and an expansion of its ranks to include a broader range of expertise, including fund management as well as peacebuilding. Furthermore, PBCG members state that they have not been adequately fulfilling two key components of their role spelled out in the Fund’s guiding documents – ensuring non-duplication of country priorities and advising on overall country envelopes. Lastly, there is some lack of clarity regarding the relationship between the PBC and the PBF. For example, OIOS found that in the field especially, there was confusion regarding whether or not the Fund was a fund of the PBC or of the Secretary-General. OIOS acknowledges that this additional layer of input should not detract from the Fund’s focus on speed and national co-ownership. Based on the interviews with a number of peacebuilding experts consulted, OIOS suggests that this expertise could be brought to bear in any number of ways that need not compromise these principles.

C. PBSO has striven to meet significant fund management challenges, but key gaps remain

24. The environment in which PBSO operates as a fund manager is one of great complexity, requiring astute navigation through multiple, and sometimes competing, demands. These include the challenges of managing an MD TF with wide global reach, the intricacies and uncertainties of post-conflict settings, the need to coordinate with and rely on numerous entities over which the Office lacks direct control or authority, and the manifold functions it must fulfill as fund manager with limited resources to do so. Furthermore, the lack of clarity in fund roles and responsibilities noted in the finding above makes it even more difficult for PBSO to chart a clear course for meeting all of its obligations as fund manager.

25. Given the challenges in confronting these complexities, OIOS commends PBSO for striving for highly efficient and effective fund management. OIOS notes a number of concrete steps PBSO has taken over the past year to enhance its overall fund management. Recent achievements include better and earlier filling of vital stakeholder information gaps, provision of more timely and targeted strategic support and engagement at the country level, recruitment of a consultant in May 2008 to develop the PBF Guidelines and a monitoring and evaluation framework, and support for more results-oriented project design, monitoring and evaluation training in the field.

26. Stakeholders express appreciation for PBSO’s work, given the constraints it faces. Feedback from Member States on the Fund’s management is positive overall. Of those with an opinion, most (65%) rate overall management of the fund as excellent or good, and a large majority (86%) rate their relationship with PBSO as equally high. Eighty-one percent say they are satisfied with the information they receive on the Fund’s activities and performance. Additionally, most partners rate fund management and working relationships with PBSO highly, important indicators in light of the need for strong partnerships between PBSO and these vital entities involved in the PBF. Fifty-four percent rate overall fund management as excellent or good, and 68% rate their working relationship with PBSO as excellent or good. Nevertheless, in Member State focus groups, several mention that fund management could be strengthened with more systematic procedures, greater coordination between the PBF and the PBC.

27. Nevertheless, OIOS notes that PBSO lacks adequate capacity to manage the fund to optimal effectiveness. OIOS understands capacity as encompassing staff competencies, human and financial resources, and work tools and procedures. OIOS identified several core functional gaps resulting from inadequate capacity, resulting in part from flawed assumptions in the Fund’s design and TOR regarding the types of functions needed to manage the Fund. These functional gaps include:
monitoring and evaluation, best practices and lessons learned, strategic communications, resource mobilization, conflict analysis, and project appraisal. An analysis of PBSO staff utilization, as well as interview and survey findings, reveal that insufficient time is being spent on these key functions.

28. OIOS also notes that the targeted expertise and full array of working methods and tools are currently insufficient. Management of the PBF requires a full repertoire of competencies in programme management and field work, resource mobilization, monitoring and evaluation, and substantive peacebuilding knowledge. With regard to tools, guidelines and other supports, Fund staff both at Headquarters and in the field identify areas where these are still not fully adequate. They include tools and mechanisms for measuring and reporting on project performance, for helping prospective partners prepare concept notes, and for helping United Nations staff in country prepare priority plans and review and approve project proposals.

29. Human resources represent another aspect of capacity hindering optimal fund management. At present only 1 full-time staff person at PBSO is dedicated solely to the Fund, compared to 12 others involved in the remainder of PBSO’s work. OIOS judges this allocation as inadequate in light of the Fund requirements and its prominence in PBSO’s overall work plan. When benchmarked against a number of other United Nations funds, the PBF has the lowest ratio of staff to funds under management – that is, one staff person for every US$270 million. By way of just two contrasting examples, the United Nations Central Emergency Response Fund has a ratio of 1 to US$18.8 million, while the United Nations Development Fund Thematic Trust Fund for Crisis Prevention and Recovery has a ratio of 1 to US$17.5 million. (See Table 1 below.) Finally, another key resource challenge for the Fund is the lack of long-term and regularized staff in the PBSO, not all of whom work on the PBF. Many staff are currently seconded to PBSO from other United Nations agencies on a temporary basis, impeding the accumulation of peacebuilding-specific knowledge and expertise over time. Significant proportions of Member States (39%), PBSO staff (43%) and partners (57%) believe fewer resources are devoted to the PBF than what are needed.

