



THE PRESIDENT
OF THE
GENERAL ASSEMBLY

23 December 2016

Excellency,

I have the honour to transmit herewith a letter from the Secretary General, dated 22 December 2016, concerning the meeting of Central Emergency Response Fund (CERF) Advisory Group, which took place in Geneva on 27 and 28 October 2016.

Please accept, Excellency, the assurances of my highest consideration.

A handwritten signature in black ink, appearing to read 'Peter Thomson', written in a cursive style.

Peter Thomson

All Permanent Representatives and
Permanent Observers to the United Nations
New York



THE SECRETARY-GENERAL

22 December 2016

Dear Mr. President,

I have the honour to refer to General Assembly resolution 60/124 adopted on 15 December 2005, which established the Central Emergency Response Fund (CERF) Advisory Group to advise me on the use and impact of the CERF. In accordance with the provisions of paragraph 21 of the resolution, I transmit herewith the Note from the meeting of the CERF Advisory Group, which took place in Geneva on 27 and 28 October 2016.

As summarized in the Note, the Advisory Group was briefed on the use and management of the Fund in 2016. While CERF allocations might be small compared with total global humanitarian needs, the contributions of the Fund have a high impact because of its speed and timing, often at the immediate onset of an emergency or when situations deteriorate sharply. Allocations from the underfunded emergencies window of the Fund often trigger greater public awareness and generate additional funding from other donors to address the needs of people in protracted and chronically underfunded emergencies.

The Advisory Group discussed the efforts to expand the CERF to US\$1 billion by 2018 and the required solidarity of all Member States to ensure that the Fund reaches its new fundraising target. In this context, the Advisory Group discussed opportunities for further deepening and diversifying the income base of the CERF and the related challenges and opportunities, including exploring innovative financing.

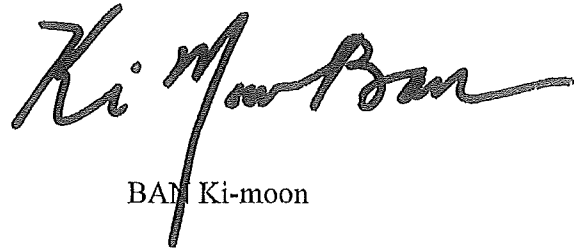
The Advisory Group acknowledged the strong performance of the Fund, but agreed that additional political advocacy would improve the positioning of the CERF related to other funding mechanisms.

His Excellency
Mr. Peter Thomson
President of the General Assembly
New York

The Advisory Group received updates on policy issues, including the reduction of CERF programme support costs from 3 to 2 per cent and the increased efficiency this entails. The Advisory Group expressed particular appreciation for the work undertaken by the CERF secretariat in relation to the communication of potential cases of fraudulent use of CERF funds and the finalization of Standard Operating Procedures for handling such cases. The Group also expressed appreciation for the analysis of performance data from grant reports on the use and impact of funds.

I would be grateful if you could bring the present letter and its annex to the attention of the Member States and Observer Missions.

Please accept, Mr. President, the assurances of my highest consideration.

A handwritten signature in black ink, appearing to read 'Ban Ki-moon', with a stylized, cursive script.

BAN Ki-moon

Annex

Note on the meeting of the Central Emergency Response Fund Advisory Group (27 and 28 October 2016)

Summary of the meeting

1. The Advisory Group of the Central Emergency Response Fund (CERF) was established by the General Assembly in resolution 60/124 to advise the Secretary-General, through the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator (ERC), on the use and impact of the Fund.
2. The CERF Advisory Group's second meeting of 2016 was held in Geneva on 27 and 28 October and was chaired by Ambassador Manuel Bessler.
3. The ERC, Mr. Stephen O'Brien, welcomed the newly appointed Advisory Group members that include Ms. Shaima Al Ali (UAE), Dr. Salah Almazroa (Saudi Arabia), Dr. Hilal Al-Sayer (Kuwait), Mr. Peter Felten (Germany), Ms. Heather Jeffrey (Canada), Ms. Keiko Kiyama (Japan), Ms. Leni Stenseth (Norway) and Mr. Jelte Van Wieren (Netherlands).
4. The Chief of CERF, Ms. Lisa Doughten briefed the Advisory Group on the use and management of CERF during 2016. The briefing included highlights of key contributions during the year with an emphasis on CERF's support to the humanitarian needs of refugees and internally displaced persons. Examples included the allocations in response to the devastating effect of droughts and floods driven by a strong El Nino weather cycle totaling \$118 million since 2015; the allocation of \$12 million to Cuba and Haiti following the devastating impact of Hurricane Matthew; the allocations targeting South Sudanese refugees in the CAR, DRC, Sudan and Uganda to support the already vulnerable host communities that total \$200 million since the crisis began; as well as highlights from the two under-funded allocation rounds at a total value of \$150 million targeting approximately 6.5 million beneficiaries in forgotten emergencies. The Chief also briefed on the CERF index for risk and vulnerability (CIRV) developed to support the selection of targeted emergencies through the under-funded emergencies window. The Chief emphasized that, in line with the overwhelming global humanitarian needs, the strong demand for CERF funds has persisted

