



**The Yemen National Dialogue and
Constitutional Reform Trust Fund
(YNDCRTF)**

Terms of Reference

15 October 2012

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I. Introduction

1. The Yemen National Dialogue and Constitutional Reform Trust Fund (hereafter referred as the “YNDCRTF”) is established to support Yemen’s national dialogue and constitution-making processes. The support will be provided in accordance with the Gulf Cooperation Council (GCC) Initiative and the Agreement on the implementation mechanism for the transition process in Yemen (the “Agreement”) signed by both Yemeni sides on 23 November 2011, and in accordance with Security Council resolutions 2014 (2011) and 2051 (2012).

2. The situation in Yemen has been of serious concern for the international community, with the country facing multi-faceted threats to its stability. Following the escalation of violence and the political impasse in 2011, the GCC developed an initiative to resolve the crisis. The Security Council further adopted resolution 2014 (2011) on 21 October which, *inter alia*, called on all parties in Yemen to commit themselves to implement a political settlement based upon the GCC initiative without further delay. Face-to-face negotiations between the Yemeni sides facilitated by the UN Special Adviser Mr. Jamal Benomar, exercising the good offices of the UN Secretary-General, resulted in the signing of a political transition agreement in Riyadh on 23 November 2011. The Agreement provides a detailed roadmap for a transition led by a Government of National Unity over two years.

3. Members of the Security Council have reaffirmed their intention to continue to actively monitor the security, political and humanitarian situation in Yemen. On 12 June 2012, the Security Council passed a new resolution 2051 on Yemen (S/2012/2051) in which they reaffirmed the need for the full and timely implementation of the Transition Agreement in accordance with resolution 2014 (2011) including “convening an all-inclusive National Dialogue Conference”. The National Dialogue Conference is critical to the political transition as a mechanism to build consensus on a new vision for the State, ultimately contributing to a durable peace. This process will require a high degree of technical support and political facilitation to assist with the process and to deal with the multiple agendas that need to be addressed.

4. The YNDCRTF is established under the sponsorship of the Government of Yemen (GoY) and the United Nations, represented by the Office of the UN Special Adviser of the Secretary-General on Yemen (OSASG), in consultation with the UN Country Team.

5. All programmes/projects funded by the YNDCRTF will be in support of, and strictly aligned with the GoY priorities, ensuring national ownership. The YNDCRTF will complement other support that will be provided to the political transition in Yemen by Yemen’s various partners and bring strategic value in developing capacity and promoting sustainability. The YNDCRTF will enhance coherence, transparency and accountability of the national dialogue process towards Yemeni authorities, citizens and Yemen’s development partners.

6. This Terms of Reference (TOR) of the YNDCRTF describe the essential features of the Trust Fund including the roles, responsibilities, accountabilities and expected activities of the Participating UN Organizations and the Administrative Agent, in supporting Yemen to achieve the objectives of the YNDCRTF.

II. Purpose, Scope and Principles of the YNDCRTF

7. The YNDCRTF is established to support a national dialogue and constitution-drafting process that is genuinely inclusive, transparent, and participatory. Specifically, it seeks to:

- Contribute toward an inclusive, participatory and transparent process based on applicable international norms, standards and best practices.
- Facilitate the inclusion of the extra-parliamentary opposition and other key constituencies in the political process (including the Houthis, the Hiraak, various political parties, civil society representatives, and women's groups).
- Contribute to Yemeni efforts to address the situation of the South, the situation in Sada'a, national reconciliation and transitional justice, and to launch the constitution-making process.
- Ensure appropriate participation of women throughout the transitional process.
- Support the drafting and adoption of a new constitution which enjoys the support of Yemeni society.

8. The YNDCRTF principles, governance structure and operational arrangements aim to ensure, in particular, that:

- a) Each project approved for funding is part of a nationally-approved priority programme. It is based on or formulated in consultation with relevant national authorities and beneficiary communities.
- b) Funding and implementation are undertaken with special attention to transparency and accountability.
- c) The structure of the Fund will enhance speed and flexibility in delivering results and efficient utilization of funds.
- d) The YNDCRTF will focus on building the capacities of the GoY and other national institutions, developing sustainable local capacities for the long term.

