# Preparing for a Syrian Transition: Trust Funds

**LESSONS FROM THE PAST, THINKING FOR THE FUTURE**

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## INTRODUCTION

This memo builds on discussions prompted by *Preparing for a Syrian Transition*, a report published by the Legatum Institute and the Institute for State Effectiveness, and outlines one technique which has been successfully used in unstable and post-conflict contexts: a Multi-Donor Trust Fund (MDTF) which can serve as a financing mechanism for humanitarian, governance and reconstruction work.

Prior to the onset of the Syrian uprising in 2011, Syria had a diversified economy supported by high levels of human capital and a developed institutional and physical infrastructure. In 2010, Syria's revenue totalled over $10 billion and 23.1 percent of GDP. Oil and tax revenues, along with surpluses from several publicly owned enterprises, made up the bulk of total revenue. Syria operated a budget deficit equivalent to 3.8 percent of GDP and a debt equal to 23 percent of GDP—both quite reasonable by international standards[1].

The intensification of unrest throughout 2011 prompted a near collapse of revenues and simultaneous increases in defence spending. Because of the enormous disruption and destruction, many are beginning to adopt alternative methods of funding basic services, and preserving financial institutions, in opposition-occupied territory. Global experience shows that mechanisms such as trust funds and large-scale community-based programmes can balance speed and scale of delivery with accountability and transparency in humanitarian crises, as well as for longer-term reconstruction needs.

### THIS MEMO WILL:

This memo will:

» Make the case for a trust fund in Syria, to be set up now or in preparation for the future.

» Outline how a Multi-Donor Trust Fund can work by covering the following issues:

  · Design and governance
  · Rules and guidelines
  · Management, programming and operations.

» Suggest some design choices for Syria.

A list of selected trust funds detailing key design choices is provided at the end of the memo.

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## THE CASE FOR A SYRIAN MULTI-DONOR TRUST FUND

A Syrian Recovery Multi-Donor Trust Fund (SR MDTF) could serve as the primary funding mechanism for short-term emergency support to communities. A longer-term trust fund could also be established to anticipate the coming recovery and rebuilding process, until such time as Syrian government revenue streams and permanent institutions are up and functioning.

The credibility of any transition will rest in large part on the degree to which revenues and expenditures can be managed with effectiveness, transparency and accountability. A trust fund is one way to manage these. The same standards of accountability should ideally apply to domestic revenue and expenditure as well, but adhering to standards through a trust fund can be critical to maintaining both domestic and international support. Conversely, an ineffective or mismanaged fund is a sure way to undermine the public trust.

An SR MDRF has the potential to provide specific further benefits: it can help implement decisions about the country's institutional architecture; it can help establish streamlined, transparent administrative processes that would encourage international financial support; it can allow for flexible responses to changing conditions and needs. With a well-thought-out design, an SR MDTF would enable an interim authority to establish its credibility as a governing organization.

Trust funds are not a magic bullet. As a funding instrument, an SR MDTF cannot substitute for political processes that produce a single, inclusive platform for governing and coherent development policies and programs. Obviously, in Syria, cohesion is of critical importance. But MDTFs have worked before in politically divided and unstable contexts, including Banda Aceh, Afghanistan, and South Sudan. Allocation of funding is of course a political question, but transparent rules can help create a fair process and build trust in new systems. Without a trust fund diverse donors could introduce a fragmented development policy that could undermine overall stability, peace-building, and development goals. A trust fund is not the appropriate means to capitalize enterprises—a task better fulfilled by an enterprise fund—or to support civil society, where a distinct fund might be appropriate, but it could be important in the Syrian context nonetheless.

There is some debate as to the appropriate timing for establishing a trust fund. World Bank or UN involvement require a legitimate government counterpart, and they could only sponsor a trust fund after the official point of a transition, when a new sovereign authority is recognized. Until that time, there are two other options:

- Interested actors could prepare the structure of a fund, gathering in principle commitments. Such preparatory work could begin immediately, in order to minimize delays later on.

