

FOR DECISION

PROPOSAL FOR THE FUNDING MODEL (VERSION 2)

1. PURPOSE

The purpose of this paper is to seek approval of: (i) the establishment of GCERF's Core Funding Mechanism designed to achieve GCERF's mandate for the long-term; and (ii) an Accelerated Funding Mechanism designed to address the immediate needs of the global community while complementing the Core Funding Mechanism. It provides the Board with an overview of the proposed operating procedures during the pilot phase (as referred to in the Report of the Executive Director (BM.01/DOC.03)) and is expected to be refined as GCERF, and the context in which it operates, evolves.

2. DECISION REQUESTED

The Board is requested to approve the following decisions:

BM.01/DEC.XX: *The Board:*

- a. notes the important role of GCERF as the first global effort to support community-targeted initiatives aimed at strengthening resilience to violent extremist agendas and sustainably address the drivers of radicalisation to such agendas and other sources of insecurity;*
- b. recognizes the unique contextual challenges that differentiate GCERF from other multi-stakeholder funding mechanisms, and therefore justify the piloting and subsequent evaluation of the Core Funding Mechanism;*
- c. endorses the Core Funding Mechanism, including its structures and processes, as proposed in Section 4, Part 2 of the Proposal for the Funding Model (BM.01/DOC.05);*
- d. invites and approves Bangladesh, Mali, Morocco, Nigeria and Pakistan to be pilot beneficiary countries in 2015 and encourages each to commence the establishment of their Country Support Mechanism as soon as possible; and*

- e. *requests the Executive Director (to be appointed) to:*
 - i. *oversee the implementation of the structures and processes of the Core Funding Mechanism and where appropriate explore adaptations and alternatives;*
 - ii. *oversee the Secretariat's work with approved pilot beneficiary countries in establishing their Country Support Mechanisms;*
 - iii. *elaborate and present for approval in the second quarter of 2015 detailed beneficiary country eligibility criteria for Board approval; and*
 - iv. *begin the process of identifying potential beneficiary countries for 2016.*
- f. *requests the Chair (to be appointed) to oversee the establishment of the international Independent Review Panel under the terms of reference contained in Annex 2 to BM.01/DOC.05.*

BM.01/DEC.XX: The Board:

- a. *welcomes the Secretariat's proposal of an Accelerated Funding Mechanism ("AFM") to provide an efficient and effective way for the global community to provide fast and flexible support to projects responding to the recent escalation in violent extremism worldwide and its current manifestations;*
- b. *recognizes that while maintaining appropriately robust standards of transparency and accountability, the AFM described in Section 4, Part 3 of the Proposal for the Funding Mechanism (BM.01/DOC.05) will support projects that may necessarily adapt and evolve in the current, rapidly changing environment;*
- c. *notes that the viability of the AFM will depend on recognition of the need for flexibility and pragmatism in funding and associated reporting requirements by potential donors;*
- d. *in light of the above, requests that potential donors agree to adjust their requirements on monitoring and evaluation in their contribution agreements relating to the AFM;*
- e. *approves in principle the AFM, including its thematic and geographical priorities, structures and processes, for an initial period of two years once launched;*
- f. *requests the Chair (to be appointed) to consult Board Members regarding their interest in participating in the Accelerated Funding Panel (AFP) and present a recommendation on the membership of the AFP to the Board for approval; and*

g. authorizes the Executive Director (to be appointed) to:

- i. launch the AFM and oversee its operationalization by the Secretariat as soon as practicable, subject to the further Board decision on the proposed funding and operating expenses budget for the AFM proposed in BM.01/DOC.07; and*
- ii. provide the Board with a recommendation concerning the potential continuation of the AFM after the initial period of two years, based on an evaluation of its value and assessment of its functioning.*

3. BACKGROUND AND REASONS FOR RECOMMENDATIONS

3.1 This paper contains a proposal for a **Core Funding Mechanism** and an **Accelerated Funding Mechanism**. This two-tier funding model is designed to provide the international community with flexibility in its collective response to radicalisation to violent extremist agendas, in both the immediate and longer term.

3.2 The Core Funding Mechanism is based on the deliberations reflected in the Framework Document (Annex 1 to BM.01/DOC.02). Using this as a basis, since mid-2014, the Interim Secretariat has consulted widely with stakeholders interested in countering violent extremism, including development agencies and other grant-making bodies, to devise a model that incorporates lessons learned from existing funding mechanisms, but also responds to the uniqueness of GCERF.

3.3 The Accelerated Funding Mechanism has been designed in urgent response to the challenges posed by the recent escalation in violent extremism worldwide and its current manifestations, such as the rise of the group known as the Islamic State, ISIL, ISIS or *Da'esh*. The current, rapidly evolving context demands more immediate and targeted responses to the spread of violent extremism in its manifest forms as they emerge. To facilitate the global community in responding quickly – and in a coordinated and coherent manner – the Interim Secretariat was requested to propose an Accelerated Funding Mechanism. This funding mechanism has been designed to provide prompt support to international, national, and local non-governmental and community-based initiatives targeted at countering radicalisation to violent extremism both locally and transnationally.

4. OVERVIEW OF FUNDING MODEL

Part 1: Filling the Funding Gap

4.1 Addressing the local drivers of radicalisation to violence by supporting local community-targeted responses is an important, underexploited and currently underfunded strand of a holistic, integrated policy for countering violent extremism. A global fund can help close the gap, but it requires an innovative funding model which responds to the unique conditions and challenges involved.

4.2 GCERF's funding model will represent a strategic effort to support initiatives to counter radicalisation to violence in order to achieve sustainable, lasting impact within a wider global context of long-term peace, security and development. Specific characteristics that differentiate GCERF from other globally mandated, multi-stakeholder, issue-specific funding mechanisms such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Green Climate Fund and the GAVI Alliance include:

- (a) **Fund Size:** The scale of funds that will be available to and disbursed by GCERF will be small in comparison with many other global funding mechanisms.
- (b) **Intended Grantees:** Reaching local communities presents a significant and multi-dimensional set of challenges that requires the customisation of GCERF. These challenges include: difficulties in reaching organisations working at a community level from the GCERF Secretariat's base in Geneva, especially as the most at-risk communities may be in hard to reach locations; limitations in the absorption capacity of community-level organisations; and limitations in their capabilities in areas such as governance, programme management, reporting, and financial management.
- (c) **Grant Size:** The provision of small-scale grants, which are appropriate to the absorption capacity of local community-based structures, inherently leads to high grant management and administration costs, unless alternative approaches are considered.
- (d) **Contested Contexts:** Addressing the drivers of radicalisation to violence is inherently political and understandably sensitive. The types of community-level initiatives that are most likely to address the primary drivers of radicalisation to violence – from within communities most at risk – are also likely to be highly contested. Supporting worthy initiatives, while recognising and responding to the concerns and sensitivities of stakeholders (at the international, country, and local levels), will be essential.
- (e) **Security - Development Nexus:** Addressing the drivers of radicalisation to violent extremism requires interventions beyond the security sector. GCERF presents a unique opportunity to position strategically countering violent extremism initiatives that have the potential to affect profound and lasting impact, in a wider framework of ensuring human security and achieving sustainable developmental goals – central to which are peaceful and inclusive societies.
- (f) **Performance Expectations:** Operating at the nexus of security and development, GCERF's impact will be scrutinised from multiple perspectives, and, potentially, evaluated against differing performance criteria, depending on the sources from which funding has been secured.
- (g) **Commitment to Sustainability:** Achieving continued and systemic impact, sustained community engagement and robust community resilience, requires the development of community-level capacity. This will require a shift from the traditional approach –a primarily project focus – to incorporate community-level capacity development as an essential element of GCERF funding.

