

FOR INFORMATION

BM.05/DOC.03: REPORT OF THE EXECUTIVE DIRECTOR

INTRODUCTION

1. This Board meeting represents the end of GCERF's two-year pilot period: the inaugural Board meeting was held in Geneva from 17-18 November 2014. Between them, the 14 papers presented here record the significant achievements of the Fund in just two years; and, building on this success, chart ambitious future directions.

PROOF OF CONCEPT

2. GCERF was established on three main conceptual grounds. The first was the importance of focusing on local communities as the crucible for preventing violent extremism ("PVE"), and elevating local knowledge of both drivers and potential solutions. The second was that there is a substantial funding gap for PVE initiatives at the local level. Third, it was asserted that the best way to fill this funding gap was through a multilateral funding mechanism.

3. Over the last two years GCERF has proved the concept, and demonstrated its practical potential. Our focus on local communities predates the more recent international focus on local communities, for example in the 2016 United Nations ("UN") Plan of Action to Prevent Violent Extremism. Already the baseline studies undertaken by GCERF's Principal Recipients ("PRs") are generating rich findings. An early survey conducted among 449 respondents in Kogi and Benue States in Nigeria, for example, simultaneously reinforces and challenges our understanding of the dynamics of violent extremism. Focusing on the single aspect of employment: on the one hand, respondents reported that a reduction in livelihoods was the second most significant impact of violent extremism, that joblessness was the number one reason for support for extremist groups, and that creating job opportunities was the most effective measure to limit recruitment to extremist groups. On the other hand, respondents rated the workplace as among the most important spaces of recruitment to violent extremism. What this tells us is that GCERF-funded projects focused on job creation must include awareness-raising training within the workplace, and should offer decent, valuable career growth opportunities.

4. That there is a funding gap at the local level for PVE initiatives has also been established. Of the 52 Sub-Recipients ("SRs") currently receiving grants from GCERF in Bangladesh, Mali, and Nigeria, very few have ever previously received grants from international donors, none for PVE specifically, and none over a three-year period as is the case for GCERF grants. The reasons for this funding gap have been found to include a: lack of capacity, limited access to potential donors, in some cases a lack of confidence in national and international donors, and on the part of donors, logistical challenges to reaching grassroots organisations. In this context, a particular emphasis will be placed on developing capacity among SRs, to enable the funding gap to be filled sustainably. This ranges from training in financial management skills, through direct involvement in monitoring and evaluation processes, to establishing networks between SRs, PRs, local and national government, and donors.

5. One of the main reasons to establish a multilateral funding mechanism is to galvanise an international response to a growing global challenge; and GCERF is now firmly established as the global fund for preventing violent extremism. There are other specific benefits that GCERF is now beginning to realise. One is of which is to share risk: many bilateral donors are too risk-averse to be able to provide and manage small grants to grassroots organisations in an untested field such as preventing violent extremism. This is one reason 12 government donors – along with the European Union (“EU”), have joined GCERF in such a short time span. Another benefit, as attested by the profile of the SRs currently receiving GCERF grants, the Fund also has the potential to access communities otherwise out of reach for some bilateral donors, whether for political or logistical reasons. Judicious expansion also means that GCERF will soon have a wider global reach on PVE initiatives than the majority of bilateral donors, with the potential to generate global comparative data and lessons learned on preventing violent extremism. Centralising knowledge transfer and technical expertise – for example on monitoring and evaluation – is another reason to establish a multilateral funding mechanism. Yet another reason is to coordinate multiple interventions, and in one beneficiary country, the Country Support Mechanism (“CSM”) established by GCERF is already being used to prioritise PVE-interventions from other donors.

6. In all of these ways, GCERF now has the potential to generate a significant and lasting impact on preventing violent extremism.