- Alternatively, a short-term fund could be established right away in order to address immediate needs, with provisions to change its governance arrangements as and when a new sovereign entity is recognized.

The rest of this note will address the concept of a fund in general, recognizing that it could be established in either scenario.

## DESIGN AND GOVERNANCE

The design of MDTFs varies significantly. Depending on how they are set up, trust funds can vary in their levels of transparency and accountability, speed of processing, responsiveness to changing conditions, internal monitoring and learning mechanisms, and adaptability to the permanent institutional structures that will eventually replace the MDTF.

The architecture of an SR MDTF may take one of several forms:

- One option is for a third-party trustee such as the World Bank to hold pooled funds in trust for a Syrian authority (which could be a provisional, interim, or newly established government, or a council or reconstruction/recovery agency). This Syrian authority then holds funds on trust for the benefit of the Syrian population.

- A second option designates a third-party trustee to hold pooled funds on trust for the Syrian people, with the Syrian authority acting as an "allocation advisor". This advisory role might consist of preparing and refining budgets, programmes, and projects as needs arise and are identified. The trustee distributes funds in line with advisor recommendations, and reviews programmes and projects in line with established rules and objectives.

- In the third option, a third-party trustee holds pooled funds in a main trust and allocates these to sub-funds corresponding to identified areas, such as road building, medical and hospital spending, housing, and other areas. The other sub-funds can be run by another trust structure on the basis of "allocation advisor" as in the second option; or the trustee administrator working directly alongside representatives to make allocation decisions.

MDTFs are usually governed by a body that deliberates and determines policy, a financing/procurement body, a body to review and approve projects, and a secretariat/administrative body, which supports the other bodies and fulfils monitoring, reporting, and international evaluation requirements (to be supplemented by external audits). Separation of the procurement and project approval bodies is considered necessary to enhance accountability.

## RULES AND GUIDELINES

Those setting up the trust fund must also develop rules for transparency and accountability, monitoring and evaluation, checks and balances between trust fund bodies, consultative mechanisms, a timeline for the project cycle, and rules about decision-making.

These include designating who may propose new programmes, who develops project and programme design and costing, guidelines for assessment and approval of projects, procurement decisions, who will implement a given programme (be it governing figures, communities, private companies, or NGOs), payment

and accounting procedures, supervision, and the hiring of independent evaluators and auditors. The MDTF may adopt guidelines for the allocation of funds across regions, sectors or to specific communities.

The allocation of decision-making powers is central to MDTF governance planning. Trustees must decide whether to retain decision-making authority, or whether to delegate that to national or local authorities, or civil society representatives. Configuring these arrangements so as to afford sufficient authority to the national leadership, and sufficient balance within the national leadership, is critical for the success of the fund.

An SR MDTF may establish different 'windows' for various uses, including ongoing needs (such as salary payments) and long-term and short-term temporary needs (such as humanitarian response and reconstruction). It can fund only expenditures reflected in an authority's official budget or it can accept proposals from a range of sources including different administrative units and NGOs and development organizations. It can disburse to government, non-government or private sector entities, depending on the rules established.

Guidelines and processes should be standardized and made public whenever appropriate. These include an operations manual (which may highlight changes made across time), donor funding agreements, staffing profiles (with job description templates) across the lifespan of the MDTF, staff training programmes, standard operational documents, and simplified criteria for acceptable administrative and accounting systems.

Whether to accept earmarked funding is a difficult choice. Managing multiple earmarks and restrictions can add to the management burden and should be avoided if possible. A decision to reject earmarked funding may depend on the degree of optimism regarding the speed of Syria's economic recovery and thereby other routes to revenue sustainability: namely, recovery of the oil industry; other public industries which previously earned surpluses (such as the Syrian Petroleum Company, General Telecommunication Company, Syrian Commercial Bank, General Cement Company, General Tobacco Company, General Cotton Company, and the Syrian General Insurance Company); private industry, employment, and tax collection administration and enforcement; and containment of inflation. One potential compromise is to allow 'soft' preferences rather than 'hard' earmarks, as the World Bank has done on occasion.[2]