Table 1 – Ratio of Staff to Funds under Management, PBF and Other UN Funds

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Number of Dedicated Staff</th>
<th>Total Funds Under Management (USD)</th>
<th>Ratio of Dedicated Staff to Funds Under Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thematic Trust Fund for Crisis Prevention and Recovery</td>
<td>6</td>
<td>105.1 million</td>
<td>1 : 17.5 million</td>
</tr>
<tr>
<td>Central Emergency Response Fund</td>
<td>23</td>
<td>432.0 million</td>
<td>1 : 18.8 million</td>
</tr>
<tr>
<td>Iraq Trust Fund</td>
<td>10</td>
<td>1.3 billion</td>
<td>1 : 130.0 million</td>
</tr>
<tr>
<td>Peacebuilding Fund</td>
<td>1</td>
<td>270.0 million</td>
<td>1 : 270.0 million</td>
</tr>
</tbody>
</table>

Note: Budget periods cited vary from 2007 to 2009, and no fund is thought to replicate the PBF’s precise area of focus.

D. The Fund lacks a sufficiently strategic results orientation and framework at all levels

Decision-making processes

30. OIOS finds that in practice, the Fund’s decision-making processes remain insufficiently strategic in identifying the peacebuilding countries most in need, the most critical priorities, or the optimal projects and partners for addressing these priorities. While each decision-making level is fraught with difficulty, the strategic basis of decisions progressively declines at each sequential level of decision-making, from the determination of country eligibility to the identification of each country’s most critical peacebuilding gaps to the selection of the optimal projects and partners for addressing these gaps.
31. To begin with, some stakeholders with long-standing involvement and expertise in peacebuilding – not least of all some AG members and external experts – note that the current list of PBF-assisted countries does not necessarily represent the most rational list of those in greatest need of peacebuilding assistance. These stakeholders are aware that political realities do not always allow for the list to be as rational as it should; for example, some countries lack the institutional arrangements to effectively implement assistance. Some view Window II as an opportunity for the Secretary-General, on the advice of the Advisory Group, to make the list of assisted countries more reflective of global need. In this vein, in light of the need for stronger accountability in fund management and greater coordination between the PBF and PBC, there is a need for greater transparency in the Secretary-General’s Window II and Window III decisions. For example, while PBSO and the PBCG use standard forms to assess some types of requests, this is not consistently the case. Nor are PBCG/PBSO assessments always aggregated and strategically shared to provide Member States and other key partners with information on the basis of PBSO’s decisions. Additionally, many stakeholders claim that the Secretary-General and PBSO could do more to boost and communicate the overall profile of the Fund in order to generate countries’ requests. In particular, some point to the need to more strategically promote Window III as a “stop-gap” window that countries can pursue for the most urgent needs.

32. The identification of countries’ most critical peacebuilding priorities has not always been strategic either, resulting in priorities whose peacebuilding relevance or criticality is sometimes questionable. OIOS’ desk review of Priority Plans found that, of the 21 priorities providing a rationale for their selection as a critical gap – a handful of priorities provided no rationale at all – the rationale for the priority as a critical peacebuilding gap was very clear for 38% of priorities and somewhat clear for 57%. Moreover, in surveys, 29% of Member States rate the PBF as very effective and 52% as somewhat effective in identifying and funding countries’ most critical peacebuilding gaps; 17% of partners rate it as very effective and 64% as somewhat effective. They rate the Fund similarly with regard to filling peacebuilding gaps not being met by others.

