23 February 2009

Dear Colleagues,

It is my pleasure to share with you the final OIOS Independent Evaluation Report of 30 December 2008. The report notes that “the fund has potential to fill a unique peacebuilding niche” in the post-conflict arena and “has achieved notable early results on the ground”. Numerous management challenges were also identified by OIOS in its evaluation, and my office is working to address these, as indicated in the PBSO Management Response of 23 January 2009 (copy attached).

Furthermore, the PBF’s founding resolution stipulates that a review of the PBF’s Terms of Reference (ToR) should be undertaken after the first two years of operations of the Fund. To this end, PBSO has initiated a revision of the PBF ToR that will result in the Secretary-General’s submission to the General Assembly with a deadline date of 19 March 2009. While it is the prerogative of the Secretary-General to revise the PBF ToRs, a consultation process involving Member States, donors and other stakeholders has been initiated to facilitate consensus building and buy-in on core areas of proposed revisions. These consultations are informed by the findings and recommendations of the OIOS evaluation and emerging lessons and experiences identified by PBSO and UN field presences.

Given the tight deadline to conclude the revision exercise, PBSO will organize a teleconference with country level stakeholders to enable an open exchange of information and ideas on the PBF review exercise. My office will soon advise on the date, time and logistics of this teleconference. Meanwhile, we welcome any comments you may have on the OIOS evaluation and the PBSO management response.

Once again let me express my gratitude for your continued support and interest in the work of the Peacebuilding Fund.

Yours sincerely,

[Signature]

Ejevion Eloha Otobo
Officer-in-Charge
Director and Deputy Head
Peacebuilding Support Office

Enclosures
TO: (Eddie) Yee Woo Guo, Acting Head  
A: Inspection and Evaluation Division  
Office of Internal Oversight Services  

DATE: 23 January 2009  

FROM: Jane Holl Lute, Assistant Secretary-General  
DE: Peacebuilding Support Office  

REFERENCE: 09-00024  


1. I am pleased to forward our comments on the issues raised in your management letter dated 31 December 2008 on the above-mentioned subject. Thank you for providing the opportunity to comment on the valuable observations and recommendations made by the OIOS Independent Evaluation of the Peacebuilding Fund which are largely consistent with the Peacebuilding Support Office’s observations from emerging lessons in the first two years of the Fund’s operation.

Findings of the OIOS report

Paragraphs 14 & 15

2. The Peacebuilding Support Office (PBSO) agrees that the Peacebuilding Fund (PBF), as an early entry facility to bridge the transition from conflict to peace, has the potential to fill a unique niche that other actors in peacebuilding do not address.

Paragraph 17

3. PBSO concurs that the timing of the OIOS Independent Evaluation is too early to fully assess PBF given that it is charting a new and innovative approach to peacebuilding and has been in operation for only two years. Nevertheless, PBSO sees value in regular review of the PBF and welcomes constructive suggestions towards improving its effectiveness.

Paragraph 19

4. PBSO endorses the need to improve strategic communication so as to increase knowledge and awareness about the PBF. Efforts are underway to develop a comprehensive PBF communication and information strategy.
Paragraphs 18 to 22

5. PBSO commends OIOS for recognizing that the PBF operates in complex, political environments with diverse challenges to effectiveness and efficiency, including the need to achieve the right balance between building consensus and capacity, as well as between assessment, strategic design and quick response.

Paragraph 23

6. PBSO is developing its capacity to provide early deployment of peacebuilding expertise and fund management capacity in support of National Steering Committees (NSCs) at country level. This practice is already being introduced in recently-approved PBF countries. In addition, measures will be considered to further enhance the effectiveness of the PBF Advisory Group in providing advice on the speed and appropriateness of Fund allocations.

Paragraphs 27 and 28

7. As Fund Manager, PBSO requires the capacity and expertise necessary to successfully navigate the provision of PBF support in complex, diverse and often challenging post-conflict environments. PBSO will strengthen management capacity with the recruitment of a qualified Trust Fund Manager and intends to enhance staff competencies, human and financial resources, and procedures.

Paragraph 29

8. PBSO has undertaken an internal restructuring to better address strategic priorities through more effective use of resources. Human resource constraints hindering PBF management were identified and corrective measures are being put in place to balance the 'ratio of staff to funds managed'. These include a functional review and internal realignment of existing positions and recruitment of additional positions.

