSF and ICRC see the benefits of and regularly use this structure as a forum to share information on their programming and signal emergent issues.

3.2.3 The conflict of interest question

The decision-making for financial allocations has in a sense devolved to the cluster/sector system: while the HC still takes the decision, it is based on the technical assessment and vetting of projects starting at the field level. Because of this, many stakeholders sounded warnings about the conflict of interests that naturally arises when a potential recipient of funding is also leading the cluster/sector that is vetting the projects. The distribution of allocations compared to prior years appears to support this concern. In DRC, for instance, UNICEF, which leads five out of ten clusters, received a full third of the funding from the first two allocations, which did not go unnoticed, and cannot help but raise questions. However, approximately 37% of funds UNICEF received from the DRC Common Fund went to the Rapid Response Mechanism, which UNICEF manages together with OCHA, rather than UNICEF projects per se, which deserves different consideration. The amount of funds UNICEF received for its own programming from the six

¹⁴ In DRC, the Humanitarian Coordinator took the unusual step of using the cluster system for all sectors and areas of activity in the country, reasoning that “nothing is working well in DRC.”

¹⁵ Simon Maxwell, “Applying Best Practice from Public Expenditure Management to the Reform of UN Financing” (2006).

¹⁶ A 2003 evaluation of the IASC, for example found that most field level humanitarian actors had never heard of the inter-agency mechanism (although they were familiar with a number of its products). Bruce Jones and Abby Stoddard “External Review of the Inter-Agency Standing Committee” New York: UN Office for the Coordination of Humanitarian Affairs, November 2003.

Pooled Fund donors did increase from 2005 to 2006, but only by about 17%.¹⁷ UNICEF is also highly regarded in DRC as an effective agency presence and cluster lead, which has helped mitigate these concerns. More worrying, perhaps, is the extent to which other UN agencies, acting as cluster leads, have seemingly benefited from the process even though they are traditionally less operational and less prominent in humanitarian contexts than the “core” humanitarian agencies of UNICEF, UNHCR, and WFP. FAO, which leads the food security cluster, saw its funding increase by 168% in DRC in 2006. Likewise WHO, which leads the health sector in DRC (singled out by many respondents as one of the more troubled clusters), saw its funding jump by a remarkable 612% - receiving four times more funding during the Common Fund pilot year than in the prior three years combined.¹⁸

There are a number of issues here. First is the fact that although NGOs perform the vast majority of actual program implementation, they do not seem to be receiving funds in proportion to their role, while some UN agencies seem to be reaping a windfall. On the one hand, much of what is contributed to UN agencies ends up passed on to NGOs through sub-grants anyway. On that score most are prepared to admit there can be economies of scale achieved and value added when a UN agency oversees a big program with multiple NGO partners. The advantages can include wider geographical reach, improved coherence of programming, infrastructure and procurement services, standard setting, and even capacity building of NGOs. This becomes harder to justify, however, when the UN agency in question is not present or capable within the given geographical region, as occurred in DRC. In one reported instance a UN agency received an allocation for a region in which they had no presence at all, and put the program implementation out for tender – and did not even manage the tender process themselves. Second, some of the advantages of UN agency umbrella may be offset by efficiency losses from the multiple overhead percentages taken out first by the Common Fund administration, then the UN agency, then the implementing organization. Finally there is the point that NGOs, particularly large NGOs, have no interest in operating merely as UN subcontractors, and would not support a Common Fund process that relegated them to this role alone.

The review found that the conflict of interest problem is a real and valid concern, but did not represent a fundamental flaw. The Common Funds allocations procedures are built upon the cluster/sector system, which operates in both Sudan and DRC and for the purposes of this review must be taken as given. When the system works as intended, the conflict of interests becomes less acute, for it is premised on the need and the ability of actors to look beyond institutional interests and focus on the needs of the beneficiaries as regards that cluster. The idea is not to think in terms of agency mandates or “turf”, but in terms of capacities and maximizing impact and coverage. This requires in the first place mature leadership on the part of the cluster lead, and can be aided by efforts to actively maintain transparency. Jointly establishing the defining criteria for project-selection and applying these equally to all organizations, for example, can inspire confidence within a cluster. NGOs have successfully served as leads for some sub-

¹⁷ Calculation based on FTS figures, which show that UNICEF received around \$17.8 million from the six Pooled Fund donors in 2005.

¹⁸ In Sudan, however, WHO did not have the same experience. In 2005, the UK and the Netherlands combined gave around \$ 10 million to WHO’s humanitarian projects, but the entire CHF contribution in the first round was no more than \$ 2.5 million.

national clusters where the global/national UN agency lead did not have a capable presence in the area, and this practice should be encouraged and expanded. Many also voiced support and cited positive examples of the practice of having NGO co-leads for each sector, which could also promote the cluster ethos, ensure continuity, and help allay conflict of interest concerns. Such steps are of vital importance since some have suggested, perhaps cynically, that the cluster approach is a vehicle for big agencies to retain dominance and win back some of their market share that had been eroding over past years.

3.2.4 Problems of NGO access and participation

NGOs found their access to Common Funds hindered by a number of factors. In Sudan, advance funding capacity became a particular issue. Because allocation decisions were made in advance of donor disbursements, recipient organizations needed to advance funds to commence activities. Some UN representatives noted that the ability to borrow was made a formal criterion for participation in the CHF in a policy paper issued by the HC. Many NGOs remained unaware of this at the outset, signaling perhaps some communication problems, but in any event such a constraint poses a more fundamental obstacle to NGO participation. Nearly all NGOs lack the reserve capacity to put up significant operational funding in advance of grants, nor can they borrow against the CERF, as UN agencies were able to do in Sudan.

The level of cluster/sector coordination tasks entailed in the allocation process was difficult for many NGOs who lacked staff capacity to attend all the meetings (especially since many multi-mandated NGOs work across clusters). Some cited poor communication and outreach by the UN cluster leads that left NGOs in the dark about what was happening. Allocation decisions tended to give lower amounts and partial sums to NGOs for their projects, which some NGOs decided to decline rather than try to rework their program to fit within a quarter or less of the original budget.

Not surprisingly, for national NGOs the process was even more daunting, and only a handful of nationals were funded from the Common Funds in each country. However, for most of them it was the first time they had received international donor funding directly, rather than through a subcontract with an agency or international NGO. The national NGOs that participated in DRC were highly enthusiastic at the prospect of this new door that had opened, and also noted the opportunity for increased visibility, institutional learning and capacity-building that came from participating in the prioritization and planning process on an equal footing with other agencies. National NGO involvement, it can be argued, also makes for greater sustainability, for when and if internationals leave, the national NGOs may serve as known and proven entities in country to continue programming. International NGOs at the field level maintained that the allocation process was a useful opportunity to learn about, share information on, and jointly assess the capacities of national organizations in the area. The review found the ability to engage and strengthen national NGOs to be a highly promising, if not yet fully realized, benefit of the Common Funds. Efforts could be usefully focused to increase the participation of national organizations in the mechanism.

3.3 Preparedness and flexibility of the mechanism for response

In newly occurring emergencies one may find that the most capable aid providers on scene, often NGOs, do not possess the reserve or advance funding to allow them to launch an immediate response. One of the objectives of the Common Funds was to provide advance, unrestricted resources to respond quickly to emergent needs. In DRC, the HC was also interested in providing stopgap funds to NGOs who had grant agreements with donors but were delayed in starting activities until the funds came through. In neither country did the mechanism emerge as a flexible tool to the extent envisioned.

In DRC, the Rapid Response Mechanism that had already been established (managed by UNICEF and OCHA) was working well and was simply subsumed under the Common Funds window, where it continued to be an effective and timely vehicle for emergency response. However, the loan function for under-funded NGOs working on priority activities didn't materialize, and a certain rigidity seemed to set in with the tranching allocation system. (There were "special allocations" that took place for needs that arose in between the tranches, but ironically these disbursements turned out taking longer than the regular process.) In Sudan, ten per cent of the CHF was set aside for the rapid response function envisioned for the Common Funds mechanism, and some funds were disbursed by the HC's office directly. Little publicity was given to the existence of this funding source, and it remained underutilized. (The HC has plans however, to re-establish and expand this component next year. In addition, the Sudan Common Fund contributed to the separate Emergency Response Fund in South Sudan to address cholera and meningitis outbreaks in 2006.

4. Common Funds' effectiveness as a funding mechanism: Efficiency, transparency, and accountability issues

The key research questions in this area were as follows:

- Efficiency/reduced transaction costs – Did the administration of the mechanism allow for timely and straightforward allocations and disbursements?
- Transparency – were the procedures for decision-making clear for all stakeholders, and were decisions taken in a transparent and justifiable manner?
- Accountability – Did the mechanism allow for transparency and trackability in funding flows, from donor accounts in capitals through to end-use implementation in the field?

4.1 Financial administration and execution

A strong common finding of the two cases was the disappointing performance of UNDP in its administrative role. UNDP was recommended as the logical entity to serve as the Common Funds' "Administrative Agent" (a pass-through mechanism for UN agencies' allocations) and as "Participating UN Organization" (for transferring funding through a partnership contract with NGOs and the IOM). The DI report considered recommending that OCHA perform this role but came down in favor of UNDP (with noted reservations in the DRC case) because of its financial systems capacity, including a centralized computer system – ATLAS – for managing the fund, and because its administrative overheads were lower (1% as opposed to OCHA's 3%).

As regards the Administrative Agent role, UNDP performed very well in Sudan, transferring funds to UN agencies quickly and efficiently. In DRC, some UN agencies were less satisfied with UNDP's performance (there were initial delays in reaching the necessary capacity for the role in country, followed by errors that resulted in Rapid Response Mechanism funds arriving late¹⁹, though these were relatively few), but overall it discharged this set of responsibilities satisfactorily.