III. Description of the YNDCRTF

a) Administration of the YNDCRTF

9. The YNDCRTF shall be administered by UNDP through its Multi-Partner Trust Fund Office (MPTF Office), as Administrative Agent, on behalf of the Participating UN Organizations, as agreed with the Government of Yemen (GoY). The MPTF Office, as Administrative Agent, will administer the Fund in accordance with UNDP's regulations and rules and this TOR. It will establish a separate ledger account for receipt of contributions to this Fund. The YNDCRTF will be established upon the signature of the Memorandum of Understanding (MOU) between the Participating UN Organizations and the Administrative Agent and will be operational with the signing of the first Standard Administrative Arrangement (SAA) between a contributing partner and the Administrative Agent.

10. Unless otherwise agreed by the GoY, the UN and the contributing partners, the YNDCRTF shall terminate on such date as the contributed funds will have been fully disbursed and after satisfaction of all commitments and liabilities.

b) Contributions to the YNDCRTF

11. Contributions to the YNDCRTF may be accepted from governments, intergovernmental or nongovernmental organizations, and private-sector organizations upon signing of the SAA with the Administrative Agent.

12. Contributions to the YNDCRTF may be accepted in fully convertible currency or in any other currency that can be readily utilized. Such contributions shall be deposited into the bank account designated by the Administrative Agent.

13. The value of a contribution payment, if made in other than United States dollars, shall be determined by applying the UN operational rate of exchange in effect on the date of payment. Gains or losses on currency exchanges shall be recorded in the YNDCRTF account established by the Administrative Agent to transfer funds to Participating UN Organizations.

14. To achieve optimal progress and ensure maximum flexibility and adaptation to emerging and changing national priorities, a guiding principle for resource mobilization would be that contributing partners are encouraged to contribute with multi-year un-earmarked resources. However, if this is not possible, earmarking at the level of the following priority sectors is permitted:

- 1) Capacity Building and Institutional Development
- 2) Technical and Administrative Support
- 3) Advisory Services

c) Eligibility for YNDCRTF funding

15. Participating UN Organizations may be eligible for funding by concluding a MOU with the Administrative Agent of the Fund. Non UN-entities that are members of the UN Country Team and that have a similar international character and financial rules and regulations comparable to the UN may also become Participating Organizations by concluding a separate MOU with the Administrative Agent.

16. Through the Participating UN Organizations, non-governmental organizations (NGOs), civil society organizations (CSOs) and national institutions may receive funds from the YNDCRTF based on a project agreement concluded with such entities as implementing partners of the concerned Participating UN Organization in accordance with its regulations, rules and procedures. Use of funds, reporting obligations, liability, audit and other matters relating to the management of the funds provided and the activities shall be addressed in such project agreements in the manner that is customary for the concerned Participating UN Organization.

d) Utilization of the YNDCRTF

17. Resources from the YNDCRTF will be utilized for the purpose of meeting the direct and indirect costs of programmes/projects approved by the Steering Committee and managed by the Participating UN Organizations. Details of such programmes/projects, including respective budgets and implementation partners (national entities, NGOs, CSOs, intergovernmental organizations) will be set out in the relevant project documents.

18. The indirect costs of the Participating UN Organizations recovered through programme support costs will be seven percent (7 %). All other costs incurred by each Participating UN Organization in carrying out the activities for which it is responsible under the YNDCRTF will be recovered as direct costs.

19. The Administrative Agent will charge a one-time-fee of one percent (1%) for fund management and fiduciary responsibilities, which will be deducted from the contributions to the YNDCRTF at the time that they are deposited.

20. Participating UN Organizations shall assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. Such funds shall be administered by each Participating UN Organization in accordance with its own regulations, rules, directives and procedures.

IV. Governance Arrangements

a) The Steering Committee

21. The YNDCRTF Steering Committee provides overall oversight of the Fund, decides the fund allocation criteria as well as for the technical review by the YNDCRTF Secretariat of projects

proposals, and final approval and submission of fund transfer by the Administrative Agent to the Participating UN Organizations.

22. The Steering Committee is co-chaired by the Representative of Government of Yemen (GoY) and the UN Special Adviser to the Secretary-General. It shall review and approve project proposals and allocate funds.

