

**FOR INFORMATION**

**BM.04/DOC.03: REPORT OF THE EXECUTIVE DIRECTOR**

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**INTRODUCTION**

1. The fourteen papers presented to this Board meeting cover the period since the last face-to-face meeting of the Governing Board of the Global Community Engagement and Resilience Fund (GCERF) from 1-2 December 2015 in Geneva, Switzerland. In the intervening period a Board meeting by conference call has taken place (28 April 2016) and as appropriate its decisions are also reflected here. The report of that meeting is tabled for approval (BM.04/DOC.02).

2. Three main themes emerge from these papers; the first is a strong sense of momentum; the second realisation of some important challenges, especially related to funding and resource mobilisation; and third the development of a consolidated plan of action, which will help overcome these challenges.

**A STRONG SENSE OF MOMENTUM**

3. The most powerful sign that GCERF is progressing was the decision by the Board during its conference call to authorize grant agreements with 12 Principal Recipients in its initial beneficiary countries Bangladesh, Mali, and Nigeria, up to a total of USD 4.472 million in each country. On June 8 the first grant agreement will be signed in Abuja, Nigeria; and the Secretariat expects all 12 agreements to be signed by the end of August.

4. As important as consolidating its activities in these three beneficiary countries, is to expand the remit of GCERF, in order to leverage its potential for technical integrity, rapid learning, and efficient knowledge transfer. To this end the Secretariat has now helped establish Country Support Mechanisms (“CSMs”) in two of the three new beneficiary countries approved by the Governing Board in December 2015, namely Kenya and Kosovo. The establishment of CSMs is identified as an important early achievement by GCERF in the Board paper on ‘results’ (BM.04/DOC.08).

5. CSMs in all five current beneficiary countries have been very active since the last Board meeting. They have convened on a number of occasions; representatives of four of the five CSMs have attended a training course on conducting national consultations on the identification of preventing violent extremism (“PVE”) priorities; all the CSMs have conducted these national consultations; and all but one met with the GCERF independent International Review Panel (“IRP”) in order to discuss the priorities for GCERF funding presented to this Board meeting (BM.04/DOC.05).

6. Besides being critical and vibrant participants in the GCERF Core Funding Model (“CFM”); CSMs have the potential to serve the wider PVE community for example as key contributors to the development of national PVE strategies as called for in the recent UN Action Plan to Prevent Violent Extremism. This is one of a number of examples cited through the papers where GCERF’s progress is also serving the wider PVE community, including for example in developing a plan to communicate learning and good practice in monitoring and evaluation (“M&E”) (BM.04/DOC.08).

7. The funding pre-allocation recommendation made by the Secretariat to the Board (BM.04/DOC.05) is predicated on momentum. While funding levels are not yet sufficient to launch a second round of grants in all three initial beneficiary countries and a first round in the new beneficiary countries, the recommendation is to invest in at least one of each and thus to move forward the funding cycle.

8. Progress can also be discerned through a series of other achievements reported in the papers. The report of the independent auditor provided an unqualified opinion on GCERF's financial records and statements for 2015 (BM.04/DOC.10). There are no issues arising in the report of the Ethics Committee (BM.04/DOC.13). The GCERF Board welcomes four new members, expanding membership of existing constituencies and reinforcing the governance of the Fund.

9. Finally, GCERF has received two contributions from new donors, and four pledges from existing donors (BM.04/DOC.12).

10. Overall, GCERF has built on the foundations laid in 2015 (and subject to Board approval to be reported to the Swiss Supervisory Authorities – BM.04/DOC.14), by attracting new resources, successfully completing the pilot of the CFM, expanding into new beneficiary countries, and reinforcing its existing structures and systems.

#### **SOME IMPORTANT CHALLENGES**

11. All of this positive momentum should not distract from two important challenges confronting GCERF. These are presented and explained in detail across the papers as it is important that the Governing Board, which assumes a large share of the responsibility for the success or failure of GCERF, is fully aware of the challenges.

12. The immediate challenge is a very significant funding shortfall for operating expenses. As reported in the Board paper on the GCERF funding situation (BM.04/DOC.11), to date, and only subject to the successful negotiation of the four current pledges to GCERF, commitments for 2016 would amount to only 20 percent of the resource mobilisation target for the year. This now poses an existential threat. The funding situation paper identifies a net shortfall for Secretariat and governance expenses in 2016 of USD 651,000, even after strict cost-savings within the Secretariat that are already restricting its capacity to function effectively and efficiently.