## MANAGEMENT, PROGRAMMING AND OPERATIONS

Previous MDTFs often lacked sufficient funding or qualified personnel to staff their bodies, particularly the secretariat. Expectations for an MDTF's performance must be realistically aligned with funding levels, human and physical capital resources (including such infrastructure as electricity provision), and changing political and security contexts, which at times may slow or halt administration or implementation. Secretariats should be equipped with the resources to perform studies on external factors affecting performance, such as ongoing conflict analyses and factors affecting logistics (including changes in security, environmental operating conditions, and infrastructure reliability).

In many recovery and reconstruction situations, a reconstruction agency has been established to create national coherence for planning, carry out or support programme and project design, procurement and management, and carry out tracking, monitoring and accounting functions. Often used for post-disaster reconstruction[3], they can help avoid many of the coordination problems that have plagued rebuilding efforts, especially where external donors are relied upon to provide the coordination and planning functions.

Reconstruction agencies carry some risks and challenges. Often the greatest risk is that they will come into conflict with existing ministries. Over time—as seemed to happen with PECDAR in the West Bank—a "superagency" can even weaken ministries, as resources and talent continue to be drawn towards a central agency, crowding out investment in ministries and local bodies.

One way to mitigate this risk is for the agency itself to have a sunset clause. The Afghan Assistance Coordination Authority (AACA) limited its life from 2002 to 2005, before spinning off its functions to central ministries. Variations on this theme would include having a task force or council with a small secretariat and/or having regional development authorities in particular cities and regional locations reporting to an overall council. Alternatively, local councils already in existence could federate to regional councils, which would be allocated some budgets and functions, with a national authority overseeing the whole process.

Trust Funds tend to work well if a limited number of programmes with a large geographic reach are established. When they try to finance hundreds of small projects they tend to become debilitated by bottlenecks and management capacity problems. Often it is useful to create a "national programme": a programme that is national or country-wide in scope and reach, is directed towards a particular objective (for example transportation infrastructure, health services, or rebuilding local authorities), and is created within a national policy framework with implementation carried out by government, local government, NGO and/or private sector implementation. Within the framework of this broader programme, many smaller projects can be organized. A national programme can avoid the proliferation of thousands of externally directed projects that can work at cross-purposes, and can be difficult to track and to fit within national policy[4]. This type of programme could help create a common framework for Community Driven Development (CDD) to help provide more of a common set of rules and approaches to the funding and support that is currently being directed for humanitarian and recovery purposes.

## SOME DESIGN CHOICES FOR SYRIA

Contrary to many assumptions, it could be possible to establish a trust fund prior to a recognized transition. In this case, activities would likely be focused on humanitarian relief, essential governance services and recovery/repairs. A fund set up now would have to ensure that, at the point of a transition, the mechanisms would also transition to a new national authority. Given that the World Bank could not participate at this stage, it will also be important to find fiduciary agents and trustees of sufficient capability and standing so as to offer a mechanism of credibility to potential contributors. It has been announced that a Trust Fund is currently in process of preparation.

A fund could also be established to finance activities at the point of a transition, i.e. the official recognition of a new sovereign or interim authority. Such a fund might establish a window or programme for emergency repairs to infrastructure, and for the recovery of conflict-affected areas as designated by a set of criteria. A programme for local councils (at community and neighbourhood, city and/or province level) could direct block grants on the basis of criteria of population, need, or damage. Such community development national programmes can help to provide a common framework to provide a sense of even-handedness in reconstruction policy so that different donors do not establish competing projects with different rule sets that can exacerbate conflict and competition between communities. Other windows or programmes could be established for key sectors such as health, education, energy, water and sanitation, transportation, and agriculture support, linked to the relevant ministries and agencies.

