



MINISTRY OF FINANCE
Government of Tonga

Treasury Instructions

National Emergency Fund

Access to information

Government

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Content

Guideline for the National Emergency Fund (NEF)

Applicable to

Chief Executive Officers and staff of all Ministries,
Departments, and Agencies (MDAs)

Issuer

Hon. Minister of Finance
Ministry of Finance

Government of Tonga

Ministry of Finance

and

Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate
Change and Communications (MEIDECC)

Guideline for the National Emergency Fund

March 2023

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PART I: INTRODUCTION TO THE GUIDELINE

1. Objective of the Guideline

The objective of this guideline is to support the effective, efficient, and accountable use of the National Emergency Fund (NEF). To achieve this, it provides guidance on the access to the NEF, eligibility of entities and emergency activities for funding under the NEF, a new application and screening process, and additional implementation progress reporting to increase transparency on the use of NEF funds. The accountable use of NEF funds is also a pre-condition to mobilize additional resources for emergency management in the future.

2. Definitions

“Early action” means activities that organizations implement in response to a forecast or early warning, before a disaster has occurred, in order to reduce the impact of the predicted event.

“Emergency” means an event, actual or imminent, which endangers or threatens to endanger life, property or the environment and which requires a significant and coordinated response (Emergency Fund Act 2008, Section 2).

“Event” means any of the following — (a) a cyclone, earthquake, storm, storm surge, tornado, tsunami, volcanic eruption or other natural happening; (b) an explosion or fire, a chemical, fuel or oil spill, or a gas leak; (c) an infestation, plague or epidemic; (d) a public health emergency; (e) a failure of an essential service or infrastructure; (f) a terrorist attack against the Kingdom; or (g) any other event similar to an event referred to in paragraphs (a) to (f) (Emergency Fund Act 2008, Section 2).

“NEF” means the National Emergency Fund established by the Emergency Fund Act 2008. The NEF was established in 2009 to provide a funding source for MDAs to carry out timely and efficient relief and reconstruction activities in any emergency (Section 5 of the Emergency Fund Act). It aims to minimize the need for MDAs to reallocate funds from planned budget activities.

“Ministries, Departments and Agencies (MDAs)” means all government entities that have a vote in the national budget appropriation.

“Retroactive application” means an application for the use of the NEF for activities already started or completed prior to the submission of the application.

3. Review of the Guideline

The Guideline shall be maintained up to date.

PART II: PURPOSE AND USE OF THE NEF

4. Purpose of the NEF

As per Section 5 (1) of the Emergency Fund Act, the NEF shall be used exclusively for the purpose of providing timely and efficient relief and reconstruction in any emergency. This includes early action to support efficient and timely relief from a likely emergency that can be predicted with sufficient certainty (including by reducing damages and losses to life and property where feasible). Early action includes, for example, activities right before the expected landfall of a tropical cyclone or extreme weather event, activities to mitigate the impact of a drought or to control the spread of a communicable disease, as experienced during the recent COVID-19 pandemic.

The NEF does not replace MDAs' responsibility to plan, budget, and implement activities in the areas of ex-ante climate resilience and disaster risk management, in line with the Government's legal, policy and planning frameworks relating to disaster risk management and climate change.

5. Eligible Entities

Only MDAs are eligible to apply for financing from the NEF. All applications must be made by the responsible MDA overseeing the sector and submitted through the respective cluster. A list of clusters, including cluster leads and members, is in Annex 2.

Any involvement of public enterprises, non-government organizations, or other entities in the delivery of emergency activities must follow public procurement, grant-making, and other public financial management provisions under the Public Finance Management Act 2002 and its amendments and subordinate legislation (including Treasury Instructions and Procurement Regulations).

6. Access to the NEF

For early action, the issuance of an official warning is required. This can either be a warning issued by the Tonga Meteorological Services (TMS) in the case of a likely weather-related event, such as a cyclone or a drought, or a Situation Report issued by the National Emergency Management Office stating eligibility for the use of the NEF.

