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**Resource Mobilisation for Peacebuilding Priorities:  
The Role of the Peacebuilding Commission (PBC)**

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## List of Acronyms

<b>AfDB</b>	<b>African Development Bank</b>
<b>BRICS</b>	<b>Brazil, Russia, India, China and South Africa</b>
<b>CAR</b>	<b>Central African Republic</b>
<b>CGAP</b>	<b>Consultative Group to Assist the Poor</b>
<b>CSC</b>	<b>Country-Specific Configuration (of the PBC)</b>
<b>CSP</b>	<b>Country /Assistance Papers</b>
<b>DESA</b>	<b>United Nations Department of Economic and Social Affairs</b>
<b>DDR</b>	<b>Disarmament, Demobilization and Reintegration</b>
<b>EITI</b>	<b>Extractive Industries Transparency Initiative</b>
<b>FDI</b>	<b>Foreign Direct Investment</b>
<b>IBSA</b>	<b>India-Brazil-South Africa Dialogue Forum</b>
<b>IFIs</b>	<b>International Financial Institutions</b>
<b>IGAD</b>	<b>Intergovernmental Authority on Development</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>INCAF</b>	<b>International Network for Conflict and Fragility</b>
<b>KP</b>	<b>Kimberley Process</b>
<b>LDC</b>	<b>Least Developed Country</b>
<b>MDG</b>	<b>Millennium Development Goal</b>
<b>MDTF</b>	<b>Multi-Donor Trust Fund</b>
<b>MFI</b>	<b>Micro-finance Institution</b>
<b>NGO</b>	<b>Non-Governmental Organization</b>
<b>OC</b>	<b>Organizational Committee (of the PBC)</b>
<b>ODA</b>	<b>Official Development Assistance</b>
<b>OECD-DAC</b>	<b>Organisation for Economic Co-operation and Development Development Assistance Committee</b>
<b>PBC</b>	<b>Peacebuilding Commission</b>
<b>PBF</b>	<b>Peacebuilding Fund</b>
<b>PBSO</b>	<b>Peacebuilding Support Office</b>
<b>PCIA</b>	<b>Peace-Conflict Impact Assessment</b>
<b>PRS</b>	<b>Poverty Reduction Strategy</b>
<b>PRSP</b>	<b>Poverty Reduction Strategy Paper</b>
<b>RoL</b>	<b>Rule of Law</b>
<b>SSR</b>	<b>Security Sector Reform</b>
<b>UNCT</b>	<b>United Nations Country Team</b>
<b>UNCTAD</b>	<b>United Nations Conference on Trade and Development</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>
<b>UNEP</b>	<b>United Nations Environmental Programme</b>
<b>WB</b>	<b>World Bank</b>
<b>WEF</b>	<b>World Economic Forum</b>
<b>WGLL</b>	<b>Working Group on Lessons Learned (of the PBC)</b>

## **Key Recommendations**

This paper is offered as a contribution to PBC's efforts in resource mobilisation for countries on its agenda. It builds on its existing practices and extends the frontiers of its current efforts. It identifies specific actions that the Chairs and members of the country configurations can take to advance their work on resource mobilisation. The key recommendations in the paper are summarised below and grouped around these issues.

### **Enhancing country ownership and leadership in resource mobilisation**

*Recommendations for the Chair and the members of the country configurations:*

- Advocating for the creation of effective national institutions, where appropriate, for collection and management of public revenues.
- Encouraging governments to establish mechanisms that enhance transparency, promote dialogue and accountability to both donors and their citizens.
- Where appropriate, using the meetings of the CSCs and visits of Chairs and PBC delegations to share experiences from other countries, drawn from the work of the Working Group on Lessons Learned and from PBSO's knowledge networks.
- PBC could urge the government to draft a resource mobilisation strategy and advice on the broad portfolio of funding sources: IFIs, philanthropy, bilaterals, thematic trust funds, new donors, etc.
- The PBC could (continue to) assist governments in the countries on the agenda in organizing roundtables, Partnership Forums, etc.

### **Developing new approaches to mapping of peacebuilding finance**

*Recommendations for the Chairs and the members of the country configurations:*

- The PBC could advocate for and support the establishment or enhancement of aid information management systems and urge government counterparts to utilise reports on aid flows to inform decision-making with regard to planning, budgeting, prioritisation, donor dialogue etc.
- The PBC could help mobilising funds for such systems if and when needed.
- The PBC could itself request reports on aid flows to help nurture demand and to increase the interest in developing or maintaining a functional aid information systems.
- The PBC could urge development partners to use aid information reports to inform donor coordination and strategic planning exercises within the donor community and between the government and development partners.
- The PBC Chairs could advise the government and development partners to use national aid information systems to monitor funding towards national planning

frameworks, such as Poverty Reduction Strategy Papers (PRSPs), peacebuilding frameworks and sector strategies.

