

Evaluation of Common/Pooled Humanitarian Funds in DRC and Sudan

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Executive Summary

- The Funds are now established funding mechanisms in DRC and Sudan and have played an important role in supporting coordination, decentralising authority to the field and funding neglected sectors, complementing other funding mechanisms such as the CERF. In the context of humanitarian reform, the Funds are a positive step but they amount to a 'remaking of the culture', which will take further time to become fully established.
- Significant challenges remain:
 - While it is clear that some progress has been made in improving processes, and providing guidance and support, the allocation process is now the area where the evaluation team has the greatest concern in terms of risks to the credibility of the Funds and support from stakeholders. The decentralised allocation process depends on widely varying cluster capacity and significant weaknesses are likely to continue in the current system.
 - Monitoring and evaluation is very weak, both at strategic level – in terms of whether the Funds are having a positive impact – and programmatically, particularly for UN agencies. Current structures are ill-equipped to carry out these functions.
 - This partly a result of UNDP's role. UNDP teams have made great efforts to speed up disbursements to NGOs but its involvement is still unwieldy in a number of ways, for example M&E. It is not clear how much further progress it can make or how reliably such systems could function in the absence of key individuals.
 - The role of the Board is inconsistent and does not provide a sufficiently robust framework for balancing the personality of the HC – whether strong or weak.
 - The Funds have been allowed to evolve in different directions and have created different solutions for the same problems. Over the course of the next year, the Funds should harmonise where possible while retaining the flexibility to adapt to the local country and agency context.
- 'The boat has been built while it is rowed down the river', putting significant strain on individuals and leaving a legacy of inconsistent and changing systems. Sufficient staffing must be ensured and maintained.

Summary of recommendations

General

- The Funds should continue as a mechanism in both countries. However considerable work is needed for them to realise their potential and overcome outstanding weaknesses.
- In the short term, the existing fund management by UNDP is satisfactory. UNDP has done its best to adapt its contracting requirements for NGOs to a humanitarian context but these are still not entirely appropriate. Therefore, the evaluators believe that the most feasible option is that UNDP retains the Administrative Agent role and OCHA takes on the Managing Agent role once it has the capacity to do so, but that the transition should be gradual. Donors would have to support OCHA in becoming the Managing Agent.
- The Joint Unit model is a sensible compromise solution to incorporate the current role of UNDP, as long as it is backed up by a clearer corporate commitment from UNDP on its specific role so that there are no difficulties with accepting non-UNDP staff as fund managers.
- If the Funds continue at current levels, they can be used strategically to complement other funding. But, if they become small, in both absolute and relative terms, the management process should be made much lighter, with more discretion for the HC to fill gaps strategically and with less consultation.

Recommendations to donors

- Donor commitments to the Funds should be sought at the end of a calendar year (perhaps in November, when the Appeal is launched) for disbursement to occur the following January. This may require the on-time publication of reports for the previous year. If the timing of donor financial years makes this difficult, at least indicative planning figures should be shared with HCs so that the allocation process can be started.
- Donors to the Common/Pooled Funds should continue to provide some bilateral funding to retain flexibility and focus on cross cutting or integrated programming.
- Donors should ensure funding for transition activities so that the Funds do not have to stretch to these and can focus on real emergency needs. Continued discussion is needed on how to define what constitutes humanitarian need.
- Donors should commission an analysis of the 'value chain' of humanitarian funding looking at transition costs and value added.
- Review systems of UN accountability, based on donor requirements.
- Funding of OCHA's management of the funds should be transparent and covered directly by donors instead of reducing the amount of money available for beneficiaries.

Recommendations to Cluster/sector leads

- Better training is needed for cluster/sector leads on their role and how to manage processes.
- Agency investment is needed in Cluster leads with good technical capacity and coordination skills.
- Agencies need to take more responsibility for make cluster working a corporate objective and reflect this in the personal objectives and appraisals of staff.

Recommendation to OCHA

- More learning between Sudan and DRC would be valuable, led by a HQ support function. This is particularly important given the likely turnover of staff with considerable institutional knowledge.

Recommendation to OCHA/UNDP

- There also needs to be a discussion at senior level to clarify exactly what UNDP's commitment is and what expectations are from OCHA and other agencies.

Recommendations to HC and Common/Pooled Fund Units

Governance:

- The HCs and Advisory Boards should develop clear Terms of Reference for the scope and role of the Board. This should focus on policy guidance and advice on general funding allocation (e.g. by state/province or priority sectors) rather than discussion of individual projects.
- The Advisory Boards should have at least one general policy meeting a year, involving Fund and non-Fund donors to coordinate and agree broad policy issues. This would enable donors who do not have a presence in-country or manage their involvement from their capitals to send representatives.
- To enable the Advisory Boards to provide strategic guidance in an effective manner, the technical unit in the country should supply them with the necessary information. However, these units are completely over-stretched so they need support. This could be from a Deputy HC or a combination of sources, such as OCHA's FTS section or national sector/Cluster leads or other sections in the Mission (e.g., since MONUC's Civil Affairs Section provides coordination support in some Western DRC provinces, perhaps it could help to compile some of the necessary data).
- The extent of national or local government involvement in governance and monitoring structures should be considered carefully and decided on a case-by-case basis.

- Appoint a DHC with specific responsibilities for the Fund in large countries or highly complex situations.
- Ensure sufficient staffing continues to be available.
- Develop stronger management information systems, particularly in DRC.

Allocation process:

- The Advisory Boards should develop clearer about what can be funded as life-saving/humanitarian, and what recovery activities can be funded.
- More detailed guidance is still needed from the centre on the process. This should cover details of how to run meetings, voting systems, and how to assess whether activities are lifesaving. Sector/cluster leads should develop sector specific guidance.
- Terms of reference for the Funds and different stakeholders should be reviewed and updated in the light of changing processes.
- HCs should consider having two allocation rounds per year at pre-defined times to coincide with the seasonal calendar/rainy season and allow agencies to plan ahead.
- Streamline allocation procedures so as to strike a balance between responsiveness and ensuring that only quality projects are funded.
- In the DRC, instead of establishing a separate Rapid Response window, all rapid response actions should be funded through the OCHA RRF since OCHA has a quick decision-making process, uses simple proposal and reporting formats and can disburse fairly quickly (usually within 10 working days).
- Strict adherence to a minimum of 1 week's advance notice of meetings to ensure attendance.
- Greater NGO involvement as co-leads, recognising that they face resource constraints
- NGOs should be able to access funding directly from the Funds while funding of UN technical and coordination costs should be made more transparent.
- OCHA needs to have more involvement in allocation process as facilitator/arbitrator and OCHA sub-office heads need training to perform this role, plus deployable HQ capacity to support provincial level prioritisation.
- Centralise more of the allocation process where capacity is weak in the field, provide more support to weaker provinces, but continue to get considerable input from the field on priorities and projects.
- Strengthen the technical review element in Sudan as part of the Workplan process and streamline the process in the DRC.
- UNDP's NGO capacity assessment procedure should not become a barrier to funding organisations capable of quality delivery so it should be used in conjunction with other judgements about an NGO's capacity.

Accountability & M&E:

- Consider more informal, brief reporting from UN to allow monitoring while keeping formal reporting in line with global norms.
- All applicants must have spent a certain percentage of the previous allocation or demonstrated implementation before applying for more funding, e.g. a one pager on quantitative use of funds to date (how many schools/wells/etc).
- Use more consistent M&E to assess achievements & impact, thereby reducing the need for detailed narrative reports from both UN agencies & NGOs.
- Clarify role of sectors/clusters in M&E. Clusters should be responsible for agreeing the criteria for project as well as strategic M&E and defining TORs for evaluations. This should be done by the cluster lead in consultation with cluster members.
- Sector/Cluster leads could also ensure that relevant line ministries are involved in coordination and M&E where appropriate. Where sufficient Government capacity exists and this is appropriate, it could act as a more neutral monitor.
- A fully staffed M&E unit should report directly to HC/RC's office and provide a full range of M&E from project to more strategic functions.

- Where UNDP takes on a role in monitoring humanitarian projects, it needs to bring in more technical expertise, either seconded from Cluster/sectors or in the form of consultants.

1 Introduction

1.1 Scope of the Evaluation

The Virtual Working Group (VWG) - comprising donors to the Common or Pooled Funds, OCHA and UNDP - commissioned this evaluation. This group is the main audience for this report, together with those involved in managing the funds and fund recipients. The Terms of Reference for the evaluation are attached as Annex A.

The Funds were established in the DRC and Sudan as pilots in 2006 so they are now in their second year of operation. In Sudan, the Fund is known as the Common Humanitarian Fund (CHF) while it is called the Pooled Fund in the DRC. For convenience, this report uses the country-specific name when referring to one fund alone and uses 'Common/Pooled Fund' or 'the Funds' as generic terms.

The main objectives of the evaluation are to:

- Build on the evaluation that was undertaken in 2006, adding to, and consolidating, evidence on the operation of the Funds;
- Inform key decision-makers on how the main components of the Funds are operating.

In particular, the Working Group was keen to learn whether the 'teething problems' and the difficulties around the involvement of NGOs, which had been identified by the 2006 evaluation, had been addressed and overcome. A table reviewing progress against the 2006 recommendations is annexed to this report as Annex G.

The evaluation covered the period since the 2006 evaluation, i.e., from the end of 2006 onwards. So this report does not always go into the details of how the Funds operated in 2006, particularly as these have been covered in the 2006 annual reports on the Funds. However, the analysis of financial data and trends covers both years.

There have been two other highly relevant evaluations of the UN system at around the same time, i.e., those of the CERF and the Cluster system. It would have been helpful to have more interaction between the three evaluation teams but, to the extent possible, this report takes account of the findings of these evaluations.

1.2 Methodology

1.2.1 *The team*

The evaluation team comprised three independent consultants who were selected for their previous knowledge of the Common/Pooled Funds, the country context in Sudan and the DRC and the UN system.

1.2.2 *Methods*

1.2.2.1 *Interviews*

During field visits, the team conducted mainly face-to-face semi-structured interviews with the HC in DRC, OCHA and UNDP staff involved in fund management, donors, UN agencies, Cluster leads and NGOs (both international and local). In some cases, it was necessary to undertake phone interviews because respondents were in remote locations. Due to time and logistical constraints, it was not possible for the team to interview all agencies but they contacted a representative sample. In addition, the team undertook telephone interviews with donors, UN agency staff and other key respondents at HQ level. A list of interviewees is annexed to this report at Annex F.

Team members also spent substantial amounts of time with some of those involved in managing the Funds in order to understand funding procedures in detail.

Finally, one team member was able to complement interviews with Pooled Fund Board members by attending a Board meeting as an observer.

1.2.2.2 Field visits

Of the three team-members, only one was able to travel to both Sudan and the DRC. The other two team-members covered one country each. In Sudan, the team went to Juba in South Sudan and El Fasher in North Darfur. In the DRC, the team had planned to visit one location in Eastern DRC and one in the West. However, due to security and logistics constraints, it was only possible to travel to Lubumbashi in Katanga province.

1.2.2.3 Document review and financial analysis

The team supplemented information gathered from interviews by reviewing important documents such as the reports from the 2006 evaluation (both the country-specific reports and the synthesis report), 2006 annual reports on the funds, Terms of Reference for the Funds, Fund guidance notes and minutes of meetings.

In order to answer the questions in the Terms of Reference about whether the Funds have contributed to improving humanitarian response, the team analysed a range of financial data. Most of the data are drawn from the Financial Tracking System while the rest were obtained directly from Fund managers. Sources for data in tables and graphs are listed under them.

The team is aware that FTS data are not comprehensive because the quality of reporting varies. However, in the short time available for the evaluation, this was the only source of data that could be compared both across the Fund pilot countries and across time.

1.2.3 Timeframe

The evaluation has been conducted within a short timeframe because the process of commissioning it was delayed for various reasons. The team was selected at the end of August and one member began work in Khartoum on 5th September. The calendar for the field-work was as follows, partly dictated by the availability of team members:

5-15 September: Jane Barham in Sudan, undertaking a visit to Juba

9-16 September: Barnaby Willitts-King in Sudan, undertaking a visit to El Fasher

9-18 September: Tasneem Mowjee in DRC, undertaking a visit to Lubumbashi

17-26 September: Barnaby Willitts-King in DRC.

The team then had two weeks to undertake HQ-level interviews and draft this report.

Due to the short timeframe for the evaluation, Fund management staff in the field had extremely short notice of field visits by the team. Despite this, they were very supportive and generous with their time. This evaluation would not have been possible without their cooperation and team members are deeply grateful for all the help and logistical support they received in the field.

1.2.4 Caveats

At the time of the evaluation, many of the senior staff members involved in the management of the Fund in Sudan, including the HC, had left and not been replaced. Not only did this place additional burdens on remaining staff members in hosting the evaluators but it also meant that it was not possible to interview all the key actors, even by telephone.

As outlined in the Terms of Reference, the team intended to visit two sites outside the capital in both countries. However, due to the short time-scale for organising the field missions, it was not possible to organise more than one such visit in the DRC. Also, due to the short timeframe of the evaluation as a whole, in Sudan, it was only possible to make a very short visit to Darfur.

Finally, due to the availability of team members, the three of them were never in the same country at the same time and it was not possible for them to meet and discuss issues as a whole. However, this problem was overcome by sharing meeting notes and report drafts and regular communication.

1.3 Report Structure

The rest of this report is structured as follows:

- Section 2 outlines the key strategic issues identified by the evaluators.
- Section 3 uses financial data analysis to examine whether the Funds can be said to have improved humanitarian response in the DRC and Sudan.
- Section 4 examines how, in Sudan and the DRC, the Common/Pooled Funds relate to other humanitarian reforms. These include new funding mechanisms like the CERF, the Cluster system and the role of HCs.
- Section 5 discusses the Funds' governance structures.
- Section 6 focuses on the Funds' management structures, including the roles played by OCHA and UNDP.
- Section 7 describes the allocation procedures used by the Funds, making comparisons across the different procedures that have evolved.
- Section 8 covers accountability, particularly monitoring and evaluation.
- Section 9 contains concluding remarks.

2 Key strategic issues

This section looks at the strategic questions relating to the Funds in terms of their overall achievements, issues relating to scope, scale and speed, and the role of NGOs and UN agencies. It also considers the role of donors.

2.1 Summary achievements of the funds

Our overall assessment is that the Funds in DRC and Sudan have had a positive effect. Much of the rest of this report is devoted to analysing challenges and issues in detail, but to summarise their achievements, they have:

- Become established and overcome many initial teething problems, particularly NGO concerns
- Empowered the HC
- Supported and incentivised coordination
- Filled gaps sectorally, geographically and temporally
- Allowed smaller donors to fund activities in Sudan and the DRC
- Empowered the field to improve targeting of funds

Section 4 digs deeper into the financial aspects of whether humanitarian response has improved.

While many of the initial teething problems relating to financial administration have been reduced, there remain a number of outstanding challenges in the areas of governance, management structures, allocation, and accountability, which are discussed in later sections. This is reflected in our interviews with a range of stakeholders, who raised many different issues from those of the previous evaluation. The debate has shifted from the mechanics of administration into the mechanics of allocation.

2.1.1 Recommendation

The Funds should continue as a mechanism in both countries. However considerable work is needed for them to realise their potential and overcome outstanding weaknesses.

2.2 Scope of fund: humanitarian vs recovery/transition

Both Funds have been used to support early recovery/transition activities, reflecting a broad, pragmatic definition of what constitutes humanitarian action. For example, in South Sudan, funds were approved for the restoration of basic services but not public administration. Some donors and agencies are uncomfortable with such a broad definition, arguing that given the limited resources available to humanitarian action, they should focus on emergency, life-saving needs.

The interpretation made by HCs in both countries is that the Funds should be used to address both urgent humanitarian needs and chronically poor humanitarian indicators, as well as supporting government capacity in a limited way where this can reduce future humanitarian vulnerability. In South Sudan, the former HC noted that the CHF was used partly because the Multi-Donor Trust Fund was not delivering yet significant needs were evident. Supporting the peace process by targeted use of CHF funds was seen as fulfilling humanitarian objectives. In DRC, the HC focused some funding on the western provinces such as Equateur where indicators can be as poor as in the conflict-affected East, due to the isolation of communities and extremely limited services for health or other government provision.

The risk is that the Funds come under pressure to fill all sorts of gaps where other funds are not performing, and the relative ease of access makes them a good option. This should be guarded against by clearer criteria within policy guidelines regarding what type of recovery/transition activities can be funded within these mechanisms as well as the establishment of more suitable longer-term funds to support recovery interventions. In Sudan a group of projects labelled Early Reintegration Activities (ERA) have been identified within the Work Plan. These are defined within sectors during the development of the Work Plan based on a guidance note prepared by the Returns unit within UNMIS. All ERA activities are eligible to receive humanitarian funding.

Clearer criteria would also assist in clarifying the different interpretations made in different meetings regarding what constitutes 'life-saving' or humanitarian activity, one criterion defined by policy guidance. In DRC, some provinces took the criterion of 'life saving' to exclude education activities while others did not. More specific guidance is needed from the centre on these issues. In addition, donors should ensure that funding is sufficient for areas into which the Funds are pulled.

2.2.1 Recommendation

- The Advisory Boards should develop clearer criteria as to what can be funded as life-saving/humanitarian, and what recovery activities can be funded.
- Donors should ensure funding for transition activities so that the Funds do not have to stretch to these and can focus on real emergency needs. This should be supported by clear guidance from the RC/HC. Continued discussion is needed to define what constitutes humanitarian need.

2.3 Scale of the Funds

The scale of the Funds in terms of absolute and relative levels remains important in how the funds are used and perceived. In DRC the PF, representing 21-28% of total humanitarian funding, remains the single largest donor, while in Sudan the CHF represents just 11-16% of overall funding flows. The Sudan CHF has received approximately \$60 million per year more than the DRC PF, but, since the Sudan Workplan Appeal is more than double the DRC Appeal, the CHF is a much smaller proportion of funding flows there.

This means the funds are perceived quite differently. In Sudan the fund is fundamentally still a gap-filling mechanism while in DRC it can be and is used more strategically. An early concern that the Funds needed a certain critical mass to be effective and to justify the associated machinery was legitimate, but according to the former HC that critical mass has been achieved even in Sudan.

At the other end of the spectrum, there is a risk that should the Funds become too dominant as a proportion of funding, certain types of programmes will suffer because the allocation process is sector-led and focused. There is a danger that cross cutting or integrated programming is becoming marginalised, leading to poor beneficiary accountability, and poor quality of assistance offered, e.g. a school may be built, but without any WATSAN facilities.