Access to the NEF for emergency response activities requires the declaration of a state of emergency under the Emergency Management Act 2007. In the case of events for which no official state of emergency declaration is issued but which require a response, a Situation Report issued by the National Emergency Management Office (NEMO) that stipulates the eligibility for use of the NEF is required. In the case of a public health emergency, an order declaring the emergency under the Public Health Act is required for accessing the NEF.

Following the end of a State of Emergency, applications for the use of NEF funds can only be submitted for a period of six (6) months. Restrictions for the retroactive application for the use of the NEF, apply (Section 7 below).

7. Retroactive Application for the Use of the NEF

Retroactive application for the use of the NEF, i.e., an application for funding after the implementation of an activity has started, is restricted to activities started or carried out during the initial state of emergency period of 28 days set out in the Emergency Management Act 2007. In the case of a small-scale event, for which no state of emergency is declared, the eligibility period for activities that qualify for retroactive application is also 28 days following the issuance of a Situation Report by NEMO stating eligibility to use the NEF. For early action, retroactive application can be done for activities initiated during the period the warning is active. Retroactive applications will follow the same screening and approval processes set out in Part III below.

After this period, the application for the use of the NEF must be approved prior to the commencement of activities. To avoid delays in the implementation of activities, MDAs' timely planning and submission of applications for the use of the NEF is critical to allow for the screening and approval processes to take place.

8. Eligible Activities and Expenses

To enable flexibility and responsiveness to unforeseen emergency events that vary in the type of damages and losses they can cause, there is no limitation in the type of activities or expenses for which the NEF can be used as long as these conform to the purpose and conditions for the use of the NEF set out in this Guideline. To ensure this is the case, an application and screening process is established under Part III below.

To enable the faster screening of applications, a list of typical emergency activities for which the NEF can be used is included in Annex 3. For activities not included in this list, a more detailed justification must be provided in the application form in Annex 4.

Further information to be provided as part of the application form must include (i) a clear articulation of the emergency's impact on the specific sector, (ii) a justification of the appropriateness of the proposed interventions to the emergency at hand, including suitability of the requesting MDA and recipients, (iii) a summary performance framework with clear timeline for implementation, (iv) any identified risks and mitigation measures, (v) a confirmation that there is no duplication of efforts, and (vi) a confirmation that the activity to be funded from the NEF is not being financed by other sources (for example, development partners).

Other requirements set out in legislation, including for safeguarding against environmental and social risks, apply to activities funded under the NEF. Restrictions for specific types of expenses set out in legislation, Treasury Instructions (for example on the provision of grants), and Cabinet Decisions (for example on the use of overtime) also apply to the use of the NEF.

9. Prioritization of Activities for Funding from the NEF

Given limited resources available in the NEF vis-à-vis frequent emergency events each associated with substantial needs, the following prioritization for the use of the NEF will be applied:

- (i) Priority 1: Early action and immediate relief activities carried out during the initial period for which a state of emergency is declared or official warning is issued.

- (ii) Priority 2: Other activities that are identified as priorities in a response plan and:
 - a. are urgent in nature, i.e., a delay in implementation would have significant negative consequences,
 - b. are unforeseen, e.g., were not already a need in the last corporate planning and budgeting process, and
 - c. cannot be funded from MDAs' budget allocations or other revenue sources available to MDAs without a measurable negative impact on basic service delivery and critical development activities.

- (iii) No priority: All other activities.

10. Minimum Balance in the NEF to Fund Consecutive Emergencies within a Funding Cycle¹

To ensure the NEF's ability to provide financing for urgent and unforeseen expenses related to a subsequent emergency event within the same fiscal year, the NEF shall maintain a minimum balance of at least \$500,000 Pa'anga in between funding cycles or in-year balance top-ups. For example, successive tropical cyclones may hit Tonga in the second and third quarter, in which case the balance of at least \$500,000 Pa'anga maintained after the first cyclone can fund activities in relation to the second cyclone.

