



Disaster Relief Emergency Fund (DREF)

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1. Introduction

The International Federation's Disaster Relief Emergency Fund (DREF) was established in 1985, and forms one of the Federation's basic tools for disaster response, providing immediate financial support (loan) to start up emergency appeals, until donor contributions are received. It also provides immediate funding (grant) for smaller-scale emergencies when an emergency appeal is not required, as well as funding for preparedness activities for imminent crisis.

2. The Fund

- Ø The DREF is managed by the Federation's Secretariat Coordination and Programmes Division (CPD), Operations Support Department (OSD) with financial administrative support from the Senior Finance Officer, Disaster Management, Finance Department.
- Ø Support and contributions to DREF are sought through the equivalent of an Annual Appeal.
- Ø The target for DREF operating capacity or annual turnover is set at CHF 25 million with a minimum operating balance estimated at three months of the annual forecast allocations (as outlined in the DREF Annual Appeal).
- Ø The funds in the DREF not required for immediate use shall be invested in accordance with the Federation investment policies. The DREF shall be credited every six months with interest at an average rate for short-term CHF investments made by the Federation.
- Ø The DREF shall be included in the Federation annual financial statement as a fund administered by the Federation and shall be subject to audit.
- Ø The Senior Finance Officer, Disaster Management, Finance Department will provide financial reports to CP Division Managers on the status of the DREF.

3. Use of DREF

In the International Federation's Disaster Management Policy, relief is defined as:

The provision of assistance during or immediately after a disaster to meet the life preservation and basic subsistence needs of those people affected.

DREF allocations can be used:

- Ø as a loan to support operations for which an Emergency Appeal is being launched
- Ø as a grant to fund smaller-scale emergencies, referred to as DREF Operations
- Ø as a grant to fund disaster response preparedness activities for imminent crisis that can not be planned for in the annual programme
- Ø as a grant to fund the position of a DREF Officer

DREF allocations will not be provided to fund ongoing Annual Programmes.

The DREF allocation will not exceed CHF 1,000,000 per operation.

3.1 Eligible costs

Below is a list of actions by phase of the disaster response cycle and for which funding from the DREF may be requested:

Early warning, disaster response preparedness

- Mobilization and equipment of volunteers, including transport costs, per diems, visibility items
- Activation of community early warning procedures
- Evacuation of people at risk
- Preparation of shelters

- Pre-disaster assessment of capacity to respond to imminent crisis
- Activation and implementation of existing contingency plan
- Pre-positioning of relief supplies, logistics and human resource assets
- Provision and pre-positioning of additional resources, both human and material
- Communications (both telecommunications and media)

Emergency response

- Mobilization and equipment of volunteers, including transport costs, per diems, visibility items
- Mobilization and deployment of response teams, including National and Regional Disaster Response Team members or Field Assessment and Coordination Team
- Search and rescue and evacuation
- Needs assessment missions
- Procurement, transport and distribution of relief items
- Preparation and distribution of cash vouchers
- Home-based care kits for people living with HIV Aids
- Water purification or production of clean water
- Sanitation, including latrine construction and waste disposal
- Vector control
- First aid
- Immunization and vaccination campaigns
- Basic health care
- Mother and child health care
- Psychosocial support, for people affected and for responders
- Awareness raising, hygiene and epidemic sensitization campaigns
- Assistance to and registration of displaced people
- Restoring family links
- Protection activities in an emergency situation
- Information materials, radio or television campaigns
- Volunteer training for relief distributions or sensitization campaigns for the specific operation generating the DREF request
- Other National Society capacity building activities for the specific operation
- Travel and operational costs of National Society or Federation personnel as part of the relief operation
- Communication costs related to the relief operation, including emergency deployment costs for a media or communications delegate
- Monitoring and evaluation of relief operation (including beneficiary satisfaction surveys and lessons learned for volunteers and National Society staff)

Are not considered eligible:

- Any administrative costs of permanent staff and structures, either of the National Society or Federation offices already budgeted under the Federation Core Budget
- Any costs or activities already budgeted under ongoing/annual programmes
- Recovery or rehabilitation activities
- National level disaster management or capacity building training not related to the specific operation

National Societies procurement and stocks

In a DREF operation, if the National Society needs to carry out local procurement, national procurement procedures will be followed. DREF operations can be audited and donors expect transparency and respect of procedures. If the operation is covered by an Emergency Appeal, International Federation procurement procedures will be followed.

4. DREF Allocation requests process

4.1 When to request DREF

A National Society can request an allocation from DREF when it needs immediate financial support to prepare for an imminent or evolving disaster, or to respond to a sudden or slow-onset disaster.

