

3.41 DDR Budgeting and Financing

Contents

Summary	1
1. Module scope and objectives	2
2. Terms, definitions and abbreviations	2
3. Introduction	3
4. Guiding principles.	3
4.1 Unconditional release and protection of children	3
4.2 Gender responsive and inclusive.	4
4.3 Flexible, accountable and transparent.	4
4.4 Nationally and locally owned	4
5. Considerations for budgetary planning.	5
5.1 Harmonization with other post-conflict planning mechanisms	5
5.2 Minimizing duplication and maximizing synergies.	5
5.3 Flexibility, contingency and risk management.	5
5.4 Accountability	6
5.5 Transition planning.	7
6. Approaches to budgeting	7
6.1 Results-based budgeting	7
7. DDR strategic plan and budgeting in mission and non-mission settings. . .	8
8. The peacekeeping assessed budget of the UN.	10
8.1 Categories that may be funded by the peacekeeping assessed budget	10
9. Budgeting for DDR in non-mission settings	10
10 Financial management.	11
10.1 National role and coordination	12
10.2 Administration of funds.	12

10.3 Fund management mechanisms and methods.	12
Annex A: Abbreviations.	14
Endnotes.	15

3.41 DDR Budgeting and Financing

Summary

DDR is a complex endeavour, with political, military, security, humanitarian and socio-economic dimensions. Planning any DDR intervention is also a complex process, at the heart of which is budgeting.

When budgeting for a DDR process, DDR practitioners should be aware of demands of and approaches to budgeting in challenging operational contexts. The following generic considerations apply to planning the financing and budgeting of DDR:

1. Harmonization with other post-conflict planning mechanisms;
2. Minimizing duplications;
3. Ensuring flexibility;
4. Managing risk;
5. Incorporating accountability; and
6. Planning support for all anticipated aspects of the DDR process in question.

Several sources of funding may be brought together to support DDR. Funds may include contributions from the peacekeeping assessed budget, core funding from the budgets of UN agencies, voluntary contributions from donors to a UN-managed trust fund, bilateral support from a Member State, contributions from other agencies and donors, and the host Government's own budget.

A good understanding of the policies and procedures governing the deployment and management of financial support from these various sources is vital to the success of the DDR process. In accordance with Gender Responsive UN Peacekeeping Operations Policy, when DDR takes place within a peacekeeping operation, budgeting processes must allocate adequate technical, human and financial resources for gender equality, as mandated in the Security Council's resolutions on women, peace and security.

DDR practitioners should adhere to current financial management good practice, particularly results-based budgeting (RBB). RBB entails aligning resources clearly and transparently behind results. When budgeting for DDR, practitioners should justify resource allocations based on a logical model of predefined objectives, expected results, outputs, inputs and performance indicators that together constitute a logical framework. Results-based budgeting is intended to be a dynamic process, providing feedback throughout the full process cycle: planning, programming, budgeting, and monitoring and evaluation.

Where there is an overall DDR strategic plan, the funding strategy of the UN also should be integrated. The integrated DDR plan shall also define process and resource management arrangements, and the roles and responsibilities of key national and international stakeholders, as well as the expected impact.

Budgeting for DDR in non-mission settings will involve funding for specific but potentially wide-ranging aspects of DDR. Budgeting should be tailored to the scope of the intervention and context. DDR programme budgets, including those of agencies, funds and programmes, should include an allotment of a minimum of 20 per cent of the budget to gender-related activities and female-specific interventions, including expertise and programmes to address sexual and gender-based violence.

As with the operational aspects of DDR, budgeting should include considerations around exiting and handover, where relevant. Budgeting for transitions should align with operational and strategic considerations and may include phasing down, phasing out and/or phasing over.

1. Module scope and objectives

This module provides UN DDR policymakers and practitioners with guidance regarding financing and budgeting for DDR in mission and non-mission contexts. It offers guidance on budgetary considerations and planning, as well as the challenges and risks of financing DDR. The guidance in this module should not supersede the specific financial management or financial safeguarding requirements of UN entities or donors.