Paragraphs 30 and 31

9. PBSO seeks to enhance the strategic decision-making at all levels to address concerns over clarity and transparency of country and project selection, especially for Windows II and III. To this end, PBSO has initiated a review of criteria for declaration of country eligibility and specific project selection. PBSO is also exploring the scope and potential of reforming Window III to make it more responsive and innovative in critical peacebuilding needs.

Paragraph 33

10. With regard to the determination of country envelopes, PBSO will ensure that all Priority Plan submissions include a programmatic justification for requested funds. This will be accompanied by a concise analysis of existing funding gaps to address concerns regarding complementarity and non-duplication of aid efforts.
Paragraphs 34 & 35

11. PBSO is committed to assisting PBF countries to improve their national strategic planning skills and to providing adequate expert assistance to support priority-setting, particularly in Window II countries. PBSO shares the view of the OIOS Independent Evaluation that clear rationales and strong strategic orientation towards peacebuilding are critical in project and partner selections. The PBF Guidelines will be revised to improve the Fund’s strategic results orientation.

Paragraph 36

12. PBSO does not agree with the suggestion of some stakeholders that Window III may have been used to fast-track the approval of non-emergency projects. All seven approved Window III projects were identified by national authorities and UN officials concerned as addressing critical and urgent gaps in peacebuilding and/or post-conflict security. Nevertheless, PBSO will review Window III criteria to ensure that the facility is used as strategically and responsively as possible.

Paragraphs 37 & 38

13. With regard to the distribution of PBF projects to recipient organizations, it should be noted that lessons are being learned and implemented in new country cases, which is leading to greater diversification (in Liberia, for example, UNDP receives approximately 45% of PBF funding against the 77% average noted). It is also worth bearing in mind that UNDP is generally expected to undertake much of the UN’s peacebuilding and national capacity-building support provided through PBF resources. UN Secretariat entities that could do more peacebuilding work at country level are currently unable to receive funds from the PBF, as they are currently not subject to the standard maximum 7% overhead agreed by UN agencies, funds and programmes for inter-agency transfers. PBSO will work with all UN entities to find ways of receiving PBF funds, without increasing the overhead beyond 7%. PBSO will also continue to guide and support in-country processes for selecting feasible recipient organizations and implementing partners, and will further explore measures to diversify among UN recipients, as well as to pursue partnerships with non-UN organizations.

Paragraph 39

14. PBSO contests the assertion of one country team that a project was imposed upon it. All projects proposals submitted to PBSO, regardless of the window they fall within, are submitted to PBSO with substantial in-country UN and host government involvement. PBSO acknowledges that work must be done with some UN Country Teams to increase information-sharing and consensus on the PBF.

Paragraph 40

15. PBSO will review and clarify the PBF’s accountability guidelines and lines of reporting with a view to introducing adequate mechanisms for measuring performance accountability and learning. The recruitment of a PBF Fund Manager will enhance the capacity and authority of PBSO to provide effective guidance and assistance on fund management to countries receiving PBF support.
Paragraph 42

16. PBSO will work with UNDP’s MDTF Office as Fund Administrator to ensure that the PBF’s reporting mechanism goes beyond tracking the use of funds and includes focus on results, impact and overall performance. This effort will begin with the PBF Annual Report, prepared by the MDTF Office that is considered adequate in tracking the use of funds but not adequate in monitoring of results, impact and overall performance of the Fund.

Paragraphs 43 & 44

17. PBSO will introduce a mandatory formal monitoring and evaluation (M&E) system in order to improve PBF mechanisms for in-depth assessment of project and country performance. This will be supported with training and backstopping by PBSO to assist in-country stakeholders (including national PBF Secretariats) in focusing on impact and effectiveness. Efforts will also be made to further enhance PBSO’s risk management and assessment capabilities.

Paragraph 45

18. PBSO agrees that PBF’s catalytic role is hampered by divergent interpretations among key stakeholders and has remained largely unfulfilled. The PBF’s catalytic role will be addressed in the forthcoming revision of the PBF terms of reference in order to address conflicting objectives and discrepancies with regard to the implementation of this aspect of the PBF’s mandate. In addition, PBSO’s newly-established Financing for Peacebuilding Branch, in collaboration with the PBSO’s PBC Support Branch, will provide more structured support and assistance to PBF countries on peacebuilding appeals and marshaling resources.

