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Report of the Secretary-General on the Peacebuilding Fund

Arrangements for the revision of the terms of reference for the Peacebuilding Fund

Report of the Secretary-General*

Introduction

1. The present report is submitted pursuant to paragraph 8.1 of the annex to my report on the arrangements for establishing the Peacebuilding Fund (A/60/984), in which I indicated that the terms of reference of the Peacebuilding Fund should be reviewed no later than two years after their adoption and following consultations with the Advisory Group and the outcome of an independent evaluation.

Context

2. In General Assembly resolution 60/180 and Security Council resolution 1645 (2005), the Assembly and the Council tasked me with establishing a standing peacebuilding fund for post-conflict peacebuilding, with the objective of ensuring the immediate release of resources needed to launch peacebuilding activities critical to the peacebuilding process. The terms of reference for the Fund (A/60/984, annex) describe its scope, its focus on interventions with direct and immediate relevance to peacebuilding and addressing critical gaps, and its role in serving as a catalyst for the sustained support and engagement of other key stakeholders. In the two years since its establishment, the Peacebuilding Fund has made progress in these areas. Yet, judging on the basis of operational experience and growing recognition of the potential of the Fund for peacebuilding, I am convinced that the effectiveness and the catalytic impact of the Fund can be further enhanced. To this end, the process leading to the Fund's revised terms of reference which are contained in the annex to the present report, as well as the continuing improvement of its management structure, is critical and timely.

* Late submission of the present document was due to the need for several rounds of consultations with a wide range of stakeholders within the United Nations Secretariat and with Member States in order to forge broad agreement on the final version.

3. The Peacebuilding Fund, managed by the Peacebuilding Support Office under my authority, has supported peacebuilding activities that directly contribute to the stabilization of countries emerging from conflict and has helped to generate early peace dividends as well as strengthen a country's capacities to promote peaceful resolution of conflicts and respond to threats that might lead to the recurrence of conflict. From its inception to 28 February 2009, the Fund received pledges from 45 donors amounting to \$319.3 million, a figure that exceeds by 28 per cent the \$250 million funding target established at its creation. Total deposits and available programming funds amounting to \$292.4 million have enabled the provision of peacebuilding support to approximately 93 peacebuilding support programmes and projects in 11 post-conflict countries declared eligible to receive Fund support.

4. In accordance with the provisions of paragraph 8.1 of the annex to the report mentioned in paragraph 1 above and the views of Member States expressed during the consideration by the General Assembly on 9 and 13 October 2008 of the progress of the Peacebuilding Fund, the Head of the Peacebuilding Support Office initiated a revision of the terms of reference for the Fund which incorporated and benefited from a series of discrete processes. Recommendations of the Peacebuilding Fund Advisory Group in the context of its biannual meetings provided valuable input and observations on the workings of the Fund in its first two years. A second element was an independent evaluation undertaken by the Office of Internal Oversight Services on 30 December 2008 which concluded that the Fund had the potential to fill a unique peacebuilding niche in the post-conflict arena and had achieved notable early results on the ground. However, several structural and management challenges were also identified, which are being addressed by the Peacebuilding Support Office, as outlined in its management response of 23 January 2009.

5. Extensive informal consultations and briefings held with Member States, donors, the Peacebuilding Commission, principal representatives to the United Nations of recipient countries, and the organizations and bodies of the United Nations system, including the United Nations interdepartmental Peacebuilding Contact Group and the United Nations Development Programme (UNDP) Multi-donor Trust Fund, between December 2008 and March 2009 provided an opportunity both to take into consideration the views and inputs of a broad range of stakeholders and to review lessons learned from the Fund's workings to date. I am grateful to Member States and all stakeholders for their support and engagement in this process.

6. The revision of the terms of reference for the Peacebuilding Fund was guided by two broad objectives. The first was to enhance the Fund's capacity to serve as a flexible, responsive and focused resource for peacebuilding support, including through rationalizing and simplifying the Fund's structure and architecture as set out in the terms of reference. The second objective was to enhance and maximize the synergy between the Peacebuilding Commission and the Fund through provisions for enhanced consultation and dialogue. Detailed Fund management and administration issues will be incorporated in updated fund policies and guidelines which will accompany the revised terms of reference. The Peacebuilding Support Office will review Fund guidance documents in cooperation with the UNDP Multi-donor Trust Fund Office as Fund administrative agent, as well as with the Advisory Group, donors, recipient United Nations organizations and country-level stakeholders.

