

African
Union



INSTRUMENT
RELATING TO THE
AFRICAN UNION
PEACE FUND





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This Instrument provides the governance and management arrangements for the African Union Peace Fund. It is intended to enhance our capacity to address the conflict and security issues on the continent of Africa and, to ensure that the African Union plays a central role in bringing about peace, security and stability on the entire continent.

This Instrument has been developed in line with the following:

- a) Article 21 of the Protocol Relating to the Establishment of the Peace and Security Council (PSC) of the African Union, which provides for the establishment of a special fund to be known as the “Peace Fund” with the objective of providing the necessary financial resources for peace support missions and other operational activities related to peace and security in Africa;
- b) Assembly Decision Assembly/AU/Dec.605(XXVII), adopted by the Heads of State and Government on 17-18 July 2016 in Kigali at a historic retreat on financing of the African Union, to institute a 0.2% levy on eligible imports for all Member States to finance the African Union and establish the Peace Fund as an autonomous fund with its own governance structure, and operational and financial regulations and rules;
- c) Communique PSC/PR/COMM. (DCLXXXIX), adopted by the PSC at its 689th meeting on 30 May 2017, in which the PSC endorsed the Enhanced Governance and Accountability Framework of the Peace Fund and its management structure.

This Instrument formally operationalizes the Peace Fund as an autonomous international fund for the prevention, management and resolution of conflicts, and the promotion of peace in Africa.

January 2018

I. PURPOSE AND GUIDING PRINCIPLES

A. Establishment

The AU Peace Fund (hereinafter referred to inter-changeably as the “Peace Fund”, “PF”, or the “Fund”) is established as an autonomous Fund pursuant to and in accordance with Article 21 of the Protocol Relating to the Establishment of the Peace and Security Council of the African Union adopted by the 1st Ordinary Session of the Assembly of the African Union on 9 July 2002.

B. Purpose

1. The purpose of the AU Peace Fund shall be to mobilize and pool resources from African Union Member States and other partners to finance the African Union’s operational peace and security activities, and to serve as a focused, predictable, sustainable, flexible and responsive resource for the African Union’s support to eligible operational activities in the areas of prevention, mediation, institutional capacity, peace support operations, and any other relevant activities in the area of peace and security in Africa.
2. The African Union Assembly, the Peace and Security Council of the African Union, and the Chairperson of the AU Commission, in line with their mandates as contained in the Constitutive Act and the Protocol on the Establishment of the Peace and Security Council, shall have the power to direct the use of the resources of the Fund consistent with the provisions of this Instrument.
3. The Fund is part of the broader African Peace and Security Architecture (APSA) that, together with the Peace and Security Council, the African Standby Force, the Military Staff Committee, the Continental Early Warning System, and the Panel of the Wise, works to support

the prevention, management and resolution of conflicts, and facilitates timely and effective responses to conflict and crisis situations in Africa.

C. Guiding Principles

1. The operations of the Peace Fund shall be guided by the following principles: predictability, sustainability, transparency, flexibility, responsiveness, timeliness, effectiveness and accountability.
2. The Fund shall also be guided by the principles enshrined in the Constitutive Act of the African Union, the Charter of the United Nations and the Universal Declaration of Human Rights as set forth in Article 4 of the Protocol Relating to the Establishment of the Peace and Security Council of the African Union and the African Charter on Human and Peoples' Rights.

III. GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS

A. Relationship to the African Union

The Assembly of the African Union, the Peace and Security Council, and the Chairperson of the AU Commission, in accordance with the powers granted to them respectively in the Constitutive Act and in the Protocol Establishing the Peace and Security Council, shall each have authoritative power as described in this Instrument to direct and guide the use of the resources of the Fund namely (1) mediation and preventive diplomacy, and (2) peace support operations; it being understood that the decisions of the said AU organs and representatives shall be made taking into consideration the availability of the resources and in conformity with the provisions of this Instrument regarding its decision governance making process.

B. Legal Status and Privileges and Immunities

1. In order to operate effectively, the Fund shall have such legal capacity as is necessary for the exercise of its functions and for the protection of the African Union's interests.
2. The privileges and immunities accorded to the African Union shall apply to the property, assets, archives, income, operations, transactions, and eligible officials and staff of the Peace Fund as appropriate.

