

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



**REVISED POLICY GUIDELINES AND PROCEDURES
FOR EMERGENCY RELIEF ASSISTANCE**

AGRICULTURE AND AGRO-INDUSTRY DEPARTMENT

December 2008

1. BANK GROUP EMERGENCY ASSISTANCE POLICY

Emergencies refer to unexpected events that result in major physical loss or damage, social and/or economic disruption, and human suffering. The notion of emergency entails the occurrence or imminence of conditions of socio-economic hardship of severe intensity affecting large sections of a country's population or area. Emergency situations involve disruption of normal livelihood and economic activity, destruction of property, housing and public services; breakdown of industrial, commercial and communications infrastructure; human displacement and loss of life. In such situations, traditional coping and self-support mechanisms within the community are often undermined and, for the duration of the phenomenon, the population is dependent on outside assistance, at least until a degree of normalcy is restored. Typically, emergency situations are characterized by the need for prompt remedial actions to save and protect lives, salvage property and minimize the destruction of basic infrastructure. The three principal types of emergency situations are:

- (i) *Natural disasters*: These are situations caused by natural phenomena such as droughts, earthquakes, floods, hurricanes, landslides, volcanoes, and crop pest invasions.
- (ii) *Accidents*: These are situations caused by inadvertent and unforeseeable events resulting in damage to public utilities, services and productive entities in RMCs (e.g. damage from fires, faulty structures, etc.)
- (iii) *Conflicts*: These are situations arising from wars, border disputes, civil strife or other political events that cause social and/or economic disruption and hardship.

1.1 Short-term Emergency Relief Assistance

1.1.1 Typically, emergency relief operations are of a short-term nature, lasting from a few weeks to a few months, and characterized by the need for prompt remedial actions to save and protect lives, salvage property and minimize the destruction of basic infrastructure. There are a number of national and international organizations, established specifically for providing emergency relief assistance. The African Development Bank (the "Bank") and the African Development Fund (the "Fund" collectively with the Bank, the "Bank Group") may play a supportive role in some situations, particularly when the livelihood of populations and the viability of development projects and programs are jeopardized. However, as has been clearly acknowledged, the Bank Group does not have a comparative advantage in the design and implementation of emergency relief operations. Thus, the design and delivery of Bank Group assistance for relief operations will be entrusted to the appropriate organizations operating in the field at the time (e.g. WFP, UNHCR), or an appropriate government agency or NGOs.

1.1.2 Bank Group emergency relief assistance will continue to be financed from the Special Relief Fund (SRF) established by the Board of Governors of the Bank in 1974 as a Special Fund. Amounts provided for any one operation in a given RMC will not exceed **USD 1,000,000**, in line with the provisions of the SRF. Applicable audit and administrative fees shall be part of this amount. The number of operations financed per country will be a maximum of two in any one year.

1.1.3 SRF resources are provided on grant terms, and all afflicted RMCs are generally eligible including countries under sanctions for arrears on Bank financing. Thus, the provisions of the Sanctions Policy would not apply with respect to the Bank's support for emergency relief operations.

1.2 Long-term Relief Assistance Operations

1.2.1 Rehabilitation and reconstruction operations are generally of a longer-term nature, aiming at repairing damage caused by natural or man-made disaster, with a view to restoring normalcy. They finance repairs and reconstruction of damaged infrastructure and equipments, and assist in the revival of economic activities and social services. Rehabilitation or reconstruction involves, for example, roads, bridges, water and sewerage systems, schools, hospitals, or industrial and agricultural complexes. The focus is to bring economic and social infrastructures back to pre-disaster levels. These operations would also include preparedness activities that enable a country to forestall or prepare itself to better withstand emergency situations.

1.2.2 Regular loans will be used, under the Bank Group's normal loan processing procedures and in accordance with standard operational policies and guidelines (including environmental considerations and Sanctions Policy) for the financing of rehabilitation and reconstruction operations. Supplementary loans can also be used to provide additional funding to protect, reconstruct or rehabilitate uncompleted components of projects under implementation, which are affected by disasters.