## **Forging international partnerships and coordination**

*Recommendations for the Chairs and the members of the country configurations:*

- The PBC could draw on the successful high-level meeting on CAR to develop similar events for the countries on the PBC agenda.
- Through joint meetings with IFIs, the PBC members could obtain a better understanding of the IFI decision-making processes, and identify entry points to influence such decisions.
- The PBC could initiate policy discussions with the IFIs, with a view to ensuring re complementarity and sustainability of interventions. These policy dialogues should result in deepening the IFI's participation in the development and implementation of PBC instruments of engagement with the countries on its agenda. In turn, the PBC will contribute to, as requested, to the development of the IFIs Country Strategy/Assistance Papers (CSP) and other relevant operational documents through analysis of the key peacebuilding priorities, challenges and opportunities for peace dividends.
- The PBC should continue to build strong ties to the regional development banks, and particularly the AfDB.

## **Engaging foreign private sector firms**

*Recommendations for the Chairs and the members of the country configurations*

- The PBC, assisted by the PBSO and other stakeholders, could help by sharing experiences on conflict-sensitive private sector engagement in post-conflict contexts. Particular attention could be given to legislation and regulations dealing with extractive industries and agribusiness.
- Serving as a forum for sharing experiences in creating an enabling environment for foreign direct investments. The annual rating of the country on the “doing business index” of the World Bank could be one source to inform these discussions, which should include all relevant ministries in the country.
- The PBC can help countries on the agenda of the PBC to
  - Secure a better domestic framework for investors extracting natural resources;
  - Support revenue transparency and equitable sharing of payments; and
  - Involve the private sector in better managing its impacts.
- Advocating to ensure that appropriate mechanisms are in place for identifying and meeting the demands for skilled labour of existing and potential investors. This could entail supporting an annual meeting between the investors and relevant ministries (commerce and trade, labour, education/vocational training etc.).
- Supporting the development of and the dissemination of knowledge about the portal on investing in post-conflict countries as envisioned by the World Economic Forum.

## **Supporting local private sector growth**

*Recommendations for the Chair and the members of the country configurations:*

- The PBC engages in advocacy work to ensure the creation of an enabling environment for private sector growth, including through consultation with business owners, manufacturers and investors. The PBC, supported by the PBSO, could point to good practices in other countries in this regard.
- The PBC could help share experiences among members of the configurations and other Member States in drafting and implementing private sector growth strategies, which could include issues of legal and regulatory reforms concerning, infrastructure, business environment, professional organizations, labour regulation, etc.
- The PBC could also urge the international community to work together on developing joint strategies for local procurement of goods and services, for example, with an expert partner, such as the Building Markets.
- When meeting heads of mission, ambassadors and heads of international agencies and NGOs in the country, the Chair could urge his/her interlocutors to develop a strategy for local procurement.

## **Strengthening intermediation role of local financial institutions**

*Recommendations for the Chairs and the members of the country configurations:*

- The PBC could encourage national and international microfinance organizations, partnering with different stakeholders to develop microfinance institutions in the countries on its agenda.
- The PBC can use its convening power to call for enhancing international assistance to national governments for improving their capacities and resources in the national policymaking, oversight and regulatory frameworks, pertaining to microfinance as well as provision of other financial services.
- The PBC could share experiences among its members and beyond about different possibilities and strategies within the field of microfinance in post-conflict countries.
- A focus on specific populations could be promoted, in particular youth and women, and the reintegration of demobilised combatants.
- The PBC's collaboration with IFIs and others should include exploring ways to further strengthen financial inclusiveness in the countries on the PBC agenda.

## **South-South cooperation and enhancing technical cooperation**

*Recommendations for the Chairs and the members of the country configuration:*

- Identify new donors with an existing or future interest in the country and arrange bilateral meetings with them at the country level as well as in New York to generate interest and direct financial commitments to key peacebuilding needs. The future "Cap-Match" resulting from the Review of Civilian Capacities may be a useful tool to this effect. A particular focus may be given to identifying effective processes for

linking financial needs of a country on the PBC agenda to specific priorities of the new donors.