The objectives of the module are to provide DDR policymakers and practitioners with:

- A description of the principles and standards of financing and budgeting for DDR, and
- Broad guidance on the considerations that should inform financing and budgeting for DDR in various and often complex contexts.

2. Terms, definitions and abbreviations

Annex A contains a list of abbreviations used in this standard. A complete glossary of all the terms, definitions and abbreviations used in the series of integrated DDR standards (IDDRS) is given in IDDRS 1.20. In the IDDRS series, the words ‘shall’, ‘should’, ‘may’, ‘can’ and ‘must’ are used to indicate the intended degree of compliance with the standards laid down. This use is consistent with the language used in the International Organization for Standardization standards and guidelines:

- a. ‘shall’ is used to indicate requirements, methods or specifications that are to be applied in order to conform to the standard;
- b. ‘should’ is used to indicate the preferred requirements, methods or specifications;
- c. ‘may’ is used to indicate a possible method or course of action;
- d. ‘can’ is used to indicate a possibility and capability;
- e. ‘must’ is used to indicate an external constraint or obligation.

Results-based budgeting (RBB) is the process of linking budgetary allocations to desired results. For DDR, budgeting follows the logic and planning established through the DDR strategy and process design and is measured through the DDR results framework

(see IDDRS 3.10 on Integrated DDR Planning: Processes and Structures, IDDRS 3.20 on DDR Programme Design and IDDRS 3.50 on Monitoring and Evaluation of DDR). Based on the findings of the integrated assessments and situation analysis, DDR results are formulated to predict how the future situation will be different from the current situation. These results are at the heart of the DDR process Theory of Change and results framework, which are designed to guide not only the planning of the DDR process but also the budgeting. As with planning activities and logistics, they provide the internal logic for RBB and link the budget to expected results – impact, outcomes and outputs – to be achieved and the activities to be undertaken through its implementation.

3. Introduction

The primary purpose of DDR is to build the conditions for sustaining peace and reconciliation at the community level. Therefore, timely, adequate, predictable and sufficient funding and effective and transparent financial management arrangements are vital to the success of DDR processes. Funding and financial management must be combined with cost-efficient and effective DDR design.

DDR policymakers and practitioners should be aware of the demands of and approaches to budgeting DDR in various and often complex contexts. These include:

- The major DDR activities that need to be considered and their associated costs;
- Planning and budgeting for DDR processes in mission and non-mission settings;
- The standard UN financial mechanisms and frameworks used for DDR funding and financial management.

4. Guiding principles

IDDRS 2.10 on The UN Approach to DDR sets out the main principles that guide all aspects of DDR processes. This section outlines how these principles apply to the planning and management of finance and budgeting for DDR.

4.1 Unconditional release and protection of children

DDR planning shall prioritize the immediate release of children associated with armed forces and groups, irrespective of the status of peace negotiations and/or the development of DDR programmes and DDR-related tools. While child protection agencies have dedicated budgets to support the unconditional separation of children from armed groups and forces and their further support until their successful reunification with families and social reintegration, all stakeholders must appropriate adequate funding resources to identify and support the unconditional release of children and their handing over to child protection agencies in line with their role in the DDR process. Sufficient long-term funding is required to implement effective child-sensitive DDR processes. Funding should be made available through a funding mechanism that is independent of, and managed separately from, DDR processes for adults. This funding should be planned for at the outset.

4.2 Gender responsive and inclusive

DDR budgets shall be gender responsive. The formulation of a gender-responsive budget is a way of ensuring that female-specific interventions will be sufficiently funded and that equal attention is paid to females and males. To encourage accountability and transparency, budgetary processes should ensure the participation of a DDR gender adviser, women's organizations and community members.