Paragraphs 48 & 49

19. PBSO acknowledges the key challenge of slow project implementation once funds reach the field. The PBF terms of reference review will lead to the establishment of policies, guidelines and procedures to improve project implementation and performance monitoring and reporting. In close consultation with partners, PBSO will clarify roles and responsibilities of recipient organizations for accountability and will propose measures to improve overall project management. PBSO will also initiate consultations to address rigidities in the rules, regulations and procedures of some recipient UN organizations that often constrain their speed and effectiveness in undertaking post-conflict and peacebuilding activities.

Recommendations of the OIOS report

20. Below are comments on all six OIOS report recommendations. For detailed actions planned and ongoing, please see the annexed Management Response Matrix.

OIOS Recommendation 1: PBSO should, in consultation with key stakeholders and through a systematic mapping exercise, improve the clarity of PBSO’s role and that
of its key partners in the Fund’s guiding documents and in its stakeholder communications.

21. PBSO is committed to clarifying the roles and responsibilities of key PBF stakeholders, including the Secretary-General, PBSO as Fund Manager, UNDP as Fund Administrator, National Steering Committees, UN system actors, UN country presences and the Peacebuilding Commission (PBC). PBSO will be guided by the outcome of consultations with stakeholders on the PBF terms of reference review to clarify the strategic relationship between the PBF and PBC in the UN peacebuilding architecture. In addition, PBSO will provide for regular consultation and communication with stakeholders on joint and/or respective activities in support of peacebuilding involving the PBF and the PBC. [status: pending]

22. PBSO is committed to clarifying roles of stakeholders to catalyze further funding for peacebuilding, and will ensure that the PBF fulfills its catalytic role as a resource mobilizer. It will do this by strengthening PBSO’s capacity and capability to effectively support in-country peacebuilding appeals and resource mobilization. [status: pending]

**OIOS Recommendation 2:** PBSO should conduct a strategic internal resource assessment in order to fill its key functional gaps.

23. An internal PBSO retreat in September 2008 reviewed, among other items, core Fund management functions/tasks, priority activities essential for the effective operation of the PBF, PBF management structure, human resources and skill profiles. A key outcome was the establishment of the PBSO Financing for Peacebuilding Branch (FPB) that is responsible for the overall management and implementation of PBF decisions and activities as well support to in-country peacebuilding appeals. The roles and objectives of FPB are: responsibility for Fund stewardship; provision of effective programmatic advice for flexible and rapid deployment and use of funds; leveraging funds and support to in-country peacebuilding appeals; performance reporting, and effective monitoring and evaluation. [status: Office reconfiguration completed; operationalizing functions - ongoing]

24. To successfully undertake the roles identified above, PBSO has identified staff and capacities required in FPB. Recruitment for the following core posts has been or will soon be initiated: Chief of Branch (D1); Partnerships & Donor Relations Advisor (P5); 4 programmatic staff (P3/P4) and Fund Manager (P5). [status: reorganization completed; staff recruitment ongoing, with Partnerships and Donor Relations Advisor in place as of December 2008]

25. As part of the process of strengthening PBF management and response capabilities, PBSO will establish financial policies and guidelines to manage the deployment of the PBF overhead resources in support of global and country level activities. [status: ongoing]

**OIOS Recommendation 3:** PBSO should develop an improved suite of tools, guidelines and procedures to facilitate faster and more strategic decision-making.
26. PBSO will clarify scope of the PBF terms of reference in order to enable its operations as a flexible and focused resource for peacebuilding with the capacity to address a spectrum of country and regional activities critical for building and consolidating peace from the outset of a post-conflict peace process. In addition, efforts will be made to clarify the range of PBF recipient organizations, and reach agreement with the UN Comptroller on overhead charges, with a view to introduce diversity, expertise and experience. [status: pending]

27. Further, PBSO will streamline PBF window structure to facilitate transparent, flexible and rapid processes, and review the PBF country eligibility criteria for Windows II and III. [status: initiated and ongoing]

28. PBSO will review, streamline and simplify policies, guidelines and standard operating procedures for the requesting, assigning, disbursement, management, monitoring and reporting of funds so as to ensure transparency, accountability and effective impact funding. These will be reviewed at regular intervals and in line with emerging lessons and experiences. [status: pending]

**OIOS Recommendation 4:** Within its delegated authority, PBSO should strengthen the Fund’s accountability mechanism and more clearly articulate this mechanism in the Fund’s guiding documents.