and warned that, at present, the Fund is projecting a \$25 million funding shortfall by the end of 2016 in relation to the annual funding target of \$450 million.

5. The Group, furthermore, received and considered updates on key policy issues, including the analysis of information from Resident Coordinators/Humanitarian Coordinators (RC/HC) reports on the use and impact of CERF funds allocated in 2014; reported investigations regarding potential cases of fraudulent use of CERF funds; CERF monitoring guidance for field staff; and the CERF Grant Management System (GMS).

6. The President of the Innovative Finance Foundation (IFF), Mr. Robert Filipp presented a scoping study to the Group for a risk insurance mechanism with the objective of providing a new and additional source of funding for CERF. The mechanism could provide a global insurance policy covering earthquakes and typhoons, the premium for which would be paid for through capital returns from an endowment fund to be established for this purpose. The endowment fund would be supported by public/private funding and be managed by a professional asset management company. CERF would be the recipient of potential insurance pay-outs, which would be determined through pre-defined parametric triggers linked to the natural disasters covered. It was suggested that an insurance pay-out would be linked to a CERF contribution to a specific emergency but the entire amount would not be earmarked to the specific emergency.

7. The Group met with humanitarian organisations, which included both UN agencies and non-governmental organizations (NGOs). In their interaction with them, the Group focused primarily on CERF's position in the humanitarian ecosystem following the World Humanitarian Summit (WHS); CERF and the Grand Bargain; partnerships under CERF grants and localisation of response; the future of CERF; the need for a \$1 billion CERF; CERF fundraising for \$1 billion; and recipient agencies advocacy support to CERF.

8. Finally, the ERC facilitated a session on resource mobilization for CERF aiming to identify approaches to help ensure sufficient political support to the task of reaching the \$1 billion fundraising target by 2018, as per the call from Secretary-General Ban Ki-Moon. Following a presentation on CERF's draft Resource Mobilization Strategy for 2017-2018, the group members divided in smaller groups to discuss specific fundraising opportunities.

9. Further to these discussions, the Advisory Group made the following observations and recommendations:

Observations, conclusions and recommendations

10. The ERC informed the Group that ECOSOC resolution 2016/9 welcomes the Secretary-General's call for a \$1 billion CERF and noted that the General Assembly is currently negotiating an amendment to the Omnibus resolution to reflect the \$1 billion CERF. The Group welcomed the ERC's call to support the resolution and advocate with other Member States in favor of the language.

11. Following group discussions about ways to ensure Member States' political support to the task of reaching the future \$1 billion fundraising target by 2018, the Group acknowledged that it is the common responsibility of Member States to ensure that the fundraising target of \$1 billion is met as called for by the Secretary-General. The Group called upon all Member States to acknowledge this responsibility. The Advisory Group members recognized their role as CERF ambassadors and their responsibility to advocate for CERF through active outreach at their national and regional levels, and through their peer networks. The Group requested that the CERF secretariat continues to ensure readily available information products to support their advocacy efforts. The group further discussed possible initiatives toward reaching the \$1 billion fundraising target including: the development of 'fair share contributing policies', which would provide suggested targets for each Member State's annual funding to CERF based on an agreed ODA percentage; long-term investment in partnership building with high potential Member States such as Gulf States and genuine involvement of these Member States in the continued development of CERF; improved branding of CERF and broader communication on its achievements; continued information sharing about CERF's concrete accomplishments to Member States; continued strong support by the Secretary-General, the Deputy Secretary-General and the ERC toward building political support among Member States to double CERF, including messaging about the key coordination role of the UN in emergency response situations. The Group discussed the considerable challenges in establishing the private sector as a significant funding source for CERF: some members suggested engaging the Secretary-General in Private Sector fundraising efforts, others suggested pursuit of larger private sector consortia by the CERF

secretariat. However, the majority of the group emphasized that due to CERF's mandate it will be significantly more difficult for the Fund to attract Private Sector funding than it is for the UN's humanitarian agencies. Therefore, the Group reiterated that the responsibility for ensuring a fully funded CERF rests collectively with Member States.