In line with the Sustainable Development Goals, all project data, including budgetary allocations, shall be capable of being disaggregated by gender. In other words, costs associated with targeting women, girls, men and boys shall be clearly evident in budgets. Gender considerations shall inform the costing and financing of DDR processes. This is particularly relevant where activities directly target former members of armed forces and groups and/or specific communities and community members. See IDDRS 5.10 on Women, Gender and DDR.

4.3 Flexible, accountable and transparent

4.3.1 Flexible, sustainable and transparent funding arrangements

Flexible, sustainable, predictable, sufficient funds with transparent funding arrangements are essential for DDR. The multidimensional nature of DDR requires an initial investment of staff and funds for planning and programming, as well as accessible and sustainable sources of funding throughout the different phases of implementation. Funding mechanisms, including trust funds, pooled funding and the criteria established for the use of funds, shall be flexible.

4.3.2 Accountability and transparency

To build confidence and ensure legitimacy, and to justify financial and technical support by international actors, DDR shall, from its inception, be predicated on the principles of accountability and transparency. These principles apply to financing and budgetary processes as well. Like the overall planning and management of DDR, budgeting and financing shall be flexible and adaptable. They shall be conducted via a transparent mechanism that can inform independent monitoring, oversight and evaluation of DDR and its financing mechanisms.

4.4 Nationally and locally owned

Even when receiving financial and technical assistance from partners, it is the responsibility of national Governments to ensure coordination between Government ministries and local Government, between Government and national civil society organizations, and between Government and external partners. A national Government may make contributions to the financing of DDR from exchequer funds and consider this part of exercising national ownership. DDR planners should be aware that domestic contributions can be unreliable and difficult to predict, depending on the extent to which Government and the nation's finances are in recovery from conflict. Though financial and material resources are often located in the UN or other international partner entities and donors, some element of domestic leadership of DDR should remain with

the Government and the lead national DDR institution (see IDDRS 3.30 on National Ownership and National Institutions in DDR). For example, when resources are going directly to an implementing partner, it is important that the Government participate in the oversight of the activities of that partner, both from a technical and financial perspective. If relevant, the UN and other partner agencies shall work to increase the capacity of the Government and the national DDR institutions to manage and/or participate in DDR budgeting and the project cycle of the DDR processes (see IDDRS 3.30 on National Ownership and National Institutions in DDR and IDDRS 3.40 on Logistical Support for DDR).

5. Considerations for budgetary planning

In addition to the principles outlined above, certain generic considerations apply to planning the financing and budgeting of DDR. These are as follows.

5.1 Harmonization with other post-conflict planning mechanisms

Planning and budgeting for DDR shall be harmonized with other assessment, planning and financing mechanisms that are established to manage and allocate financial resources for transition and recovery needs. Ways to accomplish this may include a single framework for managing multiple sources of funding and coordinating funding mechanisms, thus ensuring that resources are used to deal with common priorities and needs (see IDDRS 3.10 on Integrated DDR Planning: Processes and Structures).

5.2 Minimizing duplication and maximizing synergies

The UN shall avoid duplicative, high-cost administrative structures for fund management in-country, as well as unnecessary duplication in DDR activities. Tapping into multiple budget sources should not be perceived as an exercise in competition but rather in synergy.

5.3 Flexibility, contingency and risk management

Wherever possible, cost estimates should be based on thorough assessments (see IDDRS 3.11 on Integrated Assessments for DDR). In the absence of concrete information, the UN shall make the assumptions/estimates needed to carry out planning and budgeting for DDR. The planning and budgetary process shall take into account realistic worst-case scenarios and build in sufficient financial flexibility to deal with potential political and security contingencies that may affect DDR. With appropriate flexibility, this applies to both earmarked and un-earmarked funds.

