



Development Dialogue Paper No.31 | April 2022

Enhancing quality financing for local peacebuilding through pooled funds

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Pooled funding mechanisms, including Multi-Partner Trust Funds (MPTF) can be catalytic in funding local peacebuilders by increasing local agency, ownership, and leadership for sustaining peace at the country level. This paper explores how pooled funding tools are used to lead the way in which donors, fund managers and recipients work with these resources. We also give some examples of how these funds can catalyse joint programmes that leverage the expertise of the agencies and organisations providing technical capacity and resources.

Introduction

The importance of supporting local actors in assuming ownership and leadership in development and peacebuilding processes affecting their own communities is widely acknowledged in international policy discourses. In the wake of the COVID-19 pandemic, the notion of 'local resilience' has emerged as one of the central elements of the United Nations' (UN) *building forward better agenda*: to create more inclusive and resilient societies, post-pandemic recovery must be designed and led by local actors.ⁱ

There has also been growing recognition by the multilateral system, including international organisations, donors, and national governments, of the importance of local institutions and their networks as critical agents in peacebuilding and sustaining peace at the country level. However, the international donor community, including bilateral donor governments and multilateral funding facilities, continues to struggle with identifying ways to directly engage with and support local peacebuilders. This is particularly true in terms of finding the best way for local actors to lead and determine priorities and approaches to funding strategy, programming and implementation.

In the extensive discourse on this topic the focus has remained on how to increase the quantity, predictability and leveraging of potential funding, rather than on how to improve the quality of this funding, including the

consideration of who receives financial resources.ⁱⁱ

Pooled funding mechanisms, including Multi-Partner Trust Funds (MPTF) can be catalytic in funding local peacebuilders by increasing local agency, ownership, and leadership for sustaining peace at the country level. Pooled funds have also been recognised as a transformative instrument to deliver the Sustainable Development Goals (SDGs) by 2030 as envisaged in the Secretary-General's *Our Common Agenda*.ⁱⁱⁱ

Against this backdrop, the Dag Hammarskjöld Foundation and Global Partnership for the Prevention of Armed Conflict (GPPAC) brought together a select group of development partner representatives, pooled fund managers and Member States in early 2022 to explore how pooled funding mechanisms can deliver on their potential to promote local agency for peace. This paper aims to capture the constraints and opportunities that were identified within these existing funding mechanisms in effectively resourcing locally led peacebuilding efforts.

The role of pooled funding mechanisms in prioritising local agency and action

Pooled funds are regarded as a funding model that has shown success and potential in actively prioritising and promoting the agency of locally led peacebuilding action. A pooled fund is a mechanism used to receive contributions from multiple donors, with resources to be allocated towards implementing entities to support specific national, regional or global development priorities.^{iv} Pooled funds, especially inter-agency pooled funds, have become an innovative and flexible modality to finance joint UN action on humanitarian, development, transition, climate and peacebuilding issues in a wide range of contexts.^v

Pooled funds, including Multi Partner Trust Funds, also offer direct access or 'windows' to financing for non-UN entities. For example, national governments, international civil society organisations and local actors are engaged through such windows in the disbursement of small grants and institutional funds. The pooled funds 'toolbox' offers innovative ways to support local peacebuilding actors as implementing partners. In the process they participate in the fund's governance, and support context and conflict analyses. In addition, these funding facilities play a key role in the programme management that supports country level peacebuilding ownership.

Pooled funds can serve as more than channels for funding or instruments for reducing administrative costs. They allow pooling of the risks inherent to financing peacebuilding action and also support broad-based multi-stakeholder partnerships across the UN system and with local actors. They have the potential to promote reduced earmarking, whereby funding for joint programmes that is less project-specific or 'project-ised' gives the implementer space to better address context specific challenges and opportunities.

Joint programmes financed through pooled funds tend to be medium- to-long term and outcome-oriented, rather than being output-oriented. This enables long-term sustainable investment in peace, which is key to ensuring implementation of the UN's Sustaining Peace agenda.^{vi} This long-term funding is necessary to support

Promising results in South Sudan

The use of a pooled fund to strengthen work at the humanitarian, development and peace nexus is demonstrated with the establishment in 2019 of the Multi-Partner Trust Fund for Reconciliation, Stabilization, and Resilience (RSRTF) by the UN Country Team (UNCT) and the UN Mission in South Sudan (UNMISS).

