

FOR INFORMATION

BM.02/DOC.03: REPORT OF THE EXECUTIVE DIRECTOR

1. PURPOSE

The purpose of this paper is to provide the GCERF Governing Board (the “Board”) with a progress report on the Global Community Engagement and Resilience Fund (“GCERF”), including: activities and achievements of the GCERF Secretariat; final 2014 expenditure report; interim expenditure report for 2015 operating expenses budget; and update on Secretariat recruitment. This report covers the period from 1 November 2014 through 31 March 2015.

2. INTRODUCTION

2.1 In the five months since the 1st Board Meeting, the Secretariat has promoted a robust governance structure; taken significant steps towards realising the Resource Mobilisation Plan 2015; paved the way for disbursing grants through the Core Funding Mechanism (“CFM”) in three pilot beneficiary before the end of 2015; raised global awareness of GCERF and its mandate; and established financial and human resources policies as part of the development of the Secretariat.

2.2 This report provides an overview of the work of the Secretariat from the 1st Board Meeting in November 2014 to 31 March 2015. The report also contains a final report on expenditure for 2014 and interim 2015 expenditure report to 31 March 2015. It concludes with a summary of the next steps and challenges that lie ahead for the Secretariat and GCERF.

2.3 Following this introduction the report is structured around seven main functional areas in which the Secretariat has been primarily focused, namely: governance, resource mobilisation, operations, communications, finance, human resources, and administration. This is the same structure as that adopted in the Report of the Executive Director presented at the 1st Board Meeting (BM.01/DOC.04), thus allowing for an assessment of progress across each of these areas. In several of these functional areas, further detail is provided in other meeting documents that are cross-referenced. First, the Secretariat would like to make a few acknowledgements.

3. ACKNOWLEDGEMENTS

3.1 The current operating expenses of the Secretariat continue to be largely supported by ‘start up’ grants generously provided during 2014 by the Governments of Switzerland and the United States, as well as grants from Morocco and New Zealand.

3.2 Until 31 May 2015 the human resources, finances and information technology (“IT”) of GCERF will continue to be administered by the Geneva Centre for Security Policy (GCSP).

3.3 The Secretariat is grateful for significant support from the Governments of Bangladesh, Mali and Nigeria in facilitating visits to each country during 2015, and looks forward to working with these Governments in launching the CFM before the end of the year.

3.4 GCERF has benefited from in-kind contributions from several private sector corporations. It has also benefited from conceptual and practical support from a number of Board members. The Secretariat looks forward to working closely with the Board, in particular to promote GCERF and to achieve its resource mobilisation goals.

3.5 The Chair of the Board, Ms Carol Bellamy, has provided support and guidance for the Secretariat. The Secretariat is very grateful for her continued commitment and hard work on behalf of GCERF.

4. GOVERNANCE

4.1 It has been important for the credibility of GCERF to establish a robust governance structure rapidly. Following the first Board meeting, the activities of the Secretariat under the broad heading of governance have covered three main areas: continuing to develop GCERF's relationship with Swiss authorities; facilitating meetings of the Board; and promoting transparency.

4.2 Having been incorporated as a Swiss foundation on 9 September 2014, the Secretariat has continued to work closely with the Swiss Federal Department of Foreign Affairs ("FDFA") to negotiate the granting of privileges and immunities to GCERF as an international organisation in Switzerland. According to the latest information from the FDFA, the Headquarters Agreement conferring this status will be signed no later than the end of May 2015. The FDFA, through the Swiss Mission in Geneva, has also been consulted in particular on the Human Resources Policy approved by conference call by the Board on 26 February 2015.