In practice this appears unlikely, as ECHO and USAID, the two largest humanitarian donors, will not channel funding through these mechanisms, and even most Fund donors recognise an advantage in maintaining some funding bilaterally, whether to keep them plugged into what's happening, or to give them strategic flexibility. Table 1 below makes it clear that donors to the Funds are continuing to provide bilateral funding. However the evaluation was not able to establish the criteria for use of that bilateral funding, specifically whether it was being used to balance out the tendency of the Funds not to support integrated/cross-cutting programming.

Donor contributions inside and outside the Common/Pooled Funds in 2006 and 2007								
Donor	2006		2007		2006		2007	
	CHF	Bilateral	CHF	Bilateral	DRC PF	Bilateral	DRC PF	Bilateral
Belgium					1,978,592	18,251,158		16,683,965
Canada					3,127,577	6,584,253	3,079,555	3,719,591
Ireland	2,484,472	8,618,178	3,891,051	10,093,034			9,416,750	0
Netherlands	51,330,000	5,977,764	23,457,000	11,078,132	14,724,000	3,491,658	10,500,000	12,363,699
Norway	10,573,248	25,285,592	13,968,253	17,885,390	3,324,855	9,141,361	3,303,055	5,339,145
Spain		5,456,783	0	7,024,711				
Sweden	15,479,839	16,450,123	17,166,547	8,687,096	14,533,743	4,970,837	14,765,596	4,613,105
UK	88,046,631	32,542,430	78,665,200	22,257,570	54,562,500	29,745,901	58,592,500	10,000,000
TOTAL	167,914,190	70,848,716	137,148,051	55,133,280	92,251,267	72,185,168	99,657,457	52,719,505

Table 1. Sources: Financial Tracking System and Common/Pooled Fund teams¹

2.3.1 Recommendations

- Donors to the Common/Pooled Funds should continue to provide some bilateral funding to retain flexibility and focus on cross cutting or integrated programming.
- If the Funds continue at current levels, they can be used strategically to complement other funding. But, if they become small, in both absolute and relative terms, the management process should be made much lighter, with more discretion for the HC to fill gaps strategically and with less consultation.

2.4 NGOs

NGOs generally showed less dissatisfaction with the Funds in 2007 than when interviewed for the previous evaluation. This reflects an improvement in UNDP financial administration, greater awareness of the processes, and a realisation that the Funds can provide relatively 'easy' money compared to other donors. Problems highlighted were the same as UN agencies – lengthy decision-making procedures and disbursement delays.

In the DRC, the PF has financed a number of local NGOs (in 2006, it provided \$3.3 million to 13 organisations), which is valuable because this is one of the only sources of international funding for them.² In Sudan in 2007, only 4 projects by 2 local NGOs were funded totalling \$418,000, a tiny proportion of the overall funding. This is attributed variously to UNDP's heavy administrative requirements, the need to attend multiple coordination meetings, and the weight of the Workplan process³, making it difficult for them to participate. Decision-makers need to be understanding where local NGOs are clearly well placed to undertake activities, but do not have proposal writing capacity to match that of INGOs. In the DRC, in theory, Cluster leads are responsible for supporting local NGOs to submit good quality proposals but, in reality, often they do not have the time or capacity. In some cases, OCHA has taken on this role but it is ad hoc. It is clear that local NGOs need much more support to be able to participate actively in the Funds though it is crucial that they are funded on the basis of their ability to implement to quality standards.

¹ The table does not show contributions from Belgium and Spain to the Pooled Fund in 2007 because their pledges of €550,000 and €3,580,000 remained unpaid. Similarly, it does not include a commitment of €7 million from the Netherlands and a commitment of €6.5 million from Spain to the CHF in Sudan. The table is based on data available at the beginning of October but some figures have been updated to reflect comments received.

² MONUC has funded several Congolese NGOs to undertake Quick Impact Projects though with much smaller amounts of money.

³ National NGOs must have projects in the Workplan in order to receive direct CHF funding. In 2007, only 6 national NGOs had projects in the Workplan and only 2 of these were for humanitarian activities. Therefore, involving national NGOs in the Workplan remains a challenge.

Figures 1 and 2 below show the percentage of humanitarian funding to the UN and NGOs in Sudan and DRC over a period of 4 years from 2004-2007.⁴ They are based on FTS data so they reflect overall trends, not just funding from the Common/Pooled Funds. In Sudan, the percentage of funding to UN agencies increased sharply in 2005, before the CHF was established and has stayed at roughly the same level of around 70% since then.

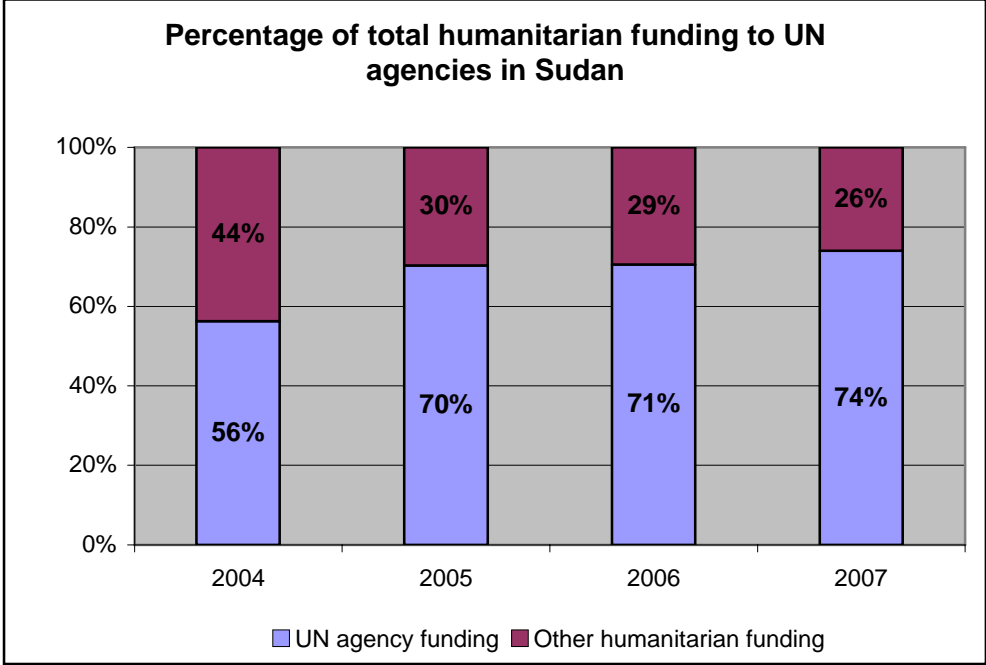


Figure 1. Source: Financial Tracking System (Oct 2007)

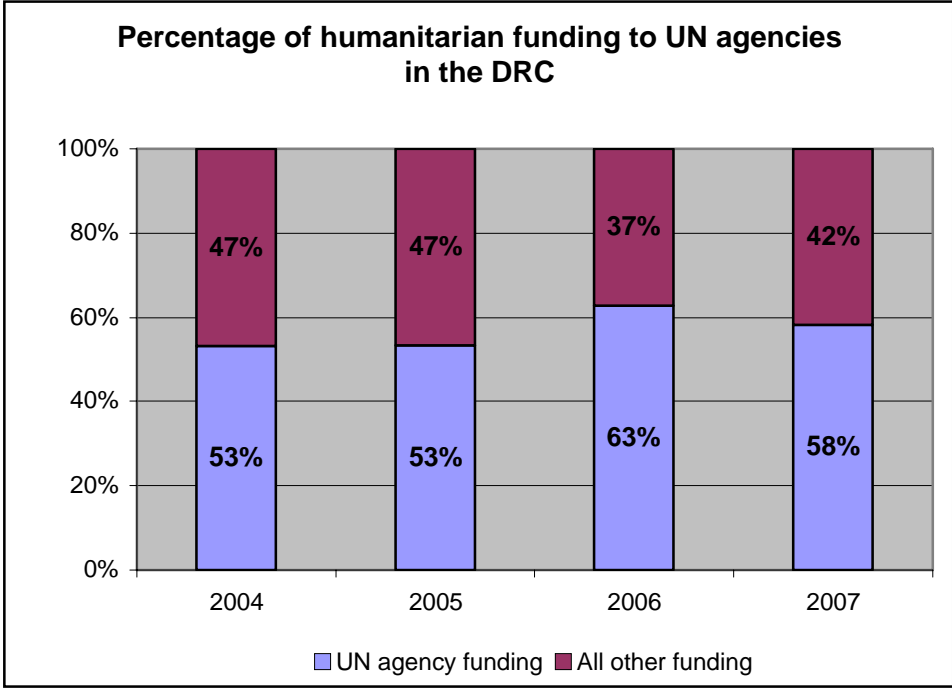


Figure 2. Source: Financial Tracking System (Oct 2007)

⁴ The data are drawn from the FTS so they may not be an accurate reflection of funding to NGOs but they should be comparable over time.

In the DRC, funding to UN agencies increased by 10% between 2005 and 2006, at the time that the Pooled Fund was set up. However, this has decreased slightly to 58%, indicating that NGOs are still receiving substantial humanitarian funding.

Nevertheless, the two graphs explain why there is still a concern that the Funds are UN-dominated. UN agencies do receive the lion's share of direct financing from the Common/Pooled Funds (75% for DRC in 2006, 84.8% in Sudan in 2006 and 73% in 2007) but argue that NGOs receive substantial funding through them. Unfortunately, figures on such indirect funding to NGOs were only available for the DRC in 2006.⁵ These show that NGOs received 24.5% of Pooled Fund financing directly and a further 18.4% through UN agencies. This totals 42.9% and is very similar to the 43.1% that went to UN agencies. In monetary terms, NGOs received only \$200,000 less than UN agencies (\$39.5 million instead of \$39.7 million). This shows that around a quarter of UN funding was passed on to NGOs in 2006 in DRC. In addition, it should be noted that UN agencies are more dependent on the Common/Pooled Funds because most donors to the Funds also fund NGOs outside the Funds, but not the UN.

In an ideal system, donors would get what they paid for in terms of the role of the UN in onward granting to NGOs. There are many scenarios where the UN adds value as a grant manager – for example for smaller NGOs or those with weak capacity, where there are numerous NGOs, where it is necessary to ensure quality standards or where it is the only way to enforce coordination. There are, however, some examples where the UN agency is just a conduit for funds, where it adds a layer of overhead cost and its management capacity is poor to the extent that NGO implementation is damaged. One of the common complaints raised against sector leads in Sudan is that much of the funds that they secure from CHF are actually used to support country/operational costs as opposed to project costs. This is partly a consequence of no monitoring that would require them to show, for example, how many clinics were supported or how many water projects completed, thus allowing funds to be used for indirect costs.

This highlights the need for a shift in the conceptualisation of NGO contracting, which the Funds can support, whereby if an NGO prefers to be financed directly from a Fund, it should be able to (as is the policy in Sudan). The challenge will be to actually implement what represents a shift in the balance away from a UN focus towards a more equitable system based on comparative advantage and value added. UN agencies are understandably also concerned about this shift, particularly since their funding models often rely on the cushion of NGO subcontracts to pay for country office and headquarters costs. A shift towards more direct NGO access to funding should not penalise UN agencies unfairly so, if they provide transparent and coherent arguments for their added value in the form of their technical and coordination capacity, donors should expect to fund this. This will require a more detailed financial analysis to show the actual costs involved in additional layers of transaction costs through the Fund and UN agency management, balanced against the value added. In addition, UN agencies should be able to rely on adequate core funding so that they can be more transparent about the ways in which they cover country-level staffing and other costs.

Our evidence suggests that NGOs are more involved in coordination, with the incentive of the Funds being a key factor. While some concerns were raised about how the Funds 'corrupted' sectoral coordination by turning it into a fight for resources, the overall picture was that by bringing more agencies into coordination structures the overall effort was enhanced and duplication avoided. As mentioned above, the risk at the moment is at the two extremes of the spectrum. Local NGOs who repeatedly receive no funding from the Pooled/Common Funds may reduce their participation in coordination, while the larger INGOs may feel that

⁵ 2007 figures will be available in early 2008 so it will be possible to make further comparisons then. It would be helpful if UNDP Sudan could collect similar data from UN agencies there.

the coordination forum is less effective as a result of the focus on allocations, and if they can continue to receive bilateral funding, this is less effort than participating in lots of allocation meetings. We should emphasise, however, that the prevailing view was that the Funds were seen as relatively 'easy' donors without particularly strict requirements.

2.4.1 Recommendations

- Donors should commission an analysis of the 'value chain' of humanitarian funding looking at transaction costs and value added.
- NGOs should be able to access funding directly from the Funds while funding of UN technical and coordination costs should be made more transparent.

2.5 UN agencies

In Sudan the CHF has provided funding to non-traditional humanitarian agencies such as UNFPA (e.g. for emergency reproductive health interventions). This is interpreted variously as meeting unaddressed needs or as further dominance of the UN agencies. This issue strikes at the heart of whether the sector/cluster-led process is truly inclusive, or whether UN agencies favour funding to other UN agencies.

In the DRC, the HC has deliberately ensured funding to certain UN agencies, against the wishes of some donors, to ensure that they fulfil their mandates. For example, UNFPA has received funding to address the horrific sexual violence that is widespread in Eastern DRC, where it is often used as a weapon of war. While it is acceptable for HCs to use the Funds strategically in this way, it is still important for continued funding to be linked to performance to ensure that donors get value for their money, as well as ensuring that these agencies are able to get up to speed within a reasonable timeframe.

Tables 2 and 3 below show funding to selected UN agencies from 2004-2007 in both the DRC and Sudan. They show the amounts that the agencies requested, the funding that they received and what percentage of their requirements was funded (UN agency requirements for DRC for 2007 were not available from FTS). The data are drawn from the FTS so the tables do not reflect the impact of Common/Pooled Funding alone. However, it is useful to consider this data because some UN agencies have argued that the Funds have reduced their funding by breaking established relationships with bilateral donors (this is discussed further in section 7.2.1.1).

DRC: Funding to selected UN agencies				
Requirements	2004	2005	2006	2007
FAO	11,598,250	12,533,200	47,493,091	
IOM	1,250,000	1,988,000	1,500,000	
OCHA	6,837,548	19,848,000	14,977,360	
UNFPA	2,330,000	2,590,000	28,655,177	
UNHCR	23,114,682	40,485,570	90,070,729	
UNICEF	37,249,771	34,620,414	105,393,952	
WFP	58,600,000	68,663,798	123,656,302	
WHO	4,328,191	15,590,056	59,132,615	
Funding				
FAO	8,268,932	6,944,599	21,737,301	15,983,832
IOM	0	471,379	1,353,604	
OCHA	8,612,728	14,279,796	13,596,849	10,162,000
UNFPA	935,000	0	6,052,259	3,844,230
UNHCR	25,073,147	33,976,703	54,502,817	42,670,120
UNICEF	22,196,466	21,985,690	60,642,169	39,564,581
WFP	50,805,082	54,299,498	100,896,902	85,128,496

WHO	389,385	1,191,820	8,483,970	5,825,802
% of requirements covered				
FAO	71%	55%	46%	
IOM	0%	24%	90%	
OCHA	100%	72%	91%	
UNFPA	40%	0%	21%	
UNHCR	100%	84%	61%	
UNICEF	60%	64%	58%	
WFP	87%	79%	82%	
WHO	9%	8%	14%	

Table 2. Source: Financial Tracking System (October 2007)

Sudan: Funding to selected UN agencies				
Requirements	2004	2005	2006	2007
FAO	26,486,685	60,925,960	32,752,000	39,087,500
IOM	14,736,744	35,937,655	36,454,000	58,624,777
OCHA	11,444,714	15,282,060	19,647,351	14,921,721
UNFPA	5,794,500	32,912,600	18,916,000	16,300,000
UNHCR	46,871,442	119,262,115	85,452,730	75,706,107
UNICEF	104,921,476	328,344,844	239,194,602	121,868,562
WFP	440,416,720	1,083,457,250	892,076,073	676,165,628
WHO	27,541,266	21,348,604	19,079,228	22,759,271
Funding per agency				
FAO	7,275,411	26,869,917	23,474,097	23,651,439
IOM	4,448,759	13,685,904	17,441,220	15,540,000
OCHA	7,759,780	15,791,775	16,114,151	11,908,195
UNFPA	1,400,000	4,736,398	2,830,061	2,637,503
UNHCR	20,489,788	84,297,998	80,224,076	53,547,745
UNICEF	81,429,914	113,824,900	98,219,112	60,815,483
WFP	400,713,721	698,531,164	734,745,850	512,708,437
WHO	14,763,591	13,419,956	12,650,776	16,774,852
% of requirements covered				
FAO	28%	44%	72%	61%
IOM	30%	38%	48%	27%
OCHA	68%	103%	82%	80%
UNFPA	24%	14%	15%	16%
UNHCR	44%	71%	94%	71%
UNICEF	78%	35%	41%	50%
WFP	91%	64%	82%	76%
WHO	56%	63%	66%	74%

Table 3. Source: Financial Tracking System (October 2007)

2.6 Donor coordination and the Funds as a donor

Coordination between the Funds and non-Fund donors has made some progress. This is important because in both countries the Fund is a significant donor. There are two separate issues here: whether donor coordination itself is working well in each country, and then the capacity of each Fund to act as a donor in terms of coordination rather than just funding.

Seeing the Funds as a donor is useful in conceptualising how they should be staffed. It is clear from discussions that more needs to be done to formalise donor coordination by making it the responsibility of specific staff and have formal systems for interaction. For

example, at the moment in DRC, lists of proposed projects for funding are shared with ECHO and OFDA to avoid duplication. In Sudan, ECHO and OFDA are part of the CHF advisory board, which provides an opportunity for engagement, within the limitations of this forum (which are discussed in Section 5). Equally, through involvement in the Workplan/HAP planning processes, non-Fund donors can shape the overall strategy. However there is currently little scope for strategic discussion between the Fund as a donor and non-Fund donors.

A frequent comment was that the Fund was appreciated as a 'local' donor, which could be more responsive to agencies. Some non-Fund donors in DRC were already seeing the competition for partners that the Funds created, particularly where Fund requirements were lighter than their own.

2.7 Timing of allocations

In both countries, allocation rounds have happened as funding became available or, as with the first DRC allocation in 2007, when the HC returned to the country and pushed for it to happen. This leads to uncertainty and humanitarian organisations are unable to plan activities sufficiently in advance. Also, allocations are not necessarily timed to coincide with agricultural seasons. Given delays with disbursement, this can have a serious impact on food security projects. This is also a problem for all projects in south Sudan that require travel.

There is also currently a mismatch between the time taken for the process of donor commitment and payment, allocation and disbursement, and the expectation that activities will begin in January. In reality, the allocation process only begins in January (at the earliest) or when donor funds arrive (which is normally in February/March, particularly for donors whose financial year is the calendar year). It is clear that, in order for the Funds to be more effective, the timing of the Fund allocation rounds should drive donor payments, not the other way round. One consequence has been that UN agencies have been encouraged to borrow against the CERF loan window using the Common/Pooled Fund as collateral. While a reasonable short-term solution, this should not persist as a standard operating procedure as it locks agencies out of the CERF loan window and creates considerable administration.