1.2.3 Furthermore, countries that are eligible for financing under the Bank Group Fragile States Facility (FSF) may also receive financing from that facility for eligible rehabilitation and reconstruction activities.

1.3 Conflict Prevention and Resolution

1.3.1 Conflicts and civil wars are a major cause of emergency situations in Africa. Conflicts arise, among others, due to the collapse of society's institutional processes for peaceful dialogue and resolution of problems. Ethnic, religious, cultural and regional factors have, in many cases, been the root cause of conflict.

1.3.2 Conflicts entail human suffering on a staggering scale. In addition to the loss of lives, conflicts create massive displacement and starvation, putting serious strains on the international capacity for emergency assistance. A no less important concern is the disruptive impact of conflicts on economic development prospects in Africa. As the continent's premier development finance provider, the Bank Group is concerned about this situation, and it is often approached for assistance in efforts for conflict resolution and prevention. In this regard, it should be noted that specialized regional organizations and in particular, the African Union Commission (AUC), have the lead responsibility in achieving and maintaining peace and political stability on the continent. The Bank Group can, however, play a significant supportive role.

1.3.3 One avenue open to the Bank Group to engage actively in peace building and conflict prevention, is to design and finance, in collaboration with other donor's, development projects and other activities that address the root causes of violent conflicts. The emphasis would be on economic growth and poverty reduction programs, with special focus and impact on vulnerable groups. Where tensions have not escalated into violence, the Bank may also engage in peace making through policy analysis and dialogue together with other stakeholders.

1.3.4 In post conflict situations, the Bank Group can play a significant role in institutional reforms and capacity building, to change past systems and structures that may have

contributed to creating economic and social inequities. Rebuilding the institutions and infrastructures of nations torn by civil war and strife is instrumental in building bonds of peaceful mutual benefit among groups formerly at conflict. To this end, the Bank Group, in close collaboration with other donors, will provide solutions to the arrears problems to enable resumption of normal Bank Group operations. Such solutions include arrears clearance programs under the FSF. Support can also be provided through technical assistance particularly for pre-investment studies, institutional strengthening and capacity building. Technical assistance activities are generally not subject to the Sanctions Policy of the Bank Group. In this regard, the role of planning and preparation for post conflict reconstruction through economic work and supervision missions will be significant. This will allow quick response by the Bank Group to post conflict rehabilitation and reconstruction needs of RMCs.

2. CRITERIA FOR BANK GROUP EMERGENCY ASSISTANCE

2.1 Bank Group emergency relief assistance, under the SRF, will be guided by criteria that clearly demonstrate the nature of the emergency as well as set out goals expected to be achieved through such assistance. In general, the following three criteria must be fulfilled to qualify for Bank Group assistance:

- (i) The emergency situation must be of a scale which is clearly beyond the capacity of the Country and its own agencies;
- (ii) Emergency relief assistance should be limited to cases where it is established that the proposed activities can be carried out expeditiously and effectively within the required time frame; and
- (iii) Such emergency relief assistance should aim at restoring a degree of normalcy in both the social and economic life of the populations as quickly as possible and may also be provided for the adoption of reasonable measures where disaster is imminent or after occurrence of a disaster, to prevent a recurrence of such disaster.

2.2 Rehabilitation and reconstruction operations are to be financed under regular Bank Group operations financing instruments. Such operations are subject to standard operational policies and guidelines, including the Sanctions Policy and country eligibility for financing. Technical assistance activities for conflict prevention and resolution may also be provided under the terms of the financing window or relevant fund.