33. With regard to the determination of country envelopes, in its desk review OIOS noted that none of the 7 Priority Plans examined included a formal justification for the envelope requested. Nor were most Plan priorities identified based on an analysis of non-duplication of others’ efforts (46% of priorities were) or on an analysis of funding gaps (35% of priorities were); only one included a formal mapping exercise to identify specific gaps not being addressed by others. With respect to Plans’ alignment to the PBF and non-duplication, OIOS found a more mixed picture. On one hand, OIOS was encouraged that country-level processes were typically rooted in strong

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26 These included Burundi, Central African Republic, Côte d’Ivoire, Guinea Bissau, Liberia, Nepal and Sierra Leone.
27 In 4 of the 25 priorities no rationale was provided at all. Of the remaining 21 priorities, OIOS found 38% to be very clear, 57% to be somewhat clear, and 5% to be not very clear.
28 Among Member States, 29% rate the *use of the PBF in identifying and funding the most critical peacebuilding gaps* as very effective, 52% as somewhat effective, and 19% as somewhat ineffective. Among Partners, 17% rate the PBF as very effective, 64% as somewhat effective, 8% as somewhat ineffective, and 11% as very ineffective.
29 Among Member States, 19% rate the *use of the PBF in filling peacebuilding gaps not being met by others* as very effective, 57% as somewhat effective, and 24% as somewhat ineffective. Among Partners, 25% rate the Fund as very effective, 50% as somewhat effective, 22% as somewhat ineffective, and 3% as very ineffective.
30 OIOS is aware that rationales for envelope requests are not currently required, but suggests that these might be valuable for bringing greater rationality and transparency to decision-making processes.
participatory processes and painstaking alignment with broader country planning processes. On the other hand, OIOS found these processes were not complemented by an independent expert assessment of critical peacebuilding gaps, encompassing a comprehensive conflict analysis. OIOS acknowledges that the Fund does not currently require such independent analysis, that the country planning documents upon which some Priority Plans are themselves based on an independent expert analysis, and that the Resident Coordinator and UN country team are ostensibly to provide expert inputs into this process.

34. OIOS notes that, in light of the gaps in national capacity and accountability cited elsewhere in this report, rational decision-making and long-term country capacity-building might be better served by greater expert assistance at this priority-setting stage – particularly in Window II countries, where there is less involvement on the part of the PBC. In this regard, OIOS commends PBSO for filling information gaps earlier in the Priority Plan process, and encourages it to help countries plan more strategically while improving the vetting tools used to assess Priority Plans’ strategic orientation on all the criteria outlined in the Fund’s TOR.

35. OIOS found the most substantial gaps in the Fund’s strategic results orientation to occur in the selection of projects and partners. OIOS is encouraged that most NSCs have established formal institutional arrangements for selecting projects and partners in a rational manner. OIOS also noted healthy signs of some NSCs taking a strong strategic orientation in rejecting some projects deemed inadequately peacebuilding- or results-oriented. In practice, decision-making processes do not always lead to the selection of the most critical interventions for addressing the critical peacebuilding priority at hand. For example, although most countries establish Technical Review Panels (TRPs) to assess the substantive merit of project proposals, in reality many TRP members themselves say they lack the peacebuilding background to adequately perform this role. In other instances, OIOS learned of and directly observed instances where TRP and other NSC members’ critiques were sidestepped and questionable projects approved. Accordingly, OIOS observed some of the approved projects it visited in the field as lacking a clear peacebuilding rationale, and its desk review corroborated this lack of strategic focus. Of the 23 approved project proposals reviewed, OIOS found that rationales for explaining why a given project constituted one of the most critical peacebuilding interventions were very clear for 39% of proposals and somewhat clear for 39% of proposals. In addition, most projects (57%) did not make an explicit linkage to a funding priority outlined in the PBF TOR, most (70%) were not aimed at specific target populations thought to be particularly high-risk or critical populations for forging peace, a majority (83%) did not explicitly include an analysis to demonstrate non-duplication, and nearly all projects (91%) do not include an analysis of the unavailability of funding from other sources.

31 In its formal desk review of Priority Plans, OIOS found that 6 of 7 Priority Plans used a participatory method, and all 7 Plans were linked to countries’ UNDAF, PRS, Integrated Peacebuilding Strategies, or other planning frameworks.
32 In its desk review of the 5 country TORs developed to date, OIOS found that 4 create Technical Review Panels for assessing the substantive peacebuilding merit of projects. In its desk review of the 5 country TORs developed to date, OIOS found that 4 of these 5 TOR establish specific criteria for reviewing project proposals. Four of the 7 Priority Plans reviewed do the same, while 3 do not.
33 Some claim that the Fund is viewed by some agencies as a potential funding source for non-peacebuilding projects retrofitted as peacebuilding projects. Others claim that some NSC members feel that preventing questionable projects from moving forward would be worse than stymieing national co-ownership.
34 Although OIOS found 39% of project proposals to be very clear, 39% were somewhat clear, 17% were not very clear, and 4% were not at all clear, for an average rating of somewhat clear.
36. OIOS notes a specific need to more closely assess the merit of projects submitted through Window III. Some stakeholders claim that it has been used as a fast-track window through which to hasten approval of some non-emergency projects. OIOS’ desk review corroborates this: of the seven approved Window III projects, OIOS found only three to contain an explicit rationale for the heightened urgency of the intervention at hand, and among these, it found the emergency rationale to be very clear in only one case.

