

*Stabilization and Recovery
Funding Facility
for the
Democratic Republic of Congo*

TERMS OF REFERENCE

I. Introduction

1. Recent developments in Eastern DRC have opened a window of opportunity for the consolidation of peace in the Kivus that the GoDRC and the international community are eager to seize. Following the signing of the Peace accords that put an end to the political crisis and armed conflict in the DRC in 2003, and the establishment of a legitimate government in 2006, the eastern provinces of the DRC have continued to suffer intermittent but recurrent cycles of violence. Tensions have mainly been due to the presence of foreign and local armed groups hindering state control and preying on vast areas of the Eastern provinces. The upsurge of violence in North Kivu since August 2008 as a result of the resumption of hostilities by the Congrès National pour la Défense du Peuple (CNDP) created massive unrest, challenging the re-establishment of state authority, straining regional relations and reversing the fragile progress made in peacebuilding during recent years. Yet, by early 2009 the improvement in diplomatic relations between the DRC and neighbouring countries (Rwanda and Uganda); the January 2009 cease-fire with the CNDP, arrest of Laurent Nkunda and the integration of CNDP elements into the national armed forces (FARDC); as well as the joint operations carried out by the GoDRC with the Ugandan army (against the LRA) and the Rwandan Army (against the FDLR) have considerably reduced tensions in the Eastern provinces. By February 2009, the GoDRC had re-occupied most of the areas previously occupied by armed groups, which are being progressively integrated into the Army. In March 2009, peace agreements between the GoDRC, the CNDP and most armed groups were signed in North and South Kivu. These recent developments have considerably reshaped the political and military landscape in the Kivus and opened the door to reconciliation and recovery in Eastern DRC. At the same time, on-going conflicts with foreign armed groups (notably the LRA and the FDLR) constitute remaining security challenges, underscoring the fragility of current peacebuilding dynamics. In this context, urgent steps to consolidate gains need to be taken to take advantage of current opportunities to secure and stabilize Eastern DRC.

2. Political processes and frameworks for advancing these peace processes in the east exist. The signing of the Nairobi Communiqué in November 2007 demonstrated the willingness of the DRC and Rwanda to address once and for all the FDLR problem. This agreement culminated in the Joint DRC–Rwandan operations against the FDLR conducted in early 2009. Furthermore, the signing on 23 January 2008 of the *Actes d'Engagement* (also known as the Goma process) provided a framework for ending conflict in the Kivus and addressing its political, social and economic root causes. While the relevance of the *Actes d'Engagement* was undermined by the resumption of conflict in North Kivu in August 2008, it still serves as an overarching political framework for national and international efforts. The GoDRC/CNDP agreement signed on 23 March 2009 provides a political solution to the conflict within this broader framework. A separate Accord was signed in Goma on 23 March with eight Mayi-Mayi groups, focusing on resolving the issue of army ranks, a main bone of contention. Earlier, on 24 February, twelve Mayi-Mayi groups from South Kivu agreed to integrate into the national army. Renewed focus by the Government and international community on the implementation of these various agreements is critical for the stabilization of eastern DRC, as well as the country as a whole.

3. The UN, in collaboration with the Government and international partners, has developed a strategy for supporting the implementation of these political frameworks. In recognition of the fragile nature of peace-building in eastern DRC, and the need to urgently deliver tangible peace dividends to the Congolese population, both the UN and broader international community have focused their efforts on specific priority interventions that are necessary to prevent a relapse into conflict and enhance security and stability over the short to medium term. The United Nations system launched - in mid 2008 - a Security and Stabilization Support Strategy for Eastern DRC designed to consolidate peace gains and create the conditions for longer-term recovery and development. The aim of the UNSSSS, which draws on existing national, UN and other frameworks, is to help stabilize eastern DRC and create a protective environment for civilians by 1) improving the security environment by supporting the disbanding of armed groups as well as security sector reform; 2) supporting political processes to implement relevant agreements; 3) supporting the restoration of state authority

in conflict-affected areas; and 4) assisting the return and reintegration of IDPs and refugees, as well as community recovery.

4. In an effort to increase Governmental appropriation, at the highest level, of efforts to consolidate recent gains in the east, the Prime Minister of the DRC launched – in June 2009 - a Stabilization and Reconstruction Plan for Eastern DRC (STAREC), based on the existing Amani Programme and the on-going UNSSSS , as well as key components of the Humanitarian Action Plan. The plan foresees the extension of stabilization and recovery efforts to wider geographical areas than those originally anticipated and incorporates new thematic priorities that have emerged in since the beginning of the year. The GoDRC and international partners have agreed that the UNSSSS will constitute the primary operational and financial mechanism for international support to GoDRC stabilization efforts in Eastern DRC, covering the Kivus, Ituri District, Haut -Uele, Maniema and North Katanga, while humanitarian assistance will continue to be provided through the HAP.