Part 2: Core Funding Mechanism

4.3 The following section provides an overview of the proposed Core Funding Mechanism as reflected in Figure 1 on page 7:

Guiding Principles

4.4 The hallmarks of the Core Funding Mechanism are:

- (a) **Impact:** Demonstrably strengthen resilience against violent extremist agendas through addressing the local drivers of radicalisation to violent extremism.
- (b) **National Support:** Encourage and promote national government support based in existing regional and national countering violent extremism, counter-terrorism, and development strategies and goals, as well as the UN Global Counter-Terrorism Strategy (UNGCTS), and contribute to the implementation of Pillar I of the UNGCTS.
- (c) **Efficiency:** Maximise donor funding to community-targeted projects.
- (d) **Reach:** Bridge the gap between donor funding at the international and national level and community-targeted projects at the local level.
- (e) **Access:** Through GCERF's broad public and private donor base, provide civil society with much needed access to politically neutral resources.
- (f) **Multi-Stakeholder Engagement:** Facilitate state, private sector, and civil society collaboration at the country and local levels, in support of funded projects.
- (g) **Sustainability:** Build the resilience and capacity of supported organisations, as assets to their communities and countries.
- (h) **Performance-Based Funding:** Provide a robust and practical framework for performance monitoring and evaluation, appropriate to the scale of funding involved, the capacities of intended grantees, while managing the risks associated with innovative approaches.
- (i) **Innovation:** Support creative and entrepreneurial initiatives, acknowledging the risks involved.
- (j) **Independence:** Provide an efficient, independent, and transparent decision-making process for the allocation of funding, based on the technical merit and feasibility of the proposals and the socio-political concerns of stakeholders.
- (k) **Transparency:** Provide regular, detailed and timely information on the volume, allocation and when available, results of the use of funding to all stakeholders, recognising the potential security concerns for grant recipients. Make efficient use of potential national and local beneficiaries' resources by providing clear information concerning the potential funding available.
- (l) **Agility:** Respond promptly and flexibly to emerging opportunities and challenges in achieving GCERF's purpose.
- (m) **Accountability:** Provide accountability and integrity.
- (n) **Harmonisation:** Promote and facilitate coordination and cooperation at the country and local levels amongst stakeholders, including donors, to avoid duplication. Complement ongoing national countering violent extremism efforts

and reinforce regional, and international initiatives to count violent extremism, including those of the United Nations Counter-Terrorism Implementation Task Force and the United Nations Counter-Terrorism Centre.

- (o) **Leverage:** Provide a channel for the funding of community-targeted projects within the broader development context by the same or other donors or funding sources.

Annual Funding Cycle

4.5 The Core Funding Mechanism will initially follow an annual cycle, reflecting the funding model proposed here. During each annual funding cycle, the Board would decide on the intended beneficiary countries for the following calendar year. Grants may have a term of up to three years. The Board may wish to review the regularity of the funding cycle in future years.

Targeted Use of Funding

4.6 The Core Funding Mechanism provides targeted and mutually reinforcing support for applications from Principal Recipients representing a consortium of organisations able to demonstrate community-level participation and targeting those which incorporate tailored capacity development for consortia members.

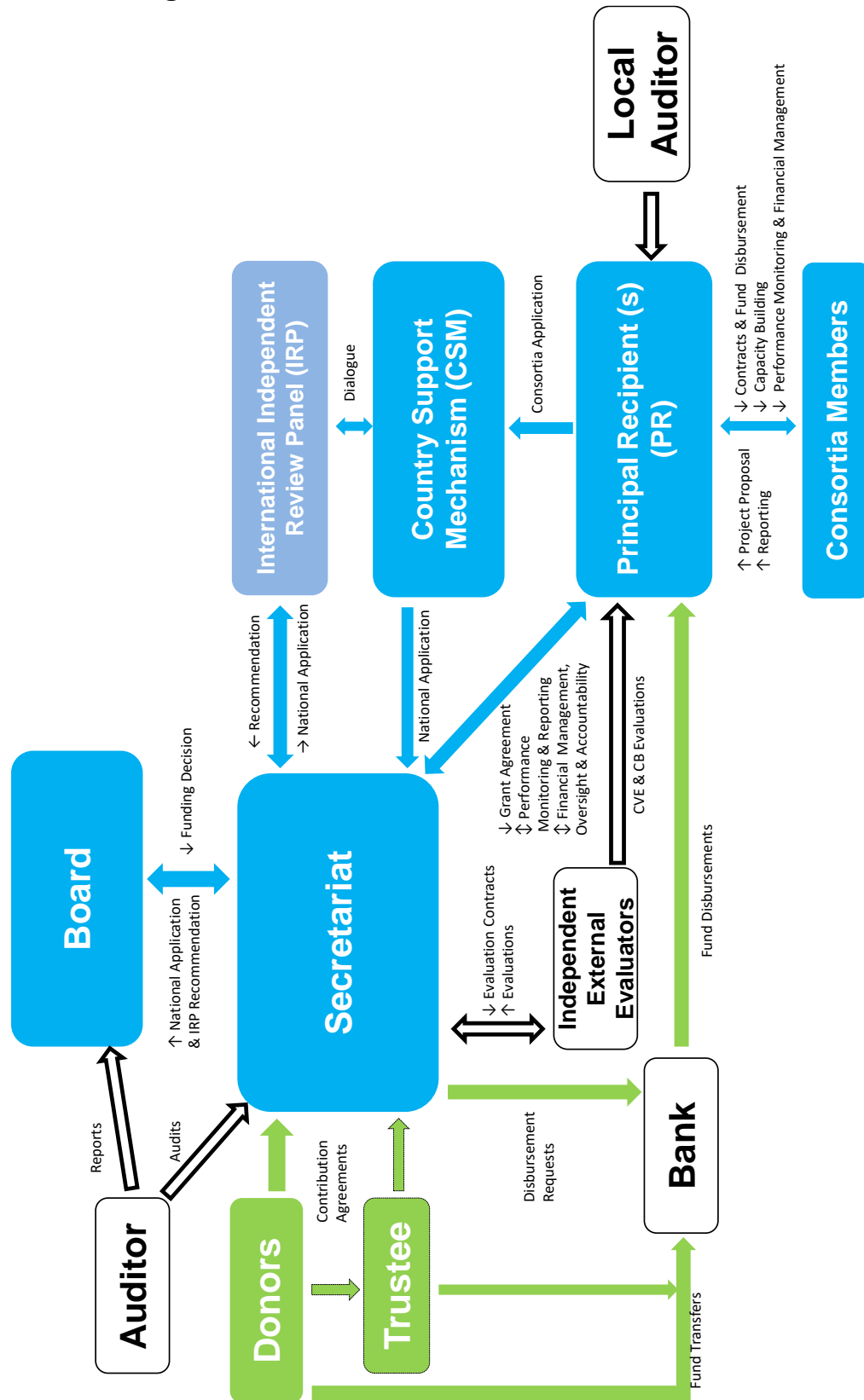
Beneficiary Country Self-Identification and Board Approval

4.7 To be eligible, prospective pilot country must be included on the current list of countries eligible for Official Development Assistance¹ and:

- face a radicalisation to violent extremism challenge;
- have government committed at the national-level to countering violent extremism and engaging local communities as part of this effort; and
- be willing to support and facilitate the provision of GCERF grant-making nationally.