Critical problems arose, however, in UNDP's execution of its other role, as Participating UN Organization for the NGOs. As mentioned in an earlier section, there are legal/bureaucratic difficulties on the part of both the donors and the UN system with establishing a trust fund mechanism from which NGOs could receive grant allocations directly as the UN agencies do. It was not made clear to the research team how prohibitive these impediments are, or why they could not be changed for the purposes of this mechanism, particularly for the many well established and reputable NGOs with proven track records of capacity and effectiveness. In any event, it was the requirement for NGOs to receive their funds through UNDP in an implementing partnership-type arrangement that caused the greatest problems and funding delays in both countries.

As detailed in the two background reports, UNDP's NGO execution modality - the "Project Cooperation Agreement" (PCA) - was revealed as wholly ill-suited to the humanitarian operational context of the two countries. Oriented toward UNDP's traditional sustainable development model that is geared to working closely with and through host governments, the unrealistic stipulations of the PCA include UNDP consultation and governmental approval of project hiring decisions; signed approvals from government authorities for each and every project; and unrealistically cumbersome and time-intensive procurement and recruitment policies (in the context of three-month grants, as many allocations were, some of these requirements were particularly nonsensical).

Speed and flexibility would seem to be necessary conditions for a humanitarian financing mechanism, but the UNDP procedures instead exhibited a formidable bureaucratic rigidity. In both countries UNDP representatives indicated that these stipulations were required by headquarters and that country personnel did not have the authority to modify them in ways that would be more logical and appropriate for the context. Such rigidity is especially hard to understand given that other agencies, such as UNICEF, UNHCR, and FAO have structured their NGO executing modalities to be much lighter and more straightforward. The text of UNDP's partnership agreement format and an illustrative table of options comparing the UNDP requirements with other agencies' formats used in Sudan is attached as Annexes 4 and 5.

The NGOs' difficulty in navigating and fulfilling the administrative requirements of the PCA amounted to most of the delays. UNDP repeatedly stated that disbursement to NGOs takes only a matter of days (10-11 in the case of DRC), but this refers only to the time it takes to transfer funds after all the paperwork is in order. The real measure of timeliness for the purposes of this evaluation is how much time elapses between the allocation decision and the time funds were received. Most of the NGOs interviewed reported that it took a minimum of one month from the

¹⁹ The initial allocation of \$5 million to be disbursed to the RRM took 30 days from May to June 2006 as opposed to the promised three days (DRC interviews).

time the allocation decision was made to the time the money reached them, and some had still not received their disbursement after three months or more. A few had given up and washed their hands of the whole endeavor. The delays experienced by NGOs were considerably longer in Sudan than in DRC. The finger pointing between NGOs and UNDP, each side blaming the other for causing the delay, has not been particularly helpful. From the overall system perspective, the situation is unacceptable and the problems need to be addressed by those running the system. Even if individual NGOs did not always get the paperwork right, the fact remains that UNDP set certain expectations of being easier, cheaper and faster than potential alternatives for the financial disbursement role (namely OCHA), which it ultimately did not meet.

One of the tasks of the review was to consider which problems were related to start up and would iron themselves out over time, and which were likely to persist. In principle, once an NGO in country has submitted the initial necessary paperwork to UNDP, subsequent allocations will prove more straightforward. However, UNDP signaled in interviews that new, additional difficulties may be in the offing. For instance, during the political transition in DRC the required governmental authorizations were not gathered in many cases, and UNDP anticipates this will need to be done retroactively. In addition, NGOs are unclear about the procedures for obtaining “no-cost extensions” to allow them to continue to run project activities and spend down their allocations past the project’s original end date. A simple matter for many donors, in the case of UNDP’s PCA, it threatens to be a more difficult proposition involving the closing out of accounts and reapplying.

Several observers, particularly donors, wondered why UNDP had not strengthened its own in-country capacity in tandem with the monies it was receiving for administrative overheads on the Common Funds. As mentioned, UNDP collects one percent of all donor disbursements to the Common Funds then an additional percentage for the NGO partnerships (3.8% in Sudan and 5% in DRC). In addition it received a direct allocation in DRC for the salary of a permanent staff member. In both countries UNDP did not increase staff to the extent that these large overheads (over \$2m in Sudan) would seem to allow.

4.2 Transaction costs

Under the Common Funds, the transaction costs of humanitarian financing – that is reviewing, approving, monitoring projects and moving funds – have shifted from the donors to the field actors. It is hard to assess from whether an overall net reduction in transaction costs was achieved in the system as a whole. Transaction costs have assuredly been reduced for donors, who can now move large sums of money without having to negotiate and track each project. For NGOs who received funding it must be said that - whatever the lack of clarity and frustrations pertaining to the funds’ management – in many cases they can, once new contractual modalities have been developed, at least look forward to fewer, more streamlined proposal and reporting tasks than is generally the norm when they negotiate bilateral grant agreements. On the other hand, the coordination work burden for the implementers involved in the cluster system grew considerably, at times requiring an additional layer of staffing for the reporting, planning, coordination, vetting of sectoral proposals, etc. In addition, some large UN agency recipients of

Common Fund allocations were chafing under the new and unfamiliar administrative requirements. Agencies such as UNHCR, accustomed to receiving block funding from donors and providing an annual report as the primary accountability tool, were now faced with having to design and justify individual projects, and report against them.²⁰

A certain increase in structural heaviness seems unavoidable – if an objective of the donors was to lighten the administrative load for humanitarian actors in the field then this has not been achieved. The primary goal, however, was to improve strategic, needs-driven humanitarian response, and as long as transaction costs don't increase to the point of obstructing this goal, they can be seen as an acceptable trade-off. The research did not find that the additional work amounted to an insurmountable problem in the field or an unacceptable diversion of resources away from substantive programming tasks. But the additional work requires additional resource inputs – for instance extra OCHA staff to support the HC in administering and overseeing the allocation process – which donors should acknowledge and materially support.

4.3 Monitoring and evaluation: who's responsible to whom?

The Common Funds mechanism is currently functioning as a hybrid system, with UNDP executing financial management and OCHA administering the allocation decision-making process. The funds' recipients do not know exactly to whom they are upwardly accountable, and the HCs together with UNDP were still weighing options on how and at what level to evaluate program performance and impact.

In participating in the Common Funds, donors have implicitly accepted a loss of customary authority and control over the implementation of their contributions, as they have in fact moved from a bilateral to a multilateral funding process. Although they have relinquished this control and the sort of detailed accounting they might normally prefer, donors remain rightly interested in seeing that some kind of monitoring and evaluation takes place. One idea is to focus efforts on measuring the macro-level results of the overall response against Plan targets, rather than of individual projects. In DRC many spoke favorably of establishing an independent team of technical experts that would perform this monitoring as well as undertake technical revision aspects during the allocation decision process. This would reflect the Common Funds terms of reference.

At the time of this writing M&E was still very much an unsettled question, and a diffuse accountability prevailed – with clusters/sectors, UNDP, OCHA and the HC all holding stakes. The default scenario held that UN agencies would use their standard mechanisms for doing their own M&E, as approved by their executive boards. NGOs and IOM projects, by contrast, will be subject to a review by UNDP, based on project results frameworks they had submitted prior to receiving project funding. This latter proposition was greeted with much skepticism. Many felt that UNDP lacked both the staff capacity and expertise to monitor and evaluate humanitarian

²⁰ According to one UNHCR respondent, this necessitated a whole new skill profile needed for field staff.

programs, but were embarking on the task purely because they saw their own internal constraints as requiring them to do so. A more logical method, these respondents insisted, would be to again use the cluster/sector system, and not ignore the expertise within the humanitarian community.

Some of the original legal language for the Common Funds held that the HC could retract funding if an agency wasn't performing. In the face of UN agency opposition it was later softened to say the HC can decline future allocations to an agency found to be of insufficient capacity. Neither HC was interested in using the monitoring and evaluation as a "policing tool" and felt that stronger legal language in the Common Funds TORs to defund poor performers was not necessary. In this the two HCs seemed to place a good deal of trust in the structures that would decide on new allocations going forward, and take prior performance into account. It is hard to imagine, however, that a UN agency, even one that performed very badly would not receive some level of funding from the mechanism in subsequent allocations.

Simply tracking program status has been found to be a helpful measure for promoting better performance – i.e. noting which projects are "planned," "ongoing," "completed," and their level of expenditure to date can provide a graphic illustration of who is performing and who is not, creating pressure towards improvement. Examples of this can be seen in the International Reconstruction Fund Facility for Iraq (IRFFI), and the Afghanistan Donor Assistance Database (DAD) originally initiated by UNAMA. Such monitoring systems require a deeper and more frequent level of reporting than many agencies and NGOs may be used to, but widely distributing such reports can create peer pressure to accelerate this process.

Finally, it was observed by several respondents that UN agencies are held to a lower standard compared to NGOs in terms of M&E and detailed accountability for performance. Requiring UN agencies to justify their project activities and demonstrate results should be seen as a healthy side effect of the Common Funds mechanism, and not an undue burden.

5. Recommendations

5.1 Specific recommendations for donors

The Common Funds initiative is a largely donor-driven experiment, and many respondents shared a sense of the process being faster and further reaching than expected. As a consequence, some have raised concerns that the policy impetus of the Common Funds has outpaced the practical capacity to make it work. A number of the donors, in particular UK DIFD which has spearheaded the initiative, have indicated that despite the considerable unknowns and potential risks entailed, a bold initiative was called for to break through the "structural log jam" that has impeded efforts at constructive change in the past. Such proactive efforts taken by donors for the purpose of making systemic improvements are both rare and welcome, but they also carry with them a large degree of responsibility for and ownership of the initiative and whether it succeeds or fails. For this reason it is incumbent on donors not simply to create the mechanism and then stand back and observe its functioning. Rather they must take every step along the way to meet the requirements of success (for example early and predictable disbursements), including making changes in their own systems if this is what is needed to meet their responsibility, and participating fully at the country level.

