2016 ANNUAL REPORT

to

The Government of Timor-Leste

January – December 2016

Pathways Towards Resilience
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I am confident to say that the g7+ is a unique group of countries affected by conflict affected countries that represents the voice of nearly 1.4 billion people living in fragile situation. Since its inception as the only group of counties at the lowest ladder of the development, the g7+ has managed both to influence the international agenda for countries in fragility or affected by conflict, and to achieve results on the ground in helping some of our member countries on the path towards resilience.

Our successes would not have been possible without the support the g7+ Secretariat received from the Government of Timor-Leste, National Parliament, the g7+ Ministers and Focal Points in our 20 member countries, development partners, CSO representatives and from committed individuals from various professional backgrounds.

We are very delighted to present the 2016 Annual Report of the g7+ Secretariat, which highlights key progresses and challenges faced by the g7+ both at home and abroad.

On behalf of the g7+ Secretariat team, I sincerely thank the Government of Timor-Leste for hosting the Secretariat in Dili and for providing financial support to g7+ activities. We express our special thanks to the previous Chair of g7+, H.E. Dr. Kaifala Marah (March 2014 - April 2016) and current Chair, H.E. Momodu L. Kargbo, Minister of Finance and Economic Development of Sierra Leone; H.E. Kay Rala Xanana Gusmão, g7+ Eminent Person for their guidance and leadership.

Our heartfelt thanks also to the g7+ Focal Points for their cooperation and assistance; and to all the stakeholders in Timor-Leste and abroad for their inspiring commitment and support to the noble cause of the g7+. May this support continue in the years to come, and lead us to even bigger and better successes!
Executive Summary

The g7+ group is built upon principles of voluntarism, solidarity, and cooperation. This Annual Report recounts progress against our five work priorities: (1) Implementation of the New Deal; (2) Policy Impact; (3) Strengthening g7+; (4) Peer Learning through Fragile-to-Fragile Cooperation; and (5) Implementation of Agenda 2030.

The g7+ has achieved some major milestones in terms of advancing the vision of the g7+ in the year 2016, which were the fruit of many years of past labor and political and financial support from Timor-Leste and other member states. Timor-Leste, the hosting country of the g7+ Secretariat and its major donor, has played a leading role in promoting the g7+ agenda. As one of the youngest nations, Timor-Leste has demonstrated leadership at the global level in contributing to the noble cause of making and building peace in countries affected by conflict.

Despite several challenges, the g7+ secretariat has sought to support its member countries in realizing the New Deal principles. It has focused on making the New Deal principles relevant to guide the policies aimed at countries in fragile situation.

The g7+ group has advocated for increased and better support for the countries in fragile situation. Owing to such advocacy, IDA 18 (International Development Association) allocation to fragile countries has been doubled. The advocacy work has also centered on highlighting the specific needs of countries affected by conflict and fragility in various policy forums at global level. This includes, in particular, raising the importance of country led and sustainable peace as a precursor for social and economic development.

Consolidating the g7+ group has been critical in advancing the common position of the member countries. The success of such advocacy depends on providing evidence based policy proposition. Peer learning under the Fragile-to-Fragile cooperation has proved instrumental in this regard. Building on the principle of solidarity, the group has been carefully building cooperation among the members to exchange knowledge in peace and statebuilding.

Furthermore, the g7+ Secretariat has managed to build and consolidate relations with various stakeholders. The Secretariat signed Memorandum of Understanding (MoU) with United Nations Development Programme (UNDP) and the World Bank. The objective of such agreements are to formalize the partnership to mobilize support for the member countries.

Some of our member countries experienced renewed periods of crisis during 2016, and the g7+ expresses its solidarity with the people of Central African Republic (CAR), Yemen, Burundi, South Sudan, Somalia and others. However, there have been many positive examples of supporting resilience too, in particular with the help of the Government of Timor-Leste, through the Fragile-to-Fragile Cooperation activities. This includes financial contribution of USD 1.5 million from the Government of Timor-Leste to CAR for the purpose of resettling of the internally displaced peoples (IDPs). Such support is complemented by the solidarity demonstrated by the g7+ group with CAR through advocating for financial and political support.

During 2016, the g7+ as a group and its secretariat faced numerous challenges that hampered our progress. These challenges, however, also presented opportunities to learn lessons that can be important to advance the noble cause of the group.
1. Background Information about the g7+

Established in April 2010 in Dili, Timor-Leste, the g7+ is a voluntary intergovernmental organization of countries affected by conflict and fragility who share similar development challenges, and who decided to come together in a spirit of voluntarism, solidarity and cooperation. The g7+ provides a platform for member countries to advocate internationally and nationally for effective development cooperation policies tailored to the national context and framed around the New Deal’s five Peacebuilding and Statebuilding Goals (PSGs).

The founding members of the g7+ are Afghanistan, Central African Republic, Cote d’Ivoire, Democratic Republic of Congo, Haiti, Sierra Leone and Timor-Leste. Today, the g7+ is composed of 20 countries with the additions of Burundi, Chad, Comoros, Guinea, Guinea-Bissau, Liberia, Papua New Guinea, Somalia, Solomon Islands, South Sudan, Togo, Sao Tome & Principe and Yemen.