C. Governance Structure

The Peace Fund shall have a Board of Trustees, an Executive Management Committee, a Fund Manager, an Independent Evaluation Panel and a Secretariat. The Chairperson of the AU Commission shall, in accordance with the provisions of this Agreement and the authority granted to him or her under the AU Assembly Decision 605 (XXVII) dated 18 July 2016, and in line with paragraph 10 of PSC Communique PSC/PR/COMM.(DCLXXXIX), appoint the members of the Board of Trustees as per the provisions hereafter detailed in Section D (1), (2) and (3) of the said Decision. The Chairperson of the AU Commission may at any time, remove the members of the Board of Trustees from office for cause.

D. Board of Trustees

1. Composition

The Board of Trustees shall be responsible for the overall direction of the operations of the Fund and for this purpose shall have the powers conferred to it in this Instrument. The Board shall have up to seven (7) members comprising five (5) African Eminent Persons (as hereinafter defined) and up to two (2) non-African partners who have made financial contributions to the Peace Fund.

The Board of Trustees shall elect one of their five (5) African members, as chairperson of the Board of Trustees (the Chairperson) for a term of four (4) years, renewable once. The Chairperson shall preside over the Board of Trustees and shall carry out the duties, which are entrusted to her or him in the rules of procedure referenced in clause 8 of this Section D.

2. Selection

- (a) The Eminent Persons to be selected to serve as members of the Board of Trustees (the “Eminent Persons”) shall be experts who can contribute substantially to the realization of the objectives of the PF, with due consideration to gender balance and regional representation, and shall be appointed by the Chairperson of the African Union Commission. Eminent Persons shall have the necessary experience and skills relevant to the objective and mission of the Fund.
- (b) The non-African partners to serve as members of the Board of Trustees shall be selected and appointed by the Chairperson of the AU Commission from among the non-African contributors to the Fund.

3. Term of Membership

The members of the Board of Trustees shall serve for a term of five (5) years renewable for not more than one additional term.

4. Meetings

All matters before the Board of Trustees shall be decided at the meetings or by correspondence in accordance with the rules of procedure adopted by the Board of Trustees.

The Board of Trustees shall meet not less than two (2) times each calendar year in ordinary sessions, or as otherwise decided by the Board of Trustees. The Chairperson of the Board of Trustees, in close consultation with the other members of the Board of Trustees, may convene extraordinary meetings at such places

and at such times as may be required.

Meetings of the Board of Trustees shall take place at the headquarters of the African Union Commission, unless the Board of Trustees decides otherwise.

5. Decision-Making

The Board of Trustees shall make every effort to reach decisions by consensus. If all efforts at consensus have been exhausted and no consensus reached, any member of the Board of Trustees may request a vote, with the decision of the Board of Trustees adopted by a simple majority of the members present with each member of the Board of Trustees having one (1) vote.

6. Quorum

A simple majority of the members of the Board of Trustees must be present to constitute a quorum for any meeting of the Board of Trustees.

7. Observers

The Board of Trustees shall make arrangements to allow for effective participation by accredited observers at its meetings. The Chairperson of the African Union Commission may grant Observer status to non-state entities, based on criteria proposed by the Board of Trustees. Observers may engage in discussions in the meetings of the Board of Trustees but shall not have voting rights in the Board of Trustees' deliberations. Provisions relating to the participation of Observers in the Board of Trustees shall be made in the rules of procedure referenced in clause 8 of this Section D.

8. Rules of Procedure

The Board of Trustees shall adopt its own rules of procedure. For the avoidance of doubt, this Instrument prevails to the extent of any inconsistency between this Instrument and the rules of procedure.