It is recommended that **donors**:

- Make the necessary arrangements in home governments, including if necessary, new legislative measures, that will allow special dispensation to commit and disburse to the Common Funds mechanism early. “Early” means commitments by November of the previous year, with first disbursements to be made by January 1 and with a majority of funds disbursed against the commitment by the end of the first quarter.
- Each year, decide on and reserve a reasonable portion of their total contribution for discretionary bilateral funding, emphasizing multi-year NGO programming, and other priorities within the current needs context that would not normally be funded through the Common Funds.
- Continue funding UN agencies directly at the Headquarters and regional level as well as through Common funds at the country level.
- Improve their communications regarding aid flows, in particular their reporting to FTS.
- Engage non-participating donors and push for better communication on funding intentions and actions.
- Establish in-country donor forums where they meet regularly to dialogue with both Common Funds participating and non-participating donors.
- Consider using such a forum as a proactive body to identify financing gaps in the country and seek innovative solutions. It was suggested by one respondent that such a body could conceivably evolve into in effect an additional cluster at the national level – a “finance cluster” that interacts in the inter-cluster process and involves donors more proactively with the humanitarian efforts.²¹
- Emphasize the importance of efforts to increase the participation of national NGOs in the mechanism.

5.2 Overall recommendations regarding the use and replication of the common funds mechanism

Despite some significant shortcomings in the way it was administered, and persistent concerns regarding the ability of some UN agencies to relinquish a competitive turf protection mindset, the review found that the Common Funds mechanism showed positive results, and even greater potential, for supporting more rational and effective humanitarian response. Discarding the mechanism after the first pilot year would not be advisable, and the review recommends that the mechanism be continued in the two countries. In addition to the continued support of donors, the Common Funds mechanism requires more sustained engagement on the part of OCHA headquarters. OCHA has a critical role to play with respect to the Funds’ implementation and if it is to be successful it should not seek to remain “neutral” but rather must support the initiative at the highest levels of leadership.

One priority problem to be addressed is NGO financing through the Common Funds. In establishing the mechanism donors recognized the importance of **NGO participation** and insisted upon it, despite the fact that it would be legally much simpler both for donor governments and the Funds administration for NGOs to be excluded. Having made this decision, it is incumbent on all parties to work harder to improve this aspect of the fund, both in terms of

²¹ We have Chris McCormick of UNICEF DRC to thank for this intriguing idea.

NGOs' inclusion in the cluster process and in the mechanics of receiving grants through the Common Funds.

The review recommends that donors and UN partners:

- Actively seek alternatives so that the Fund legal structure may be modified or replaced with a new one that allows for NGOs (approved by the HC based on proven performance and formal indicators of capacity) to receive funds directly from the fund rather than through a Participating UN Organization

If this proves impossible, or is legally unacceptable by governments of a majority of participating donors:

- Put out to bid the Participating UN Organization role for NGO funding in both countries. If UNDP wishes to retain this role it must demonstrate how it will modify its PCA to a format more suitable for humanitarian action. Other agencies could propose their own system. The HC and the Advisory group/boards in each country would decide the outcome. The consensus in the two countries holds that UNDP should remain as Administrative Agent for the UN agency funding since in this role it performed reasonably well and the difficulties of a new start up threaten to outweigh any gains.
- Give special consideration to OCHA for this role, as it has proven it can competently manage such a fund (Angola 1997²², the RRM or similar mechanisms in DRC 2000-2006). As the support structure for the HC, OCHA would also provide greater coherence of leadership.

Regarding **planning and allocation structures**:

- Based on lessons learned in each country, draft new TORs that make it clear to all stakeholders how the procedures work and the responsibilities are of participants and cluster leads.
- Promote Plan models more akin to the DRC Action Plan – no project sheets, not static but rather able to absorb new projects as they fit into overall objectives.
- Require each years Plan to be based on a current needs assessment. Consider multi-sectoral national-level team in both countries that would support the cluster system by coordinating a comprehensive countrywide needs assessment, as well as technical review of projects coming up from the regional level sectors/clusters, and M&E.
- Increase facility to use the Common Funds more rapidly and flexibly. In DRC, for example, this may be achieved by formally expanding the criteria of the RRM to cover all emergent and unforeseen needs, or by allowing for projects to be submitted and considered in between funding tranches (without necessarily triggering a separate, “Special Allocation Process” but within the business of the clusters.) In Sudan, reserve a portion of the fund to be used for rapid response.

²² From “Lessons Learned Review: OCHA-Angola 2000 – 2002”: “In 1997 three donors provided funding to the OCHA-Angola to disburse to humanitarian organisations undertaking emergency activities. This total value of the rapid funding mechanism increased over time, peaking in 2002 at just under eight million American dollars. This “‘Emergency Response Fund’ (ERF) was formally administered by OCHA-Geneva and by 2000 provided funding of not more than \$130,000 for emergency projects of 6 months duration or less.”

- Establish and disseminate clearer “rapid access” procedures governing the allocation of rapid response funds.
- To avoid conflict of interests in both reality and appearance, require cluster leads to agree with participants on methods to ensure transparency and impartiality of all decisions. For instance, to ensure transparency they might keep written records of meetings and decision rationales and fairness could be served by establishing decision procedures such as having the agency whose project is being considered recuse itself from vote/decision input.
- Require cluster leads to actively engage all capable operators in the area, including actively seeking out national NGOs
- Require cluster leads to be operationally present in cluster areas. If they are not, assign leadership to another agency or NGO with the expertise and capacity to fulfill this role.
- Expand the practice, where feasible of naming NGO cluster/sector co-leads at the field level.

Regarding **monitoring and evaluation**:

- Consider the national multi-sectoral team for impact monitoring on a sectoral level against objectives outlined in the Plan.
- For monitoring at the project level, rely on the existing legitimate M&E capacities of the participants for internal evaluations and use the sector/cluster system that vetted the projects in the first instance— agencies and NGOs to report on progress and justify subsequent proposals for funding on past performance.
- Ensure that organizations receiving funds undergo an annual financial audit by an external independent auditor

Regarding the potential for **replication**, the review did not encompass an examination of additional cases where Common Funds pilots might be considered. However, during the research it became apparent that the following issues would need to be considered before duplicating the mechanism in other countries/emergencies:

- *Strength of HC.* Many felt that the system is dependent on highly effective individuals in the role of HC. Presumably however, the lessons learned from the Sudan and DRC cases, and the decision-making models that have been constructed would help provide a basis that need not be entirely HC-dependent
- *Government participation/obstruction.* Ethiopia has been proposed as a possibility, but many worry that the government, already highly restrictive of humanitarian access, would create problems to the extent that it would not be the next logical testing ground.
- *Size of country.* Some say the mechanism would be more effective and have a larger impact in smaller countries (e.g., CAR, Guinea), but at the same time there would have to be a critical mass of operational agencies.
- *Humanitarian context.* Common Funds piloting should not be allowed to drift into development settings, but keep its focus on humanitarian response. Its operating structures are uniquely suited for the quick transfer of funds to meet urgent needs, rather than providing the additional oversight more suitable in development contexts. Furthermore, its humanitarian status can be critical for host state acceptance of the model. Development cooperation traditionally requires negotiation and collaboration with government authorities, letting the Common Fund become a back door for these activities would be to embark down

a dangerous path. That said, as reflected in the GHD principles, humanitarian action is rightly not limited to life-saving activities only, but should include early-recovery and transitional activities as well.

List of Annexes

Annex 1. Study Terms of Reference

Annex 2. Document Sources

Annex 3. List of those interviewed or consulted

Annex 4. Standard Project Cooperation Agreement (PCA) between UNDP and NGOs

Annex 5. Comparative table of Participating UN Organization partnership contracting formats

Annex 1. Study Terms of Reference

Monitoring and Evaluation of Common Funds for Humanitarian Action in Sudan and the Democratic Republic Of Congo

1. The Objective

1.1 The objectives of the consultancy are to:

Establish a clear baseline to enable the monitoring and evaluation of the Common Fund and related approaches.

To assess the benefits and disadvantages of the new approach to funding

To make recommendations regarding the future of Common Funds and related approaches in DRC, Sudan and elsewhere.

2. The Scope

2.1 The study would encompass headquarters-based financial tracking as well as field research, including field visits to each pilot country. The field trips would involve interviewing and data gathering, as well as establishing relations and working with the HC, the UNCT, other humanitarian agencies and relevant donors to agree on necessary data and timeframes for supplying it over the course of the study.

3. Methodology

3.1 The study would compile baseline aid funding data for each pilot country from 2003 (two years prior to the establishment of the common funds) through the end of 2006 (including the 2005 allocation model exercise in Sudan). This would provide four years of tracking official humanitarian aid and related disbursements, which would be a reasonable period within which to extrapolate on evidence regarding the difference made by the use common funds approach versus reliance on traditional financing mechanisms (taking into account that other external factors in this period may have had independent impact on funding flows). Equally if not more critical to the assessment will be the qualitative evidence regarding whether the mechanism was seen to allow for a greater degree of filling gaps, incentivizing coordination, and increasing flexibility for response.

3.2 The first phase of the study will comprise in-country research in Sudan and DRC, in close liaison with the HCs and relevant donors and agencies, and at CIC's office in New York. It will also draw extensively on OCHA's Financial Tracking Service (FTS) and work closely

with headquarters donor and agency representatives, where relevant. It will involve collection of data from key DAC donor governments²³ (in the form of allocations to relevant agencies in 2003-5, and allocations to the common fund in 2006), and from relevant humanitarian agencies, including the UN humanitarian agencies (OCHA, WFP, UNHCR, UNICEF, WHO etc), the Red Cross movement, and 3-4 NGOs²⁴ over the same period.

3.3 Data collection and analysis would include:

Total official humanitarian aid per annum (based on FTS figures); and the percentage of CAP vs. non CAP allocations;

Total and percentage of funding allocated to common mechanisms in 2005 (allocation model in Sudan and OCHA's two-donor, pre-pilot approach in DRC), and 2006 Common Funds model;

Comparisons of the proportion of funds disbursed through different channels over time (pre and post Common Funds);

Comparison of funding levels across different sectors (pre and post Common Funds);

Comparison of pre and post Common Funds disbursement rates (request-to-decision and decision-disbursement intervals); and

Examination of the rate at which Common Funds were disbursed in response to unforeseen crises.

