

**MC/2335**

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**ESTABLISHMENT OF  
A MIGRATION EMERGENCY FUNDING MECHANISM**

## **ESTABLISHMENT OF A MIGRATION EMERGENCY FUNDING MECHANISM**

### **Introduction**

1. This document proposes the establishment of a Migration Emergency Funding Mechanism. The proposal has been discussed at meetings of the Working Group on Budget Reform, and includes various suggestions and modifications proposed by the Working Group. The document in its final form was endorsed by the Working Group at its most recent meeting on 27 September 2011. At this meeting it was agreed that the document should be submitted, along with the attached draft Council resolution (see annex), to the Standing Committee on Programmes and Finance for consideration at its meeting on 1 and 2 November 2011.

2. This document was presented at the informal consultations on Standing Committee matters on 20 October 2011, and revised to reflect changes to the draft Council resolution resulting from the discussions at that meeting. The revised document was submitted on 1 November 2011 to the Standing Committee on Programmes and Finance, which recommended that the document and draft resolution be submitted to the Council for approval and adoption in December 2011.

### **Background**

3. Recent major emergencies, such as the evacuation from Libya, the First and Second Gulf Wars and the crisis situations in Lebanon (2006), Côte d'Ivoire (2002, 2010–11) and Yemen (2010–11), have highlighted the need for a funding mechanism to facilitate IOM's rapid response and intervention. Owing to growth trends in international migration, there are now over 200 million migrants globally. As guests in a foreign country, these persons are vulnerable in times of crisis, often unable to access support networks or resources either from the host country or their country of origin. IOM is increasingly called upon to step into the breach and provide assistance to migrants who have nowhere else to turn. In most cases, these emergencies require an immediate response to assist people who spontaneously escape from difficult circumstances; however, the lack of available financial resources impedes a swift reaction by the Organization. In such circumstances, IOM has no option but to await financial commitments from donors in the early stages of an emergency when effective responses can save lives and property.

4. Conscious of the limitations of the Organization's Constitution and Financial Regulations, which authorize the Director General to incur obligations and make payments within the limits of available funding, in their deliberations on budget reform, the Member States have reviewed options to address funding for the core structure, and also considered the possibility of establishing an emergency funding mechanism to facilitate the Organization's response capacity in the light of recent emergencies.

5. Emanating from the budget reform discussions, this document proposes the establishment of a predictable and flexible internal funding mechanism that will facilitate quick access to funding in order to provide rapid assistance during emergencies. As a supplementary measure to ensure a rapid response and reduce the financial burden, IOM will strive to negotiate standby agreements with donors and private sector actors to allow immediate activation of evacuation capacity.

### **Objective and criteria for use**

6. The purpose of this funding mechanism is to reinforce IOM's operational and emergency response capacity by providing the Organization with funds to bridge the gap between the period when an emergency occurs and when donor funding is received. The aim is to enable early assessment of situations on the ground and very short response times for providing the initial required assistance.

7. The mechanism will be primarily used to cover the cost of international transport for migrants affected by emergencies. It will also cover any arrangements in the place of origin, departure, transit or arrival to prepare for or support their travel, including any necessary transport to the international departure point and other related out-of-pocket costs, as well as the staff and office capacity to support these activities.

### **Interrelationship with the United Nations Central Emergency Response Fund**

8. The United Nations Central Emergency Response Fund (UNCERF) provides funding to IOM for emergency humanitarian assistance. The UNCERF criteria do not exclude the use of funds for migration emergencies, and this Fund has enabled IOM to respond rapidly to emergencies occurring in many countries. In 2010, IOM received USD 26.3 million from UNCERF for use in locations such as Haiti, Pakistan, Chile, Sudan, Somalia and Ethiopia.