5. While significant amounts of resources have been mobilized to date for stabilization efforts within the UNSSSS framework (over 135 million USD), the current system for mobilizing, allocating and managing funds is less than optimal. This system, based on direct bilateral funding for specific projects, involves high transaction costs due different disparate fiduciary, resource allocation, monitoring and reporting mechanisms and standards; provides reduced latitude for collective decision-making on resource allocation, and insufficient flexibility and speed to address priorities as they emerge; and has led to a fragmentation of management and administrative arrangements which makes collective reporting, monitoring and evaluation of efforts difficult. Moreover, current resources are insufficient to address a number of critical priorities (mostly in the security sector) which, if not addressed urgently in the near term, could undermine current efforts to consolidate peace and stabilize Eastern DRC.

6. In order to promote a more coherent, efficient and effective approach, and to increase funding for stabilization priorities, both the GoDRC and a number of international partners have recommended the establishment of a common fund management and coordination system. The following concept note describes the key parameters and structure of a possible collective fund management facility that responds to these objectives.

II. Objectives and operating principles

7. The GoDRC Stabilization and Reconstruction Plan for Eastern DRC (STAREC) will serve as the primary framework over the next two to three years for the consolidation of recent political accords and military gains, the restoration of state authority, and the promotion of return, reintegration and recovery.

8. The international community has agreed to support the implementation of this plan by either (re)aligning existing programmes or supporting the development of new interventions. It has furthermore been proposed to utilize the existing UN Security and Stabilization Support Strategy (UNSSSS) as the programmatic, operational and financial framework for channeling and coordinating this assistance. It is expected that the use of a common framework will help maximize the effectiveness and coherence of international assistance for the implementation of the STAREC.

9. A central component of this assistance strategy and framework is the establishment of a common fund management facility and associated coordination structures. The establishment of the ‘Stabilization and Recovery Funding Facility’ (SRFF) responds to several key objectives, namely:

- § To provide a coherent strategic and collective international framework for supporting and complementing GoDRC efforts to stabilize Eastern DRC, and allocating and managing resources to this end;
- § To ensure that the international community is able to respond quickly and effectively to changes on the ground and address new priorities as they emerge;

- § To strengthen the overall impact and effectiveness of international support to the GoDRC by ensuring a collective approach and preventing duplication and fragmentation of efforts;
- § To provide a higher degree of programmatic harmonization and coherence than the approach to date, which has consisted of fragmented and stand-alone interventions and significant transaction costs for coordination.

10. To achieve the above objectives, a number of operating principles are proposed for the design and structure of the SRFF:

- a. The SRFF, and the UNSSSS of which it is part, is designed to support the strategic objectives and priority interventions that have been articulated in the STAREC Plan, and which cover three broad domains: a) security and restoration of state authority; b) humanitarian and social affairs (with a focus on return and reintegration of IDPs and refugees); and c) economic recovery and reconstruction. The SRFF will also support the strategic objectives defined in the Comprehensive Strategy on Combating Sexual Violence, which both complements and is integrated in both the STAREC and the UNSSSS as well as any other detailed strategic framework and action plans developed for specific components (e.g. SSR).
- b. The establishment of the SRFF also responds to the proposal made by the Prime Minister in March 2009 for the establishment of a collective fund management mechanism to finance international support for priority interventions in the STAREC Plan. As such, it is expected that the SRFF will complement national fiduciary frameworks and contributions, within the overall coordination framework of the STAREC Plan.
- c. The STAREC Plan provides a comprehensive overview of priorities and required interventions, as well as indications of existing international support, but does not include a detailed overview of how the international community will provide support against this framework. This will be provided through the UNSSSS Integrated Programme Framework, which will serve as the programmatic and operational strategy for international support to the GoDRC plan, and the basis on which the collective fund management arrangements described here will operate.
- d. In the context of the development, appraisal and approval of project proposals, the SRFF will also draw programmatic guidance from relevant planning frameworks that have been adopted by the GoDRC and international community, including the Humanitarian Action Plan (HAP), PRSP, Programme d'Actions Prioritaires, the Comprehensive Strategy on Combating Sexual Violence, and the Country Assistance Framework (CAF). Programmatic guidance will also be provided by provincial and district-level STAREC coordination structures (Joint Technical Committees).
- e. In order to avoid duplication and ensure proper alignment between the proposed SRFF and Humanitarian Pooled Fund with respect to the financing of early recovery interventions, a clear distinction between the categories of activities to be funded by each mechanism is proposed (see annexes in the Integrated Programme Framework). In this regard, it is proposed that the Humanitarian Pooled Fund focus on short-term and emergency assistance, while the SRFF focus on activities of a durable nature, including support for long-term socio-economic reintegration of displaced and refugee populations.
- f. The SRFF is designed to support a transition in Eastern DRC from donor-driven (and essentially humanitarian) forms of international assistance to a GoDRC-led stabilization and recovery process. Accordingly, the SRFF will emphasize national involvement, partnerships with national and local actors, synergies with longer-term national strategies and programmes, and the need to mainstream development of national and local capacities in all programmes and projects. These issues are of particular importance in the areas of restoration of state authority and basic social services, where sustainability must be ensured early on.