This fund aims to support efforts in the most vulnerable parts of the country using a nexus approach that promotes stability in the short-term while allowing for more resilience-focused interventions in the long-term.

The RSRTF supports local peace processes across different parts of South Sudan and works with UN agencies, non-governmental organisations, donors and in the broader and tribal communities. By developing joint programming that facilitates the implementation of various aspects of peace agreements it has shown promising results in promoting the sustainability of peace agreements.

The programming is based on every-day peace indicators disaggregated to individual contexts in agreement with local communities.



multi-year strategic visions of local actors. By contrast, short term and ‘project-ised’ funding forces local actors to adapt their work from funder to funder and to shorter time frames, limiting their ability to plan at the impact level.

Over time, several county level mechanisms have been developed that are demonstrating the potential of pooled funds. Boxes one and two provide examples of how pooled funds have strengthened processes in South Sudan and Colombia respectively.

It is also important to note that these funds have proven to be key in promoting peacebuilding and sustaining peace in countries typically seen as ‘peaceful’.

For example, the UN in Indonesia has been able to develop joint programmes using funding received from several Multi-Partner Trust Funds including the UN Trust Fund for Human Security, the joint SDG Fund and the UN COVID-19 Response and Recovery Fund to tackle the threat of violent extremism in East Java. Through this collaborative work under the MPTF facilities, the UN agencies in Indonesia have been able to engage local peacebuilding organisations that are focused on violence prevention. Support provided by the MPTFs also allows the UN country programme to strengthen the capacity of government institutions, legislative bodies and law enforcement.

Agencies like UN Women, the United Nations Development Programme (UNDP) and the United

Spending flexibility in Colombia

Highlighted as a ‘success story’ for its innovative approach and for catalysing new investments for peacebuilding and partnership, the [Multi-Partner Trust Fund for Sustaining Peace in Colombia](#), established in 2016 allocates over 40% of its resources to local peacebuilders.

They were able to use these resources to finance their essential work at the country and community level. This strategy proved to be crucial when violent protests erupted in 2021 and threatened to destabilise the fragile peace that emerged from the 2016 peace agreement. The youth led protests were targeted with retaliatory attacks by the security forces. This required a swift and united response by the UN to protect civil rights defenders and the protesters.

Through the Gender and Youth Promotion Initiative (GYPI) of the Peacebuilding Fund, the UN in Colombia received funding to sustain emergency responses to the violence. It included support for mediation and the establishment of humanitarian corridors. This intervention also promoted the development of a medium-to-long-term response including strengthening youth engagement in civic and political spaces.

Nations Office on Drugs and Crime (UNODC) have utilised pooled funds in Indonesia to extend their engagement with civil society, developing partnerships with local grassroots organisations. In this regard, pooled funds are highlighted as a key tool for middle-income countries like Indonesia to receive funding that supports building and sustaining peace. Particularly, given that such countries are not typically seen as a priority for the UN's work in this area.

Finally, beyond the UN, traditional donors and local civil society, private sector actors, including philanthropic organisations, are recognised as key partners in supporting pooled funds. For example, the Global Whole Being Fund created a pooled fund for Lebanon, to ensure more money goes to grassroots and refugee-led organisations working in a complex political context where traditional funders have been reluctant to invest.^{vii} This fund provides mechanisms to distribute and mitigate risks for individual donors. At the same time, the fund seeks to involve affected communities in the governance and selection of programming priorities and proposal development, including through an advisory committee comprised of local actors to implement the grant-making process.

Challenges associated with using pooled funding mechanisms to finance local peacebuilders

A primary question is finding the best way to 'sell' the pooled funding mechanisms concept to donors, given that traditional grant-makers are reluctant to invest in local peacebuilding, particularly in areas with complex and sensitive political dynamics. For the MPTF Office, trust-building with donors is a need and a priority. A careful balancing act, between risk and flexibility, fiduciary management and accountability must be struck by the UN and its partners.

Pooled funds have been identified as a key instrument in 'de-risking' investments in peacebuilding. Given the risks inherent to the financing of peacebuilding action, including reputational risks or loss of donor investments, pooled funding mechanisms allow donors to 'pool' or share these risk responsibilities and maximise the impact of their investments.^{viii} The practice of building up better documentation and making results more visible also means that donors will see the value of investing in pooled funds.