4.3 In addition to the Human Resource Policy, the Secretariat also prepared a Financial Management Policy and Procurement Policy that was approved by the Board during its meeting via conference call in February 2015. For the 2nd Board Meeting, the Secretariat has prepared detailed papers for information, input, or decision, on: the launch of the CFM; the Independent Review Panel; eligibility policy for the CFM; the Accelerated Funding Mechanism; Resource Mobilisation; Performance Monitoring and Evaluation; Communications; and a Policy on Ethics and Conflicts of Interest; as well as this report of the Executive Director. The Secretariat has worked closely with the Government of Morocco in preparing the logistics for this Board meeting, and acknowledges the generosity and support of the Government of Morocco as host.

4.4 The Board is based on a constituency model, and since the 1st Board Meeting the Secretariat has been working closely with current constituency members to expand membership. Specifically, the Civil Society constituency has been expanded to five members from the initial two (Human Security Collective and Women without Borders) to also include the Institute for Global Engagement, the Global Nomads Group, and Internews. After the resignation from the Board of the representative of the Soufan Group, the Private Sector constituency now includes IBM and Fifth Tribe, in addition to Accenture Development Partnerships. Hedayah

(UAE) and the International Centre for Counter-Terrorism – The Hague are joined in the Policy, Think, and Do Tanks constituency by the Institute for Security Studies, the Institute for Economics and Peace, and the Royal United Services Institute. Additional interest in Board membership has been expressed by a number of other partners, including KPMG, Sunderland Association Football Club, and Goldman Sachs. Having taken the lead in developing these Board constituencies, the Secretariat is now keen to support self-governance by the constituencies, and to this end a short paper on constituency management has been prepared for this 2nd Board Meeting.

4.5 A final aspect of good governance promoted by the Secretariat has been transparency. The GCERF website (www.gcerf.org) has separate pages on GCERF’s governance structure, its membership, its core documents and policies, Board meetings, and Board decisions. These pages are updated as soon as is feasible after any governance decisions.

5. RESOURCE MOBILISATION

5.1 The Resource Mobilisation paper prepared for the 2nd Board Meeting (BM.02/DOC.08) details the Secretariat’s progress in achieving the goals and strategic objectives of the Resource Mobilisation Plan 2015 approved by the Board. The summary headline is “cautious optimism”.

5.2 Norway has become the tenth donor to GCERF (see table 1 below), bringing total pledges and contributions to just under USD 24 million. The Secretariat considers this to be good progress for a start-up fund, working in a politically sensitive area, which has not yet begun to disburse grants. At the same time, five of the ten pledges made have yet to be translated into signed contributions agreements; and there have been no pledges from non-traditional donor governments or from outside government, despite significant efforts on the part of the Secretariat, as detailed in BM.02/DOC.08.

Table 1

Actual Contributions and Pledges in USD (in thousands)			
Donor	Actual Contributions	Pledges	Total Contributions and Pledges
Australia	0	1'231	1'231
Canada	800	0	800
European Union	0	5'922	5'922
Morocco	30	0	30
New Zealand	72	0	72
Norway*	640	0	640
Qatar	0	5'000	5'000
Switzerland	930	4'200	5'130
United Kingdom	945	0	945
United States	1'100	3'000	4'100
Total	USD 4'517	USD 19'353	USD 23'870

*The contribution of Norway includes USD 230,000 for the AFM.

5.3 As also noted in Table 1, the contribution from the Government of Norway includes a specific contribution to the Accelerated Funding Mechanism, which represents an important endorsement for this mechanism. However, no other Government has yet contributed to the mechanism, and its current funding falls far short of the USD 3.5 million identified at the 1st Board Meeting as necessary to launch.

5.4 The Secretariat acknowledges significant challenges in raising sufficient funds to realise GCERF's full potential as a funding mechanism; but is confident that the appointment of a new staff member exclusively designated to resource mobilisation will help realise the Resource Mobilisation Plan 2015 and develop and deliver an ambitious resource mobilisation strategy for 2016-18.