A SUCCESSFUL PILOT PHASE

7. The challenges confronting GCERF two years ago should not be underestimated. These included: establishing a new institution with all that entails; raising sufficient funds in an area for which there is no ‘natural’ funding source; building confidence on a politically-sensitive issue among potential beneficiary countries that had expressed an initial interest in partnering with GCERF as well as new beneficiaries; and developing the processes required to issue and manage grants at the local level that adhere to international standards of accountability and transparency. Achieving all of this certainly should be assessed as concrete results in a start-up context.

8. GCERF is a legally-registered Swiss foundation, with a Headquarters Agreement with the Swiss Confederation providing the same status as other international organisations in Geneva. The Secretariat, with 20 staff members, is structured around four fully functioning units: Executive Office, Corporate Services, Operations, and External Relations; and is fully supported by a comprehensive set of corporate policies and procedures. Board Paper BM.05/DOC.09 “Proposed Budget for 2017” shows the proposed budget for 2017 including a staffing plan; while the Annex to this paper charts progress across a range of functional areas.

9. Since its inception in 2014, a total of USD 34.4m has been committed to GCERF (including in-kind contributions), from Australia, Canada, the European Union, France, Japan, Morocco, the Netherlands, New Zealand, Norway, Qatar, Switzerland, the UK, and the USA, as detailed in Board Paper BM.05/DOC.14 “Update on Resource Mobilisation”. Contributions originate mainly in security- or development-related government funds; and the very significant recognition of GCERF as an Official Development Assistance (“ODA”)-eligible organisation by OECD-DAC should attract more development funds in particular. Although resource mobilisation remains a challenge, there are positive signs that GCERF’s current donors have the confidence to continue

to commit support to the Fund at least at the current level, and in some cases at a significantly increased level. The commitment of existing donors also helps to build confidence among potential new donors, several of which have expressed strong interest in supporting GCERF.

10. Before it was established, five countries had expressed at least an informal interest to partner with GCERF as beneficiaries: Bangladesh, Mali, Morocco, Nigeria, and Pakistan; representatives of each attended the first Board meeting. Pakistan preferred to observe progress before making a final commitment, and the Secretariat continues to engage and invite representatives of Pakistan to observe Board meetings; while Morocco preferred to become a donor for GCERF, including hosting our second Board meeting in Marrakech. GCERF has developed a strong working relationship with the governments of Bangladesh, Mali, and Nigeria, where fully established processes have now facilitated the signing of GCERF's first grants; and country strategies are now being developed to generate further investment. In addition, Kenya, Kosovo, and potentially Myanmar, have been approved by the Board as new beneficiary countries, where grants are intended to be signed in 2017 (see BM.05/DOC.12 "CFM: Update on Operations").

11. A particular achievement has been the establishment in each beneficiary country of Country Support Mechanisms ("CSMs"); unique nationally-convened PVE-related committees of relevant government departments and agencies, along with representatives of civil society, the private sector, and the international community including donors. Besides their critical role in the GCERF funding model; and their coordination role referred to above, these bodies have the potential to serve an even wider role as described below and in a subsequent Board document (BM.05/DOC.05 "Adaptations to the Funding Model").

12. Of these many and significant results, perhaps the headline is that across Bangladesh, Mali, and Nigeria, GCERF is currently funding 12 PRs, who are managing consortia with 52 SRs; collectively they are implementing more than 60 separate initiatives. Across the three countries, more than half a million people in both rural and urban contexts will be reached by GCERF-funded initiatives. Amongst the population groups being reached by the initiatives, 41% are women, 33% are youth, and 26% can be classed as vulnerable communities. Within the youth category, special emphasis is placed on out-of-school youth, lower class unemployed youth, and youth of ethnic and/or religious minorities. Within the population groups directly reached, the consortia will seek to mobilise approximately 50,000 change agents, whose subsequent reach will be far beyond the direct beneficiaries. As detailed in BM.05/DOC.12 "CFM: Update on Operations" the Secretariat is now establishing a full monitoring and evaluation system to capture the impact of these initiatives.