Investing in local solutions through the inclusive participation of local peacebuilders does carry potential costs. While pooled funds are regarded as a means for donors to share risks, investing in local peacebuilding solutions carries political risks for the UN as peace agendas are inherently political. The UN system and donors can get lost in technical discussions about how funding can and should be disbursed to the peacebuilding community. Nonetheless, critical considerations for funders include issues such as the longer-term political strategies that are needed for successful peacebuilding and the best ways to engage local institutions, from national governments to civil society, in a way that strengthens coherence and ultimately yields peace dividends.

One of the biggest challenges is developing inclusive and accessible calls for proposals. The current system is very time-consuming and requires sufficient capacity on

the part of UN agencies needing the input of technical secretariats that support MPTFs. Another key ingredient is building trust-based relationships with civil society organisations who need information about the funding opportunities. These calls for proposal should also reach diverse and marginalised populations and consider, for example, issues such as illiteracy and the barriers faced by populations living in rural territories. Using pre-designed calls for proposals for civil society can do more harm than good. These processes which are designed without input of the concerned communities do not take into account community-led determinations of impact and their lived experiences. This can limit local ownership and buy in to peacebuilding programs and risks imposing peacebuilding agendas which are disconnected from local realities and priorities.

Support for local actors requires a delicate balance between building local organisation's capacity to be effective grant managers, and ensuring they maintain the time and space to conduct grassroots peacebuilding work. Pooled fund mechanisms can build the capacity of informal peacebuilding organisations for fiduciary management, results reporting, adequate staffing, and to secure formal registration. However, local peacebuilders also bear the responsibility of carrying out peacebuilding work. Strengthening the peacebuilders' capacity and turning their work with effective grant managers should not come at the expense of their ability and time to engage with and support the needs of their communities.

What is needed for pooled funding mechanisms to extend more agency to local peacebuilding actors?

The international donor community should regard pooled funds as *channels for funding and instruments for strengthening partnerships*. Pooled funds can catalyse joint programmes that leverage the expertise of the agencies providing technical capacity and resources. In addition, they can help local civil society actors to guide peacebuilding priorities and provide contextualised knowledge and experience. For pooled funds to be most impactful requires a process of design that supports broad-based multi-stakeholder partnerships across and outside the UN system.

The international donor community should avoid *focusing exclusively on direct access to funding, but also look at pooled funds support to local peacebuilders in a more flexible and holistic way*. This strategy will ensure that local grassroots organisations are not diverted from their core business. Multilateral funding facilities, UN agencies and more formal (I)NGOs that play an intermediary role in disbursing funds to local peacebuilders must work to support local peacebuilders. This can help them with wishes for strengthened capacity development and give them the space to carry out their work to build and sustain peace. More thinking needs to be done in how to strike this delicate balance, and to ensure that *resources made available through pooled funds are accessible to and inclusive of diverse local actors*.

Some ways to achieve this include loosening the requirements for local peacebuilding organisations when assessing funding proposals. This includes the recognition of informal peacebuilding associations or providing support in getting organisations legally registered with authorities. Another option is to conduct a content review of proposals first, followed by an administrative review. If

the organisation whose proposal is solid lacks the relevant administration or governance requirements, pooled fund managers should work with that organisation to build their capacity to get over the threshold.

Similarly, in recognition of the limited administrative capacity of many local organisations, simplified and innovative results and financial reporting requirements should be introduced. These include using oral reporting and story-telling, allowing for burden-sharing with the support of technical secretariats and participation in capacity trainings.

Finally, proactive methods using social media, radio, and other creative outreach campaigns should be used when publicising calls for proposals to reach new and diverse communities.

Critical elements for developing pooled funding mechanisms

Context and needs-analyses are critical in developing pooled funding mechanisms. Funding from individual agencies, or disbursed by bilateral donors, is not always informed by needs analyses, but rather by political priorities. For pooled funds, including MPTFs, to meaningfully support local peacebuilding action, the systematic identification of local needs and priorities must be conducted by all partners and include local actors. The setting of programming priorities at the local peacebuilding level should bring on board indigenous groups, conflict-affected communities and other demographic groups to enable meaningful participation. They must also play an integral role in selecting funding recipients. This provides an important opportunity for UN agencies and local civil society partners to adequately address peacebuilding needs at the country and community level.