¹ <http://www.oecd.org/dac/stats/49483614.pdf>

Figure 1: Grant Management Process



4.8 It is envisaged that the Core Funding Mechanism will provide grants in five countries in 2015 and a further five countries in 2016. To guide interested countries and to facilitate Board decision-making, a detailed eligibility policy will be prepared for approval at the next face-to face meeting of the Board.

4.9 During the initial establishment phase of GCERF, five countries self-identified as pilot countries to work with GCERF in its first year of operations: Bangladesh, Mali, Morocco, Nigeria and Pakistan. The proposed decision in this paper requests Board approval of these five as pilot countries at the 1st Board meeting.

Country Support Mechanism

4.10 Eligible countries will be invited to form a Country Support Mechanism or “CSM.” The CSM is a national multi-stakeholder entity ideally composed of representatives of national government, sub-national authorities, local civil society, the private sector, as well as bilateral donors, United Nations entities, and multilateral and regional organisations active in the country. While clearly no one size fits all, detailed guidelines for CSMs are attached as **Annex 1** to this document.

4.11 In addition to the specific functions in relation to the Core Funding Mechanism detailed in this document, the CSM is responsible for:

- (a) Ensuring national support and respect for country-led responses to the threat of radicalisation to violent extremism;
- (b) Focusing on the creation, development and expansion of partnerships among all relevant actors within a country, and across all sectors of society, including governments, civil society, multilateral and bilateral agencies, and the private sector;
- (c) Strengthening the participation of communities and people at risk of radicalisation to violence and of people living with insecurity as a result of violent extremism in addressing the threat of radicalisation to violence;
- (d) Building on, complementing, and coordinating with existing national strategies to counter violent extremism, counter terrorism, and development goals; and
- (e) Encouraging transparency and accountability.

CSM Country Needs Assessment

4.12 The CSM is responsible for providing an analysis of existing levels of community resilience against violent extremist agendas and the drivers of radicalisation to violence, including the identification of the demography and geography of communities at risk. This assessment will also include an analysis of: levels of community engagement in identified communities at risk, community-identified gaps in addressing such drivers, and the structures and capacities of community-level stakeholders servicing and representing these communities. Such assessments will build on national strategies to

counter violent extremism, country and local expertise and the body of relevant analysis by academic, governmental, multilateral, and non-governmental entities.

4.13 The analysis is based on established assessment criteria agreed upon by GCERF's international Independent Review Panel ("IRP") (discussed in paragraph 4.26 below), in consultation with the Secretariat and relevant beneficiary state authorities.

4.14 The CSM is responsible for providing its country needs assessment to the IRP via the Secretariat in order to inform the IRP's fund allocation recommendation.

Country Fund Allocation

4.15 The CSM's needs assessment will be shared with the IRP, facilitated by the Secretariat. The IRP will use the assessments, as well as information from the Secretariat on available funding, to provide a recommendation to the Board regarding the maximum potential funding that may be granted to each intended beneficiary country for a three-year period.

4.16 The IRP will base its recommendations on the comparative established and perceived needs of each country under consideration that year, the enabling environment provided by the national-level government in each country, and the overall secured funding available for that period.

Grant Application Criteria and Process

4.17 The CSM is responsible for the promotion, through existing institutional channels and networks, of GCERF's mission, mandate and calls for proposals. The grant application process begins with an open call by the CSM for expressions of interest from potential Principal Recipients.

4.18 GCERF grant assessment criteria are as follows:

A. PROPOSAL

Soundness of Approach

1. Responds to highest priorities and most critical gaps in countering violent extremism, reflecting the drivers, demography (including engendered issues), and geography of radicalisation to violence in a particular country, as identified by the CSM's country needs assessment.
2. Demonstrates a focus on identified vulnerable target populations.
3. Demonstrates local community ownership, leadership, and participation in the proposal.

4. Reflects current, evidence-based technical good practices and approaches that best fit specific country contexts for countering violent extremism and addressing the drivers of radicalisation to violence.
5. Shows creativity and initiative in responding to opportunities and challenges posed by radicalisation to violence in a particular country.
6. Leverages the assets and resources available nationally and internationally to achieve its intended impact, while at the same time de-conflicting and harmonising with existing initiatives, to minimise duplication.
7. Delivers a technically sound and strategically focused response in a cost-effective manner, avoiding replication and any other form of waste.

Feasibility

1. Understands and responds to local political, social, legal, and economic opportunities and constraints that may enhance or prevent grant implementation.
2. Ensures structural barriers to accessing services, including those related to human rights, are adequately understood and addressed to achieve the goals.

Capacity Development

Demonstrates how the following capability of consortia members will be developed in the following areas:

- Act and commit: to plan, take decisions, and act on these decisions collectively (e.g. appropriate governance, structures, leadership, management, ability to mobilize resources, programme and financial management).
- Deliver on objectives (e.g. available resources, appropriate human resources, infrastructure, standards, performance measures).
- Adapt and self-renew through learning and adaptation to changing external and internal environmental factors.
- Establish and maintain relations with external stakeholders (e.g. their communities, government, private sector, and other civil society organisations).
- Achieve coherence in their identity, self-awareness, and discipline (e.g. clear mandate, mission, values and strategic directions, operationalized through appropriate principles, systems).

Potential for sustainable outcomes

1. Addresses the drivers of radicalisation to violence in ways that bring about lasting improvements in the lives of target populations and wider society.
2. Is consistent with broader countering violent extremism and development efforts, and complements national or international counter-terrorism and development strategies and goals.
3. Develops the resilience and capacities of supported organisations, as long-term

assets to their communities and countries.

B. APPLICANT

The Principal Recipient in the application demonstrates the capacity to:

1. Engage with and mobilize relevant communities and other stakeholders in the development of a GCERF application.
2. Provide a robust and practical framework for performance monitoring and evaluation, appropriate to the scale of funding involved, while managing the risks associated with innovative approaches.
3. Provide necessary financial accountability and management of the grant funds, including those managed by its staff and those managed by other consortium members as required.
4. Identify and support the development of capacity of other consortia members.
5. Facilitate learning, coordination and cooperation amongst key stakeholders.