9. Role and Functions

The Board of Trustees of the Fund shall:

- (a) advise on the overall direction and strategy of the Fund;
- (b) approve operational strategy and modalities for mobilizing, accessing and utilizing the resources of the Fund;
- (c) approve specific operational policies and guidelines on programming, administration, financial management and any other matter relevant to the operations of the Fund;
- (d) approve additional windows and facilities to address specific activities, as appropriate;
- (e) take action as may be directed by the Assembly, the PSC or the Chairperson of the AU Commission in response to operational peace and security issues;
- (f) submit annual reports to the PSC and the AU Assembly on its activities;
- (g) approve internationally accepted environmental and social safeguards and fiduciary principles and standards;
- (h) approve terms of reference for the Executive Management Committee, in line with Section E of this Article II;
- (i) approve terms of reference and selection criteria based on merit, competition and transparency and nominate two members of the Board to oversee the recruitment process for the Director of the Secretariat who shall be appointed by the Chairperson of the AU Commission;
- (j) approve the terms of reference for and appoint the Independent Evaluation Panel based on selection criteria such as merit, competition and transparency and nominate two members of the Board to oversee the recruitment process for the members of the Independent Evaluation Panel;

- (k) approve terms of reference and selection criteria based on merit, competition and transparency and nominate two members of the Board to oversee the recruitment process for the Fund Manager, who shall be appointed by the Chairperson of the AU Commission;
- (l) approve the annual work program and budget of the PF;
- (m) approve audited financial statements of the PF, based on the recommendation of the Executive Management Committee;
- (n) receive reports from the Secretariat, the Independent Evaluation Panel and the Fund Manager on strategic, operational and financial matters;
- (o) approve a framework for the monitoring and evaluation of performance of the Fund, the financial accountability of activities supported by the Fund and external audits;
- (p) approve the appointment of the heads of any accountability units established by the Fund;
- (q) provide guidance on linkages and cooperative partnerships with other relevant African Union bodies, relevant international institutions and potential partners to the Fund;
- (r) establish subcommittees, as appropriate, and define their terms of reference;
- (s) amend the eligibility criterion for financing by the PF, and
- (t) exercise such other oversight functions not inconsistent with the provisions of this Instrument and as may be appropriate to fulfill the objectives of the Fund.

The Board of Trustees may, by resolution, delegate any of its roles and functions to the Executive Management Committee subject to any specified limits and conditions.

E. Executive Management Committee

1. Role

The Executive Management Committee (“EMC”) shall exercise executive management and oversight of the Fund and be responsible for directing its activities.

Composition

- (a) the Executive Management Committee shall be comprised of: (i) the Chairperson of the AU Commission; (ii) the Deputy Chairperson of the AU Commission; (iii) the Commissioner for Peace and Security; (iv) the Commissioner for Political Affairs and, (v) the Director of the Secretariat, without a vote..
- (b) the Chairperson of the AU Commission shall serve as chairperson of the EMC. The Chairperson of the AU Commission shall preside over the EMC and, in addition to the authority and prerogatives that are entrusted to him or her under existing AU rules and regulations, shall carry out his or her functions under the provisions of this Instrument.

2. Decision-Making

Decisions of the Executive Management Committee shall be taken by consensus. In the event that there is no consensus, the Chairperson of the AU Commission will take a final decision in the interests of the organization.

3. Rules of Procedure

The Executive Management Committee shall adopt its rules of procedure by consensus at its first session.

Functions

The Executive Management Committee shall:

- (a) direct the operations of all relevant components of the Fund;

- (b) endorse the recruitment of the Head of the Secretariat of the Fund for appointment by the Chairperson of the Executive Management Committee, based on selection criteria and a recruitment process validated by the Board of Trustees;
- (c) endorse the selection of a Fund Manager for appointment by the Chairperson of the Executive Management Committee, based on a selection criteria and recruitment process validated by the Board of Trustees;
- (d) receive reports from the Secretariat, the Independent Evaluation Panel and the Fund Manager on strategic, operational and financial matters;
- (e) review and consider the annual work program and budget of the Fund, and recommend for approval by the Board of Trustees;
- (f) review audited financial statements and recommend for approval by the Board of Trustees;
- (g) recommend (1) operational and access modalities, and (2) operational policies and guidelines for programming, administration and financial management for approval by the Board of Trustees;
- (h) approve funding in line with the Fund's principles, criteria, modalities, policies and programs, and;
- (i) exercise such other functions as may be appropriate to fulfill the objectives of the Fund as conferred elsewhere in this Instrument.

F. Peace Fund Secretariat

1. Establishment

- (a) The Fund shall, in consultation with the relevant Permanent Representatives Sub-Committees, establish a Secretariat headed by a Director who shall, under the guidance of the Executive Management Committee, be

the chief operational executive of the Fund. The Secretariat shall have effective management capabilities to execute the day-to-day operations of the Fund.

