

## **Annex 2: Flexible Funds**

The flexible funds are aimed at securing rapid and efficient emergency relief to populations suffering from or endangered by humanitarian disasters. The flexible funds enable the organization to react swiftly and in a flexible manner to respond to grave natural disasters or exacerbation of conflict and displacement crisis, both through the deployment of personnel and through economic and material contributions. It is assumed that the strategic partner already has capacity present at the location, which can be brought to immediate use either directly or through an international and/or local partner.

In general, the following applies regarding utilization of funds:

- Allocation of flexible funds are to be in response to an immediate international or national appeal or similar concrete request for support in all DAC countries (i.e. not only MFA prioritized protracted crises).
- The allocation can be utilized to support emergency relief through the deployment of experts for the purposes of undertaking coordination or solving specific tasks, the deployment of special response units, the purchase and shipment of emergency items (goods and equipment), interventions applying vouchers or cash, financial or manpower contributions in response to appeals etc. through international or national partners, assistance for early recovery after disasters or crises as well as strengthening the international disaster preparedness. The grant may not be used for purchasing or shipping second-hand clothes or second-hand equipment.
- The deployment of experts can also be undertaken with the aim of an overall strengthening of the response capacity at international organisations or national members of international networks (UN, ICRC, IFRC etc.) as well as for participation in the leadership of cluster coordination.
- The flexible funds can to a limited degree be used for preparedness, including the prepositioning of emergency-related goods in local or regional warehouses as well as for the replenishment of these. Pre-positioning can only be undertaken following an international or national appeal or similar concrete request for support (e.g. from a multilateral or national partner). Without previous approval from the MFA a maximum of 20 pct. of the total allocation can be spent on preparedness, including pre-positioning.
- In case the flexible funds are needed for financing specific administrative functions and systems which are beyond the normal scope for administration of funds, the purpose must be described in the proposal for the annual consultations, with indication of the expected budget for such

tasks. This could include recruiting and training of experts, maintenance of necessary database systems, etc.

- Flexible funds may not be used with the aim of initiating longer-term interventions and the activities may thus not be dependent on subsequent follow-up interventions. The establishment of possible new longer-term interventions are discussed during the annual consultations.

Specific requirements for the management of flexible funds:

- To ensure a swift and flexible response to immediate crises, contributions of up to 10 pct. of the flexible funds (but with a maximum of DKK 3 million for a specific crisis) of the total flexible funds budget can be released by the organization without prior approval from the MFA. For strategic partners with a total budget for flexible funds of less than DKK 5 million, contributions of up to DKK 500,000 can be released without prior approval.
- “Contribution” is understood to be the total assistance for a specific crisis. A contribution can for example be released through several deployments of personnel over a period of time. Deployment of individuals with the aim of supporting the UN, ICRC, IFRC or international networks can always be undertaken without dispensation from the above mentioned 10 pct. rule.
- In relation to longer-term crises there may be a need for the release of larger or several contributions. This would warrant prior approval from the MFA
- The flexible funds cannot without prior approval from the MFA be used for the financing of activities in areas or programmes for which the organisation already has received funds from the MFA. This requirement for prior approval is, however, not applicable in relation to deployment of personnel to UN organisations, ICRC, IFRC, international networks and to the leadership of cluster coordination.

The following types of interventions must, if nothing else is agreed at the annual consultations, be presented to the MFA for approval before initiating:

- Support for building a general response capacity through the deployment of staff to undertake capacity building, development of systems and participation in coordination efforts, the pre-positioning and purchasing of equipment etc. for emergency responses, which are beyond an immediate intervention.
- Support to interventions that are not initiated on the basis of an international appeal or direct request from a multilateral or national partner.

The organization must ensure that emergency interventions financed from the flexible funds are assisting the intended beneficiaries and that the assistance to these is timely and efficient. The organization will, if necessary, closely monitor the implementation in the recipient country. The financing of financial monitoring will, as a main rule, be covered from the 7% administration feed of the overall partnership engagement. Any deviation from this requires a specific explanation for the special monitoring needs and will have to be presented to the MFA for prior approval.

#### Reporting to the MFA and the public

The organization is responsible for preparing and submitting the following information on the use of flexible funds for preparedness and immediate interventions:

- Immediate reporting (as soon as possible and no later than 3 days) to the MFA every time contributions from the flexible funds are released. The reporting is done by submitting the standard reporting form (Annex 14). In the case of regional contributions, the allocations per country must be specified.
- The requirement of immediate reporting is not applicable for contributions that only relate to deployment of personnel to support UN, ICRC, IFRC and the international networks. here the reporting should be on a quarterly basis. The reporting must include an overview of man months, distribution on countries and budget.
- The standard reporting form of each allocation serves as an updated overview of allocations made within the calendar year. In the reporting, any changes in earlier flexible funding allocations the same year must be included in the reporting form. Flexible funds carried over from the previous year should also appear from the form.

Furthermore, the organisations must on a recurrent basis inform the Danish public, i.e. on the organisation's homepage, in order to make the interventions visible to the public. In the information to the public it should be mentioned that the intervention is financed by the MFA. The MFA must be informed through the forwarding of a copy or link to press statements, etc. In connection with allocations above DKK 500.000 for immediate crises the MFA must always be informed prior to the public announcement in order to allow for possible coordination of press contacts can be discussed.