Flexible financing helps UN entities to fulfil their unique mandates with the right balance of regular and other resources. Budgeting for DDR should be flexible enough to allow DDR practitioners to be responsive to the changing and challenging environments in which DDR is implemented. In principle, having access to flexible financing allows DDR practitioners to plan for complex interventions and to manage risks associated with funding sources.

The absence of adequate, timely and sustained funding within a workable financial framework is often a major impediment to DDR operations. This presents the following concrete challenges, particularly to DDR planners of reintegration programmes.

- **Funding gaps.** DDR processes may experience a funding gap, which can be eight to twelve months from the time contributions are pledged to the time they are received. Where there is no assessed contribution (non-mission settings), there may be an initial gap between the development of the process and when funding is received. DDR practitioners engaged in the planning and implementation of DDR processes should be particularly conscious of the dangers of creating a time and resources gap between the disarmament and demobilization phases of the programme and the reintegration phase. Transitional reinsertion assistance and/or community violence reduction (CVR) programmes may be used as stopgap measures (see IDDRS 2.30 on Community Violence Reduction and IDDRS 4.20 on Demobilization).
- **Uncertainty regarding the peacekeeping budget.** When DDR takes place within a peacekeeping operation, the mission budget can be used to support the process. However, lack of long-term predictability of funding, lack of knowledge about what can or cannot be assumed under this source of funding, lack of clarity about the budgetary process, and reluctance of Member States to fund reintegration from the peacekeeping assessed budget may limit contributions from the regular budget to DDR.
- **Competition for resources.** Sometimes sourcing funding for DDR can create competition between what are essentially cooperating agencies with shared goals in peacebuilding. Such an approach to DDR may result in poorly planned and synchronized resource mobilization activities and duplication of administrative structures, reducing effectiveness and efficiencies and negatively impacting recipient and donor confidence in DDR. This, in turn, may diminish the willingness of donors to contribute funding to DDR.
- **External and contextual factors.** Some external and contextual factors will affect the levels of funding available for DDR. During the planning stages, DDR practitioners shall accurately and realistically assess the prospects for flexible and reliable funding. Sufficient resources shall be available for all aspects of the DDR process that are to be operationalized in a given environment. If there is no guarantee of reliable funding for reintegration, then UN practitioners shall not advocate for or start the DDR process. This applies in the case of children, whose release and protection should be unconditional. Any assessment of the prospects for reliable funding should complement assessments of the conflict, security and other risks to DDR in the given context (see IDDRS 3.11 on Integrated Assessments for DDR).

5.4 Accountability

The UN, together with relevant bilateral or multilateral partners, shall establish rigorous oversight mechanisms (such as audit offices) at the national and international levels to ensure a high degree of accuracy in monitoring and evaluation, transparency and accountability. These tools ensure that the use of funds meets the process objectives and conforms to both the financial rules and regulations of the UN (in the case of the assessed budget) and those of donors contributing funds to the DDR process.

5.5 Transition planning

As established in IDDRS 3.10 on Integrated Planning: Processes and Structures, the dynamic nature of DDR processes and the principle of national ownership dictate that DDR planning enable such processes to evolve towards full assumption of DDR functions by national actors. Transition planning shall at least include a real-time assessment of the outcomes of the DDR process, the extent to which ex-combatants and the security dynamics present risks to stability, the extent and effectiveness of other existing projects that will persist post-DDR, and the availability of funds.

From the planning stage, budgeting should be informed by a strategic consideration of exit. Any exit strategy should emphasize sustainability of impact and be tailored to the context in which DDR is implemented. DDR policymakers and practitioners shall plan for exit and should not assume that financing for current DDR activities will be followed by extension or additional financing.

Donors may approach exiting on a case-by-case basis, or via indirect/informal or formal approaches to transition that utilize specific policy or development cooperation criteria.