Principal Recipient

4.19 The role of a Principal Recipient is to act as the lead agency for a consortium of organisations working at the community-level applying for funding. Specifically, Principal Recipients must be a locally registered legal entity able to enter into a grant agreement and receive and manage funding from GCERF, prepare and submit one consolidated proposal (on behalf of the consortium they represent), and manage approved funding ensuring integrity up and down the system by complying with GCERF requirements and monitor compliance of grantees.

4.20 The Principal Recipient is responsible for the financial accountability and management of grant funds received by other consortium members. Grant policies will include limits to administrative overheads, which in all cases will be required to reflect the actual and documented administrative costs associated with ensuring the financial accountability and management of grant funds managed by the Principal Recipient, including those it disburses to other consortia members. However, in cases where the capacity of consortia members is low with regards to financial management, Principal Recipients will be encouraged to include a plan and budget for capacity development in their application. These costs will be reviewed as part of the capacity development dimension of the grant application.

Open Call and Selection of Principal Recipients

4.21 To avoid unnecessary use of resources by prospective grantees on preparing full applications and engaging with other potential consortium members, potential Principal Recipients are selected following an open call for expressions of interest. The selection of potential Principal Recipients will be a joint decision made by the CSM and IRP in consultation with the Secretariat based on the “Applicant” grant assessment criteria listed in paragraph 4.18 above. The CSM, IRP and Secretariat will base the selection on principles of transparency, exogenous and endogenous accountability, and sound risk management. The CSM, IRP and Secretariat will seek to reach consensus in the selection of potential Principal Recipients. In instances in which consensus cannot be reached, the commissioning by the Secretariat of an independent external *ex-ante* evaluation may be requested by the IRP or CSM to guide the final decision.

4.22 Multiple potential Principal Recipients once selected may be invited to submit applications in a beneficiary country, depending on geographical considerations (e.g. reach), intended levels of funding to be made available (i.e. demand), and demographics (i.e. communities served).

4.23 Once selected, the potential Principal Recipient will be informed by the CSM and given three months to develop their applications.

National Application

4.24 A National Application is comprised of the individual applications of selected Principal Recipients submitted by the CSM to GCERF for funding. The CSM is responsible for selecting those applications of selected Principal Recipients it wants to endorse and include in its National Application. There is no lower or upper limit on the number of selected Principal Recipient applications to be included in a CSM’s National Application.

4.25 A National Application is submitted via the Secretariat for review and recommendation by the IRP before submission to the Board.

International Independent Review Panel (IRP)

4.26 The international Independent Review Panel or “IRP” is an independent, impartial group of 8 to 14 experts appointed by the Board to provide a rigorous technical assessment of requests for funding made to GCERF. The IRP fulfils the functions relation to the Core Funding Mechanism outlined in this document. Detailed Terms of Reference is attached as Annex 2 to this document.

IRP Funding Recommendations

4.27 The IRP will provide funding recommendations to the Board based on the review assessment criteria outlined in paragraph 4.17 above. The IRP reviews the national application against established technical standards and places special emphasis on the overall coherence and performance potential of the application as a whole.

4.28 The IRP has up to 30 days to make its recommendation with any reservations/requests for modifications. In the event that modification and/or clarifications are sought by the IRP, the CSM will be provided with a reasonable amount of time to address them, including consulting with the Principal Recipient(s) if necessary. The IRP will then have a further two weeks to accept modifications or clarifications provided by Principal Recipients through their CSM.

4.29 The IRP's final recommendation is then submitted to the Board, including any outstanding reservations/requests for modifications that have not been addressed or resolved.

Board Decision-Making

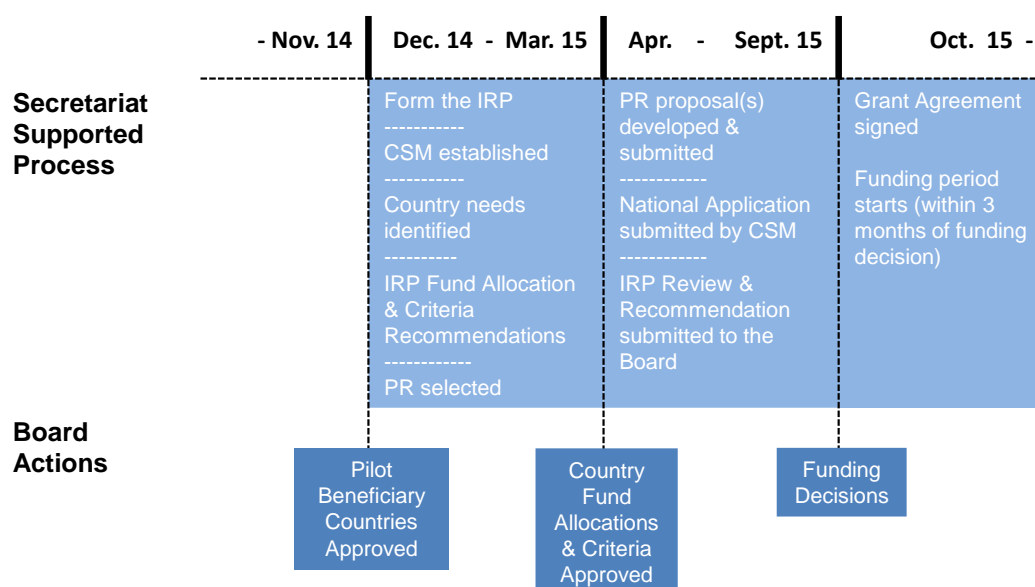
4.30 The Board makes funding decisions in accordance with its Statutes, Bylaws, and Policy on Ethics and Conflict of Interest.

4.31 Board decision-making should place emphasis on the merits and potential impact of applications, in light of the risk assessment made and reflected in the recommendation (e.g. contextual considerations), and any outstanding reservations/requests for modifications of the IRP.

4.32 The Board may choose to approve a National Application, or to do so subject to specific reservations or conditions. A decision not to fund a proposal will be recorded in the minutes of the meeting, with an indication of whether the applicant is encouraged to re-submit.

4.33 Considering the process that each proposal will go through before reaching the Board, a decision not to fund is an unlikely occurrence; however, it is reserved by the Board as an option, especially in light of changing circumstances in a country.

Overview of Pilot Grant-making Cycle



Grant Awards and Disbursements

4.34 Following Board approval, the Secretariat will negotiate grant agreements with each Principal Recipient, which will take into account the specific programmatic and financial risks related to each programme and Principal Recipient.

4.35 Disbursements to Principal Recipients are made on a semi-annual basis, one quarter in advance. Disbursements by Principal Recipients to other consortia members are made on a quarterly, semi-annually or annual basis depending on the size of grant.

Performance Monitoring and Evaluation (Programme and Financial)

4.36 The purpose of GCERF's performance monitoring and evaluation (PM&E) is to promote exogenous and endogenous accountability and transparency. GCERF will adopt a robust and pragmatic PM&E framework appropriate to the size of grants made that recognizes the specific contextual constraints inherent to targeting the community-level. A detailed PM&E Framework will be developed by the Secretariat in consultation with key constituencies following the 1st Board meeting, sent to the Board for comments during that period and presented to the Board for information during the second quarter of 2015.