3. PROCESSING OF EMERGENCY REQUESTS

3.1 Internal Processing: The Bank will start processing a request for a grant for emergency assistance upon receipt of a general appeal from United Nations (UN) Agencies to the international community or a request from the government of the country concerned ("Government"). **However, the Bank has to obtain Government's acknowledgement of a UN Appeal prior to Board presentation of the proposal.** Bank Group assistance from the SRF can be provided to any afflicted RMC. If the general appeal or the country's request to the Bank for assistance is considered for support, the FO in the country concerned shall appraise the situation, and it should consult and collaborate with the UN Humanitarian Coordinator in the country in the preparation of the proposal since the Bank does not have the expertise in implementing emergency operations. The FO, under the guidance of the Regional Director, will then prepare and process the Proposal for approval in collaboration with the respective Government and submit the proposal for approval. If the country has no Field Office, the Regional Director, may assign the responsibility to a neighbouring field office to carry out the responsibility. The Proposal will be based on the needs assessment undertaken by UN

agencies or by the concerned Government. The devolution of this responsibility to the FOs and Regional Departments will significantly reduce the delay in submission of data by the Government for report preparation. Resident Representatives may sign the Letter of Agreement (LA) and will follow-up on the submission of disbursement requests, implementation of the operations and submission of completion and audit reports by the Government or IAs. The processing schedule is attached as Annex 1.

3.2 Depending on the circumstances, a suitable IA will be selected from UN specialized agencies operating on the ground, competent Government institutions, or a credible duly registered NGO with a good track record of implementing emergency operations and with local knowledge of the affected population. Management's selection process will take into consideration adequate competence for the timely and effective delivery of the project objectives. Regional Directors together with FOs and ORPF, will assess the capacity of each country within their responsibility to implement emergency operations. Based on these assessments a list of such countries will be maintained and regularly updated by the FOs in consultation with ORPF.

3.3 Format of the Proposal: A draft Proposal will be prepared on the basis of the review of the information received. The Proposal will not exceed 5 pages, and will have the following structure (i) a simplified results base matrix (ii) introduction and justification for Bank support; (iii) overview of the appeal for emergency assistance; (iv) the emergency assistance operation, which treats the objective and description of the assistance, implementation arrangement, procurement, disbursement, implementation schedule, reporting, supervision and auditing; and (v) conclusions, recommendations and conditions for disbursement. The Proposal will be in one of the working languages of the Bank, used by the relevant RMC. It would be recalled that proposals for emergency assistance have been excluded from the requirement for submission for consideration in the two working languages of the Bank. Accordingly, such proposals are considered by the Board in one language. This process will be retained, given its efficiency. **But an ex-post translation of the Board Memorandum after Board approval will be undertaken for the Bank's records.**

3.4 Review of the Proposal: Once the Proposal is prepared by the FO, it will be circulated for review by a standing Review Team comprising the concerned Country Economist, and representatives of GECL, ORPF, FFCO and the concerned Sector Division Manager. The team will review and provide comments to the proposal within three (3) working days. Once the comments have been incorporated into the Proposal, it will be reviewed and cleared as appropriate, by the concerned Sector Director and Vice President for Board approval. The Sector Director will confirm with FFCO the availability of resources under the SRF before submitting the Proposal for clearance.

3.5 Amount of the Assistance: Currently, the assistance granted by the Bank is USD 500,000 per country for each emergency operation. With increased costs as well as the dire needs, it is advisable to revise upwards the maximum amount of SRF grants to US\$ 1,000,000 for any one operation in a given RMC. However, the grant amount for any emergency will depend, among others, on the balance of the SRF account and demand. The number of grants per country will be a maximum of two in any one year. Administrative fees charged by IAs are unavoidable and such related costs will be included in the grant amount. The Bank will, however, continue its efforts to negotiate lower administrative fees.

3.6 Approval of Requests: The current procedure for approval will be maintained, specifically; (i) submission of the proposal to the Board of Directors of the Bank on a lapse-of-time basis, and (ii) consideration of the proposal in one of the two working languages of

the Bank, thereby eliminating the need for translation. It is proposed, however, that the time for consideration of proposals on a lapse-of-time basis should not be more than three (3) working days, given the emergency situation.

