



**“Applying Sustaining Peace” Workshop Series - Workshop 2:  
Sustaining peace and the financing puzzle: Opportunities, challenges and dilemmas**

**Dag Hammarskjöld Foundation  
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**Summary Report**

This is the second workshop under the Applying Sustaining Peace workshop series, co-organized by The Dag Hammarskjöld Foundation (DHF), the International Peace Institute (IPI) and the NYU Center on International Cooperation (CIC). These informal workshops focus on a set of specific sustaining peace related issues, to practically consider what particular aspects of the framework could look like in practice, and lay out the challenges for implementation.

The first workshop was held 14 December 2016 on the issue of peace operations mandates in the Liberia transition and four more workshop are envisioned for the months ahead. The series will result in a policy paper that analyzes how the UN can work differently, and how it can apply the vision of sustaining peace in practice.

Both the Report of the Advisory Group of Experts (AGE) on the 2015 Review of the UN Peacebuilding Architecture and the parallel Sustaining Peace resolutions recognize that meaningful implementation of the sustaining peace conceptual framework requires adequate, predictable, and sustained resources. In order to do this, it is vital that the UN adopts a streamlined approach to financing that builds more strategically on strong partnerships and utilizes financing tools effectively.

To discuss opportunities and ongoing efforts to address this identified challenge of increasing financial resources for peacebuilding, the DHF together with IPI and CIC hosted a workshop with key UN Member States active in the Peacebuilding Commission, experts from different parts of the UN System including the Department of Political Affairs (DPA), the Peacebuilding Support Office (PBSO), the Department of Peacekeeping Operations (DPKO) and the UN Development Programme (UNDP), as well as experts from think tanks and civil society. The meeting also benefited from participation from the UN RC office in Somalia.

## Recent developments in peacebuilding financing

Recognizing that any discussion on financing for peacebuilding activities of the UN must be placed in light of the overall financial context facing the Organization, the workshop opened with a snapshot of current UN resources:

- Total funding for UN system-wide activities was close to USD 45 billion in 2015, out of which 20%, close to USD 9 billion, went to peacekeeping operations.
- Development related activities accounted for 35%, or USD 16 billion, and humanitarian related activities for 25%, or USD 11 billion.
- Earmarked resources have grown six times faster than core resources during the past 15 years.

With currently no standardized definitions for what constitutes peacebuilding activities, accounting for a precise total number for UN peacebuilding resources is very difficult. A key component is the Peacebuilding Fund (PBF), which for 2015 had a total budget of USD 53,5 million, a small fraction of peacekeeping, humanitarian and development flows and far too little for it to be able to perform what is its core function: providing rapid and flexible funding in vulnerable peacebuilding contexts and bridging the UN system towards acting jointly in the field.

The workshop began with three short briefings, highlighting different perspectives related to peacebuilding financing:

1. Gianluca Rampolla from the PBSO on the status of the work of the ad-hoc working group on providing peacebuilding financing options for the SG's report as requested by the parallel resolutions.
2. Stephan Massing from the World Bank on IDA18 and implications for the Bank's agenda on fragility as well as for the UN's prevention agenda.
3. Marc Jacquand from the UN RC office in Somalia on field experiences with financing for peacebuilding in Somalia.

## Key issues raised in the briefings and discussions

### Progress of ad-hoc working group on peacebuilding financing:

The PBA resolutions requested the SG to provide options on increasing, restructuring and better prioritizing funding dedicated to UN peacebuilding activities as well as Country Teams and Special Political Missions (SPMs). In response to this, in June 2016 the former DSG established an ad-hoc working group on financing for sustaining peace, with broad membership from the Secretariat and the UN Development Group. The working group is tasked with preparing input for the SG's forthcoming report on sustaining peace, exploring a number of opportunities and challenges that the financing options will need to address, including: the use of assessed funds for programmatic activities (as has been done in different contexts by DPKO) and challenges associated with this; incentivizing voluntary funding for peacebuilding as well as innovative financing options, financing for SPMs; adequate, predictable and sustained financing for the PBF; preventing the fiscal cliff that occurs during mission transition and drawdown; weaknesses in the RC system including

financial ownership; and fragmented institutional set-up and the challenges this poses for financing.

The input to the SG's report will fall into three broad categories:

1. Doing more/better with the same: rationalizing and reprioritizing existing funding streams;
2. Use of assessed contributions;
3. Innovative financing, including lessons from UNICEF and the Global Fund and an exploration of peace bonds, a tax on financial or arms sales transactions, and crowd funding.

The working group is also exploring what has been learned from appeals within other UN sectors such as humanitarian response. One critical element with potentially significant consequences is the stated priority of the new Secretary General to put prevention at the center of all of the UN's work, the implications of which should become clearer over the coming months. Finally, the role of external funding sources and approaches by other multilateral actors such as the IFIs is also a key focus of the working group.