It is important to consider how to link local level requirements to a national plan. National programmes financed under trust funds can be dedicated to a particular level of government such as village, city or province, or to sectors. In the past, these separate programmes have not always configured to different levels or sectors appropriately. In Afghanistan, the National Solidarity Programme functioned at village and neighbourhood level and was intended to send representatives to the district and provincial level. Separately, however, a top-down programme was established to address the provincial and district level, and in some cases there is some evidence that the failure of alignment between the two programmes exacerbated conflict dynamics. Similar tensions between programmes directed at different levels of governance are evident in other contexts including East Timor and Nepal. Agreement on a framework that sets out how levels and functions of government relate to each other is necessary in any event for understanding any new constitutional or governance framework.

Syrians and donors must also decide whether a national authority alone has the standing to submit proposals and design programmes, or whether submissions from other actors—including local level bodies and NGOs or even the private sector—will be considered. The programmatic structure offers an easy resolution to this, as the roles of each sector and level can be fit appropriately within each programme.

Another important choice will be whether to have a separate fund or window for civil society actors and for private enterprise. Syria's recovery process will need to preserve an adequate space for civil society actors, who have played an important role over the last years. A dedicated fund could help to ensure predictable funding and ward off actors having to bid multiple times to multiple donors for separate funding streams. Syria's private sector has suffered considerable disruption and damage. Repairing and recapitalizing businesses, especially to equip them to play a role in reconstruction, will require dedicated attention.

In recent years, many processes—whether in Kosovo, Liberia, Nepal, and Afghanistan—have neglected a focus on building or rebuilding firms. In practice, this has meant that local companies have had difficulties competing with foreign firms and NGOs. Some success was achieved with enterprise funds in several transitions following the collapse of the USSR: these funds were established in countries that had forbidden free enterprise, so the context had additional challenges.

## Best Practices

Previous efforts to create MDTFs have produced a body of "best practices" and "lessons learned" literature. MDTFs are most successful when:

o   Donors' and national authorities' priorities align

o   National authorities and other domestic stakeholders have sufficient influence

o   Interactions between actors are streamlined for a more efficient process

o   Sequencing and prioritization of programmes is successful

o   Selection of programmes is sound

o   Staff is experienced or well trained

o   Allocation of funds is appropriate

o   Reporting is meaningful and transparent (without being overly burdensome)

o   Processes are quick and responsive to changing conditions

o   Local ownership is strong

o   Programmes work through and develop domestic institutional capacity (that is: capacity of domestic governance structures, private enterprise, and civil society)

MDTFs tend not to cover army and police support, for which separate trust funds could be established. In the case of Afghanistan, a main trust fund, the Afghanistan Reconstruction Trust Fund (ARTF) was established at the start of the process to finance key non-security expenditures. Separate trust funds were established for the police, the army, and most recently, for infrastructure. General lessons indicate that the proliferation of funds is not a good idea, but it is probably sensible to establish any security trust funds separately given that many governments are restricted by rules and policies from mixing Official Development Aid with security assistance.

Both the World Bank and UN agencies have facilities to act as trustee and administrative agent of a trust fund. From past experience, we know that the World Bank has considerable advantages over the UN as a partner for trust funds: their administrative overheads are significantly lower, the quality of technical assistance, especially in large-scale and infrastructure sectors tends to be higher, and their accounting and oversight capabilities are significantly higher. Where the UN has managed trust funds, accountability problems have often undermined the credibility of the fund. UN agencies tend to compete to act as implementing partners: it is a conflict of interest for them to act also as fund administrators and allocators. The World Bank is sometimes slow (in Afghanistan it took six months to set up a fund) so an interim mechanism might be established under ad hoc arrangements with a credible professional administrative agent, under a board of trustees drawn from national actors and funding partners. For Syria, the World Bank might make a more natural partner for the longer term, but interim arrangements will likely be required.

Establishing management capability should not be difficult for Syria, given its very high human capacity. Syrian nationals are able to fill many professional positions, where other countries might need to rely on international technical support.

Design choices are important, however. Rules that balance speed and flexibility with accountability and oversight will determine success. No fund has suffered from an excess of transparency; rather, and especially in today's era, maximum transparency, including the placement of project tenders and documents online, is becoming the norm.