- g. As a transition strategy, the UNSSSS is intended to serve as a bridge between short-term humanitarian assistance (1-12 months) and longer-term interventions (institutional capacity building and reform, as well as development assistance). The normal time-frame of the UNSSSS is expected to be approximately 24 – 36 months for a given geographic area. The minimum time-frame for programmes and projects funded through the SRFF will be one year.
- h. The establishment of the SRFF responds to the consensus among most international partners operating in the DRC of the need for a common strategic, coordination and fund allocation framework for international support to stabilization in Eastern DRC. In order to not exclude donors who wish to participate in this framework but who do not want to channel resources through a common fund (and also to allow the incorporation of a number of programmes currently funded on a parallel basis), the SRFF will be constituted on the basis of dual fund management arrangements: a pass-through mechanism (a ‘Stabilization Fund’) and provisions for parallel funding of priorities contained in the UNSSSS strategic and programmatic framework. It is however recommended that these two channels for allocating and administering funds be managed within a single overarching coordination and decision-making framework.
- i. In recognition of the significant number of urgent priorities for stabilization in Eastern DRC, and the need for speed and flexibility to address changing conditions and needs, the SRFF aims at comparatively rapid approval and disbursement as well as a light governance structure, as well as a more comprehensive programmatic (as opposed to narrow project) approach to the formulation of individual interventions.
- j. In order to maximize the range of available actors with capacity to operate in Eastern DRC, the SRFF will encourage and facilitate the participation of a broad variety of relevant international and national organizations with demonstrated operational capacity (including international and national NGOs, Government Agencies and the private sector) as implementation partners.

III. Programmatic coverage and priorities

11. The strategic and thematic priorities of the SRFF, as stated in paragraph 11 (a) above, will be drawn directly from the STAREC Plan, while corresponding programmatic priorities and specific interventions to be supported by the international community will be drawn from the UNSSSS Integrated Programme Framework and associated operational plans. In addition, SRFF funding priorities will also be carefully defined in relation to other planning frameworks, such as the police and army reform plans, the Comprehensive Strategy on Combating Sexual Violence, the CAF and *Programme d’Actions Prioritaires* (PAP), and other instruments, in order to ensure the consistency and harmonization of international efforts over the medium and long-term, and avoid duplication with existing frameworks.

12. Programmatic scope. The SRFF will focus on those sectors and thematic areas in which international assistance is most urgently needed within the framework of the UNSSSS including transversal issues, on the basis of priorities identified by the GoDRC and international partners. The geographic scope of the SRFF will reflect the areas identified in the STAREC, i.e. North Kivu, South Kivu, Ituri, Haut-Uele, Bas-Uele, Maniema and North Katanga. Subject to further discussions with the GoDRC and international partners, the geographic scope of the SRFF could be extended at a later date to support stabilization, peace consolidation and reconstruction efforts in other parts of the DRC (including the western provinces).

13. Programmatic priorities and activities. In the following table, illustrative examples are given of programmatic priorities and activities that could be eligible for SRFF funding within the framework of the GoDRC Plan and the UNSSSS. For the purposes of the SRFF, sexual violence and protection activities are grouped below as “transversal sectors”, for which funds can be earmarked, as specified in paragraph 18b. The examples given below are not exhaustive.