6. CFM OPERATIONS

6.1 One of the keys to unlocking significant new funding is to demonstrate progress towards results. The Secretariat has therefore placed considerable emphasis since the 1st Board Meeting in developing its grant operations. Again, much more detail is provided in Launch of the Core Funding Mechanism (BM.02/DOC.04), but three achievements in particular are worth highlighting, as set out below.

6.2 First, the Secretariat has worked closely with three pilot beneficiary countries towards the earliest practicable launch of the CFM in each. By the time of the Board meeting the Secretariat will have undertaken visits to three pilot beneficiary countries (Bangladesh, Mali, and Nigeria) to support the establishment of Country Support Mechanisms ("CSMs") there. These visits have entailed significant political, technical and logistical investments, and have been generously supported by the host governments in question.

6.3 Besides the CSM, the other fundamental part of the CFM architecture is the international Independent Review Panel ("IRP"). An open call for applications for IRP membership attracted 34 high calibre applications; in itself strong recognition for the relevance and growing profile of GCERF. A second achievement has been the appointment of ten of the world's leading experts on countering violent extremism and community engagement and resilience as members of the IRP, who subsequently selected Ms Humera Khan as its chair. The first meeting of the IRP took place on 20 February 2015 in Washington, D.C., U.S.A.

6.4 Third, with support from the Secretariat, the IRP has quickly developed guidelines on country needs assessments, which have now been shared with each of the three pilot beneficiary countries to expedite this next step in operationalising the CFM in-country.

6.5 While demonstrating results clearly depends on launching the CFM through the implementation of grants and achievement of results by grantees, arguably the process of establishing the CFM has already begun to deliver concrete outcomes. By convening a range of stakeholders in the pilot beneficiary countries as a preparatory step towards the first formal meetings of the CSMs, for example, GCERF has created a unique space for intra-governmental coordination on countering violent extremism, as well as for consultation between government and other stakeholders including the private sector and civil society. Through its engagement in

donor countries with both departments and agencies focusing on counter-terrorism as well as those with a development portfolio, GCERF has contributed to promoting dialogue across the security-development nexus. Similarly, through its active mobilisation of private sector partners, GCERF has taken the lead on engaging the private sector in the field of countering violent extremism. At the same time, GCERF's expanding toolkit is itself providing a valuable contribution to the practice and professionalization of community engagement and resilience in countering violent extremism.

7. COMMUNICATIONS

7.1 A proactive and responsive communications strategy has served at least three purposes: it has helped raise awareness of GCERF, in particular among potential donors; it has paved the way for extensive distribution of the Call for Expressions of Interest by potential Principal Recipients in pilot beneficiary countries; and it has positioned GCERF as one particular component of a comprehensive solution for countering violent extremism, emphasising its niche and 'unique selling point', and complementarity rather than overlap with partner organisations in this field.

7.2 One communications strand has been to develop the website, launched shortly after the 1st Board Meeting. As well as serving as a comprehensive repository for GCERF governance policies and documents, the website also provides links to media mentions and publications, and photography from GCERF-supported and GCERF-attended events. As GCERF becomes operational in pilot beneficiary countries, the plan is to develop the website's client management functionality, to help manage the sharing of documentation between Principal Recipients, the IRP, the Secretariat, and the Board.

7.3 Second, the Secretariat has actively engaged with both traditional and social media. A number of interviews have been published or broadcast with reputable international and local media, and are available to view on the GCERF website. In addition, the Secretariat has accounts on Twitter (@theGCERF) and Facebook.

7.4 A third approach to communications has been through hosting or participating in public events. For example, the Secretariat hosted a breakfast meeting at the 2015 Annual Meeting of the World Economic Forum in Davos, participated in the White House Summit to Counter Violent Extremism, provided a briefing to Permanent Representatives and Heads of International Organisations in Geneva hosted by the Director-General of the UN Offices in Geneva; served as a panellist at the US Institute for Peace; and has co-hosted several public discussions with the Geneva Centre for Security Policy. The Secretariat has also convened and participated in roundtable discussions on GCERF in both donor and pilot beneficiary countries. A large number of individual meetings have also taken place.