3.7 A Tripartite Letter of Agreement (LA) will be concluded between the Bank, IA and beneficiary Government where the operation is to be implemented by a UN Agency. The LA will outline the terms and conditions of the Grant. Where the Grant is to be implemented by the beneficiary Government, the LA will be executed by only the Bank and the Government. The Resident Representative will sign the LA on behalf of the Bank immediately after the grant is approved. In order to expedite the process, GECL will prepare a standard LA, though noting the need for flexibility to accommodate the specific nature of each relief operation. A copy of the standard LA will be discussed with the recipient Government and the selected IA during appraisal and processing of the grant. Given that the LA will be signed by the Bank, the IA and the relevant Government, there would be no further need for a separate negotiation of an MOU between the Government and the IA or a separate agreement between the Bank and the Government. This improvement in the process will further reduce the processing time of grants. To further facilitate the process, GECL will conclude standing framework arrangements with the UN Agencies or other potential IAs to avoid protracted grant specific negotiations.

3.8 Procurement: The procurement of goods and services under the SRF will be in accordance with the Bank's Rules and Procedures. However, given the distinctive emergency nature of the operation, and the dependence on the procurement networks of the IA or the relevant Government agency, it is proposed that the restriction of procurement eligibility to member states of the Bank provided in Article 17(1)(d) of the Bank Agreement should no longer be applicable to emergency operations. Furthermore, given that emergency relief operations are not part of the ordinary operations of the Bank, the procurement restriction is not statutorily mandatory.

3.8.1 The above-mentioned proposal to discontinue the application of the procurement restriction to emergency operations will require an amendment of the General Regulations of the Special Relief Fund (the "SRF Regulations"). Article IX of the SRF Regulations expressly authorizes the Board of Directors of the Bank to approve amendments. Such amendments, however, would be submitted to the Board of Governors for review at the next Annual Meeting. The revised SRF Regulations is attached hereto.

3.9 Disbursement: The LA will become effective upon signature by authorized persons. However, disbursement will always be subject to the Bank's receipt of evidence that the relevant Government or IA has opened an account in an acceptable bank, for the deposit of proceeds of the emergency assistance grant. The grant may be disbursed in one or more tranches following the signature of the LA and submission of evidence of the opening of the bank account. Given the proposed procedures outlined above, the processes leading to signing of the LA and grant disbursement are much simplified and faster.

3.10 The request for disbursement shall first be reviewed by the FO concerned and sent to FFCO for disbursement. Upon disbursement of the funds, FFCO will send a copy of the SWIFT to the FO concerned, which shall in turn inform the recipient Government. Grants that are not disbursed within the period of time provided in the LA will be cancelled.

3.11 Audit: The submission of an audit report on the Bank's contribution is a requirement under the LA. Since UN agencies do not prepare separate audit reports for each institution, where a UN agency or similar IA is implementing the operation, the Bank would require a

written confirmation at the end of the operation from a senior official in the IA certifying that the IA has complied with the terms of the LA. The written confirmation has to be submitted within the relevant period provided in the LA. However, where the operation is implemented by a Government agency, a formal audit report would be required from the beneficiary Government within six months of full disbursement. The audit fee, not exceeding 1% of the grant amount, will be part of the grant amount.

3.12 Reporting to the Board: Management will submit to the Board of Directors a bi-annual report based on quarterly progress reports prepared by the FOs and Regional Departments. The report will provide the number of operations approved, the implementation and disbursement status, as well as the impact of each operation. In accordance with Section 8.1 of the General Regulations of the SRF, the Board of Directors will also submit an annual report of the operations under the SRF to the Board of Governors each year at the Annual Meeting.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