DDR practitioners shall explicitly plan for budgetary implications of exiting DDR for which there are three generic approaches that may or may not be combined to ensure a sustainable and responsible exit: (i) phasing down, (ii) phasing out and (iii) phasing over. Phasing down approaches involve reducing programmatic engagement over time. Phasing out approaches involve reducing programmatic engagement without handing over any aspect of the intervention to any other actors or institutions. Phasing over approaches involve transitioning aspects of the intervention to other actors or institutions.

From the planning stage, budgeting should be informed by a strategic consideration of exit.

DDR practitioners, particularly those managing the operationalization of DDR, should bear in mind that decisions by donors, including Member States, to withdraw may be driven by a variety of reasons, including political motivations or shifts in official development assistance strategies. Regardless, DDR policymakers and practitioners shall plan and budget for exiting. This budget should be informed by realistic time frames, careful and mutual planning, consultation and flexibility (see IDDRS 3.20 on DDR Programme Design).

6. Approaches to budgeting

Funding requirements and funding sources vary considerably, depending on the DDR process, the context in which it is implemented, and the degree of integration with other peacebuilding and socioeconomic recovery programming. DDR practitioners should apply best practices of results-based budgeting in use by the UN system as appropriate.

6.1 Results-based budgeting

Organizations define RBB in different ways; however, all definitions revolve around the concept of aligning resources behind results. In any organization, RBB is shaped by the context in which that organization operates; the way in which it is structured,

including the modes of engagement at various levels of work; and the degree of flexibility around the funds it receives or mobilizes. The same applies to planning and managing DDR budgets:

- Practitioners should justify resource allocations based on a model of predefined objectives, expected results, outputs, inputs and performance indicators that together constitute a 'logical framework' (see IDDRS 3.10 on Integrated DDR Planning: Processes and Structures).
- The results expected should justify resource requirements, which are derived from, and linked to, outputs to be delivered, with a view to achieving such results.
- Actual performance shall be measured by predefined performance indicators contained in the DDR results framework and social change model (see IDDRS 3.10 on Integrated DDR Planning: Processes and Structures and IDDRS 3.50 on Monitoring and Evaluation of DDR).

Put simply, for DDR, RBB requires: (i) use of a logical framework for informed budgetary decision-making, (ii) resources justified by results and (iii) the incorporation of performance measurements into the budgetary decision-making process.

Within a results-based budgeting framework, gender-specific categories shall be included, such as:

- Specific results related to gender adviser(s);
- Gender training (for programme staff, Government officials, ex-combatants, supporters and dependants) and its inputs (trained staff, adequate facilities);
- Gender-specific activities (e.g., gender training, peer education programming);
- Female-specific activities (e.g., job training for female ex-combatants, counselling for the survivors of sexual and gender-based violence) and its inputs (trained staff, adequate facilities).

DDR practitioners shall define expected results at the beginning of the planning and budget cycle, before implementation. Thus, RBB for DDR will shift focus from output accounting (activities) to results-based accountability (indicators of achievements and impact). In DDR, RBB should be a dynamic process, providing feedback throughout the full process cycle: planning, programming, budgeting, and monitoring and evaluation.

7. DDR strategic plan and budgeting in mission and non-mission settings

The budgeting strategy for DDR should be part of any DDR strategic plan (see IDDRS 3.10 on Integrated DDR Planning: Processes and Structures). The budget should show the division of labour and the relationships among different national and local stakeholders, UN departments, agencies, funds and programmes. The planning process to develop the budgeting component of the DDR strategic plan should include the relevant national stakeholders, UN partners, implementing local and international partners (wherever possible), donors and other actors. The budgeting component shall include a definition of DDR process and resource management arrangements, and the roles and responsibilities of key national and international stakeholders (see IDDRS

3.21 on DDR Process Stakeholders). DDR programme budgets, including those of agencies, funds and programmes, should allot a minimum of 20 per cent of the budget to all gender-related activities and female-specific interventions, including expertise and programmes to address sexual and gender-based violence.