3.4 In addition to analysis of the quantitative data, the report will provide a review of the key policy issues related to the start-up of the mechanism, and signal trends and emerging positive developments and/or potential obstacles to the effective implementation. This will be based on field and telephone interviews with major stakeholders at key points during the first year. The qualitative issues for review will include:

The adequacy of existing joint needs assessment mechanisms and Work Plan to the task of prioritizing allocations;

Approaches to how humanitarian aid is being defined in each context;

Implications for inclusion/engagement of the major non-UN humanitarian actors; and

Organizational and operational assessments of the Common Funds, including benefits and/or opportunity costs stemming from the use of the Common Funds, and efficiency of disbursement mechanisms.

3.5 The initial findings from this phase will be presented in a report submitted at the end of 2006. Its purpose will be to present a series of indicators of how the pilots have been established and implemented and provide a prognosis for the continuation and replication of the mechanism.

The qualitative policy analysis will be focused on four main issues: changes in decision-making and resource allocations, improvements in coordination, governance and

²³ Only OECD DAC donors will be analysed for this study. While non-DAC donors make significant contributions to humanitarian financing in both countries, the majority is allocated bilaterally to the recipient state or through the Red Cross/Red Crescent societies and not through the CAP. Therefore their influence on the multilateral financing system would be minimal.

²⁴ Only 3-4 NGOs will be selected for comparative analysis – this will include those that have traditionally used the CAP as a planning and resource mobilization tool.

administration of the Fund, and wider policy implications regarding issues of humanitarian and UN reform in particular.

Decision-making and resource allocation

3.6 In the Common Funds approach, much of the burden of decision-making for resource-allocation shifts to the HC and the UNCT. In order for it to be successful, it requires clear strategic, geographical and sectoral priorities for countrywide decision-making and strong sector coordination for project-based decision-making. To evaluate progress in this area, qualitative and quantitative analysis will be undertaken. The evaluation will compare and analyse both donor decision-making pre 2006 and that of the HC and UNCT from the start of the Common Fund. It will examine decision-making processes, quality of information (the evidence basis for the stated priorities), and analysis of the difference between stated priorities in the workplan and actual resource allocation. The relative strength of the Common Fund in relation to the range of other financing instruments (including stand-by emergency funds) that are being utilized will also be examined.

Influence on coordination mechanisms

3.7 The Common Funds signals an opportunity to improve coordination of the way in which UNCT and the humanitarian system more broadly, plan and implement coherent policy objectives in crisis environments. In evaluating its impact, a review would be undertaken of the impact of the introduction of this approach on the functioning and capacity of the Office of the Humanitarian Coordinator, as well as sectoral and donor coordination. The Common Funds initiative has been established at the same time as the introduction of the cluster lead approach, designed to improve sectoral coordination and operational responses.²⁵ The evaluation will also consider the implications that this reform process and piloting is having on the establishment of new forms of financing, such as the Common Funds, for the humanitarian system.

Governance and administration

3.8 Given the UN's share of humanitarian operational activity is possibly lower than 50%, and the burden of implementation activities lies with the NGOs and the Red Cross/Red Crescent, there is a risk that the Common Funds will merely add another layer of reporting and bureaucracy to current arrangements, which might result in an even less timely response. Thus it will be important to examine the degree to which the establishment of the Common Fund has impacted on the transaction costs of allocating, disbursing and reporting on humanitarian aid funds for both donor and recipient organisations (UN and non UN agencies). An assessment of the quality and costs of financial and narrative reporting, using comparisons with other trust funds and other financing mechanisms will also be made, including the CERF, World Bank modalities, and UNDP trust funds in other contexts.

3.9 It will also consider the effectiveness of the accountability and management arrangements that govern the funds (and possible differences between them) including: the advisory boards, disbursement mechanisms, monitoring and evaluation and reporting arrangements.

²⁵ IASC Principals meeting, 12 September 2005

Wider policy implications

3.10 A major question in relation to the Common Funds mechanism is how wide-reaching it can be. Whether for political and other reasons, some non-UN agencies will be concerned to distance themselves from UN/HC attempts to coordinate, lead or finance their activities. Both pilots have a UN peacekeeping mission in place and both reflect elements of an integrated mission approach. There may be some in the humanitarian community that wish to maintain independence from the UN in this context. The study will examine this issue and the implications for coherent policy approaches with this backdrop. It will also situate the Common Funds approach amongst initiatives shaping the wider humanitarian reform agenda, including the strengthening of the role of the HC's, and reform issues specific to the UN's programmes and funds. The study will also consider the impact of the creation of the fund for different stakeholders, including NGOs (using 3-4 NGOs as illustrations in each pilot), in financial and other terms.

Recommendations

3.11 A series of recommendations will be made regarding the viability of the Common Fund approach in Sudan and the DRC, as well as its transferability to other contexts. This will take into account the extent to which reform of the role of the HC, and other relevant reforms, were pursued in 2006.

4. Reporting

4.1 It is proposed that the study is financed by donors contributing individually to the consultancy body, and accept a single reporting process to be agreed. A management group would be formed to oversee the study, bringing together OCHA (representing the HCs); a representative from the IASC (if considered appropriate); and donors which had contributed to the Common Fund. A chair would be appointed at an early stage. Draft reports would be shared with management boards of common funds in the two countries, and with IASC members.

4.2 The output of the design phase would be a short note detailing the methodology, listing the key data for collection and the final timetable for the study. This would be circulated for comment and agreement to the management group, as well as to key stakeholders at country level.

4.3 The final report would be no longer than 25 pages, focus on key policy messages, and include a comprehensive executive summary. Annexes with detailed financial data, presented where appropriate in graph form, should be included and the sources clearly referenced. All material should be presented in electronic format also.

4.4 The Project will report directly to CHASE's Humanitarian Adviser, Joanna Macrae, j_macrae@dfid.gov.uk, (Tel. 00 44 (0)207 023 1198).

4.5 Issues of logistics and management should be address to Mark Miller, Programme Officer, CHASE, m-miller@dfid.gov.uk, (Tel 00 44 (0)207 023 0487).

5. Timeframe

5.1 The team is available to start work on 28 April 2006. It is proposed the project will run for 8 months to 31 December 2006.

Project Activity	Timing
Begin baseline desk research on aid flows; financing mechanisms	April
Field visits – Sudan and DRC	June/July
Compile baseline data, refine research parameters	April/May
Ongoing data collection	May-July
Donors headquarters interviews (telephone)	May-July
Report drafting/ follow-up field visits	August/September/ October
Advance preliminary findings provided for Sudan	1 October
First draft submitted to Advisory Group	1 November
Comments compiled and incorporated	November
Report finalized	15 November
Findings and recommendations presented	December

5.2 Payment under this contract will be payable in three separate tranches. The first 30% of funding will be payable to ODI on or after the 31 May 2006 following an oral debrief detailing progress. A further 50% of funding will then be payable after successful completion of the two field visits to Sudan and DRC, current envisaged for completion at the end of July. The remaining 20% will be payable on receipt by DFID of a final report.

6. DFID (or other) Coordination

6.1 Under the ongoing collaborative partnership between HPG/ODI and CIC/NYU, ODI will act as the receiving and overseeing agent for this consultancy, and will be subcontracting the CIC-based research team to undertake the work. CIC will be responsible for all project management issues throughout the period of the proposed contract, and will report directly to DFID on substantive and logistical matters related to the study. CIC will submit the final report to ODI at the same time as it is sent to DfID, so that ODI can formally sign off on the product. In addition CIC will provide financial reports and expenditure breakdowns to ODI,

which will officially approve the final financial report to DFID. It is understood multiple donors will contribute to financing the study, however, the study will be managed by DFID and financial reporting for the study will be made to this donor.

6.2 In-country and through headquarters interviews, it is assumed there will be access to relevant officials concerned with the Common Funds, and local transportation and any logistical requirements in-country will also be supported, either by the Office of the Humanitarian Coordinator or a relevant 'host' donor.

6.3 In the event that an IASC evaluation takes place in the summer of 2005, the consultants will endeavour to support this process, when requested and where appropriate.

7. Background

7.1 In 2005, as part of their efforts to ensure prompt, needs based allocation of humanitarian aid resources, a number of donors piloted a new approach to humanitarian financing. This approach channelled resources directly through the office of the Humanitarian Coordinator (HC). It aimed to enable the Humanitarian Coordinator to match an analysis of need with the power to influence the allocation of resources. As such, it was designed to address an inherent problem in the Consolidated Appeals Process: that is a situation where there is one plan, but multiple, potentially competing, channels through which it is financed. Addressing this weakness, it was hoped, would enable more coherent, needs-based allocation of resources, and ensure that the most urgent humanitarian needs were quickly met.

7.2 Lacking an existing mechanism through which these funds could be channelled, in 2005 the UK, Dutch and Swedish governments adopted an interim approach. The Humanitarian Coordinator issued donors with a list of priority projects for funding, and the participating donors then disbursed the funds directly to the recipient organisations. In 2005, a total of \$102 million was disbursed in this way.

7.3 This approach forms part of a wider range of initiatives designed to enhance the effectiveness of the international humanitarian system. For example, the Secretary-General's report to the General Assembly of 21 March 2005 ('In Larger Freedom'), stressed the clear need to strengthen field coordination structures, notably by better preparing and equipping UN Country Teams, strengthening the leadership of the Humanitarian Coordinator, and ensuring that sufficient and flexible resources are available to support field structures. These themes gained endorsement at the Millennium Review Summit and are likely to be the subject of further resolutions in the current General Assembly.

7.4 At the Good Humanitarian Donorship meeting in London on March 10-11 2005, it was agreed that interested donors should pursue further piloting of this approach. A number of donors and the UN have discussed how to take this forward. Studies were commissioned by Canada, Denmark, the Netherlands and the UK to explore ways in which the approach could be developed in Sudan and in a further pilot in the Democratic Republic of Congo. These reports, prepared by Development Initiatives, described the conditions required to establish and successfully implement a common approach to funding of the workplans.