1.1 Hosting of the g7+ Secretariat by Timor-Leste

As agreed, at the Lomé g7+ Ministerial Meeting, the g7+ secretariat has been hosted as independent institution in Dili, Timor-Leste. The hosting arrangement is administered by a Headquarters Agreement signed between the g7+ Secretariat and the Government of Timor-Leste in 2014. In February 2016, a more wide-reaching Memorandum of Understanding (MoU) covering the period January 2016 to January 2021 was signed by H.E. Dr Rui Maria de Araújo, Prime Minister of Timor-Leste, and Dr. Helder da Costa, g7+ General Secretary.

1.1.1 Why Timor-Leste as a host of the g7+ Secretariat?

Timor-Leste is a good example of how to emerge from conflict and build peace, in a nationally-owned and sustainable way. Being one of the leading countries in the g7+, enables Timor-Leste to both share its experience with countries less fortunate, and to build a positive external image of the country as a peaceful and visionary place.

As the former Vice Minister of Foreign Affairs and Cooperation, H.E. Constancio Pinto, stated: “The g7+ advocacy work complements the foreign policy goals of Timor-Leste in promoting a lasting peace and prosperity in the world.” Timor-Leste’s membership of the g7+ also complements its membership of the CPLP, which is a platform for mutual solidarity and peer-to-peer learning. As a small country, and one of the youngest democracies, Timor-Leste cannot afford to be isolated from its regional partners, but must instead seek strong partnerships. Against the above background, the Government of Timor-Leste has demonstrated its leadership in advancing the agenda of the g7+ group. It has generously supported the activities of the secretariat and thus has enabled the Secretariat to pursue the mandate entrusted to it by the membership.
1.2 Evolution of g7+ and its agenda

The g7+ has emerged as a voluntary organization, from its informal inception in 2008 to now being more institutionalized and a well-recognized voice for countries dealing with fragility, crisis and conflict. It now represents 20 countries in Africa, Asia, Pacific and Caribbean. It has evolved as a focal point for matters related to peacebuilding and statebuilding and have acted as an interface between development partners and countries affected by conflict and fragility.

2. Progress made against the Strategic Priorities of the year 2016

The g7+ convenes annual or biennial Ministerial Meetings, where member countries come together to review progress, and identify new priorities. In the 2016 Ministerial Meeting held in Kabul, Afghanistan (See Kabul Communique), the g7+ identified and agreed on the following five priorities for the years 2016-2017s and this report highlights key milestones achieved during the year 2016.

1. New Deal Implementation
2. Policy Impact
3. Strengthening the g7+
4. Peer Learning
5. Implementation of the global Agenda 2030

2.1 The New Deal for Engagement in Fragile States

The key document formalizing the g7+ group’s demands from and commitments to international development partners is the New Deal for Engagement in Fragile States. The New Deal was negotiated and finalized through a joint platform of donors, civil society and the g7+, the International Dialogue on Peacebuilding and Statebuilding (IDPS), and was agreed in 2011 at the 4th High Level Forum on Aid Effectiveness in Busan, Republic of Korea. The New Deal has been endorsed by more than 45 countries and organizations. It calls for development actors to FOCUS on country-led pathways towards resilience, using PSGs as guiding principles and building mutual TRUST through new ways of working together.

2.1.1. The New Deal Implementation

The realization of the New Deal principles involves reforms in the policies both at international and national levels. In each of the cases, the g7+ Secretariat facilitates and participates in dialogues to advocate for the needed reforms. In addition, it provides policy tools to facilitate the implementation of the New Deal Principles. It also provides assistance to member countries through sharing of knowledge and mobilizing sharing of experience.

“The g7+ is becoming an increasingly influential constituency on the world stage” – Sarah Hearn, Independent Review of the New Deal, 2016.

At the international level, the New Deal principles have become a reference framework for development and humanitarian assistance for bilateral and multilateral development organizations.
During 2016, the secretariat focused on making practical cases to prove the relevance of the New Deal principles in the changing environment. It includes revising and consolidating the fragility spectrum through enriching it with lessons identified by countries that have conducted fragility assessments.

At country level, the New Deal implementation is progressing, with different countries using different aspects of the New Deal framework according to their contexts. Four member countries conducted fragility assessments with Timor-Leste and Sierra-Leone conducting the second phase of the assessment during the year 2016. New Deal Compacts have been signed in 2 member countries. Several national aid management policies have adopted the New Deal principles, such as increasing transparency, building capacity and increasing the use of country systems. The g7+ Secretariat has sought to highlight some good examples in its publication entitled “Aid instruments for peace - and state-building: Putting the New Deal into practice” launched in 2016.

While sometimes development partners have been slow to change their planning and activities in line with the New Deal, in other cases, Government ownership of the New Deal has quickly changed partners’ business methods. These were two of the findings of the Independent Review of the New Deal which was carried out in 2015 and finalized in 2016. These findings reflect the g7+ Secretariat understanding that political will and trust between development partners and g7+ Governments may, in some cases, take time. Furthermore, discussions on the New Deal may become too technical or technocratic, rather than focused on the political will and the spirit of partnership and empowerment that the New Deal envisages.

2.1.1 Independent Review of the New Deal for Engagement in Fragile States

An Independent Review of the New Deal, was commissioned by the IDPS (International Dialogue on Peacebuilding and Statebuilding). The New York University (NYU) Center on International Cooperation (CIC), conducted the Review which was launched on 17 April 2016 in Washington. The Review assessed the ways in which the New Deal contributed to behaviour change in partnerships and identified opportunities for strengthening it.