9. The decision-making mechanism of UNCERF relies upon the Inter-Agency Standing Committee (IASC) emergency response structure, which depends on the Humanitarian Coordinator/Resident Coordinator, United Nations Country Team and clusters in a specific country. Decisions are based on recommendations made at the country level, by experts within a specific country. When the crisis is confined to a single specific country, the decision process can work rapidly, ensuring the release of funds within a short period of time.

10. An international migration emergency is, in contrast, a multi-country undertaking. It requires the start-up of operations in several countries simultaneously in order to care for and transport thousands of vulnerable migrants. When moving migrants internationally, there are activities in countries of departure, transit and arrival, with the main expenditure being international transport, a cost not linked to a specific country. In the instance of Libya, IOM operated simultaneously in 16 countries in Europe, Africa and Asia, providing international transport to evacuate migrants to their countries of origin.

11. Although requiring operations in multiple countries, an international migration emergency is a single unified undertaking, and it must be managed and funded on that basis. The IASC/UNCERF funding delivery mechanism, with its reliance on country-specific structures and experts, is not adapted for use in such a global endeavour. In the instance of Libya, UNCERF funding was not provided for international transport. Although USD 1.8 million was provided for non-transport-related assistance confined to a single country, these constraints severely limited the contribution's value to the overall evacuation effort.

12. The proposed mechanism is intended to complement UNCERF by providing rapid funding in situations such as emergencies involving international migration, where the IASC/UNCERF delivery mechanism is not suited for use, or for rapid funds disbursement.

### **Interrelationship with donor funding mechanisms**

13. IOM receives generous funding from donor funding mechanisms, often embedded within departments or agencies of Member State governments. In 2010, donor contributions received for emergencies exceeded USD 300 million. While funding is sometimes provided rapidly, certain obstacles can interfere with the rapid disbursement of funds to IOM. Many donors rely on an appeal or request for funds from IOM before announcing any contribution. It may take several days before the magnitude of a crisis or disaster can be measured sufficiently to formulate an initial donor funding request. Furthermore, once a funding request is put forward by IOM, most donors have internal procedures to complete before a firm funding commitment can be made and the cash subsequently disbursed.

14. In the first few days of an emergency, it is not unusual for frequent adjustments to be made to the estimated scale of the crisis and to the initial donor funding request. IOM generally revises its projected funding needs several times in response to rapidly changing conditions on the ground. These modifications must be communicated to donors, who are then obliged to modify their initial funding commitments, a process that can also be time-consuming.

15. The proposed Migration Emergency Funding Mechanism is intended to bridge the gap between the start-up of emergency operations and the subsequent receipt of donor funding. It will complement, rather than substitute, existing funds both within and outside the Organization, focusing on assisting with emergency migration evacuations or movements for which other funds are not immediately available.

### **Funding of the mechanism**

16. The mechanism will be funded through voluntary contributions. It is intended to maintain a balance of USD 30 million, which represents 30 days of expenditures at approximately USD 1 million a day. This is a realistic rate of disbursement for operations requiring large-scale emergency migration evacuations, and is consistent with IOM's experience in Libya. While some donor contributions were received in less than 30 days, others took substantially longer; thus, 30 days is a reasonable average.

17. Funding for the mechanism will be sought broadly from the donor community, including Member States, the private sector, individual contributors and migrant countries of origin. Interest income accrued will be retained within the mechanism. Advances from the mechanism will normally be repaid as a first charge on donor funding towards the emergency for which the advance was made from the mechanism.

18. The funds will be governed in accordance with the Financial Regulations of the Organization, and will therefore be included in the annual audit of IOM's financial statements. Specific audits will not be required for each project funded through the mechanism. The mechanism will be under the overall management of the Department of Operations and Emergencies, which will ensure that all requests meet the objective and criteria for receiving funding under the mechanism. The authorization on the use of funds from the mechanism can be made only by the Director General or, in his absence, by a designated official.