7.5 The studies identified three ways in which donors' support to the work plans could be made more coherent and needs-based:

Common Fund. Managed by the UN as a trust fund, a Common Fund would provide a mechanism through which donors would make upfront contributions to funding the priorities identified in the Work Plan. Decisions on what to fund would be made by the Humanitarian Coordinator in-country, and disbursements would be made directly from the Common Fund to the recipient agency.

Allocation Model. As in Sudan in 2005, donors would put a tranche of money at the disposal of the Humanitarian Coordinator, who would then decide how it should be allocated. The donor would then make the disbursements directly to the identified recipient agency.

Consultative Model. Under this approach, donors would discuss with the Humanitarian Coordinator their funding approach, and try to reach agreement on priorities. The donor would make the final decision and subsequent disbursement.

7.6 All three models would work together, with different donors contributing in different ways, and possibly using different approaches with different elements of their funding.

7.7 The design of the detailed management and administration arrangements of the Common Funds is currently underway. It is anticipated that these funds will be operational and in receipt of funds by late 2005.

It is important that lessons are learned from these pilots. These lessons would be used to inform decisions regarding the continuation of the mechanism in Sudan and the DRC in 2007, if necessary with some revisions. They would also inform decisions whether or not to replicate these arrangements in other emergencies.

7.8 It is therefore proposed to commission an independent study to monitor and evaluate the Common Fund and related approaches during 2006.

Conflict, Humanitarian, and Security Department (CHASE), April 2006

Annex 2. Document sources (TBA)

Annex 3. List of those interviewed or consulted

Headquarters interviews:

Donors

Joanna Macrae, Humanitarian Advisor, Conflict, Humanitarian and Security Department, DFID

Mike McCarthy, Conflict, Humanitarian and Security Department, DFID

Sally Gregory, Conflict, Humanitarian and Security Department, DFID

Phil Evans, Conflict, Humanitarian and Security Department, DFID

Nick Harvey, Humanitarian Advisor to Africa, DFID

Manon Olsthoorn, Humanitarian Aid Division, Dutch MFA

Kristen Chenier, Chief, Strategic Planning Policy, CIDA Canada

Vishal Kapur, Policy Advisor, CIDA Canada

Pierre-Yves Monnard, Senior Programme Officer for DRC, CIDA Canada

Gunilla Petrisson, DRC Desk Officer, SIDA Sweden

Eva Johansson, Programme Officer, Sudan and Chad, SIDA Sweden

Ciara O'Brien, Irish Aid

UN

Margareta Wahlstrom, Assistant Secretary-General, OCHA New York

Mark Bowden, Head of Policy, OCHA New York

Dan Toole, Director EMOPs, UNICEF

Afshan Khan, Deputy Director EMOPs, UNICEF

Hasmik Kiam, Sudan Desk Officer, UNICEF

Dominik Bartsch, Senior Policy Advisor, Peacebuilding Transition Team

Magda Ninaber van Eyben, Head of Donor Relations, OCHA Geneva

Noel Tsekouras, DRC Desk Officer, OCHA New York

Bisrat Aklilu, Executive Coordinator, MDTF Office, Bureau of Resources and Strategic Partnerships, UNDP

David Clapp, MDTF Office, Bureau of Resources and Strategic Partnerships, UNDP

Shoko Shimozawa, Deputy Head, Donor Relations and Resource Mobilization Service, UNHCR

Severine Agnelli, Head of desk for DRC region, UNHCR

Anja Papenfuss, UNHCR

NGOs

Toby Porter, Director of Emergencies, Save the Children UK

Roger Persichino, Action Against Hunger (ACF)

Nicki Bennett, Policy and Advocacy Advisor, Oxfam

Howard Mollett, Humanitarian Policy Advisor, CARE International UK

Democratic Republic of the Congo interviews

Donors

Havard Hoksnes, Norway Embassy in Angola (covers DRC)
Ros Cooper, Humanitarian Development Advisor, DFID
Luc St. Laurent, Third Secretary (Development), Canadian Embassy to the DRC
Bernard De Screvel, Attaché de la Coopération au Développement Secteur Agriculture et Sécurité Alimentaire, Belgium Embassy to the DRC
Victor N. Bushamuka, Program Officer, OFDA/USAID
Patrick Vercammen, Chef de bureau, ECHO
Roy Hans, Second Secretary, Netherlands Embassy to the DRC
Magnus Carlquist, Head of Cooperation, Embassy of Sweden to the DRC

UN

Ross Mountain, Resident Coordinator, Humanitarian Coordinator, UNDP Resident Representative, DRC
Babacar Cissé, Head, UNDP DRC
Roberto Valent, Représentant Résident Adjoint Programme, UNDP
Caroline Schaefer, Chargée de Programme, Monitoring and Evaluation Focal Point, Post-Conflict Unit, UNDP
Lassane Ouedraogo, Chargée des déboursments, UNDP
Fernando Larrauri, Team Leader, Post-Conflict Unit, UNDP
Gloria Fernandez, Head, OCHA DRC
Marie-France Bourgeois, Humanitarian Advisor Planning Officer, Planning Unit, OCHA
Andrea De Domenico, Pooled Fund Grant Manager, OCHA
Richard Guerra, Rapid Response Officer, OCHA
Caroline Peguet, Rapid Response Mechanism, OCHA
Andrew Wille, Chief IDPs Unit (Cluster coordinator), OCHA
Asa Emilia Claesson, Associate Humanitarian Affairs Officer, Planning Section, OCHA
Patrick Lavand'Homme, Head of Office, OCHA North Kivu
Jean-Charles Dupin, OCHA (Goma)
Eusèbe S. Hounsokou, Representative to the DRC, UNHCR
Jens Hesemann, External Relations Officer, UNHCR
Ad Spijkers, Head, FAO
Benjamin Badjeck, Chief Technical Advisor, Agricultural Policy, FAO
Dzifanu K. Nyarko-Badohu, Deputy Emergency Coordinator in DRC, FAO (Goma)
Charles Vincent, Representative, WFP
Claude Jibidar, Deputy Director, WFP
Yitzhak G.Gitleman-Despicht, Senior Logistics Cluster Coordinator, WFP
Konate, WFP (Goma)
Sylvia Danailov, Emergency Officer, UNICEF
Chris McCormick, Administrateur Chargé du programme Eau Hygiène et Assainissement, UNICEF
Olivier Thonet, Watsan officer, UNICEF (Goma)
Dr. Francois B. Nguessan, Administrateur Technique, WHO
Dr Chouaibou Ncharre, WHO (Goma)
Patrice Otilibili, WHO (Goma)
Jean-Claude Kamanda, UNFPA (Goma)

Wirba Alidu Yongye, Conseiller Technique Principal, UNOPS/UNDP (Goma)
Benjamin Hountou, UNHCHR (Goma)

International NGOs

Massimo Giovanola, Coordinator, COOPI
Victor Wilondja, Jesuit Relief Services
Hervé Belliot, Chef de Mission, ACF
Juliette Prodham, Country Programme Manager, OXFAM
Alyoscia D'Onofrio, Country Director, International Rescue Committee (IRC)
Emmanuel Roussier, Chef de Mission, Atlas Logistique
Sylvie Arien, Atlas Logistique
Jeff Seed, Country Director, CARE
Guillame Sauval, Solidarités (Goma)
RudinaVojvoda, Air Serv (Goma)
Leslie Shanks, MSF-Holland (Goma)
Jean-Christophe Goussaud, Field Coordinator North Kivu, NRC (Goma)
Patrick Evrard, German Agro Action (AAA) (Goma)
Frederic, Soderu (Goma)
Elie Lafortune, Country Director, World Relief (Goma)
Sarah Hidey, Disaster Response Desk Officer, World Relief (Goma)
Arnette, Claudine, Apollonaire Bahole, World Vision (Goma)
Catherine Vasseur, Directrice de Programme, Handicap International
Yvan Hildebrand, MSF-Belgium

National NGOs

Therese Nzale, Executive National Secretary, Initiative Congolaise pour a Gestion autonome des populations (ICG)
André Tshula Nkunku, Executive National Secretary, Fédération des Ong Laiques à Vocation Economique du Congo (FOLECO)
Kalomba wa Kalomba Vicky, Sanitation and Infrastructure Project Manager, FOLECO

Other

Laurent Guepin, Civil Affairs Section, MONUC
Paule Josee Drainville, Civil Affairs Section, MONUC
Derek Spranger, Chef Adjoint de Délégation, ICRC

Sudan interviews

Donors

Glyn Taylor, Humanitarian Adviser, UK DfID
Sam Grout-Smith, Humanitarian Programme Manager, UK DfID
Ulrika Josefsson, First Secretary, Swedish Embassy
Sjoerd Smit, Second Secretary (Peace and Development), Swedish Embassy
Muna Eltahir, National Program Officer, Netherlands Embassy
Petra Hofs, Policy Advisor (Humanitarian Aid and Recovery), Netherlands Embassy

Antonio de Velasco, Head of Office, European Commission Humanitarian Aid (ECHO)
Elisabeth Schwabe-Hansen, First Secretary, Norwegian Embassy, Khartoum
Malfrid Anestad, Adviser Humanitarian Affairs, Joint Donor Team, Juba
Jonathan Lingham, Head of Office, DFID Sudan
Michael Mosselmans, DFID London (video conference)
John Marks, USAID/DCHA South Sudan Team Leader, on mission to Khartoum