The document produced important recommendations that are being evaluated by the g7+ Secretariat in order to enhance its activities related to supporting members states in the implementation of the New Deal. One of the important findings of the review included. The full Review is available on the IDPS website.

2.2 Policy Impact

The g7+ Secretariat, with the help of g7+ members and leaders, advocates for policy coherence at the global, regional and country level in line with the aspirations of the g7+ and the commitments made in the New Deal. Such advocacy has aimed to ensure that the common position of the g7+ group, in particular the needs of member countries, are highlighted in related policy forums. Activities in this regard include outreach, organizing high level dialogues during important international forums, official visits to member and non-member countries, the use of print and digital media and publication of policy positions. During 2016, the g7+ Secretariat has engaged with the following key stakeholders and international development partners:
Since 2013, the World Bank Group (WBG) and the g7+ have been holding biannual sessions during the Spring and Annual meetings of the WBG and IMF, creating foundations for a long-lasting consultative partnership which aims at tailoring the WBG's engagement in fragile states to reflect contextual realities on the ground.

Increasing the allocation and effectiveness of IDA (International Development Association) resources for countries in fragile situation, Strengthening private sector development, infrastructure investment and job creation were on the top of the agenda of discussions with the WBG in 2016. Major outcome of such engagement included doubling of IDA resource allocation to Fragile states and the signing of an Memorandum of Understanding (MoU) between the WBG management and g7+ Secretariat.

During the WB/IMF Spring and Annual meetings in 2016, the g7+ Ministers and g7+ Eminent Person, H.E. Kay Rala Xanana Gusmão shared their concerns regarding the aid fragmentation as highlighted in the 4th Ministerial meeting of the g7+. Considering the spillover impact of conflict the g7+ reiterated the importance of conflict prevention through addressing the root causes of such conflicts which includes employment generation and strengthening private sector in fragile countries.

The WBG, represented by its president and the senior management reiterated the WBG’s commitment to enhance its support to private sector development in countries in fragile situations. The Bank committed to support the g7+ in implementing the SDGs in contextually sensitive manner.
The g7+ Secretariat facilitates and organizes high level discussion on related forums at Ministerial level during the UN General Assembly (UNGA). The objective of such engagement includes representing the group positions on related matters of peacebuilding and statebuilding.

During the 2016 UNGA, the g7+ Secretariat collaborated with the Peacebuilding Commission (PBC) and hence organized a high level side event with Kenya, the chair of PBC. The meeting’s objective was for the PBC to offer a convening platform for the twenty Members of the g7+ to exchange first-hand experiences, and share with the wider UN Membership unique challenges, well-established practices and milestones achieved during the g7+ countries’ journey towards state-building, sustainable peace and sustainable development.

The meeting was attended by Ministers from g7+ and non-g7+ countries along with the g7+ chair and g7+ eminent Person. The participants unanimously concluded that Sustainable development cannot be achieved without home-grown peace in Fragile and Conflict-affected States. The group of g7+ has been instrumental in informing and systematizing the global policy through sharing and advocating for what works and what doesn’t work in FCS. In this regard, The New deal is the framework that captures those lessons and experiences. Peer learning among the member countries has been very relevant and helpful. It was agreed that the g7+ will collaborate regularly with the PBC and its members to share the perspectives of countries that has hosted UN peacekeeping and political missions. The event was concluded with the official launch of the g7+ foundation. The foundation will function as g7+ think-tank and document countries experience and generate knowledge on peacebuilding and statebuilding.

The UNDP has been a key supporter of the g7+ in the past years, providing funds and assistance to the implementation of the New Deal in-country, covering the travel expenses for g7+ events, and strengthening the g7+ Secretariat capacity. A Memorandum of Understanding (MoU) between the UNDP and the g7+ was signed in April 2016, which enhanced the collaboration between the two institutions. Furthermore, within the framework of cooperation enshrined in the MoU, the UNDP has supported the Secretariat.

In May 2016, the g7+ participated in the first World Humanitarian Summit that took place in Istanbul. It convened 9000 participants from 173 Member States, including 55 Heads of State and Government, hundreds of private sector representatives, and thousands of people from civil society and non-governmental organizations. The United Nations in its 70 years had never come together at this scale. The issues tackled at the Summit are very relevant to fragile, conflict-affected countries and the g7+. The Summit brought to the forefront of global attention the scale of the changes required if we are to address the magnitude of the humanitarian challenges before us. The g7+ was represented at the Summit by its Eminent Person, H.E. Kay Rala Xanana Gusmão, who attended the summit based on invitation from the General Secretary of the UN. The g7+ core messages during the summit included the importance of the country-led reconciliation for peace and investment on economic foundation to create jobs.
• The International Dialogue for Peacebuilding and Statebuilding (IDPS) and its two other constituencies: OECD-INCAF donors and civil society organizations

The g7+ has continued to engage actively with this group, collaborating particularly closely around specific advocacy issues – SDG16, New Deal implementation and private sector development, for example – and in the lead-up to specific events. The g7+ engaged in preparations for the “Stockholm Declaration,” which re-endorsed the relevance of the New Deal as a means of implementing the SDGs, and encouraged development partners to increase the use of country systems, foment smarter aid and a closer links between political and technical support to countries affected by conflict. The g7+ remained active in advocating for particular position of its member countries within the Stockholm Declaration. The members of IDPS reiterated their commitment to the New Deal principles and the contextual realization of the Agenda 2030.