37. Country processes for selecting RAs and implementing partners were likewise found to be lacking in strategic focus. In its desk review, OIOS found that few NSCs establish formal institutional arrangements for the strategic selection of partners. Moreover, while a majority of project proposals (70%) provide a rationale for the specific mix of implementing partners proposed, OIOS tended to find these rationales to lack clarity in three-fourths of the proposals. OIOS also notes that there is not always a strategic fit between the projects and their RAs and implementing partners.

38. As illustrated in Table 2 below, a disproportionate number of PBF projects are awarded to UNDP. While OIOS is aware that UNDP has a broad capacity-building mandate, some stakeholders mention that there should be greater distribution of projects across eligible entities, assuming adequate capacity.

Table 2 – Distribution of UN Recipient Agencies, as a Proportion of Approved PBF Projects

<table>
<thead>
<tr>
<th>UN Recipient Agency</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDP</td>
<td>34</td>
<td>77.3%</td>
</tr>
<tr>
<td>IOM</td>
<td>2</td>
<td>4.5%</td>
</tr>
<tr>
<td>UNOPS</td>
<td>2</td>
<td>4.5%</td>
</tr>
<tr>
<td>UNIFEM</td>
<td>1.5</td>
<td>3.4%</td>
</tr>
<tr>
<td>OHCHR</td>
<td>1</td>
<td>2.3%</td>
</tr>
<tr>
<td>UNFPA</td>
<td>1</td>
<td>2.3%</td>
</tr>
<tr>
<td>UNHCR</td>
<td>1</td>
<td>2.3%</td>
</tr>
<tr>
<td>UNODC</td>
<td>1</td>
<td>2.3%</td>
</tr>
<tr>
<td>UNICEF</td>
<td>0.5</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

39. Furthermore, among the 75 entities selected as implementing partners for the 23 approved projects examined in OIOS’ desk review, only 16% were comprised of local NGOs or CSOs, with the bulk of these being comprised of UN Secretariat programmes or UN funds and programmes (41%) or national governmental entities (36%). OIOS is aware of one project where the country team asserted that a project had been imposed on it by PBSO.

Accountability and Learning

40. The Fund lacks an adequate mechanism for measuring its performance, both for accountability and for learning. OIOS found accountability lines to be fragmented, diffuse and weak. PBSO, as fund manager, is ultimately accountable for the Fund’s overall performance, but

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35 In its desk review of the 5 country TORs developed to date, OIOS found that 2 of these 5 TORs establish specific criteria for reviewing project proposals while 3 do not. None of the 7 Priority Plans reviewed do so.

36 In addition, OIOS found that 2 of the 5 country TORs and 2 of the 7 Priority Plans explicitly mention whether NGOs or CSOs are eligible as implementing partners. Some stakeholders mention that civil society should be more involved as implementing partners, assuming adequate capacity.
exercises no authority over the various actors involved in the Fund. Likewise, the RAs bear fiduciary responsibility for funds received, but have little jurisdiction over other implementing partners. In between these two levels, it is unclear to many what authority NSCs have in ensuring that RAs and other partners are achieving results. The AG, meanwhile, is charged in part with oversight, but it remains unclear whether it has filled this role. Although the notion of national co-ownership is a central fixture of the Fund, OIOS found the lack of accountability lines to leave Fund performance to the vagaries of country-level dynamics that might or might not be equipped to ensure optimal effectiveness. In surveys, Member States and partners tend to rate the Fund’s accountability mechanism as fair overall\textsuperscript{37}, as do staff\textsuperscript{38} Stakeholders also tend to rate the Fund’s system for lesson learning as fair.\textsuperscript{39}

41. The Fund also lacks a framework for adequately planning toward and reporting on performance. In its desk review, OIOS found many project designs lacking a strategic focus on results. Of the 25 priorities outlined in approved Priority Plans to date, for example, only 7 include an overarching objective (or “expected accomplishment”) toward which projects proposals should be contributing. And while all of the 23 project proposals examined include at least 1 performance indicator, OIOS found approximately half of these to be articulated as outputs rather than outcomes, and the clarity of these indicators to be variable.\textsuperscript{40} Moreover, none of these projects’ 62 performance indicators establishes a pre-project baseline measurement and only one-third aim for a post-project target.\textsuperscript{41} OIOS acknowledges, however, that PBSO and some NSCs have taken the initiative to help retool project proposals that lack a strong results orientation.