UN

Manuel da Silva, Deputy Special Representative of the Secretary-General (DSRSG) and
Resident/Humanitarian Coordinator, United Nations, Sudan
Gemmo Lodesani, UN Deputy Humanitarian Coordinator, North Sudan
W. David Gressly, Deputy Resident and Humanitarian Coordinator, Sudan Southern
Sector
Paul Crook, Programme Manager, UNDP Trust Fund Management Unit
Sandra Giltner, Consultant, UNDP Trust Fund Management Unit
Enrico Gaveglia, Financial Administrator, UNDP Trust Fund Management Unit
Michael Jensen, Head, Policy and Planning, OCHA Sudan
Sheilagh Henry, OCHA Consultant, Real Time Darfur Evaluation
Monette van Lith, Monitoring and Evaluation Unit, Office of the Resident/Humanitarian
Coordinator
Catherine Haswell, Monitoring and Evaluation Unit, Office of the Resident/Humanitarian
Coordinator
Tag Eldin Bashir, National Program Officer, UNICEF, North Darfur
Turid Laegreid, Senior Humanitarian Affairs Officer, Team Leader, OCHA, North
Darfur
Aoibheann O'Keeffe, Humanitarian Affairs Officer, OCHA, North Darfur

Meeting with UN System Sector Leaders, North Darfur:

Turid Laegreid, OCHA
Bashir Abed El Rahman, FAO (OIC)
Gerry Waite, Program Coordinator, IOM
Amilu Chlingulo, Program Officer (Education), UNICEF
Caesar Hall, Water and Sanitation Officer, UNICEF
Sedick Toffa, Field Logistics Officer, UNJLC
Kate Newton, Head of Program Unit, WFP
Collins Owili, WHO (OIC)
Jonathan Ndzi, Head of Sub-Office, UNFPA.
Jerzy Skuratowicz, Country Director, UNDP Sudan
Mike McDonagh, Manager North Sudan, OCHA Sudan
Renato Fornocaldo, UNIDO Representative for Sudan, Djibouti and Yemen, Khartoum
office
Abdulla Tahir Ben Yehia, Representative, FAO
Tesfai Ghermazien, Senior Emergency and Rehabilitation Coordinator, North Sudan,
FAO
Marc Abdala, Deputy Emergency Coordinator, Darfur, FAO

Athanase Nzokirishaka, Deputy Representative, UNFPA
 Maha Muna, Emergency Coordinator, UNFPA
 Stefania Pace-Shanklin, MD, Emergency and Humanitarian Coordinator, WHO
 Maria Teresea Marchetti, Project Officer for Donor Relations, WHO
 Anne-Marie Linde, Darfur Program Coordinator, IOM
 Jim Pansegrouw, Director, United Nations Mine Action Office (UNMAO), Khartoum
 Hansie Heymans, Planning Officer, UNMAO, Khartoum
 Dr. Kalunga Lutato, Representative, UNHCR, Khartoum.
 Dermot Carty, Director of Operations, North Sudan, UNICEF, Khartoum
 May Anyabolu, Senior Planning Officer, UNICEF Sudan Country Office, Khartoum
 Sarah Longford, East and Three Areas Coordinator, World Food Programme FP Centre
 Carlos Veloso, Emergency Coordinator, Darfur, WFP
 Marian Yun, Donor Relations Officer, WFP
 Bradley Guarrant, Deputy Regional Director, Khartoum, WFP
 UN Country Team meeting on the 2007 Work Plan, chaired by David Gressly, Deputy
 HR/HC for South Sudan
 Thomas Shortley, Head of Programme Service, Sudan, World Food Programme
 Kiki Gbeho, Chief Designate of Monitoring and Evaluation Unit, Office of the RC/HC,
 Khartoum
 Justin Bagirishya, Coordinator for South Sudan, WFP
 Tzeggai Araia, Head of Programme; WFP, Juba Office
 Mario Samaja, Return and Reintegration Officer, Office of the UN Deputy RC/HC, Juba,
 followed by meeting of RRR Working Group
 George Okech, Officer in Charge FAO South Sudan
 Pierre Vauthier, Field Program Officer FAO South Sudan
 Tesfai Tsegai, Animal Health Consultant, FAO South Sudan
 Simon Strachan, Director, UNICEF South Sudan
 Una McCauley, Project Officer Protection, UNICEF South Sudan, (e-mail exchange)
 Dr. Abdullahi M. Ahmed, Head of Office, WHO Office for Southern Sudan
 Dr. N. Paranietharan, EHA Coordinator; WHO Office for Southern Sudan
 Bhairaja Panday, Operations Manager
 Sam Chakwera, Senior Programme Officer, UNHCR, South Sudan
 Dr. Dragudi Buwa, Head of Office, UNFPA, South Sudan
 Cynthia Jones, Chief, UN Joint Logistics Center, Khartoum (e-mail interview)
 Roundtable discussion with Sector Leaders in the South Darfur region:
 Carolien De Joode, OIC, OCHA
 Magdi Kassem, MD, Head of Sub-Office, WHO
 Emmanuel Lujuro, Head of Sub-Office, FAO
 Gladys Atinga, Head of Sub-Office, UNFPA
 Daniel Neysmith, Head of Sub-Office, IOM
 Jane Juan, Program Officer, WFP
 Phuong T. Nguyen, Project Officer (OIC), UNICEF
 Katie Inglis, Reports and Information Officer, UN Joint Logistics Centre.

NGOs

INGO Forum meeting, 40 participants

Asif Sherazi, Program Coordinator, OXFAM GB in South Darfur, Nyala
 Vanessa van Schoor, Head of Mission in Sudan, MSF Holland, Nyala office
 Alfredo Zamudio, Norwegian Refugee Committee and visit to Kalma IDP camp;
 attended meeting of camp manager, with some 100 sheiks
 Idris Osman, Administrative and Financial Manager, International Islamic Relief
 Organization (IRO), Saudi Arabia.
 Sami Hassan, Assistant Manager, Office for South Darfur, International Islamic Relief
 Organization (IRO), Saudi Arabia.
 Rod Volway, Field Coordinator, IRC Nyala.
 Patrick Andey, Program Coordinator, Action Contre la Faim (ACF)
 Anne-Cecile Mellet, Nutrition Manager, ACF
 Mohammed Ahmed Nadeem, M.D., Medical coordinator of the Abu Shouk Camp ACF
 Therapeutic Feeding Center, El Fasher, North Darfur
 Roundtable meeting with North Darfur NGOs:
 Karl Frey, Program Coordinator, Oxfam, North Darfur
 Ute Kirch, Program Coordinator, Malteser International, North Darfur
 James Bidal, Office Coordinator, Partner Aid International (PAI), El Fasher
 Bismas Agoro, Health Manager
 Simon Ridley, Protection and Rule-of-Law Manager, International Rescue
 Committee, North Darfur
 NGO Group Meeting:
 Dr. Rhudaba Khondker, Save the Children (UK)
 Mattito Watson, Save the Children (US)
 Rustano Pascual, International Medical Corps (IMC)
 Sally Henderson, World Vision
 Angela Rugara, World Vision
 Martin Hartberg, Oxfam GB
 GS Azam, HelpAge International
 Marc le Brize, Johanniter International Assistance
 Rebecca Dale, International Rescue Committee (IRC)
 David Brigham, Mercy Corps
 NGO Steering Committee for South Sudan:
 Erin Chu, World Relief
 Myron Jespersen, World Relief
 Marv Koop, PACT
 Neil Turner, Save the Children UK
 Justa Lugala, NESI Network
 Ayalew Teshome, World Vision International
 Ivor Morgan, Country Director, MEDAIR, Khartoum.
 Caroline Nursey, Country Programme Manager, Oxfam Khartoum
 Liz McLaughlin, Assistant Country Director, Program, CARE International in Sudan,
 Khartoum office

Other

Markus Geisser, Head of Sub-Delegation, ICRC, Nyala

Weekly meeting of NGO representatives with the Head of the Humanitarian Action Commission (HAC) of the Government of National Unity, South Sudan.

Abdul Raoef Mohamed Abdallah, Head of the NGO Department and Deputy Secretary General, Humanitarian Affairs Commission (HAC), Government of National Unity, Nyala Office

The Hon. Simon Kun Puoch, Chairperson; William Chan Achuil, Deputy Chairperson; South Sudan Relief and Rehabilitation Commission (SSRRC), Juba

The Hon. Dr. Majok Yak, Undersecretary for Health, Ministry of Health, Government of South Sudan

Non-Food Items Sector Working Group, South Sudan:

Kathryn Taetzsch, Relief Program Manager, World Vision

Mona Duale, Information Officer, UN/OCHA Southern Sudan

Sarah McNiece, UN Joint Logistics' Office, Khartoum

Annex 4. Standard Project Cooperation Agreement (PCA) between UNDP and NGOs

STANDARD PROJECT COOPERATION AGREEMENT BETWEEN UNDP
AND A NON-GOVERNMENTAL ORGANIZATION
PROJECT COOPERATION AGREEMENT
between

THE UNITED NATIONS DEVELOPMENT PROGRAMME
and
[name of the Non-Governmental Organization]

Whereas the United Nations Development Programme ("UNDP") and [*name of the non-governmental organization*] ("the NGO") have, on the basis of their respective mandates, a common aim in the furtherance of sustainable human development;

Whereas UNDP has been entrusted by its donors with certain resources that can be allocated for programmes and projects, and is accountable to its donors and to its Executive Board for the proper management of these funds and can, in accordance with the UNDP Financial Regulations and Rules, make available such resources for cooperation in the form of a Project;

Whereas the NGO, its status being in accordance with national regulations, is committed to the principles of participatory sustainable human development and development cooperation, has demonstrated the capacity needed for the activities involved, in accordance with the UNDP requirements for management; is apolitical and not profit-making;

Whereas the NGO and UNDP agree that activities shall be undertaken without discrimination, direct or indirect, because of race, ethnicity, religion or creed, status of nationality or political belief, gender, handicapped status, or any other circumstances;

Now, therefore, on the basis of mutual trust and in the spirit of friendly cooperation, the NGO and UNDP have entered into the present Agreement.