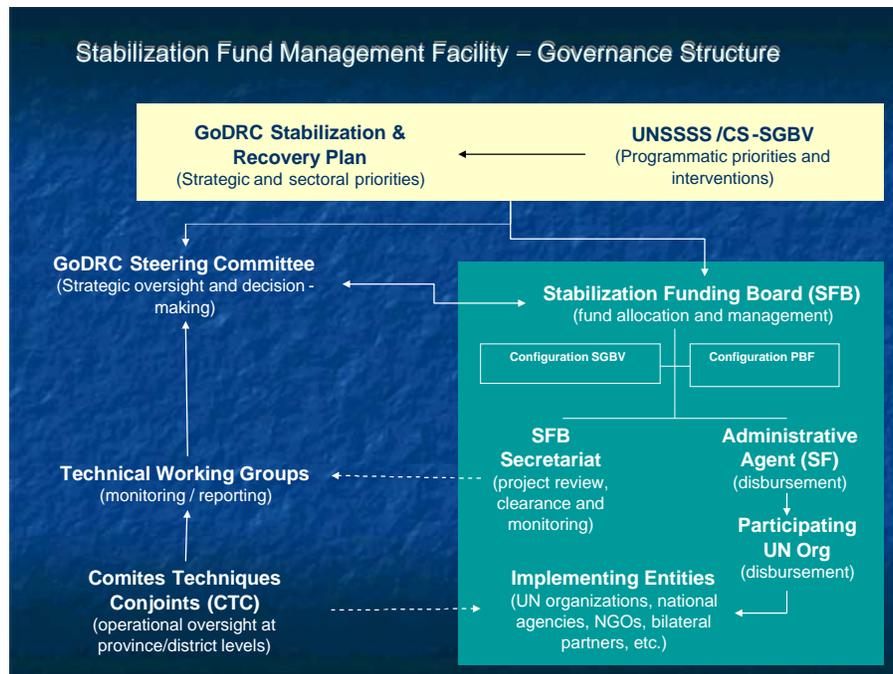
Sectors	Priorities (operational outcomes)	Indicative types of activity
Security	<ul style="list-style-type: none"> • Combatants from armed groups are successfully integrated into FARDC. A vetting/screening process for all (new?) FARDC and PNC elements is defined and implemented • FARDC (Integrated Brigades) capabilities to conduct successful operations against armed groups strengthened. • Exactions against civilian populations reduced through improvements in garrisoning and living conditions of FARDC units and their dependants • Prevention and punishment strengthened for human rights violations and sexual violence by FARDC • The presence of the FARDC in the Kivus is right-sized. • Armed groups effectively dismantled through the demobilization, reintegration or repatriation of combatants • At-risk civilian populations protected through MONUC military deployments and patrols 	<ul style="list-style-type: none"> • Support for the training, garrisoning and strengthening of internal control mechanisms of FARDC units • Support for community-based integration of ex-combatants • Provision of logistics, transport, communications and other forms of capacity support • Measures to address impunity, including capacity of the military justice enhanced through provision of technical and material support, and regular monitoring • Capacity of judicial institutions is strengthened including through the creation of “Parquets Secondaires” of the Tribunaux de Grande Instance” and Brigades judiciaires militaires and strengthening of specialized judicial expertise in SV • Creation of specialized SV cells in the FARDC • Recruitment of FARDC female officers • Issue code of Conduct for FARDC • DDR programs include special programs for women associated with armed groups and their dependants
Restoration of state authority	<ul style="list-style-type: none"> • Isolated areas become accessible through rehabilitation of key roads and bridges. • Rapid Intervention Units of National Police ensure security in areas where armed groups have disengaged or where civilians need to be urgently protected • Responsibility for local security is transferred from military to civilian control, through the training and deployment of National Police • Justice and penitentiary services are strengthened and access to justice improves. • Provision of essential public services at decentralised levels resumes. • Regulation of trade in natural resources improves, and rates of illegal exploitation begin to decrease • Crimes of sexual violence are reduced and timely assistance is provided to survivors. 	<ul style="list-style-type: none"> • Support for the training of police, local administration, justice and penitentiary officials • Support for the vetting, identification and selection of state officials to be deployed • Support for the establishment of integrated police units in accordance with provisions of peace accords between the GoDRC and armed groups • Support for the construction of temporary police accommodations and associated logistical requirements • Support for the construction of permanent state infrastructure (police stations, courts, prisons and local administration buildings) • Durable rehabilitation of roads and associated infrastructure (culverts, bridges, retaining walls, etc.) • Specialized SV police units are established, equipped, trained, monitored and operational • Access to justice for victims is improved, including through logistic support to NGOs providing judiciary assistance, deployment of investigating teams, decentralization of rule of law institutions, and reparation for victims is ensured
Return and reintegration of IDPs and refugees, and community recovery¹	<ul style="list-style-type: none"> • Basic social needs of returning populations and receiving communities met, and basic social infrastructure restored in areas of return • Conditions for economic recovery in return areas improved. • Community tensions and conflicts linked to weapons availability and HLP disputes 	<ul style="list-style-type: none"> • Support to the reintegration of IDPs and refugees • Support for the reconstruction of schools, health centers, water/sanitation systems including provision of treatment and psychosocial support for victims of sexual and gender-based violence • Community based activities to prevent

Activities supported through the SRFF will be closely coordinated and aligned with other relevant activities and assistance foreseen within the Humanitarian Action Plan/Pooled Fund to ensure overall coherence and avoid duplication. See Annex 3 for a description of activities to be funded by each mechanism.

	decrease.	<p>sexual violence, including strengthening self protection mechanisms, Security measures to increase protection of survivors and activities to reduce stigma of survivors</p> <ul style="list-style-type: none"> • Set up a referral system for survivors of sexual violence and disseminate information in the communities on existing services and on the referral pathway • Reintegration activities for survivors of sexual violence • Sensitization activities to prevent sexual violence and to reduce stigma of survivors • Support for the protection of children and other vulnerable groups • Support for the creation of income and employment generating activities (e.g. micro-credit cooperatives) • Support for long-term food security and agricultural productivity (transformation technologies) • Support for mediation of housing, land and property dispute conflicts • Strengthening of local reconciliation and peacebuilding capacities • Support for community security and civilian disarmament efforts
Transversal sectors		
SV	<ul style="list-style-type: none"> • Impunity • SSR • Protection • Multi-Sectoral Assistance • Data-collection and mapping 	Reference to Comprehensive Strategy of Combating Sexual Violence and “Strategy Nationale de Lutte Contre les Violence Bases sur le Genre”

IV. Governance arrangements

14. The governance arrangements proposed for the SRF are intended to support and be closely linked to the coordination structures established for the STAREC Plan; enable rapid approval and disbursement of funds; and establish a reporting and monitoring system harmonized with those contained in the GoDRC structure. The SRF governance arrangements, as shown in figure 1, below, will be as follows:



15. At the highest level is the **STAREC Steering Committee**, the forum for periodic reviews of progress being achieved, as well as for identifying priorities and strategic directions for stabilization efforts. The Steering Committee will be chaired by the Prime Minister, and include all relevant Government Ministries as well as the Office of the President. Representatives of the UN and key international partners are also expected to participate.