- a) Emergency relief assistance is to be funded solely from the Special Relief Fund (SRF);
- b) Implementation of emergency relief assistance in any RMC will be entrusted to a specialized agency operating in the country, a competent Government Institution or a credible registered NGO;
- c) Such assistance should not exceed USD 1,000,000 per operation, up to a maximum of two operations per country in any one year. Applicable audit and administrative fees shall be part of this amount;
- d) Emergency relief assistance will be in the form of grants;
- e) A waiver to the rule of origin shall apply for the procurement of goods and services as per the amended SRF Regulations;
- f) Processing of a grant will start immediately upon receipt of a general appeal from the UN Agencies to the international community or from the recipient Government;
- g) Review of Proposal will be by a Standing Review Team with a maximum review period of 3 working days before submission for approval;
- h) The approval of the grant will be by the Board of Directors on a lapse-of-time basis, within three (3) working days;
- i) A tripartite Letter of Agreement replaces the Protocol of Agreement and Memorandum of Understanding;
- j) Management will submit a report on implementation status of emergency operations every six months to the Board.

4.2. Recommendations

(a) In light of the foregoing, the Boards of Directors of the Bank and the Fund are invited to consider and approve the Revised Policy Guidelines and Procedures for Emergency Assistance.

(b) In addition, the Board of Directors of the Bank is invited to consider and approve the revised General Regulations of the Special Relief Fund, attached hereto.

**SCHEDULE OF PROCESSING EMERGENCY HUMANITARIAN ASSISTANCE
OPERATIONS**

<u>Activity</u>	<u>Time Required</u>
<u>Proposal Preparation</u>	
1. <u>Field Office</u> : Receipt of Government request or notification of general appeal up to preparation of Proposal	5 days
<i>Countries where there are no Field Offices: Upon receipt of Government request or notification of general appeal, the Country Director, in consultation with the Sector Director, shall assign the responsibility to a neighbouring field office</i>	(7 days)
2. Review of Proposal and submission of comments by a Review Team comprising GECL, FFCO, ORPF, Country Economist and concerned Sector Division	3 days
3. Incorporation of Review Team's comments in Proposal	1 day
<u>Approval of Grant</u>	
4. Clearance of Proposal by the concerned Sector Director and Vice President	2 days
5. The grant will be approved by the Boards of Directors on a lapse-of-time basis for proposed amount including applicable audit fees and administrative fees	3 days
6. Communication of Grant Approval to Recipient Government	1 day
7. Signature of Letter of Agreement between the Government and Resident Representative	4 days
8. Processing and disbursement of funds upon Entry into force of the grant and receipt of disbursement request	5 days

AFRICAN DEVELOPMENT BANK

CONFIDENTIAL



GENERAL REGULATIONS OF THE SPECIAL RELIEF FUND (Amendment 3)

Article I

Definitions

Wherever used in these Regulations, unless the context otherwise requires, the following terms shall have the following respective meanings:

- a) “Fund” shall mean the Special Relief Fund;
- b) “Bank” shall mean the African Development Bank;
- c) “Bank Agreement” shall mean the Agreement Establishing the Bank;
- d) “Unit of Account” shall mean the unit of account defined in Article 5(1) (b) of the Bank Agreement;
- e) “Board of Governors”, “Board of Directors”, and “President” shall mean respectively the Board of Governors, the Board of Directors, and the President of the Bank;
- f) “Beneficiary” shall mean any recipient of a grant from the Fund pursuant to an authorization of the Board of Directors
- g) “Member” shall mean a member state of the Bank;
- h) “Contributor” shall mean any State, Institution, Agency, or other entity or Person making or having made a contribution to the Fund.

Article II

Purpose

The purpose of the Fund is to mobilize special resources in order to assist the Bank in rendering assistance on a grant basis to:

- a) regional member countries affected by natural disasters, such as drought, desertification, famine, earthquakes, flood, environmental pollution, and infestation by locusts and other pests that constitute a major threat to agriculture and to human and animal health;
- b) institutions, whether national, sub-regional, or international, engaged in specific relief operations in member states upon the occurrence of one or more of the phenomena enumerated above;
- c) any other institution pursuing research in the fields of agriculture, human and animal health, demography and population control, macro-economic studies, plant preservation and development, and entomology whose research objectives are, in the opinion of the Board of Directors, likely to facilitate the Bank's objective of meeting the needs of regional member countries in these fields.