2.7.1 Recommendations

- Donor commitments to the Funds should be sought at the end of a calendar year (perhaps in November, when the Appeal is launched) for disbursement to occur the following January. This may require the on-time publication of reports for the previous year. If the timing of donor financial years makes this difficult, at least indicative planning figures should be shared with HCs so that the allocation process can be started.
- HCs should consider having two allocation rounds per year at pre-defined times to coincide with the seasonal calendar/rainy season and allow agencies to plan ahead.

2.8 Speed of response

As demonstrated in Section 7.1.4, although the funds are perhaps faster than some bilateral donors, they still fall short of the donor and recipient expectation that they should be rapid, which is perhaps due to a misunderstanding of the purpose of the Funds. The standard allocation procedures used in Sudan and the DRC were not designed for responding rapidly to a sudden crisis but to finance the types of activities that can be foreseen and planned for in an Appeal. To respond to unforeseen emergencies, both Funds have rapid response windows or special allocations, as described below.

Nevertheless, the allocation procedures are taking on average 3-4 months, which is lengthier than what all the stakeholders would consider effective. To some extent, this has been

because the allocation procedures have been designed and changed during the process of allocation itself and all actors have been coming to terms with them. In the DRC, there have been some delays due to back-and-forth between Kinshasa and the provinces about the quality of prioritisation and selection and due to the introduction of the Technical Review Committee. While donor pressure to improve project quality is understandable and desirable, delays with allocations are causing damaging delays to some projects so the procedures need to be streamlined.

2.8.1 Rapid Response

Mechanisms do exist to respond in limited ways to rapid onset events. Both Funds have emergency response 'windows' which are topped up at each allocation and accessed in response to rapidly emerging needs.

2.8.1.1 Sudan Emergency Response Fund

Since July 2007, the Sudan Emergency Response Fund (ERF) has been operating as a fast track/rapid response reserve window of the CHF, financially administered by UNDP, except in South Sudan, where it is managed by the DRC/HC and has maintained its pre-CHF allocation processes and management structure⁶. The mechanism proved particularly effective in the 2007 flooding in Sudan. Around \$7m, with a maximum of 10% of the total fund, is kept in this Reserve.

2.8.1.2 DRC Rapid Response channels

The Pooled Fund has a Rapid Response Reserve that is used to finance the Rapid Response Mechanism (see Box 1) or projects outside the scope of the RRM (known as the fast track procedure).

The Pooled Fund's Rapid Response Reserve was established to ensure flexibility and timeliness of emergency funding. It is intended to maintain appropriate resource levels to cope with unforeseen emergencies in the country at any given moment in time. The HC proposed an emergency procedure for the disbursement of the Reserve. The Board discussed this and established a ceiling of \$500,000 per project. Funding requests are directly addressed to the HC and, to ensure prompt approval, projects are reviewed and discussed with CPIAs, relevant Cluster groups and the Board by e-mail.

In 2006, the Reserve was used primarily to meet the priority needs of populations being displaced as a result of conflict and health epidemics. On the basis of the existing capacities and experience of the UNICEF-OCHA RRM to provide relief assistance in cases of internal displacement in DRC, Reserve funds were allocated mainly through the RRM. In the first two months of 2006, the HC allocated \$6 million to the RRM. This was increased to a total of \$10.1 million by the end of the year. In addition, the RRM received \$4.9 million through the CERF.

The co-existence of the RRM and direct Rapid Response Reserve funding (used in October 2007 to respond to the resurgence of conflict in the Kivus) has led to some confusion amongst both NGOs and donors.

Box 1: The Rapid Response Mechanism

A rapid funding instrument has existed in the DRC since 2000. It was originally known as the Emergency Humanitarian Intervention (EHI) and administered by OCHA. In 2004, it became

⁶ In South Sudan, the ERF pre-dates the CHF. The Deputy HC/RC managed it, with UNICEF responsible for financial management and disbursements. The management structures put in place in South Sudan continue to operate there but have not been replicated in the rest of the country.

a joint OCHA-UNICEF mechanism. UNICEF procures non-food item (NFI) kits and pre-finances partners able to intervene rapidly to distribute these kits and address watsan and emergency education needs. The RRM responds to the following situations:

- Natural disasters;
- Recent population displacements or newly accessible displaced populations (within 3 months);
- Epidemics.

The mechanism has operated mainly in North Kivu, South Kivu and Ituri though it has also been used in Katanga. OCHA and UNICEF select an NGO focal point in each province and UNICEF pre-finances the NGO so that it has the capacity to undertake a needs assessment and respond when an emergency occurs. The RRM committee, comprising UNICEF, OCHA and the focal point NGO, decide when a response is required and the nature of the response. This decision has to be shared with the CPIA.

In cases when the focal point NGO is unable to respond, OCHA can finance another NGO (selected by the RRM committee and the CPIA). This is through the Rapid Response Fund (RRF). Unlike the RRM, the RRF is not restricted to particular provinces or to specific sectors but it must address one of the three situations outlined above. Also, OCHA finances the NGOs directly. Since OCHA manages similar funds in other countries, the mechanism has an established track record and ability to disburse money relatively quickly.

The RRM was previously funded by bilateral donors but, when the Pooled Fund was established, it guaranteed a minimum level of funding to the mechanism.

2.8.1.3 Recommendations:

- Streamline allocation procedures so as to strike a balance between responsiveness and ensuring that only quality projects are funded.
- In the DRC, instead of establishing a separate Rapid Response window, all rapid response actions should be funded through the OCHA RRF (which should be given a broader remit to respond to all unforeseen emergencies) since OCHA has a quick decision-making process, uses simple proposal and reporting formats and can disburse fairly quickly (usually within 10 working days).

3 Improving humanitarian response: financial analysis

This section outlines evidence from financial data on whether the Common/Pooled Funds have helped to improve humanitarian response in the DRC and Sudan. It examines whether:

- The funds have led to increased humanitarian funding for the two countries
- Funding coordination has improved because more funding is being channelled in line with appeals
- Funding is being better allocated, particularly to under-funded sectors.

3.1 Have the Funds increased humanitarian aid flows?

The two graphs below show the amounts of humanitarian funding that the UN appealed for and the total humanitarian funding that flowed to the DRC and Sudan.

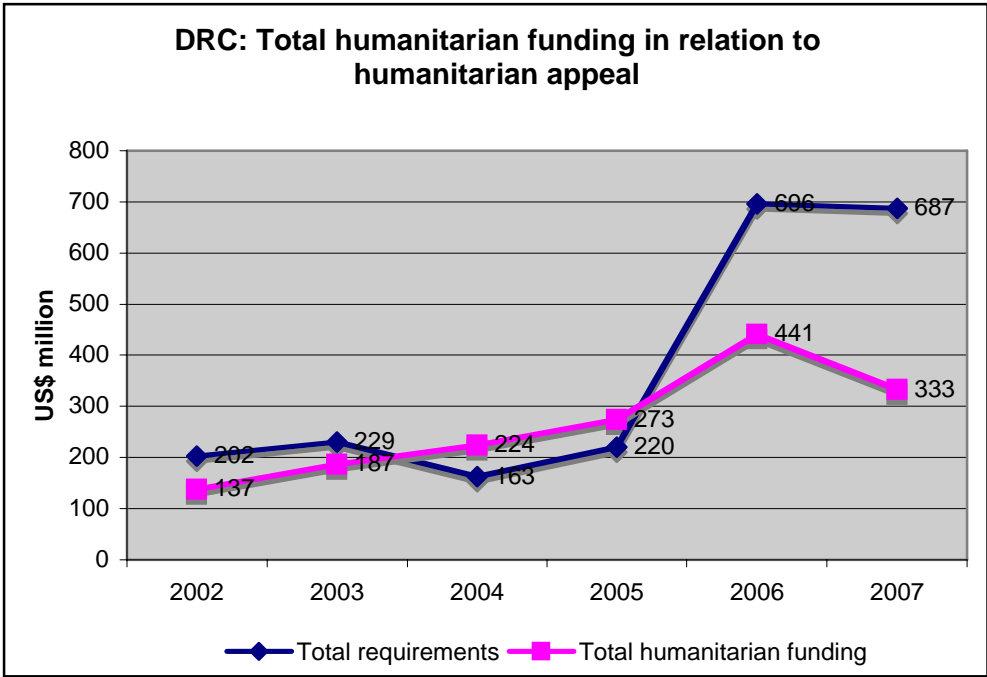


Figure 3. Source: Financial Tracking System (October 2007)

Figure 3 above shows that humanitarian funding to the DRC grew steadily from \$137 million to \$273 million between 2002 and 2005 while humanitarian appeals fluctuated but stayed roughly around \$200 million. In 2006, humanitarian funding increased sharply to \$441 million. This coincided with a near trebling in the size of the humanitarian appeal. In 2007, the amount appealed for was slightly lower but funding to date has totalled only \$333 million. The extent to which the final figure for 2007 will increase will depend to some extent on the response to the current crisis in North Kivu.

Figure 4 shows that both the appeal for Sudan and humanitarian funding increased sharply with the Darfur crisis in 2004 and 2005. While the humanitarian appeal rose to a high of \$1.9 billion in 2005 before dropping to about \$1.6 billion in 2006, total humanitarian funding remained steadier at \$1.4 billion in 2005 and 2006. In 2007, the amount appealed for fell to just under \$1.3 billion while humanitarian funding for 2007 totalled \$990 million in October.

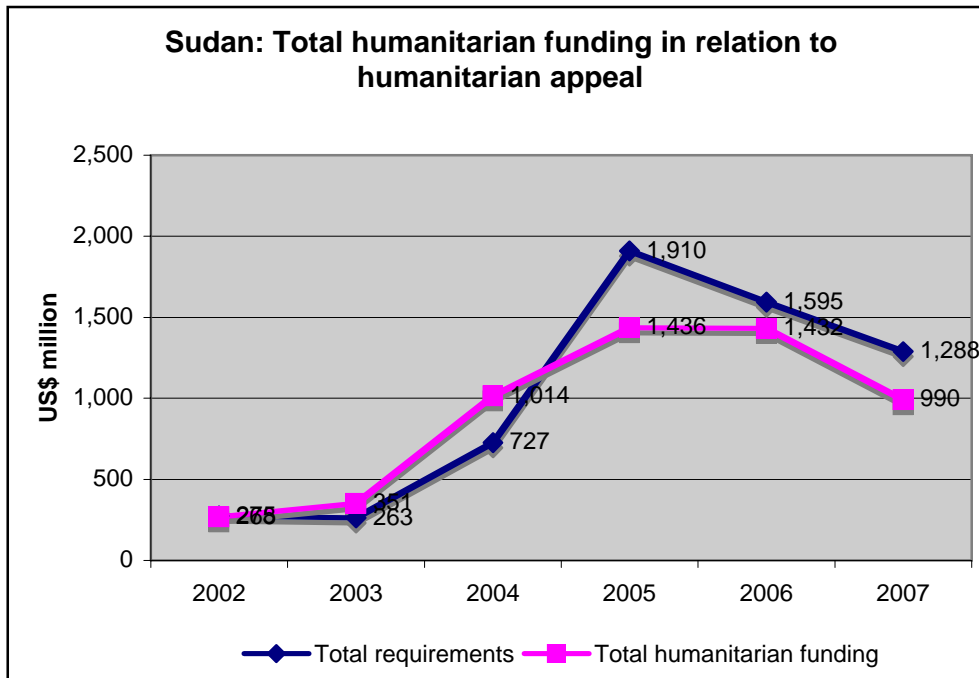


Figure 4 Source: Financial Tracking System (October 2007)

Taken together, the two graphs do not demonstrate a clear correlation between the establishment of the funds and increases in humanitarian aid flows to Sudan and the DRC since, in Sudan, the funding level stayed steady between 2005 and 2006. Humanitarian funding to the DRC did increase substantially in 2006 but this may be linked to external factors such as the increase in the appeal and the prospect of elections and stability in the country. Therefore, it is more useful to factor in contributions from donors to the Common/Pooled Funds and see if these increased with the establishment of the Funds. Figures 5 and 6 below show humanitarian requirements, contributions from the donors to the Funds and other humanitarian funding⁷.

There have been 7 contributors to the DRC Pooled Fund – Belgium, Canada, Ireland, Netherlands, Norway, Sweden and the UK. Of these, Ireland was a new donor in 2007. Figure 5 shows what these donors were contributing to the DRC before the establishment of the Fund in 2006 and what they have contributed in 2006 and 2007, both through the Fund and outside it. While funding from these donors increased at roughly the same rate as funding by other donors from 2004-2006, in 2007, their funding has declined much less sharply than that of other donors.

Aggregating the figures for all 7 donors masks some slight variations so Annex C has a table of their individual contributions from 2004-2007. This shows that the UK has increased its funding most significantly, from \$16 million in 2004 to \$30 million in 2005 and then to \$84 million in 2006 before reducing contributions to \$58.5 million in 2007. Canada, on the other hand, has reduced its funding from \$11 million in 2005 to \$6.7 million in 2007.

⁷ Readers should bear in mind that 2007 data are to October only. While CHF donors are unlikely to make additional contributions late in the year, the picture of financing from non-CHF donors, particularly to NGOs, is likely to be incomplete.

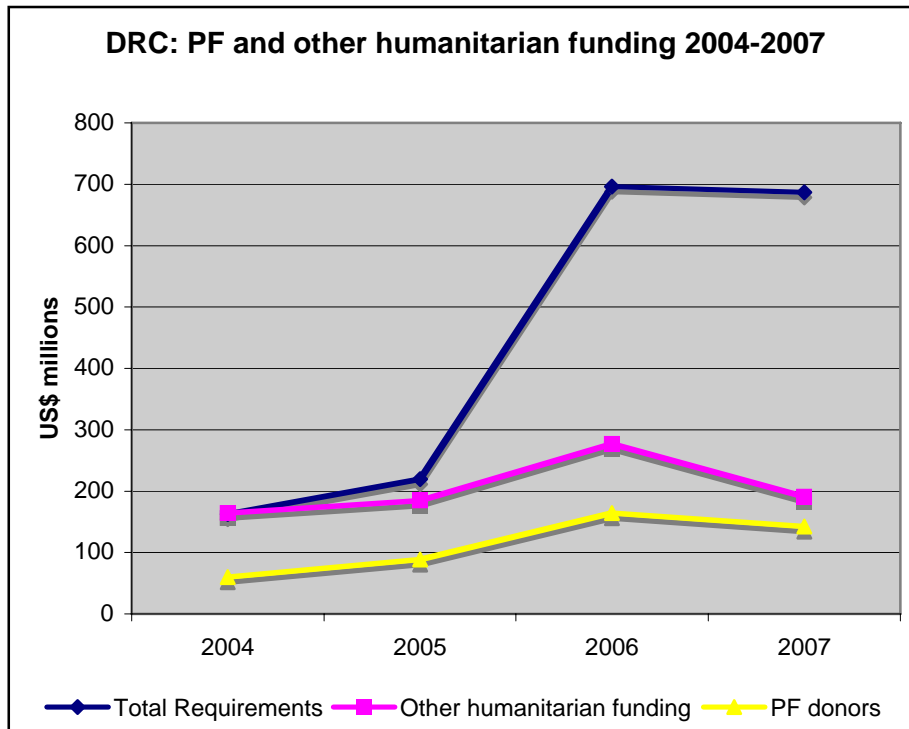


Figure 5. Sources: Financial Tracking System and Pooled Fund Unit (October 2007)

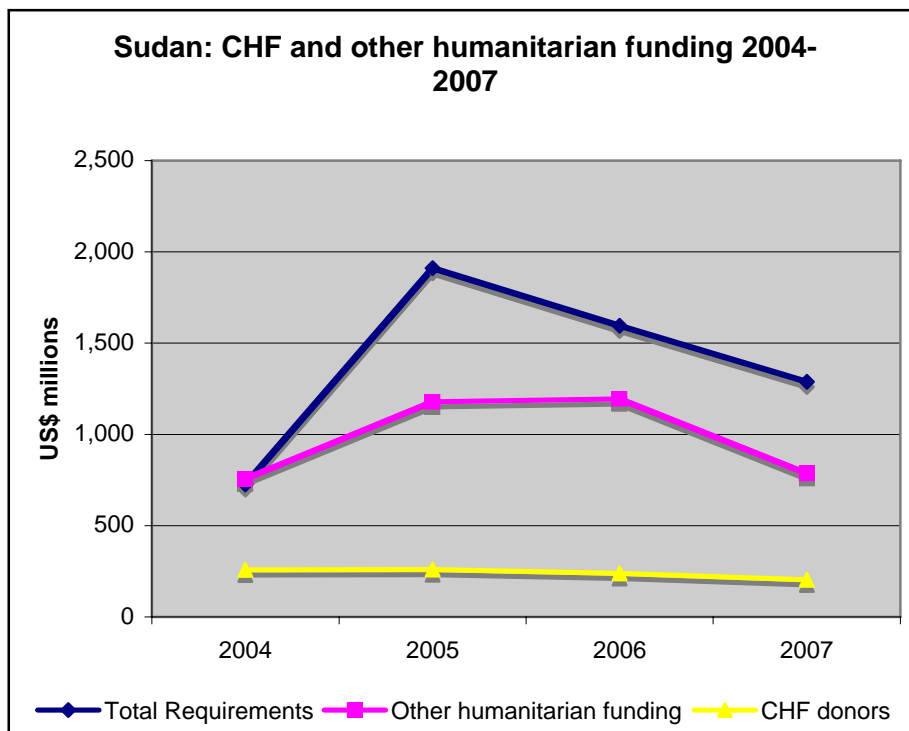


Figure 6. Sources: Financial Tracking System and CHF team (October 2007)

There have been 6 contributors to the CHF in Sudan – Ireland, Netherlands, Norway, Spain, Sweden and the UK. Figure 6 above shows a different picture in Sudan from that in the DRC. Here, while funding from the CHF donors (both inside and outside the Fund) has declined very gradually from \$258 million to \$204 million over the 2004-2007 period, funding from other donors has fluctuated, increasing sharply in 2005 and then declining sharply between

2006 and 2007⁸. This again shows that there is no correlation between the establishment of the CHF in Sudan and increases in funding. In fact, the disaggregated data in Annex C show that UK funding to Sudan dropped from \$123 million in 2005 to \$97 million in 2006 and then to \$79 million in 2007.

Although the figures do not show a clear impact of the Funds on humanitarian funding to Sudan and the DRC, interviews with donors highlighted the fact that the Funds are a useful channel for small donors who have little or no in-country presence, like Ireland and Spain. Even large donors like DFID would struggle to manage bilaterally the large sums that they are putting through the Pooled Fund in the DRC. So, the Funds could be said to have increased humanitarian funding by allowing small donors to contribute and enabling others to increase their level of contributions.