29. As part of the PBF review, PBSO will propose refinements to the Fund’s structure, management and processes in order to remedy functional and accountability gaps. In particular, PBSO will review and realign the Memorandum of Understanding with the UNDP/MDTF Office to correctly reflect roles and responsibilities of the Administrator Agent with a view to delineate accountability lines and clarify divisions of labour at the country level. As Fund Manager, PBSO will strengthen its programme management capabilities to include greater risk assessment and management in its peacebuilding support interventions. [status: pending]

30. The proposed PBF policies, guidelines and procedures will include measures that give PBSO adequate authority to guide and support decisions on peacebuilding priority identification and to review progress and impact. Through systematic monitoring of Fund-assisted projects, PBSO, in collaboration with National Steering Committees, will be able to gauge PBF performance against planned outcomes. [status: pending]

31. PBSO will ensure early capacity-building for country-level stakeholders, including National Steering Committee (NSC) members and implementing partners with a focus on key tasks essential for the effective operation of the PBF. Such tasks include project formulation/design; financial accountability, result-based monitoring and reporting. PBSO will ensure that M&E for peacebuilding is well financed with appropriate budget provisions from country funding envelopes. In addition, support will be provided to NSCs to address resource mobilization, capacity-building and performance assessment issues in the formulation of Priority Plans. [status: pending]
32. To ensure through vetting of Priority Plans and Window III submissions and strengthened results orientation, PBSO will encourage adherence and compliance with the PBF criteria and will review National or Joint Steering Committee terms of reference (JSC/TOR) and Rules of Procedures (RoP). [status: pending]

**OIOS Recommendation 5:** Within its delegated authority, and in partnership with recipient organizations at Headquarters and in the field, PBSO should proactively address the main sources of delay in project implementation.

33. PBSO management will meet with UN recipient organizations to review progress and lessons learnt in the implementation of the PBF. To help improve on project implementation, the exchange will further guide PBSO on measures required for rapid deployment funds with greater accountability, effective project management and implementation, mobilizing in-country capacity and streamlining procurement/tender procedures in support of peacebuilding. [status: pending]

34. PBSO will put in place procedures to enable it to undertake advance assessments of absorptive and skills capacity for all potential implementing partners, including recipient UN organizations. To fill gaps in information and capacity, PBSO will initiate early consultation with senior in-country UN and government representatives to help build local capacity for analysis, proposal development and implementation. PBSO will also seek to introduce measures for early deployment of in-country peacebuilding capacity, including the development of a surge capacity and introducing the practice of funding of country-level technical capacity in PBF countries from a country funding envelope. [status: pending]

35. PBSO will initiate consultations with stakeholders in order to ensure greater diversity of recipient organizations, and to encourage more strategic selection of implementing partners for PBF projects. [status: pending]

36. In streamlining PBF window structures and in order to improve country-level responses to emerging threats to peace, PBSO will explore the possibilities of using PBF resources more innovatively, including the allocation of an ad-hoc peacebuilding budget to the ranking UN official in post-conflict countries, and enhancing the scope of Window III as a quick-response resource. [status: pending]

**OIOS Recommendation 6:** PBSO should facilitate more systematic lessons learning within and across countries, as well as within the Office itself.

37. PBSO will encourage greater exchange among PBF practitioners and stakeholders in the Peacebuilding Community of Practice (CoP) system to share and systematically document, validate and disseminate good practices and lessons learned on the PBF. [status: initiated and to be advanced]

38. PBSO will initiate procedures to generate greater functional synergies and cross-sharing of information and lessons learned within PBSO as well as between PBSO and other partners and stakeholders. PBSO will seek to incorporate consideration of
lessons learned and experiences to date in the PBF terms of reference review. [status: pending]

**Conclusions**

39. PBSO greatly appreciates the work of Independent Evaluation team in its consideration of the Peacebuilding Fund. The evaluation is a first step in the review of the PBF as provided for in paragraph 8.1 of the Fund’s terms of reference.

40. Please be assured of the commitment of my Office to advancing all measures that will enable the Fund to fulfill its mandated goals and objectives.

Cc: Ms Angela Kane
    Ms Inga-Britt Ahlenius
EVALUATION REPORT


30 December 2008

Assignment No. IED-08-06
“The Office shall evaluate the efficiency and effectiveness of the implementation of the programmes and legislative mandates of the Organization. It shall conduct programme evaluations with the purpose of establishing analytical and critical evaluations of the implementation of programmes and legislative mandates, examining whether changes therein require review of the methods of delivery, the continued relevance of administrative procedures and whether the activities correspond to the mandates as they may be reflected in the approved budgets and the medium-term plan of the Organization.”

(General Assembly Resolution 48/218 B)

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