LOOKING FORWARD

13. The overriding theme for this Board meeting is to build on these strong conceptual grounds, political support, and initial results.

14. The first substantive paper (BM.05/DOC.04 "GCERF's Strategy Development Phase I") lays the foundations for the development and implementation of a GCERF strategy. Developed with the support of a Board-delegated Strategy Reference Group, it proposes a vision and mission for GCERF, the former an expression of our end-goal, the latter of why we exist, what we do, how we

do it, and for whom. Operating Principles are also proposed, to inform operational decisions, and key definitions to focus GCERF's range. A draft Theory of Change connects the everyday activities of GCERF with its intended vision and mission.

15. Next, the Board is asked to discuss and approve a series of adaptations to the overall GCERF funding model (BM.05/DOC.05 "Adaptations to the Funding Model"). The proposals build on lessons learned during the pilot phase, as well as specific feedback elicited from a wide range of sources, including CSMs, the Independent Review Panel ("IRP"), and donor representatives in beneficiary countries. In sum, the proposal is to develop specific country and regional strategies to ensure that GCERF is achieving its goals, adding value, and fulfilling its PVE coordination role in beneficiary countries; and to deploy a range of funding streams appropriate to fulfilling these strategies. Provisional country and regional plans for 2017 are presented in BM.05/DOC.06 "Country and Regional Plans for Grant-Making in 2017".

16. Underlying these proposed modifications is the realisation that GCERF may be able to seek complementary ways to achieve its goal of building community resilience against violent extremist agenda in addition to directly funding local communities. One way, for example, is to support the implementation of National PVE Action Plans; and a proposal is included for strengthening the role of CSMs – including with direct support from the IRP – in this regard.

17. Immediate momentum is delivered through a request to the Board to approve funding for a second round of investment in Mali. With an additional geographical focus on Bamako, and the addition of one new PR as a proposed recipient, the proposal demonstrates a responsiveness to emerging challenges and new opportunities. Assuming Board approval, grants will be signed within nine months of the initial Board pre-allocation of funding at the June 2016 meeting, demonstrating a considerable improvement from the 14 month time-lag between Board approval and grant signing the first time round. The adaptations to the GCERF funding model are intended to make the fund even more responsive, agile, and flexible.

18. A series of other papers presented at this Board meeting– on a range of financial matters (BM.05/DOCS 08, 09, 10, 11), as well as the report of the Ethics Committee (BM.05/DOC.07 "Report of the Ethics Committee") – should reassure the Board that GCERF has the foundation in place now to realise its ambition and potential.

19. At the same time, two papers in particular, on the current funding situation (BM.05/DOC.08 "Review of the Funding Situation") and resource mobilisation (BM.05/DOC.14 "Update on Resource Mobilisation") should alert the Board to two stark messages. The first, is that the financial viability of GCERF is still uncertain. Currently commitments to GCERF do not yet permit re-investment in either Bangladesh or Nigeria, nor a first round of investment in Myanmar. Neither do they fully cover the estimated operating expenses for 2017. A series of planned initiatives, from developing the GCERF strategy, through country and regional strategies, to engaging the private sector more strategically, may help alleviate this shortfall, and the resource mobilisation strategy has been amended to reflect these opportunities.

20. Second, however, is the realisation that neither the quantity nor the quality of funding made available to GCERF currently will allow it to realise its full potential as a multilateral funding

mechanism. In particular, there is a concern that the majority of funding to GCERF is restricted as opposed to unrestricted. Not only does this undermine the purpose of a multilateral funding mechanism, it also significantly limits the ability of the Board to make strategic decisions about how GCERF funds are disbursed. GCERF has proved its conceptual basis, achieved significant initial results, and has ambitious plans for growing impact. What is now missing is committed funding.