4.37 The purpose of GCERF's PM&E framework will be to (i) support the robust programmatic and financial management of grant performance; (ii) promote learning and the identification of good practices; and (iii) inform improvements in current grant implementation and future grant-making. GCERF's PM&E framework will comprise periodic monitoring and episodic evaluation.

Progress Monitoring

4.38 The purpose of GCERF's progress monitoring is to (i) improve the efficiency and inform adjustments in grant implementation by Principal Recipients; and (ii) oversee direct expenditure and disbursements to other consortium members by Principal Recipients. GCERF's monitoring specifically refers to the level of activities and outputs based on pre-defined progress indicators.

4.39 The Secretariat will be responsible for overseeing the implementation of grant awards by Principal Recipients based on agreed financial reporting requirements and pre-defined progress indicators. The Secretariat will maintain close and regular communication with Principal Recipients.

4.40 GCERF will track grant progress regularly through the routine review of progress reports. Principal Recipients will be required to provide quarterly programmatic and financial reports on grant implementation. These reports will include a management section identifying progress trends during the period, significant deviations or concerns, and recommended midstream corrections. Progress reports will be designed to ensure unreasonable or undue burden is not placed on Principal Recipients or smaller consortia members.

4.41 Principal Recipients will be responsible for the routine oversight of consortia members, based on agreed financial reporting and pre-defined progress indicators. These requirements will be informed by standard guidelines provided by the Secretariat that take into account the size and duration of funding provided to consortia members. Due to the potential capacity limitations of smaller consortia members, a Principal Recipient may facilitate and support the preparation by smaller consortia members' of narrative and financial progress reports, subject to clear guidelines concerning transparency.

4.42 Enhanced oversights of Principal Recipients' progress by the Secretariat will be provided through annual quality assurance assessments of each Principal Recipient primarily for verification purposes.

Performance Evaluation

4.43 The purpose of GCERF's performance evaluations are to (i) improve the effectiveness and inform adjustments in grant implementation by Principal Recipients; and (ii) oversee the financial management and cost-effectiveness of Principal Recipients. GCERF's performance evaluations specifically refer to the level of outcomes based on performance indicators and qualitative impact assessment.

4.44 GCERF will undertake annual performance evaluations of each Principal Recipient. These limited scope assessments will: (i) evaluate the aggregate performance outcomes and when possible impact achieved by the Principal Recipients against the approved goals and objectives of their grant award; and (ii) identify potential areas of

underperformance and inform recommendations for midstream corrections; (iii) verify reported implementation and expenditure; and (iv) ensure compliance with financial management requirements.

4.45 The Secretariat will reserve the right to undertake a random performance evaluation of a Principal Recipient at any time of the year with due notice.

National Award Evaluation

4.46 The Secretariat will commission independent external evaluations of each CSM's portfolio during the final year of their current grant period. These assessments will evaluate the aggregate performance outcomes and impact achieved by each Principal Recipient against the approved goals and objectives of the overall approved national grant award. The intention of these evaluations will be to: (i) assess the overall performance of GCERF's grant award for key stakeholders (e.g. donors, beneficiary countries); and (ii) to inform future GCERF funding based on the needs of the country.

4.47 National award evaluations will be informed by the reports of previously conducted performance evaluations.

4.48 Especially in this pilot phase, GCERF may decide to commission one or a number of mid-term national award evaluations to inform future GCERF funding.

4.49 GCERF will reserve the right to suspend funding in a particular country, or to a particular Principal Recipient, in light of a spectrum of internal and/or external issues. General conditions concerning the grounds for the suspension of funding will be detailed in specific conditions in individual Grant Agreements.

Financial Audits

4.50 Principal Recipients will be required to appoint auditors in an open, competitive and transparent process. Principal Recipients will be required to share with GCERF their annual audited reports and, in appropriate circumstances, to provide a grant specific audited statement.

4.51 In some cases, the Secretariat may initiate external financial reviews of a Principal Recipient to promote robust financial management practices and performance. These reviews may include probes into individual disbursements for the compliance of other consortia members.

4.52 The Board will appoint an independent auditor to conduct an audit of the GCERF's books and records on an annual basis. The annual audited financial statements of the GCERF will be shared with the Board.

Fund Disbursements

4.53 GCERF will issue fund disbursement requests to its bank for payment to Principal Recipients.

4.54 Principal Recipients will be responsible for fund disbursements to other consortia members.

Part 3: Accelerated Funding Mechanism

The following section provides an overview of the proposed Accelerated Funding Mechanism (“AFM”):

Funding Cycle

4.55 Potential grantees for the AFM may apply on a rolling basis. Grant processing and approval is completed within three months: from the date at which an application is submitted, to the disbursement of funding.

Targeted Use of Funding

4.56 The AFM provides micro, small and medium size grant awards (USD 10,000 – 100,000) to support projects of non-governmental organisations, primarily national and community-based organisations, and sub-national governmental authorities of between 3-12 months duration.

4.57 As a first step, the Secretariat launches a public and open call for proposals to signal the availability of the AFM.

Thematic Criteria

4.58 Funding under the AFM is available for initiatives designed to stem radicalisation to violent extremist agendas such as those of the group known as the Islamic State, ISIL, ISIS or *Da’esh*, amongst populations at risk in eligible countries (and reflective of the demography, geography, and drivers of radicalisation to violence); including but not limited to community engagement and resilience projects that:

- (a) provide counter-messaging to challenge the supposed legitimacy and actions of groups involved in or supporting violent extremism;
- (b) provide positive alternatives to those communities most at risk;
- (c) develop the programmatic capacity of civil society to counter violent extremism;
- (d) encourage and support activism against radicalisation to violent extremism by populations at risk;
- (e) promote pluralism, diversity, and tolerance; and
- (f) facilitate dialogue and collaborative responses.

Eligible Countries:

4.59 The Secretariat will propose eligibility for approval by the Accelerated Funding Panel referred in paragraph 4.67 below.

Country Agreement

4.60 The Secretariat will seek to secure the consent from the governments of countries eligible for support from the AFM.

Grants Application Process, Due Diligence and Funding Recommendations

4.61 Grantees apply using a proposal form made available by the Secretariat. The application process is managed online.

4.62 The AFM operates under strict guidelines for grantee due diligence, appropriate to the unique circumstances in which the mechanism is operating, however based on principles of transparency, exogenous and endogenous accountability and sound risk management.

4.63 Each proposal goes through a screening process wherein the Secretariat ensures that applications meet Board approved thematic and geographic eligibility criteria.

4.64 The Secretariat is responsible for making a funding recommendation for each application based on an assessment of each application's strategic focus, technical merit, and contextual considerations that may impact potential grant performance.

4.65 Applications that receive a positive Secretariat recommendation will be presented to an Accelerated Funding Panel (described below) for consideration for approval.