16. A **Stabilization Fund Board (SFB)** will be established in Kinshasa. Co-chaired by the DRC Prime Minister with the Minister of Planning as alternate, and the SRSR with DSRSG/RC/HC as alternate, the SFB will draw its core membership from the Government STAREC Secretariat, contributing donors² and two representatives of UN agencies participating in the SRFF³, selected on a 6-month rotational basis. The SRFF Administrative Agent will participate in the SFB in an ex-officio capacity. On a case by case basis, other stakeholders might be invited by the SFB as observers or to broaden discussion. It is expected that decisions on funding priorities and individual programmes and projects will be taken on a consensus basis by formal members. The Funding Board will be considered to have a quorum when the co-chairs and at least 50% of its members are present.

17. The SFB will exercise programmatic and allocation responsibilities for UNSSSS activities in support of the STAREC within the framework of both the pass-through and parallel funding modalities. The SFB will, among other responsibilities:

- (a) Provide strategic guidance for the identification and ranking of current priorities for consideration by those proposing initiatives for funding under the SRFF (applicable to both funding modalities);
- (b) Set global allocations for sectors and specific categories of activity within available funding

² For the purposes of the SRFF, 'contributing donors' include those donors (bilateral, multilateral or financial institutions) who have agreed to contribute funds to the SRFF through either the MDTF or parallel funding modalities, or who have previously contributed funds within the UNSSSS framework,

³ The SRSR and DSRSG/RC/HC will represent the views of MONUC and other UN system entities. The DSRSG/RC will consult with Participating UN Organizations on all relevant issues and will ensure that the design/development of proposals for consideration by the SFB will involve formal consultation with all Participating UN Organizations.

envelopes based on priorities identified by the STAREC Steering Committee and associated bodies (including the Technical Working Groups and Joint Technical Committees at provincial level);

- (c) Approve and update the SRFF TOR and SFB TOR as well as the SFB's Rules of Procedures;
- (d) Develop and approve the criteria by which the implementation and managerial capacities of recipient organizations and implementing partners will be reviewed as part of the overall funding evaluation process;
- (e) Maintain close collaboration with national counterparts (via the Technical Working Groups and Joint Technical Committees) to ensure flexible adaptation of UNSSSS activities to changes in priorities and strategies;
- (f) Review and approve projects cleared by the Technical Secretariat, allocate resources, and instruct the Administrative Agent for disbursement accordingly (pass-through fund modality only),
- (g) Approve allocations to fund the SFB Technical Secretariat as a direct cost to the SRFF Account,
- (i) Review and approve the consolidated narrative and financial reports prepared by the SFB Administrative Agent for the projects funded by pass-through funds that will be complemented by progress reports prepared by the SFB Technical Secretariat for projects under parallel funding modalities, and
- (j) Review consolidated audit reports and initiate lessons learnt reviews.

18. In addition, the SFB will also meet in additional and different configurations in order to address special fund management requirements. These include, but are not limited to:

a. A first configuration will focus on the management of funds allocated from the Peacebuilding Fund (PBF), and will carry out the functions foreseen for the "Joint Steering Committee (JSC)" in the standard PBF Terms of reference and in line with General Assembly Resolution A/63/818 of 13 April 2009. The PBF configuration of the Funding Board will review and approve projects on the basis of the PBF Priority Plan (Annex A), which outlines the priority areas within the STAREC and priorities for the utilization of PBF funds. The PBF configuration of the Funding Board will be co-chaired by Prime Minister (or the Minister of Planning as secretariat of the STAREC) and the SRSRSG (with DSRSG as alternate) and comprise 2 UN agency representatives on a 6-month rotational basis (consisting of key operational agencies who have signed the MoU) and 2 donors chosen from the main contributors of the PBF. Civil society and other inputs will be ensured through the STAREC Steering Committee of which the Stabilization Funding Board is a subset. In order to ensure the fund has an in-built emergency response capacity, the PBF configuration of the SFB will allow for fast-track decision-making authorizing the co-chairs of the Funding Board to jointly make emergency allocations of no more than USD 200,000 through their joint signature (for up to 10% of the fund).

b. The SFB will also meet in a configuration to exercise funding allocation responsibility for initiatives related to combating sexual violence. This configuration of the Stabilization Funding Board will be chaired by a Government Representative (the government's designated focal point on sexual violence) and the SRSRSG (or the DSRSG as alternate) and. The sexual violence configuration of the Funding Board will draw its core group membership from relevant ministries implicated in the sexual violence strategy, contributing donors, and select UN agencies. In addition, other GoDRR Ministries, donors, participating UN agencies, and partner agencies might be invited by the SFB configuration for sexual violence as observers or to broaden discussion.

c. Additional configurations of the SFB can be established based on a decision of its members.

19. The work of the SFB will be closely integrated with the STAREC coordination structures (Steering Committee, Technical Working Groups and Joint Technical Committees at provincial level), thus respecting GoDRC requirements throughout. The SFB will also coordinate closely with the Humanitarian Pooled Fund Board and Unit on financing of activities related to protection, sexual violence, return, reintegration and recovery.

20. The **SFB Technical Secretariat** will be established with appropriate staff and be integrated within the framework of the Stabilization Support Unit (with staff in Kinshasa and Goma). Staff designated to fulfill technical secretariat functions will work closely with the SFB, the Technical Working Groups and the Administrative Agent, under the overall direction of the SFB. A key role of the Technical Secretariat will be to facilitate the submission of solid project proposals to the SFB, ensuring they are vetted/reviewed by relevant sector specialists within the Technical Working Groups, in accordance with the agreed-upon project submission guidelines and criteria. The Secretariat will be responsible for monitoring progress of SRFF funded projects through periodic progress updates (which will include consolidated narrative and financial reports) received from Participating UN Organizations, for transmission to the SFB.