• Visit to the Vatican

Further to the courtesy visit of Archbishop Joseph Marino to Dili, Timor-Leste in March 2016 on the Prime Minister of Timor-Leste H.E. Dr. Rui Maria de Araujo in Dili, the g7+ was informed of the desire to obtain a briefing on the work of the g7+ and of Timor-Leste in other countries, such as the Central African Republic. In light with this, a courtesy visit on the Minister for Foreign Affairs of the Vatican, Mgr. Paul Richard Gallagher was made by General Secretary on 16 July 2016. The General Secretary was accompanied by H.E. Egas da Costa, Ambassador of Timor-Leste to the Vatican and Political Councellor, Mr Orlando of the Embassy of RDTL. The purpose of the meeting was to brief Mgr Gallagher on the work of the g7+ and Timor-Leste in other countries, such as the Central African Republic. Mgr Gallagher appreciated the work of g7+ and in particular Timor-Leste in pursuing conflict resolution and conflict prevention in post-conflict affected states. In particular, Mgr Gallagher recounts the visit of the Pope to Bangui in October 2015 and commends the g7+ group for taking the initiative to help each other under Fragile to Fragile Cooperation.
2.3 Strengthening the g7+

Strengthening of the g7+ as a platform to advocate peace and statebuilding in countries affected by conflict and fragility and share experiences has been a strategic priority of the group. A major milestone in strengthening the g7+ as an Organization was the adoption of the g7+ Charter. Consolidating of the strategic direction of the group by mobilizing consensus among the membership and strengthening of the functional secretariat were focused during 2016.

The 4th g7+ Ministerial Meeting was hosted in Kabul, Afghanistan in 24 March 2016 to agree on strategic priorities for the year 2016/17. The Meeting which was opened by the President of Islamic Republic of Afghanistan, H.E. Ashraf Ghani, provided an opportunity for High-Level dignitaries to take stock of the progress made in their respective countries as well in the work carried out by the g7+. The meeting was concluded by issuing the Kabul Communiqué, which welcomed the adoption of the 2030 Agenda and reiterated the resolve to reconciliation and peace as cornerstones for development. It also reinforced the importance of advocating for sound economic foundations with a focus on job creation, women’s and youth empowerment and private sector development as essential to sustain peace and resilience.

Moreover, the 2016-2017 Work Plan was endorsed and its implementation was entrusted to the g7+ Secretariat. The g7+ Secretariat was mandated to serve the implementation of agreed priorities. The Secretariat presented the annual report and its recommendation which included reminder to the members on their contribution to the g7+ as agreed in the charted.

The g7+ receives voluntary contributions (financial and in-kind) from some of its members, and hopes to count with the contribution of other members in the future in order to ensure the sustainability of the organization’s activities. In addition to the generous support of Timor-Leste as a major donor, Sierra Leone has given a core funding contribution and Togo and Afghanistan have donated in-kind (hosting the Ministerial meetings) assistance. During 2016, the Secretariat received grant in the amount of USD 2,250,000 from the Government of Timor-Leste. The attached audit report showing the detail of financial contribution and expenditure is enclosed in this the report.
Kabul Communiqué

We, the Ministers and Delegates from the g7+ countries, met during the 4th g7+ Ministerial Meeting in Kabul, Afghanistan, on the 23rd and 24th of March 2016.

We applaud the progress made by all countries towards the Peacebuilding and Statebuilding Goals. We congratulate the people and governments of the Democratic Republic of Congo (DRC), Guinea, Liberia and Sierra Leone in overcoming the Ebola crisis of 2015. We congratulate the Central African Republic (CAR) and Togo for their successful elections and we look forward to Somalia’s upcoming electoral process.

Despite progress, numerous challenges are faced by member countries. We stand in solidarity with the people of Burundi and reaffirm our commitment to see stability re-established. We stand in solidarity with the people of Yemen and support the ongoing peace process. We recognize the signing of a peace agreement in South Sudan and encourage its implementation. Furthermore, we support Afghanistan’s call for a result-oriented regional cooperation to ensure the success of the Afghan peace process and we support Timor-Leste’s call for recognition of its legitimate rights on border delimitations, under international law.

We reiterate our resolve to reconcile and peace as cornerstones for resilience and support political dialogue to that end. We commit to mobilizing influential personalities from within the g7+ to help in promoting peacemaking and peacebuilding. We wish to collaborate with the United Nations and other actors on conflict prevention in our countries. We believe that Civil Society is an important actor in restoring trust between states and citizens and in promoting peace and reconciliation. We call upon Civil Society to constructively engage with the government and other national actors in helping reach inclusive political settlements.

As we remain convinced that sound economic foundations with a specific focus on job creation, women’s and youth empowerment and private sector development are essential to sustain peace and resilience, we call upon development partners to help g7+ countries in strengthening these foundations. This requires more investment in infrastructure and skills development as critical enablers for economic growth. We call upon multi-laterals and in particular the World Bank Group to enhance their support to private sector development in g7+ countries, through country specific reforms and effective implementation of existing policies.

