



# DISASTER RELIEF EMERGENCY FUND

STRATEGIC AMBITION 2021-2025

DECEMBER 2020



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# INTRODUCTION

The Disaster Relief Emergency Fund (DREF) was established by the International Federation of Red Cross and Red Crescent Societies (IFRC) in 1985 to provide immediate financial support to National Red Cross Red Crescent Societies, enabling them to carry out their unique role as first responders after a disaster. The DREF has grown significantly; from 2003 when 3 million Swiss francs were allocated and the IFRC dropped the obligation to pay back allocations if an Emergency Appeal was not launched, to 2010 when grants and loans together totaled 22.5 million Swiss francs to 2019 when the fund reached 30 million Swiss francs. One single number stands out as the DREF's greatest achievement – more than 200 million people have benefited from the fund's allocations to date.

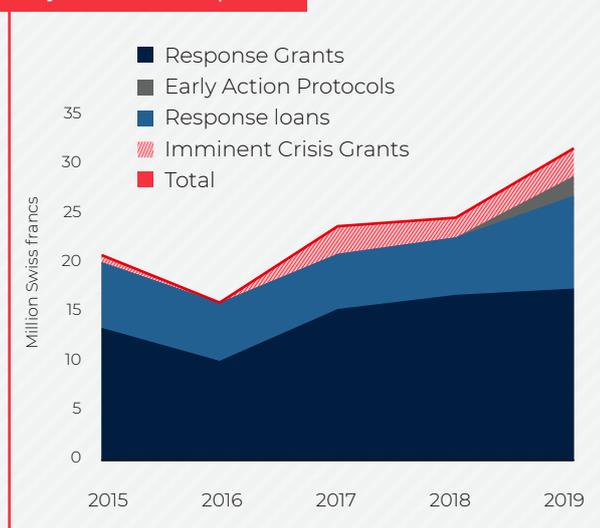
This strategic plan is the result of continuous dialogue with everyone who makes the IFRC Disaster Relief Emergency Fund (DREF) what it is today. The existence of the fund is based on the requirement to provide urgent financial support to National Red Cross and Red Crescent Societies for scaling up their response to assist communities handling emerging risks or effects of disasters and crisis. The IFRC is grateful for the insights, advice and direction given by National Societies and all partners who support the fund. Their guidance – and that of IFRC secretariat colleagues across the world – helps to ensure that DREF services will continue to grow and improve..

The strategic plan will be operationalized through the IFRC annual planning process and progress will be reported through standard IFRC annual reports.

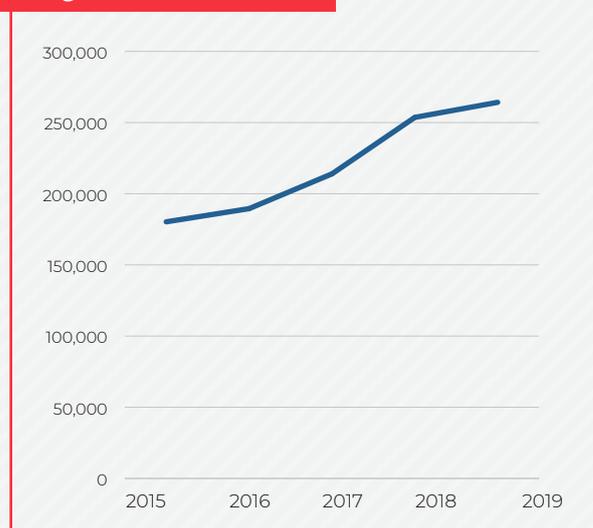
## CURRENT STATE OF THE DREF

The DREF is accessed by an average 75 National Societies for 100–120 events each year. With an increase in global migration, impact of climate change and expanding humanitarian needs, access to DREF has increased in previous years, a trend foreseen to continue. The amount of allocations to National Red Cross and Red Crescent Societies has been steadily increasing from some 16 million Swiss francs in 2016 to 32 million in 2019, exceeding the immediate target of 30 million Swiss francs set for 2020. The funds have been allocated for anticipatory action and response to imminent, small and larger disasters and crises through a combination of expert judgement when analysis is needed at the time of allocation and fully automated when skilled scientific forecasts of humanitarian impact exist. The range of situations addressed by National Societies through DREF resourcing is diverse and includes weather related disasters, earthquakes, volcanic eruptions, social unrest, forced migration and acts of violence. In addition to the overall increase, the amount that was allocated for anticipatory action or responding to imminent crisis has shown five times increase since 2015. This is mainly due to the establishment of the Forecast based Action by the DREF (FbA) in 2018, which provides funding to National Societies for pre-agreed early actions. While still relatively young, the FbA has demonstrated impressive speed and impact of anticipatory response when triggered in 2020.

