

Appeal 2001-2002

 International Federation
of Red Cross and Red Crescent Societies

East Asia (Appeal 01.47/2001)

Click on programme title or figures to go to the text or budget

In CHF

1. Institutional and Resource Development	523,640
2. Regional Coordination and Management	854,731
Total	1,378,372



Introduction

Regional Context

The East Asia region covers a large geographical area and is one of the most populous regions in the world. It includes China (1.3 billion inhabitants), the Democratic People's Republic of Korea (22.5 million), Japan (125.4 million), Mongolia (2.5 million) and the Republic of Korea (45.3 million). The region is characterised by significant social, political, cultural and economic diversities and several language groups. It is also extremely prone to natural disasters such as floods, drought, earthquakes, volcanic eruptions, snowfall, typhoons and cyclones, which have important social and economic consequences.

Increasingly, linked economies are helping the process of regional integration: investments from Japan, the Republic of Korea (RoK) and Taiwan are important contributors to regional economic growth.

The historic meeting between the leaders of the two Koreas in June 2000 and the subsequent meetings with high level representatives marked the start of a process designed to promote future co-operation, support and contact on the Korean peninsula. Both regionally and internationally, this has been seen as an important step towards further reconciliation and an improvement of relations with other countries. Japan has announced a significant loans and humanitarian assistance package and the US Secretary of State concluded a visit to the DPRK. The Red Cross Societies in the two Koreas have been instrumental in leading the process of family reunions which started in August 2000.

Despite the above, there are still few signs of economic reform in the Democratic People's Republic of Korea (DPRK) where large parts of the population survive on international humanitarian aid. In addition,

drought and severe storm damage during the summer of 2000 looked set to produce an even greater food deficit than last year.

For Mongolia, the 1990s were characterised by a period of rapid transition from a command economy and communist rule to a market economy and democracy. Despite a growth in the economy and prosperity for some, one third of the population are living below the poverty line. Besides a series of natural disasters over the past two years including severe drought and extremely harsh winters, there has been a deterioration in the quality of public services due to lack of funding. Poverty is visible in the presence of street children, increased alcoholism and suicides, and growing crime.

China is currently going through a period of economic transition which is presenting many challenges to its leadership. Whilst China's pending membership of the World Trade Organisation is generally seen as positive, in the short and medium term this is likely to lead to an increase in unemployment.

Economic growth in China has occurred at the price of extreme environmental degradation, dramatically illustrated during the unprecedented floods in the Yangtze river basin in the summer of 1998. Damage to infrastructure, farmland and households as a result of recurrent flooding has reached macro-economic proportions in recent years. Households affected by floods several years in a row see their assets erode and become caught in a spiral of increasing poverty. The annual cycle of destructive, widespread flooding continued in 2000 but was not as catastrophic as in previous years.

Support received from Red Cross and Red Crescent Societies and donors within the region and other international donors, has enabled the International Federation to provide relief and rehabilitation support for Taiwan through the Taiwan Red Cross Organisation (TRCO) following the devastating earthquake of September 1999. Financial and management support to this operation is being provided by the Secretariat, the South East Asia Regional Finance Unit and PricewaterhouseCoopers in Taipei.

Vulnerability in the region is thus caused by a combination of regularly occurring natural disasters, economic deprivation and social exclusion. The diversity of the region is reflected in the National Societies in terms of their funding base, opportunities and capacities.

National Society Priorities and Priority Programmes for Federation Assistance

China

The Red Cross Society of China (RCSC) has an extensive nation-wide network of 153,000 grassroots volunteer groups. With almost 23 million members, it is the largest National Society in the world.

The Hong Kong and Macau Branches of the RCSC enjoy a special autonomous status. The RCSC Branch in Hong Kong plays an important role in providing disaster response support in China, as well as high quality social care, blood and youth programmes.

The RCSC has a special programme promoting exchange (both youth and information) across the Taiwan straits.

Democratic People's Republic of Korea (DPRK)

The Federation has been working closely with the DPRK Red Cross since 1995. The focus of support has moved from an initial emergency relief programme to the development and implementation of an integrated longer term programme covering health, disaster preparedness and response, and capacity building.

As an offshoot of the Movement's international support since 1995, the DPRK Red Cross is increasing and strengthening contacts with sister Red Cross and Red Crescent Societies and has provided delegates for international assignments. The role and activities of the DPRK Red Cross are included in its country assistance strategy.

Japan

The Japanese Red Cross Society is an important contributor of resources in the region. One of its initiatives is to establish a regional relief network to capture the knowledge, expertise and resources available within

the region. The Society also runs basic training courses, inviting participants from other National Societies in the region.