An exception is a situation where more than one emergency event happens within a fiscal year prior to the replenishment of the NEF, in which case the resources below the minimum fund balance can be used for the subsequent emergency event(s).

The Treasury Division of the Ministry of Finance is responsible for monitoring the balance of the NEF.

PART III: PROCESS TO ACCESS THE NEF

11. Process to Access the NEF

The process to access the NEF comprises the following steps:

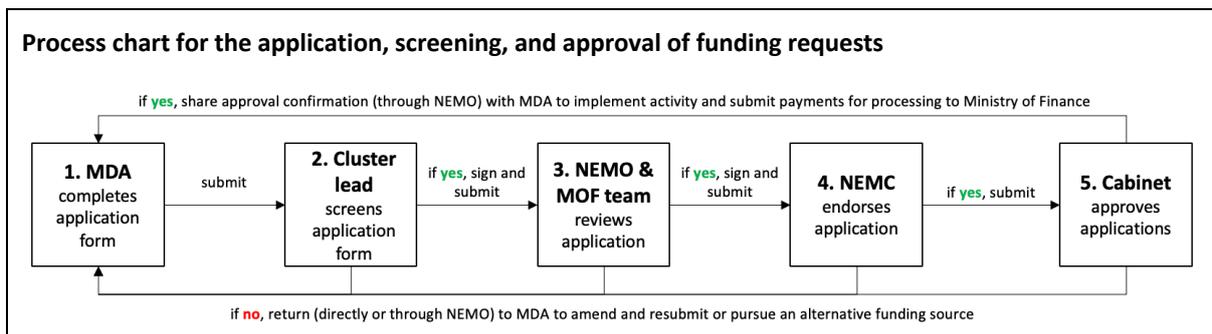
- (i) MDAs must complete an application form using the template set out in Annex 4 of this Guideline. Once completed, the MDA submits the form to the respective cluster lead.

- (ii) Cluster lead screens the application and (a) if it is complete and a cluster priority, signs and submits it individually or together with other MDA applications to NEMO, or (b) if incomplete and/or not a cluster priority, returns it to the submitting MDA to amend and resubmit or pursue an alternative funding source.

¹ This is not related to the funding of the NEF, which is stipulated in the Emergency Fund Act 2008 (Section 4 – Fund to be appropriated).

- (iii) A team comprising the Director of NEMO (or a staff member assigned by the Director) and the Head of the Treasury Division of the Ministry of Finance (or a staff member assigned by the Head) reviews the application form. If the application (a) is complete, (b) complies with the criteria set out in this Guideline and any other requirements set out in the regulatory framework (such as the Treasury Instructions and Cabinet decisions), (c) is an emergency priority, and (d) sufficient resources are available in the Fund, the team signs and submits the form to the National Emergency Management Committee (NEMC). If the application does not comply with one or more of the points (a) to (d), the team returns the form to the submitting MDA to amend and resubmit or pursue an alternative funding source.
- (iv) The NEMC endorses the application in its next meeting (scheduled or extraordinary) and (a) if considered a priority, approves the application and submits it for endorsement to the Cabinet, or (b) if not considered a priority, returns the form, through NEMO, to the submitting MDA to amend and resubmit or pursue an alternative funding source.
- (v) The Cabinet in its next meeting either (a) approves the application(s) endorsed by the NEMC or (b) returns the application(s), through NEMO, to the submitting MDA(s) to amend and resubmit or pursue an alternative funding source.
- (vi) The MDA implements the activity, in line with the application approved by Cabinet.

An application returned to the MDA at any stage of the application process will need to be restarted at step (i).



PART IV: PAYMENT PROCESSING AND ACCOUNTABILITY

12. Payment Processing

The MDA must submit all required supporting documentation via savingram for processing to the Treasury Division of the Ministry of Finance and subsequent authorization of expenditure from the NEF through the Minister of Finance, as per Section 5 (2) of the Emergency Fund Act 2008. The MDA is responsible to ensure full compliance to all related policies related to payment, including Treasury Instructions and Public Procurement Regulations.