- Encourage potential or interested emerging donors to join the CSC or invite them to selected open meetings. Include new donors in the distribution of materials and invite new donors to donor meetings.
- When a need for technical assistance has been identified, the PBC may try to “match-make” with capacities of the members of the CSC, bilateral actors on the ground, regional and sub-regional organizations and regional bilaterals. South-South partnerships should be an important component in this regard. A wide portfolio of technical expertise is also available through providers such as United Nations agencies, funds and programmes, the International Financial Institutions, regional- and sub-regional organizations, Centres of Excellence, etc.
- Where needed, the PBC could support the government in seeking funding partners for triangular cooperation. UNDP and other actors on the ground can often assist with technical support in facilitating such arrangements whereas the Chair could help generate the political interest and commitment.
- When activities that are critical from a peacebuilding perspective occur (elections, truth and reconciliation commissions, land reform, other legislative reform, etc.), the PBC should urge the government and donors to consider South-South cooperation.

## **Outreach to Philanthropic Foundations**

*Recommendations for the Chair and the members of the country configurations:*

- The PBC could play an important role in undertaking outreach and establishing relationships with foundations to ensure the inclusion of post-conflict peacebuilding in their portfolios. The PBC could provide regular updates to the relevant foundations about the Commission’s activities and encourage them to enhance their support.
- When more specific resource gaps exist, the Chair could engage directly with foundations that cover specific sectors.
- The PBC could be represented at wider philanthropic events in order to sensitize and brief the largest possible number of private sector philanthropic entities.
- The PBC, supported by PBSO, could monitor the peacebuilding activities of foundations to extract good practices and programmes with the view to replicate successes in other countries.
- The PBC could request PBSO to partner with relevant organizations to monitor resource flows from philanthropy to the countries on the PBC agenda.
- The PBC could share information on philanthropy across country-specific configurations drawing particularly on global experiences, such as the establishment of the Liberia Philanthropy Secretariat.

## **Further leveraging and catalysing PBC – PBF synergy**

*Recommendations for the Chair and the members of the country configurations:*

- PBC should support efforts at better aligning PBC instruments of engagement with PBF Priority Plans for countries on the agenda of the PBC. The Liberia Peacebuilding Programme provides a striking illustration of such an effort. The LPP translated the commitments the PBC's Statement of Mutual Commitments for Peacebuilding in Liberia into concrete programmatic activities and draws together the work of all key stakeholders (Government, bilateral and multilateral donors, including the UN system and the PBC) represents a model for PBC-PBF synergy for countries on the PBC agenda and should be adopted, to the extent possible.
- Peacebuilding activities and financial needs assessments for countries on the PBC agenda should go beyond the funding scope of the PBF to facilitate scaling-up and/or leveraging of new and additional funding from other sources.
- Although the PBF does not allow earmarking of contributions, the priority plan for agenda countries can be enhanced to enable PBC to facilitate donor contributions towards specific activities. Modalities for making such contributions should be further elaborated drawing on experiences such as the Liberia Expanded Priority plan.



## Introduction

The mandate of the Peacebuilding Commission (PBC), as outlined in the founding resolution, includes marshalling resources and helping to ensure predictable financing for immediate post-conflict activities. Marshalling resources is a multi-faceted task, which will grow in importance and urgency, as more countries enter the agenda of the PBC.

The PBC has sought to fulfil that mandate by developing partnerships with international and regional financial institutions; by mobilizing financial support from UN Member States and the larger international community for countries on its agenda; and by convening policy discussions to highlight good practices and lessons relevant to its work. PBC's policy discussions have been conducted within its Organizational Committee (OC) and the Working Group on Lessons Learned (WGLL)<sup>i</sup>.

The PBC also leverages the other components of the Peacebuilding Architecture in its efforts to mobilise resources. Through the Peacebuilding Support Office (PBSO), the PBC works actively to keep the issue of financing of peacebuilding high on the international agenda, to influence policy debates around transition financing and to produce and disseminate knowledge on the topic. The Peacebuilding Fund (PBF) is a key instrument for supporting the countries on PBC's agenda. Approximately 60 per cent of all PBF investments have gone to the six countries on the PBC agenda. When countries come on the agenda of the PBC they make a strong and public commitment to consolidating peace – often at a time when international attention is decreasing. This scenario corresponds well with the mandate of the PBF which focuses on providing initial assistance to countries dedicated to sustaining peace but with limited resources to do so.