Early Action vs. Response



Average allocation size (CHF)



Through recent years, the DREF maintained a healthy funding level, through contributions as well as thanks to an annual reserve carried over from year to year over many years. Since 2016 and the deliberate objective to grow the use of the DREF by National Societies, DREF annual allocations have been larger than contributions, therefore by the end of 2020 the DREF absorbed almost all its reserves. The DREF funding now has to be aligned to the needs of National Societies and scaled-up significantly.

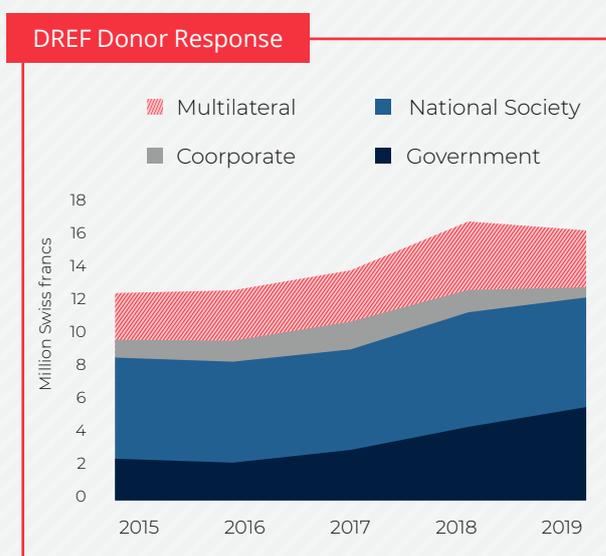
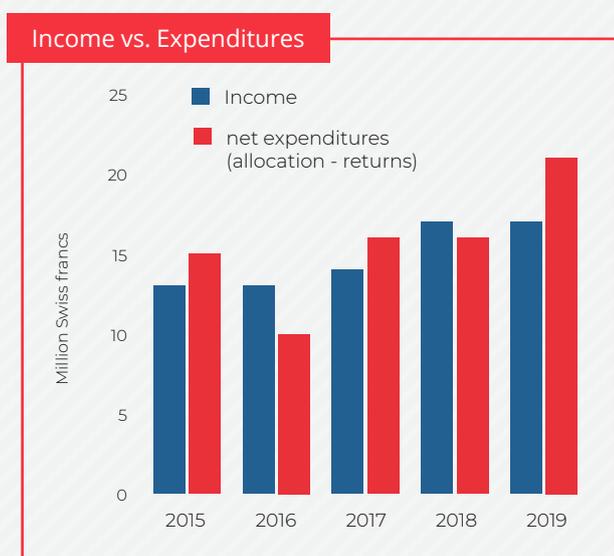
The donor base needs to be further diversified with a growing number and volume of consistent, annual contributions from Governments and institutional donors. It is important to open more towards the corporate sector to attract more funding.

The predictability of number and volume of operations and the consistent high quality of operations can make long-term partnerships with key donors possible. As long as integrity, transparency, trust and quality are kept intact, these partnerships can further grow in the coming years.

With the increase of use of DREF in the past years, a new fundraising strategy is required to meet the demands.

The corporate donor base consists of a combination of one-off contributors and longer-term partners, however, a potential for growth and maintenance of existing partnerships has been identified.

National Societies remain an important part of the donor base and has in many cases led to tripartite partnerships between National Societies, Governments and the IFRC DREF adding value for all partners.



Donor engagement is maintained through two annual donor events and the DREF Advisory Group. The group consists of eight National Societies, representing back-donors covering approximately 60–70 per cent of DREF income.

In 2018, the DREF introduced a dedicated capacity strengthening function to support existing IFRC secretariat efforts in identifying specific DREF learning needs within National Societies to improve their access and use of the DREF. The capacity strengthening, often a dynamic learning process using the National Society's recent experiences to address operational challenges, is done directly with National Societies following the IFRC Preparedness for Effective Response framework. As part of the capacity strengthening process available data from operational learning process is collected, systematized and jointly analyzed with the National Societies to identify gaps and opportunities. In 2019, dedicated capacity strengthening efforts represented only 1 per cent of the annual DREF allocations, including readiness costs of the Forecast-based Action.