In line with the New Deal principles, development aid needs to unleash the economic potential of our countries and promote self-reliance. Development aid must be allocated by the recipient countries and
spent through county systems. This will ensure country ownership of development. We acknowledge the findings and recommendations of the Independent Review, re-commit to the implementation of the New Deal and reaffirm partnership with the International Dialogue on Peacebuilding and Statebuilding.

We welcome the launch of the 2030 Agenda and commit to contextual implementation of the Sustainable Development Goals (SDGs) in our member countries. In particular, we commit to prioritize and jointly report on progress against the agreed list of SDG indicators through the portal established in the g7+ Secretariat and using the New Deal principles to achieve the SDGs. We will continue sharing experiences through “Fragile-to-Fragile” cooperation in peacebuilding and statebuilding under the spirit of volunteerism and solidarity.

We strongly urge the United Nations, in particular UNDP, to mobilize support to the g7+ and to host a high level session on the SDGs in New York.

We endorse the 2014-15 Annual Report and the 2016-17 Work Plan and entrust the g7+ Secretariat to facilitate its implementation.

We conclude our meetings in Kabul, Afghanistan, with deep appreciation of Government of Islamic Republic of Afghanistan for generously hosting this 4th g7+ Ministerial meeting.

We look forward to the next Ministerial meeting in 2017.
2.4. Peer learning and Cooperation (Fragile-To-Fragile Cooperation)

Peer learning and cooperation (Fragile-to-Fragile or F2F cooperation) among the member countries is one of the main pillars of the g7+ group. The framework of such cooperation is centered on the g7+ principles of Solidarity, Voluntarism and Cooperation. The purpose of this model is for member countries to support each other through exchanging experiences and resources in (i) implementing the New Deal; (ii) supporting member countries during times of acute crises; and (iii) peer learning in areas such as peace and reconciliation, public finance and natural resource management.

In September 2016, the third g7+ mission was carried out to Bangui. The delegation was led by the g7+ Eminent Person, H.E. Kay Rala Xanana Gusmão and aside from holding meetings with the Heads of State and Government, Parliament and rebels factions, the delegation also visited a camp of internally displaced people (IDPs) at the Mpoko International Airport in Bangui. After witnessing the dire situation of the people living in IDPs camps, within the framework of F2F Cooperation and the spirit of solidarity, the Government of Timor-Leste approved a donation of USD 1.5 million to assist the Government of Central African Republic (CAR) efforts with the settlement of the displaced people. In addition, the Secretariat also attended the Brussels pledging conference on CAR where it advocated for mobilizing financial assistance for Central African Republic. A total of about USD 2.26 billion dollars were pledged during the conference. Experience sharing and peer-to-peer learning are other key components of the F2F cooperation. The aforementioned visit to CAR was preceded by sharing of experience in conducting election in CAR by H.E. Vice Minister for State administration of Timor-Leste.

In August 2016, a team from the Ministry of Finance of Afghanistan visited Timor-Leste to exchange knowledge and experiences on the Public Finance Management (PFM), in particular the use of the Financial Management Information System (FMIS). The experience of Timor-Leste’s Ministry of Finance in the use of latest version of FMIS was useful for the officials from Afghanistan. Accordingly such experience was used to update the system used within the treasury of the Ministry of Finance in Kabul.

Documenting of countries’ experiences in the implementation of the New Deal Principles has been useful for realizing these principles in other countries. In March 2016, the Secretariat launched “Aid instruments for peace - and state-building: Putting the New Deal into practice.” This document aims to highlight and promote innovative donor and government behavior in finding appropriate instruments and modalities in line with the New Deal.
The publication includes six case studies from five G7+ member countries and non-G7+ countries, whose analysis led to six lessons for development partners and four lessons for G7+ Governments.

**Figure 1 Ten lessons from “Aid instruments for peace- and state-building: Putting the New Deal into practice”**

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<thead>
<tr>
<th>Key lessons for development partners</th>
<th>Key lessons for G7+ members</th>
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<tr>
<td>Lesson 1: Respond rapidly and flexibly to crises</td>
<td>Lesson 7: Develop a clear set of strategic priorities to guide donors</td>
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<td>Lesson 2: Align support with Government programmes and use dialogue to strengthen collaboration on systems</td>
<td>Lesson 8: Progressively strengthen systems, so as to leverage their use by donors</td>
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<td>Lesson 3: Develop long term partnerships and avoid stop-and-go approaches</td>
<td>Lesson 9: Understand and respond to donor political constraints with innovative solutions</td>
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<td>Lesson 4: Pursue risk-sharing approaches which recognise the risk of inaction</td>
<td>Lesson 10: Make the New Deal principles more visible in dialogue with donors</td>
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<td>Lesson 5: Recognise the role of multilateral organisations</td>
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<td>Lesson 6: Make a particular effort to harmonise with others</td>
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*Group photo of the participants in Naivasha attended the UNDP workshop on “The Application of the New Deal to SDGs Implementation in Fragile and Conflict-Affected Situations in October 2016”*
2.5. Implementation of the Agenda 2030

The 2030 Agenda has been a relevant framework for the countries affected by conflict and fragility since it includes a standalone Sustainable Development Goals (SDG) 16 on Peace, justice and effective institution. The g7+ was at the forefront in advocating for this goal during the negotiation of the global agenda. During its 4th Ministerial meeting, the g7+ group reiterated its commitment to contextually implement the SDGs. In addition, the group agreed to jointly monitor selected priority indicators of the SDGs. A regular report of monitoring these indicators will be presented at the High Level Political Forum (HLPF).