Article I. Definitions

For the purpose of the present Agreement, the following definitions shall apply:

- (a) "Parties" shall mean the NGO and UNDP;
- (b) "UNDP" shall mean the United Nations Development Programme, a subsidiary organ of the United Nations, established by the General Assembly of the United Nations;
- (c) "The NGO" shall mean [*name of the NGO*], a non-governmental organization that was established in and incorporated under the laws of [*place, country, where the NGO is established*], with the purpose of [*the purpose or mandate of the NGO*];

(d) "The Agreement" or "the present Agreement" shall mean the present Project Cooperation Agreement, the Project Document (Annex), which incorporates the Project Objectives and Activities, Project Work Plan, Project Inputs being provided by UNDP resources, and Project Budget, and all other documents agreed upon between the Parties to be integral parts of the present Agreement;

(e) "Project" shall mean the activities as described in the Project Document;

(f) "Government" shall mean the Government of [*name of programme country, name of concerned national authority*];

(g) "UNDP resident representative" shall mean the UNDP official in charge of the UNDP office in the country, or the person acting on his/her behalf;

(h) "Project Director" shall mean the person appointed by the NGO, in consultation with UNDP and with the approval of the Government coordinating authority, who acts as the overall coordinator of the Project and assumes the primary responsibility for all aspects of it;

(i) "Expenditure" shall mean the sum of disbursements made and valid outstanding obligations incurred in respect of goods and services rendered;

(j) "To advance" shall mean a transfer of assets, including a payment of cash or a transfer of supplies, the accounting of which must be rendered by the NGO at a later date, as herein agreed upon between the Parties;

(k) "Income" shall mean the interest on the Project funds and all revenue derived from the use or sale of capital equipment, and from items purchased with funds provided by UNDP or from revenues generated from Project outputs;

(l) "*Force majeure*" shall mean acts of nature, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force;

(m) "Project Work Plan" shall mean a schedule of activities, with corresponding time frames and responsibilities, that is based upon the Project Document, deemed necessary to achieve Project results, prepared at the time of approval of the Project, and revised annually.

Article II. Objective and Scope of the Present Agreement

1. The present Agreement sets forth the general terms and conditions of the cooperation between the Parties in all aspects of achieving the Project Objectives, as set out in the Project Document (Annex of the present Agreement).

2. The Parties agree to join efforts and to maintain close working relationships, in order to achieve the Objectives of the Project.

Article III. Duration of Project Agreement

1. The term of the present Agreement shall commence on [*date of start of Agreement*] and terminate on [*date of end of Agreement*]. The Project shall commence and be completed in accordance with the time-frame or schedule set out in the Project Document.

2. Should it become evident to either Party during the implementation of the Project that an extension beyond the expiration date set out in paragraph 1, above, of the present Article, will be necessary to achieve the Objectives of the Project, that Party shall, without delay, inform the other Party, with a view to entering into consultations to agree on a new termination date. Upon agreement on a termination date, the Parties shall conclude an amendment to this effect, in accordance with Article XVII, below.

Article IV. General Responsibilities of the Parties

1. The Parties agree to carry out their respective responsibilities in accordance with the provisions of the present Agreement, and to undertake the Project in accordance with UNDP policies and procedures as set out in the UNDP Programming Manual, which forms an integral part of the present Agreement.

2. Each Party shall determine and communicate to the other Party the person (or unit) having the ultimate authority and responsibility for the Project on its behalf. The Project Director shall be appointed by the NGO, in consultation with UNDP and with the approval of the government coordinating authority.

3. The Parties shall keep each other informed of all activities pertaining to the Project and shall consult once every three months or as circumstances arise that may have a bearing on the status of either Party in the country or that may affect the achievement of the Objectives of the Project, with a view to reviewing the Work Plan and Budget of the Project.

4. The Parties shall cooperate with each other in obtaining any licenses and permits required by national laws, where appropriate and necessary for the achievement of the Objectives of the Project. The parties shall also cooperate in the preparation of any reports, statements or disclosures, which are required by national law.

5. The NGO may use the name and emblem of the United Nations or UNDP only in direct connection with the Project, and subject to prior written consent of the UNDP Resident Representative in [*name of country*].

6. The activities under the present Agreement are in support of the efforts of the Government, and therefore the NGO will communicate with the Government as necessary. The Project Director will be responsible for day-to-day contacts with the relevant national authorities and UNDP on operational matters during the implementation of the Project. The UNDP Resident Representative will act as the principal channel for communicating with the Government coordinating authority regarding the activities under the Project Cooperation Agreement unless otherwise agreed with the Parties and the Government.

7. The UNDP Resident Representative will facilitate access to information, advisory services, technical and professional support available to UNDP and will assist the NGO to access the advisory services of other United Nations organizations, whenever necessary.

8. The Parties shall cooperate in any public relations or publicity exercises, when the UNDP Resident Representative deems these appropriate or useful.

Article V. Personnel Requirements

1. The NGO shall be fully responsible for all services performed by its personnel, agents, employees, or contractors (hereinafter referred to as "Personnel").
2. The NGO personnel shall not be considered in any respect as being the employees or agents of UNDP. The NGO shall ensure that all relevant national labour laws are observed.
3. UNDP does not accept any liability for claims arising out of the activities performed under the present Agreement, or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by NGO personnel as a result of their work pertaining to the project. It is understood that adequate medical and life insurance for NGO personnel, as well as insurance coverage for service-incurred illness, injury, disability or death, is the responsibility of the NGO.
4. The NGO shall ensure that its personnel meet the highest standards of qualification and technical and professional competence necessary for the achievement of the Objectives of the Project, and that decisions on employment related to the Project shall be free of discrimination on the basis of race, religion or creed, ethnicity or national origin, gender, handicapped status, or other similar factors. The NGO shall ensure that all personnel are free from any conflicts of interest relative to the Project Activities.

Article VI. Terms and Obligations of Personnel

The NGO undertakes to be bound by the terms and obligations specified below, and shall accordingly ensure that the personnel performing project-related activities under the present Agreement comply with these obligations:

(a) The personnel shall be under the direct charge of the NGO, which functions under the general guidance of UNDP and the Government;

(b) Further to subparagraph (a) above, they shall not seek nor accept instructions regarding the activities under the present Agreement from any Government other than the Government of *[name of programme country]* or other authority external to UNDP;

(c) They shall refrain from any conduct that would adversely reflect on the United Nations and shall not engage in any activity which is incompatible with the aims and objectives of the United Nations or the mandate of UNDP;

(d) Subject to the requirements outlined in the document "UNDP public information disclosure policy", information that is considered confidential shall not be used without the authorization of UNDP. In any event, such information shall not be used for individual profit. The Project Director may communicate with the media regarding the methods and scientific procedures used by the NGO; however, UNDP clearance is required for the use of the name UNDP in conjunction with Project Activities in accordance with Article IV, paragraph 5, above. This obligation shall not lapse upon termination of the present Agreement unless otherwise agreed between the Parties.

Article VII. Supplies, Vehicles and Procurement

1. UNDP shall contribute to the Project the resources indicated in the Budget section of the Project Document.

2. Equipment, non-expendable materials, or other property furnished or financed by UNDP shall remain the property of UNDP and shall be returned to UNDP upon completion of the Project or upon termination of the present Agreement, unless otherwise agreed upon between the Parties, and in consultation with the government coordinating authority. During Project implementation and prior to such return, the NGO shall be responsible for the proper custody, maintenance and care of all equipment. The NGO shall, for the protection of such equipment and materials during implementation of the Project, obtain appropriate insurance in such amounts as may be agreed upon between the Parties and incorporated in the Project Budget.
3. The NGO will place on the supplies, equipment and other materials it furnishes or finances such markings as will be necessary to identify them as being provided by UNDP.
4. In cases of damage, theft or other losses of vehicles and other property made available to the NGO, the NGO shall provide UNDP with a comprehensive report, including police report, where appropriate, and any other evidence giving full details of the events leading to the loss of the property.
5. In its procedures for procurement of goods, services or other requirements with funds made available by UNDP as provided for in the Project Budget, the NGO shall ensure that, when placing orders or awarding contracts, it will safeguard the principles of highest quality, economy and efficiency, and that the placing of such orders will be based on an assessment of competitive quotations, bids, or proposals unless otherwise agreed to by UNDP.
6. UNDP shall make every effort to assist the NGO in clearing all equipment and supplies through customs at places of entry into the country where Project activities are to take place.
7. The NGO shall maintain complete and accurate records of equipment, supplies and other property purchased with UNDP funds and shall take periodic physical inventories. The NGO shall provide UNDP annually with the inventory of such equipment, property and non-expendable materials and supplies, and at such time and in such form as UNDP may request.

Article VIII. Financial and Operational Arrangements

1. In accordance with the Project Budget, UNDP has allocated and will make available to the NGO funds up to the maximum amount of *[total amount of Agreement]*. The first instalment of *[amount of first instalment]* will be advanced to the NGO within *[number of working days]* working days following signature of the present Agreement. The second and subsequent instalments will be advanced to the NGO quarterly, when a financial report and other agreed-upon documentation, as referenced in Article X, below, for the activities completed have been submitted to and accepted by UNDP as showing satisfactory management and use of UNDP resources.
2. The NGO agrees to utilize the funds and any supplies and equipment provided by UNDP in strict accordance with the Project Document. The NGO shall be authorized to make variations not exceeding 20 per cent on any one line item of the Project Budget provided that the total Budget allocated by UNDP is not exceeded. The NGO shall notify UNDP about any expected variations on the occasion of the quarterly consultations set forth in Article IV, paragraph 3, above. Any variations exceeding 20 per cent on any one- line item that may be necessary for the proper and successful implementation of the Project shall be subject to prior consultations with and approval by UNDP.

3. The NGO further agrees to return within two weeks any unused supplies made available by UNDP at the termination or end of the present Agreement or the completion of the Project. Any unspent funds shall be returned within two months of the termination of the present Agreement or the completion of the Project.

4. UNDP shall not be liable for the payment of any expenses, fees, tolls or any other financial cost not outlined in the Project Work Plan or Project Budget unless UNDP has explicitly agreed in writing to do so prior to the expenditure by the NGO.