42. OIOS additionally found the Fund’s reporting mechanism to lack a strategic focus on performance. UNDP’s MDTF Office regularly assembles country reports on funds use through the PBF Annual Report, but is not charged with validating fund use.\textsuperscript{42} OIOS found the Annual Report adequate for tracking funds use but inadequate for monitoring the Fund’s performance. OIOS concluded that the MDTF Office has narrowly defined its role to financial reporting, but also notes a willingness on the MDTF Office’s part to include performance data in its regular reporting.\textsuperscript{43} OIOS views the MDTF as a vital link in providing PBSO, the Secretary-General, and the Fund’s governance structure with high-quality performance and financial data to help gauge the Fund’s

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\textsuperscript{37} Among Member States, 8% rate the Fund’s accountability mechanism as excellent, 23% as good, 54% as fair, 8% as poor, and 8% as very poor. Among partners, 41% rate the Fund’s accountability mechanism as good, 47% as fair, and 12% as poor.

\textsuperscript{38} Among staff, 6% rate the Fund’s accountability mechanism as excellent, 47% as good, 29% as fair, 12% as poor, and 6% as very poor.

\textsuperscript{39} The Member State survey did not include an item in this regard. Among partners, 25% rate the Fund’s system for learning from performance as good, 42% as fair, and 33% as poor. Among staff, 11% rate the Fund’s system for learning from performance as excellent, 26% as good, 47% as fair, 5% as poor, and 11% as very poor.

\textsuperscript{40} Of these 62 indicators, OIOS found 39% to be very clear, 45% to be somewhat clear, 13% to be not very clear, and 3% to be not at all clear.

\textsuperscript{41} OIOS acknowledges that for some project baselines would be difficult to establish.

\textsuperscript{42} Validation of funds use data relies on periodic audits. The most recent audit by the Board of Auditor of UNDP was conducted in 2007, before the PBF was in full operation. This audit recommends more broadly, however, that the MDTF Office certify the financial statements that implementing agencies submit to it, in order to ensure more robust financial reporting to governing bodies. See: Financial report and audited financial statements for the biennium ended 31 December 2007 and Report of the Board of Auditors. United Nations Development Programme. A/63/5/Add.1, paras 412-417.

\textsuperscript{43} The Board of Auditors audit also found the MDTF Office could play this role with regard to other MDTFs in its portfolio. A/63/5/Add.1, paras 418-421.
effectiveness. Doing so in a meaningful, usable way, however, would require better coding of projects according to thematic peacebuilding area and the specific country priority to which they are linked, as well as better coding of priorities according to the PBF priority to which they are linked.\textsuperscript{44}

43. Furthermore, the Fund lacks formal mechanisms for in-depth assessment of project and country performance for accountability and learning. OIOS positively notes that the PBF Guidelines emphasize this important facet of programming, and that 4 of 5 country TORs establish a formal monitoring and evaluation (M&E) function and 5 of 7 Priority Plans outline an explicit M&E strategy. However, OIOS noted the degree to which M&E is being incorporated into NSCs’ and projects’ work to be variable. Also, PBSO does not currently have a devoted M&E function for assessing performance across its global operations, as stipulated in the PBF Guidelines.\textsuperscript{45}

44. OIOS commends PBSO for helping country stakeholders to achieve a greater results orientation through earlier and better trainings and supports, and encourages it to continue to do so. OIOS also acknowledges that this lack of strong accountability is a Secretariat-wide systemic concern and not unique to the Fund. OIOS nevertheless emphasizes that weak accountability, particularly in a Fund such as the PBF, poses reputational risk to the Organisation. OIOS does not wish to suggest that the Fund should therefore be abandoned; rather, it should be fine-tuned. (See Findings A and G.) However, while recognizing that the Fund must be able to assume some degree of risk, given its overall objectives, sound programme management implies a comprehensive assessment of potential risks and appropriate action to mitigate against these risks. In its desk review, OIOS found that no project proposal included a systematic risk assessment. OIOS contends that while the Fund cannot always plan for all contingencies in the volatile post-conflict environments in which it operates, a greater risk management approach is necessary moving forward.