- (b) The Director of the Secretariat shall have the necessary experience and skills, and shall be appointed by the Chairperson of the Executive Management Committee. The Executive Management Committee shall approve the job description and qualifications for the Director of the Secretariat, who shall be selected through a merit-based, open and transparent process. The Director of the Secretariat shall be appointed in line with AU Staff Rules and Regulations. She or he shall be accountable to the Executive Management Committee for the performance of the Secretariat and the exercise of his/her functions. The Director of the Secretariat may only be removed for cause by the Chairperson of the Executive Management Committee following consultations with the Board of Trustees.
- (c) The Secretariat shall be staffed with professional staff and managers with relevant experience. The managers and staff of the Secretariat shall be appointed and released by the Director in accordance with the AU Staff Rules and Regulations.

2. Functions

The Director of the Secretariat shall be responsible for the day-to-day operations of the Fund, providing the administrative, legal and financial expertise required in the management of the Fund. In particular, the Director shall:

- (a) organize and execute all administrative duties;
- (b) report information on the Fund's activities;
- (c) liaise with contributors to the Fund, the Independent Evaluation Panel and the Fund Manager;
- (d) prepare performance reports on the implementation of

- activities under the Fund;
- (e) develop the work program and annual budget of the Fund, including the administrative budget of the Secretariat, and submit to the Executive Management Committee for review prior to submission to the Board of Trustees;
 - (f) operationalize the activities, programming, human resources, administration and financial management processes of the Fund;
 - (g) prepare reports on strategic, operational and financial matters for the Board of Trustees and the Executive Management Committee;
 - (h) prepare financial agreements related to specific activities;
 - (i) prepare and execute legal and administrative arrangements, subject to the approval of the EMC and in line with the strategic guidance provided by the Board of Trustees, with the Independent Evaluation Panel, the Fund Manager and the external auditor on behalf of the Fund;
 - (j) work with the Independent Evaluation Panel, the Fund Manager and the external auditor to enable them to carry out their respective responsibilities;
 - (k) receive reports from the Independent Evaluation Panel and the Fund Manager on strategic, operational and financial matters;
 - (l) arrange for monitoring and performance reviews and audits;
 - (m) prepare consolidated financial and narrative reports for the EMC, Board of Trustees and external/internal auditors;
 - (n) develop working and coordination arrangements with other relevant African Union bodies and relevant inter-

- national institutions and potential partners to the Fund;
- (o) prepare policies and procedures for adoption by the Chairperson of the EMC based on the recommendation of the Board of Trustees to promote sound management of the Fund;
 - (p) promote where possible a shared services mechanism with other entities of the AU for synergy and resource saving;
 - (q) perform any other functions delegated by the Executive Management Committee or conferred elsewhere in this Instrument.

G. Fund Manager

1. The Chairperson of the EMC shall appoint a Fund Manager (herein referred to as the “Fund Manager”) with administrative competence to manage the financial assets of the Fund. The Fund Manager shall undertake its responsibilities in accordance with regulations, rules, directives and procedures adopted by the EMC based on the recommendation of the Board of Trustees and in line with international best practices. The Fund Manager shall maintain appropriate financial records and shall prepare financial statements and other reports required by the EMC and the Board of Trustees, in accordance with internationally accepted fiduciary standards.
2. The Fund Manager shall administer the assets of the Fund only for the purposes of, and in accordance with, this Instrument. The Fund Manager shall hold the assets of the Fund separate and apart from the assets of the Fund Manager and from any other assets maintained by the Fund Manager. The Fund Manager shall establish and maintain separate records and accounts in order to identify the assets of the Fund.

3. The Peace Fund, through the Secretariat, shall enter into written agreement with the Fund Manager that (i) details the relationship between the Fund, the Fund organs and the Fund Manager and (ii) sets out the rights, responsibilities and accountabilities of the Fund Manager and the Fund.
4. The Fund Manager shall be accountable to and reports to the Board of Trustees and the EMC, through the Director of the Secretariat on the performance of its responsibilities as trustee for the Fund.

H. Independent Evaluation Panel

1. Establishment

An Independent Evaluation Panel (“IEP”), with appropriate terms of reference approved by the Board of Trustees, shall be established as part of the core structure of the Fund. The Independent Evaluation Panel shall be selected through a merit-based, open and transparent process, and shall be appointed by the Board of Trustees on recommendation of the Executive Management Committee.