4.2 Request Process

(See flowchart under Appendix I)

- 1) In the event of a disaster the National Society may request a financial support from DREF. The request will be made to the IFRC Representative – the Project Manager - either at Country, Regional or Zone level – depending on the IFRC structure in the region;
- 2) The Project Manager will communicate the request (verbally) to the DREF Zone Authorised Requester as stipulated in the Zone Standard Operating Procedures for DREF: each Zone has established a DREF Allocation Request Process with the Operations Coordinator (OCT Geneva) indicating the agreed steps and involvement of different actors at country/regional and zone level in the preparation of a DREF request.

Note: in some cases/regions the Project Manager and the DREF Zone Authorised Requester may be the same person;

- 3) To ensure speed in the processing of the DREF request and to alert Geneva that a DREF request is being made, the DREF Zone Authorised Requester will immediately inform the Operations Coordinator (OCT Geneva) by phone or SMS;
- 4) The verbal request will be followed up with a formal, completed and signed DREF Request for Allocation Form by the DREF Zone Authorised Requester. The request will be sent to the Operations Coordinator (OCT Geneva) and copied to Head of Zone / Deputy Head of Zone / DMU or Zone DMC / Zone PMER, Zone Finance .

Note: All requests should be submitted in Swiss Francs (CHF) value, rounded to the nearest CH Franc and cover the needs including PSR on expenses;

- 5) The Operations Coordinator (OCT Geneva) will review the request focusing on programme content, give his/her recommendations & comments and immediately submit to the Head of Operations Support Department;
- 6) The Head of Operations Support Department will review the request and ensure that the costs to be covered by DREF are eligible and in accordance with the Guidelines for Use of DREF. Once approved, the form is returned to the Operations Coordinator (OCT Geneva);
- 7) The Operations Coordinator (OCT Geneva) will ensure that the DREF allocation form is formally approved by the Deputy Director Disaster Management, and if required by CPD Director (request between CHF 150,001 and CHF 500,000) and Secretary General (requests above CHF 500,000);
- 8) Once approved the DREF allocation form shall be submitted to the Senior Finance Officer, Disaster Management, Finance Department, who will record the DREF and establish the Appeal Code, confirm the new project Code with the Zone Finance Unit, book the DREF allocation to the operation project and record the allocation as PEAR;
- 9) The Senior Finance Officer, Disaster Management will send a scan copy of the approved DREF form, with the new Appeal Code to: DREF Zone Authorised Requester, Project Manager, Head of Zone, Deputy Head of Zone, DMU or Zone DMC, Zone PMER, Zone Finance , Operations Coordinator (OCT Geneva), DREF Officer (OSD).

4.3 Non-Working Hours Process

During non-working hours DREF approval at all levels may be managed by phone, with a subsequent email message from the Operations Coordinator (OCT Geneva) or the Head of Operations Support Department confirming verbal approval and authorizing all subsequent actions. Physical signatures will follow the first next possible working day. The Standard wording for email message giving approval can be found under Annex II.

5. DREF reimbursements/replenishments

5.1 Emergency Appeals

- a) DREF allocated to an Emergency Appeal is considered as start-up funding for the operation until un-earmarked donor pledges (Appeal M-code) have been made in response to the Emergency Appeal. In these cases, DREF will be treated as a loan and not as income and will therefore not reflect on the Emergency Appeal Donor Response list.

- b) An automatic recovery of the full allocation, at month end closure of the financial accounts, of the DREF loan will be made for all Emergency Appeals which have received at least 150% of the value of the DREF loan in un-earmarked pledges.
- c) The Senior Finance Officer, Disaster Management will inform the project manager and zone office of the automatic recovery and proceed with the booking.
- d) For Emergency Appeals with coverage between 100% and 150% of the DREF loan value, the recovery will be at the discretion of the CP Division Director, based on Zone Office progress report and fundraising strategy of the Emergency Appeal.

5.2 DREF Operations

- a) DREF can also be allocated to smaller-scale emergencies, known as DREF Operations - that is where no Federation Appeal has been launched and DREF is the only funding of the operation. There will be no automatic recovery of DREF in these cases and the allocation will be treated as a grant.
- b) Donors wishing to donate to a DREF Operation will be invited to replenish DREF directly. In such cases the donor pledges will indicate that the pledge is for "Replenishment of DREF as per DREF Operation Mxxxxxxx" and be coded to the DREF project (G30500), signed by the Head of Operations Support. No donor funding may be allocated directly to DREF Operations as there is no Appeal.
- c) At the closing of the operation, confirmed by the Project Manager to the Zone Finance Unit, any DREF allocation balances left on the project will be returned to the DREF project.
- d) If the scale of the operation exceeds the initial estimation, the National Society may request a second allocation or launch an emergency appeal to cover the revised needs. When a DREF Operation becomes an Emergency Appeal, the reimbursement rules for Emergency Appeals apply (see above).
- e) When a DREF Operation becomes an Emergency Appeal, any pledges made by donors for the replenishment of DREF will be converted into contributions to the Emergency Appeal.