3.2 Have the Funds led to more coordinated funding?

This section is based on the assumption that the DRC Action Plan and the Sudan Workplan provide a strategy for humanitarian response and outline humanitarian priorities. Therefore, more funding inside the appeals would indicate that humanitarian funding is more coordinated.

Figures 7 and 8 below show the amount of humanitarian funding that flowed inside and outside the appeals in the DRC and Sudan. In the DRC, the amount of funding to the appeal increased significantly in 2006 and went up further in 2007 so that, as of October, 91% of funding has been within the appeal.

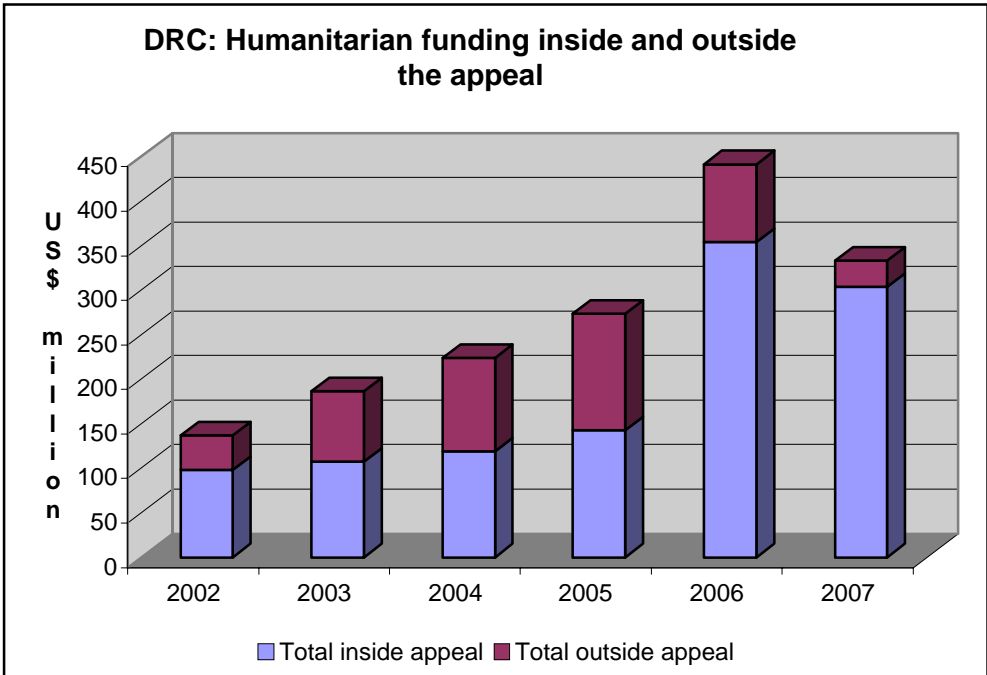


Figure 7. Source: Financial Tracking System (October 2007)

⁸ In 2005 the Work Plan had three assistance categories: 1.Humanitarian, 2.Recovery and 3.Development, with the FTS including both Humanitarian and Recovery activities in its financial tracking. In 2006 and 2007 only two Work Plan categories were used 1.Humanitarian and 2.Recovery and Development with the FTS tracking only humanitarian funding. This means that some recovery funding that was included in 2005 may have been excluded in 2006 and 2007. However, this is unlikely to be a major influence on trends in the graph since non-CHF donor funding remained steady between 2005 and 2006.

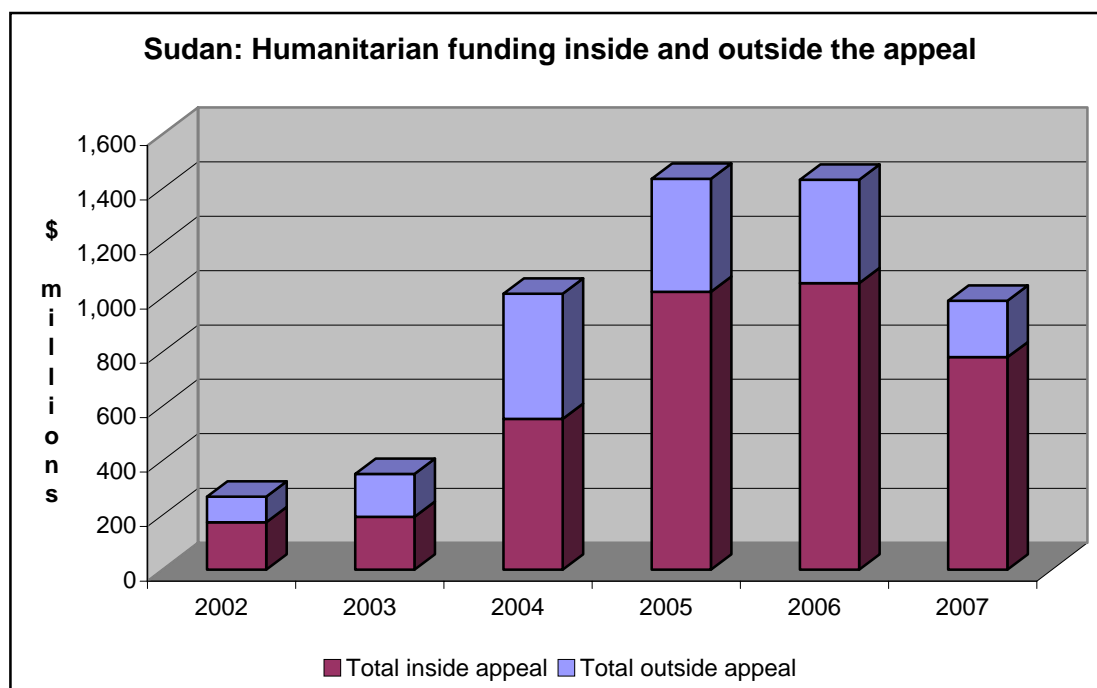


Figure 8. Source: Financial Tracking System (October 2007)

The trend is not as clear cut in Sudan, where funding inside the appeal increased from 54% of total funding in 2004 to 71% in 2005. Since then, the share of funding inside the appeal has stayed steady, increasing to 73% in 2006 and 78% in 2007.

Thus, the evidence from figures 5 and 6 does not indicate that funding within the appeal is clearly linked to the establishment of the Funds. It may be the case that the Fund is a much smaller proportion of total humanitarian aid flows in Sudan than it is in the DRC. As a result, the Fund has been able to channel a greater proportion of funding inside the appeal. However, levels of funding inside or outside the appeal may be more dependent on the nature of the appeal than the Common/Pooled Funds. For example, in 2006, the DRC Action Plan deliberately included many NGO projects so funding to these would have been registered as within the appeal. Also, the DRC 2007 Action Plan does not identify specific projects but focuses on objectives and broad areas of focus. This is likely to have made it easier to show funding as within the appeal as long as it is in line with the Action Plan's objectives.

3.3 Have the Funds increased support to under-funded activities?

One of the ways in which the Common/Pooled Funds are expected to improve humanitarian response is by ensuring that funding is directed to priority activities that may not be financed otherwise. Tables 4 and 5 below show humanitarian funding to the DRC and Sudan by sector. They show both the absolute amount given to each sector and what percentage of the requested amount this represents.

Funding to DRC by Sector: Total Amount and Percentage of Requirements Funded										
	2003		2004		2005		2006		2007	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Agriculture	4,060,677	31	8,268,932	71	8,502,201	57		N/A		N/A
Coordination and support services	7,364,571	98	8,612,728	97	18,578,926	80	57,200,561	86	37,868,559	38
Economic recovery and infrastructure	0		274,725	3			3,756,200	100	3,894,898	17
Education	1,747,251	36	96,626	4			7,649,155	32	2,522,088	9
Food	60,266,880	85	50,805,082	87	50,000,368	76	118,311,277	63	96,799,303	49
Health	5,829,613	10	1,324,385	5	6,300,715	16	64,808,616	34	26,804,975	23
Mine	0		508,824	10	1,575,941	12	5,727,948	36	8,977,054	0
Multi-sector	23,242,257	91	25,073,147	105	33,976,703	84	46,156,603	38	5,263,805	0
Protection, Human rights, Rule of law	1,349,208	19	1,074,550	11	3,496,422	30	20,195,022	46	38,431,363	18
Sector not specified	0		22,099,840		19,821,505		9,634,693		58,542,711	
Security	492,837	36	672,645	64	0			N/A		N/A
Shelter and NFI	2,265,344	29	0		247,500	4	6,172,648	43	10,564,478	25
Water and sanitation	1,552,372	49	0		0		14,023,586	49	13,351,810	16
TOTAL	108,171,010		118,811,484		142,500,281		353,636,309		303,021,044	

Table 4. Source: Financial Tracking System (October 2007)

Table 4 shows some indication that important but potentially unpopular sectors have received more funding in 2006 and 2007. For example, protection is a key activity in Eastern DRC and has received substantially more funding in both 2006 and 2007. Similarly, coordination has received much greater amounts of funding (though the percentage of needs funded did not change much between 2005 and 2006). Even relatively popular sectors like health have been better supported since the establishment of the Pooled Fund.

Table 4 also shows that the percentage of needs funded in 2007 is low across the sectors. This may be because, at the time of the evaluation, only one tranche of Pooled Fund money had been allocated. Therefore, it will be interesting to see the impact of the second and possibly a third round of allocations from the Fund.

Table 5 below shows a more mixed picture from Sudan, even taking into account the fact that the HC was able to direct around \$103 million through the allocation model in 2005. For example, the health sector has benefited from the Fund, receiving almost \$24 million through the allocation model in 2005 and then \$20 million in 2006 and another \$24 million in 2007. As a result, the sector shows a steady level of funding across the three years.

In other sectors, consistent flows from the Fund have not prevented fluctuations. For example, the 2005 allocation model channelled over \$12 million to water and sanitation and the CHF then allocated \$18 million in 2006 and \$20 million in 2007. However, the sector has seen a sharp increase in funding from other sources in 2007. Similarly, though the Fund has allocated \$10 million to education in 2007 (similar to 2006 funding), total funding to the sector has almost halved from the 2005-6 level of \$16-17 million.

In some cases, though, the Fund may be a vital source of support. For example, the \$7 million to protection in 2006 appears to be the only funding to the sector. In 2007, the Fund

has given \$9 million for protection but other donors have also contributed, bringing the current total to \$13 million,

It may be that the Fund appears to be more influential in the DRC than in Sudan because it represents a much higher percentage of total funding in the DRC.

Funding to Sudan by Sector: Total Amount and Percentage of Requirements Funded										
	2003		2004		2005		2006		2007	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Agriculture	7,738,951	40	7,275,411	27	33,567,238	33	27,466,962	49		N/A
Coordination and support services	8,460,261	66	65,558,325	76	42,092,350	53	35,039,802	53	52,676,388	53
Economic recovery and infrastructure	0	0	23,396,534	141	79,341,456	54	74,479,565	78	1,750,000	14
Education	4,897,181	56	8,962,505	61	16,019,236	23	17,442,672	23	8,077,260	15
Food	119,005,995	87	326,022,169	88	598,083,177	67	642,790,634	84	448,596,954	72
Health	11,180,000	52	28,442,913	52	42,345,247	28	42,870,079	28	50,516,538	28
Mine	4,056,085	115	6,676,589	43	19,159,428	32	13,081,200	24	70,558,546	90
Multi	25,654,198	78	20,489,788	44	18,229,904	25	25,151,243	39	16,624,786	24
Protection, Human rights, Rule of law	3,789,439	40	7,040,118	28	17,011,873	12	7,147,473	10	13,375,799	16
Sector not specified		N/A	27,485,126	N/A	123,528,902	N/A	132,412,812	N/A	72,728,114	N/A
Security	3,400,214	72	4,839,851	71		N/A	2,556,722	45		N/A
Shelter and NFI	743,123	34	9,172,028	31	9,225,151	10	13,462,183	17	10,026,320	23
Water and sanitation	6,581,425	98	18,342,965	55	22,511,409	23	19,262,096	18	42,513,024	48
TOTAL	195,506,872		553,704,322		1,021,115,371		1,053,163,443		787,443,729	

Table 5. Source: Financial Tracking System (October 2007)

4 Common/Pooled Funds in relation to other humanitarian reforms

This section briefly examines some of the developments in humanitarian reform as these affect the operation of the Common/Pooled Funds in Sudan and the DRC. Specifically, it looks at other humanitarian funding mechanisms that have financed activities in these two countries, the introduction of the Cluster system in the DRC and UN integrated missions.

4.1 The CERF and Emergency Response Funds (ERFs)

This section covers two OCHA-managed financing mechanisms that are relevant to Sudan and the DRC – the CERF and ERFs. It does not provide much general information on them but focuses on their relevance to the Common/Pooled Fund pilot countries.

4.1.1 CERF

The grant facility of the CERF began operating in March 2006, with windows for financing rapid response and under-funded emergencies. Since the operation of the CERF has been analysed in a recent evaluation, this section does not cover the background to the establishment of the CERF or how it works in general. Instead, it concentrates on CERF funding to Sudan and the DRC.

Both Sudan and the DRC have received CERF funding in 2006 and 2007. Sudan received \$35.5 million in 2006 (from the rapid response window) and almost \$20 million in 2007 (of which \$6 million was from the under-funded emergencies window). The DRC was the largest recipient of CERF grants in 2006, receiving a total of \$38 million from the under-funded emergencies window. In 2007, it has received \$41.9 million, again through the CERF's two allocations for **under-funded emergencies**.

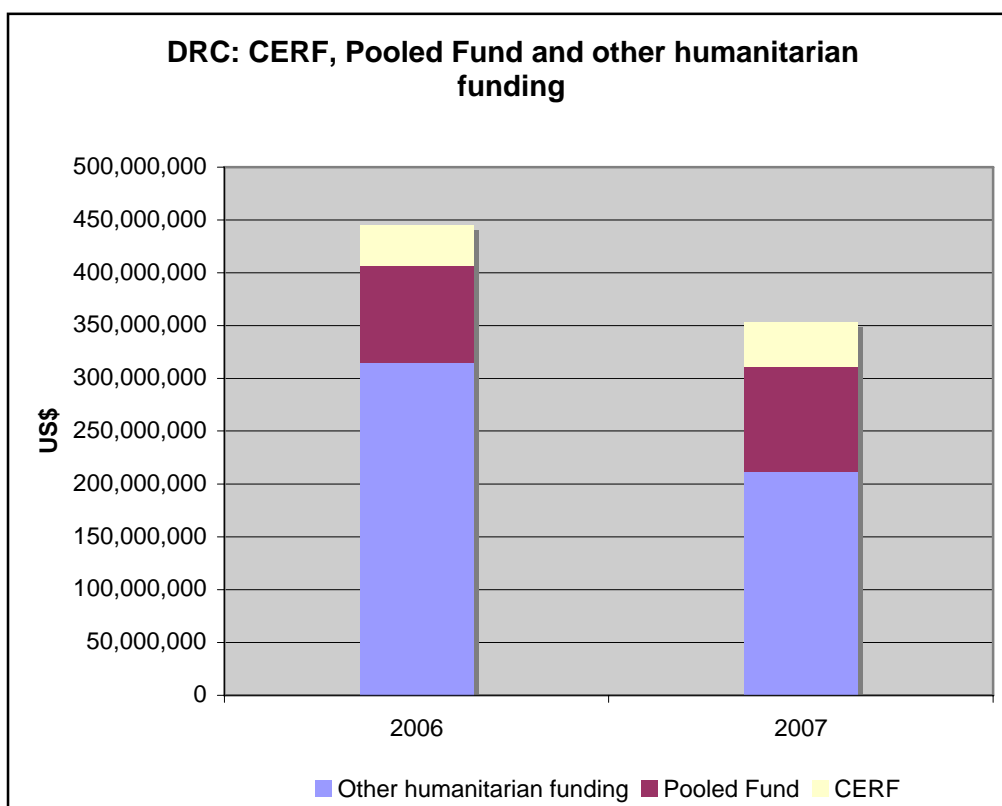


Figure 9. Sources: Financial Tracking System, CERF website and Pooled Fund Unit (Oct 2007)

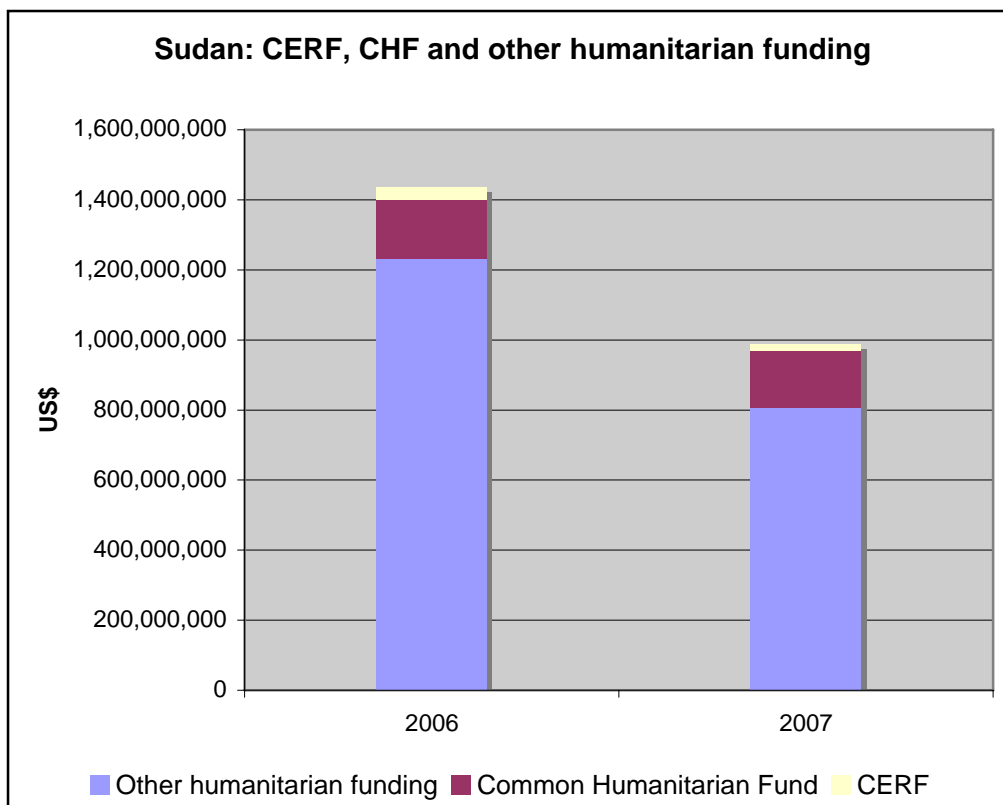


Figure 10. Sources: Financial Tracking System, CERF website and CHF Unit (Oct 2007)

Figures 9 and 10 above show CERF funding to the two countries in relation to Common/Pooled Fund financing and other humanitarian funding. They demonstrate that not only has the DRC received larger amounts of CERF funding but also that the CERF represents a larger portion of total humanitarian funding to the country. In the DRC, CERF contributions represent 8.5% and just under 12% in 2006 and 2007 respectively. By contrast, in Sudan, they represented a mere 2.5% in 2006 and less than 2% in 2007.