2. Role and Functions

- (a) The Independent Evaluation Panel shall undertake periodic independent evaluations of the performance of the Fund in order to provide an objective assessment of the performance of the Fund, including the impact of its funded activities, administrative management, effectiveness and efficiency. The purpose of these independent evaluations is to inform decision-making by the Board of Trustees and the Executive Management Committee, and to identify and disseminate lessons learned. The frequency and types of evaluations to be conducted shall be specified by the Board of Trustees in the Independent Evaluation Panel’s terms of reference.

- (b) Reports of the Independent Evaluation Panel shall be provided to the Secretariat, the Executive Management Committee and the Board of Trustees. The EMC shall ensure the results of the periodic evaluations are published.

III. ADMINISTRATIVE COSTS

The operating costs of the Board of Trustees, the Executive Management Committee, the Independent Evaluation Panel, the Secretariat and the Fund Manager shall be financed from the financial resources of the Fund.

IV. FINANCIAL ARRANGEMENTS

A. Resources

1. The resources of the Peace Fund shall consist of contributions obtained from AU Member States assessed contributions, contributions of international and inter-governmental organizations, non-AU member countries, public or private organizations or entities, individuals (the “Donors”), and through appropriate resource mobilization activities.
2. All sums received: (i) in the form of contributions, (ii) in connection with the operations financed out of the resources of the Peace Fund or (iii) which accrue to the Peace Fund by way of interest, dividends, fees, sale of assets or from other sources, shall be added to the corpus of the Peace Fund for use as part of the financial resources of the Peace Fund.
3. The operations of the Peace Fund shall be administered in accordance with and governed by regulations, rules and procedures as may be approved by the Board of Trustees.

B. Contributions

1. The Peace Fund will receive, in line with its rules, regulations and procedures, contributions for use in accordance with the terms of this Instrument. Contributions may be made or granted for a specified purpose and by a deposit of an Instrument of Commitment, stating the specific amount of the contribution and the payment schedule agreed upon with the Secretariat.
2. Contributions shall be denominated in and paid in [USD, Euro, Pound Sterling or any other convertible currency].

C. Currencies

Financing out of the resources of the Peace Fund shall be denominated and disbursed in such currency or currencies, as the Board of Trustees may deem necessary. Any reimbursements or related charges, whenever applicable, shall be made in the currency of disbursement.

D. Separation of Resources

In cases where the African Union receives funds, donations or contributions on behalf of the Peace Fund, it shall ensure that such funds are segregated and held independently of the resources of the African Union itself, or of any other resources entrusted to the African Union for administration and programmatic activities. For the avoidance of doubt the African Union shall keep separate accounts and records of the donations and funds it receives on behalf of the Peace Fund in such a way as to permit its easy identification, monitoring and transfer to the Peace Fund.

E. Financing Instruments

1. The Fund shall provide financing through direct funding of peace support operations and other operational peace and security activities and in the form of grants

to recipients, as may be approved by the EMC.

2. Financing agreements concluded by the EMC in respect of donations or resource mobilization for and on behalf of the Peace Fund shall indicate clearly that it is entered into for the benefit of the Peace Fund.
3. Financing agreements concluded by the EMC obligating the resources of the Peace Fund shall indicate clearly that the financing has been provided by the Peace Fund.

F. Non-Obligation of the African Union

Operations and financing approved by the African Union pursuant to this Instrument shall not involve any financial obligation on the part of the African Union and, except as otherwise provided for in this Instrument, the African Union shall not derive any financial benefit from the Peace Fund.

G. Financial rules and regulations

The resources of the Fund shall be managed in accordance with the financial rules and regulations approved by AU Policy Organs, on the recommendation of the Board of Trustees.

H. Procurement

Procurement of goods, works and services using the resources of the Fund shall be carried out in accordance with the procurement rules and procedures approved by AU Policy Organs, on recommendation of the Board of Trustees, and in accordance with internationally accepted public procurement standards and adopted by AU Policy Organs.