12. The Group discussed the Risk Insurance Initiative presented by the IFF. It expressed appreciation that innovative approaches are being considered to generate income for CERF. Yet, some members questioned the feasibility of the Risk Insurance Initiative and its applicability for CERF for instance expressing concern about potentially too ambitious expectations on insurance disbursements, under-performance of premium fund and delays and challenges in the capitalization of the premium fund. It suggested that the IFF consider developing more detailed pay-out models and premiums in order to allow assessment of whether the mechanism is feasible for CERF. To avoid potential management, financial and reputational risks that were identified, the Group agreed that, should the mechanism be deemed feasible, it should be housed outside the CERF secretariat and be an initiative between private/public donors and insurance companies, thereby potentially functioning only as an external income-generating source to CERF. The Group emphasized the importance of avoiding that a potential donor-funded insurance mechanism diverts direct funding intended for CERF.

13. The Advisory Group applauded the agreement by the UN Controller to reduce programme support costs (PSC) levied by the UN Secretariat from 3 to 2 per cent, effective 1 June 2016, and the increased efficiency this entails, as well as the additional funds this releases for humanitarian action. The Group emphasized that this has made CERF even more attractive to donors for channeling humanitarian assistance for global life-saving action and suggested that this be highlighted in discussions with donors. The Group emphasized that the decrease in PSC should have no negative impact on the CERF secretariat's ability to cover costs associated with its operational requirements, and the already very limited resources of the CERF secretariat. Instead, the Group reiterated the importance that the United Nations secretariat should bear the reduction, particularly given the shift of several duties now carried out by the CERF secretariat within the finance, accounting and contributions areas of responsibility.

14. The Advisory Group welcomed the opportunity to meet and exchange views with the recipient agencies and implementing partners of CERF funds. The Advisory Group appreciated the support that the recipient agencies expressed for expanding the Fund to \$1 billion by 2018, in that they see CERF as a crucial enabler of their response, and as a mechanism for attracting additional funding for humanitarian action. The importance of ensuring effective partnerships between CERF, recipient UN agencies and their partners was agreed as a continued priority. The Advisory Group welcomed the recognition of recipient agencies as advocates for CERF, and the importance of increased visibility of CERF, better results reporting by recipient agencies to CERF, as well as the need to ensure availability of success stories for advocacy purposes by the CERF secretariat. The issue of the timeliness of UN agency disbursements to implementing partners was raised by NGO partners present. However, the Chief of CERF noted that the issue is a standing agenda item during the spring meeting of the Advisory Group, when full data analysis for a year's allocation is available.

15. The Advisory Group welcomed the briefing by the Chief of CERF on the use and management of the Fund through 2016 and reconfirmed the vital role of CERF for enabling effective, timely and life-saving humanitarian response worldwide. The Fund has a formidable track record in terms of speed, breadth of response and impact on saving lives worldwide over the last ten years.

16. The Advisory Group members welcomed the continued work toward further enhancing the transparency of CERF's allocations and stressed the importance of availability of real-time allocation information for public consumption. They welcomed the recent developments in relation to the methodology and process pertaining to the assessment of crises and the selection of countries for allocations through CERF's Underfunded Emergencies Window, pointing specifically to the transparent and evidence-based approach of the allocation model, its added value for external stakeholders and the additional donor outreach to complement the allocation. A member of the group referred to the methodology and related transparency as a significant contribution in and of itself by CERF to the humanitarian system as it helps create a common reference for assessing and comparing crises.

17. In response to the update on key policy issues, the Group expressed its particular appreciation for the work undertaken by the CERF secretariat in relation to the

communication of potential cases of fraudulent use of CERF funds and the finalization of Standard Operating Procedures (SOPs) for Handling Potential Fraud. The Group also expressed appreciation for the analysis of performance data from RC/HC reports on the use and impact of funds and encouraged the CERF secretariat to use results data in discussions with donors in order to better showcase CERF's achievements.

18. The group applauded the CERF secretariat's development and implementation of its Grant Management System and expressed appreciation about the system's contribution to further streamline CERF allocations processes and enhancing data analysis capabilities.

Administrative Matters

19. In the context of a 'greening of the UN', the Group suggested to abandon the practice of printing background documentation. For future Advisory Group meetings, background documents should only be printed for individual members upon their request.