7.5 Overall, the Secretariat is aware that communications can be expensive and absorb significant human resources, and it continues to invest in communications judiciously and only where there is direct added value to achieving GCERF's core mandate. Furthermore, in order to maintain and ensure credibility, it is important that communications from and about GCERF remain consistent. To this end the Secretariat has prepared a series of Communications

Guidelines for endorsement by the Board at this meeting (BM.02/DOC.10). The Secretariat looks forward to the active engagement of the Board in promoting its mandate.

8. FINANCE

2014

8.1 The Secretariat’s operating expenses have continued to be administered by GCSP with oversight by the Executive Director. The GCSP Head of Finance submits accounts on a monthly basis, which are reviewed in face-to-face meetings. GCERF pays GCSP on a “fee-for-service” basis. Subject to the entry into force of GCERF’s Headquarters Agreement, GCERF will bring its financial management in-house. This is currently expected to take place by the end of May 2015.

8.2 Total expenditure to 31 December 2014 was USD 715’524. Table 2 below breaks down expenditure in 2014 under three areas of expenditure: staff, office, and travel.

Table 2: Expenditure and Budget Breakdown for 2014 in USD

Totals	Expenditure to 31 December 2014	Operating Expenses Budget 2014
Total Staff	489'681	525'211
Total Office	161'879	247'853
Total Travel	63'964	67'267
Total:	USD 715'524	USD 840'330

8.2 GCERF’s 2014 expenditure has been confirmed by GCSP in its 2014 annual audit. In addition, an external financial audit of the GCERF Project of the GCSP will be undertaken upon completion of the transfer for financial reporting purposes on this phase of GCERF’s establishment. This audit is likely to be undertaken in the third quarter of 2015 to include total GCERF Project expenditure up to 31 May 2015. Therefore the cost of this audit, previously included as a provision in the 2014 Operating Expenses Budget, has not been included as a provision in the final 2014 expenditure. It will now be accounted and recorded as an extra-budgetary expense in 2015.

8.3 As Table 2 highlights, total expenditure to 31 December 2014 was 14.8 per cent under the approved Operating Expenses Budget for 2014. This is explained by:

- (a) Cost savings (6.8 per cent) on total staff expenditure due to the later than initially budgeted start of some team members and salary variances.
- (b) The significant variance between total office expenditure to 31 December 2014 and the approved Operating Expenses Budget 2014 (34.7 per cent) primarily consists of the following elements:
 - i. cost savings on equipment installation, hardware and software purchases and related start-up costs; and

- ii. cost savings on service fees related to the setup of GCERF's human resources and financial management systems, as well as the exclusion of previously referenced provisions for audit fees.
- (c) Cost savings on total travel expenditure to 31 December 2014 against the Operating Expenses Budget 2014 (4.9 per cent) are linked to the continued diligent allocation of available resources and the opportune attendance at externally hosted events in international fora for GCERF purposes, where travel expenses have been covered by hosting organisations or governments rather than GCERF.

2015

8.4 The approved operating expenses budget is USD 2,335,790 for 2015. Total expenditure as of 31 March 2015 has been USD 352,021. Table 3 below breaks down expenditure by the Secretariat as of 31 March 2015 under three areas of expenditure: staff, office, and travel. Also provided are the figures for the approved Operating Expenses Budget 2015 which incorporates budgeted expenditure to 31 December 2015 including a number of contingencies and provisions.

Table 3: Expenditure and Budget Breakdown for 2015 in USD

Totals	Expenditure to 31 March 2015	Approved Operating Expenses Budget 2015
Total Staff	240'247	1'564'740
Total Office	58'524	463'792
Total Travel	53'251	307'259
Total:	USD 352'021	USD 2'335'790

8.5 Pro-rata, expenditure is currently 39.7 percent below the approved operating expenses budget. However, it is expected that the rate of expenditure will increase in subsequent quarters to reach budgetary level, as a result of significant capital outlays that are planned later in the year, the recruitment of additional staff, and continued expansion of GCERF's operations.