23. The members of the Steering Committee are:

- Senior Government representative designated by the President (Co-Chair);
- UN Special Adviser to the Secretary-General, and in his absence the UN Resident Coordinator (Co-Chair);
- The UN Resident Coordinator and possibly one or two other participating UN Organizations representing priority sectors on an annual or six-monthly rotational basis); and
- 2 to 3 representatives from contributing partners;
- 2 to 3 representatives from national authorities;
- The Administrative Agent as *ex officio* member.

24. The Steering Committee will be responsible for:

- a) Providing oversight and exercising overall accountability of the YNDCRTF;
- b) Reviewing and approving proposals submitted for funding; ensure their conformity with the requirements of the YNDCRTF agreements (MOUs, SAAs);
- c) Reviewing YNDCRTF status and overall progress of operations including consolidated progress reports of the Administrative Agent;
- d) Monitoring and reporting on project/Fund level progress on periodic basis, establishing YNDCRTF requirements and priorities concerning, *inter alia*; programme/projects management, including consistent and common approaches to programme/project costing, cost recovery, implementation modalities, results-based reporting, impact assessment and information management including appropriate YNDCRTF, GoY and contributing partners' visibility;
- e) Ensuring that appropriate consultative processes take place with key stakeholders at the country level to promote coordination between the YNDCRTF and other funding mechanisms;
- f) Reviewing and approving the periodic progress reports (programmatic and financial) consolidated by the Administrative Agent based on the progress reports submitted by the Participating UN Organizations;

- g) Commission reviews and “lessons learnt” reports on the performance of the YNDCRTF , and periodically discuss follow-ups by Participating UN Organizations on recommended actions that have YNDCRTF -wide impact; and

25. The Steering Committee shall meet periodically in Sana’a. Reports, recommendations and minutes of its meetings will be shared with the YNDCRTF stakeholders.

26. The Steering Committee Terms of Reference and Rules of procedure will be elaborated in detail in a separate document.

b) *The YNDCRTF Operations Working Group*

27. The Operations Working Group would be established as a working level group of the Steering Committee and will meet on a regular basis as a forum for periodic review of the progress of the YNDCRTF funded projects, The Working Group will allow to identify bottle necks and ensure YNDCRTF activities are shared with and benefit from similar initiatives that are undertaken outside of the Fund. The YNDCRTF Secretariat will convene the Working Group meetings and will inform the SC of significant issues raised by the Working Group.

c) *The YNDCRTF Secretariat*

28. The Secretariat will support the YNDCRTF Steering Committee and will be based within the UN Special Adviser’s Office. Costs for such tasks will be agreed in advance and approved by the Steering Committee, and charged to the YNDCRTF account as direct costs.

29. In assisting the Steering Committee the YNDCRTF Secretariat will be responsible for:

- a) Logistical arrangements required to facilitate the Steering Committee meetings, including the preparation of agenda and minutes, sharing information on behalf of the co-chairs, distribution of documents, etc.;
- b) Tracking the Steering Committee decisions, approvals, allocations, implementation progress, closure of projects and identifying challenges to be reported to the Steering Committee on quarterly basis;
- c) Periodically reviewing the TOR and Rules of Procedure of the Steering Committee and recommending changes or revisions;
- d) Develop in coordination with the Administrative Agent, forms and templates to be used by the Participating UN Organizations, to submit project proposals and provide result-based reporting to the Steering Committee.

- e) Review programmes/projects submissions of Participating UN Organizations to ensure adherence to the YNDCRTF TOR and any subsequent criteria approved by the Steering Committee.

d) The Administrative Agent

30. The UNDP MPTF Office will be the Administrative Agent with responsibilities to conclude an MOU with Participating UN Organizations and SAAs with contributing Partners. It will receive, administer and transfer funds to Participating UN Organizations upon instructions from the Steering Committee and submit yearly consolidated narrative and financial reports to the Steering Committee and all contributing Partners that have provided financial contributions to the YNDCRTF. The MPTF Office will liaise with the YNDCRTF Secretariat on all actions related to the signature of MOUs and SAAs, and copies of such agreements would be posted on the relevant UN website in Yemen, as well as in the Administrative Agent website- the MPTF Office GATEWAY (<http://mptf.undp.org>).

31. Each Participating UN Organization shall sign a standardized MOU with the MPTF Office as the Administrative Agent that sets out the roles and responsibilities of each party.