Operations financed by the DREF live up to core standards and principles for Red Cross and Red Crescent humanitarian response. Gender-disaggregated data and Community Engagement and Accountability measures are standard elements of all DREF funded operations and the use of cash and voucher assistance is promoted to allow affected communities to decide how to address their needs.

The DREF is managed by a dedicated team counting two senior officers, two officers, two capacity strengthening delegates and one DREF delegate for Africa Region. The DREF delegate position embedded in the Regional Office for Africa has resulted in improved processing, monitoring and quality of operations launched by National Societies in Africa and is an example for further decentralization of the team. As a principle, costs of the administration team and coordination costs such as reviews, audits, material development etc. does not exceed 5 per cent of the annual DREF allocations.



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## OUR VISION FOR THE DREF

The IFRC Disaster Relief Emergency Fund is the preferred, simplest and fastest way for National Societies to access reliable international, short-term funding for community action in all kinds of disasters when needs exceed the resources available at national level. Growing needs of the communities affected and growing response capacity of National Societies is addressed through a significant scale-up of the use of DREF to anticipate and respond – before, during and after the impact.

## APPROACH

The IFRC holds a pool of funds available for National Societies to activate when needed. We manage the complexity of many small and larger allocations in a transparent, efficient and accountable way on behalf of the ones contributing to the DREF. We help National Societies access funds when needed and support their readiness through capacity strengthening and continuous learning.

# STRATEGY

The future direction for the DREF is defined through three strategic objectives. Each has clear rationale, targets and actions; however, the effects will be inter-related, and all objectives will contribute to meeting the overall vision.

## STRATEGIC OBJECTIVE 1: Enabling local action – enough funding as direct as possible

### PURPOSE

The DREF has successfully been able to meet the increasing needs of crisis affected communities and National Societies have shown increasing capacity to implement larger operations through the DREF. It is the ambition to continue growing the DREF based on the local needs and capacities. The DREF is considered a channel as direct as possible from financial source to recipient. It is the aim to remain the preferred source of International short-term emergency funding for National Societies.

### TARGET

Based on increasing needs and capacity and ambitions to address early action and protracted, slow onset and complex events better, the DREF aims to channel 100 million Swiss francs on an annual basis by 2025. It is intended to match this with the required fundraising of 75 million Swiss francs per year (accompanying loan recovery) through a diverse sourcing including a strong institutional/government donor base, strengthened corporate partnerships and exploring insurance and funding replica options.

### ACTIONS

- i)** establishment of a forward looking communications and advocacy strategy, tailored to different stakeholders (recipients, institutional partners, corporate etc)
- ii)** exploration of new funding streams including possible insurance and funding replica options
- iii)** alignment with Central Emergency Response Fund, the Start Fund and other mechanisms for clear, complementary end-to-end funding channels as direct as possible in line with Grand Bargain commitments.

## STRATEGIC OBJECTIVE 2: Saving more lives by anticipating crisis and acting earlier

### PURPOSE

Alongside DREF's tradition disaster response function, the Forecast-based Action by the DREF has ignited scale-up of anticipatory action taken by National Societies before the impact of an event to mitigate its effects. Expanding from mainly weather-related automatic allocations to epidemics, population movement and other types of risk would allow communities to take action, save lives and reduce need for post-disaster response.

### TARGET

The DREF aims at a continuous increase of the anticipatory action allocations for weather- and non-weather related events, automatic and through expert judgement, reaching at least 25 per cent of the total allocations by 2025.

### ACTIONS

- i)** review of the anticipatory actions funding needs and modalities, including the FbA by the DREF
- ii)** work with National Societies for continuous increase of number of Early Action Protocols and allocated amounts
- iii)** efforts for increased 'trigger-sharing' between organisations organizing FbF/ Anticipatory action
- iv)** systematic use of expert judgement for early action in situations where scientific forecasts cannot be produced.



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## STRATEGIC OBJECTIVE 3: increasing the value of DREF in protracted, slow onset and complex events

### PURPOSE

Evaluation of use of DREF in slow-onset or complex emergencies has shown potential for increased impact of allocations for such events. In some cases, the amount and magnitude of the action has been insignificant compared to the magnitude of the event, in some cases, it has not been possible to scale up according to growing needs.

### TARGET

The DREF is considered a reliable consistent way for National Societies to address short-term emergency needs and enable strategic planning for evolving or protracted situations requiring international financing.