The SFB Technical Secretariat will be funded as direct cost to the SF Account, and approved by the SFB.

In line with the transitional nature of the Fund, the SFB technical secretariat has capacity building of government institutions as an explicit aim and will work in close cooperation with the STAREC coordination structures as well as relevant government agencies. To enable this, Congolese civil servants could be seconded to the SFB technical secretariat, including in the area of sexual violence.

21. The **Administrative Agent (AA)** will be accountable for pass-through fund administration and report to donors through the SFB, and as such will work in close collaboration with the Technical Secretariat of the SFB as specified in the SRFF Rules and Procedures. In this regard, the AA will carry out the following functions:

- (a) Receive contributions from donors that wish to provide financial support to the SRFF through the Administrative Agent;
- (b) Administer funds received, in accordance with a Memorandum of Understanding signed between the Participating UN Organizations and the Administrative Agent and a Standard Administrative Arrangement between the donors and the AA;
- (c) Subject to availability of funds, disburse such funds to each of the Participating UN Organizations in accordance with instructions from the SFB, including in its various configurations as set out in article 18. The Administrative Agent will normally make each disbursement within three (3) to five (5) business days after having received instructions from the SFB along with the relevant Project documents signed by all participants concerned;
- (d) Consolidate narrative and financial periodic progress reports based on submissions provided to the Administrative Agent by each Participating UN Organization and provide the consolidated progress reports to the SFB for onward circulation to GoDRC and donors
- (e) Provide final financial reporting, including notification that the SF has been operationally completed;
- (f) Disburse funds to any Participating UN Organization for any additional costs of the task that the SFB may decide in accordance with the UNSSSS Programme Framework

V. Priority setting, project development, review and approval process

22. The objectives of the SRFF were defined on the basis of the STAREC Plan and the support strategy of the international community. The functioning of the SRFF will be based on the strategic orientations and priorities defined by the Steering Committee of the STAREC during the year.

23. **Definition of funding priorities at the sectoral level (Funding Board).** The SFB will identify, every three months, funding priorities at the sectoral and provincial level. These will correspond to the strategic orientations provided by the Technical Teams (national level) and the Joint Technical Committees (provincial level) of the STAREC. All allocations to projects will then be made on the basis of the identified priorities, and contingent on the availability of funds in the SRFF. In order to avoid fragmentation of efforts and a multitude of small projects, allocations will favour multi-annual programmes.⁴

24. **Development of project concept notes at the provincial level (provincial Joint Technical Committees):** Once the Funding Board has announced its funding priorities, the Technical Secretariat of the Funding Board,⁵ will request the provincial Joint Technical Committees (CTCs) to develop project concept notes on the basis of their provincial operational plans. These concept notes should include key expected results, activities, indicative budgets, and proposed implementing partners.⁶

25. **Development of project concept notes at the national level (national Technical Teams):** Once the Funding Board has announced its funding priorities, the Technical Secretariat of the Funding Board may also request the Technical Teams at Kinshasa level to develop project concept notes on the basis of the sectoral operational plans developed for the STAREC. As for provincial activities, these concept notes should include key expected results, activities, indicative budgets, and proposed implementing partners.

26. **Development of project documents (Technical Secretariat & implementing agencies):** Project concept notes will be examined by the Technical Secretariat, and in particular compared with the sectoral envelopes identified by the Funding Board and other possible sources of funding. The Technical Secretariat will then coordinate the development of full project documents with the implementing agencies identified and the national-level technical teams. The project documents should meet the criteria outlined in SRFF procedures and should clearly indicate any co-funding contributions from international partners and the GoDRC.

27. **Project approval (Funding Board):** Once finalised by the Technical Secretariat, project documents will be submitted to the Funding Board for approval. The Funding Board will take one of the following decisions, after making any necessary clarifications with the implementing partner:

a. *Approve proposal for financing by the common fund*

After approval, project documents will be transmitted to the UNDP Country Office in DRC, which will exercise the Administrative Agent functions delegated by the UNDP MDTF Office in New York for transfer of funds to the Participating Organizations. Funds should be transferred within 3-5 days after the receipt of project documents by the UNDP Country Office .

b. *Approve proposals for bilateral financing*

If the funds requested surpass the amount available in the common fund but the project is otherwise approved: project documents will be shared with interested inter-

⁴ Allocations will favour multi-annual programmes for a minimum of one year and for a minimum amount of 500,000 USD. The Funding Board reserves the right to appeal for funds, through an emergency procedure, in situations of crisis requiring a rapid intervention.

⁵ The Technical Secretariat comprises the Stabilization Support Unit and the Inter-Provincial Coordination of the STAREC.

⁶ The selection of implementing partners will be made on the basis of criteria for the evaluation of their competencies and performance. The available HACT database will be used for this purpose. Both international and national implementing partners will be eligible for funds.

national partners within the framework of the established procedures for coordination, monitoring and evaluation. If an international partner wants to support the project, they will deal with the implementing agency bilaterally.

c. *Reject the project with succinct justifications*

28. **Circulation of approved projects (Technical Secretariat):** The Technical Secretariat will share the final list of approved proposals with the Joint Technical Committees, the national Technical Teams, and the Steering Committee of the STAREC.