7. The UNDP Multi-donor Trust Fund Office will continue to serve as the Peacebuilding Fund's administrative agent, with primary responsibility for maintaining the Fund's accounts. The Peacebuilding Fund will be managed in accordance with UNDP regulations, rules, directives and procedures. To enhance accountability and clarify roles and responsibilities, arrangements detailing the relationship between the Head of the Peacebuilding Support Office and the UNDP Multi-donor Trust Fund Office will be reviewed so as to reflect the provisions of the revised terms of reference for the Peacebuilding Fund.

8. As set out in the annexed revised terms of reference, the Peacebuilding Support Office will conduct regular briefings on the performance of the Peacebuilding Fund with Member States, the Peacebuilding Commission and donors, while a proposed annual meeting will provide all stakeholders with the opportunity to review Fund performance, results and emerging lessons. This event will also provide an opportunity to regularly replenish the Fund.

Conclusion

9. The revision of the terms of reference for the Peacebuilding Fund will contribute towards improving the efficiency and effectiveness of the Fund in stabilizing countries emerging from conflict, in addressing the critical gaps that are commonly in evidence immediately following the signing of peace agreements, and in strengthening national capacities to pursue peacebuilding programmes aimed at consolidating the peace process. Fund resources, combined with the efforts of the Peacebuilding Commission, will help to ensure that post-conflict countries benefit from the sustained attention and support of the international community.

10. In the light of the above, Member States are invited to give their support to the revised terms of reference for the Peacebuilding Fund and are encouraged to continue to provide regular voluntary contributions so as to ensure that the Fund focuses effectively on the critical peacebuilding activities of countries emerging from conflict.

Annex

Terms of reference for the Peacebuilding Fund

1. General considerations and principles

1.1. The General Assembly and the Security Council requested the Secretary-General to establish a multi-year standing Peacebuilding Fund (hereinafter referred to as the Fund) for post-conflict peacebuilding.^a The Peacebuilding Fund, together with the Peacebuilding Commission and the Peacebuilding Support Office, is part of a broader United Nations peacebuilding architecture which works with international- and country-level partners in support of post-conflict peacebuilding. The Fund provides for a more sustained engagement in support of countries emerging from conflict and will support peacebuilding activities that directly contribute to post-conflict stabilization and strengthen the capacity of Governments, national/local institutions and transitional or other relevant authorities.

1.2. The Peacebuilding Fund is a global fund designed to support several country situations simultaneously and therefore combines the scope of a global fund with the country-specific focus of a multi-donor trust fund. The Fund's basic architecture encompasses a two-tier decision-making process, involving a central allocation of funding to countries eligible for Fund support and, at the country level, a joint review by the Government and the senior United Nations representative of the Secretary-General in the country (hereinafter referred to as the senior United Nations representative) concerning the disbursement of funds against agreed-upon programme and project activities.

1.3. In fulfilling its mandate to provide immediate and direct support to post-conflict countries, the operations of the Peacebuilding Fund shall be guided by the following principles:

- Transparency
- Flexibility
- Operational speed
- Accountability
- Catalytic effect
- Effectiveness
- Needs-based allocations
- National ownership

1.4. The Secretary-General has entrusted the Head of the Peacebuilding Support Office with responsibility for managing the Peacebuilding Fund and coordinating all aspects of the work and programmes to be financed from the Fund, while recognizing the specific roles, responsibilities and accountability of other stakeholders.

^a See General Assembly resolution 60/180 and Security Council resolution 1645 (2005).

2. Scope of the Peacebuilding Fund

2.1. The Peacebuilding Fund will support interventions of direct and immediate relevance to the peacebuilding process and contribute towards addressing critical gaps in that process, in particular in areas for which no other funding mechanism is available. Use of Fund resources is intended to have a catalytic effect in helping to create other, more sustained support mechanisms, such as longer-term engagements by development organizations and bilateral donors, and the mobilization of national stakeholders in support of peacebuilding. Support extended through the Peacebuilding Fund must have a direct and positive impact on the sustainability of the peacebuilding process. The Fund supports countries included in the agenda of the Peacebuilding Commission, as well as countries recovering from conflict or considered to be at risk of lapsing or relapsing into conflict that are not included in the agenda of the Commission.