4.66 A Grants Management Manual for the AFM provides clear and comprehensive guidance on the management and processing of grant applications, the reviewing of grant applications and on the classification of risks and qualification of the significance of those risks.

Board Delegation of Grant Approval Authority to Accelerated Funding Panel

4.67 As part of the mechanism, the Board delegates grant decision-making authority for the AFM to a panel (the "Accelerated Funding Panel") consisting of:

- (a) three members representing donor countries;
- (b) two members representing beneficiary countries;
- (c) one member representing civil society or policy, think and do tanks; and
- (d) one member representing foundations or the private sector.

4.68 The Accelerated Funding Panel will meet as needed subject to demand.

Accelerated Funding Panel Decision-making

4.69 AFP decision-making should place emphasis on the merits and potential impact of applications, in light of the risk assessment made and reflected in the recommendation of the Secretariat.

4.70 The AFP may choose to approve a proposal, or to do so subject to specific reservations or conditions. A decision not to fund a proposal will be recorded in the minutes of the meeting, with an indication of whether the applicant is encouraged to re-apply.

Grant Awards and Disbursements

4.71 Grant awards are subject to a grant agreement to be negotiated by the Secretariat and the grantee.

4.72 Grant disbursements are made in one payment upon signature of a grant agreement.

Performance Monitoring & Evaluation

4.73 GCERF adopts a robust yet pragmatic performance monitoring and evaluation (PM&E) framework appropriate to the unique conditions under which the AFM is operating, including the speed at which it is seeking to make grants and the size and duration of grants made.

4.74 Monitoring requirements will include the level of activities and outputs based on pre-defined progress indicators. Progress reports are designed to ensure no unreasonable or undue burden is placed on sub-grantees. The Secretariat is responsible for the appropriate monitoring of grantees. Requirements reflect the size, duration and nature of grant awards.

4.75 GCERF's evaluations specifically refer to the level of outcomes based on performance indicators. Final programme and financial reports are required from all grantees upon completion of their projects.

4.76 GCERF will commission an independent external evaluation at the end of the first year of the AFM's operations. This assessment will evaluate the performance outcomes and impact achieved by the mechanism as a whole against its approved goals and objectives. A primary intention of this evaluation will be to assess the overall performance of the mechanism. A similar independent external evaluation is also anticipated at the end of the second year.

Financial Management

4.77 GCERF requires each grantee receiving less than USD 50,000 to provide a financial report on the use of funds at the end of the grant period. The GCERF requires each grantee receiving more than USD 50,000 to appoint auditors in an open, competitive and transparent process and to share with GCERF its annual audit reports and including an audited financial statement on the contributions provided by GCERF. In some cases, the Secretariat may initiate financial reviews of a grantee to promote robust financial management practices and performance.

4.78 The AFM programme accounts will be audited on an annual basis as part of GCERF's annual audit.

Performance

4.79 GCERF may reserve the right to suspend funding of a grantee in light of a spectrum of internal and/or external issues. General conditions concerning the grounds and procedures for the suspension of funding will be detailed in GCERF's Grants Management Manual for the AFM and/or in specific conditions in individual Grant Agreements.

5. EFFECT ON OPERATING EXPENSES BUDGET

5.1 Implementation by the Secretariat of the Core Funding Mechanism is separately presented alongside the operational expenses budget in BM.01/DOC.07. The budgetary implications of implementing the AFM as proposed in this paper and further discussed in the paper on the operating expenses budget (BM.01/DOC.07) are USD 708'982 in 2015 and USD 704'482 in 2016. The launch of the AFM will be subject to securing sufficient funds to cover both the AFM grants and the AFM-specific operating expenses budget for 2015 and 2016. BM.01/DOC.07 provides full details of this decision.

ANNEX 1 GUIDELINES FOR COUNTRY SUPPORT MECHANISMS

A. INTRODUCTION

1. Countries that are eligible for GCERF's **Core Funding Mechanism** will be invited to form a Country Support Mechanism ("CSM").
2. GCERF recognizes the importance of different national contexts, governance systems and government operating procedures. GCERF also recognizes the role of governments in coordinating the response to violent extremism in their countries, as well as the essential role of civil society and development partners to support the government in its efforts. As such GCERF requires government, the private sector and civil society stakeholders at the country level to define a clear mechanism for the coordination of their joint efforts around GCERF financing from the Core Funding Mechanism. When appropriate, an already existing mechanism may service this function, provided it can meet the requirements set out in this document.

B. COMPOSITION

1. GCERF recognizes that only through a coordinated multi-sector approach involving all relevant stakeholders - each with different skills, background and experience—will GCERF resources have significant result and impact on countering violent extremism. To this end, the participation of a broad range of stakeholders from government and non-government constituencies is considered essential for fulfilling all the functions of the CSM.
2. Membership should ideally consist of:
 - (a) government representatives (national, state, provincial, local);
 - (b) civil society representatives (women's organizations, children and young people, international and national non-governmental organisations working on countering violent extremism, charitable organisations, religious and faith-based organisations, academia);
 - (c) private sector representatives;
 - (d) representatives of international and bilateral partners working on community engagement and countering violent extremism in the country.
3. While there is no upper limit for CSM members, it is recommended that membership does not exceed 15 members. Government representatives on a CSM shall not exceed more than fifty-percent of its membership.

4. CSM members should have relevant expertise in the mission of GCERF and should ideally be gender-balanced and include geographical representation from states/provinces/districts affected by radicalisation to violence and violent extremism.
5. CSMs should submit to the GCERF Secretariat, periodically and on request, their membership list with details including each member's name, organisation, sector represented, and contact information. GCERF will make this information publicly available.
6. The CSM shall select a Chair at its first meeting using an open and transparent process.

C. MEMBER SELECTION

CSM membership should be decided based on an open call for expressions of interest initiated by the government. This should ideally take the form of placing advertisements in newspapers, websites of ministries and other fora appropriate to the country.

D. RESPONSIBILITIES AND FUNCTIONS

1. The CSM is an essential element of the GCERF Core Funding Mechanism. The CSM is responsible for:
 - (a) Ensuring national support and respect for country-led responses to the threat of radicalisation to violent extremism;
 - (b) Focusing on the creation, development and expansion of partnerships among all relevant actors within a country, and across all sectors of society, including governments, civil society, multilateral and bilateral agencies, and the private sector;
 - (c) Strengthening the participation of communities and people at risk of radicalisation to violence and of people living with insecurity as a result of violent extremism in addressing the threat of radicalisation to violence;
 - (d) Building on, complementing, and coordinating with existing national strategies to counter violent extremism, counter terrorism, and development goals; and
 - (e) Encouraging transparency and accountability.
2. The CSM fulfills the following functions in relation to the Core Funding Mechanism:
 - (a) Providing the needs assessment described below;
 - (b) Promoting, through existing institutional channels and networks, the mission and mandate of GCERF;