In both countries, the Common/Pooled Funds teams also manage CERF contributions and the HC is able to use both sources of financing in a strategic manner. As a result, in the DRC, the HC has treated the two funds as almost the same pot of money (but with slightly different rules regarding their use because the CERF cannot finance NGOs directly and has its own reporting requirements).

Figures 9 and 10 highlight the fact that the Common/Pooled Funds have channelled substantially more funding to Sudan and the DRC than the CERF. In the DRC, the Pooled Fund totalled \$92 million in 2006 and \$99 million as of October 2007. This represents 21 and 28% of total humanitarian funding to the country in these years. The CHF in Sudan has received far more money – around \$168 million in 2006 and just over \$137 million in paid contributions as of October 2007. However, as a share of total humanitarian funding, this comes to 11% and 16% respectively. Nevertheless, when combined, the CERF and Common/Pooled Funds place significant amounts of money at the disposal of the HCs.

4.1.2 Emergency Response Funds (ERFs)

Emergency Response Funds were first established in Angola in 1997.⁹ Since then, the mechanism has been used in countries like Liberia, Ethiopia, Somalia and Indonesia. They are multi-donor funds that are set up to provide rapid and flexible funding to in-country actors (mainly NGOs) to address *unforeseen* humanitarian needs. They tend to be small (the Liberia fund was around \$2 million) though the Ethiopia fund channelled around \$15 million in 2006 alone. The fund is managed by the HC, with support from OCHA (so OCHA Geneva manages all financial transactions). OCHA charges a 3% fee for its services. In some countries, the HC has established a small advisory board to review the technical aspects of proposals.

In the DRC, the basic ERF structure was established in 2000. It was then changed into the Rapid Response Mechanism (RRM) operated jointly by OCHA and UNICEF in 2004. Section 2 has a more detailed description of the fund. Since this mechanism was already in existence when the Pooled Fund was proposed, its structure was used to test how the Pooled Fund might operate. The UK and Sweden, already donors to the RRM, channelled approximately \$4.8 million through OCHA to this trial Pooled Fund. This was used to finance 15 UN and international NGO projects and both donors and recipients deemed the experiment fairly successful. Since donors and the HC recognised the importance of a rapid response facility within the Pooled Fund, they decided that the Pooled Fund would finance the basic requirements of the RRM. However, its decision-making and management structures have not been changed.

Sudan did not have a similar fund for rapid response and CHF procedures (based on the annual Workplan) were not originally intended for quick response to unforeseen crises. In 2006, the HC used special allocations to finance unforeseen emergencies but, since July 2007, the South Sudan ERF is financed by the CHF, which has established a formal fast track emergency response window for the rest of the country. Again, the details of the fund's operation are outlined in section 2.

4.1.3 Complementarities and tensions between funding mechanisms

The Common/Pooled Funds are designed for early, predictable funding against the Annual Plan/Workplan. This function is complementary to both the CERF and ERFs. The CERF provides the HC with the ability to request additional funding for significant unmet or new needs (for UN agencies). ERFs, by contrast, are a channel for rapid funding to meet rapid onset or rapidly deteriorating situations and provide smaller amounts of funding to NGOs. In both countries, the Common/Pooled Fund is financing the ERF, which seems to be working well.

In terms of systems, the emerging architecture of CERF, Common/Pooled Fund and ERF is managed by the same teams in both countries and although work in progress, efforts have already been made to harmonise systems.

The loan function of the CERF has been used in both countries to pre-finance UN activities pending donor commitments to the Common/Pooled Funds. While this has been a useful function, it does come at a cost in terms of administration and locking the agency out from further loans until donor funds are committed. Section 2 discussed the issue of the timeliness of donor contributions - this appears to be a systemic weakness that could lead to the CERF being called upon every year, rather than in the exceptional case of the first year or two when the Funds are being set up.

⁹ OCHA commissioned an evaluation of ERFs in six countries in 2006. The report is available from: <http://www.reliefweb.int/rw/lib.nsf/db900sid/EGUA-6Y7TH8>

4.2 Clusters

The Cluster system was initiated at the end of 2005 as a key part of the UN's humanitarian reform agenda. This section does not go into the role and functioning of Clusters since this is covered in the concurrent evaluation of the system. Rather, it focuses on the relevance of Clusters to the operation of the Common/Pooled Funds.

The Cluster system was introduced in the DRC in 2006, at the same time as the Pooled Fund. Although Sudan is not a pilot country for the Cluster approach, it has a network of sector groups that it is very similar and operates in the same way as the DRC Clusters. In both countries, the aim of the Funds is to respond flexibly to needs and priorities identified in the field so it was natural for the sectors/Clusters to become a critical part of the allocation process. Section 7.2.1 describes the crucial role that sectors/Clusters play and the continuing concerns about the potential conflict of interest inherent in cluster leads both guiding the allocation process and applying for funds on behalf on their agency.

The introduction of a Fund allocation process that hinges on the sector/Cluster system has undoubtedly increased the burden on the individuals leading them at a time when they are struggling to understand their new roles and cope with the additional responsibilities of sector/Cluster leadership. Some people have also argued that discussions about funding distract the sector/Cluster leads and members from the core function of coordination so the operation of the Common/Pooled Funds should be separate from the sector/Cluster system. However, all the sector/Cluster leads interviewed for this evaluation argued that linking funding and coordination actually gives organisations an incentive to participate in sectors/Clusters and attendance at meetings to discuss allocations is always much higher than normal. In theory, identifying priority needs and gaps should be part of the normal working of Clusters so the Common/Pooled Funds can be seen to be supporting the operation of sectors/Clusters, even if they do increase the workload of the leads.

4.3 Integrated Missions

UN Integrated missions were recommended in the “Brahimi report” and first introduced in 2000. In this new organisational structure, the Special Representative of the Secretary General (SRSG) is responsible for the mission as a whole, including political, military and humanitarian responses. Both Sudan and the DRC have integrated missions – UNMIS (UN Mission in Sudan) and MONUC (Mission de l’ONU en République Démocratique du Congo) respectively. This is relevant for the Common/Pooled Funds because integrated missions have implications both for the role of the Humanitarian Coordinator (HC) and the role of OCHA.

An HC has multiple roles in an integrated mission. In addition to being responsible for humanitarian activities, s/he has a political role as the Deputy Special Representative of the Secretary General (DSRSG), reporting to the SRSG, and a role in overseeing development activities as the Resident Coordinator (RC) and UNDP Resident Representative. In addition, both Sudan and the DRC have UN peacekeeping operations. Though the HC does not have direct authority over the peacekeeping troops, in both countries, the HCs have commanded great respect from the UN's military leadership. In the DRC, the HC has actively engaged with the military on protection issues and promoted interaction between military and humanitarian actors. These multiple roles not only place overwhelming demands on the time and attention of HCs, they can also be conflicting and there have been concerns that, in integrated missions, humanitarian issues will be trumped by political or other considerations¹⁰. Section 5.2 discusses the implications of this for the HC in leading the Pooled Fund.

¹⁰ For an analysis of the pros and cons of integrated and semi-integrated missions see the Humanitarian Agenda 2015 case studies on Afghanistan and Liberia (integrated) and Burundi, Sudan

In early integrated missions, such as UNAMA in Afghanistan and UNMIL in Liberia, the UN humanitarian component, i.e. OCHA, was subsumed into the mission and placed under the authority of the DSRSG and SRSG. However, humanitarian actors were concerned that placing UN humanitarian agencies under the same control structure as the political and military branches of the mission compromised their perceived neutrality and reduced OCHA's effectiveness in coordinating humanitarian response. This may be why more recent missions such as UNMIS and MONUC have adapted the integration model so that OCHA remains a separate entity. This means that there is no direct reporting line from OCHA to the HC, though they are both accountable to the Emergency Relief Coordinator (ERC). Since OCHA plays a major role in managing the programmatic aspects of the Common/Pooled Funds, its de-linking from the HC is potentially problematic. This is discussed further in section 6.

5 Governance

The Development Initiatives reports on establishing the Common/Pooled Funds did not make any recommendations regarding governance structures though they did highlight the need for institutional backup to counteract various pressures on Humanitarian Coordinators as well as the importance of donors continuing to hold agencies accountable for performance. In practice, the HCs in both Sudan and the DRC have established Advisory Boards with donor membership. In addition, very recently, donors have established a 'Virtual Working Group' with OCHA and UNDP. This is a headquarters-level group to discuss global and administrative issues related to the Funds, rather than operational or country-specific matters. Since this is a new structure, its working is not covered here and this section begins by examining the operation of the Advisory Boards before focusing on the role of HCs and concluding with the involvement of national or local government structures.

5.1 Advisory Boards

The Advisory Boards have different names in the two countries. In Sudan, it is called the Advisory Group and, in the DRC, it is called the Pooled Fund Board. To some extent this reflects the different roles they are expected to play. In Sudan, the Group is intended as a sounding board for the HC whereas, in the DRC, the Board acts as a fully-fledged management committee. When referring to a specific body, this section uses the in-country term while 'Advisory Board' is used as a generic term.

In Sudan, under the previous HC, the advisory function originally conceived in the Fund TORs was split into two entities: the IASC/UN Country Team and the CHF Advisory Group. UN agencies and NGO representatives are consulted in the IASC Country Team while the Advisory Group is a donor group comprising all CHF donors, ECHO and OFDA. The CHF advisory structure may be reviewed by the new HC perhaps because the Advisory Group has not been a particularly vigorous forum. It has provided feedback on process and been consulted on policy, but the previous HC was very clear that it should not be involved in the detail of allocations.

The DRC Pooled Fund Board (PFB) comprises three of the largest donors (UK, Sweden and the Netherlands), three UN agencies (UNICEF, UNHCR and WFP) and two international NGOs. The NGOs have nominated three members - Action Contre la Faim, Solidarités and Save the Children UK and agree between themselves which two should attend meetings. This arrangement recognises the time pressure on NGOs and their limited resources for participating actively in the PFB. In fact, Solidarités recently replaced the International Rescue Committee when the latter resigned due to lack of time to participate. In the spirit of using existing structures for the CERF, the HC has consulted the PFB regarding CERF allocations as well.

The Pooled Fund Board meets, as needed, to discuss funding allocations and policy issues. The Board receives a list of projects and is briefed on the general strategy guiding the prioritisation of projects. While participants and the HC find it a useful forum for consultation, the level of participation has varied across members and the Board has tended to focus on projects rather than policy and strategy. This also places great pressure on the Pooled Fund Unit, which has to summarise project information and advice for the Board. With the recent establishment of a Technical Review Committee to vet project proposals (see section 7.1.3 below), it is no longer necessary for the PFB to be involved in project-level funding discussions so, in future, it should focus more on strategic issues.

But, to date, Pooled Fund Unit staff have been frustrated by the lack of strategic direction from the Board. While it discusses issues, the Board either takes several meetings to come to a conclusion or does not reach firm conclusions at all. This is partly because the Board

does not have sufficient information to make decisions. For example, since the Fund gives priority to life-saving activities, education projects have almost always been rejected and the Unit recently sought advice on whether this should change. However, it is difficult for the Board to decide whether to fund education activities without knowing the extent to which the sector is funded from other sources, whether education-related needs are greater in some provinces than others (e.g., with the large-scale displacement in North Kivu, it may be justifiable for the Fund to support emergency education projects). What the Board needs is a short (1-2 page) paper outlining the key issues and facts, as is done for the Boards of private organisations. However, at present, the Pooled Fund Unit is over-stretched and has neither the capacity nor the skills to undertake such a task (which is very difficult in the context of a country as large and complex as the DRC and without adequate data sources).

For smaller donors, a key advantage of the Funds is that they can provide funding to countries where they are not present, trusting that their funds are being spent appropriately without creating administrative demands. They also rely on the more engaged donors to provide the necessary support and oversight. Therefore, it is important for at least some Fund donors to be involved at country level. However, the different experiences with the Advisory Boards in the two countries highlights the fact that donor engagement is dependent both on their in-country capacity and the extent to which HCs push them to be involved. At present, neither Board has found the correct balance between supporting the HC and fund managers and acting as a check on the HC's power.

5.2 The Humanitarian Coordinator (HC) as Common/Pooled Fund Head

One of the objectives of the Common/Pooled Funds is to strengthen the position of the Humanitarian Coordinator. They have certainly done so by placing substantial funds at the HC's disposal, particularly when combined with CERF funding. In fact, in the DRC, the HC has treated the Pooled Fund and CERF allocations as essentially one pot of money.

Since the Funds have been piloted in countries with strong, well-respected HCs, it is not surprising that these HCs have provided firm leadership, though their leadership styles differ. In the DRC, the HC has set up a more consultative process, which is why the Board has such a broad management role. However, there is no doubt in people's minds that the Fund is led by the HC and reflects his judgement on priorities, e.g., allocating funding to the Western provinces where there are areas of emergency needs due to the long-term lack of investment in basic services. Due to a lack of funding, there were hardly any humanitarian agencies present and the HC has sought to change this with the Pooled Fund (though, given the nature of the needs in the Western provinces, they are not necessarily seen as a humanitarian priority by donors). Despite this strong leadership, interviewees pointed out that, while the HC has clear ideas about the operation of the Fund, he has not given Fund staff guidance on how to implement his ideas, frustrating him as well as other stakeholders. As one Cluster lead in the field put it, "He is not a good dictator because a good dictator takes care of every detail".

In Sudan, contrary to donor expectation, the HC allocated more funding to South Sudan than to Darfur in both 2006 and 2007 (approximately 40% of the CHF to South Sudan and about 30% to Darfur in both years). This is because South Sudan is more of a transition situation without appropriate funding mechanisms and has been less well-funded than Darfur.

Thus, in both countries, the HCs have used the Fund to direct financing to areas that have not been prioritised by bilateral donors. As noted in section 4.3, both Sudan and the DRC have UN integrated missions so that the HC has multiple roles and responsibilities. There have been suggestions that these funding decisions have been influenced by the political role of the HCs as DSRSGs though the decisions are justifiable on the grounds of unmet needs. It is to the credit of donors that they have respected the judgement calls of the HCs,

even if they did not fully agree with them, but it is also clear that donors must be able to act as a check on the power of the HCs.

While the Funds require strong leadership from the HC, there is an inherent danger that they will be personality dependent. So far, it has not been possible to test whether this is the case but a new HC was appointed for Sudan during the course of this evaluation. It will be useful to see if this change in leadership results in significant changes in Fund management as this will indicate how significant the HC's leadership is and what structures can be put into place to ensure continuity. There are risks inherent in such a personality-dependent system, evident in Sudan from a major change-over of senior management leaving very few staff with detailed knowledge of the workings of the CHF.

The HC's multiple roles in an integrated mission place enormous demands on him/her, particularly since Sudan and the DRC are also the two largest countries in Africa and hugely complex. In Sudan, the HC appointed two Deputy HCs, one responsible for North Sudan (including Darfur) and the other responsible for South Sudan. These Deputy HCs have played a significant role in the Common Fund.

In south Sudan, the DHC has been a strong influencing power behind the CHF making all the strategic decisions as well as overseeing all details pertaining to the allocation process. With the support of the HC, he has made considerable changes to the allocation process by further decentralising. In 2006, \$10 million for the south was allocated equally to 5 priority states brokered through the RC's offices. The success of this was variable, reflecting capacity at that level but there is wide acknowledgement that the idea is sound.

In the DRC, though the HC has made the Pooled Fund a key priority, he does not always have enough time to be able to attend to it, amongst all the other competing demands on him. This has sometimes resulted in delays in decision-making or short notice for the submission of applications. Therefore, it would be worth considering the appointment of a Deputy HC to provide senior level guidance to the Pooled Fund Unit and help translate the HC's vision into practice. This person could also take on the task of preparing policy/strategy advice for the HC and the Board, fulfilling the much-needed function described in section 6.

5.3 National/Local Government Involvement

Both Sudan and the DRC now have governments in place though they are in a fledgling state in South Sudan and the DRC. This raises the question of what involvement the government should have, at national and/or local level, in governance and accountability structures. For example, interviewees suggested that government representatives should participate in sectors/Clusters, as they do in some provincial Clusters in the DRC, and some sectors in South Sudan. The government could also support monitoring activities.

The extent of government involvement will need to be decided on a case-by-case basis. For example, government monitoring may be seen to compromise the neutrality and impartiality of humanitarian agencies in Darfur while it may be very helpful at state or provincial level in South Sudan or the DRC. Capacity and resources will also determine the government's role in monitoring. Also, while government participation in sectors/Clusters would promote coordination, they should not necessarily have a say in allocation decisions since government priorities may differ from those of the sector/Cluster. In the DRC, interviewees are already concerned about government pressure to undertake certain activities or projects in certain areas, based on political and/or ethnic considerations. In Katanga, OCHA has tried to address the issue by organising regular meetings for the government, UN agencies, NGOs (international and local), civil society members and donors like South Africa and Angola. Exchanges on the activities of the Fund promote transparency, avoid possible duplication and enable government representatives to raise any problems with funded projects. In South

Sudan, the health sector has been considering developing a reporting format that could report on CHF activities for both UN and NGOs, as well as provide the MoH with the monthly reports that they are requesting.

5.4 Recommendations:

- The HCs and Advisory Boards should develop clear Terms of Reference for the scope and role of the Board. This should focus on policy guidance and advice on general funding allocation (e.g. by state/province or priority sectors) rather than discussion of individual projects.
- The Advisory Boards should have at least one general policy meeting a year, involving Fund and non-Fund donors to coordinate and agree broad policy issues. This would enable donors who do not have a presence in-country or manage their involvement from their capitals to send representatives.
- To enable the Advisory Boards to provide strategic guidance in an effective manner, the technical unit in the country should supply them with the necessary information. However, these units are completely over-stretched so they need support. This could be from a Deputy HC or a combination of sources, such as OCHA's FTS section or national sector/Cluster leads or other sections in the Mission (e.g., since MONUC's Civil Affairs Section provides coordination support in some Western DRC provinces, perhaps it could help to compile some of the necessary data).¹¹
- The extent of national or local government involvement in governance and monitoring structures should be considered carefully and decided on a case-by-case basis.

¹¹ For example, in the DRC, there is an inter-Cluster group which should be able to provide a strategic overview of unmet needs.

6 Management structures

In both Sudan and the DRC, staffing to support Fund management has lagged behind requirements. This is partly due to a desire to keep transactions costs down and partly because specific requirements only emerged as the Funds became established and ways of working developed. However this has meant that the 'boat has been built while it is rowed down the river', putting significant strain on individuals and leaving a legacy of inconsistent and changing systems.