## CONCLUSION

MDTFs can be an invaluable mechanism for increasing the coherence, accountability, and credibility of both humanitarian responses and recovery and reconstruction activities. However, they are not a magic bullet, and where the design is faulty, they can become a bottleneck in the process and cause frustration and resentment between multiple actors. For Syria, an MDTF could provide immediate lifelines for communities, and also lay the groundwork for future reconstruction by putting in place the sound management systems required to maintain trust and integrity.

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4. See Fixing Failed States OUP 2008 Chapter 8 [CHECK] for a fuller description.

# SELECTED TRUST FUNDS

| Country | Name of Trust Fund | Years of Operation | Total US$ Disbursement | Key Focus Areas and Programmes | Trustee/ Administrative Agent | Governance Structure |
|---|---|---|---|---|---|---|
| Afghanistan | Afghanistan Interim Authority Fund[5] (AIAF) | 2001—2002 | 71 million | » Re-establish civil service salary payrolls on the provincial level<br>» Install salary payment control systems in the Ministry of Finance<br>» Train finance staff<br>» Complete emergency repairs for 30 ministerial offices<br>» Support the commissions created under the Bonn Agreement | UN | UNDP managed all decision making, implementation, monitoring, evaluation, and reporting. UNDP maintained regular communication with national authorities regarding the fund, which largely consisted of recurrent expenditures. |
| Afghanistan | Afghanistan Reconstruction Trust Fund[6] (ARTF) | 2002—present | 4.65 billion | » Salaries and pensions (primary focus)<br>» Rural development<br>» Agriculture<br>» Human development<br>» Infrastructure<br>» Governance | World Bank | The ARTF is overseen by a Management Committee consisting of representatives from the Asian Development Bank, the Islamic Development Bank, UNDP, and the World Bank. The Management Committee is responsible for reviewing progress approving proposed projects. In order to avoid conflicts of interest, no member of the Management Committee is a donor to the fund. National authorities are also not members, but are invited as observers.<br><br>The Steering Committee (SC) consists of the Management Committee members, all donors that provide at least US$ 5 million in contributions per year, and an additional two seats for the smaller donors where these two seats are voted in on a rotational basis. The SC reviews performance and administrative processes.<br><br>The ARTF contains one window for recurrent costs, one for investment, and a third window administered directly by UNDP, related to the security sector. |
| Haiti | Haiti Reconstruction Fund | 2010—present[7] | 131 million[8] | » Territorial, economic, social, and institutional rebuilding[9] | World Bank | The primary decision-making body of HRF is the Steering Committee, which is chaired by a representative of the Haitian government. Members of the Steering Committee include one representative from the Haitian Government, each major donor, and each partner agency (IDB, UN, and WB). Observer status was held by one representative of INGOs, Haitian private sector, Haitian diaspora, Haitian civil society, local government, and other development partners. The Steering Committee was responsible for managing HRF's strategy and vision, as well as approval of project proposals, budgets, reporting requirements, and the operations manual. Prior to consideration by the Steering Committee, a Haitian government body called the Interim Haiti Reconstruction Commission (IHRC) reviewed proposals for financing to ensure that they are consistent with the Action Plan and forwarded them to the HRF. Although a national Agency for Development was to have taken over the IHRC's role upon expiration of its mandate, political opposition prevented the Agency's creation, and the Ministry of Planning and External Cooperation has taken on this role.[10]<br><br>The Secretariat supports the work of the Steering Committee; it provides administrative assistance and guidance, as well as public information. |
| Indonesia | Multi-Donor Fund for Aceh and Nias (MDF) | 2005—2012[11] | 604 million[12] | » Community recovery<br>» Infrastructure<br>» Economic development<br>» Environment<br>» Capacity building[13] | World Bank | The Steering Committee was the major governing body, co-chaired by the national government, the Aceh provincial government, the EU (as the largest donor), and the World Bank (as trustee). The UN Coordinator, an INGO representative, and key reconstruction partners (such as Australia and Japan), enjoyed observer status. The Steering Committee (SC) approved project proposals, allocated funds, and discussed recovery progress and strategy harmonization. The SC convened policy dialogues and facilitated alignment between programmes and government strategy.<br><br>A Technical Review Group reviewed project proposals in greater detail and made recommendations to the SC.<br><br>The Secretariat coordinated the MDF's overall work programme, provided financial oversight, public education, project proposal review, project and programme evaluations, administrative assistance, and monitoring and reporting.[14] |