Article IX. Maintenance of Records

1. The NGO shall keep accurate and up-to-date records and documents in respect of all expenditures incurred with the funds made available by UNDP to ensure that all expenditures are in conformity with the provisions of the Project Work Plan and Project Budgets. For each disbursement, proper supporting documentation shall be maintained, including original invoices, bills, and receipts pertinent to the transaction. Any Income, as defined in Article I, paragraph 1 (k), above, arising from the management of the Project shall be promptly disclosed to UNDP. The Income shall be reflected in a revised Project Budget and Work Plan and recorded as accrued income to UNDP unless otherwise agreed between the Parties.

2. Upon completion of the Project/or Termination of the Agreement, the NGO shall maintain the records for a period of at least four years unless otherwise agreed upon between the Parties.

Article X. Reporting Requirements

1. The NGO shall provide UNDP and the government coordinating authority with periodic reports on the progress, activities, achievements and results of the Project, as agreed between the Parties. As a minimum, the NGO shall prepare an annual progress report.

2. Financial reporting will be quarterly:

(a) The NGO prepares a financial report and submits it to the UNDP Resident Representative no later than 30 days after the end of each quarter, in *[the working language of UNDP/programme country as agreed with UNDP]*.

(b) The purpose of the financial report is to request a quarterly advance of funds, to list the disbursements incurred on the Project by budgetary component on a quarterly basis, and to reconcile outstanding advances and foreign exchange loss or gain during the quarter.

(c) The financial report has been designed to reflect the transactions of a project on a cash basis. For this reason, unliquidated obligations or commitments should not be reported to UNDP, i.e., the reports should be prepared on a "cash basis", not on an accrual basis, and thus will include only disbursements made by the NGO and not commitments. However, the NGO shall provide an indication when submitting reports as to the level of unliquidated obligations or commitments, for budgetary purposes;

(d) The financial report contains information that forms the basis of a periodic financial review and its timely submission is a prerequisite to the continuing funding of the Project. Unless the Financial Report is received, the UNDP Resident Representative will not act upon requests for advances of funds from UNDP;

(e) Any refund received by an NGO from a supplier should be reflected on the financial report as a reduction of disbursements on the component to which it relates.

3. Within two months of the completion of the Project or of the termination of the present Agreement, the NGO shall submit a final report on the Project activities and include a final financial report on the use of UNDP funds, as well as an inventory of supplies and equipment.

Article XI. Audit Requirements

1. The NGO shall submit to the UNDP Resident Representative in [*name of country*] a certified annual financial statement on the status of funds advanced by UNDP. The Project will be audited at least once during its lifetime but may be audited annually, as will be reflected in the annual audit plan prepared by UNDP Headquarters (Division of Audit and Performance Review) in consultation with the Parties to the Project. The audit shall be carried out by the auditors of the NGO or by a qualified audit firm, which will produce an audit report and certify the financial statement.

2. Notwithstanding the above, UNDP shall have the right, at its own expense, to audit or review such Project-related books and records as it may require and to have access to the books and record of the NGO, as necessary.

Article XII. Responsibility for Claims

1. The NGO shall indemnify, hold and save harmless, and defend at its own expense, UNDP, its officials and persons performing services for UNDP, from and against all suits, claims, demands and liability of any nature and kind, including their cost and expenses, arising out of the acts or omissions of the NGO or its employees or persons hired for the management of the present Agreement and the Project.

2. The NGO shall be responsible for, and deal with all claims brought against it by its Personnel, employees, agents or subcontractors.

Article XIII. Suspension and Early Termination

1. The Parties hereto recognize that the successful completion and accomplishment of the purposes of a technical cooperation activity are of paramount importance, and that UNDP may find it necessary to terminate the Project, or to modify the arrangements for the management of a Project, should circumstances arise that jeopardize successful completion or the accomplishment of the purposes of the Project. The provisions of the present Article shall apply to any such situation.

2. UNDP shall consult with the NGO if any circumstances arise that, in the judgment of UNDP, interfere or threaten to interfere with the successful completion of the Project or the accomplishment of its purposes. The NGO shall promptly inform UNDP of any such circumstances that might come to its attention. The Parties shall cooperate towards the rectification or elimination of the circumstances in question and shall exert all reasonable efforts to that end, including prompt corrective steps by the NGO, where such circumstances are attributable to it or within its responsibility or control. The Parties shall also cooperate in assessing the consequences of possible termination of the Project on the beneficiaries of the Project.

3. UNDP may at any time after occurrence of the circumstances in question, and after appropriate consultations, suspend the Project by written notice to the NGO, without prejudice to the initiation or continuation of any of the measures envisaged in paragraph 2, above, of the present Article. UNDP may indicate to the NGO the conditions under which it is prepared to authorize management of the Project to resume.

4. If the cause of suspension is not rectified or eliminated within 14 days after UNDP has given notice of suspension to the NGO, UNDP may, by written notice at any time thereafter during the continuation of such cause: (a) terminate the Project; or (b) terminate the management of the Project by the NGO, and entrust its management to another institution. The effective date of termination under the provisions of the present paragraph shall be specified by written notice from UNDP.

5. Subject to paragraph 4 (b), above, of the present Article, the NGO may terminate the present Agreement in cases where a condition has arisen that impedes the NGO from successfully fulfilling its responsibilities under the present Agreement, by providing UNDP with written notice of its intention to terminate the present Agreement at least 30 days prior to the effective date of termination if the Project has a duration of up to six months and at least 60 days prior to the effective date of termination if the Project has a duration of six months or more.

6. The NGO may terminate the present Agreement only under point 5, above, of the present Article, after consultations have been held between the NGO and UNDP, with a view to eliminating the impediment, and shall give due consideration to proposals made by UNDP in this respect.

7. Upon receipt of a notice of termination by either Party under the present Article, the Parties shall take immediate steps to terminate activities under the present Agreement, in a prompt and orderly manner, so as to minimize losses and further expenditures. The NGO shall undertake no forward commitments and shall return to UNDP, within 30 days, all unspent funds, supplies and other property provided by UNDP unless UNDP has agreed otherwise in writing.

8. In the event of any termination by either Party under the present Article, UNDP shall reimburse the NGO only for the costs incurred to manage the project in conformity with the express terms of the present Agreement. Reimbursements to the NGO under this provision, when added to amounts previously remitted to it by UNDP in respect of the Project, shall not exceed the total UNDP allocation for the Project.

9. In the event of transfer of the responsibilities of the NGO for the management of a Project to another institution, the NGO shall cooperate with UNDP and the other institution in the orderly transfer of such responsibilities.

Article XIV. Force majeure

1. In the event of and as soon as possible after the occurrence of any cause constituting Force majeure, as defined in Article I, paragraph 1, above, the Party affected by the Force majeure shall give the other Party notice and full particulars in writing of such occurrence if the affected Party is thereby rendered unable, in whole or in part, to perform its obligations or meet its responsibilities under the present Agreement. The Parties shall consult on the appropriate action to be taken, which may include suspension of the present Agreement by UNDP, in

accordance with Article XIII, paragraph 3, above, or termination of the Agreement, with either Party giving to the other at least seven days written notice of such termination.

2. In the event that the present Agreement is terminated owing to causes constituting *Force Majeure*, the provisions of Article XIII, paragraphs 8 and 9, above, shall apply.

Article XV. Arbitration

The Parties shall try to settle amicably through direct negotiations, any dispute, controversy or claim arising out of or relating to the present Agreement, including breach and termination of the Agreement. If these negotiations are unsuccessful, the matter shall be referred to arbitration in accordance with United Nations Commission on International Trade Law Arbitration Rules. The Parties shall be bound by the arbitration award rendered in accordance with such arbitration, as the final decision on any such dispute, controversy or claim.

Article XVI. Privileges and Immunities

Nothing in or relating to the present Agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations and UNDP.

Article XVII. Amendments

The present Agreement or its Annexe may be modified or amended only by written agreement between the Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have on behalf of the Parties hereto signed the present Agreement at the place and on the day below written.

For the NGO:

For UNDP:

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Place: _____

Place: _____

Date: _____

Date: _____

Annex 5. Comparative table of Participating UN Organization partnership contracting formats

Agency/Area	UNDP PCA	FAO LOA	UNICEF PCA	UNICEF Small Scale
Procurement	NGO to safeguard principles of highest quality, economy and efficiency, based on assessment of competitive quotations – annex 2 clarifies that NGO may utilize its own procurement rules only if they adhere to international procurement principles. Otherwise, UNDP procurement principles will prevail.	NGO “will be responsible for the organization and conduct of the project”.	UNICEF will procure internationally for NGO, using tax exemptions, or NGO will safeguard the principles of highest quality, economy and efficiency, respecting competitive process for local procurement.	Funds are made available without conditions other than general agreement on objectives and activities.
Financial Reporting	Allocation will be paid in quarterly installments, with first payment subject to submission of financial report in prescribed format. Financial reporting will then be quarterly, indicating level of unliquidated obligations as well as expenditures.	One certified “statement of expenditures” required prior to receiving final payment. Upon completion of project, NGO submits a final narrative report and final audited statement of accounts (see blow).	Complete records and supporting documentation to be kept for four years by NGO; NGO to account for each installment of cash input within 6 months. Certified annual statements of expenditure given to UNICEF within three months of year-end.	Flexible, as agreed upon by the parties; signatory NGO simply confirms that UNICEF resources will only be used in pursuit of project objectives, and provides a project plan with budget. Monitoring is done jointly.
Asset Management	Equipment and non-expendable materials remain UNDP property, to be returned to UNDP. NGO to mark all supplies and equipment as being provided by CHF. Physical inventories to be taken periodically.	The NGO “will be responsible for the organization and conduct of the project”.	Equipment and supplies remain UNICEF property, liquidation to be agreed upon. NGO carries insurance. Vehicles covered by separate Vehicle loan Agreement. Markings optional at UNICEF’s discretion.	No mention made.

Audit	Certified annual financial statement required. Project to be audited before closing, and may be audited annually, within annual UNDP audit plan.	If legal status of NGO precludes audited statements, certified financial statements suffice, but FAO reserves right to review records.	No audit required. UNICEF internal auditors may review records upon mutual agreement.	No audit requirement.
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