The activities with a specific scope to be funded by the Peacebuilding Fund will include:

(a) Activities designed to respond to imminent threats to the peace process, support for the implementation of peace agreements and political dialogue, in particular in relation to strengthening of national institutions and processes set up under those agreements;

(b) Activities undertaken to build and/or strengthen national capacities to promote coexistence and peaceful resolution of conflict and to carry out peacebuilding activities;

(c) Activities undertaken in support of efforts to revitalize the economy and generate immediate peace dividends for the population at large;

(d) Establishment or re-establishment of essential administrative services and related human and technical capacities which may include, in exceptional circumstances and over a limited period of time, the payment of civil service salaries and other recurrent costs.

2.2. Consultative processes with key stakeholders at both the country level and at United Nations Headquarters will be required to ensure that there is no duplication or overlap between the Peacebuilding Fund and other funding mechanisms. This ongoing coordination effort will also need to be extended to include the transition from peacebuilding support to sustainable development.

2.3. The Peacebuilding Fund will support efforts to address immediate needs in countries emerging from conflict at a time when sufficient resources are not available from other funding mechanisms that could extend support to peacebuilding activities. The Peacebuilding Fund would thus focus on delivering the greatest value added during the very early and critical stages of a peacebuilding process, before donor conferences are organized and before such funding mechanisms as country-specific multi-donor trust funds have been set up.

2.4. There may, however, be specific instances in which the Peacebuilding Fund could meaningfully extend support to countries at a more advanced stage of their peacebuilding process, in particular:

(a) Countries for which no multi-donor trust fund has been established;

(b) Countries with an operational multi-donor trust fund but in which critical peacebuilding interventions remain underfunded or in which the need for such interventions arises unexpectedly.

3. Allocation and disbursement process

3.1. In principle, any country before the Peacebuilding Commission should be considered a possible recipient of Peacebuilding Fund support. The Commission would advise the Secretary-General that the country under consideration should be considered eligible for funding, which will then formally trigger the allocation and disbursement process. The Commission is expected to make this determination early on in its deliberations to ensure that support through the Fund can be provided in a timely manner. The Commission will be provided with regular updates and have the opportunity to provide, at the initial stage of priority plan formulation, strategic advice on overall funding priorities on the basis of the Commission's strategic engagement in the country concerned.

3.2. The Secretary-General may determine that a particular country in exceptional circumstances and on the verge of lapsing or relapsing into conflict may be considered eligible for Peacebuilding Fund support, even if the country is not yet under consideration by the Peacebuilding Commission. The Secretary-General will inform the Commission of such a decision.

3.3. The Peacebuilding Fund shall provide immediate response, recovery needs and peacebuilding assistance to countries included in the agenda of the Peacebuilding Commission and those not included in the agenda of the Commission. In all cases, the Secretary-General will inform the Commission regarding the activation of funding facilities and will provide justification for the selection of countries and/or the allocations made.

(a) *Immediate Response Facility*: Taking maximum advantage of the ability of the Peacebuilding Fund to act rapidly and flexibly, this Facility will provide emergency funding for immediate peacebuilding and recovery needs. Countries included in the agenda of the Peacebuilding Commission as well as those not included in the agenda of the Commission are eligible. A request should be made by the national authorities and the senior United Nations representative in the country. The Secretary-General can immediately decide to allocate funds based on a case-by-case assessment. Where emergency and/or recovery requests exceed amounts identified in the operational policies and guidelines of the Fund, the Secretary-General will subsequently initiate further detailed assessment of such requests.

(i) For countries included in the agenda of the Peacebuilding Commission that are applying for support from the Immediate Response Facility, the Commission may offer strategic guidance on immediate and/or critical peacebuilding and recovery needs in the country concerned.

(ii) For countries not included in the agenda of the Peacebuilding Commission, once a request has been submitted, the Head of the Peacebuilding Support Office will undertake a rapid and thorough review of the funding request with an accompanying risk assessment.

(b) *Peacebuilding and Recovery Facility*: In all cases, allocations and disbursements will be made based on a priority plan jointly developed by national

authorities and the United Nations presence in the country concerned. For countries included in the agenda of the Peacebuilding Commission, the priority plan will be informed by the priority-setting exercise and/or the integrated peacebuilding strategy agreed between the Commission and the national authorities of the country concerned.