| Country | Name of Trust Fund | Years of Operation | Total US$ Disbursement | Key Focus Areas and Programmes | Trustee/ Administrative Agent | Governance Structure |
|---|---|---|---|---|---|---|
| Indonesia | Indonesia Multi-Donor Fund Facility for Disaster Recovery[15] (IMDFF-DR) | 2010—present | 2 million | » Early Recovery, <br> » Rehabilitation, and Reconstruction: <br> • Housing <br> • Livelihoods <br> • Technical assistance <br> • Capacity building <br><br> The Facility will be activated upon the Government's request and deactivated upon completion of funded activity.[16] | World Bank | The Steering Committee (SC) is chaired by the State Minister of National Development Planning and is composed of representatives of provincial government, donors contributing $1 million or more, UN Resident Coordinator, UN Administrative Agent, and the Director of World Bank Indonesia, with civil society members as observers. The SC sets general priorities, policymaking, and overall recovery strategy; provides oversight; ensures coordination; approves projects; monitors and reports results; and approves the Secretariat's work plan and budget. <br><br> The Technical Committee advises the SC regarding strategy and policy coordination. It also screens project and budget proposals and develops monitoring and evaluation frameworks. <br><br> The Secretariat supports the Steering and Technical Committees by assisting with logistics, the project proposal process, overall coordination, public education, operations manual and work plan development, and monitoring programme implementation. <br><br> The IMDFF-DR operates two funding windows. UNDP is the Administrative Agent for Window 1 and the World Bank, as Trustee, administers Window 2. Implementing organizations may solicit funding through these participating organizations. |
| Sudan | National Multi-Donor Trust Fund (MDTF-N) | 2005—present | 170 million[17] | » Government capacity-building for sustainable economic development[18] <br> » Poverty reduction <br> » Incomes <br> » Human development <br> » Good governance.[19] <br> » Geographic focus on war-affected areas of Sudan and the three disputed areas: Abyei, Blue Nile, and South Kordofan.[20] | World Bank | The Oversight Committee (OC) approves projects and funding allocations, receiving recommendations from the Technical Secretariat. The OC of the MDTF-N reports, along with its counterpart fund in South Sudan, to the Sudan Consortium, which assesses performance, funding needs, and priorities. All donors, the GoNU, GoSS, and civil society and private sector representatives form the Sudan Consortium. <br><br> Parallel trust fund structures operate under the Sudan Consortium within Sudan and South Sudan. The Sudanese OC consists of representatives from the World Bank, UN, national government, the two largest donors, and a rotation of other donors. Observers include the GoSS, other donors, and NGO representatives. Besides making programmatic and allocative decisions, the OC produces guidelines for operation, provides monitoring, assessment, and strategic and operational guidance, and raises funds. <br><br> The OC is assisted by the Technical Secretariat and the Standing Committee (SC). The SC ensures continuous operation between OC meetings and has authority to approve proposals for a small projects window. The SC also assists with project proposal development and facilitates dialogue among key partners. <br><br> The Monitoring Agent provides technical assistance to the national government, as well as monitoring, accountability, and reporting services.[21] |
| Sudan | Multi-donor Trust Fund for South Sudan (MDTF-SS) | 2005—present | 505 million[22] | » Rebuild southern states <br> » Government capacity-building[23] | World Bank | Created through the same agreement as the MDTF-N, the MDTF-SS utilizes the same governing structure and operations manual.[24] |
| Sudan | Sudan Common Humanitarian Fund[25] | 2006—present | 971 million | » Quick response to the most critical humanitarian needs | UNDP | The Humanitarian Coordinator (HC) performs overall management of the fund, as well as mobilizing resources, approving allocations and disbursements, reporting to donors, and managing monitoring and evaluation. The HC also chairs the Advisory Group, which is formed of the three largest donors, the UN Country Team, and one NGO representative. The Advisory Group reviews policy guidelines, reports, and operations, and advises the Humanitarian Coordinator on these matters. The UNDP serves as Administrative Agent and manages donor contributions, funds disbursement, financial reports, and the Rapid Response Reserve. The Technical Unit is managed by OCHA and assists the HC in the allocation process. |
| Sudan | Darfur Community Peace and Stability Fund[26] | 2007—present | 53 million | » Local-level peace building <br> » Basic social service delivery <br> » Community livelihoods <br> » Good governance and rule of law | UN | The Steering Committee (SC) provides overall management of the fund, providing strategic guidance, approving funding proposals, reviewing and approving progress and financial reports, and coordinating DCPSF activities with UNAMID and the Sudan CHF. The UN Resident Coordinator chairs the SC, and members include key donors, NGOs, UN agencies, UNAMID, Joint Mediation Support Team, and the Administrative Agent. The chairs of the four Thematic Working Groups (Peacebuilding, Governance and Rule of Law, Livelihoods, and Basic Social Services) are also members of the SC. <br><br> The Technical Secretariat vets project proposals, assists in the overall project approval process, and produces progress reports. |