29. **Expected timelines for project development and approval:** The overall process for to develop and approve projects should not take longer than three months. A timeline will be developed for each allocation on the basis of the following:

- (a) Call for concept notes and review by the Joint Technical Committees / Technical Teams: 1 month
- (b) Review of concept notes by Technical Secretariat and development of project proposals: 1 month
- (c) Review of proposals by Funding Board and project approval: 1 month

VI. Administrative Arrangements (Stabilization Fund)

30. It is proposed that the SF be administered by the UNDP MDTF Office in New York, as the Administrative Agent (AA), on behalf of the Participating Organizations, as agreed with the GoDRC. The AA will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received from donors who wish to provide financial support to the SF through the AA.

31. The Administrative Agent will be responsible for concluding Standard Administrative Arrangements (SAA) with donors and Memorandum of Understanding (MOU) with Participating UN Organizations. It will receive, administer and disburse funds to Participating UN Organizations upon instruction from the SFB and PBF JSC and submit periodic consolidated narrative and financial reports to the SFB before further submission to SF contributing donors.

32. A single, standard MoU will be signed between UNDP as Administrative Agent and each Participating UN Organization that sets out the duties and responsibilities of each party, for all projects and programmes to be funded by the SF.

33. Each donor contributes to the SF by signing a SAA with UNDP as Administrative Agent that sets out the terms and conditions governing the receipt and administration of the contribution.

34. Subject to the availability of funds, the Administrative Agent will normally make each disbursement to the Participating UN Organization within three to five business days after receipt of instructions from the SFB.

VII. Utilization of the Stabilization Fund

35. **Contributions.** Contributions to the SF may be accepted from governments, inter-governmental or nongovernmental organizations, and private-sector organizations. Since the SF will focus on a limited range of priority activities, donors will be encouraged to provide un-earmarked contributions, the sectoral and geographic allocations of which will be approved by the SFB.

36. However, if this is not possible, earmarking by sector (see table of sectors on pp 5-6) of the UNSSSS or the Comprehensive Strategy on Combating Sexual Violence will also be accepted. Earmarking by exclusion with respect to non-ODA fundable sectors will also be accepted.

37. Contributions to the SF may be accepted in fully convertible currency or in any other currency that can be readily utilized. Such contributions will be deposited into the bank account designated by UNDP MDTF Office. Each individual contribution should amount to the equivalent of at least \$200,000.

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

39. In exceptional cases, particularly during the start-up phase of the SF, Participating United Nations Organizations may, subject to conformity with their financial regulations, rules and directives, start implementation of SF activities through pre-financing from their own resources. Such advance activities will be undertaken in agreement with the SFB on the basis of funds it has approved or allocated for implementation by the particular Participating United Nations Organization following receipt by the Administrative Agent of an official donor commitment form or signature of the Administrative Arrangement from donors contributing to the SF. Participating United Nations Organizations will be solely responsible for decisions to initiate such advance activities or other activities outside the above parameters.

40. Indirectly through the Participating UN Organizations, Non-Governmental Organizations, and other designated institutions or entities (including state entities) may receive funds from the SF based on a programme or project agreement concluded with such entities as implementing partners of the concerned Participating UN Organization in accordance with the regulations, rules and procedures of the Participating UN Organization. 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 programme or project agreements in the manner that is customary for the concerned Participating UN Organizations.

41. Non-governmental Organisations and other designated institutions or entities, including state agencies, will be able to directly propose programmes through the CTCs and the Technical Working Groups to the Stability Funding Board for Financing. Funding to these non-governmental Organisations and other designated institutions or entities will pass through the accounts of designated UN recipient organizations (in the case of the SF) or directly in the case of the parallel funding modality.

42. All Non-Governmental Organisations and other designated institutions or entities that have been successfully evaluated for financing from the Humanitarian Pooled Fund in DRC are also eligible to propose projects directly to the SFB, and receive funding through any of the Participating UN Organization recipients referred to in articles 37 and 38.

43. Cost Recovery. Resources from the SF will be utilized for the purpose of meeting the direct and indirect costs of projects managed by the Participating United Nations Organizations. Details of such projects, including respective budgets and implementation partners (national entities, NGOs/civil society organizations, inter-governmental organizations) will be set out in the relevant project documents. Indirect costs of the Participating UN Organizations will be seven percent (7%). The indirect costs will be reflected in the project proposal approved by the SFB, as described further below.

44. The Administrative Agent will charge a one-time fee of one per cent (1%) of the each donor contribution to cover the Administrative Agent's costs of performing the Administrative Agent's functions

45. The Administrative Agent may disburse actual costs/funds from the SF account for the staffing support provided by the SFB Technical Secretariat to the designated Participating UN Organization, based on the decision of the SFB. On an annual basis, the Administrative Agent will notify the SFB of

the amounts used for such purposes.

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

VIII. Participating United Nations Organizations (Stabilization Fund)

47. Each Participating UN Organization including IOM shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent. Each Participating UN Organization shall establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent from the SF account. This separate ledger account shall be administered by each Participating UN Organization in accordance with its own regulations, rules, directives and procedures, including those relating to interest. This separate ledger account shall be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to the Participating UN Organization.