V. OPERATIONAL MODALITIES

A. Approval Processes

The Fund shall have, unless otherwise provided in this Instrument, a streamlined programming, procurement, recruitment and approval process to enable timely interventions. The EMC

shall develop simplified processes for the approval of proposals for certain activities, in particular emergency operations.

B. Fund Structure and Support Windows

1. The Peace Fund shall be structured into three thematic support windows and one reserve facility, namely the Mediation and Preventive Diplomacy Window, the Institutional Capacity Window, the AU Peace Support Operations Window and the Crisis Reserve Facility.
2. The Board of Trustees shall consider the need for additional windows and facilities. The Board of Trustees shall have the authority to add, modify and remove support windows and facilities, as appropriate, in accordance with clause 9(e) of Article II, Section D.

C. Crisis Reserve Facility (CRF)

Scope

The Crisis Reserve Facility shall address unforeseen and urgent operational peace and security requirements that require rapid and flexible responses.

Eligibility

- (a) The assistance under the Crisis Reserve Facility shall be guided by criteria that clearly demonstrate the nature of the emergency and the goals expected to be achieved. The following four criteria shall be fulfilled to qualify for assistance from the CRF:
 - (i) Start-up costs of new missions authorized by competent AU Organs, until they have been absorbed into the regular budgeting process of the Peace Fund.
 - (ii) The emergency situation must be of a scale which is clearly beyond the capacity of the country and its own agencies;

- (iii) The proposed activities can be carried out expeditiously and effectively within the required time frame; and
 - (iv) Such emergency assistance should aim at restoring a degree of stability and peace in the life of the affected populations as quickly as possible.
- (b) The Fund may grant assistance under the Crisis Reserve Facility in an amount to be determined by the Board of Trustees or upon delegation by the EMC for each emergency operation.
- (c) The duration of activities financed under the Crisis Reserve Facility should not exceed twelve (12) months. The level and replenishment of the CFR will set out in the detailed rules and regulations of the PF.
- (d) The Board of Trustees may establish additional criteria and requirements for utilization of the Crisis Reserve Facility.
- (e) Activities that do not meet the above criteria, including any additional criteria designated by the Board of Trustees, shall be financed from one of the Fund's regular thematic support windows.

VI. MONITORING AND EVALUATION

- A. The activities financed by the Fund shall be regularly monitored for impact, efficiency and effectiveness in line with rules and procedures approved by the Board of Trustees. The use of participatory monitoring involving stakeholders shall be encouraged.
- B. The Board of Trustees shall approve a results-based framework with guidelines and appropriate performance indicators. Performance against the indicators shall be reviewed periodically in order to support the continuous improvement of the Fund's impact, effectiveness and operational performance.

VII. FIDUCIARY STANDARDS

The Board of Trustees shall agree on, adopt and ensure the application of best practice fiduciary principles and standards to the Fund's entities, the Fund Manager's functions, and to all operations and activities financed by the Fund.

VIII. AUDITS

- A. To promote financial transparency, a financial audit of the operations of the Fund shall be conducted on an annual basis by an independent external auditor appointed by the EMC based on a nomination of the Board of Trustees and the audit shall be conducted in accordance with international auditing standards.
- B. The audited financial statements shall be made publicly available as soon as possible after the close of each financial year, but not later than six months after the end of each financial year, and shall be considered for approval by the Board of Trustees at its next session, as appropriate.

IX. ACCOUNTABILITY MECHANISMS

The Fund's operations shall be subject to an information disclosure policy that will be approved by the Board of Trustees.

X. EXPERT AND TECHNICAL ADVICE

In carrying out its functions, the EMC shall develop mechanisms to draw on appropriate expert and technical advice, as appropriate.

XI. STAKEHOLDER INPUT AND PARTICIPATION

The Board of Trustees and the EMC shall promote the input and participation of stakeholders, including civil society organizations, vulnerable groups, women and private-sector actors, in

the design, development and implementation of the strategies and activities to be financed by the Peace Fund.

XII. SETTLEMENT OF DISPUTES

- A. Disputes related to the interpretation and implementation of this Instrument shall be settled amicably.
- B. In the event that a dispute, which is not settled amicably, relates solely to a matter of interpretation of the Instrument, a request for interpretation shall be submitted for the consideration of the Assembly of the African Union. Such interpretation shall be final.