The Fund management structures are still 'work in progress'. The Joint UNDP/OCHA unit in DRC is on the verge of being adequately staffed for both programmatic and financial functions, and the CHF technical unit in Sudan is also approaching capacity.

This section looks at whether the current Fund management structures are appropriate and makes recommendations on ways to strengthen both country level management and headquarters-level support to the Funds.

6.1 Country level

6.1.1 Overall structures

The Fund teams (in their widest sense, including UNDP) in Sudan and DRC carry out a wide range of functions (see Box 2 below). The particular organigrammes lend themselves to performing certain functions better than others, particularly in the area of M&E as discussed below.

The organisation also depends on the level of integration with Workplan/HAP processes. In Sudan the process is more integrated with the Workplan and the Planning team in OCHA is responsible for both Workplan and CHF. In both countries, the Common/Pooled Fund team also manages the CERF.

BOX 2: Functions carried out by the Common/Pooled Fund teams

- Secretariat to the process
- Support/Secretariat to Advisory Board
- Training/support on process
- Technical review
- Information management
- Monitoring and evaluation
- Financial management
- Donor liaison
- HQ liaison

6.1.2 Supporting the mechanism

Greater emphasis is needed on the right staffing to ensure that the mechanism can be communicated and supported better. This entails having sufficient staff to draft guidelines, manage information systems, and deploy to field locations to train and support processes. The staffing is probably approaching the right level, but technically skilled staff are needed in DRC to manage the design and maintenance of stronger, more integrated management information systems. Learning from Sudan would be beneficial where systems are more advanced. An example of where staffing capacity has constrained progress in DRC is in the development of an electronic concept note. This was possible in 2006 and was welcomed by

applicants. However without a dedicated technical staff member to focus on this in 2007 the system reverted to a more basic format.

In terms of planning, staffing requirements need to be defined from the outset and staff in post so that the systems can be established effectively. Staffing levels need to be sufficient and maintained as such.

6.1.3 Role of OCHA

OCHA's role in the Funds has been crucial. However there are perceived tensions between its role in supporting coordination while being technical manager on behalf of the HC (though in Sudan, the CHF and Workplan support role is located in a separate unit and does not undertake coordination functions). As a result, the review team heard about the need to 'firewall' OCHA's coordination function, so that it is perceived as an honest broker and can add value to the coordination process, from its role in managing the Funds, where it is supporting the HC in being a donor and managing a process where, inevitably, there are winners and losers. One way to firewall these functions would be to locate the Fund management team in the HC's office and second OCHA and UNDP staff to it. Some HCs see OCHA as the Secretariat for the HC, so they would argue that it makes little difference whether staff sit inside OCHA or the HC's office.

Also, as noted in section 4, integrated missions pose a challenge to the relationship between the HC and OCHA. Currently, as OCHA staff, Fund management staff are accountable to the head of OCHA, who reports to the Emergency Relief Coordinator. The HC, too, reports to the ERC amongst others but there is no formal reporting line between OCHA and the HC at country level. In practice, both Funds also report to the HC directly though, in the DRC, the Head of OCHA actively engages with the Fund, attending Board meetings, discussing strategic issues with the HC and supervising the PF Unit. But, in theory, the separate reporting lines could be a problem if there are disagreements between the HC and the Head of OCHA. The evaluation did not uncover significant problems but this is a potential risk as staff members change.

The issue of reporting lines is closely linked into discussions about who should lead the Fund. Given the effectively direct reporting to the HC and the significant sums on which the Common/Pooled Fund unit heads advise the HC, it is important to have someone sufficiently senior in this role, probably a P5. As discussed in Section 5, consideration should be given by the HC to appoint a Deputy who can provide day-to-day support to the Fund unit as well as policy/strategic advice to the HC. This is partly working in Sudan.

6.1.4 The role of UNDP

As noted in the 2006 evaluation, UNDP has two distinct roles in the Funds – as Administrative Agent (AA), it provides a pass-through mechanism for funding to UN agencies, and as UN Participating Organisation or Managing Agent (MA), it receives money from the Funds like other UN agencies and then provides grants to NGOs. As AA, UNDP provides an administrative function, receiving funds from donors and passing them on to UN agencies according to Letters of Agreement and Memoranda of Understanding respectively and charges 1% for this service, which includes reporting. As MA, it is accountable for the NGO grants so it provides an oversight function and charges a higher management fee (5% in the DRC and 3.7%, increasing to 5%, in Sudan) for this.

UNDP was selected as financial agent for the Funds because the pass-through mechanism for UN agencies (AA role) was well-established and it appeared to have both the systems and experience to manage NGO grants as well (MA role). Therefore, the HCs in both countries argued that UNDP should be the financial manager of the Funds.

However, in the initial stages of the Funds, UNDP encountered several administrative difficulties with its MA role and its performance was disappointing, with slow disbursements, cumbersome systems, a lack of clarity over procedures, and considerable frustration for NGOs. There were also delays with disbursement to UN agencies. As a result, the previous evaluation recommended that UNDP be removed from its role as Managing Agent. But, to UNDP's credit, in both Sudan and DRC much progress has been made and most NGOs have a reasonably favourable experience with UNDP's administration, although there are still delays with disbursements.

Although UNDP has made a concerted effort to adapt its procedures, it is questionable whether it is fundamentally equipped to undertake programme management of humanitarian projects. Issues that remain to be addressed include legal contracting requirements, differences in interpretation of rules, speed of disbursement, and monitoring and evaluation.

6.1.4.1 Legal contracting requirements

When the Common/Pooled Funds were introduced in 2006, NGOs greeted UNDP's administrative requirements with hostility because they were not appropriate for humanitarian programmes. This included the Project Cooperation Agreement (PCA). UNDP New York has worked hard to adapt its requirements as much as it can. This, combined with better NGO understanding of the process and more support from UNDP on how to fulfil the requirements, has reduced NGO criticism considerably.

However, some serious difficulties remain. For example, in the DRC, UNDP is undertaking a capacity assessment of NGOs, which is time-consuming for the NGOs. However, the focus of this is on financial and administrative procedures so it provides no indication of an NGO's ability to deliver humanitarian assistance. This is because an organisation may have excellent administrative policies but no capacity to work in a challenging emergency context. Also, UNDP requires government approval for its Managing Agent role (because it is obtaining funds as a Participating UN Organisation and then channelling this to NGOs and performing an oversight function). In Sudan, the previous HC made it clear that this should not set a precedent for requiring government approval for humanitarian activities and UNDP has tried to be flexible. However, the legal requirement remains so that the project document should have a reference to the letter of endorsement from the government for NGO projects managed by UNDP.

6.1.4.2 Differences in interpretations of rules

UNDP field staff members in Sudan and the DRC have taken very different approaches to the MA role. In the DRC, staff have applied the NGO execution modality fairly strictly so that they are undertaking capacity assessments and monitoring visits etc. In Sudan, UNDP staff have been committed to making the process as light as possible for NGOs so that they have exercised minimum oversight. But changes in staff could result in much stricter interpretations and make things more difficult for NGOs.

While UNDP and NGOs in Sudan have enjoyed a fairly good relationship because of this flexibility, the findings from DRC indicate that a strict interpretation of UNDP's requirements as MA are not suited to humanitarian interventions, nor do UNDP staff have the necessary understanding and experience of humanitarian issues to exercise effective oversight (e.g., when assessing NGO capacity).

6.1.4.3 Speed of disbursement

Speed is still an issue. An analysis shows that the process has been speeded up by NGOs being more familiar with UNDP systems, but there is still considerable back and forth in agreeing funding proposals and there are delays with disbursement. It is unrealistic to expect

the pooled funds to operate as a donor and not develop sound systems of quality control and accountability. But it is key to ensure that, whoever manages it, staffing is sufficient and skills appropriate to be able to manage the process of technical review rapidly and efficiently.

6.1.4.4 M&E

In Sudan, UNDP's role is relatively limited in terms of managing the entire project cycle. The sector leads can provide advice where relevant, but this role needs to be more firmly institutionalised and the UNDP staff within the managing team should have some technical knowledge of the issues. In DRC, UNDP takes a broader view and is involved in both assessing the capacity of NGOs (a pre-funding check) and monitoring (during project implementation). But even here, while staff members may have project management skills, they do not have technical knowledge of humanitarian programming and implementation.

6.1.4.5 Solutions

Solutions that have been attempted are:

- New, simplified formats for proposals, guidelines and reporting
- A Joint OCHA/UNDP unit in DRC. This works because UNDP and OCHA are based in the same building so they have been able to set up a joint office. This may be more difficult in Sudan, where the UNDP and OCHA offices are physically distant. The Joint Unit certainly facilitates better coordination and joint working but it still has two clear sub-cultures and some UNDP staff do not seem comfortable with reporting lines to a joint unit manager who is an OCHA staff member.

6.1.4.6 Alternatives to UNDP

UNDP's management as Administrative Agent appears uncontroversial but alternatives exist for the role of managing NGO contracts, where the evaluators remain concerned about UNDP's legal contracting requirements and the differences in the interpretation of rules.

This evaluation found that, since the 2006 evaluation, UNDP has made considerable progress in performing its MA function more effectively and has tried to address the concerns raised by NGOs. The PCA, which bore the brunt of criticism last year, is much less contentious now. While UNDP could be faster at processing proposals and disbursements, the bigger issue remains whether UNDP is really the right agency to perform the MA role. The problems are its ability to do full monitoring, and whether it can provide a standard model that is not dependent on particularly energetic individuals. The decision needs to be taken in the context of what the other options look like, and what the opportunity cost would be to transition from UNDP.

Some NGOs argue they should receive funds 'directly' rather than via a UN agency. Fundamentally there has to be a funding agreement with someone. It appears that what NGOs want is both a politically neutral and an administratively efficient entity. This might argue for the private sector, but the team is not aware of established examples of this actually working in practice given the peculiarities of the humanitarian system. There are also questions of the cost and expertise that would be required.

UNICEF is experienced in managing NGO sub-grants e.g. the Rapid reaction mechanism in DRC but it is expensive – minimum of 7% - and RRM NGOs have complained that its disbursement procedures are slow (Source: ERF evaluation).

OCHA manages the CERF and ERFs and, with the latter, has gained considerable experience of managing NGO grants. So, in theory, it could take on the MA role. It would be a more appropriate organisation for this than UNDP because UNDP is essentially a

development agency and its procedures and rules are designed accordingly. While it has made a real effort to adapt these for the Common/Pooled Funds, the difficulties outlined above remain. OCHA, on the other hand, has a good understanding of humanitarian issues and usually a good knowledge of NGO delivery capacity because of its coordination role. Its accountability requirements are also more appropriate for humanitarian interventions though it has to operate under the constraints of Secretariat rules so it would still impose certain conditions on NGO funding, such as project audits. Thus, OCHA is a realistic alternative to UNDP as MA but many interviewees felt that it did not yet have the institutional commitment or sufficient capacity to take it on. Others were cautious about OCHA becoming more operational, when its role is to support coordination.

6.1.5 Paying for it

In both countries, OCHA has sought money from the Common/Pooled Funds both for Fund management activities and for its normal coordination activities. The latter is because the coordination sector is often under-funded and because some of OCHA's key donors now providing funding through the Common/Pooled Funds. Some interviewees were concerned that it was unfair for OCHA to receive 'preferential' treatment in terms of Fund management costs but, if OCHA is to carry out essential Fund management functions, donors should be prepared to pay for this. Donors cannot expect to transfer heavy transaction costs to the UN and then not pay for this. However, such funding should be transparent and covered directly by donors instead of reducing the amount of money available for beneficiaries.

One of the reasons for establishing a firewall between OCHA's coordination and Fund management functions is to avoid a conflict of interest in OCHA applying for coordination funding from a Fund where it is part of the management structure. However, in practice, OCHA does not take any funding decisions – these are taken by the HCs (together with the PF Board in the DRC) – and the team found no evidence that OCHA is receiving preferential treatment because of its Fund management role. Should OCHA come to take on the MA role, though, this should be financed through the disbursement modality and not from the Common/Pooled Funds to continue to avoid potential conflicts of interest.

Like OCHA, should cluster/sector leads also be able to apply for funding to support their coordination role? The CERF already provides funds for cluster coordination in DRC and the cost of coordination should be transparent rather than subsumed in larger programmes. Ultimately the funding for cluster coordination should be from agency resources or funded separately, since the coordination role amounts to much more than being involved in Fund allocations, so it would not be appropriate for the Funds to commit to paying for sector/Cluster coordination.

6.2 Headquarters support

The Funds have been set up and have evolved without a clear point of reference at OCHA headquarters to provide top level input and support, nor discussion within the IASC. As the Funds are likely to continue, it is important to agree on a focal point. Views differ on where this would be most appropriate. One option would be to house a Fund management support unit in OCHA New York, sitting alongside the CERF Secretariat and with a strong link to policy processes. Alternatively, Geneva as the home of ERFs, CAP section and other operational support mechanisms might also be appropriate. The best location depends largely on what role, if any, OCHA plays in managing financial aspects of the funds (such as grants to NGOs) in future. It also depends on whether OCHA decides to emphasise links to the Coordination and Response Division (CRD), other elements of the Humanitarian Reform process and/or the CAP/FTS.

Given the importance of clusters/sectors to the functioning of the Funds, there also needs to be clarity over the responsibility of global cluster leaders to support the Funds at country

level, for example through prioritising training to cluster leads, or in providing resources to support cluster leads through SSCA positions. This would give cluster leads in-country greater clarity on how to carry out their role.

Opportunities exist for much greater learning between the two countries which would could be strengthened with headquarters support. While the will exists for this learning, it has not occurred owing to pressures of work. As key staff leave, the opportunity to capture institutional learning is disappearing.

6.3 Recommendations

- Appoint a DHC with specific responsibilities on the Fund in large countries or highly complex situations.
- Ensure sufficient staffing continues to be available.
- Develop stronger management information systems, particularly in DRC.
- Funding of OCHA's management of the funds should be transparent and covered directly by donors instead of reducing the amount of money available for beneficiaries.
- In the short term, the existing fund management by UNDP is satisfactory. Our conclusion is that the most feasible option is that UNDP retains the AA role and OCHA takes on MA role once it has the capacity to do so, but that the transition should be gradual. Donors would have to support OCHA in becoming the Fund manager.
- There also needs to be a discussion at senior level to clarify exactly what UNDP's commitment is and what expectations are from OCHA and other agencies.
- The Joint Unit model is a sensible compromise solution while UNDP is involved in administration, as long as it is backed up by a clearer corporate commitment from UNDP on its specific role so that there are no difficulties with accepting non-UNDP staff as fund managers.
- More learning between Sudan and DRC would be valuable, led by a HQ support function. This is particularly important given the likely turnover of staff with considerable institutional knowledge.

7 The allocation process

Humanitarian Coordinators in both Fund countries have continued to devolve some of the decision making process to the field in order to identify priority needs and appropriate responses in a transparent and participatory, ‘bottom-up’ way. This evaluation found that stakeholders’ concerns have shifted from administrative and contractual issues towards how this allocation process operates in practice. This is because the success of the funding mechanism depends on the aggregate of numerous sub-processes of discussion and negotiation in both field locations and Kinshasa/Khartoum. While it is clear that some progress has been made in improving processes, and providing guidance & support, this is now the area where the evaluation team has the greatest concern in terms of risks to the credibility of the Funds and support from stakeholders. At the same time, there are significant differences between the ways the two Funds operate which raises questions of consistency and effectiveness. An issue that also merits separate discussion is how past agency performance is factored into the allocation process.

This section looks at what the key issues are, illustrated by examples; how these are being addressed at the moment – and the extent to which these solutions are working. It includes the team’s analysis of the situation and recommendations regarding what remains to be done.

7.1 Comparing allocation processes between Sudan and DRC

The two Funds have evolved more or less in isolation under the guidance of their respective Humanitarian Coordinator. While they have often experienced similar issues, they have created different solutions. This in itself is not problematic, as one would not necessarily want to impose a ‘one size fits all’ solution to different country contexts. Also, the flexibility of the Funds is a major asset, giving the HCs a tool that can be adapted to different situations. However, the Funds are at a point in their evolution when the main actors need to decide on harmonising some processes, particularly where there are clear advantages of one system over another.

Table 6 below summarises the processes in the two countries, showing how they are broadly similar, yet in significant ways they are quite different. This reflects the process in the most recent allocation – it is clear that both countries are still refining the process (an issue of some concern in itself which we return to below).

Table 6: Comparing the allocation process for Sudan and DRC Funds

Sudan	DRC
<ul style="list-style-type: none"> • Sector leads outline sector priorities 	
<p>Regional funding envelopes</p> <ul style="list-style-type: none"> • CHF Policy Paper and allocation timeline issued with allocation for each planning region after discussion by the HC, IASC/UNCT and Advisory Group. 	<p>Regional funding envelopes (indicative)</p> <ul style="list-style-type: none"> • HC issues guidelines on strategic approach, indicative regional funding, selection criteria, process to be followed and the timetable.
<p>Sectoral funding envelopes for each region</p> <ul style="list-style-type: none"> • Area coordinator, Sector leads, NGOs meet in each planning region to decide priorities and level of funding for each sector. • Can be preceded by meetings at state level. 	<p>Provinces identify priorities</p> <ul style="list-style-type: none"> • Provincial clusters discuss priority needs • Provincial CPIAs identify strategic priorities • UN/NGOs submit 2 page project concept notes to meet priorities
<p>Project selection by each sector</p> <ul style="list-style-type: none"> • Each sector group in regions proposes priority Work Plan projects • Sector leaders compile all proposed projects 	<p>Provincial selection of projects</p> <ul style="list-style-type: none"> • Clusters propose priority projects to CPIA according to CPIA strategy • CPIAs present list of priority projects to Pooled Fund Unit

	<ul style="list-style-type: none"> • Full proposals prepared (as of 2nd allocation 2007)
Peer review of Workplan summaries <ul style="list-style-type: none"> • Workplan summaries reviewed by area coordinators, regional focal points 	Technical review and revision of full proposals <ul style="list-style-type: none"> • Pooled Fund Unit/Technical review committee reviews proposal with each cluster lead, grades each proposal, process of revision with agency • Unit prepares overall package for HC/PF Board based on assessment
Endorsement by HC/Board <ul style="list-style-type: none"> • IASC/UNCT and Advisory Group endorse allocations 	Endorsement by HC/Board <ul style="list-style-type: none"> • PF Board endorses allocations
Contracting <ul style="list-style-type: none"> • UN/NGO prepares and submits Project document for UNDP contracting 	Contracting <ul style="list-style-type: none"> • UNDP issues contract once documentation including capacity assessment is complete

There are four significant areas of difference, namely: how precise allocations are; the nature of the annual planning document; the process of quality control; and the timetable for the process.