6. Pledges, Project Opening, Budgets and PEAR

6.1 Pledges

- Ø Pledges received in response to the DREF Appeal (MAA00010) will be signed off by the Head of Operations Support Department. As the contribution will go towards a Fund there can be no specific earmarking, nor specific reporting requirements;
- Ø When a pledge is received to replenish the fund for the allocation made to a DREF Operation, the DREF Officer will inform the Operations Coordinator (OCT Geneva), the Zone Offices and the DMU/Zone DMC so that they can inform the National Society, and take any follow-up action they see fit with the donor's representatives in the country. The pledge will be signed off by the Head of Operations Support Department and recorded to the DREF Appeal (MAA00010);
- Ø When a DREF Operation becomes an Emergency Appeal, the pledges for replenishment will be revised and recorded as a pledge to the Emergency Appeal. The DREF Officer will inform the Pledge Accountant (Finance Department Geneva) accordingly.

6.2 Project Opening

- Ø Once approved the DREF allocation form will act as a "request to open a project" and the Zone Finance Unit (ZFU) may go ahead and open a project code in the systems.

6.3 Budget

- Ø Requests made to support DREF Operations should be accompanied by a budget - based on eligible costs - outlining the use of the grant. This budget will be published with the DREF Operation bulletin as per format under Appendix 4.

6.4 **PEAR**

- Ø Approval of the DREF Allocation request will act as an automatic approval of a PEAR. The value of the expenditure ceiling, equivalent to the value of the DREF allocation, will be recorded in the financial systems by the Senior Finance Officer, Disaster Management, Finance Department.
- Ø For Emergency Appeal operations, any subsequent PEARS will be based on funding received for the operation. These revised PEARS will not include the DREF loan as part of the funding income plan.

7. Reporting of DREF

DREF will be reported in accordance with Standard Reporting Guidelines:

- Ø The DREF Fund is reported on through the standard Annual Appeal Programme Update.
- Ø DREF allocations to DREF Operations are reported on via a standard DREF Operation bulletin, Update and Final Report. A DREF Operation Bulletin must always be issued within 24 hours for a DREF allocation to DREF Operations.
- Ø DREF loans and their reimbursement will be indicated on Emergency Appeals and Operations Update. If and when DREF Operations turn into Emergency Appeals, the standard reporting for Emergency Appeals applies.
- Ø Non-compliance on DREF reporting can trigger recovery of the remaining funds

8. Abbreviations/Acronyms

Abbreviation	Meaning
DREF	Disaster Relief Emergency Fund
CPD / CP Division	Coordination and Programmes Division
OCT	Operations Coordination Team
OSD	Operations Support Department
ZFU	Zone Finance Unit
BuSy	Budgeting System
PEAR	Project Expenditure Approval Request
PMER	Planning, Monitoring, Evaluation & Reporting
DDDM	Deputy Director Disaster Management
(Z)DMU	(Zone) Disaster Management Unit
(Z)DMC	(Zone) Disaster Management Coordination