XIII. AMENDMENTS AND INTERPRETATION

- A. This Instrument may be amended from time to time by a simple majority vote of the Board of Trustees. The amendments shall come into effect upon the approval of the Assembly [or any other body that the Assembly might designate].
- B. Any question of interpretation or application of any provision of this Instrument shall be submitted to the Board of Trustees for decision, which shall be final.

XIV. ESTABLISHMENT AND EFFECTIVENESS

The AU Peace Fund shall be formally operationalized as of the date of adoption of this Instrument by the Assembly.

XV. TERMINATION OF THE FUND

Termination of the Fund shall be approved by the AU Assembly based on the recommendation of the Board of Trustees and the Executive Management Committee. Within a reasonable period after the termination of the Fund, resources of the Fund that are not required for purpose of settlement of any outstanding obligations shall be transferred to the respective contributors on a pro rata basis.

GENERAL REGULATIONS ON ELIGIBILITY

A summary of the eligibility criteria that will guide decision-making is set out below:

Political eligibility criteria

The African Union Peace Fund will finance activities that have been authorized by a competent African Union Policy Organ with specific powers to mandate operational peace and security activities that fall within the scope of the Peace Fund as follows:

- a) The AU Commission, in line with the mandate and powers bestowed on the Chairperson of the AU Commission in the Protocol Relating to the Establishment of the Peace and Security Council of the African Union 2002.
- b) The AU Peace and Security Council, in line with the mandate and powers contained in the Protocol Relating to the Establishment of the Peace and Security Council of the African Union 2002.
- c) The AU Assembly, in line with the mandate and powers contained in the Constitutive Act of the African Union 2000.

In line with Article 16 of the Protocol Relating to the Establishment of the Peace and Security Council of the African Union 2002, strengthening collaboration between the AU, Regional Economic Communities (RECs), Regional Mechanisms (RMs) and relevant regional initiatives is a key operational and strategic priority for the Peace Fund. It is well recognized that RECs/RMs and other regional organizations have exercised much leadership on peace and security issues and often constitute the first line of response.

The Peace Fund will therefore support regional responses, in accordance with decisions by a competent AU Policy Organ.

Technical eligibility criteria

Window 1: Mediation and Preventive Diplomacy

Eligibility for funding under this window will be based on the following functions:

- a) Early warning and preventive diplomacy, which aim to prevent the outbreak or escalation of violent conflict (Article 6(b) of the PSC Protocol).
- b) Peacemaking, including the use of good offices, mediation, conciliation and enquiry, which aims to prevent, manage or resolve intra- or inter-state conflict (Article 6(c) of the PSC Protocol).

Only operational activities directly related to these functions shall be eligible for Window 1 funding.

The Peace Fund will finance eligible operational expenses related to early warning, conflict prevention, mediation and preventive diplomacy functions. Fund applications must show how the activities requiring funding are directly related to one of these designated functions.

Window 2: Institutional Capacity

Activities financed through this window should represent critical institutional requirements for the effective delivery of the operational activities financed through Windows 1 and 3. These could include:

- a) **Support to AU Liaison Offices:** To strengthen their early warning, conflict prevention, mediation and preventive diplomacy capacities.
- b) **Cross-cutting:** Support to RECs/RMs in strengthening financial and reporting systems as part of the Peace Fund partnership.

Apart from the Peace Fund's administrative operating costs, this window should not be viewed as a substitute for financing routine institutional activities that should ordinarily be financed out of the AU's Regular Operating or Program Budget.

Window 3: Peace Support Operations

The Peace Support Operations window shall finance the following types of peace support operations and actions mandated or authorized by, as the case may be, the Assembly, or the PSC and delivered by the AU, RECs/RMs or a coalition of member states:

- a) Observer Missions
- b) Preventive Deployment and Peace Enforcement Missions
- c) Stabilization Missions following Peace Enforcement Missions
- d) Missions and Security Initiatives in response to complex national and transnational security threats

All assessment and planning activities related to the consideration or preparation of an observer or preventive deployment mission, peace support operation or national/transnational security initiative will be financed by the Peace Fund.





African Union Headquarters
P.O. Box 3243, Roosevelt Street W21K19, Addis Ababa, Ethiopia
Tel: +251 (0) 11 551 77 00 Fax: +251 (0) 11 551 78 44
www.au.int     