3.4. The priority plan is developed by national authorities and the United Nations in a country based on a joint analysis of critical gaps and peacebuilding needs. It contains an indicative number of critical interventions required to strengthen and sustain the peacebuilding process. In countries where a post-conflict needs assessment is ongoing or has been completed and/or a national peace consolidation or recovery framework is in place, attention will be focused on ensuring that these elements inform the development of the priority plan, or feed into the priority-setting exercise in countries included in the agenda of the Commission. The priority plan will propose interventions and provide corresponding indicative budget estimates. It may also indicate, where available, tentative funding requirements beyond the immediate scope of the Peacebuilding Fund. For countries included in the agenda of the Peacebuilding Commission, the Peacebuilding Support Office will present such requirements to the Commission with a view to securing early consideration for additional financial support from non-Fund funding sources. The priority plan is submitted to the Head of the Peacebuilding Support Office for approval.

3.5. Under the authority of the Secretary-General, the Head of the Peacebuilding Support Office will conduct an expeditious review of the priority plan through a consultative process involving senior officials from the Department of Peacekeeping Operations, the Department of Political Affairs and the Office for the Coordination of Humanitarian Affairs of the United Nations Secretariat and the United Nations Development Operations Coordination Office,^b UNDP,^c and the Office of the United Nations High Commissioner for Human Rights, in an effort to avoid any duplication with respect to ongoing or planned interventions. Other departments, funds, agencies and programmes, as well as international financial institutions, can also be consulted when appropriate.

(a) For priority plan-based programme applications, the Head of the Peacebuilding Support Office will determine the overall country funding envelope based on a review of the priorities set, with due regard for funding needs, the available balance in the Peacebuilding Fund and projected requirements for new countries likely to be considered by the Fund.

(b) For emergency peacebuilding and recovery funding requests submitted by a country through the ranking senior United Nations representative, the Head of the Peacebuilding Support Office will ensure that consideration includes appropriate review procedures and risk assessments, which will be conducted in a manner that does not compromise speed or efficacy of response.

3.6. The review and approval of project activities will be conducted at the country level utilizing existing coordination and consultation mechanisms where feasible, and co-managed by the respective senior United Nations representative and the concerned Government authorities, and with representatives of other key

^b Supporting the chair of the United Nations Development Group.

^c As chair of the Inter-Agency Standing Committee working group on early recovery.

stakeholders (hereinafter referred to as the National Steering Committee). In formally approving project submissions, the ranking senior United Nations representative and the Government will be required to ensure that any activities to be funded under the Peacebuilding Fund country allocation will:

- (a) Support the priorities and needs reflected in the priority plan and, for countries included in the agenda of the Peacebuilding Commission, the priorities established by the Commission;
- (b) Adhere to the established principles of the Fund referred to in paragraph 1.3 above;
- (c) Address any gap that cannot be, or has not been, funded through any other mechanism;
- (d) Not duplicate other ongoing interventions;
- (e) Be undertaken by competent recipient organizations with the requisite expertise and capacity.

3.7. In addition to central Government authorities, the organizations and bodies of the United Nations system, including its funds, programmes and specialized agencies, and other international organizations and non-governmental organizations (all of which will be hereinafter referred to as recipient organizations), can receive Peacebuilding Fund support through project agreements as implementing partners.

4. Management of the Peacebuilding Fund

4.1. Under the authority of the Secretary-General, the Head of the Peacebuilding Support Office will provide overall direction and guidance on programme management of the Peacebuilding Fund and monitor its operations. The UNDP Multi-donor Trust Fund Office will serve as the administrative agent responsible for the administration of the Peacebuilding Fund, the receipt of donor contributions, the disbursement of funds and compilation of consolidated financial and narrative reports in accordance with the terms of reference, under the overall authority of the Head of the Peacebuilding Support Office. The UNDP Multi-donor Trust Fund Office will administer the Peacebuilding Fund in accordance with UNDP regulations, rules, directives and procedures. A formal agreement to determine fiduciary responsibility, programming modalities at the country level and related reporting requirements will be negotiated directly between the Head of the Peacebuilding Support Office and the UNDP Multi-donor Trust Fund Office.