The g7+ Secretariat facilitated discussion among officials from Statistic offices of the member countries on the selection of the SDGs indicators to be monitored and reported against jointly. The secretariat has also sought to assist g7+ member countries as they initiate the implementation of the SDGs. It has advocated for the New Deal principles to guide the implementation of the SDGs in line with the National context. In addition, the g7+ together with UNDP as a partner has provided assistance to the member countries in harmonizing the agenda 2030 with the National agenda and context.
3. Lessons Learned

During the year 2016, the g7+ Secretariat has learned some important lessons that has been helpful to advance the mandate of the group.

A. The importance of political leadership and buy-in from the g7+ Member States. This is evidenced in the member states by the institutionalization of the g7+ policies at the national level and the ratification of the Charter, and also by the consideration of voluntary contributions, for those countries in a position to be able to give even a small amount. Political leadership from the member countries to own the common vision of the g7+ is essential to advance what the group aspires to achieve peace and resilience.

B. The significance of making the SDGs meaningful to member countries. Agreement by the member countries to monitor selected set of priority indicators is important to maintain how the global agenda can be relevant to conflict affected countries. Agenda 2030 is a universal agenda but its implementation should be country owned and contextually sensitive. There is a need to continue to advocate for robust support to build peace, investing in infrastructure, mobilizing domestic resource and curbing of the illicit flow of finances.

C. Sharing of experiences and generating knowledge through Fragile-to-Fragile Cooperation. Peace and reconciliation need champions, and the g7+ needs to identify them within the members. The g7+ member countries are rich in knowledge and experiences in consolidating peace, building resilience and preventing conflict. The members can learn from each other great deal of lessons in peacebuilding and statebuilding.

D. The role of the g7+ in helping Member States to manage crises is becoming more relevant. Through some instances of advocacy and solidarity under the F2F Cooperation modality, the g7+ has managed to support some member countries in their peace processes and their engagement with development partners and civil society. There is a need of greater engagement in the diplomatic sphere with actors such as the G20, BRICSs, African Union and UN. These lessons will inform our work in the coming years.
4. Financial and In-Kind Support

The g7+ Secretariat expresses its appreciation to the Government of Timor-Leste for its generous diplomatic and financial support. The g7+ Secretariat is supported primarily by the Government of Timor-Leste, which contributed USD 2,250,000 in 2016 as an expression of Timor-Leste's commitment to international cooperation and leadership within the group.

This funding provided necessary support for the Secretariat’s Headquarters and for its global operations. It is through this committed support that the g7+ Secretariat was able to effectively transition from its initial startup phase in 2010 to a recognized international organization, which has been the leading voice for policy and progress in the global community.

In order to improve fiscal predictability and sustainability, the g7+ is continuing to pursue participation from other member states in providing financial and in-kind support to the Secretariat.

The g7+ is also grateful for support (financial and in-kind) from the Government of Sierra-Leone and Afghanistan. It is further thankful for support from development partners, including the Overseas Development Institute (ODI), the Swedish government (Sida), and the UNDP. These partners make it possible for the g7+ Secretariat to allocate staff to undertake critical policy initiatives and to participate in international fora as well as to provide technical support and professional consultancy services when needed. These hand-in-hand partnerships are evidence of the growing ability of the g7+ to reach beyond traditional donor structures to develop innovative financing solutions for cost-effective outcomes.
The g7+ Secretariat Annual Financial Statements in 2016 and Independent Auditor’s Report
to the g7+ Secretariat

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Chair of g7+  
His Excellency Momodu L. Kargbo (from May 2016)

Deputy Chair of g7+  
His Excellency Michel Presume

The g7+ Secretariat  
General Secretary of Secretariat  
Dr Helder da Costa

Deputy General Secretary  
Mr Habib U. Mayar

Headquarters  
Ministry of Finance  
Palácio do Governo, Cobe House 2nd Floor,  
Avenida Presidente Nicolau Lobato  
Dili, Timor-Leste

Current g7+ Member countries  
Afghanistan  
Burundi  
Central African Republic  
Chad  
Comoros  
Cote D’Ivoire  
Democratic Republic of Congo  
Guinea  
Guinea-Bissau  
Haiti  
Liberia  
Papua New Guinea  
Sao Tome and Principe  
Sierra Leone  
Solomon Islands  
Somalia  
South Sudan  
Timor-Leste  
Togo  
Yemen

Banks  
Bank Mandiri  
ANZ

Independent Auditor  
Deloitte Unipessoal Lda

Website  
http://www.g7plus.org/
The g7+ Secretariat
Statement by the General Secretary
For the year ended 31 December 2016

BACKGROUND
The g7+ Secretariat (hereafter the "Secretariat") facilitates the development of the activities of the g7+. The Secretariat of g7+ is hosted by the Ministry of Finance of the Republic of Timor-Leste and undertakes its role pursuant to the g7+ Charter and Memorandums of Understanding (MoU) signed between the Government of the Democratic Republic of Timor-Leste and the Secretariat Funding for the g7+ was approved as part of the State Budget Law 2015 no. 1/2015 approving an amount of USD $2,500,000 as a grant to support the operational activities of the g7+.