The key point is that different contexts and personalities have driven different approaches with advantages and disadvantages. It is both a strength of the field-driven approach that HCs (and, in Sudan, the DHCs) have been able to tailor a system to suit their needs in particular contexts and also a weakness in that there has been little standardisation or generic guidance.

7.1.1 Allocation figures – precise or indicative

Three systems are in evidence regarding how precisely the HC makes the allocations to regions and/or sectors. In Sudan, each planning region, including South Sudan, is given a precise allocation. In northern planning regions, this is then divided up among sectors, and then each sector within the planning region has precise figures to allocate. For example in the 2nd allocation of 2007, the HC allocated \$14.7m to Darfur. This was then divided up with \$1m going to Common Services, \$200,000 to Infrastructure, and \$3.5m to Health and Nutrition, for example. The HC may make some adjustments but the process is very field driven.

In South Sudan there are both State-based and sectoral allocations, but the latter are based on indicative rather than firm figures. Precise allocations of \$2m were made by the DHC in the South for each State in South Sudan. This was to encourage and strengthen state-based planning. It also had the spin-off consequence of increasing the level of direct funding to NGOs, which were better placed than UN agencies to argue the case for their projects at State level.

In DRC provincial IASC groups (CPIAs) are given indicative figures by region but how the final allocations are divided up is subject to final decision by the HC.

The advantage of specific allocations is that the field level is empowered to recommend specific funding amounts to projects. Where allocations are more notional, the team heard many reports of project budgets subsequently being reduced to fit in with the actual allocation when it was finalised, rather than clusters/sectors identifying priority projects. The risk is that specific amounts encourage the ‘sharing of the pie’ approach where everyone who submits a project expects to receive some funding. The issue here is how well field-level actors understand their role and are able to make objective (rather than agency-driven) decisions and, in light of this, how much control the HC wishes to cede to the field in determining final allocations.

7.1.2 Planning document

The Sudan Workplan and DRC Humanitarian Action Plan (HAP) are quite different approaches. The key difference is that, since 2007, the HAP does not now contain projects. Instead, based on situational analyses by sector in each region, it builds sector and then national strategies. Rather than a fundraising tool, it is intended as “an implementation and monitoring tool for humanitarian actors”. Although the Action Plan includes an early recovery sector, it is mainly focused on humanitarian needs. The Workplan, by contrast, includes both humanitarian and development projects, and projects are included as an integral part of the process, albeit within a framework of sectoral objectives. Both documents are intended to contain more indicators and targets in their 2008 versions. To receive CHF funding, a project has to be in the Workplan, but any UN or NGO agency can submit a project into the Work Plan at any time of the year with sector lead’s and HC’s approval.¹²

7.1.3 Quality control

The two pooled funds differ markedly in the way that projects are appraised technically. In Sudan, the full proposal is only submitted once the allocations are agreed and is essentially needed in the PCA format for the UNDP contracting process – although the assumption is that the full proposal is available within the organisation if required by the Workplan process. Decisions are made on the basis of the 2-3-page project summary and the process of quality control takes place during the Workplan process. The preparation of project documents and capacity assessment are initiated after the allocations are agreed to fulfil UNDP requirements.

A light procedure was used in the DRC until the second allocation in 2007 but the quality control process is now more upfront than in Sudan. Due to pressure from donors for better quality proposals, the HC decided that the recently established Technical Review Committee should review proposals before they were put forward to the PF Board. The Committee felt that it needed more information than was available from the project summary to provide clear advice so agencies were asked to submit full proposals. The sequencing of technical review in the process is still the subject of some change, but essentially it is a more detailed review of the full proposal which then leads to approval, revision or rejection. It is carried out by the Pooled Fund Unit, donors, UN and NGO representatives depending on availability, reviewing and discussing proposals with each cluster lead in turn over the course of several weeks.

Due to problems discovered during monitoring visits, UNDP in DRC has also begun making systematic capacity assessments of NGOs to ensure that only those with the appropriate administrative structures and procedures are financed¹³. Though this front-loaded process is time-consuming, in theory, once allocations are agreed, agreements are ready for signature and disbursement can happen quickly.

The other main difference in the quality control processes is that the sectors in Sudan have more responsibility than the DRC clusters. This is because of the centralised process of technical review in DRC. Also, the CPIA (provincial IASC) has a stronger role in prioritising across sectors and is the body that selects projects for submission to Kinshasa.

The aim of this section was to highlight the differences in the two processes. The implications are discussed below, in the context of how the Funds are trying to overcome inconsistent quality of coordination in the field and potential conflict of interest in sector/cluster leadership.

¹² The Workplan is a dynamic document, so one NGO in Darfur was able to submit a CHF project to the Workplan which was not included already, in order to receive CHF funding

¹³ UNDP has a checklist of administrative criteria and NGOs must fulfil 60% of these to be eligible for funding. These do not cover an NGO’s ability to implement projects.

7.1.4 Timetable of allocation process

These different quality control processes clearly have implications for how long the allocations take in each country. The table in Annex D attempts to compare the timescale of the two Funds. They should be treated with caution as they are not all strictly comparable, and are based on available information. In addition, as the processes are changing with each allocation round there are many factors influencing these timelines, such as the performance of particular sectors in managing allocations.

The figures suggest that the Sudan process ends up taking many more days from the first publication of policy to actual disbursement (average of 120 for Sudan compared to 84 for DRC). This is despite a less intensive process of technical review. This may be due either to specific issues relating to individual allocations –some sectors had difficulty in finalising allocations, which held up the overall process – or a slower process overall. It is difficult to be conclusive but this issue merits further exploration and discussion between the Fund managers in both countries.

In Sudan, to avoid delays caused by having to wait for all projects to be agreed before the allocation can be finalised, the CHF team is considering whether it is better to allow sectors that have completed their work to finalise allocations.

As described in section 2.8.1, both Funds are also able to process funds on a fast track basis for rapid onset crises through the rapid response windows. This worked very well during the recent floods in Sudan and the CHF team is considering whether these procedures could be adapted for use for all allocations. The issue is the balance between accountability and speed which is explored further in section 7.3.5 below.

7.2 Variations in allocation process within country

The evaluation team heard numerous accounts of both how the allocation process varies widely between different provinces/regions and different sectors within each country, and has varied over time as the process has matured and problems are ironed out. This is a major issue for many stakeholders, both UN and NGO. The following three examples are typical of the many that the team encountered.

a. In Sudan, when deciding sectoral funding envelopes for each region, there is a very great variance in how many, and in what capacity, NGOs are involved. In the north, any NGO working in the sector is invited to that meeting but, in the south, in sectors like health, only one or two NGO representatives are invited to attend, and they in turn feed discussions back to the rest of the NGOs, using the already established health forum. Again, this is not standard across the sectors in the south.

b. For the first DRC allocation of 2007, the guidelines specified that each Cluster should only submit 2-3 projects. In Katanga, the CPIA identified 3-4 priority sectors and asked only these Clusters to identify projects for funding. This reduced the number of proposals submitted to the CPIA and then to Kinshasa to a manageable number. In the second allocation, the guidelines asked CPIAs to identify provincial priorities so, in Katanga, the CPIA asked the Clusters to outline their strategies, priorities and key gaps. However, not all Cluster leads focused on *humanitarian* or Cluster priorities and gaps. The CPIA then failed to identify priority sectors and there was no limit on the number of projects that each Cluster could submit. As a result, the Clusters submitted 41 projects to the CPIA. After lengthy discussions, these were reduced to 18 but not prioritised. The PFU returned the list of projects to the CPIA, insisting on a prioritised list. This was decided by voting but several interviewees felt that this had not resulted in genuine prioritisation.

c. For the second allocation in 2007, the few Clusters in Katanga that weeded out projects used different ways to do so. In one Cluster, the lead used his technical competence to identify proposals that were unsound or unrealistic and thus reduced the number of proposals put forward to the CPIA. While this was clearly effective, the process is dependent on the lead's technical knowledge and competence. Another Cluster used clear criteria to rate applicants and their proposals. Therefore, the process of prioritisation was transparent. These criteria are a model of clarity and transparency that can be replicated across Clusters and provinces.

Several possible factors can explain these variations. These are:

- Quality of sector/Cluster leads (personality dependent);
- UN-NGO relations (better in some places than others);
- Size of planning area/province, which affects prioritisation – in DRC, in larger provinces, priority given to areas close to capital rather than remote areas;
- Emergency/transition situation in state/province – clear emergencies can make it easier to prioritise;
- Level of support in field for process. In DRC, some OCHA heads better at communicating process and supporting prioritisation than others;
- The speed with which the Funds were set up;
- The need for flexibility and responsiveness (so that the HC can set priorities according to the changing humanitarian situation, e.g., focusing funds on North Kivu in the DRC because of the resurgence of conflict).
- Tendency for some sector meeting discussions to be consensual rather than strategic.

It is to be expected that systems take time to become established and stakeholders take time to adjust to new processes. But, by now, both Funds should be settling down rather than continually changing. The issue here is how to ensure consistency and fairness while building a responsive and flexible system. A monolithic and standardised approach is inappropriate but the great majority of those interviewed were concerned that the 'rules of the game' kept changing or were differently interpreted in different regions or sectors. These concerns focused on the following two issues:

- a) Role of the cluster/sector lead: the potential conflict of interest between cluster lead and agency roles
- b) Process management: the way in which the allocation process is communicated, managed and supported.

These issues are discussed in greater detail below, together with solutions that are already being implemented and recommendations for further improvement.

7.2.1 Role of the cluster/sector lead

Within the Common/Pooled Fund mechanism, the cluster or sector lead plays a key role in brokering a fair allocation of funds within that sector. In both countries, the cluster/sector leads at both national and field level play a central role in leading discussions about how funds should be allocated. Many NGOs – and UN agencies – interviewed were still concerned that the cluster/sector lead had an unfair advantage in both applying for funds and leading the discussion on how to allocate them, both at national and field level.

7.2.1.1 Evidence for sector/cluster lead bias

The team heard many anecdotal examples of how sector/cluster leads used their position to influence allocations in their favour. For example, in one sector in Sudan, NGOs were pressurised into agreeing to reduce their allocations (that had been agreed at a previous meeting) in order to increase funds available to the UN agency which was sector lead.

The issue here is how to ensure consistency and fairness while building a responsive and flexible system. We would not argue for a totally monolithic and standardised approach, but it was a concern of the great majority of those interviewed that the 'rules of the game' kept changing or were differently interpreted in different regions or sectors.

There are a number of reasons driving such bias, and the following were put forward to the team during discussions:

- Lack of understanding of the role of cluster/sector lead, particularly in the field
- Lack of capacity to undertake the role effectively – time constraints, inexperience, lack of necessary skills, particularly in the field
- Lack of incentives to act as objective broker – agency responsibilities to fundraise dominant
- Funds are seen as easy money for UN, comes quickly with no strings attached
- NGOs being perceived as unequal partners; unequal power relations – particularly with local NGOs, NGOs worried about speaking out in case it jeopardises funding relationships with UN agencies

Looking at objective measures, however, it is not clear that, at a macro level, cluster/sector lead agencies have profited from this role. For example, UNICEF in Sudan has argued that it is receiving less funding from the CHF than it did previously from the same donors bilaterally. As Table 3 demonstrates, it is true that UNICEF's total funding has declined from \$113 million in 2005 to \$60 million in 2007. However, since UNICEF has reduced the amounts requested to a more realistic target, in line with the UNCT's decision, the percentage of its requirement that has been funded has actually increased from 35% in 2005 to 50% in 2007. This underlines the point made in section 3 that it is difficult to assess the impact of the Common/Pooled Funds because needs, funding requests and funding levels vary across years.

Similarly, in the DRC, UNHCR expressed major concerns about the impact of the Pooled Fund on its funding. UNHCR has not received large amounts from the Pooled Fund though it has fared better with the CERF. However, Table 4 shows that, in absolute terms, UNHCR funding in the DRC doubled from \$25 million in 2005 to \$54 million in 2006. In terms of what it requested though, the table shows that it went from having 100% of its requirements financed in 2005 to 61% of requirements in 2006. UNHCR believes that its funding is suffering because its field staff are not trained in fundraising and are unable to argue convincingly for UNHCR programmes in CPIA meetings. It has trained its field staff to improve their understanding of the Pooled Fund and what is required but this has not yet resulted in increased funding. Further investigation is needed to determine whether UNHCR is not getting much Pooled Fund support is because of the skillset of field staff or because other agencies in the field have concerns about its performance.

The truth is probably a complicated picture. The review team heard convincing stories of 'bullying' by UN agencies but, in the grand scheme of things, this does not appear to have fundamentally skewed allocations. A more pernicious consequence may be that NGOs withdraw from involvement in cluster/sector coordination due to a breakdown in confidence that they are a useful and fair mechanism.

7.2.2 Process management

Many of the problems in the Funds are related to process and how well the process is designed, communicated and supported. Any mechanism that funds over 100 projects (DRC) or as many as 400 (Sudan), particularly in Africa's two geographically largest and most complex countries, requires considerable discipline and management to be effective. While Fund management has improved since the last evaluation, this is still an area of great concern to stakeholders.

The evaluation team heard repeated reports on how the rules keep changing, with new formats for concept notes and proposals, changing priorities, and (as described above) different processes for voting/project selection at field level. Some of the changes have been intended both to improve the quality of the information provided for decision-making and to ensure that proposals strike a balance between being appropriate for humanitarian agencies and fulfilling UNDP's minimum requirements for NGOs.

While accepting the need for refinements, applicants are frustrated by the continuous changes so it is important for the Pooled Fund Unit to settle on a 'good enough' format and stick to it. Also, the guidelines for each new allocation highlight different priorities. While this is important to ensure the Fund is flexibly addressing changing priorities, the rationale needs to be made clearer. Otherwise, it leads to confusion or CPIAs/regional groups simply ignore the guidance.

Another dimension is that timelines are frequently too short. For a truly consultative process, advance warning is needed of meetings, particularly when there are logistical challenges to attending meetings in both countries. There were many reports of crucial meetings being called at one or two days' notice. Also, in some cases, organisations were given just a few days to prepare proposals in new formats.

The high turnover of NGO staff, which is a common feature of the humanitarian context, means that continued communication to ensure understanding is critical. However, there have been insufficient staff within Fund management units to dedicate adequate resources to rolling out robust communications strategies, including visits to the field to explain the processes. Some staff at the centre have also tended to 'hold it close' in order to keep some control of the process when it is evolving and under pressure from different directions.

For applicant agencies, the multiple meetings involved in applying for funds have placed great demands on staff time. Combined with the changing skill sets required for field staff, this has often created barriers to effective participation.

For Fund managers, the essential tension is between balancing clarity and flexibility, on the one hand – i.e., avoiding being too prescriptive but providing sufficient guidance to ensure consistency and quality – and balancing accountability and speed on the other. In other words, they need to put in place systems of checks and balances but without slowing down the process to the detriment of beneficiaries.

7.3 Solutions

The problems discussed above are intimately connected so this section will look at how each Fund has been trying to solve them holistically. The allocation process for both Funds is of course still a work in progress – because the Funds were set up on the assumption of certain systems and structures that have not functioned as expected. Also, in both countries, the fund management staff are still not at full strength. Common/Pooled Fund teams in both countries are acutely aware of the issues and have introduced a variety of solutions.

These include:

- Better communication;
- Changes to allocation process and structures;
- Better support;
- Centralising functions
- Focusing on quality

7.3.1 Better communication

Many of the problems described above could be mitigated by better communication. Both Funds have made efforts in this area but the Sudan CHF, in particular, has a growing library of guidelines, formats and processes, much of it available online.¹⁴

To support the process of review at central level, and to reduce the opportunities for bias, the Sudan CHF has introduced compulsory meeting minutes, with specific formats. These should ensure that any points of disagreement are recorded. They also list invitees and attendees so there is a paper trail of accountability. While such formats are not the only solution, they are an important part of it.

7.3.1.1 Recommendations

- More detailed guidance is still needed from the centre on the process. This should cover details of how to run meetings, voting systems, and how to assess whether activities are lifesaving. Sector/cluster leads should develop sector specific guidance.
- Terms of reference for the Funds and different stakeholders should be reviewed and updated in the light of changing processes.
- Strict adherence to a minimum of 1 week's advance notice of meetings to ensure attendance.

7.3.2 Changes to allocation process and structures

A variety of structural and process changes have been made to mitigate problems. As discussed above, there are different models for how precisely allocations are made and at what level discussions should be had, for example, the State level allocation brokered by the RC in South Sudan. The Fund teams should review these carefully.

There are two options for altering the role of cluster leads. One is to take the role out of agencies and locate it within OCHA or the HC's office. A less extreme option is to separate the role of agency implementer and cluster lead but still maintain the cluster lead within the technical agency. The recent evaluation of the cluster system has analysed this in greater detail but, in the two Common/Pooled Fund countries, it is probably not advisable to de-link the implementation and coordination roles. This is because de-linking risks separating coordination from technical discussions, undermining the credibility of the cluster leads and weakening the links of cluster coordinators to key agencies.

An alternative approach to reducing conflicts of interest would be for UN agencies to apply for funding at the national level only, not the provincial level, thus taking Cluster leads out of contention at the field level. This would fit better with the UN's existing systems because agencies would no longer have to divide large programmes by province or sector. Also, since many of them have centralised administrations, proposals are already written in the national capital, not in regions or provinces. The process could also strengthen accountability if the agencies were made to defend their proposals before donors and the HC, rather than NGOs who are their implementing partners.

Consistent with our view that the 'double-hatting' of cluster leads has a net benefit in terms of locating the cluster lead firmly within the relevant agency, our view is that a significant impact can be had on reducing conflict of interest and strengthening the process of Fund allocation if there is more Secretariat support to cluster leads. The Sector Support and Coordination Advisers (SSCAs) funded by DFID for 3 sectors in north and south Sudan have demonstrated there is a useful role to be played in terms of a position to take the burden of

¹⁴ www.unsudanig.org

organising and recording meetings off cluster leads, and supporting them with technical advice and the capacity to network informally, while not having a formal role in leading the cluster. We would not advocate a full roll-out of SSCAs across all sectors, but would recommend that the Funds consider funding this function on a case-by-case basis where agencies are unable to find internal resources (or those from the Global Cluster Appeal) and the workload of the cluster lead role can be demonstrated to be significant. This should be supported at agency headquarters level.

7.3.2.1 Recommendations

This section has outlined various options rather than concrete recommendations because sector and/or country-contexts will determine the success of particular ideas. Solutions should be consistent with the principles and practice of the broader UN reform agenda.

7.3.3 Better support

OCHA/the Fund teams need to be able to play a stronger role in supporting the process. This involves using field offices and tools like meeting minutes to troubleshoot and work informally to address problems such as persistently weak sectoral leadership. In the DRC, OCHA sub-office heads chair CPIAs and can have tremendous influence on allocation procedures. However, they receive little or no training on Pooled Fund procedures so they have very different approaches and develop different (sometimes convoluted or non-transparent) solutions when they find that CPIAs are not fulfilling their role in prioritisation.