### ACTIONS

- i)** cross-operational review of use and impact of DREF in social unrest and complex crisis events.
- ii)** consolidation and meta-analysis of learning from use of DREF in slow onset and protracted events.
- iii)** historical analysis on DREF as a funding tool and its implications for small emergency appeals.
- iv)** definition of consistent triggers for health emergency anticipatory action
- v)** development, use and sharing of triggers with other funds for drought, population movement and social unrest.

# ENABLING ACTIONS

Three enabling actions have been defined to foster change in the way the DREF operates in order to meet the strategic objectives.

## ENABLER 1: A lean, efficient fund

### PURPOSE

Growing complexity and reporting requirements make it more difficult for National Societies to access international funding. It is the ambition to streamline the request and allocation process so it is transparent and easy to understand by National Societies and IFRC secretariat.

### TARGET

One digital process to access funding before, during and after the impact of an emergency. A maximum of 5 per cent of the annual funding requirements is used on fund coordination, development and daily operation.

### ACTIONS

- i)** launch of a digital request process.
- ii)** merging of the DREF and the FbA request processes as one single way of accessing funds for National Societies.
- iii)** maintenance of a sustainable and agile DREF team, allowing multi-language processing of requests.

## ENABLER 2: Increased support to strengthening National Societies

### PURPOSE

Any effort to address risks and needs at community level requires a strong presence of a local actor and in the case of DREF a strong National Society. To act in a matter of hours after a forecast or a sudden event with a well-planned response addressing main humanitarian needs, resources are required to remain ready and improve response capacity and operational quality based on learning. An increased investment in the National Societies capacity and IFRC offices to do so is seen as an overall win for the DREF and its partners.

### TARGET

At least 5 per cent of the DREF annual allocations are destined for National Society capacity strengthening and readiness efforts (being coordinated through increased IFRC personnel at Regional Office level).

### ACTIONS

- i)** carry out capacity strengthening activities with National Societies to guarantee a better and easier access to the DREF
- ii)** conduct systematic lessons learned exercises for each operation and link those recommendations with the PER approach
- iii)** explore options to support readiness costs for response operations.
- iv)** promote and facilitate peer support for capacity strengthening between National Societies
- v)** sustain the learning and capacity strengthening function of the DREF team in Geneva and regions to adequately support National Societies.

## ENABLER 3: National Society ownership and trust

### PURPOSE

Once committed to the DREF, funding belongs to National Societies and should be activated as such. A shared ownership and accountability by all the National Societies accessing the fund is key. Once allocated, the level of earmarking of the funds should be enough to maintain the integrity and purpose of the funds, however as limited as required for National Societies to be the decision-makers on the ground. The decrease of earmarking must be matched by recipient National Society commitment to live up to high standards in Protection, Gender and Inclusion, Community Engagement and Accountability and Anti-fraud and Corruption.

### TARGET

A continuous high satisfaction level by National Societies. Financial earmarking limited to purpose of the allocation rather than account-level cost earmarking. No increase in level of fraud and corruption cases.

### ACTIONS

**i)** establishment of National Society feedback mechanism for constant monitoring of National Society perception and trust in the DREF.

**ii)** update of reporting formats to facilitate decrease in earmarking

**iii)** dedicated strengthening of National Society risk management and financial reporting capacity.

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## DREF TEAM SETUP

The dedicated team maintaining and developing the DREF will be organized to best support meeting the objectives and vision of the DREF in the coming years. The team structure and functions will be based on the following principles, keeping the set limit of maximum 5 per cent of the annual allocations used for administration and coordination (which is in addition to the capacity strengthening budget):

- processing capacity in English, French and Spanish
- a (at least) three-person review team to maintain 24/7 processing capacity for DREF and FbA submissions
- dedicated admin/data/accountability function
- dedicated finance staff to ensure quality, transparency and accountability
- dedicated communication and donor relations function
- minimum one dedicated DREF officer in all five IFRC Regional Offices – distribution of resources based on DREF activity per region and overall turnover of the DREF.
- dedicated capacity strengthening personnel
- annual stand-alone financial audit with a view to accountability.

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The International Federation of Red Cross and Red Crescent Societies (IFRC) is the world's largest humanitarian network, with 192 National Red Cross and Red Crescent Societies and around 14 million volunteers. Our volunteers are present in communities before, during and after a crisis or disaster. We work in the most hard to reach and complex settings in the world, saving lives and promoting human dignity. We support communities to become stronger and more resilient places where people can live safe and healthy lives, and have opportunities to thrive.

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