7.1 Considerations for financing integrated DDR in mission settings

When drawing up a budget, the following considerations should be taken into account:

- It is necessary to accurately cost process requirements during the assessment/process design phase in consultation with all key stakeholders (particularly national authorities, main donors and partners).
- Where relevant and possible, costing of DDR activities should be carried out within a single framework (i.e., covering all aspects of DDR that will be implemented and all phases of mission planning and process development), including a common results-based matrix with corresponding funding sources. This framework should fit in with, and be linked to, other funding frameworks (humanitarian response plans, multiyear humanitarian response plans, Recovery and Peacebuilding Assessments, etc.), pooled funds under UN Sustainable Development Cooperation Frameworks or UN Development Assistance Frameworks, and other bilateral and multilateral sources.
- Budgeting for funding UN DDR activities should be carried out with a clear understanding of the division between national and international implementation responsibilities, and should be closely coordinated with the development and funding of the national DDR policy and other domestic policies, including those that more broadly encompass stabilization and conflict recovery.
- When the Security Council establishes a mission with mandated DDR functions, components that will ensure gender equity should be adequately financed through the assessed budget of UN peace support operations and not voluntary contributions alone.
- Donor harmonization should be led by the national Government, possibly via the national institution with designated responsibility or relevant line ministry, provided that the Government has capacity and that appropriate oversight mechanisms compliant with international best practices exist.
- As far as possible, the identification of funding needs, sources and methods should be integrated with broader post-conflict recovery strategy and funding frameworks (including management and governance structures).

For DDR in mission contexts, the peacekeeping assessed budget process within the UN system is important. While other funding sources are available, the peacekeeping assessed budget process requires complex planning considerations for DDR processes in the peacekeeping context as well as synchronizing with timelines that start a year before the availability of the budget.

Within the UN, DDR operational funding may be used to fund all DDR processes. DDR operational funding supports reinsertion, CVR, and weapons and ammunition (WAM) activities undertaken in UN peacekeeping operations as short-term projects.

Failure to align reintegration with Recovery and Peacebuilding Assessments, national and regional recovery strategies and interventions, and a realistic appraisal of conflict dynamics and socioeconomic opportunities will exacerbate inefficiencies and create parallel processes and institutions.

8. The peacekeeping assessed budget of the UN

The peacekeeping assessed budget of the UN is an important source of funding for DDR. It is normally established for one year and covers the four major categories of expenses:

- Military costs (troops, military observers and equipment);
- Personnel costs (international and local staff members, consultants, etc.);
- Operational costs (logistics and limited process implementation costs)
- Disarmament and demobilization (including reinsertion and, by extension, CVR and WAM).

8.1 Categories that may be funded by the peacekeeping assessed budget

Guided by the Secretary-General's definitions and General Assembly resolution 59/296, the list below itemizes the categories that may be funded by the peacekeeping assessed budget.

- Personnel costs (international and local staff members, consultants, gender experts, etc.);
- Equipment for disarmament and demobilization sites;
- Infrastructure and logistics;
- Operational costs for disarmament and demobilization;
- Transportation (air and ground);
- Rations (food supply);
- Civilian clothing and other non-food items;
- Small-arms control projects;
- DDR training, including of national stakeholders;
- Reinsertion, Quick Impact Projects;
- Public information activities in support of the DDR process;
- Reinsertion support for the demobilization of combatants for up to one year after disarmament; and
- DDR-related tools (including CVR and WAM).

9. Budgeting for DDR in non-mission settings

Budgeting for DDR in non-mission settings involves budgeting for specific aspects of DDR, including advisory services and DDR-related tools (which also can be used in mission settings – see IDDRS 2.10 on The UN Approach to DDR). Budgeting should be tailored to the scope of the intervention and the context in which the intervention will be deployed. Donors should be asked to allocate funds to female-specific interventions and gender training.