4.2. The Peacebuilding Support Office, in consultation with the administrative agent and recipient agencies, shall establish operating policies, guidelines and procedures for use in the Peacebuilding Fund process.

4.3. The Peacebuilding Fund will be utilized for the purpose of meeting the direct and indirect costs of projects managed and/or implemented by the recipient organizations. In addition, the Fund resources may be used by the Peacebuilding Support Office to support Fund operations at global and country levels. The overall management fees for both programme implementation and Fund management shall not exceed 11 per cent of funds received.

4.4. Recipients will assume full programmatic and financial accountability for the funds disbursed to them by the administrative agent. For United Nations recipients, such funds shall be administered in accordance with their own regulations, rules, directives and procedures. All other recipients shall follow the reporting and audit principles prescribed by the United Nations in respect of financial resources obtained from the Peacebuilding Fund.

5. Governance arrangements

5.1. The General Assembly will guide the operations of the Peacebuilding Fund. On the basis of an annual analytical report submitted by the Secretary-General, pursuant to the provisions of section 6 below and reflecting the lessons learned, the Assembly and the Peacebuilding Commission may offer overall policy guidance on the use of the Fund.

5.2. The Peacebuilding Commission will support the development of integrated strategies for post-conflict peacebuilding and recovery and provide strategic advice related to countries under its review.

5.3. The Secretary-General will appoint an independent Advisory Group to provide advice and oversight on the speed and appropriateness of Peacebuilding Fund allocations and to examine performance and financial reports. On the basis of nominations from Member States, the Secretary-General will appoint to the Advisory Group up to 10 eminent personalities, selected on the basis of their peacebuilding experience, from all regions, including countries contributing to the Fund. Members will be appointed for a two-year period and the Advisory Group will meet at least twice a year, receiving support from the Peacebuilding Support Office.

6. Reporting, accountability, transparency and audit

6.1. The administrative agent shall submit to the Secretary-General, through the Head of the Peacebuilding Support Office, consolidated financial and narrative progress reports, based on reports submitted by recipient United Nations organizations which will include a reflection on lessons learned. These consolidated reports, which will include country-specific sections, shall be submitted by the administrative agent to the Peacebuilding Support Office at regular intervals, as specified in the formal agreement referred to in paragraph 4.1 above.

6.2. The Secretary-General shall submit an annual report to the General Assembly on the basis of the consolidated reports compiled by the administrative agent which will be complemented by information on performance updates and evaluation submitted by respective National Steering Committees. The annual report shall detail all disbursements made by the Peacebuilding Fund and examine in detail the outcomes achieved, including gender analysis, applying a results-based framework. Regular updates on the use of Fund resources and general Fund information shall be published on a dedicated website.

6.3. The Peacebuilding Fund shall be independently evaluated every three years to assess effectiveness in fulfilling its objectives and overall impact in support of peacebuilding. The Peacebuilding Support Office will make active use of

evaluations and lessons-learned exercises so as to rapidly build up a body of knowledge and best practices relating to the utilization of the Fund.

6.4. The Peacebuilding Support Office shall also provide regular briefings to Member States and donors on the performance of the Peacebuilding Fund based on the progress reports and evaluations referred to in paragraphs 6.1 and 6.3 above. An annual Peacebuilding Fund meeting will be convened to provide all stakeholders with the opportunity to review Fund progress and emerging lessons.

6.5. The Peacebuilding Fund will be subject solely to the external and internal audit procedures of the United Nations.

7. Contributions to the Peacebuilding Fund

7.1. The current funding target of the Peacebuilding Fund of \$250 million should be increased in response to evolving needs and activities of the Fund. Voluntary contributions to the Fund, to be received at the global level, will be accepted from States Members of the United Nations, intergovernmental organizations and other sources, including the private sector.

7.2. The Peacebuilding Fund is a multi-year standing fund and requires a continuous income to maintain its operability. The annual meeting to review progress referred to in paragraph 6.4 above can provide an occasion for replenishment of the Fund. The Peacebuilding Support Office and the UNDP Multi-donor Trust Fund Office will provide donors with detailed reports on the use of the Fund, in terms of performance progress and expenditure, so as to provide thereby substantive support to any replenishment request.

8. Review and amendment

8.1. The Head of the Peacebuilding Support Office, in consultation with the Advisory Group, may initiate a formal process to amend the terms of reference.