48. Each Participating UN Organizations and IOM shall carry out its activities contemplated in the approved proposal in accordance with the regulations, rules, directives and procedures applicable to it, using its standard implementation modalities. This includes adherence to the aforementioned principles and criteria for approval of programme or project proposals. While respecting their rules and regulations participating UN agencies will display certain flexibility in their dealings with executing partners and subcontractors since they are operating in a volatile environment and need to be able to respond quickly to a changing context. This will require, within the limits of their ability, certain flexibility with respect to minor budgetary changes of subcontractors in the implementation phase, and a focus on ex-post reporting, instead of detailed ex-ante planning, among other changes.

49. State agencies and NGO partners involved in the UNSSSS Integrated Programme Framework will have access to the Fund through UNDP performing an additional oversight function as Participating UN organization. UNDP will use its standard NGO and/or State Agency execution modality for this purpose and charge the corresponding direct and indirect costs to the Fund on the basis of its financial regulations and rules.

IX. Reporting, transparency and accountability (Stabilization Fund)

50. For each project approved for funding from the SF, each Participating UN Organization and IOM shall provide the Administrative Agent with the statements and reports prepared in accordance with the accounting and reporting procedures applicable to the Participating UN Organization concerned and IOM. The Participating UN Organizations and IOM will endeavor to harmonize their reporting formats to the extent possible:

- (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 SF, 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/Joint Programme Document and including the final year of the activities in the approved programmatic document/Joint Programme Document, to be provided no later than four months (30 April) of the year following the financial closing of the SF. The final report

will give a summary of results and achievements compared to the goals and objectives of the GoDRC Stabilization Plan; and

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

51. The Administrative Agent will provide the Donor through the SFB with the following statements and reports, based on submissions provided to the Administrative Agent by each Participating UN Organization prepared in accordance with the accounting and reporting procedures applicable to it, as set forth in the TOR/Joint Programme Document:

- (a) Annual consolidated narrative progress reports, based on annual narrative progress reports received from Participating UN Organizations, to be provided no later than five months (31 May) after the end of the calendar year;
- (b) Annual consolidated financial reports, based on annual financial statements and reports, to be received from the Participating UN Organizations, as of 31 December with respect to the funds disbursed to them from the SF Account, to be provided no later than five months (31 May) after the end of the calendar year;
- (c) Final consolidated narrative report, based on final narrative reports received from Participating UN Organizations after the completion of the activities in the approved programmatic document/Joint Programme Document and including the final year of the activities in the approved programmatic document/Joint Programme Document, to be provided no later than seven months (31 July) of the year following the financial closing of the SF. The final consolidated narrative report will contain a summary of the results and achievements compared to the goals and objectives of the GoDRC Stabilization and Reconstruction Plan and associated UNSSSS Programme Framework.
- (d) Final consolidated financial report, based on certified final financial statements and final financial reports received from Participating UN Organizations after the completion of the activities in the approved programmatic document/Joint Programme Document and including the final year of the activities in the approved programmatic document/Joint Programme Document, to be provided no later than seven months (31 July) of the year following the financial closing of the SF.

52. The Administrative Agent will provide the Donor, the SFB and Participating UN Organizations with the following reports on its activities as Administrative Agent:

- (a) Certified annual financial statement (“Source and Use of Funds” as defined by 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 SF.

53. Consolidated reports and related documents will be posted on the websites of the UN in [country] [website URL] and the Administrative Agent www.undp.org/mdtf.

54. The Technical Secretariat shall be responsible for coordinating and providing periodic progress updates and impact evaluations with Participating UN Organizations and IOM, to the SFB and the Administrative Agent.

55. The Technical Secretariat shall be responsible for commission an independent “lessons-learned and review exercise” of the entire operation of the SF if requested to do so by the SFB and the Participating UN Organizations. Funding for such an exercise and other evaluation exercises will be part of the approved budget of the Technical Secretariat, and specifically identified as such.

X. Public Disclosure

56. The SFB and Administrative Agent will ensure that operations of the SF are publicly disclosed on the Administrative Agent’s website (www.undp.org/mdtf)

XI. Other Matters

A. Ownership of Equipment, Supplies and Other Property

57. Ownership of equipment, supplies and other property financed from the SF shall vest in the Participating UN Organization undertaking the activities. Matters relating to the transfer of ownership by the Participating UN Organization shall be determined in accordance with the applicable policies and procedures of the Participating UN Organization.

B. Audit

58. The Administrative Agent and Participating UN Organizations will be audited in accordance with their own Financial Regulations and Rules and, where appropriate, 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.

C. Termination of the SF

59. Notwithstanding the completion of the projects financed from the SF, any unutilized balances shall continue to be held in the SF Account until all commitments and liabilities incurred in the implementation of the projects have been satisfied and project activities have been brought to an orderly conclusion.

60. Unless otherwise agreed by the SFB, the SF shall terminate upon completion of all projects funded through the SF and after satisfaction of all commitments and liabilities. Any balance then remaining shall be disposed of by the SFB in consultation, as required, with the Administrative Agent.