Despite these efforts, there is much recognition that more needs to be done in this key aspect of its mandate, which should not be seen as limited to only mobilisation of financial resources. Measuring the PBC's success in this area should include efforts to mobilise technical assistance and expertise, providing training and sharing of lessons to name a few. As a reflection of the importance attached to it, the issue of resource mobilisation has featured prominently in the PBC's 2011 and 2012 Road Maps for Actions. In doing so, the Commission is responding to the 2010 Review of the United Nations Peacebuilding Architecture which recommended that the PBC should “intensify overall resource mobilisation efforts [and] ensure they are strongly attuned to development challenges with political implications”<sup>ii</sup>.

This paper seeks to present a number of possible activities that the PBC may wish to pursue in support of resource mobilisation. The paper is intended to inspire debate and critical thinking about the role of the PBC in resource mobilisation and does not imply that all activities are equally relevant or appropriate in all country contexts. The range of activities will evidently vary considerably from country to country. Thus, some PBC

chairs and country configurations may find some proposed approaches and recommendations more suitable to their country contexts than others.

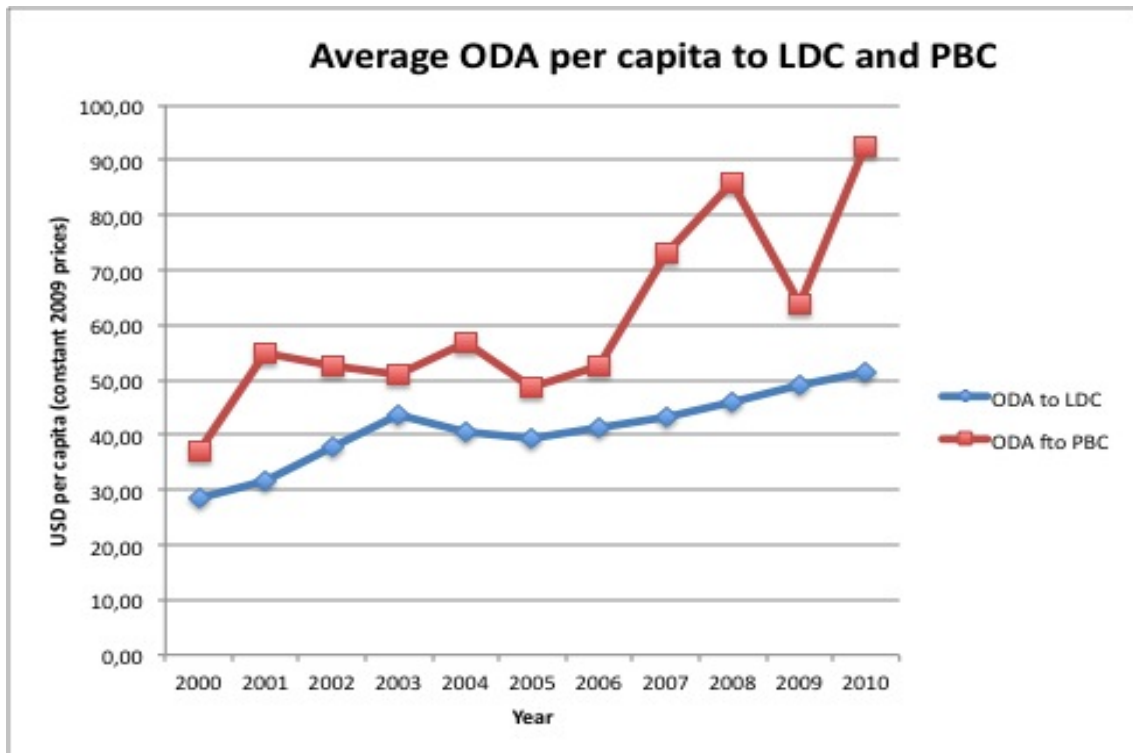
This paper was discussed by the Organisational Committee on 9 July 2012 and has been revised to incorporate a few changes to reflect some comments made at, and developments since, that meeting.

## Current Trends

An important first step is to take stock of the changing landscape of global resource flows, in particular to conflict-affected countries. The Peacebuilding Support Office will publish a separate paper focussing on resource flows to the countries on the PBC agenda in the middle of 2012 but a few pertinent observations are presented here. A recent report from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) concludes that: "Whilst the global fight against poverty is progressing, a group of 45 countries in situations of acute fragility continue to fall behind"<sup>iii</sup>. None of the world's conflict-affected countries is on track to achieve a single of the Millennium Development Goals (MDGs). While all the PBC countries on PBC agenda belong to this group, financial flows to the countries on the PBC agenda, calculated as the average net disbursement of Official Development Assistance (ODA) per capita, has been consistently higher than the average flow to all countries in the group of Least Developed Countries (LDC) excluding countries on PBC agenda between 2000 and 2010 as illustrated in figure 1.