Resource planning should be done in full recognition of the cost of implementing activities in complex conflict environments and the absorptive capacity of domestic institutions and implementing partners. This is particularly important for community-based reintegration activities, where much of the emphasis is on direct expenditure to participants and communities and the associated communications or sensitization activities.

By virtue of being a long-term intervention, normally reintegration will require dedicated funding tracks that will need support over an extended period. When reintegration is part of a DDR programme, insufficient or delayed funding for reintegration may undermine all gains made during demobilization, disarmament and Reinsertion. More generally, failure to align reintegration with needs assessments, national and regional recovery strategies and interventions, and a realistic appraisal of conflict dynamics and socioeconomic opportunities will exacerbate inefficiencies and create parallel processes and institutions.

By virtue of being a long-term intervention, normally reintegration will require dedicated funding tracks that will need support over an extended period.

As established in IDDRS 2.30 on Community Violence Reduction, in mission settings, CVR will be funded through the allocation of assessed contributions. Therefore, where appropriate, planning for CVR should ensure adequate linkages with support to the reintegration of ex-combatants and associated groups. In non-mission settings, funding for CVR will depend on the allocation of national budgets and/or voluntary contributions from donors. Therefore, in instances where CVR and support to community-based reintegration are both envisaged, they should, from the outset, be planned and implemented as a single and continuous programme.

10. Financial management

Where possible, DDR should develop and utilize a single structure for managing and coordinating:

- The receipt of funds from various funding sources and mechanisms;
- The allocation of funds to specific projects, activities and implementing partners; and
- Adequate monitoring, oversight and reporting on the use of funds.

To achieve these goals, the structure should ideally include:

- A coordinated arrangement for the funding of DDR that would be administered by either the UN or jointly with another organization with an agreed structure for joint coordination, monitoring and evaluation; establish a direct link with integrated DDR planning and programming frameworks;
- All key stakeholders on DDR, while ensuring the primacy of national ownership; bring together within one framework all available sources of funding, as well as related methods (including trust funds and pass-through arrangements, for instance), in order to establish a well-coordinated and coherent system for ensuring flexible and sustainable financing of DDR.

10.1 National role and coordination

The establishment of a financial and management structure for funding DDR should clearly reflect the primacy of national ownership and responsibility, the extent of direct national implementation and fund management, and the nature of UN support. In this sense, a DDR funding structure should not be exclusively oriented towards UN management and implementation, but rather be planned as an 'open' architecture to enable national and other international actors to meaningfully participate in the DDR process, including through provision of the Government's own resources. To ensure national participation, meaningful national ownership should be reflected in the leadership role that national stakeholders should play in the coordination mechanisms established within the overall financial and management structure.

In any given context, there may be multiple peacebuilding or stabilization projects that are financed by different donors. These projects may have been designed and implemented without an integrated assessment or shared data. In such a situation, the UN and the Government and national DDR institution should work to ensure that there is:

- A framework for donor cooperation;
- Shared analytic work and preparation of next stages in the projects, where relevant; and
- A focus on efficiency, which may include delegating cooperation among donors.

10.2 Administration of funds

The organization responsible for the administration of funds is responsible for establishing and maintaining appropriate records and accounts to identify financial contributions and arrangements established within the funding structure, the commitments to be financed out of the contributions, and the receipt and disbursement of these funds, in accordance with specified arrangements.

If multiple mechanisms are established to manage receipt of funds (such as two separate trust funds covering different funding areas or sources), multiple Administrative Agents (AAs)¹ will be required. To avoid confusion, the same standards and criteria for allocating, monitoring and reporting funds should be adopted.

10.3 Fund management mechanisms and methods

Mechanisms for receiving and managing funds include the following:

10.3.1 Pooled funding

Under this option, participating UN organizations pool funds within one UN organization, chosen jointly by the coordination committee of the DDR financial management structure, which will assume the responsibility of administering the funds. This organization, known as the AA, will support the partners authorized to manage and implement the joint process of activities identified for these funds. Process and financial accountability for UN support to the joint process will rest with the AA. This fund management option is likely to be the most effective and efficient when participating UN organizations (PUNOs) work for the same results with a common national or sub-national partner.