Mongolia

Since 1995, the Mongolian Red Cross Society (MRCS) has been undergoing important changes, backed by a series of development plans and initiatives commanding both bilateral support and support from the International Federation. The role and activities of the Mongolian Red Cross Society are presented in the country assistance strategy. In June 1999, the society hosted the annual meeting of Secretary Generals of Red Cross Societies in the region.

Republic of Korea

The RoK National Red Cross concentrates its activities on health and social services with particular emphasis on high quality blood services. It conducted a large scale mobilisation of resources in response to the crisis situation which developed in the DPRK in 1995.

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1. Institutional and Resource Development

Background and progress to date

China, a country with a population of 1.2 billion people, is affected by some 200 natural disasters every year, including earthquakes, floods, typhoons, cyclones, drought, mud slides, hailstorms and forest fires. For administrative purposes China is divided into 31 provinces, autonomous regions, and special municipalities.

The National Headquarters of the Red Cross Society of China (RCSC) is located in Beijing and has a full time staff of 75 people. The RCSC is organised into 31 provincial level Red Cross branches corresponding to the government administrative areas. Each of these is responsible for a number of prefecture and city branches. Within each prefecture or city there are a number of county level Red Cross branches. Below the county branches there are township and village level Red Cross branches. The total number of paid staff employed by the Society is approximately 3,500.

The RCSC headquarters incurs direct expenditure and transfers funds to the provincial branches. Provincial branches make direct payments to external suppliers and transfer funds to the prefecture branches. Funds are sometimes transferred down to county level although it is more usual for the prefecture or city level to do the purchasing and transfer goods to the county Red Cross. A transfer of funds to a lower level is recorded as a transfer in the accounts and the next level is responsible for the detailed accounting of those funds. A weakness with the current system of accounting is that no detailed accounts are produced for the RCSC as a whole: although financial statements are produced at headquarters, provincial and prefecture branch level, this information is not consolidated.

Most accounting at provincial and prefecture/city branch level uses manual accounting ledgers. There is little computerisation, but the record keeping is generally of a high standard. The headquarters has a computerised accounting system which works reasonably well but the information generated by the system, from a management and reporting perspective, is limited.

The RCSC receives funding from the Government for its full time staff in headquarters, provincial and prefecture branches. Relief activities are funded by a combination of government funds, internally raised donations, and external donor funding. The level of external funding increased significantly in 1998 following a huge flood disaster, increasing the need for specific donor reporting and highlighting the difficulties in producing a consolidated financial report.

The concept of this programme is to develop a financial module comprising computer hardware, software, training and support suitable for implementation in the provincial branches of the RCSC. Provincial branches will have the option of taking up this module, as part of a phased introduction emphasising the use of local resources.

Each province will have some flexibility to structure the system to meet their individual needs. It is not the intention that every province works to a uniform account coding structure, although there will be standard account groups which all provinces must follow, to ensure that financial reports can be consolidated.

This institutional and resource development programme will have three main features or components:

Development of a computerised accounting system.

Locally available “off-the-shelf” accounting packages will be tested and assessed for their suitability in the Red Cross context and one package will be selected as the recommended system for use by the provincial branches. Local commercial companies will be used for system implementation. Standard reporting formats will be developed for provincial reporting to the RCSC headquarters. Guidelines will be produced regarding standard account and project categories for use with the accounting software. To assist those branches which

will not have immediate access to the computerised system, a manual accounting format will also be developed.

Development of a mechanism for producing consolidated accounts

The consolidation of financial reports produced at the various levels of the RCSC will be performed in the headquarters finance department, using a spreadsheet based package which will be developed by the project team.

While it might be desirable to have a unified account and project code structure throughout the National Society, coupled with transmission of transaction data to headquarters, this is not considered to be the most appropriate solution in this case, for two reasons. Firstly, it would require a much bigger finance department than the headquarters can currently sustain. Secondly, it ignores the relative autonomy of the branches. The approach chosen allows flexibility in the system but at the same time gives the RCSC the means to produce consolidated financial reports for projects.

Training

The initial focus will be to train the accountants in each Red Cross provincial branch. Training topics will include project budgeting, classification of costs, preparation of financial statements, international donor requirements and donor reporting. Training materials will be developed to enable the provincial accountants to provide training to the city and prefecture levels of the RCSC structure. The importance of training non-financial managers of the National Society is also recognised. Training in financial management will be developed for the executive managers of the provincial branches and headquarters. Additional training will be provided to the headquarters' financial staff, particularly in relation to the preparation of consolidated financial statements for projects.