Hence, the six PBC countries as a group are not worse off than the collective group of the world's Least Developed Countries and they are slightly better of than a group of countries defined by the OECD as "aid orphans" with the exception of Guinea<sup>iv</sup>. However, the aggregated numbers hide significant differences within the group of PBC countries as evident in figure 2.

ODA flows to countries on PBC agenda are volatile (see figure 2). The charts in figure 1 and 2 are somewhat distorted by the major fluctuations in ODA to Liberia in 2007 and 2008. But the other five PBC countries also frequently experience a drop or an increase in aid from year to year of between 50-100 per cent. Such fluctuations are evidently a challenge as they complicate post-conflict governments' ability to access reliable funding to support the long-term planning and programming necessary to build sustainable peace. Reducing fluctuations and making aid more reliable is highlighted as one of the key benchmarks for progress from the Paris Declaration on Aid Effectiveness (2005) through the Accra Agenda for Action (2008) to the "New Deal for engagement in fragile states" presented by the International Dialogue at the High Level Forum on Aid Effectiveness in Busan in 2011.



**Figure 1 - Net ODA disbursement per capita by calendar year in US\$ (constant 2009 US\$) to PBC and LDC (minus PBC) countries. Source: OECD-DAC, DESA**

Judging from past trends, it would seem that most countries on PBC agenda are still far from a situation where they can plan their programme expenditure in anticipation of reliable and steady aid flows over a medium to long-term time horizon. This is not only the case for peacebuilding-related expenditures but also for more traditional recovery and development activities that may often also serve as important and tangible peace dividends.

#### **Private financial flows to developing countries in 2010**

- Private capital investment flows from all donors, on the heels of the economic recession, regained their position of prominence at \$329 billion, a substantial increase from \$228 billion in 2009.
- Total remittances from all Development Assistance Committee (DAC) donors to the developing world were \$190 billion, a 9% increase from \$174 billion in 2009, once again showing how this steady and stable financial flow is a lifeline to the poor in tough economic times.
- Total philanthropy, while underestimated because many DAC donor countries are still not properly measuring it, was \$56 billion in 2010, a gain of \$3 billion from the previous year.
- Official Development assistance stood at US\$133.5bn a 2.7 percent drop compared to 2010.

A notable development in recent years is the increasing importance of private financial flows to developing countries. Global philanthropy, remittances, and private capital

investment totaled \$575 billion in 2010 (latest available data), accounting for 82% of the developed world’s economic dealings with developing countries<sup>v</sup>.

While some of these resource flows may well be beyond what the PBC can hope to influence, the PBC must acknowledge and respond to the fact that more than 80% of the developed world’s total economic engagement with the developing world is through private financial flows.

A key question in this regard is the extent to which these flows target conflict-affected countries. Another question is whether more can be done to ensure that countries emerging from conflict receive a ‘fair’ share of these resource flows recognizing that private sector flows are guided by principles distinctively different from those guiding ODA. This requires pro-active measures on the part of the PBC as described later in his paper.