ANNEX 1: UPDATE ON SECRETARIAT ACTIVITIES

1. PURPOSE

1.1 The purpose of this short annex to the Report of the Executive Director is to provide the Board with an update on Secretariat activities since the last face-to-face Board meeting from 13-14 June 2016. 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

- Following an invitation for nominations by the Chair in April 2016, Mr Anton du Plessis, Executive Director of the Institute for Security Studies and Alternative Member of the Policy, Think and Do Tank Constituency, was appointed to the Ethics Committee, which now has three members. A new Ethics Officer – Ms Carole Beilleau – has been appointed within the Secretariat.

3. RESOURCE MOBILISATION

- In July 2016, the Development Assistance Committee of the Organization for Economic Cooperation and Development recognised GCERF as an Official Development Assistance (“ODA”)-eligible organisation. The Secretariat is very grateful to the Swiss Government for submitting the application.
- As of November 2016 twelve government donors plus the European Union have contributed a total of USD 34.4m (including in-kind contributions) to GCERF since its inception.
- Total financial contributions received in 2016 (to end November) amount to USD 7.4m, with additional pledges of USD 6.5m, and an as yet unconfirmed potential additional contribution from Japan.
- A Corporate Partnerships and Private Sector Engagement Strategy has been commissioned, and will form the basis for Private Sector Engagement Plan in 2017.

4. OPERATIONS

- Conclusion of grant agreements with all 12 grantees in Bangladesh, Mali and Nigeria.
- Ongoing grant management activities related to 12 grantees in Bangladesh, Mali and Nigeria.
- Launch of Calls for Expressions of Interest from Potential Principal Recipients (“PPRs”) in Kosovo and Mali.
- Subsequent to shortlisting, due diligence and risk assessment conducted on six PPRs in Kosovo and Mali.
- Detailed feedback and guidance to PPRs on the refinement of their proposals in Mali.
- Continuous dialogue with CSM and donor community in Bangladesh, Kenya, Kosovo, Mali and Nigeria.

- Continuous consultation and coordination with the IRP, including issuing new calls for experts to replenish its membership.
- Commission and coordination of consultancy to assess the position of the new Myanmar government on Myanmar's status as a GCERF beneficiary country.
- Elaboration and development of new standard operating procedures and tools for grant making and grant management.

5. COMMUNICATIONS / EXTERNAL RELATIONS

- Organisation of two side events on the margins of the UN General Assembly – a 'High-Level Awareness and Pledging Meeting for the Global Community Engagement and Resilience Fund' and 'Preventing Violent Extremism: The Private Sector as a Vehicle for Innovation and Success'.
- Briefings to 10th GCTF Coordinating Committee meeting and 7th GCTF Ministerial Plenary meeting.
- Participation in various external events, including the Annual Swiss Ambassadors and International Network Conference, Geneva, 23 August 2016.
- Regular website updates and social media engagement.

6. FINANCE

- Selection of External Auditor and recommendation made to the Board in November.
- Expression of Interest process for external financial examinations of GCERF grantees now finalised. Request for Proposals to be launched soon.
- Participation in due diligence process for potential new Principal Recipients in Kosovo and Mali
- Participation in finalisation of grant agreements for Bangladesh, Mali and Nigeria. Initial disbursements processed. Monitoring of compliance with Special Conditions. First monitoring visit in Mali and Nigeria now completed.
- Support to work plan and budget development for 2017.
- Outsourcing of accounting function will be completed by December.
- Continuous development/improvement of processes and tools.

7. HUMAN RESOURCES

- Mid-term performance reports completed. Objectives for all staff members for July-December reviewed.
- Support to recruitment processes in the Operations team in particular.
- HRM Consultation now finalised. Compensation policy, job evaluation system, policy on interns and young professionals, performance management system, a refined recruitment process all ready for approval. Development of competency framework to be finalised in early 2017.

8. ADMINISTRATION

- Selection of IT consulting firm to help GCERF develop an IT roadmap. Consultations are ongoing. The IT roadmap is expected to be completed in February 2017.
- Additional office space secured.
- Long term contracts with translators now in place.
- Insurance coverage reviewed.