A Finance Development delegate spent 10 months in China in 1999 and another 4 months in 2000 working with the RCSC on the programme concept. Several Branch visits were made to gain a better understanding of the current systems and needs. Two workshops covering 29 provinces were held in 1999 and a quarterly financial reporting system and standard reporting format at provincial branch level have now been developed. A new Finance Development delegate was recruited to the position in June 2000.

Goal To strengthen the capacity of the RCSC in financial management and financial reporting through the installation of a software accounting package and training opportunities for financial and non financial managers.

Objectives and Activities Planned

Objective 1 To develop manual and computerised accounting systems for producing financial accounts in a standard format. The system will have the capacity to handle funds in excess of CHF 20 million and will be installed in 20 provincial branches.

Activities to achieve objective 1:

- Determine the information required from the financial system from statutory, management, and donor perspectives.
- Design standard accounting categories and project code structures.
- Develop standard financial reporting formats.
- Develop a manual accounting system for producing accounts in a standard format.
- Evaluate locally available computerised accounting packages for their suitability.
- Select a computerised package and potential suppliers.
- Set up a computerised system with the account and project structures developed and evaluate, using test data.
- Develop contracts with suppliers for implementation, training and a system support service.
- Establish criteria for selecting and prioritising implementation in provincial branches.

Objective 2 To develop a mechanism for consolidating provincial and headquarters financial reports.

Activities to achieve objective 2:

- Set up a spreadsheet based system in the RCSC headquarters for consolidating financial reports produced by provincial branches.
- Train headquarters' accounting staff to produce consolidated accounts.

Objective 3 To improve the skills of RCSC staff in financial management and reporting.

Activities to achieve objective 3:

- Develop training materials for the following courses: financial management for non-financial managers; financial and management accounting techniques for RCSC accountants.
- Conduct training workshops for headquarters and branch staff:
 - 35 provincial branch and headquarters finance staff
 - 150 prefecture branch finance staff
 - 35 non-financial managers.

Expected Results by end of 2002

Objective 1

- The National Society will have a standard accounting format for use in both the headquarters and the provincial branches. This will enable financial information to be presented in a form acceptable to external donors. It will also facilitate the process of consolidating information received from the branches.
- The provincial branches of the RCSC will have access to both a manual and computerised system of accounting. The system will have been tested by headquarters and Federation personnel for its suitability. A standard account and project structure will have been developed. The improved quality of the financial information generated by the system will facilitate the financial management of the National Society at both headquarters and branch level.

Objective 2

- At headquarters level, the RCSC will have the capacity to consolidate financial reports produced by the branches. This will enable it to report on a complete project, thereby strengthening its capacity to report on donor funds. Achievement of this objective will take the RCSC a step nearer to being able to produce a full set of consolidated accounts for the Society as a whole.

Objective 3

- The RCSC will have a team of financial staff with improved technical skills. The non-financial managers will have improved their financial skills, thereby enhancing the financial management of project funds. All staff trained will have had increased exposure to international accounting standards and the requirements of external donors. This will lead to improved donor reporting.

Indicators

Quantitative

- Number of financial staff trained.
- Number of non-financial managers trained.
- Geographical spread of the training, i.e. the number of provinces covered.
- Number of computer system implementations.

Qualitative

- Existence of standard reporting formats.
- Existence of an accounting system for provincial branches.
- Quality of financial reports produced by the system.
- Simplicity and user friendliness of the accounting package, measured partly by the number of calls for assistance to the system support service.
- Existence of a system for consolidating data.
- Quality of training.

Critical Assumptions

- The RCSC is committed to developing its financial system and provides adequate support for the programme.
- The Federation is able to generate sufficient financial and human resources to support and monitor the programme.
- The Finance Division of RCSC provides an accountant to work with the project manager in the project team.
- Suitable suppliers can be found to install the system.
- There is sufficient interest in computerisation within the provincial branches.

Monitoring and Evaluation Arrangements

Monitoring will be done by a full time project manager based in Beijing who will be the link between the RCSC and the supplier of the computer package. The manager will travel extensively to the branches, particularly those which have had the computerised system installed. The manager's work will be monitored by the Federation head of delegation and the Head of Finance Division in the RCSC headquarters. Additional guidance and monitoring will be provided by the Federation's Geneva Secretariat and the regional delegation in Kuala Lumpur.