- (c) Issuing an open call for expressions of interest from potential Principal Recipients;
 - (d) Pre-selecting, along with the international Independent Review Panel, the Principal Recipients who are invited to submit applications for funding based on having the demonstrated capacity to:
 - i. Engage with and mobilize relevant communities and other stakeholders in the development of a GCERF application.
 - ii. Provide a robust and practical framework for performance monitoring and evaluation (PM&E), appropriate to the scale of funding involved, while managing the risks associated with innovative approaches.
 - iii. Provide necessary financial accountability and management of the grant funds, including those managed by its staff and those managed by other consortium members as required.
 - iv. Identify and support the development of capacity of other consortia members.
 - v. Facilitate learning, coordination and cooperation amongst key stakeholders.
 - vi. Engage with and mobilize relevant communities and other stakeholders in the development of a GCERF application;
 - (e) Reviewing applications received from Principal Recipients and bringing together a National Application to submit to GCERF; and
 - (f) Addressing any reservations/requests for modifications sought by the international Independent Review Panel prior to making its recommendation to the Board.
3. The needs assessment is an analysis of existing levels of community resilience against violent extremist agendas and the drivers of radicalization to violence, including the identification of the demography and geography of communities at risk.
4. A needs assessment includes an analysis of:
- levels of community engagement in identified communities at risk;
 - community-identified gaps in addressing such drivers; and
 - the structures and capacities of community-level stakeholders servicing and representing these communities.
- Such assessments will build on country and local expertise and the body of relevant analysis by academic, governmental, multilateral, and non-governmental entities.
5. The IRP may, in consultation with the Secretariat and relevant beneficiary state authorities, provide to the CSM established assessment criteria for any particular needs assessment.

E. CONFLICTS OF INTEREST

1. Conflicts of interest arise where the individual or organizational interests of CSM members influence or could potentially influence their decision-making. The mere perception of a conflict of interest can damage the credibility of CSMs and GCERF as a whole. Actual, potential or apparent conflicts of interest are expected in all decision-making bodies and should be managed to ensure objective and credible decision-making.
2. CSMs are required to develop and publish a policy to manage conflict of interest that applies to all CSM members, across all CSM functions. The policy must state that:
 - a. CSMs will periodically declare conflicts of interest affecting themselves or other CSM members; and
 - b. CSMs must document that members will not take part in decisions where there is an obvious conflict of interest, including decisions related to selecting Principal Recipients.

F. TRANSPARENCY

1. CSMs should demonstrate transparency in their operations. It should develop and follow a communications strategy for sharing information with stakeholders and with the general public. The strategy should define the activities that will be used to disseminate information on GCERF financing opportunities, on CSM discussions and decisions, and on the performance of initiatives financed by GCERF or the approval of an application for funding.
2. Minutes of all CSM meetings shall be taken and transparently shared with interested stakeholders, including with the Secretariat.

G. FUNDING

The activities of the CSM are self-funded. CSM members may seek assistance from local donors to fund CSM activities, where available.

ANNEX 2

INTERNATIONAL INDEPENDENT REVIEW PANEL TERMS OF REFERENCE

A. MANDATE

1. **Identity.** The international Independent Review Panel (“IRP”) is an independent, impartial group of experts appointed by the Governing Board (the “Board”) of the Global Community Engagement and Resilience Fund (“GCERF”) to provide a rigorous technical assessment of requests for funding made to GCERF.
2. **Advisory Body.** The IRP may serve as an advisory body to the Board upon the Board’s request.
3. **Roles and Responsibilities.** The IRP is responsible for:
 - a. providing the Secretariat with technical expertise with regards to the criteria for country need assessments;
 - b. in consultation with the Secretariat and based on the country needs assessment provided by the Country Support Mechanisms (“CSM”), for each funding period, providing the Board with recommendations, on:
 - i. the relative weighting of funding to each beneficiary country under consideration during the period; and
 - ii. specific funding criteria for each beneficiary country, including but not limited to funding priorities, geographic, and demographic foci; and
 - c. in conjunction with Country Support Mechanisms and in consultation with the Secretariat, select potential Principal Recipients based on Board approved grant assessment criteria for applicants.
 - d. reviewing funding applications against established technical standards and providing the Board with recommendations for funding.

B. MEMBERSHIP

1. **Size.** The IRP shall consist of no less than eight (8) and no more than fourteen (14) experts.

- 2. Independence.** The IRP is a group of experts who are all institutionally independent of the Secretariat, Board, and other governance structures of the Board. IRP members serve in their personal capacities and do not represent their employer, any government or other entity. Members of the Secretariat are ineligible to serve on the IRP. Board Members, Alternate Board Members, Board committee members or individuals who participate in Board meetings as part of Board constituency delegations, and CSM members shall stand down from these roles if selected and agreed upon to serve on the IRP.
- 3. Expertise.** As a whole, IRP membership shall, to the extent possible, include experts in the following areas:
- a. community engagement and action;
 - b. countering violent extremism and understanding the drivers of radicalisation to violence;
 - c. community level resilience and capacity development
 - d. conflict transformation;
 - e. government-community relations;
 - f. formal education and informal learning;
 - g. small and medium size enterprise development
 - h. professional and vocational education;
 - i. livelihoods and human security;
 - j. interfaith relations;
 - k. non-profit government and management
 - l. public private partnerships, private sector engagement and corporate social responsibility;
 - m. radicalisations dynamics;
 - n. social entrepreneurship and innovation;
 - o. engendered issues – youth, women and victims/survivors of terrorism; and
 - p. information and communications technology.

4. **Other.** In addition to the expertise listed above, IRP members should ideally have:
 - a. knowledge of GCERF and its purpose, as well as general policy issues in the field of countering violent extremism, community engagement and resilience, human security, and international development;
 - b. experience in applying for or assessing requests for grant funding and making recommendations;
 - c. experience in developing, funding, managing or overseeing programmes in the fields listed in paragraph 3 above in developing countries;
 - d. experience in participating in the governance structures of a grant-making institution or mechanism; and
 - e. financial management experience including budgeting and financial reporting.
5. **Diversity.** The membership of the IRP as a whole shall, to the extent possible, reflect geographic, ethnic, religious, and gender diversity.
6. **Term.** IRP members shall serve for up to two years and are eligible for appointment for a second term of up to two years. IRP members may resign from the IRP at any time before the end of their term by informing the Chair of the IRP in writing. IRP members are expected to continue to serve on the IRP until such time as a replacement is appointed.
7. **Chair.** The IRP, at its first meeting of any term, shall elect a Chair from among its membership. The Chair serves a term of three years or until the appointment of his/her successor. The maximum term of service of three years may be extended for the IRP Chair to cover the period of his/her service as Chair.

C. SELECTION

1. **Transparency.** The recruitment of IRP members shall be managed in an open, transparent and criteria-based manner.
2. **Management.** The appointment of the initial IRP shall be managed by the Secretariat in consultation with the Chair of the Board. The replenishment of the IRP once established shall be managed by the Chair of the IRP.
3. **Outreach.** The outreach for IRP recruitment shall include both targeted outreach and a referral mechanism. When requested by the Board, the Secretariat shall:

- a. post a call for applications on the GCERF website, partner websites and selected expert networks; and
 - b. request the Board and other participants in GCERF governance structures to identify and encourage suitable candidates to apply.
- 4. Screening of Applicants.** The Secretariat will screen and complete appropriate reference checks for all applications for IRP membership, reaching out to candidates as necessary.
- 5. Replenishment.** An IRP membership replenishment process should be commenced at the following times:
 - a. In the event that, due to resignations or removal of IRP members or any other reason, the membership of the IRP falls below eight (8) members;
 - b. When requested by the Board following the recommendation of the Chair of the IRP for any reason, including the need to expand the expertise of the IRP;
 - c. No later than six (6) months prior to the end of any three-year term of the IRP.