All payment requests must be received by the Treasury Division of the Ministry of Finance within one year from the approval of the application by the Cabinet. Payment requests submitted for processing later than one year are no longer eligible under the NEF.

13. Implementation Progress Reporting

Within two weeks after the end of a fiscal year, MDAs must submit brief information on the implementation progress and results achieved through activities financed from the NEF to the cluster lead. The cluster lead shall subsequently provide a summary report on all approved funding requests under the cluster to NEMO within four weeks after the end of the fiscal year. This information should be concise following the template in Annex 5 of this Guideline.

Clusters that have not submitted a complete annual summary report to NEMO are not eligible to apply for access to the NEF. Any submitted applications will be stalled until pending report(s) have been submitted.

14. Consolidated Reporting

NEMO, with input from the Ministry of Finance and clusters, shall prepare a brief consolidated annual progress report on activities financed from the NEF using the template in Annex 6 of this Guideline and submit the report to the NEMC and Cabinet. The report should be integrated into the annual report on emergency management that is required under the Emergency Management Act 2007, if such a report is prepared in a timely manner, or otherwise published on the Ministry of Finance website within 90 days of the end of a fiscal year. This implementation progress reporting is in addition to the financial reporting requirements set out in Sections 8 and 9 of the Emergency Fund Act 2008.

Annex 1: Overview of Screening Criteria

Criteria under NEMO responsibility

Access to the NEF

- Emergency declaration, Situation Report stating eligibility, or official warning

Application

- Completed application form, signed by cluster lead, and adequate supporting documentation
- Annual cluster summary report received for previous fiscal year
- For retroactive applications: Evidence that activity implementation commenced during the official warning period or within 28 days of the official emergency declaration or relevant Situation Report

OR

- For applications in advance: Activity implementation has not yet commenced

Activity prioritization

- Priority 1: Early action and immediate relief activities
- Priority 2: Other activities identified as priority in response plans that are urgent and unforeseen and cannot otherwise be funded

Criteria under Ministry of Finance responsibility

Funding

- Adequate funds above the minimum balance available in the NEF (if not successive emergency within a fiscal year)
- No other funding sources available that are better suited for the activity
- Planned expenses are in line with government rules (e.g., Treasury Instruction, Procurement Regulations, Cabinet decisions)

Payment processing

- Payment request received within one year of application approval by Cabinet

Annex 2: List of Clusters

Cluster	Lead agencies	UN Agencies & external support
Logistic and Coordination	NEMO/MEIDECC	WFP
Education	Ministry of Education	UNICEF
Health, Nutrition, Water, Sanitation and Hygiene (HN WASH)	Ministry of Health	WHO, UNICEF
Emergency Shelter and Non-Food Items (NFIs)	NEMO/MEIDECC	IFRC
Safety and Protection	Ministry of Internal Affairs	UNICEF, UN Women
Emergency Tele-Communication	Communication Department/MEIDECC	WFP
Food Security and Livelihood	Ministry of Agriculture, Food and Forestry	WFP
Essential Services	Ministry of Public Enterprises	WB, ADB
Reconstruction	Ministry of Infrastructure	IFRC, UNHCR
Economic & Social Recovery	Ministry of Finance	UNDP, WB, ADB
Disaster Displacement and Evacuation Centre Management	NEMO/MEIDECC	IOM, UNHCR

Note: The latest list of clusters, cluster leads, and cluster members can be requested from NEMO.