Evaluation of the programme will be carried out in the following ways:

Financial System

An internal evaluation will be conducted by the project team after the first implementation of the system in a provincial branch. This first installation will be regarded as a pilot installation. It will be thoroughly monitored and evaluated before other installations are done. The focus of this process will be to assess: the quality of the system; whether the accounts structure is correct and appropriate; and whether adequate training and support has been provided. The performance of the supplier will be thoroughly evaluated at this time. Once the project manager is satisfied that any initial problems have been solved, a wider implementation of the system will take place.

Training

Feedback will be obtained from the participants of each training workshop. The project manager will assess the extent to which the training is being applied in the field during his/her visits to the provincial branches.

External Evaluation

An independent interim external evaluation will be conducted at the end of the first year of the project. A final evaluation will be conducted upon completion of the project.

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2. Coordination & Management

Background and progress to date

Regional Office

The signing of a Status Agreement between the International Federation and the Government of China in October 1999 facilitated the opening of the Regional Office in Beijing in February 2000.

The RCSC, supported by the regional office, hosted a Secretaries General meeting for the five National Societies in February 2000 to continue discussions on future regional co-operation and assistance.

With the closing of the Federation's representative position in Mongolia in December 1999, the regional office also manages support to the Mongolian Red Cross in accordance with existing development plans. It will do this through regular visits and the co-ordination of Federation human resources available within the region. The Beijing regional office will also continue to provide logistical support to the Federation delegation in Pyongyang.

The regional office is keen to further involve and incorporate the technical expertise and knowledge of the Red Cross Societies of Japan and the RoK into regional initiatives. In addition to the regional office's direct programme support to the RCSC, it is also ready to provide services and assistance to the national societies conducting bilateral co-operation programmes in China.

The regional office is well placed to serve as an information focal point for embassies, donors and international organisations, many of whom also cover Mongolia, China and DPRK from their regional offices in Beijing. It will be particularly important to increase contacts during any emergency situation within the region and to raise awareness of Red Cross priorities and activities.

The regional office will maintain and strengthen links and co-operation with the Regional Delegation in Bangkok particularly with the Regional Information, Health and Finance Units who already provide good support to Delegations and National Societies within the East Asia region.

The regional office is staffed with a head of regional office, a regional relief delegate and three members of staff on loan from the RCSC.

Support to the RCSC

With the opening of the regional office the Federation will be able to provide more long term and consistent support to the RCSC. A China Finance Development programme is presented in a separate document. Discussions are still ongoing on other projects and detailed programmes may be released in the coming year.

Among the areas for support currently under scrutiny is disaster preparedness and response. Given the annual occurrence of flooding and other natural disasters which have a major social and economic impact on vulnerable communities within China, the Red Cross provincial branches need to be involved in the identification of potential disasters and problem areas, programme planning and design in order to strengthen and increase the disaster preparedness capacity of the RCSC. Funding to establish a national disaster relief and preparedness information network linked to the internet by expanding an existing local network in the RCSC HQ in Beijing and to provide the necessary communications equipment to six regional disaster preparedness centres and provincial Red Cross branches is under consideration. During 2001, the RCSC plan to hold four regional DP seminars aimed at improving the knowledge of the core staff in its provincial branches. Training will include population movement issues, planning disaster response and updating participants on the rules and regulations of the RCSC within disaster operations.

Health and care is another area being considered. The RCSC has expressed an interest in further developing its health and first aid programmes with support from the Federation.

To further the society's Institutional Development and Resource Development capacity, training workshops will be held for the leadership of the RCSC headquarters and the provincial branches. The contents of these courses will be similar to those previously offered by the Henry Dunant Institute in Geneva and now being carried out in the region. They will include familiarisation with Federation policies, strategies and integrity issues. Further possible support in this area includes assistance with the translation of key Federation and Movement documents into Mandarin for the use of RCSC headquarters and provincial branches, and English language training for staff.

Goal To increase the level and quality of co-operation and support between National Societies in the East Asia region and the entire Asia and Pacific region.

Objectives and Activities Planned

Objective 1 To set up and manage regional programmes.

Activities to achieve objective 1:

- Continue developing the regional assistance strategy (RAS) for East Asia
- Monitor and implement the RAS through the establishment and strengthening of regional support networks and programmes
- In collaboration with the Ministry of Foreign Affairs of China, complete the establishment of the regional office, recruitment of staff and setting up of administrative and financial procedures.

Objective 2 To provide operational support to relief and development programmes in China, Mongolia and DPRK.