The g7+ is a voluntary association of countries that are or have been affected by conflict and are now in transition to the next stage of development. The main objective of the g7+ is to share experience and learn from one another, and to advocate for reforms to the way the international community engages in conflict-affected states.

FINANCIAL STATEMENTS
The Financial Statements have been prepared in accordance with the accounting policies as detailed in Note 1.

RESULTS FOR THE YEAR
During the year to 31 December 2016, the Secretariat received $3,250,000 in grant and contribution income. This consisted of a special $1,000,000 donation from the Timor-Leste government to Central African Republic (CAR) to provide aid to relocate displaced people, in addition to the $2,250,000 grant for the operations of the Secretariat. Total expenditure was $1,780,508 excluding the donation to Central African Republic (CAR).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS
This was the third period of operations of the Secretariat, and there were no significant changes in its state of affairs during 2016.

APPROVAL OF FINANCIAL STATEMENT
The accompanying financial statements for the year ended 31 December 2016 have been approved on behalf of the Secretariat by:

Dr Helder Da Costa
General Secretary
The g7+ Secretariat
18 December 2017
Independent Auditor’s Report to the General Secretary of the g7+ Secretariat

Opinion

We have audited the financial statements of the g7+ Secretariat for the year ended 31 December 2016, which comprises the Statement of Cash Receipts and Cash Payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Statement by the General Secretary which includes a Statement of Approval of the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the g7+ Secretariat as at 31 December 2016 and of its cash receipts and payments for the year then ended, in accordance with the cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report. We are independent of the g7+ Secretariat in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling management’s financial reporting responsibilities under the Memorandum of Understanding (MoU) between Government of Timor-Leste and the g7+ Secretariat. Our report is intended solely for the Minister of Planning and Finance of Timor-Leste and should not be distributed to or used by any other parties. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

We draw to your attention that our audit of donations includes payments to the recipients receiving the monies from the Secretariat, but excludes the recipients’ use of the monies received.

Responsibilities of Management and for the Financial Statements

Management of the g7+ Secretariat is responsible for the preparation and fair presentation of the financial statements and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the MoU. Management’s responsibility also includes such internal control as they determine is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the g7+ Secretariat to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.
 Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the g7+ Secretariat’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the g7+ Secretariat’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte
18 December 2017
Dili
The g7+ Secretariat  
Statement of Cash Receipts and Payments  
For the year ended 31 December 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>RECEIPTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant income from Government of Timor-Leste</td>
<td>2,250,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Donation received from the Government of Timor-Leste</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Reimbursement of expenditure by third parties</td>
<td>39,704</td>
<td>129,982</td>
</tr>
<tr>
<td>Proceeds from sale of motor cycle</td>
<td>0</td>
<td>1,000</td>
</tr>
<tr>
<td>Interest earned on bank account</td>
<td>10,064</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td><strong>2</strong></td>
<td><strong>3,299,768</strong></td>
</tr>
</tbody>
</table>

| PAYMENTS |           |            |
|          | US$        | US$        |
| Salaries and benefit costs | 332,136 | 304,509 |
| Local travel costs | 132     | 6,759     |
| Conference and event costs | 1,319,310 | 1,022,144 |
| Administrative costs | 116,602 | 120,334   |
| Other Expenses | 12,330   | 29,894    |
| Donation Paid on behalf of the Government of Timor-Leste | 1,000,000 | 1,000,000 |
| **Total Payments** | **2,780,508** | **2,483,640** |

Increase in cash and cash equivalents | 519,258   | 1,146,342 |
Cash and cash equivalents at beginning of year | 2,556,903 | 1,410,561 |

**Cash and cash equivalents at end of year** | **5** | **3,076,161** | **2,556,903** |
Notes to the Financial Statements

1. Accounting Policies

   General
   g7+ is an intergovernmental organization which is supported by the g7+ Secretariat. The primary role of the Secretariat is to provide policy advice, coordination and assistance in implementing the decision of the g7+ Ministerial Forum and to coordinate with the focal Ministries of each Member state of the g7+. The financial statements have been prepared for the purpose of fulfilling management’s financial reporting responsibilities under the Memorandum of Understanding (MoU) between Government of Timor-Leste and the g7+ Secretariat.

   Financial Regulations
   The General Secretary approved financial regulations on 1 July 2014 but as yet not all financial regulations have been implemented including the financial reporting requirements and those regulations relating to cash advances to staff and cash acquittals.

   Basis of preparation
   The Secretariat’s policy is to prepare its financial statements on a cash basis. On this basis revenue is recognized when deposited into the Secretariat’s bank account, rather than when earned, and expenses are recognized when paid rather than when incurred. The accounting policies have been applied consistently throughout the year.

   Reporting entity
   The reporting entity is the g7+ Secretariat.

   Reporting currency
   The reporting currency is United States Dollars (US$).

   Foreign currency translation
   Foreign currency transactions are translated into the functional currency using actual amount of currency paid to settle the transaction.