13. The other major challenge to emerge from the papers, and especially the update on the Resource Mobilisation strategy (BM.04/DOC.12) is indeed resource mobilisation for the CFM. Again a structural challenge is identified. First, there is in general insufficient funding for PVE, there being no 'natural' source to fund activities that fall between security and development. Second, in the particular case of GCERF, while it has been established as a multilateral funding mechanism, it is not yet being supported as such. In other words, while GCERF is mobilising funds, these are not of the quantity or quality required for it to achieve its mandate.

14. By definition for a multilateral funding mechanism, a lack of resources both in the short- and longer-term poses significant other challenges. GCERF needs to manage, monitor and evaluate

its current grants; it needs to launch new rounds of grant-making in order to respond to its *raison d'être* and realize its potential. There is a very real risk that the credibility of this new Fund will be undermined from the outset.

## **A CONSOLIDATED PLAN OF ACTION**

15. The third theme that emerges from the various papers is that the Secretariat is being proactive in developing a future plan of action, which should help respond to these challenges.

16. A fundamental element is the development of the first GCERF strategy (BM.04/07). This will allow GCERF to clarify its future direction and focus; identify its strengths and specific niche in its wider environment; help GCERF establish priorities; and help identify key partnerships that need to be maintained or established. The strategic planning process will be informed by a modest 'stakeholder analysis' that has been commissioned and initial findings of which will be presented to this Board meeting,

17. There is a prioritised work plan for implementing the resource mobilisation strategy; and while the focus remains on current donors and diversifying to new government donors, attention is now also turning to the potential to attract resources from or partner with the private sector and foundations.

18. Turning to its operations, the Secretariat continues to refine and streamline its CFM, including promoting national ownership among CSMs, and extending the membership and reinforcing the role of the IRP. The Accelerated Funding Mechanism ("AFM") remains a potential alternative means to issue grants, and will be discussed in the context of the agenda item on resource mobilisation (BM.04/DOC.12).

19. Demonstrating results is clearly fundamental for mobilising continued and new support, and a paper is tabled to spur an ongoing discussion among Board members about their expectations of results from GCERF (BM.04/DOC.08), and to inform the development of a comprehensive performance monitoring and evaluation framework.

20. In maintaining its momentum, overcoming its challenges, and implementing its work plan, the Secretariat seeks stronger ownership from its Governing Board. Each constituency has a role to play, for example GCERF requires governments to engage across the security-development spectrum, greater private sector support, wider civil society engagement, and learning partnerships with policy think and do tanks. We encourage current donors to help identify potential new donors; and to recognize the intrinsic value of GCERF as a multilateral funding mechanism and what that means for resourcing the Fund and evaluating its performance. We seek the appointment of a Strategic Planning Committee led by the Board. In order to try to facilitate greater Board engagement, we have introduced a formal induction for new Board members, and dedicated an agenda item during the meeting on the topic.

21. Annex 1 to this document provides an update on the Secretariat's activities since the 1-2 December Board meeting.

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**ANNEX 1: UPDATE ON SECRETARIAT ACTIVITIES**

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**1. PURPOSE**

1.1 The purpose of this short annex to the Report of the Executive Director is to provide the Governing Board with an update on Secretariat activities since the last Board meeting (in person) from 1-2 December 2015. This update follows the same structure as previous reports of the Executive Director, allowing progress to be mapped across governance, resource mobilisation, operations, communications, finance, human resources, and administration.

**2. GOVERNANCE**

- The Ethics Officer managed the 2016 annual Declaration of Interest submission process and reported the results to the Ethics Committee. In addition, due to resignations, membership and chairmanship of the Ethics committee was adjusted with Board approval. Please see Report of the Ethics Committee (BOD.04/DOC.13) for details.

**3. RESOURCE MOBILISATION**

- Thirteen government donors have contributed to GCERF as of May 2016.
- Contributions agreements have been signed with two new donors: Japan (USD 1.5 million) and the Netherlands (USD 650,000).
- A proposal for funding has been submitted to Germany.
- Some of the GCERF existing donors have pledged additional funding in 2016 (United Kingdom: GBP 300'000; European Union: EUR 1 million), and discussions are currently taking place with others (Canada and the US)
- Efforts have been made to diversity funding sources within the governments of existing donors, including meetings with AFD, BMZ, DFID, and USAID.
- Submission, with the support of the Swiss Government, of an application to the Development Assistance Committee of the Organisation for Economic Cooperation and Development to be recognized as an Official Development Assistance-eligible organisation. Final decision expected in June 2016.
- Development of a private sector engagement strategy: in May 2016, the Secretariat commissioned an external expert in private sector engagement to develop a corporate partnerships, participation, and engagement strategy.
- Round table organised with the private sector in Lagos, Nigeria, in June.
- Mapping and contacts made with foundations engaged at the international level in the field of peace and security.
- Bilateral meetings in Geneva or in capitals with 17 country representatives of major existing and new potential donors (details provided in BM.04/DOC.12).
- Participation in international conferences and panel discussions dedicated to resource mobilisation for PVE.
- Capacity of the Secretariat reinforced with the addition of an intern to work specifically on supporting resource mobilisation efforts.