Supporting allocation processes is even more of a challenge where there is no OCHA presence. This is the case in many provinces in the DRC and Sudan's, where there is less of an 'emergency' context but where the Funds provide resources to rapid onset or chronic humanitarian needs. In the DRC, MONUC'S Civil Affairs Section or UNDP are playing this role but they are struggling. Therefore, OCHA and/or the Funds should have more ability to deploy central capacity to support critical parts of the process in the field. This happened in the DRC, when OCHA's Deputy Head was deployed to support an allocation round when many of the key cluster leads in the province were absent. Field coordination capacity through OCHA or those responsible for coordination in OCHA's absence should also be strengthened.

In a few provinces, such as Katanga, NGOs have been invited to co-lead or co-convene clusters/sector groups. This helps balance the perception of UN dominance, takes some pressure off the UN co-lead, and/or provides strong leadership where the lead UN agency does not have an operational presence. This has demonstrated some benefits, but the main challenge is that NGOs in the field do not often have sufficient staff numbers or skills to perform this role. It is also important that such a role is substantive, with influence on decision making, rather than merely providing administrative support.

Currently, mechanisms for reporting issues of conflict of interest do not exist except through informal feedback. It would be worth considering a formal mechanism for reporting complaints on the process, including potentially an independent ombudsman position.

7.3.3.1 Recommendations

- Greater NGO involvement as co-leads, recognising that they face resource constraints
- Better training for cluster leads on their role and how to manage processes
- Agency investment in people with good technical capacity and coordination skills
- Agencies need to take more responsibility for make cluster working a corporate objective and reflect this in the personal objectives and appraisals of staff.
- Consider a formal/informal ombudsman/complaints mechanism

- Donors should use their membership of agency Executive Boards to ensure that this is a top level corporate message
- OCHA needs to have more involvement as facilitator/arbitrator and OCHA sub-office heads need training to perform this role.

7.3.4 Centralising vs decentralising

It is crucial for the HCs and Fund management teams to consider the extent to which they should centralise procedures. The principle of involving the field in identifying priorities, selecting projects and ensuring quality is a very important one. However this needs to be balanced against putting excessive burdens on field staff, whose responsibilities and experience do not necessarily equip them for this very different role.¹⁵ There is also countervailing pressure to centralise processes to ensure consistency and quality control.

There is evidence that a decentralised process can work - in South Sudan the process of CHF allocation is essentially devolved entirely; and similar capacity is found in Goma in DRC. There are also clear examples of where there is insufficient critical mass in field cluster and wider coordination capacity – e.g. Katanga, Bandundu in DRC and the smaller states such as Blue Nile/Abyei in Sudan.

So, what are the options? The pressures to centralise vs decentralise are not necessarily in conflict. It might be sensible to develop a hybrid model where processes are centralised where field capacity is weaker – although field staff should be involved in identifying priorities and vetting projects based on their detailed knowledge of the different actors – but decentralised where sufficient capacity exists in the field. It will still be important to provide clear guidance for each allocation and have deployable teams who can support the process at field level because of the high turnover of field staff. This has worked well in the DRC. The issue then is about who makes the assessment of capacity and what criteria are used. In DRC this process should be carried out by the Pooled Fund Unit and endorsed by the PF Board. In Sudan the CHF unit and M&E unit should advise the HC.

7.3.4.1 Recommendation

- Centralise more of the allocation process where capacity is weak in the field, provide more support to weaker provinces, but continue to get considerable input from the field on priorities and projects.

7.3.5 Quality control

As described in section 7.1.3, the main differences between quality control in the two countries are the level of documentation required for decision-making and the detail of the technical review. How detailed does project documentation need to be to ensure informed judgements and what level of scrutiny is required? There seem to be two schools of thought. In Sudan the onus is put on the sector leads and peer review to select the right projects as part of the Workplan. The actual quality of the proposal is not considered crucial compared to the perceived quality of the project. In DRC, the technical review occurs more centrally and the full proposal is considered an integral part of this. Neither puts enormous faith in the field to do more than prioritise projects – they are not involved in detailed proposal review nor in vetting projects in terms of their appropriateness.

Donors have always required proposals and reviewed them as part of the way they do business. The Common/Pooled Funds clearly need some element of proposal review but it

¹⁵ In this respect, the Common/Pooled Funds face concerns similar to those regarding the success of Clusters.

seems sensible to require full proposals only at the stage that they are needed for full review, in order to reduce the burden on agencies.

A related issue is the NGO capacity assessment process. This is a UNDP requirement that also formalises something that donors do to a greater or lesser extent. The question is whether this is a genuine process or rubber-stamping. In Sudan the process seems to be more about the latter. It is also important to consider what sort of capacity UNDP is assessing. While the process may be necessary to reassure UNDP auditors that NGOs have procedural manuals and formal financial procedures, UNDP does not pretend that it is about ensuring the quality of service delivery to beneficiaries. However, it does make it more difficult for local NGOs to access funding.

Looking again at what is normal practice among official donors, the balance between centralising and decentralising the process suggests that for consistency and comparability, some sort of centralised review, monitoring and oversight function must be in place. The role of the field is best kept focused on identification of priorities, and vetting of projects for their specific appropriateness in that location, and the specific capacity of an organisation's operation in that location. At the moment, this is also necessary to balance out any local bias.

7.3.5.1 Recommendations

- Strengthen the technical review element in Sudan as part of Workplan process and streamline process in the DRC.
- UNDP's NGO capacity assessment procedure should not become a barrier to funding organisations capable of quality delivery so it should be used in conjunction with other judgements about an NGO's capacity.

7.4 Linking performance and allocation

The link between an organisation's performance and future funding is key to improving humanitarian response and ensuring accountability. Fund guidelines in both countries talk about previous performance being taken into account when deciding on future allocations but this is not done because monitoring systems are weak and confined to NGOs and because Common/Pooled Fund projects have not been evaluated. This issue is discussed in detail in the following section on Accountability.

8 Accountability

This section looks at the current status/strength of monitoring, evaluation and reporting. The picture remains similar to last year, but with more structures in place which promise to provide a better system of accountability. However fundamental weaknesses remain in the mechanisms, and the two Funds operate very different approaches, both of which contain major (but different) gaps. This section distinguishes between project-level M&E on one hand, and between strategic monitoring at the level of sectors and evaluating the impact of the Funds as a whole on the other.

8.1 Some progress in structures since last year but major gaps

All Fund-related actors accept the need to strengthen the monitoring and evaluation function in both Sudan and DRC. In DRC, UNDP is monitoring NGO projects in order to comply with MA requirements. However, it does not look at UN projects because this is not part of the AA role. In Sudan, UNDP leaves programmatic issues to OCHA so it does not undertake any M&E activities. OCHA's focus is on monitoring the Workplan so it covers both NGO and UN projects but at a strategic level, and it has lacked capacity until recently.

There are also differences in the way UNDP and OCHA undertake monitoring activities in the two countries. In Sudan, each sector has developed objectives and indicators to measure whether the sectors have achieved their objectives, but these have not been tested yet in terms of their use for M&E. In the DRC, UNDP does not use sectoral indicators but focuses on compliance with the project proposal.

8.1.1 Strategic monitoring and evaluation

At the moment the Funds do not have the systems in place to be able to say with any rigour whether the Funds are having a positive impact on humanitarian outcomes either as a whole or by sector.

The M&E team in Sudan now has sufficient staffing and the mandate to begin to answer these questions, at least for the Workplan, if not for the CHF specifically. The difficulty is that the CHF represents a small proportion of total funding for the Workplan so monitoring the Workplan is unlikely to provide a lot of detail on the contribution of the CHF to improving humanitarian outcomes. The team has 5 staff and reports to the HC/RC's Office. It is planning to undertake strategic sector reviews in 2007 for the water and sanitation, health and nutrition and food security and livelihoods sectors. These were originally planned for early 2007 in order to review progress against 2006 Workplan objectives. However, delays attributed to UNDP procurement have meant that, at the time of writing in October 2007, only one review had been agreed and timescales for the fieldwork for this had not yet been finalised. Given the delays, it may be more effective for the reviews to be conducted in early 2008 and review achievements against 2007 Workplan objectives so that they provide more timely information. While the reviews will not focus specifically on the CHF, they will analyse the contribution of CHF funding to the sectors.

Currently, the DRC team does not perform such a function. Instead, the M&E unit focuses on project monitoring, as described in the next section.

8.1.2 Project monitoring

The DRC M&E unit, staffed by UNDP and located within the joint Pooled Fund Unit comprises 3 field-based monitors, one person to plan and coordinate their work and one 'M&E specialist' who checks that NGOs provide the correct documents for grant agreements and is responsible for the capacity assessment of NGOs described in section 7.1.3. At the

time of the evaluation, UNDP only had one of the three monitoring staff in place. Once recruited, project monitors will be based in Lubumbashi, Goma and Bunia.

Given DRC's size and poor transport infrastructure, this will facilitate field visits to NGO projects. However the focus of UNDP monitoring is to fulfil its accountability requirements on whether an NGO has carried out activities as stated in its project proposal, as required by its MA role, rather than humanitarian monitoring by technical experts. While this is helpful for checking that an NGO is delivering, UNDP does not currently have the technical capacity to assess whether the organisation's implementation is appropriate (e.g., it can check whether an NGO has built as many water points as it said it would but not whether these have been built to correct standards and in the right places). This is less of a concern in monitoring, for example, infrastructure projects, but for a very technical project in water/sanitation or indeed protection, implementing agencies expressed considerable concern. The team heard one report, for example, of an M&E field visit requesting beneficiary lists for a protection project, demonstrating minimal understanding of the privacy issues involved in such projects.

This approach of monitoring visits is in stark contrast to Sudan, where the role of the UNDP fund management unit is limited to ensuring that reports are submitted on time. It does not undertake field visits because this is seen as beyond the technical competence of the UNDP team. In theory, OCHA or the RCO/M&E unit should undertake a review of reports and periodic field monitoring but the system is not yet in place to do this.

Unlike in Sudan, the DRC M&E team has not developed an evaluation strategy, either for sectors or to assess progress against Action Plan objectives. This is because the current team does not have the requisite experience of commissioning and managing evaluations (particularly in the humanitarian field) or knowledge of existing evaluation tools.

8.1.3 Reporting requirements

8.1.3.1 NGOs

As a Managing Agent, UNDP has put in place reporting requirements for NGOs. Since UNDP's NGO grant agreements are more suited to development programmes, NGOs initially found the proposal and reporting formats inappropriate. In the DRC, the PFU has been working to simplify formats, reducing them to the minimum required by UNDP, and NGOs generally find this a positive development.

NGOs also have to provide more reports than UN agencies because, unlike UN agencies, they receive funding in several tranches. In DRC, the first tranche of 70% is provided in advance but, in order to access the remaining 30%, NGOs have to demonstrate that they have spent at least 70% of the first tranche. In Sudan, quarterly tranches are released based on brief expenditure reports and forecasts. UN agencies, on the other hand, receive 100% funding in advance.

Accountability requirements for NGOs from the CHF are comparable to those of many other donors – expenditure reporting on a quarterly basis, with an annual narrative report. In the DRC, NGOs have to report by project, providing both financial and narrative reports at the end of each project. Early on, NGOs were expected to submit monthly reports as well but this requirement was eliminated as part of streamlining the UNDP process.

8.1.3.2 UN

In line with the undertaking from donors that new funding mechanisms like the Common/Pooled Funds and CERF will not result in increased reporting burdens on UN agencies, the Funds accepts standard annual UN reporting. In Sudan, UN agencies are

required to submit reports against workplan projects and regions. For WFP, for example this means reporting pro rata on funds received from the CHF into the single Sudan EMOP against workplan regions depending on the size of the initial CHF contribution. A number of UN agencies including UNHCR, UNICEF and WFP argue that this level of detail of project reporting for the Workplan and CHF is difficult within their existing reporting systems, which are designed to report at more aggregated levels, and goes against current GHD practice which includes pooling funding and harmonising reporting to reduce the burden on agencies.

Projectising reporting is not necessarily particularly useful for anyone so some form of aggregate report might be more appropriate, as is required for the CERF. Other Trust Funds, such as that for Iraq, have a requirement for six monthly narrative and financial reporting which might be more appropriate. In DRC UN agencies have not provided reports as requested but the PF Unit is working on getting them to use the CERF report format for the Pooled Fund as well.

The issue of reporting for the Common/Pooled Fund is related to whether UN accountability globally is sufficient and whether donors are satisfied with the level of detail provided by standard UN reporting mechanisms. The problem is that UN global reporting is too general to measure the achievements and operation of the Common/Pooled Funds and this places the Fund managers in a difficult position when they come to report on the Funds to donors. For example, to demonstrate how many water points have been built or how much funding NGOs are getting indirectly through UN agencies, the Fund managers have to request more detailed financial and narrative reporting from the agencies. Otherwise, the Fund's report on what money was used for is based on project proposals, not delivery.

For both UN and NGOs, the discussion on reporting requirements is closely linked to the need to base funding allocations on past performance, requiring some sort of reporting on activities. This is discussed below.

8.1.4 Recommendations

- Consider more informal, brief reporting from UN to allow monitoring while keeping formal reporting in line with global norms.
- Review systems of UN accountability, based on donor requirements.
- Use more consistent M&E to assess achievements & impact, thereby reducing the need for detailed narrative reports from both UN agencies & NGOs.

8.2 Strengthening M&E

The teams in both Sudan and DRC are aware of the difficulties with M&E discussed in this section, and are attempting to address many of them within the constraints of staffing and UNDP requirements. For Sudan, the full strength M&E unit should begin to bear fruit but it is too soon for the evaluation team to judge how successful this will be.

Areas where more focus is needed are the involvement of clusters and the role of the HC/RCO.

8.2.1 Involvement of clusters/sectors

The involvement of clusters/sectors in M&E has been very patchy. According to Cluster leads, they are not being systematically consulted on M&E plans or receiving the outputs of field missions – even though this was stated to be the policy of the DRC M&E unit. This could be attributed to the evolving nature of the cluster system, the already heavy burden that cluster coordination places on leads, and the continued development of UNDP systems and its capacity to undertake M&E.

Although the latest Terms of Reference for the Pooled Fund make no reference to a role for Clusters in M&E, it is clear that within the spirit of the Cluster approach – and indeed of sectoral coordination – the sectors/Clusters should have such a role, and most Cluster leads felt this was appropriate. However, there is significant concern about Clusters being given lead responsibility for monitoring because this could seriously undermine the open and cooperative atmosphere needed for effective coordination. UN agencies would feel uncomfortable evaluating each other and UN/NGO contracting relationships could be threatened if, for example, an NGO gave a negative review of a UN programme.

8.2.1.1 Recommendations

- Clusters should be responsible for agreeing the criteria for project as well as strategic M&E and defining TORs for evaluations. This should be done by the cluster lead in consultation with cluster members.
- Sector/Cluster leads could also ensure that relevant line ministries are involved where appropriate. Where sufficient Government capacity exists and this is appropriate, it could act as a more neutral monitor.

8.2.2 Role of the HC/RCO

The logic of the Common/Pooled funds and Workplan/HAP processes suggests that M&E should be a function of the HC's office as in Sudan, but with sufficient capacity to actually make progress on M&E. Having a direct reporting line to the HC (or perhaps more realistically, a DHC) gives the M&E unit independence to be critical of sectors and projects without a detrimental effect on the relationships necessary for the Fund management unit and/or OCHA to carry out both Fund activities or other roles such as coordination.

8.2.2.1 Recommendation

- A fully staffed M&E unit (with relevant expertise in humanitarian aid and commissioning and managing evaluations) should report directly to HC/RC's office and provide a full range of M&E from project to more strategic functions.

8.3 Linking allocation to performance

As discussed in Section 7, and in relation to reporting requirements (8.1.3.2), past agency performance must be factored into allocations, but this requires more or different reporting than is currently available, particularly for the UN. In Sudan, disbursement and implementation rates by some UN agencies were reported to be very slow, which meant that they were applying for more money from the CHF when they had only spent a small proportion of previous funding.

In some regions/sectors, sector leads require further information in order to maintain efficient running of the CHF. For example, the Returns sector lead in South Sudan requires a monitoring update from all agencies, UN or NGO, to confirm that funds from the first allocation have been expended before they are eligible to receive funds from the second allocation.

As discussed in Section 7, there needs to be more explicit monitoring of planned activities and outputs as laid out in the project document when the M&E team undertakes monitoring visits. This must be extended to UN agencies in both countries. Currently, the methodology for field visits does not make adequate links between delivery and future funding, and in Sudan there are no clear mechanisms for project level monitoring at all. Findings from the study highlight the need for allocations to be based not only on past performance but also to take account of existing capacity.

8.4 Overall recommendations

- All applicants must have spent a certain percentage of previous allocation/demonstrate implementation before applying for more, e.g. one pager on quantitative use of funds to date (how many schools/wells/etc)
- Donors, UN agencies and NGOs all agree on the need to ensure that the Common/Pooled Funds are used appropriately, whether by UN agencies or NGOs, so it is important that monitoring activities in both Sudan and the DRC scale up to ensure comprehensive coverage of projects.
- Dedicated M&E unit reporting directly to HC with capacity for both project and strategic M&E
- Clarify role of sectors/clusters in M&E
- Where UNDP takes on a role in monitoring humanitarian projects, it needs to bring in more technical expertise, either seconded from Cluster/sectors or in the form of consultants.

9 Conclusions

This evaluation has identified that considerable progress has been made in strengthening the Common/Pooled Funds since the previous evaluation. The Funds are now established parts of the overall humanitarian funding landscape in Sudan and DRC and provide a valuable tool for HCs, supporting coordination and allowing flexible coverage of gaps and strategic priorities.

The vast majority of interviewees agreed that the Funds should continue as they perform a valuable function. However in order to retain this support from all parts of the humanitarian community, it is clear to the Evaluation team that continued efforts will be required to improve systems further. This should build on the significant efforts already made by the teams in both countries, who have managed to make major progress despite staffing shortages and pressures of trying to address needs on the ground as effectively as possible.

Donors have placed considerable responsibility on mechanisms with relatively weak foundations – particularly the cluster system – and need to continue to engage constructively in ensuring these systems improve. The Evaluation team heard surprise expressed by a number of stakeholders at how much latitude the Fund donors had given to HCs to set up and run the Funds. In order to stimulate this shift in the way business is done, donors have had to take risks and they will need to continue to do so.

This report has highlighted a range of issues and made many recommendations in the areas of governance, management structures, allocation, and accountability. These recommendations should be regarded as inter-linked, since the system as a whole needs coherent rather than piecemeal change.

If addressed together, the issues discussed in this Evaluation are possible to solve, and the Common/Pooled Funds can more effectively fulfil their objectives and ultimately lead to better humanitarian outcomes in Sudan and DRC.