| Country | Name of Trust Fund | Years of Operation | Total US$ Disbursement | Key Focus Areas and Programmes | Trustee/ Administrative Agent | Governance Structure |
|---------|-------------------|---------------------|------------------------|-------------------------------|-------------------------------|----------------------|
| Sudan | South Sudan Recovery Fund[27] (SSRF) | 2008— present | 116 million | » Monitor and support quick response to high-priority needs | UN | The GoSS Inter-ministerial Appraisal Committee (IMAC) approves funding proposals and ensures alignment between SSRF and government objectives and funding priorities. The GoSS Budget Sector Working Groups perform initial screening and technical review of proposals prior to application for funding.<br><br>The Steering Committee (SC) is co-chaired by GoSS and the UN Deputy Resident Coordinator. The SC is composed of relevant GoSS representatives, contributing donors, UN agencies, the World Bank, NGO representatives, and others as invited. The SC provides strategic guidance, reviews approved projects and coordinates disbursement with the Administrative Agent, and facilitates coordination with MDTF-SS, Sudan CHF, and national counterparts. The Steering Committee Technical Secretariat assists the SC throughout the approval process, provides support to IMAC and funding applicants, and manages the reporting process. |
| Timor-Leste | Multi-donor Trust Fund for Timor-Leste | 2000—2002[28] | 178 million[29] | » Economic management<br>» Community empowerment<br>» Infrastructure<br>» Agriculture<br>» Health<br>» Education[30] | World Bank and Asian Development Bank | Each donor appointed a representative to the Donors' Council, which ensured alignment between projects and donor priorities and approved project proposals as submitted by the World Bank and the Asian Development Bank. Project Management Units assisted with implementation; these staff were initially contracted through the UN and later through the national government. Funding allocation authority shifted over time between the Donors' Council and the national government. |
| Timor-Leste | Consolidated Fund for Timor-Leste | 2000 – 2002[31] | 343 million[32] | » Recurrent expenditures<br>» Civil service capacity building<br>» Justice system[33]<br>» Integrated into the national budget upon independence in 2002 | UN | The United Nations Transitional Administration for East Timor managed and allocated this fund. |
| Timor-Leste | Transitional Support Program[34] (TSP) | 2003 – 2005 | 229 million | » Unconditional budget support<br>» Establish frameworks for poverty reduction, good governance, private sector growth, and expenditure management controls<br>» Job creation and pro-poor public spending<br>» Power sector cost recovery<br>» Public sector capacity building<br>» Service delivery, especially education and health<br>» This programme consists of many single-donor TFs rather than one MDTF | World Bank | The national government, donors, and the World Bank made decisions about TSP policies and priorities on a six-month basis. |
| Timor-Leste | Consolidated Support Program (CSP) | 2006—2007[35] | Approximately 30 million[36] | » Unconditional budget support<br>» Institutionalize continuous policy dialogue<br>» Build capacity to establish, implement, and monitor priorities<br>» Continuation of TSP focus areas<br>» Infrastructure[37] | World Bank | The national government, donors, and the World Bank made decisions about CSP policies and priorities on a six-month basis. |