E. While too early to assess in some cases, the Fund’s catalytic role has not been fully realized

45. One of the PBF’s primary objectives, its catalytic role, is marked by divergent interpretations among key stakeholders. OIOS found the PBF’s guiding documents to be very clear in defining this role in the traditional financial sense of mobilizing more sustainable and substantial funding for peacebuilding. Whereas many stakeholders understand the Fund’s catalytic role in this way, others connote it with the Fund’s other goals of building national capacity, bringing sustained attention to peacebuilding, or bridging the gap from post-conflict to development. OIOS focused its assessment primarily on PBF’s self-defined catalytic role.

46. OIOS acknowledges that it is too early to fully assess the Fund’s catalytic role in some cases, owing to the early stage in which some projects and country processes find themselves. That said, OIOS found that the Fund is not meeting its full potential in this area. In interviews and surveys,

\textsuperscript{44} OIOS’ desk review found that neither Priority Plan priorities nor project proposals consistently identify the specific PBF funding priority with which they were aligned: only in 8% of the 25 priorities outlined in Priority Plans is it explicitly mentioned which of the PBF’s funding priorities the priority is associated with, and only 44% of the 23 project proposals examined make this explicit linkage. Moreover, OIOS found that neither Priority Plan priorities nor projects are currently being coded along standard thematic for ease of global analysis of the Fund’s activities and performance in core peacebuilding areas.

\textsuperscript{45} PBF Guidelines, September 2008, section IX.
there was broad consensus among stakeholders that the catalytic role of the Fund has not been realized to date. OIOS did learn of isolated cases in which fund recipients demonstrated how they planned to bring projects to scale in order to garner further funding. However, in numerous field interviews, OIOS learned that these instances are not the rule, and NSCs and projects frequently have no plan in place for resource mobilization. Moreover, OIOS determined that the Fund currently does not have an adequate mechanism in place for systematically addressing this catalytic objective, and along with it the Fund’s exit strategy. In its desk review, OIOS observed that fewer than half of the project proposals reviewed (48%) make any reference to a resource mobilization strategy, and that only 1 of the 5 Joint Steering Committee TORs and only 2 of 7 Priority Plans do so. In addition, while OIOS commends the MDTF Office for including the tracking of progress toward the Fund’s catalytic role in the PBF Annual Report, this tracking is not sufficient for monitoring the Fund’s progress toward this important objective. The Report cites instances where the Fund’s own gap-filling is counted as progress toward fulfillment of its catalytic role.

47. A number of factors hamper the Fund’s effectiveness in fulfilling its catalytic role. In keeping with Findings B and C, these center on a lack of clarity in stakeholder roles and responsibilities and in the Fund’s conflicting objectives, as well as lack of Fund management capacity. With respect to roles and responsibilities, stakeholders are uncertain as to who should be working to catalyze further funding, with what strategies, and at what stage of the process. In addition, they express uncertainty whether the specific constellation of actors involved and the precise resource mobilization approaches taken should vary from one funding window to the next. With respect to the Fund’s conflicting objectives, OIOS noted a discrepancy in the PBF’s terms of reference, which imply a catalytic role for all countries, priorities and projects assisted by the Fund, and the realities of Fund, which suggest that it might not always be possible, realistic, or appropriate for the Fund to play a catalytic role. For example, OIOS noted that in some instances the Fund has not catalyzed further funding but has rather been part of a larger basket of assistance. More fundamentally, in its desk review and in field interviews, OIOS notes that it might not always be feasible to reconcile the Fund’s catalytic role with its comparative advantage of making high-risk investments others are unwilling to assume: other bilateral and multilateral funding entities reluctant to fund the type of high-risk initiatives PBF supports in the first instance might be no more eager to do so at a later time either. At the same time, OIOS also note that its more urgent projects aimed at “peace dividends” might not necessarily require sustained funding.

F. Project implementation has been highly problematic

48. One of the major challenges facing project implementation is the slow pace once funds reach the field. In a time series analysis of project timelines, OIOS found the pace of disbursements from the MDTF Office to be timely, typically coming 19 total days on average from the date of project approval. However, OIOS found disbursements from RAs to be less timely, typically coming 74 total days on average from the date RAs received funds from the MDTF Office. OIOS acknowledges that some projects (e.g., large infrastructure projects) inherently take longer to tender in the field, but maintains that this overall lag in disbursements compromises the Fund’s focus on

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46 Financement de la facilitation – Dossier présenté aux bailleurs de fonds 18 septembre (Côte d’Ivoire).
47 Annual Progress Report, Section 3.5: “… in Sierra Leone, 5 of the 7 projects approved by the PBF Steering Committee complemented or filled funding gaps in existing projects and basket funds.”
acting quickly. Furthermore, staff, Member States and partners alike generally rated timeliness of MDTF Office disbursements as excellent or good, but RA disbursements as fair. 48

