

Introduction to the Myanmar Red Cross Society's Emergency Management Fund



Overview

The Myanmar Red Cross Society's reputation has been strengthened by its swift and effective relief assistance to Cyclone Nargis-affected communities, with the support of the International Federation of Red Cross and Red Crescent Societies (IFRC) and partner National Societies.

Responding to the effects of Cyclone Nargis, the biggest disaster to strike the country in living memory, MRCS has learned many lessons and tried to reflect them in its policy documents and practices in order to improve its response to future disasters. One of the lessons learnt was that being in a disaster-prone country, it is crucial for the society to have its own funds to independently finance its activities related to preparing for and responding to disasters such as ensuring quick transportation and distribution of relief items, and replenishing them in a timely manner for effective responses in the future.

Learning from its experiences, MRCS decided to strengthen its Emergency Management Fund (EMF) (hereafter named "Fund") which was created in 2001. As such, discussions with main stakeholders took place in 2011 leading to the preparation of a concept paper and a related written agreement with the support of the IFRC country and zone office. The Fund has since been strengthened with the generous support of the Japanese Red Cross Society.

Fund description

The EMF has two separate bank accounts—a Capital Account for the fund's capital and an Interest Account for interest accruing. The money donated by partners will be considered as capital, whereas the interests generated from the Capital Account will be deposited into the Interest Account.

Monitoring and reporting

- In order to ensure transparency and accountability, both parties have agreed to an annual audit of both accounts by an external auditor with MRCS taking the lead in hiring the auditor. The cost of the audit will be charged to both the Capital and Interest accounts. MRCS will share the audit report with IFRC which will then publish its findings in IFRC Programme Updates and other relevant reports.
- The requirements for donor reporting on the Fund by MRCS will be met by providing necessary reports to IFRC. In this regard, MRCS shall submit to IFRC, monthly accounts of the EMF, as well as additional narrative reports on any use of funds with supporting documents approved by MRCS.
- IFRC shall keep donors regularly informed of movement and use of funds in both accounts through programme updates.

Front cover photo by MRCS:

Red Cross volunteers help with embankment strengthening efforts in preparation for Cyclone Giri in Oct 2010.

Management arrangements

MRCS and IFRC are both involved in the management of the Fund, and roles and responsibilities have been defined in the written agreement. MRCS has the lead role in Fund management and IFRC plays a supporting and monitoring role only.

It has been agreed that the money in the Capital Account will not be touched under any circumstances. The intended minimum ceiling of the Capital Account is CHF 500,000. Interest from the Capital Account will initially be accumulated until funds in the account reach the minimum ceiling. Once the CHF 500,000 minimum ceiling is reached, the account's annual interest will then be transferred to, and kept in the Interest Account. **Only the accumulated funds in the Interest Account will be used to finance small-scale disaster preparedness and response activities.**

"With the vision to be the leading community-based humanitarian organization throughout Myanmar, acting with and for the most vulnerable at all times, MRCS is working to alleviate human suffering. One of the main activities of MRCS is to assist people affected in times of disaster. For that purpose, MRCS with the help of IFRC, has strengthened its Emergency Management Fund which will make it possible for an immediate response to disasters. With the support of donors, the EMF will be a milestone in MRCS history and will improve its capacity to respond to the needs of affected people."

*Prof. Dr. Tha Hla Shwe, President,
Myanmar Red Cross Society*



Relief packages being transferred from strategically located warehouses to distribution points.

Photo: MRCS

Use of the Fund

The EMF can only be used in supporting the following types of activities:

- Replenishment of disaster preparedness stock.
- Deployment of rapid assessment teams as per MRCS Standard Operating Procedures for relief assistance for small-scale disasters.
- Pre-positioning of disaster preparedness stock in strategic warehouses and their distributions

Risk evaluation

The function of the EMF is based on the assumption that the current interest rate of the Myanmar Economic Bank remains unchanged. MRCS, with the assistance of IFRC, will actively engage with the bank to receive unchanged or favourable interest rates as specified by the Government.

The political and economic situation in the country may change as per developments, possibly affecting the management of the Fund. In this regard, MRCS with the assistance of IFRC, will seek the continued support of authorities through specific advocacy activities.

Conclusion

This Fund is to be activated mainly in small-scale, localized disaster situations during which MRCS does not seek any outside assistance such as the IFRC's Disaster Response Emergency Fund (DREF) or Emergency Appeal. For large-scale disaster responses and disaster preparedness stock replenishment for a larger number of affected families, MRCS will continue to seek the above-mentioned external support.

MRCS and IFRC therefore seek the support of partners to enable the minimum ceiling of CHF 500,000 to be reached.

"A well-prepared National Society needs a sustainable disaster preparedness system to quickly respond to natural and complex emergencies. The Emergency Management Fund will allow MRCS to respond immediately to the needs of communities affected by small-scale disasters without having to seek donor support. Interest accruing from the Fund will meet the costs of assessments, distributions and re-stocking of relief items, and in the process strengthen the society's decentralized decision-making structure. The EMF will therefore enable MRCS to extend its outreach to people in need."

Bernd Schell, IFRC Head of Delegation, Myanmar



MRCS stores relief packages in its warehouses situated in different parts of the country. Photo: MRCS

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