Activities to achieve objective 2:

- Continue working closely with the Mongolian Red Cross on the Mongolia snowfalls relief programme
- Provide technical and professional support for the implementation of the Mongolian country assistance strategy (CAS) and ongoing development programmes
- Co-ordinate support to Mongolia from the Red Cross/Red Crescent Movement
- Continue providing logistical support to the DPRK operation
- Provide ongoing operational support to RCSC relief operations
- Continue and increase support to RCSC development projects, currently emphasising disaster preparedness and response, finance and information technology.

Objective 3 To act as an information focal point for embassies, donors and other international organisations.

Activities to achieve Objective 3:

- Continue establishing contacts and liaising with embassies, donor agencies and international organisations in Beijing and provide them with up to date information on Red Cross activities and funding needs in the East Asia region.

Objective 4 To provide co-ordination services to East Asian National Societies, multilateral and bilateral donor societies and the ICRC.

Activities to achieve objective 4:

- Liaise with ICRC on support being provided in the East Asia region.
- Continue close contacts with the Regional Delegation for South East Asia, in particular with the Regional Information and Finance units.

Objective 5 To facilitate regional meetings and seminars and inter-regional co-operation and support.

Activities to achieve Objective 5:

- Organise a regional meeting for all five National Societies and interested participating National Societies in the first half of 2001
- Facilitate and organise a leadership training course for Red Cross senior management and governance in the Asia/Pacific region
- Facilitate and organise a regional fund-raising and revenue generation workshop in Beijing
- Facilitate and organise regional workshops and courses as required.

Expected results by 2002

- An increase in the extent and quality of regional co-operation
- All inclusive, high quality Country and Regional Assistance Strategies for 2001 - 2003 for the East Asia region will have been developed (CAS produced by the country delegation for DPRK), will have been discussed with the five East Asian National Societies and with bilateral, multilateral donors and ICRC and implementation will be under way.
- Appropriate and timely, management and technical support will have been provided to ongoing relief and development programmes in the East Asia region through initiatives started in 1999 - 2000 and identified in the CAS and RAS
- Increased co-operation with the RCSC will have been developed and identified projects will have been implemented, including the completion of the Finance Development project
- There will be increased understanding and awareness of Red Cross operations by embassies, and international organisations and increased support will have been received from donors
- Closer co-operation between other international organisations and the components of the Red Cross movement within the region will have been realised.

Indicators

- The existence of Country Assistance Strategies for Mongolia, China and DPRK and a Regional Assistance Strategy for East Asia
- Increased regional co-operation within East Asia and the region as a whole
- Implementation of high quality workshops and meetings in the East Asia region
- Memorandum of understanding negotiated and signed with the RCSC.

Critical Assumptions

- The acceptance of the role of the newly established Regional Office for East Asia by East Asian National Societies, participating National Societies and donors
- As a result of the above and the development of relations with partners and donors, support and funding is forthcoming for Red Cross activities in the region
- Continued co-operation with the Ministry of Foreign Affairs regarding the final establishment of the regional office and the recruitment of staff
- Identification of suitable delegates to carry out the activities of the regional office.

Monitoring and Evaluation Arrangements

Monitoring will be provided through the bi-annual reports of the regional office and other operational and regional reports and through regular feedback from East Asian National Societies, other Red Cross Societies providing bilateral support, other National Societies in the region and donors.

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DELEGATION: EAST ASIA			
PROGRAMME	IDRD	Coord. & mgt	TOTAL
Shelter & construction	0	0	0
Clothing & textiles	0	0	0
Food & seeds	0	0	0
Water	0	0	0
Medical & first aid	0	0	0
Teaching materials	0	0	0
Utensils & tools	0	0	0
Other relief supplies	0	0	0
Sub total supplies	0	0	0
Land & Buildings	0	0	0
Vehicles	0	0	0
Computers & telecom	47,500	900	48,400
Medical equipment	0	0	0
Other capital expenses	2,800	9,000	11,800
Sub total capital	50,300	9,900	60,200
Programme management	35,309	57,635	92,944
Technical services	10,570	17,253	27,822
Professional services	11,722	19,133	30,855
Sub total programme support	57,600	94,020	151,621
Transport & storage	0	9,900	9,900
Personnel (delegates & expatriates)	170,500	482,551	653,051
Personnel (local staff)	15,600	66,840	82,440
Sub total personnel	186,100	549,391	735,491
Travel & related expenses	31,600	39,600	71,200
Information expenses	0	6,000	6,000
Expert fees	0	13,200	13,200
Admin. - general expenses	116,040	132,720	248,760
Training workshops / seminars	82,000	0	82,000
Sub total travel, training, general exp.	229,640	191,520	421,160
Total budget	523,640	854,731	1,378,372