### **Administration of the mechanism**

19. All requests for funds will be reviewed by the Department of Operations and Emergencies to ensure that their intended use meets the established objective and criteria. The request should clearly outline the purpose and objective of the intervention and include a budget to support the request. The request should normally be initiated by an IOM Field Office with front-line knowledge of the unfolding emergency. If the request comes from another source, then the validity of the appeal should be confirmed by an informed IOM Field presence. The request should seek immediate financing for core emergency needs related to international transport. Following a review of the request, the Department of Operations and Emergencies will make a recommendation to the Director General for his consideration and approval.

20. The approved funding for each intervention will be determined by the anticipated level of activity. As the mechanism is expected to serve as a facility to bridge the funding gap, advances from the mechanism will be repaid as a first charge on contributions to be received in order to maintain its balance. If donor funding is not received within one year, a charge will be made against the mechanism up to a maximum of the unrecoverable amount. Unspent amounts approved for a project will be returned to the mechanism and not channelled towards other initiatives.

21. Costs for the administration of the mechanism are expected to be minimal. The annual budget for the first year of operation will be USD 40,000 and will be covered from voluntary contributions. The details of the budget are as follows: (a) reporting – USD 24,000 (staff time and office costs to prepare/distribute reports); (b) monitoring – USD 8,000 (staff time and communications); and (c) donor outreach – USD 8,000 (staff time, communications, postage, office costs). The total staff time will not exceed 30 per cent of a full-time staff equivalent.

22. The Administration will prepare an annual report on the mechanism and its activities. This report will disclose the size and activity of the reserve fund; it will also feature a list of contributors and indicate the purposes for which the fund was used. The Administration will also report separately on the status of the mechanism in the annual financial report, highlighting all contributors.

### **Procedure for the establishment of the mechanism**

23. The Working Group on Budget Reform concluded that the mechanism could be established following the adoption of a resolution by the IOM Council. A draft resolution is attached as an annex to this paper.

## Annex

**RESOLUTION No. \_\_\_\_\_****ESTABLISHMENT OF A MIGRATION EMERGENCY FUNDING MECHANISM**

*The Council,*

*Having received and examined* document MC/2335 submitted by the Director General on the establishment of a Migration Emergency Funding Mechanism,

*Mindful* of the vulnerability of international migrants in times of crisis, and the need to respond rapidly with immediate life-saving assistance and evacuation,

*Recalling* the first activity of the IOM Strategy, to provide secure, reliable, flexible and cost-effective services for persons who require international migration assistance,

*Desiring* to reinforce the Organization's response capacity by providing funds to bridge the gap between the initial emergency response and receipt of donor funds,

*Complementing* the United Nations Central Emergency Response Fund and other funding mechanisms to provide rapid funding in emergencies involving international migration,

*Having considered* the comments and recommendations of the Standing Committee on Programmes and Finance (MC/2334),

*Resolves* that:

1. A Migration Emergency Funding Mechanism (the Mechanism) with an intended balance of USD 30 million is hereby established with the purpose of bridging the gap between the start-up of emergency operations and the subsequent receipt of donor funding, thereby being complementary to other existing emergency funds;
2. The Mechanism is to be funded from voluntary contributions on as broad a basis as possible, including from Member States, the private sector and individuals and any interest income accrued will be retained within the Mechanism;
3. The Director General is authorized to expend funds from this Mechanism to ensure a rapid response to an emergency involving migration, pending receipt of donor contributions for the said emergency;
4. The Director General will replenish the Mechanism upon receipt of donor contributions, and within the limits of funds allocated for the said emergency;

5. The Mechanism is governed by the Financial Regulations of the Organization, and will be subject to an annual audit by the Organization's External Auditors;
6. The Director General will submit an annual report on the Mechanism and its activities and possible requirements to the Council;
7. The Mechanism will be subject to evaluation every three years and the report will be presented to Member States for their consideration;
8. The administration of the Mechanism shall adhere to paragraphs 19 to 22 of MC/2335.