Article II

Contributors

Contributions to the Fund may be made by the Bank, members, non-member states, National agencies, international organizations, as well as any person or other entity; Public or private.

Article IV

Resources

4.1. The resources of the Fund shall be special resources of the Bank within the meaning of Article 8 of the Bank Agreement, and shall be governed by the provisions of the Bank Agreement prescribing the management and control of the Bank's special resources.

4.2. Subject to the provisions of paragraph 5.3. below, the Bank shall not receive or accept, for inclusion in the resources of the Fund, any contribution on terms that are inconsistent with the proposes of the Fund as set out in Article II herein, or which may not be paid to beneficiaries on a grant basis.

Article V

Payment and Investment of Contributions

5.1. Contributions shall be made in freely convertible currencies, in cash or in Notes, whether interest-bearing or non-interest-bearing.

5.2. A contributor may make a contribution on the condition that all or any part of such contribution shall be used only for one or more specified purpose among the purposes set out in Article II herein, provided that the Board of Directors shall specifically approve of such restrictive terms before such a contribution is accepted by the Bank.

5.3. Subject to the arrangements under which any particular contribution was received, the resources of the Fund may be freely used and exchanged by the Bank for any of the operations of the Fund and for the temporary investment of amounts not immediately needed for operations.

Article VI

Limitation of Liability

No contributor shall be liable, by reason of its contribution for any acts or obligations of the Bank or the Fund.

Article VII

Operations

7.1. Where grants are made by the Fund in respect of disasters, the Fund may provide financing for the adoption of reasonable measures such disaster is imminent. It may also, after the occurrence of a disaster, provide financing for reasonable measures designed to prevent a recurrence of such disaster, or it mitigate the effects of such recurrence.

7.2. Grants from the Fund may be used for the provision of short-term technical assistance.

7.3. Where, as in the case of grants to research institutions or continuing relief operations or programmes, subsequent or recurrent grants are required, the Board shall be furnished with a comprehensive report of the manner in which a previous grant or grant has been utilized.

7.4. Grants from the Fund shall be made by the authorization of the Board of Directors after the consideration of a written proposal by the President indicating the circumstances that justify the making of a grant and the amount proposed.

Article VIII

Miscellaneous Provisions

8.1. The Board of Directors shall submit an Annual Report of the operations of the Fund to the Board of Governors each year at its Annual Meeting. Such a Report shall include a list of beneficiaries of the Fund's operations during the year under review, and shall outline the Board's assessment of the efficacy of the Fund's intervention in each case.

8.2. Any contributor to the Fund may request a copy of the Report provided for in paragraph 8.1. herein.

8.3. The accounts of the Fund shall be kept in Units of Account.

8.4. The provisions of Article 17(1)(d) of the Bank Agreement, on procurement eligibility, shall not apply in the case of emergency operations.

8.5. Expenses of the Fund shall be charged as provided in Article 13(5) of the Bank Agreement.

Article IX

Amendments

9.1 These Regulations may be amended from time to time by the Board of Directors. Any such amendment shall be submitted to the Board of Governors for review at the Annual Meeting next following the adoption of the amendment.

Article x

Termination

10.1. The Fund may be terminated by the Board of Governors.

10.2. No distribution shall be made from the resources of the Fund to contributors eligible to the proceeds of a distribution until all liabilities to creditors payable there from have been satisfied.

10.3. No contributor, with the exception of the Bank and the African Development Fund, shall be entitled to the proceeds of a distribution upon the termination of the Fund.

10.4. In a distribution, the Bank and the African Development Fund shall participate pro rata on the basis of their respective cumulative contributions to the Fund. The proceeds of such distribution shall be credited to the respective general reserves of each institution.