REMARKS BY
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FINANCING OF THE UNION AND THE PEACE FUND
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Mr. President, Excellencies

It is an honor and a privilege to be here for this important debate.

I would like to thank the Presidency, Bolivia, and the entire membership of the Council for inviting me to make a contribution to the update by the African Union to the Security Council on Resolution 2320, with a special focus on the African Union’s Peace Fund.

Over the years, and as the nature of international peace and security threats has evolved, various high-level reports and recommendations have made three key points consistently:

- **First**, that the crises the World faces today are often so complex that no one single organization is able to provide the needed response,

- **Second**, that regional organizations bring a comparative advantage to the table and,

- **Third**, that there is a need for financing mechanisms that are predictable and sustainable, rather than voluntary and **ad hoc**. A well-funded African peace and security architecture is not simply an African priority; it is a global public good.

Since the adoption of Resolution 2320 on 18 November 2016, a significant amount of work has been undertaken.

I would particularly like to commend the work undertaken by the UN Secretariat and the Commission to follow up on the relevant provisions of Resolution 2320, particularly the consultative process undertaken between March and April 2017.

I am pleased to note that this consultative process was conducted in the spirit of true partnership and collaboration and I look forward to seeing more processes of this nature between our two organizations.

One of the key issues on which the Council asked to be updated on in Resolution 2320 was progress on the operationalisation of the AU Peace Fund including the overall benchmarks and timelines.
Over the past few months, the detailed governance arrangements for the Peace Fund have been developed. These were presented to the AU Peace and Security Council on 30 May 2017 and I am pleased to say the proposals were fully endorsed.

Let me briefly recap the proposed governance arrangements:

As High Representative for the Peace Fund, I was requested to put forward ideas on how the Peace Fund could be financed, structured, governed, for the peace and security challenges of today, in a much more predictable way avoiding over reliance on multiple unpredictable funding channels.

The July 2016 AU Assembly adopted the proposal that the Peace Fund will be structured around three Windows:

- Window 1 - Mediation and Preventive Diplomacy
- Window 2 - Institutional Capacity
- Window 3 - Peace Support Operations

Alongside the above the Crisis Reserve Facility (Revolving Trust Fund) provided for by Article 21 (4) of the PSC Protocol on Peace and Security will be established within the Peace Fund to enable rapid responses to unforeseen crises, from any unutilized balances.

The AU Policy Organs, particularly the PSC, have the political authority to guide the activities of the Peace Fund. The AUC Chairperson supported by an Executive Management Committee will oversee the Fund’s Operations.

A Board of Trustees will be put in place to ensure strategic coherence, enhanced governance, financial and administrative oversight of the Fund. External partners to the Fund will be invited to nominate two representatives to the Board.

An Independent Evaluation Group will provide periodic evaluation on the use and impact of the Fund. A dedicated Peace Fund Secretariat will be established within the Commission to manage day to day operations and will report to the Executive Management Committee.
An independent Fund Manager will be recruited to ensure the highest standards of accountability and compliance with fiduciary rules and procedures in the management of the Fund.

This structure reflects international best practice in terms of fund governance arrangements. But it has been adapted to reflect the fact that the African Union is an inter-governmental organisation.

It is for this reason that the Fund will only finance activities that have emanated from a Decision by a competent AU Organ, in this case, the Assembly, the Peace & Security Council and the Chairperson in line with the powers set out in the Protocol.

With respect to the timelines for implementation, the Chairperson of the African Union Commission has committed himself to expediting the operationalization of the Peace Fund governance arrangements in 2017.

The adoption of the Peace Fund Instrument and nomination of the Board of Trustees will take place by July 2017. This will be followed by the establishment of the Peace Fund Secretariat, recruitment of the Independent Fund Manager and nomination of the Independent Evaluation Panel by the end of the year.

With these new governance arrangements, the AU Peace Fund will provide a more effective instrument, via which the AU and her friends in the International Community can work together to promote the cause of peace and stability in Africa and the World.

I am pleased to say that by May 2017, and in advance of the new governance arrangements being established, 14 AU Member States had made their contribution to the Peace Fund. These contributions represent just over 12% of the target amount of $65m for 2017.

As part of my new expanded mandate which is now focused on the overall Financing of the Union, I will be focusing most of my time on resource mobilisation from AU Member States in line with their financial commitments to the AU. I am confident, that this year’s target for the Peace Fund can be met.
While AU Member States are primarily responsible for financing the Peace Fund, partnerships will continue to play a vital role in supporting peace and security activities of the African Union. Deepening co-operation with partners, both traditional and emerging ones is therefore imperative.

The current international peace and security architecture is under significant pressure given the complexity of the peace and security challenges that the world faces today.

Forging an effective partnership between the United Nations and the African Union is therefore of the greatest strategic importance to our collective security. In this respect, the AU-UN financing partnership is critical in that it offers a pathway to predictable financing of AU peace support operations.

This enhanced form of partnership must necessarily be based on the two organizations' respective authorities, competencies and capacities. It must also observe principles of burden-sharing, consultative decision-making processes, comparative advantage, division of labour and mutual accountability.

There should be no illusion as to the political complexity of this matter. However, to the extent that there is agreement on the urgency of improving the international peace and security architecture to address today’s security challenges, arriving at a shared solution for predictable and sustainable financing for AU mandated and authorized peace support operations authorized by the Security Council is a strategic imperative for both the AU and the UN.

Mr. President, thank you again for inviting me and I wish you successful deliberations.