| Country | Name of Trust Fund | Years of Operation | Total US$ Disbursement | Key Focus Areas and Programmes | Trustee/ Administrative Agent | Governance Structure |
|---|---|---|---|---|---|---|
| Angola, Burundi, Central African Republic, Democratic Republic of the Congo, the Republic of the Congo, Namibia, Rwanda, Uganda, Zimbabwe | The Greater Great Lakes Multi-Country Demobilization and Reintegration Program (MDRP) Trust Fund[38] | 2002—2009 | 250 million | » Establish regional framework for DDR<br>» Emphasize ownership, partnership, and donor harmonization<br>» Gain working knowledge of development in fragile states | World Bank MDRP Secretariat | The Advisory Committee provided monitoring, review, and coordination services, public information, fund raising, and advising related to national context and overall strategy. AC members included donors, the UN, national government, and local civil society<br><br>The Trust Funds Committee (TFC) reviewed use of resources, approved MDRP Secretariat budget and work plans, reviewed progress reports and recommended action, deliberated eligibility of new countries and special programmes, hired technical staff, and managed distribution of resources between national and special programmes. TFC members were active donors, and all programme partners were invited as observers. While formal decision-making powers rested with the TFC, planning effectively took place on the ground, where projects and programmes were presented, reviewed, appraised, negotiated and finalized, and the national government gave input.<br><br>Local Ad-hoc Committees approved Special Projects at the national level.[39] |
| 26 Countries | The Peacebuilding Fund (PBF) | 2006 – present[40] | 270 million[41] | » Support political dialogue and peace processes and agreements<br>» Build national capacities to promote peaceful coexistence and conflict resolution<br>» Stimulate economy to produce "peace dividends"<br>» Re-establish essential administrative services[42] | UN Peacebuilding Support Office[43] | The PBF comprises two windows: the project-based Immediate Response Facility (IRF), and the programme-based Peacebuilding and Recovery Facility (PRF). The IRF involves a one-step approval process through the Assistant Secretary General of the PBSO. These funds are limited to 18-month duration and $3 million. With UN Secretary General approval, maximum funding increases to $10 million. The PRF has no funding limit and is approved by the PBSO, then selected by the Joint Steering Committee. Duration must fall between 18 and 36 months. |

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## ABOUT THE AUTHOR

Clare Lockhart

Clare Lockhart is co-founder and director of the Institute for State Effectiveness which works with a range of countries aiming to make transitions from instability to stability and from poverty to prosperity. She is also director of the Market-Building Program, which focuses on approaches to job-creation and growth. In 2001 Ms Lockhart was a member of the UN negotiation team for the Bonn Agreement on Afghanistan and spent several years living in the country as Adviser to the UN and Afghan Government. Prior to 2001, she managed a programme on institutions at the World Bank. She is a lawyer and member of the Bar of England and Wales and has degrees from Oxford University (Modern History) and Harvard University (MPA, KennedySchool). She is co-author with Dr Ghani of *Fixing Failed States* (2008) and has authored and co-authored numerous articles on development, institution-building and citizenship. Ms Lockhart was selected as a Young Global Leader in 2011 and as Chair of the Fragile States Council in 2011-2012 for the World Economic Forum and Vice-Chair for 2012-14. She is a regular contributor to the media. She serves on a number of advisory boards including the Asia Foundation, the Women's Regional Network for South Asia and the Developmental Leadership Program.

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