

ANNUAL REPORT



International Federation of Red Cross and Red Crescent Societies
Fédération internationale des Sociétés de la Croix-Rouge et du Croissant-Rouge
Federación Internacional de Sociedades de la Cruz Roja y de la Media Luna Roja
الاتحاد الدولي لجمعيات الصليب الأحمر والهلال الأحمر

DISASTER RELIEF EMERGENCY FUND (DREF)

Appeal No. 01.71/2002; Appeal target: CHF 10,000,000; Appeal coverage: 75.3%

Operational developments

The Federation Disaster Relief Emergency Fund is a critical disaster response tool established in 1985 and is part of the organisations overall centrally managed and coordinated disaster response capacity. The Fund has proved to be an invaluable tool to both national societies and delegations as it responded to operational funding requirements without delay. This being due to the fact that funding was guaranteed almost immediately after the disaster. Out of fifty two operations provided with DREF over a third were classified as major¹ disasters which is approximately the same proportion as that of the previous year. The DREF guidelines were revised as a result of the review² which took place in May 2002. Although the DREF process is not yet fully automated it has seen an increase in the rates of recovery. The DREF opening balance for the year 2002 was CHF 6,665,018 and closed at CHF 7,753,519.

Objectives, achievements, constraints

Objective

To make DREF a guaranteed line of credit for new emergencies.

Achievements

In the year 2002, DREF has managed to provide 52 operations (see annex 1) with immediate and prompt funding with the lag time for the transfer of funds being reduced immensely, relative to previous years. The appeal was over 75% covered (please see attached annex for list of contributions). Changes in the DREF procedures have been made in line with recommendations made in the review which took place in the second quarter of 2002. Nevertheless there is a need to further revise the guidelines in order to reflect the structural changes which have taken place at both Secretariat and Delegation levels. The fund was also increasingly successful in providing funds in the field at the shortest time possible.

Below is a global breakdown of operations, according to regions, which have been provided with DREF³:

¹ For purposes of this report minor disasters are classified as those for which no appeal has been launched.

² A copy of which can be provided upon request

³ Multiple allocation are mentioned only once and details of all allocations can be found in annex 1

<i>Region</i>	<i># of Allocations^a</i>	<i>Allocated CHF^b</i>	<i>% of total allocated^c</i>	<i>Reimbursed CHF^d</i>	<i>% of amount allocated^e</i>
Africa	20	1,883,750	41.15%	1,270,000	67.4%
MENA	5	535,000	11.75%	0	0%
Asia/Pacific	10	1,233,526	27%	1,113,103	90.24%
Europe	6	317,135	7%	224,313	70.73%
Americas	11	558,000	12.25%	159,836	28.64%

a) number of DREF allocations made in each region

b) total amount allocated to the region

c) percentage of amount allocated in relation to global amount of allocations

d) amount reimbursed by region

e) percentage reimbursed in relation to amount allocated regionally

The likelihood of the recovery of funds generally increased once operations started to receive contributions from the donors. However, it is worth noting that over one fifth of the operations were allocated with DREF in the last quarter of the year and therefore it was anticipated that reimbursements would not commence until the first quarter of 2003 - good donor response to their emergency appeals permitting. Certain DREF reimbursements had to be waived due to poor response to the appeal or heavy earmarking. It is a general trend that the less, financially, able national societies were seeking DREF - them also being the most which have had difficulty in reimbursing. In addition, operations which faced difficulty in reimbursing, the whole amount allocated, negotiated to reimburse in instalments - the amount paid back being proportional to the donations received. This ensured that the Fund did not run low thereby affecting subsequent operations.

Allocations for disaster preparedness have been kept to a minimum in the reporting year with only 3 allocations made - Southern Africa, Mozambique and PADRU. The total amount allocated to these operations was CHF 773,750. Of this amount CHF 330,000 has been reimbursed by the Southern Africa operation - the other two remain outstanding. Unlike reimbursements for other operations reimbursements for preparedness stock can only take place once the stock has been utilised.

DREF was also used for the purpose of carrying out assessment missions - particularly those for slow onset disasters or disasters for which no appeal was launched (minor disaster). Six such DREF allocations were made to Southern Africa, Angola, Ethiopia, Paraguay, Côte d'Ivoire and neighbouring countries, and Eritrea. It is worth noting that all these disasters are of a slow onset nature. The total amount allocated towards these operations is CHF 235,000 of which CHF 85,000 was reimbursed. The reason for this being donor response towards there appeals was, and remains to be, minimal.

Recovery of the allocated funds was not fully automated and operations were given leeway to reimburse. However an automatic transfer for reimbursement was made (by DMC) where reimbursement procedures were not being adhered. Operations were also requested to provide written requests, with explanations, as to why they require reimbursements to be waived. Generally, as a result, the Fund was more tightly monitored.

Constraints

The marketing of DREF needs to be further developed as the material on the Fund has been limited and closed in terms of circulation. The fully automated recovery system was not put in place as the practicalities of it need to be reviewed in light of the procedural changes within the Secretariat. Heavy earmarking of contributions made against appeals restricted operations from being able to effect repayments. Problems with reimbursing funds are faced particularly by operations which are classified as minor emergencies (as no appeal is launched) and forgotten disasters. Both types of disasters do not necessarily call for an appeal either due to their size or to the fact (in the case of

forgotten disasters) that the needs have not been identified and are awaiting assessment results. By nature of the fund being a non-earmarked credit facility financial reporting.

Conclusions

Donor interest and support will continue to be required to run and sustain the tool. Contributions towards DREF online have also received for the first time - although minimal it is hoped that it would be a more effective mechanism of feeding into the Fund. Having previously stated that heavy earmarking of donations poses a constraint for operations to reimburse there has been a slow but positive move from donors towards earmarking contributions for the sole purpose of reimbursing DREF - an initiative which has contributed towards keeping the DREF balance at a more or less stable level. Accountability needs to be further defined at both secretariat and field levels with the field being made more accountable for the reimbursement of the Fund. It has also been agreed within the DMC Division that DREF will be marketed through the larger DMC strategy to promote tools and activities. There was also an increased awareness as to the importance of reimbursing DREF promptly as a result of beneficiary⁴ adherence to the guidelines. Delegations and National Societies are more aware of the need to reimburse the Funds, knowing the implications it would have on subsequent operations. The DREF web page has been developed providing information for both internal and external users with information on allocations, procedures etc. Notifications have also been sent out on informing donors of allocations granted. A target level of 10 million is still to be met in order to meet the planned support of up to 15% on emergency appeals and to be able to respond, confidently, to the increasing number of applications. The Fund has been able to respond to all applications which fulfil the criteria for qualifying for DREF. Procedures will be revisited and will be issued in the first half of 2003.

For further details please contact: Amna Al-Ahmar, Phone : 41 22 730 4427 Fax: 41 22 733 03 95; email: amna.alahmar@ifrc.org

All International Federation Operations seek to adhere to the Code of Conduct and are committed to the Humanitarian Charter and Minimum Standards in Disaster Response (SPHERE Project) in delivering assistance to the most vulnerable.

For further information concerning Federation operations in this or other countries, please access the Federation website at <http://www.ifrc.org>.

⁴ Beneficiaries being national societies and International Federation delegations