9. HUMAN RESOURCES

9.1 At present, the Secretariat is comprised of six staff members and two interns. The Secretariat is currently recruiting for the positions of Chief Financial Officer and Resource Mobilisation Officer, and hopes to be able to announce these appointments at the Board meeting with prospective start dates for both positions on 1 June 2015.

9.2 The Secretariat's human resources continue to be administered on a "fee for services" basis by the GCSP. Subject to the Headquarters Agreement, human resources management will be brought in-house by 31 May 2015. At its meeting via conference call on 26 February 2015, the Board approved the Human Resources Policy, salary scales, benefits and allowances that will apply to all GCERF Secretariat staff members after this transition.

9.3 In managing staff to date and preparing for the transition, the Secretariat has placed considerable emphasis on achieving a positive work-life balance; building a strong team; sharing information and as appropriate decision-making; and ensuring that every staff member has direct understanding of GCERF's mandate to build community engagement and resilience against violent extremism. It will be important to maintain these principles as the team expands.

10. OFFICE ADMINISTRATION

10.1 The Secretariat has a fully functioning office space close to the United Nations that provides an optimal work environment. The rent for this office space for the first four years; as well as the costs for the original fittings and fixtures; has been generously covered by a grant from the Government of Switzerland; while IT hardware has been covered by the 'start-up' grant from the Government of the United States.

10.2 The bulk of the work in setting up a new office had already been done by the time of the 1st Board Meeting. During 2015 the office will continue to be upgraded, for example to prepare for the in-house management of IT services (currently also administered by GCSP), and to accommodate new staff members.

11. LOOKING AHEAD: NEXT STEPS AND CHALLENGES

11.1 The Secretariat has tried to maintain the momentum developed at the 1st Board Meeting and has made continued progress across a range of areas. Clearly there is significant work still to be done by the time of the next Board meeting, before the end of 2015, and in the longer term.

11.2 This report has identified some of the concrete next steps for the Secretariat, and in many cases these are expanded in other papers prepared for the 2nd Board Meeting. For governance: the next face-to-face Board meeting is expected to make the first grant funding decisions, and will require considerable preparation and a number of steps in the CFM to have been achieved. The Secretariat will continue to support Board constituency-building as requested. A priority will be to implement successfully the Resource Mobilisation Plan 2015, and prepare for presentation to the next Board meeting a resource mobilisation strategy for 2016-18. The Secretariat will continue to support CSMs in Bangladesh, Mali and Nigeria, and the work of the IRP, while also hoping to start the process of launching the CFM in additional pilot beneficiary countries before the end of the year. Upcoming priorities will include completion of needs assessments in pilot beneficiary countries, calls for expressions of interest from potential Principal Recipients and coordination of the review and recommendation making process by the IRP. The Communications Guidelines tabled for approval at this Board meeting will help direct awareness-raising and promotion of GCERF by the Secretariat, the Board, and GCERF partners and other stakeholders. Transitioning the management of human resources, finances, and IT to the Secretariat will also require a significant investment of time and effort.

11.3 In taking forward this ambitious schedule of work, the Secretariat is particularly aware of two main challenges. First, GCERF needs to accelerate its fund-raising if it is to achieve its full potential as a funding mechanism with the prospect of making a real and lasting impact on the scourge of violent extremism. Second, significant challenges, some unforeseeable, may be

experienced in establishing the CFM. This is due to the political sensitivity of GCERF's work, the demands being made on pilot beneficiary countries, and the conceptual and practical challenges of reaching the grassroots in a comprehensive manner. The Secretariat looks forward to the support of the Board in responding to these challenges, and realising the opportunities for GCERF to achieve its goals.