   Authorisation Date
   The financial statements were authorised for publication on 18 December 2017 by Dr Helder Da Costa, General Secretary of the g7+ Secretariat.
Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

Cash and cash equivalents

All advances are funds advanced to staff, which are to be acquitted upon provision of receipts or repayment of funds. All advances are current assets and required to be repaid within a year. Credit and debit card balances shown are not in the name of the g7+ but rather in the name of the holders of the cards.

Receipts
Receipts are recognised on a cash basis, which means they are recognised when received rather than when earned.

Grant income from Government of Timor-Leste
The g7+ Secretariat receives a grant on an annual basis from the Government of Timor-Leste for the activities and operations of the g7+.

Contributions
Each member state of the g7+ is encouraged to make financial contributions to fund its activities and in particular to permit the proper functioning of the Secretariat. The contribution income policy is voluntary for member countries. In 2016 and 2015 no member country paid any contributions.

Donation received from the Government of Timor-Leste
On the request of the Government of Timor-Leste, the g7+ Secretariat acted as conduit and thus received donor funding from the Government of Timor-Leste and channeled to other countries on behalf of the Government of Timor-Leste.

Reimbursement of expenditure by third parties
Reimbursements of expenditure is made by donor organisations for g7+ events.

Interest earned on deposit
Interest is earned on deposits at market rates. Interest is recognized on receipt.

Payments
Payments are recognised on a cash basis. The Secretariat’s payments comprise payments to employees for salaries, allowances and to external suppliers for provision of goods and services.

Taxation
The Secretariat is exempt from paying taxes on income. Withholding taxes on certain payments to suppliers and Wages Income Tax on Employee Salaries and Wages are payable under the current system of taxation in the Democratic Republic of Timor-Leste.
Notes to the Financial Statements (continued)

2. Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant from Government of Timor-Leste for operational use</td>
<td>2,250,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Donation from the Government of Timor-Leste paid to: Central African Republic</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Reimbursement of expenditure by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Nations Development Programme (UNDP)</td>
<td>27,594</td>
<td>46,727</td>
</tr>
<tr>
<td>Overseas Development Institute (ODI)</td>
<td>3,255</td>
<td>3,886</td>
</tr>
<tr>
<td>International Labour Organization (ILO)</td>
<td>4,411</td>
<td>64,958</td>
</tr>
<tr>
<td>Other</td>
<td>4,444</td>
<td>13,410</td>
</tr>
<tr>
<td>Proceeds from sale of motor cycle</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>Interest earned on Deposit at Mandiri Bank</td>
<td>10,064</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total receipts:**
3,299,768 3,629,981

3. Conferences, meetings and events

*During the year, the g7+ Secretariat paid the following amounts relating to conferences, meetings and events:*

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Bank/IMF Spring &amp; Annual Meetings</td>
<td>74,598</td>
<td>36,261</td>
</tr>
<tr>
<td>g7+ Technical Meeting</td>
<td>149,244</td>
<td>153,872</td>
</tr>
<tr>
<td>IDPS Global Meeting</td>
<td>185,422</td>
<td>93,031</td>
</tr>
<tr>
<td>Fragile to fragile Corporation</td>
<td>211,989</td>
<td>234,285</td>
</tr>
<tr>
<td>Ministerial meeting</td>
<td>308,619</td>
<td>925</td>
</tr>
<tr>
<td>FCV Forum World Bank</td>
<td>74,147</td>
<td>0</td>
</tr>
<tr>
<td>UNGA</td>
<td>137,586</td>
<td>141,470</td>
</tr>
<tr>
<td>Policy Advocacy National Level</td>
<td>56,573</td>
<td>362,301</td>
</tr>
<tr>
<td>High Level Political Forum</td>
<td>33,050</td>
<td>0</td>
</tr>
<tr>
<td>World Humanitarian Summit</td>
<td>88,082</td>
<td>0</td>
</tr>
</tbody>
</table>

**Total expenditures:**
1,319,310 1,022,144
4. Donation paid on behalf of Government of Timor-Leste

In 2016 and 2015 the g7+ Secretariat paid $1 million to the Central African Republic (CAR) government. The amounts donated were received from the Government of Timor-Leste.

5. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank</td>
<td>1,003,266</td>
<td>2,478,842</td>
</tr>
<tr>
<td>Deposit with Mandiri Bank</td>
<td>2,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Credit and Debit cards</td>
<td>57,519</td>
<td>-</td>
</tr>
<tr>
<td>Petty cash</td>
<td>15,076</td>
<td>7,561</td>
</tr>
<tr>
<td>Cash and salary advances</td>
<td>300</td>
<td>70,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,076,161</strong></td>
<td><strong>2,556,903</strong></td>
</tr>
</tbody>
</table>

Cash and cash equivalents is comprised of the following:

All balances are non-interest earning except for the deposit with Mandiri Bank which earns interest at 0.75%. The deposit with Mandiri Bank is in the form of two certificates of deposits for the amount of $1 million each, redeemable on presentation at the bank.

As corporate cards are unavailable in Timor-Leste, the credit and debit cards are in the name of General Secretary and Deputy General Secretary of the g7+ and not in the name of g7+. The cards are intended to be used only for business purposes and are subject to the normal acquittal processes are complete.

6. Going Concern

The g7+ Secretariat as at year end had sufficient funds available to fund its operations for the next year.