

## 13. Investments and Borrowing

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The investment policy defines the guidelines for authorised Interpeace personnel (DG and CFO) to use when making investment decisions regarding Interpeace's cash reserves and investment portfolio.

### 13.1 Policy Statement

The primary objective of Interpeace is to provide support to peacebuilding projects in the field for the foreseeable future. To this end, Interpeace's investment policy is focused on the preservation of capital. Emphasis is placed on cash deposits and the accumulation of interest income.

### 13.2 Objectives

Interpeace has five primary investment objectives. These are, in order of importance, to:

- 1) Secure preservation of capital
- 2) Obtain a competitive rate of return on investments
- 3) Maintain adequate liquidity to meet operational requirements
- 4) Avoid inappropriate concentrations of investments
- 5) Provide strong fiduciary control of all investments and cash by the appointed custodians

### 13.3 Borrowing

When necessary, Interpeace will establish a Delayed Payment Bridging Facility to enable projects to be financed when firm pledges and signed agreements are received but when the actual funding (cash) is delayed or provided in instalments (e.g. EC funding). To the extent possible, Interpeace will avoid borrowing money from financial institutions and incurring interest expenses.

In cases where borrowing is absolutely necessary, the CFO, in conjunction with the Honorary Treasurer, will undertake borrowing activities on behalf of Interpeace. All proposals for borrowing must be submitted in writing to the Executive Committee of the Governing Council for approval. Each proposal should include the following details:

- Borrowing requirements
- Proposed lender
- Interest rate structure and base (fixed or variable, deferred), if applicable
- Arrangement fees
- Security arrangements
- Purpose (with cash flow projections)
- Arrangements for draw-down

- Schedule for repayment

### 13.4 Reserve Fund

The purpose of the Reserve Fund is to provide a cushion to Interpeace in times of cash flow shortages (i.e. short-term borrowing from the Reserve Fund). The Reserve Fund will only be used in exceptional circumstances when there are insufficient unrestricted funds to cover the expense.

The use of the Reserve Fund may be initiated by the DG in consultation with the SMT. Any use of the Reserve Fund above a total of \$100,000 USD per annum will also require the approval of the Executive Committee of the Governing Council.