#### **4. OPERATIONS**

- Detailed feedback and guidance to Potential Principal Recipients (PPRs) on the refinement of their proposals.
- Provision of five-day tailored capacity development training for PPR representatives.
- Conducted due diligence and risk assessment on the 17 PPRs in Bangladesh, Mali, and Nigeria.
- Continuous dialogue with Country Support Mechanism (CSM) and donor community in Bangladesh, Mali and Nigeria.
- Continuous consultation and coordination with the international Independent Review Panel (IRP), including issuing new Calls for Experts to replenish the membership of the IRP.
- Commission and coordination of the Royal United Services Institute (RUSI) to conduct a focused Country Needs Assessment (CNA) in the five current GCERF beneficiary countries.
- Provision of a training for CSM representatives on conducting national consultations on the identification of Preventing Violent Extremism (PVE) priorities.
- Hosting of a CSM-IRP Consultation in Geneva on PVE priorities in Geneva.
- Elaboration and development of new operational regulations, tools, and templates.
- Exploratory meetings with Kyrgyz Republic, Pakistan and Tunisia.

#### **5. COMMUNICATIONS / EXTERNAL RELATIONS**

- Selective participation (speaking role) in international meetings on PVE-related issues (e.g. World Economic Forum Annual Meeting, Global Diversity Exchange Annual Lecture, Geneva Conference on 'Preventing Violent Extremism – The Way Forward', GCTF Ninth Coordinating Committee Meeting, Workshop on Vocational Skills Development in the context of Violent Extremism, 5th Moscow Conference on International Security; KPMG Global Citizenship Conference, World Humanitarian Summit, and 2016 Chairmanship OSCE-wide Counter-Terrorism Conference.
- Targeted media interventions (Russia Today, Geneva Press Club)
- GCERF featured in the U.S. Department of State "State of Global Partnerships Report 2015-2016 (the report is accessible at: <http://www.state.gov/documents/organization/239008.pdf>), and in G7 Action Plan on Countering Terrorism and Violent Extremism (the Action Plan is accessible at: <http://www.mofa.go.jp/files/000160278.pdf>)
- Regular website updates and social media engagement.
- Two events organised by GCERF at the UN in New York and on the margins of the UN/Switzerland conference in Geneva.

#### **6. FINANCE**

##### Overall Finance

- The initial and first financial statements of GCERF were prepared. They were audited by PWC at the end of March. An unmodified (unqualified) opinion was received. No

management letter was received. Financial statements were prepared in US Dollars for internal purposes and in Swiss Francs for the Supervisory Authority.

- The general funding situation was continuously updated and reviewed.
- The 2016 budget was revised.
- The Finance Unit assisted the Resource Mobilisation unit in preparing and negotiating donor contributions budgets.
- Accounts with GCSP were settled.
- Arrangements with the selected accounting firm were finalized so that outsourced accounting can start on 1 June.
- Research was conducted and contacts made with IT firms to identify a suitable ERP for GCERF.
- Insurance arrangements were finalised (Directors & Officers, Kidnapping).

#### Grant Finance

- The Finance Officer and the CFO actively participated in the due diligence process that involved visiting and assessing the fiduciary capacity of 17 Potential Principal Recipients (PPRs) located in Bangladesh, Mali and Nigeria. This assessment served many purposes in relation to grant development but also serves as a baseline for the future monitoring of the PR's fiduciary capacity.
- A Grant Finance Officer joined mid-March and both finance officers have been involved in budget analysis and more generally risk analysis and supporting the feasibility review conducted by the Operations team.
- The Finance team has finalised a framework for the management and oversight of grant finances. A number of guidelines, templates and approaches were developed and a few more are still under development.
- The Finance team also actively supports the Operations team in the development of tools, templates and documents.

#### **7. HUMAN RESOURCES**

- Performance reports for 2015 were completed for all staff.
- A time sheet system has been put in place in response to requirements set by a donor.
- Personnel information was reorganized.
- A request for proposals to select a consulting firm that will help us further develop the HRM system on the basis of robust and modern principles was launched and completed.

#### **8. ADMINISTRATION**

- Several regulations were issued and are in effect: travel, procurement, Asset management and telephone use.
- A Corporate Services Associate joined the team and is now in charge of dealing with all daily administrative and office running issues.
- Bi-weekly meetings to help GCERF stand understand and apply finance and administrative policies are now held.