Annex 3: Positive List of Emergency Activities

1. Evacuating people from likely to be or already affected areas to safety
2. Reinforcing buildings to withstand emergency impacts and protecting other assets in an area forecast to be affected by an emergency
3. Communicating critical information to likely to be or already affected individuals and the general public, such as evacuation orders or safety precautions
4. Implementing measures to prevent (further) damage or loss of life, such as setting up barricades or other forms of warnings
5. Ensuring the safety and well-being of emergency responders and volunteers involved in the response effort
6. Conducting search and rescue operations
7. Coordinating with emergency management teams, MDAs, local government officials, and other organizations to manage the emergency response effort
8. Conducting damage assessments and assessing and prioritizing the needs of affected communities
9. Providing emergency medical care to injured people and emergency public health services (e.g., mosquito nets/repellent, medication against water borne diseases, quarantine arrangements)
10. Providing emotional and psychological support to those affected by the disaster
11. Providing support and assistance to vulnerable populations, such as children, the elderly, or those with disabilities
12. Providing food, water (including water testing, filtration, and treatment), and other basic necessities to affected individuals, including emergency sanitary kits (e.g., soap, menstruation kit, toiletries, toothpaste, toothbrush)
13. Restoring priority transport infrastructure, including through debris clearance and emergency repairs
14. Restoring essential infrastructure, such as power, telecommunications, and water (including water tank cleaning and repair, water catchment system repair, and water pump repair in rural areas)
15. Providing temporary shelter to displaced individuals or families, including tents and tarpaulins, sleeping mats and blankets, and shelter repair tool kits (e.g., shovel, hammer, ropes, nails)
16. Providing emergency school supplies (e.g., school in a box, tents, students kits)
17. Providing disaster waste management, including recycling
18. Providing emergency livelihoods support, including ploughing of farmland, distribution of seedlings, and replacing destroyed planting equipment

Annex 4: Application and Screening Form

Emergency event(s)	
Disaster phase	<input type="checkbox"/> Early action <input type="checkbox"/> Relief <input type="checkbox"/> Reconstruction <i>[Comment: Adjust if DRM Bill is enacted]</i>
Request number	_____ <i>[To be assigned by NEMO]</i>

Applying entity

Name	
Cluster	
Activity description	
Activity included in plan and/or positive list (Annex 2)	Plan: _____ <i>[E.g., DRM Plan, Cluster Response Plan, National/Cluster Recovery Plan]</i> Positive list: _____ If not, explain: _____
Implementation start	<input type="checkbox"/> Retroactive application (activity implementation already started or is completed) <input type="checkbox"/> Regular application (activity implementation has not started)
Expected (or achieved) results and beneficiaries	
Explanation for the use of the NEF	
Total cost of activity	
Amount requested from NEF	<i>[Add high-level breakdown of inputs]</i>

Applicant

Name:
Position:
Signature:

Cluster support

Name:
Position:
Signature:

Technical review by NEMO

Recommendation: <input type="checkbox"/> Yes, amount: _____ <input type="checkbox"/> No, explanation: _____	Name: Position: Signature:
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Financial review by Ministry of Finance

Recommendation: <input type="checkbox"/> Yes, amount: _____ <input type="checkbox"/> No, explanation: _____	Name: Position: Signature:
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Approval

NEMC	<input type="checkbox"/> Yes, amount: _____ <input type="checkbox"/> No, explanation: _____ NEMC minutes #:
Cabinet	<input type="checkbox"/> Yes, amount: _____ <input type="checkbox"/> No, explanation: _____ Cabinet decision #:
Minister of Finance	Authorization: _____

Supporting documentation to be attached to the application form

Emergency impact on the specific sector

Add details

Justification of the appropriateness of the proposed interventions to the emergency at hand, including suitability of the requesting MDA and recipients

Add details

Summary performance framework with clear timelines

Add details

Identified risks and mitigation measures

Add details

Confirmation:

- there is no duplication of efforts
- the activity to be funded from the NEF is not being financed by other sources (e.g., development partners)

Annex 5: Reporting Template for Clusters

Fiscal year: _____

Cluster: _____

Request #	Emergency event	Emergency phase	Cluster	MDA	Activity description	Progress and results achieved	NEF funding		
							Requested	Approved	Actual expenditure

Annex 6: Consolidated Reporting Template

Fiscal year: _____

Unaudited fund balances:

Opening balance: _____

Closing balance: _____

Request #	Emergency event	Emergency phase	Cluster	MDA	Activity description	Progress and results achieved	NEF funding		
							Requested	Approved	Actual expenditure