49. OIOS also found implementation itself to be slow. In its time series analysis, OIOS found project implementation rates to average 6.6% within the first quarter of project start, 28.0% within the second quarter of project start, 34.8% within the third quarter of project start, and 51.0% within the fourth quarter of project start. In field interviews, OIOS discovered these slow project implementation rates to be rooted in a number of factors. First, in at least one case RAs “inherited” projects only after they have been designed, with little leverage to change poorly articulated projects midstream. (See Finding D). (OIOS acknowledges that countries more recently receiving assistance have learned from the experience of “earlier” countries and have attempted to involve RAs earlier.) Second, although the UNDP MDTF Office’ memorandum of understanding surrounding RA roles and responsibilities is clear, there is a lack of clarity on some RAs’ part that these roles and responsibilities entail, i.e., project management and accountability for project performance. (See Finding B). Third, rigidities in some RAs’ rules, regulations and procedures often render them ill equipped to work in a post-conflict environment. Finally, there is a lack of country-level absorptive capacity to implement projects. This capacity shortage extends from the level of technical capacity for executing peacebuilding projects to project management capacity for shepherding projects from start to finish and methodological capacity for ensuring projects’ results orientation.

50. Related to this lack of capacity, OIOS found a potential deficiency in RAs’ ability to fill their capacity gaps to date. While unable to independently corroborate this through documentary evidence, OIOS learned anecdotally from a number of interviewees that RAs charge an implementation fee of between 5-9% (for an average of 7%) for their implementation of PBF projects, but that these funds have not been used to date to bring staff on board to undertake this work. This is a matter warranting further review.

51. OIOS concluded that RAs’ limitations in implementation capacity are also impeding the Fund’s effectiveness in building national capacity. Many in-country interviewees, including RA and national government representatives, claim that there has been inadequate augmentation of national implementation capacity. The majority of staff and partners rate national actors’ capacity for implementing peacebuilding projects as fair to poor. 49 OIOS also noted the lack of a clear, shared notion of what the Fund’s core element of “national co-ownership” means in practice, and contends that broader and more sustainable national capacity-building would be enhanced if CSOs and NGOs made up a larger share of funded projects’ implementing partners.

52. Some stakeholders argue that the Fund should circumvent RAs altogether and provide direct payments to governments and non-governmental implementing partners or some balance thereof. OIOS notes, however, that any such arrangement would still need to guarantee both implementing

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48 Among staff, 46% rated MDTF Office disbursements as excellent, 41% as good, and 14% as fair. Conversely, 11% of staff rated the timeliness of RA disbursements as excellent, 11% as good, 61% as fair, and 17% as poor. Among partners, 25% rated MDTF Office disbursements as excellent, 56% as good, 13% as fair, and 1% as very poor. Conversely, 50% rate RA disbursements as good, 14% as fair, 21% as poor, and 7% as very poor. Member States were asked an overarching question surrounding the timeliness of fund disbursements overall, and 29% said they were good, 29% fair, 38% poor, and 5% very poor.

49 Among staff, 24% rate national actors’ capacity for implementing peacebuilding projects as good, 29% as fair, 33% as poor, and 14% as very poor. Among partners, 15% rate national actors’ capacity as good, 35% as fair, 23% as poor, and 27% as very poor. Member State representatives were not asked about this issue.
partners’ and the United Nations fiduciary responsibility and accountability for results. Rather, OIOS considers PBSO’s attempt to build and quickly deploy surge capacity, such as the joint initiative with BCPR piloted in Côte d’Ivoire, as offering greater promise as based on stakeholder interviews. Meanwhile, RAs’ lack of capacity for quickly and effectively ensuring that projects are properly implemented and national capacity is built translates into a failure to score wins with high-risk target populations during this critical window in volatile post-conflict environments.