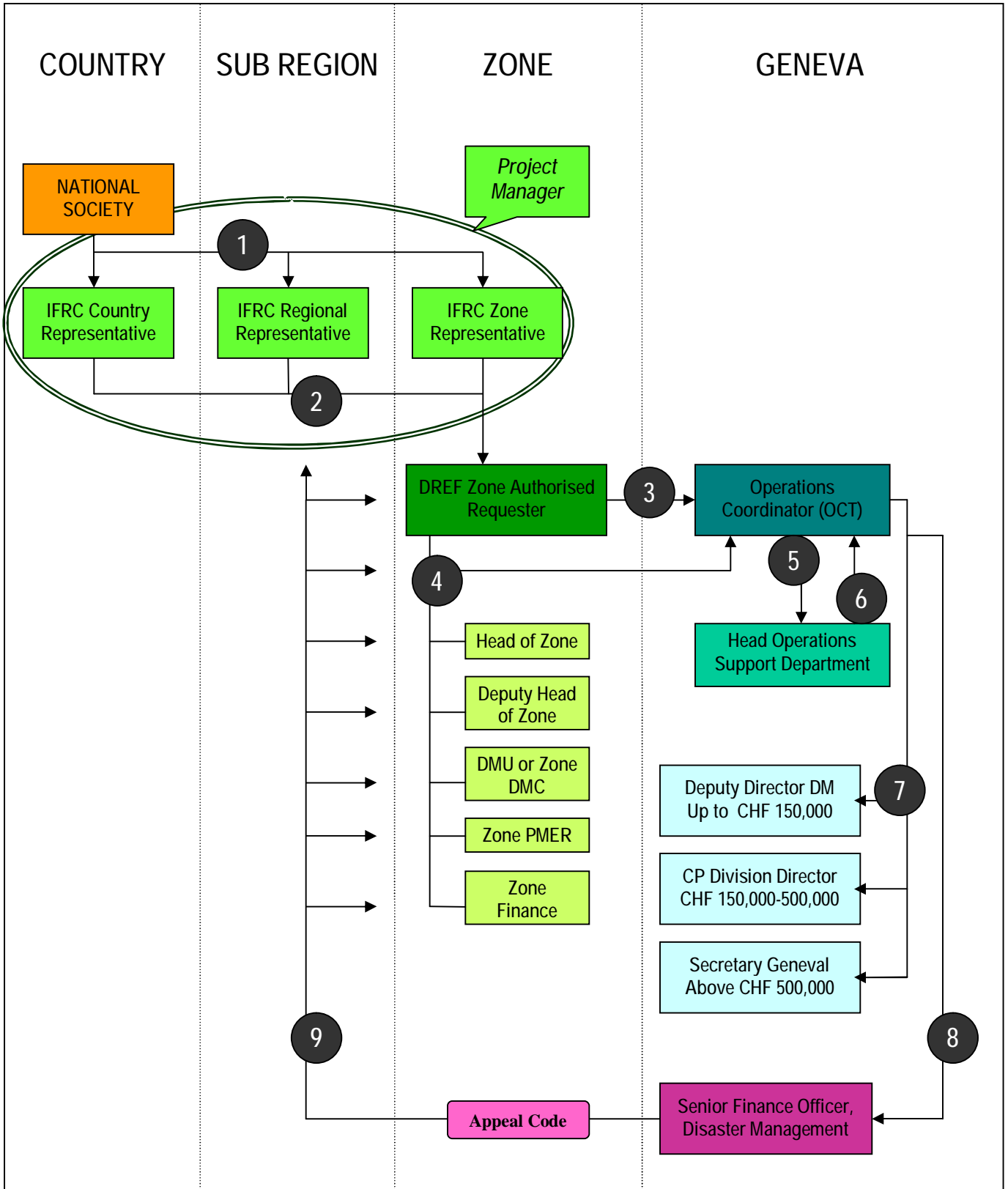
9. Related Documents

File Number	Name	Version
To be confirmed	Standard Reporting Guidelines	

10. Document Revision History

Version	Date	Details
1.00	14-July-2006	
2.00	25-June-2006	To reflect : Zone set up, DDDM Function, OCT Function, new Fund Target and new reporting requirements

Appendix 1: DREF Allocation Request – Process Flowchart



Appendix 2: DREF Approval – Non working hours standard message

The standard wording for the email message giving approval reads:

To: **DREF requester**

cc: Operations Coordinator/Head OSD (depending who sends the message), DREF officer, Senior Finance Officer Disaster Management, (DDDM/Director CPD/Secretary General - whoever gave the approval), HoZ, DHOZ, DMU (or ZDMC if DMU is not yet established) ZFU and ZPMER

Dear **(DREF requester)**

The DREF request for **(Country)** **(Type of disaster)** for CHF **(amount)** dated **(date)** has been reviewed and has received endorsement from the **(Head of OSD/Operations Coordinator)**. **(Email/telephone)** approval for this request has been given by **(DDDM/Director CPD/Secretary General)**.

On the next working day the request form will be signed and given to the Senior Finance Officer, Disaster Management, who will open the appeal code and send you the scanned copy of the DREF request approval.

This message gives you all necessary authorization to start implementing the operation as laid out in the DREF request.

Please ensure a DREF operation is issued within 24 hours of receiving the scanned copy of the DREF request approval.

Name

Title

No signature required

Appendix 3: DREF – Request for Allocation Form



DREF Allocation
Request Form dot

Appendix 4: DREF Operation – Budget Template



DREF Operation
Budget.xls

Appendix 5: Guidelines for the Use of the DREF



Guidelines for the
use of the DREF.doc