#### **The World Bank's International Development Association (IDA):**

IDA is the part of the World Bank that provides concessional loans and grants to the world's poorest countries. IDA18, which in 2016 had a record replenishment of USD 72 billion, exhibits three key changes from previous IDA replenishments:

1. **Strategic shift:** recognition that fragility exists beyond a specific list of countries (typically those with low Corruption Perceptions Index (CPI) score, low income and weak institutions) and that the WB needs to take a much broader, more tailored, risk-based approach. More attention to geographical dimensions: in more countries, across countries, and sub-national levels.
2. **Increase in volume:** the WB is doubling resources to countries facing fragility, conflict and violence from USD 7 to 14 billion, while at the same time fine-tuning instruments to be more in line with needs and fragility risks rather than performance as in the past. There will be more support to countries hosting large numbers of refugees, which can be seen in the context of discussions on the "humanitarian-development nexus" and broad recognition at the World Humanitarian Summit that protracted conflict must be at the core of humanitarian work. A private sector window will promote investments in countries of fragility allowing for broader engagement of IFC and MIGA.
3. **Delivery and implementation:** There is a recognition at the WB that the above changes necessitate internal changes to ensure operational effectiveness. There will be an increase in staff presence in recipient countries and a stronger emphasis on partnerships. There will also be a scaling up in use of Recovery and Peacebuilding Assessments (RPBAs).

**An innovative approach in Yemen:** USD 450M are being made available by the WB for emergency delivery through the UN (UNDP, UNICEF and WHO). Three waivers were needed to make this possible since there is currently no functioning government counterpart in place. This arrangement allows the WB to engage in Yemen rather than freezing its portfolio as would usually happen in this situation. This was partially a result of placing a WB person in the RC's Office and has brought together humanitarian, peacebuilding and development actors together to work in a context where there is no official agreement in place that identifies this as the right moment to engage.

### Case study: Financing for peacebuilding in Somalia

Somalia is a good example of how platforms can be built to allow for peacebuilding activities to be funded and for bringing together peace, humanitarian and development actors. With the onset of a huge drought in Somalia, the UNCT faces a range of urgent challenges but realizes that it must continue to support the long-term vision of peace while addressing the needs of IDPs, otherwise the gains of recent years in terms of peacebuilding and state building risk being reversed.

A number of funding sources make this possible: In addition to USD 187M allocated through the Multi Partner Trust Fund according to the priorities of the Peacebuilding and Statebuilding Goals (PSGs) of the New Deal, there are funds from the PBF and the UN-WB Trust Fund which includes support for critical analytical work and political economy assessments that inform the peacebuilding programming.

Combining these instruments, there are three main benefits to Somalia's funding approach:

1. **Creating incentives for a joint-up approach to working.** Using peacebuilding resources in a slightly different way in Somalia, UN entities are increasingly doing more more joint planning and programming. Co-location of programme team in a shared workspace helps as well.
2. **Risk taking.** Putting money directly into the national treasury (PBF investment) is an unusual approach. This allows for a test of the country systems and gives authorities resources to pursue peacebuilding efforts, providing response to communities and generating buy-in and accountability. Risk management capabilities are key here which exist because of robust UN-WB collaboration, information sharing, joint analysis and planning etc.
3. **The funding approach itself supports peacebuilding.** Somalia opted to embed the MPTFO/instruments within the New Deal framework (compact), guided by the priorities established under the five Peacebuilding and Statebuilding Goals (PSGs). This means that a much broader group of actors have a say in the UN's activities. The risk with this approach is that programming can get stuck or paralyzed as a result of political

challenges. This is a calculated risk, recognizing the need to engage the state even if they are flawed.

Benefits of this approach and potential for replication:

- Structure is critical: Somalia has had an integrated office where the UN leadership from the start was open to creative arrangements with the aim to make things work well. The mission setting is seen as a positive factor; strategic planning happens quite differently in non-mission settings.
- Disengagement by the international community created a willingness by national stakeholders to engage (EU/New Deal/UK).
- Strong leadership by a MS donor (UK in the case of Somalia).
- The UN-WB Trust Fund forced discipline: helped to overcome bilateral approaches and established RC office for multi-sectoral engagement.
- WB moving away from funding projects to using the money as leverage for enabling other resources, including for monitoring and strategic analysis (which are often underfunded).
- Domestic resources are on the table.
- Partnership with a regional actor in the engagement of AMISOM who are fully informed but joint strategic planning happens only on an ad-hoc basis.

**The discussion identified three key challenges ahead that need more attention:**

### **1. Fragmentation on all levels**

As identified in all three of the UN peace and security reviews, fragmentation among the peace and security, development, and human rights pillars of the UN, within the UN at HQ and country level, within member states missions and between missions and capitals, as well as between donors contribute to ineffectiveness and a lack of trust in how funds will be spent. The increase in earmarking of funds to the UN is evidence of this, which has limited the possibility for innovation, responsiveness, and flexibility in affected UN departments.

### **2. Widening the boundaries of sustaining peace and prevention**

Discussions on the sustaining peace concept need to be broadened to include prevention of violence beyond its application in post-conflict peacebuilding contexts to include, for example, a focus on its relevance in middle income countries facing internal and external stresses that pose risks for a rise in violent conflict. The fact that political issues are typically at the top of the list of peacebuilding priorities yet among the least funded activities must be addressed.

### **3. Involve a broader set of stakeholders**

Other relevant actors must be involved in the discussions on financing, including non-traditional donors who tend to demonstrate a preference for bilateral interactions with recipient countries (such as UAE, Qatar, Turkey and Nigeria) as well as the IFIs and private sector actors. Academic

institutions, think tanks and civil society also needs to be increasingly involved and engaged. Recognizing the limitations of ODA, there is a critical need to look at other income sources such as leveraging remittances and national resources.