The replenishment process should balance to the extent possible, the need for continuity in the IRP membership while recognizing the benefits of rotation.
- 6. Board approval.** Once a selection of IRP membership is made, either by the Chair of the Board for the initial IRP, or by the Chair of the IRP for the replenishment, a recommendation shall be sent to the Board for a decision. Where necessary, at the determination of the Chair of the Board, the email no objection process set out in Article 2.9a of the Bylaws will be used.

D. ETHICS AND CONFLICTS OF INTEREST

- 1. Covered Persons.** IRP members must abide by the requirements of the Policy on Ethics and Conflicts of Interest, including making an annual declaration of their conflicts of interest. In addition, IRP members may not participate in the review of a funding request in which they had any participation either in its development or at the CSM level.
- 2. Disclosure.** IRP members shall uphold the integrity of the IRP and its independence. IRP members shall disclose all actual, potential or perceived conflicts of interest to the IRP chair and recuse themselves from review of particular funding requests or other IRP work.

E. WORKING METHODS

- 1. Virtual meetings.** In general, the IRP will work through the use of telecommunications, including audio/video conference or email communications. The IRP Chair, in consultation with the Executive Director, will decide on the modality to use for meetings of the IRP, taking into consideration budgetary implications.
- 2. Quorum.** The IRP may conduct business when a majority of its members are present and/or participate.
- 3. Review Criteria.** For review of funding requests, the IRP will use:
 - a. Board-approved country-specific criteria, if any including, as appropriate, the recommendations and findings of the needs assessment; and
 - b. the criteria set forth in Attachment 1 to these terms of reference.
- 4. Decision-Making.** To the extent possible, recommendations will be made by consensus of the IRP. If the IRP Chair determines that consensus cannot be reached, he or she may call for a decision by majority vote. The IRP has up to one month to make its recommendation with any reservations/requests for modifications. In the event that modification and/or clarifications are sought by the IRP, the CSM will be provided with a reasonable amount of time to address them, including consulting with the Principal Recipient(s), if necessary. The IRP will then have a further two weeks to accept modifications or clarifications provided by the Principal Recipients through their CSM
- 5. Recommendations to the Board.** The IRP's recommendation for funding shall be transmitted to the Board for decision. As part of its recommendation, the IRP may, *inter alia*:
 - a. Identify issues that may need to be addressed during grant implementation but do not affect the recommendation made concerning the grant; and/or
 - b. Identify reservations or specific requests for modification related to aspects or dimensions of the application, and request re-submission of the application.
- 6. Lessons Learned.** The IRP has the responsibility to share lessons learnt in particular those that may have broader policy and financial implications. These are to be submitted to the Board.

F. OPERATIONAL COSTS

IRP members may receive an honorarium of USD 2,000 a year, in addition to travel expenses where applicable.

G. ATTENDANCE AT BOARD MEETINGS

- 1. Chair Attendance.** The Chair of the IRP shall be invited to attend all face-to-face meetings of the Board, and, at the discretion of the Chair, depending on the agenda for the meeting, audio or teleconferences of the Board.
- 2. Other.** Other IRP members may request to attend face-to-face meetings of the Board as observers.

H. ASSESSMENTS

The IRP shall undertake and submit to the Board an annual assessment of its own performance. As part of this process, the Chair of the IRP may recommend to the Board the removal of an IRP member whose performance is deemed inadequate. The Board will review the assessment, evaluate the IRP's effectiveness in fulfilling its terms of reference and respond accordingly.

I. REVIEW OF TERMS OF REFERENCE

The IRP shall review its terms of reference, including the Review Criteria in Annex A, on an annual basis and submit any recommendations for changes to the Board for its review and approval. The Board or Secretariat may, after consulting with the IRP, also initiate suggested amendments to these terms of reference as necessary.

ATTACHMENT 1: REVIEW CRITERIA

A. PROPOSAL

Soundness of Approach

1. Responds to highest priorities and most critical gaps in countering violent extremism, reflecting the drivers, demography (including engendered issues), and geography of radicalisation to violence in a particular country, as identified by the CSM's country needs assessment.
2. Demonstrates a focus on identified vulnerable target populations.
3. Demonstrates local community ownership, leadership, and participation in the proposal.
4. Reflects current, evidence-based technical good practices and approaches that best fit specific country contexts for countering violent extremism and addressing the drivers of radicalisation to violence.
5. Shows creativity and initiative in responding to opportunities and challenges posed by radicalisation to violence in a particular country.
6. Leverages the assets and resources available nationally and internationally to achieve its intended impact, while at the same time de-conflicting and harmonising with existing initiatives, to minimise duplication.
7. Delivers a technically sound and strategically focused response in a cost-effective manner, avoiding replication and any other form of waste.

Feasibility

1. Understands and responds to local political, social, legal, and economic opportunities and constraints that may enhance or prevent grant implementation.
2. Ensures structural barriers to accessing services, including those related to human rights, are adequately understood and addressed to achieve the goals.

Capacity Development

1. Demonstrates how the following capability of consortia members will be developed in the following areas:
 - Act and commit: to plan, take decisions, and act on these decisions collectively (e.g. appropriate governance, structures, leadership, management, ability to mobilize resources, programme and financial management).

- Deliver on objectives (e.g. available resources, appropriate human resources, infrastructure, standards, performance measures).
- Adapt and self-renew through learning and adaptation to changing external and internal environmental factors.
- Establish and maintain relations with external stakeholders (e.g. their communities, government, private sector, and other civil society organisations).
- Achieve coherence in their identity, self-awareness, and discipline (e.g. clear mandate, mission, values and strategic directions, operationalized through appropriate principles, systems).

Potential for sustainable outcomes

1. Addresses the drivers of radicalisation to violence in ways that bring about lasting improvements in the lives of target populations and wider society.
2. Is consistent with broader countering violent extremism and development efforts, and complements national or international counter-terrorism and development strategies and goals.
3. Develops the resilience and capacities of supported organisations, as long-term assets to their communities and countries.

B. APPLICANT

The Principal Recipient in the application demonstrates the capacity to:

1. Engage with and mobilize relevant communities and other stakeholders in the development of a GCERF application.
2. Provide a robust and practical framework for performance monitoring and evaluation (PME), appropriate to the scale of funding involved, while managing the risks associated with innovative approaches.
3. Provide necessary financial accountability and management of the grant funds, including those managed by its staff and those managed by other consortium members as required.
4. Identify and support the development of capacity of other consortia members.
5. Facilitate learning, coordination and cooperation amongst key stakeholders.