10.3.2 Pass-through funding

Pass-through funding can be used to support a stand-alone joint programme. Under this option, two or more UN organizations develop a joint DDR programme, identify funding gaps and submit a joint programme document to donor(s). If the donor(s) and the PUNOs agree to channel the funds through one UN organization, then the pass-through modality applies. The pass-through modality has an AA, responsible for fiduciary management and financial reporting, and a Convening Agent, which is accountable for coordination of programmatic activities and narrative reporting. In such a case, the administrative agreement would be jointly selected by the DDR coordination committee. Programmatic and financial accountability should then rest with the participating organizations and (sub-)national partners that are managing their respective components of the joint process.

10.3.3 Cost sharing

Cost sharing is a procedure for receiving and managing funds for objectives, activities and results within a specific project or process managed by a single UN agency. Given the relatively higher transaction costs involved in these arrangements, cost sharing should be used exclusively for specialized projects not foreseen in the initial process document; smaller projects for implementation before the main funding mechanisms are established; funding with special arrangements; and projects that serve as a bridge to other processes and, therefore, require different management arrangements. Although funding is tied to specific projects and UN entities in this method, its use should nonetheless be governed by the DDR coordination committee and the applicable criteria, procedures and reporting requirements.

10.3.4 Trust funds

A trust fund is a mechanism used to receive and manage donor funds to achieve a broad aim rather than carry out a specific project. As such, it is established as a separate accounting entity with a designated trust fund manager (an AA, in this case), as well as a governance structure that decides on the allocation of received funding, and is responsible for monitoring and evaluating how funds have been used. When located within an overall funding structure, trust funds would be linked or merged with the coordination committee and its respective subsidiary organs. In general, funds channelled through a trust fund are not initially allocated to a particular project, and can therefore later be allocated to specific projects or activities working to achieve the broad aim of the process, based on the discretion of the DDR funding structure and the process of work the trust fund is supposed to support, which can be a part of the overall DDR process (e.g., covering reintegration activities).

10.3.5 Coordination of planning, monitoring and reporting

To ensure that the DDR funding structure reflects the overall strategic direction and substantive content of the DDR process, all funding decisions and criteria should be based, as far as possible, on the planning, results, and monitoring and evaluation frameworks of the DDR process and action plan (see IDDRS 3.50 on Monitoring and Evaluation of DDR). For this reason, DDR planning officers should participate at all

levels of the fund management structure, and the same information management systems should be used throughout. Changes to DDR strategy should be immediately reflected in the way in which the funding structure is organized and approved by the key stakeholders involved.

Annex A: Abbreviations

AA	Administrative Agent
CVR	community violence reduction
PUNO	participating UN organization
RBB	results-based budgeting
WAM	weapons and ammunition management

Endnotes

- 1 The AA is the administrative interface between the donors contributing to a particular fund or programme and the participating UN organizations (PUNOs). The AA adheres to the financial regulations and rules, policies and procedures of the UN organization to which the AA belongs, including those specific to the AA function. PUNOs typically will decide on the AA for the fund/programme in accordance with the terms and conditions set out in the requisite memorandum of understanding. The entity selected as AA is typically best placed to fulfil the AA functions for that particular fund/programme, and is frequently (but not necessarily) also a PUNO. The AA will accept this appointment on the understanding that the PUNOs assume full programmatic and financial accountability for the funds disbursed to them by the AA. This appointment will continue until it expires upon the delivery of the certified final financial statement to the donor(s), or is terminated in accordance with the relevant memorandum of understanding. See, for example, UN Fiduciary Management Oversight Group, “Protocol on the Administrative Agent for Multi Donor Trust Funds, Joint Programmes, and One UN Funds”, September 2015.

NOTE

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