G. Despite numerous challenges, the Fund has achieved notable early results on the ground

53. Both in interviews and surveys, stakeholders stressed that judgment on the Fund’s impact is somewhat premature, as the PBF has only been in operation since November 2006. Nonetheless, OIOS deemed it important to assess, to the extent possible, whether and how PBF-funded activities have contributed to the peacebuilding process in the various countries it has assisted to date. In this vein, OIOS concluded that there have already been noteworthy successes on the ground, despite the numerous challenges described throughout this report. Stakeholders generally concur with this assessment, with staff, partners and Member States tending to rate the Fund as somewhat effective on the ground to date in contributing to the prevention or a relapse to conflict and enhancing national peacebuilding capacity.50

54. Stakeholders, in interviews and surveys, pointed to examples of where the Fund has played a pivotal role in securing the peace. Some stakeholders particularly cite the Fund’s Window III projects as examples of how the Fund can act quickly and effectively to stem the likelihood of a relapse to conflict. The Fund’s successes include the PBF’s support to peaceful elections in Sierra Leone, its support to the Ouagadougou Peace Agreement leading to improved security and political stability in Côte d’Ivoire, and its support to National Dialogues in Guinea, Inclusive Political Dialogue in CAR, and the Neighborhood Volunteer Scheme to promote grassroots peace and reconciliation and improve service delivery in Kenya.51 Some stakeholders also point to a further positive consequence the Fund has had, namely in bringing together stakeholders on the NSCs who might not otherwise interact regularly.52 This has helped to forge a stronger spirit of cooperation and coordination within some UNCTs, and better in-country synergies among UN and non-UN actors.

55. OIOS’ own observations confirmed that the Fund indeed appears to be contributing to the creation of peace dividends on the ground in some cases. In its field missions, OIOS had the opportunity to visit three project implementation sites, and to learn more about the project theories of change and interview several beneficiaries in each project. In some cases, OIOS witnessed the Fund strategically targeting high-risk populations or issues widely viewed as the most critical risks to peace. In one project, OIOS saw how the Fund is helping to gainfully employ youth ex-combatants across ethnic lines in community reconstruction. In another, OIOS witnessed how the Fund is reducing the caseload of land disputes and other conflicts through legitimate legal venues. And in yet another, OIOS saw how the Fund is beginning to improve living conditions among members of the armed forces, with a view to weighting their cost-benefit calculation in favor of remaining in the

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50 Among Member States, 63% perceived PBF-funded activities to have been very or somewhat effective. Similarly, 73% of partners say the Fund has been very or somewhat effective overall in contributing to peacebuilding at the country level.
51 OIOS notes that none of the external peacebuilding experts interviewed cited these as results.
52 This is not explicitly referenced in the Fund TOR.
national service instead of resorting to illegal activities or violence. Direct beneficiaries with whom OIOS met in the field further attest to the positive benefits of PBF projects. For example, OIOS heard first-hand accounts from young ex-combatants stating that a PBF project had enabled them to earn a legitimate living, regain a positive sense of self-worth, and bridge tribal divides. In another project, beneficiaries conveyed how the Fund is helping move their country from vigilantism toward more peaceful conflict resolution. Beneficiaries from yet another project attest to its positive role with regard to high female participation in job training.

56. These notable successes, despite the many challenges faced in this difficult operating environment, coupled with the Fund’s potential uniqueness and the improvements made in fund management to date, argue for the Fund’s continuation.

57. At the same time, OIOS observed a few cases of unintended negative consequences but, as with the Fund’s positive impact, cannot reach a conclusion surrounding the magnitude of this issue at this early stage. For example, in one youth employment project, OIOS noted that a PBF-supported employment center was located directly next to a thriving commercial center, where its free tuition constituted a pull factor jeopardizing the profitability of similar private-sector entities nearby. In another employment scheme, OIOS found that the jobs with which beneficiaries were being tasked did not match their prior skills set but rather were determined in a top-down fashion. These examples speak to the Fund’s lack of programme analysis and design capability, as well as lack of a risk management sensibility to date.

V. Conclusion

58. While still too early to fully assess the Fund’s effectiveness and impact, OIOS is encouraged by the PBF’s potential to fill a vital peacebuilding niche, and by some notable early results it has achieved on the ground thus far. OIOS also commends the improvements recently made to Fund management. Nevertheless, it must be acknowledged that the PBF has yet to fully fulfil its two key objectives: quickly identifying and funding countries’ most critical peacebuilding gaps, and catalyzing more substantial and sustainable peacebuilding funding in the countries it assists. The solution to this lies in continued enhancements to its architecture, administration, management and operational modalities, so that it can achieve its crucial long-term goal of greater peace.

VI. Recommendations

59. OIOS recognizes that there are many different entities involved in the Fund’s administration, management and project implementation, and that PBSO does not have direct control or authority over several of these. However, given the mandate of OIOS, it is not possible to direct recommendations to entities beyond the Secretariat. OIOS therefore directs the following six recommendations to PBSO, but encourages PBSO to work together with the other entities involved in the Fund to implement them.

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.