Engage local peacebuilding organisations in the governance mechanisms of pooled funds. The first level of decision-making should be built at the local level. An example can be the validation of proposals by local coordination mechanisms and the selection of funding recipients based on agreed priorities. Participatory and meaningful consultations with and between civil society organisations should also take place when the fund management engages in its own strategic planning, building a co-creating space to ensure that the respective funds reach where intended.

Pooled funds should require that UN agencies and national NGOs partner with local organisations in developing joint programmes when applying for funding. This will create the opportunity to further promote the institutionalised engagement of local peacebuilders in strategy and programming. As a strategy, it can in part promote transferring funds and capacity to local organisations. Conversely, local civil society networks should be encouraged to collectively participate in the development of calls for proposals and joint programmes.

Transform the inherent power imbalances that exist between grant-making actors and recipients. This will be possible with continued explicit discussions around their support to the peacebuilding community, including international donors, multilateral financing mechanisms, and other UN agencies. The international donor community must continue to find innovative ways to realign these imbalances and lift the key role of local country level peacebuilding actors in peacebuilding and sustaining peace.

Conclusion

Though pooled funding mechanisms have been identified as an innovative modality to fund joint action more flexibly –including that of local peacebuilders–greater awareness of their value is needed by the UN system and the international donor community. Furthermore, there is a need to amplify discussions around the role of pooled funds in supporting the agency of local peacebuilding actors. Pooled funds, including multi-partner trust funds, have become increasingly important due to the changing nature of violent conflict, serving as agile instruments that have the potential to address local peacebuilding needs as they arise.

More work needs to be done to explore which types of funding mechanisms – including country-specific funds – may be suitable for adaptation to diverse local contexts. Another aspect to consider is the limits of these existing mechanisms in supporting the work of local peacebuilders. Best practices in leveraging the work of local actors using pooled funds, including those explored above, must continue to be raised. The international donor community and funding facilities must also learn from these best practices and ‘sharpen the toolbox’ of support offered by pooled funds.

Endnotes

- ⁱ <https://unsdg.un.org/sites/default/files/2021-09/UN-Resilience-Guidance-Final-Sept.pdf>.
- ⁱⁱ See the letter of the group of Independent Imminent Persons that provided input for the 2020 UN Peacebuilding Architecture Review, 23 June 2020, https://www.un.org/peacebuilding/sites/www.un.org/peacebuilding/files/documents/pga_letter-ipc-10-july.pdf – and subsequent debates on ‘good peacebuilding donorship’.
- ⁱⁱⁱ Multi-Partner Trust Fund Office, ‘Background paper on UN inter-agency pooled funds’, briefing paper, November 2020.
- ^{iv} The MPTF Office is situated within the UN Development Programme (UNDP) and serves as the UN’s centre of expertise on pooled funding mechanisms. Operating in over 120 countries, the MPTF Office provides fund design and fund administration services to the UN system, national governments and non-governmental partners. Key flagship funds of the MPTF Office include the Central Emergency Response Fund (CERF), the UN Joint SDG Fund and the Peacebuilding Fund.
- ^v For more background on the evolution of pooled funds within the UN system see <https://www.daghammarskjold.se/wp-content/uploads/2020/09/dhf-financial-report-time-to-walk-the-talk-2020-interactive.pdf> p89.
- ^{vi} Grounded in parallel resolutions UN General Assembly Resolution 70/262, 27 April 2016, <<https://undocs.org/A/RES/70/262>>; and UN Security Council Resolution 2282, 27 April 2016.
- ^{vii} <https://www.gwbf.org>.
- ^{viii} For further discussion on the question of risk see <https://www.daghammarskjold.se/wp-content/uploads/2021/10/working-paper-financing-mechanism-rapport-final-v3.pdf>.

About the Author



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Acknowledgements

The Foundation wishes to thank all the fund managers, UN representatives and civil society partners who participated in the roundtable that contributed content for this paper. Special thanks goes to Global Partnership for the Prevention of Armed Conflict (GPPAC) for co-organising the event and for the ongoing partnership in advancing this critical topic. The author wishes to thank Ben Claeson, Sigrid Gruener and Riva Kantowitz for their insightful reflections. Finally, thanks to Maria Langa and Annika Östman for review, editing and graphic design.

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Cover photo and illustrations: Adobe Stock Images

Printed by X-O Graf Tryckeri AB (Uppsala, Sweden)

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