



**OPERATIONALIZATION OF THE AFRICAN UNION PEACE FUND
CONCEPT NOTE
11-12 JANUARY 2020**

I. BACKGROUND

1. During the 35th Ordinary Session of the Executive Council of the African Union held from 4 - 8 July 2019, the Executive Council decided that a Retreat bringing together the Peace and Security Council, the Bureau of the Permanent Representatives Committee, the Board of Trustees and Executive Management Committee of the AU Peace Fund and the Chair of the Sub-committee on General Supervision Budget and Administrative Questions shall take place before the February 2020 Summit to take stock of the status of operationalization of the Fund and agree on the medium term strategic funding priorities for the AU Peace Fund.
2. Given the scope of the discussion, the AU High Representative for Financing the Union and the Peace Fund, Chair of the Committee of Fifteen Finance Ministers (F15) and the Chairs of the Sub-Committees on Audit Matters and Structural Reforms will also attend the Retreat.
3. The Retreat shall be held from 11-12 January 2020 at the Sheraton Hotel in Addis Ababa, Ethiopia.

II. RETREAT OBJECTIVES

4. As outlined in the Executive Council decision the Retreat has two primary objectives:
 - a) To take stock of the operationalization of the Fund; and
 - b) To agree on the medium term strategic funding priorities of the AU Peace Fund.

III. RETREAT FORMAT

5. The Retreat will be structured around **five main sessions**. Session I will set the scene by providing an overview of best practice in international fund management with an emphasis on highlighting **the critical success criteria required for effective fund management, delivery and results**.
6. Session II will provide **an overview of progress to date** and updates in the following key areas:
 - a) *Financing*
 - Summary of Member State contributions received since 2017;
 - Update on Banking Arrangements;
 - Update on negotiations on predictable and sustainable financing for AU peace support operations through UN assessed contributions;
 - Update on the regional consultations on the scale of assessment for the AU Peace Fund.
 - b) *Status of the Operationalization of the Governance and Management Structure*
 - Board of Trustees
 - Executive Management Committee
 - Fund Manager
 - Independent Evaluation Panel
 - Peace Fund Secretariat
 - c) *Financial Rules and Regulations*
 - d) *2019 Special Audit of the AU Peace Fund*
7. Session III will focus on the respective roles and responsibilities of the Peace Fund governance bodies detailing the key interface between the Peace and Security Council, the Board of Trustees the Executive Management Committee and other Policy Organs with respect to budget and audit matters;
8. During Session IV, the Peace and Security Council will provide its guidance, in line with the established scope of the Fund, on the **medium term strategic**

objectives that the Fund should be focused on and the specific priorities to be pursued under the Fund's three thematic windows:

- Mediation & Preventive Diplomacy;
- Institutional Capacity; and
- Peace Support Operations

9. The Board of Trustees will also provide its views on the **medium term funding envelope**, taking into account the level of Member State contributions, the current rate of return on the Fund and management and implementation capacities.
10. Session V will present a **draft roadmap for the operationalization of the remaining elements of the AU Peace Fund** with a view to agreeing the key milestones and targets for 2020.

IV. EXPECTED OUTCOMES

The Retreat is expected to provide clarity and consensus on the following key issues:

- a) How to ensure the revitalised AU Peace Fund is effectively and accountably managed in line with international best practice in fund management;
- b) How to ensure the Peace Fund delivers concrete results and impact;
- c) The roles and responsibilities of the AU Policy Organs (including a flow chart illustrating the roles and responsibilities of the PSC and other stakeholders);
- d) The roles and responsibilities of the Peace Fund governance bodies detailing the key interface/relationship between the Peace and Security Council, Board of Trustees the Executive Management Committee and other Policy Organs;
- e) The decision-making process for financing activities under the AU Peace Fund and what procedures will guide access to the Fund?
- f) How the budgeting process for the AU Peace Fund will work;
- g) How to ensure that the Fund is not rapidly depleted. Beyond Member State contributions, what resource mobilisation strategy should be put in place?
- h) The initial pilot activities that should be prioritised for financing in 2020, along with the management systems that will need to be in place to ensure that any funds allocated are effectively utilised.