32. Each contributing partner to the YNDCRTF would sign an SAA with the MPTF Office as the Administrative Agent that sets out the terms and conditions governing the receipt and administration of the contribution.

33. Subject to the availability of funds, the Administrative Agent shall normally make each disbursement to the Participating UN Organization within three to five business days after receipt of instructions from the Steering Committee accompanied with the approved Project Document and the relevant transfer forms, signed by all parties concerned.

V. Monitoring and Evaluation

34. All programmes funded through the YNDCRTF will include a Monitoring and Evaluation (M&E) component that will be consistent with the respective regulations, rules and procedures of the Participating UN Organizations.

35. The GoY, contributing partners, the Administrative Agent and the Participating UN Organizations will hold annual consultations, as appropriate, to review the status of the YNDCRTF.

36. In addition, the Steering Committee may commission an independent lessons-learned and review exercise relating to the operations and management of the YNDCRTF.

VI. Audit

37. The Administrative Agent and Participating UN Organizations will be audited in accordance with their own Financial Regulations and Rules. In addition, the Fund's projects implemented by the Participating UN Organizations may be audited in accordance with the Framework for Auditing Multi-Donor Trust Funds which has been agreed to by the Internal Audit Services of Participating UN Organizations and endorsed by the UNDG in September 2007.

VII. Reporting

a) Participating UN Organizations

38. Each Participating UN Organization will provide the Administrative Agent with the following statements and reports prepared in accordance with their own accounting and reporting procedures:

a) Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;

b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the Fund Account, to be provided no later than four months (30 April) after the end of the calendar year;

c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year of the activities, to be provided no later than four months (30 April) of the year following the financial closing of the Fund. The final report will provide a summary of results and achievements; and

d) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the financial closing of the Fund.

b) Administrative Agent

39. The Administrative Agent will prepare consolidated narrative progress and financial reports, based on the reports referred to in the previous paragraph (a) to (d) above, and will provide those consolidated reports to each contributing partner that has contributed to the Fund Account, as well as the Steering Committee, in accordance with the timetable established in the SAA.

40. The Administrative Agent will also provide the Steering Committee and the Participating UN Organizations with the following statements on its activities as Administrative Agent:

- a) Certified annual financial statement (“Source and Use of Funds” as defined by the UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year; and
- b) Certified final financial statement (“Source and Use of Funds”) to be provided no later than seven months (31 July) of the year following the financial closing of the Fund.

41. Consolidated reports and related documents will be posted periodically on the website of the Administrative Agent, MPTF Office GATEWAY (<http://mptf.undp.org>).

VII. Public Disclosure

42. The Administrative Agent in consultation with the UN Special Advisor and the Participating UN Organizations will ensure that decisions regarding the review and approval of the YNDCRTF as well as periodic reports on the progress of implementation of the YNDCRTF, and any associated external evaluation are posted for public information on the relevant UN website in Yemen and the MPTF Office GATEWAY (<http://mptf.undp.org>). Such reports and documents may include the YNDCRTF Steering Committee approved programmes, YNDCRTF annual financial and progress reports and external evaluations, as appropriate.

VIII. Termination of the YNDCRTF

43. The YNDCRTF will continue until 31 March 2014. The final date for approval of new projects, final date for transfer of new funds and for operational closure will be established based on the Fund End Date.

44. The YNDCRTF will terminate upon completion of all programmes funded through the YNDCRTF and after satisfaction of all commitments and liabilities. Notwithstanding the completion of the programmes financed from the YNDCRTF, any unutilized balances will continue to be held in the YNDCRTF Account until all commitments and liabilities incurred in implementation of the programmes have been satisfied and programme activities have been brought to an orderly conclusion.

45. Any balance remaining in the YNDCRTF Account or in the Participating UN Organizations’ separate ledger accounts upon winding up of the YNDCRTF will be used for a purpose mutually agreed upon by the Steering Committee.

IX. Visibility and Joint Communication

46. Each participating UN Organization will take appropriate measures to publicize the YNDCRTF and to give due credit to the GoY and to the other Participating UN Organizations. Information given to the press, to the beneficiaries of the Fund, all related publicity material,

official notices, reports and publications, will acknowledge the role of the GoY, the contributing partners, the Participating UN Organizations, the Administrative Agent and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating UN Organization and national partners in all external communications relating to the Fund.