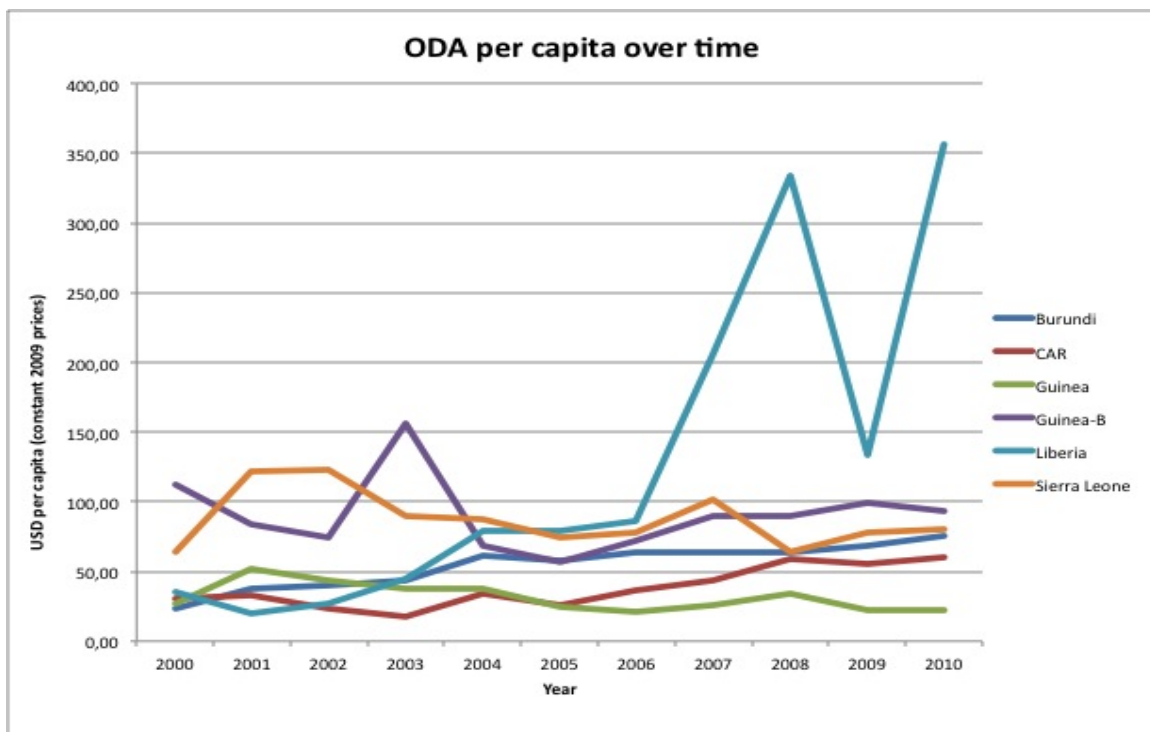


Figure 2 - Net ODA disbursement per capita by calendar year in US\$ (constant 2009 US\$) to PBC countries. Source: OECD-DAC, DESA

These emerging trends together with the PBC’s desire to explore new and innovative ways of pursuing the resource mobilisation mandate offers a good opportunity to extend the frontiers of the Commission’s work on this issue. A key goal of such an effort will be both to examine specific innovative policy measures and practical efforts that the PBC can undertake to mobilise additional resources and to enhance national ownership and leadership in that process.

In as much as PBC has made progress in developing partnerships with the international financial institutions, in particular the World Bank (WB) and the African Development Bank (AfDB) and other institutional and bilateral donors; there is much scope to deepen those relationships. Thus, this paper is offered as a contribution to PBC to build on its existing practices and extend the frontiers of its current efforts. In particular, it identifies specific actions that the Chairs and members of the country configurations can take to advance their work on resource mobilisation.

## **Enhancing country ownership and leadership in resource mobilisation**

Countries emerging from conflict can be classified into three categories on the basis of their initial financial conditions and extent of external support when conflict ends.

The first category of countries includes those that can draw on their own financial resources to meet their post-conflict peacebuilding needs. The second category of countries includes those where many donors are ready and willing to help. In the third category are those that often receive very limited external financial support and do not have enough of their own resources to meet their peacebuilding priorities<sup>vi</sup>. Typically, many post-conflict countries fall into the third category. But even in such country contexts, international aid may account for a significant amount of the national budget, if not of gross domestic product.

The primary responsibility for resource mobilisation rests with the country on the agenda of PBC. The role of PBC is to support those efforts. Mobilising domestic resources and external assistance for peacebuilding needs is critical both for laying the foundations for recovery and growth and for ensuring political stability. Indeed, the ability of a post-conflict country to manage revenues and build the capacity for transparent monitoring and reporting on the use of financial resources is increasingly seen not only as an essential feature of national ownership and leadership in resource mobilisation but as a key peacebuilding goal (see, for example, the New Deal for Engagement in Fragile States).

The exercise of national ownership and leadership, however, extends beyond setting up efficient processes for revenue collection, allocation and planning and disbursement. It includes, for example, aligning financial expenditures with critical peacebuilding priorities, creating mechanisms for accountability in the use of resources, for dialogue with donors -- where donors play a significant role -- and for effective coordination.

There is a growing demand for the PBC to support the organisation of Partnership Forums, Donor Roundtables or Consultative Group meetings in support of the countries on the agenda of the PBC. These meetings are often convened in the context of mobilising resources for the Poverty Reduction Strategy (PRS) or equivalent nationally-led and owned documents. The involvement of the PBC in the preparation of

Partnership Forums, Donor Roundtables or Consultative Group meetings offer an opportunity for the PBC to undertake advocacy to promote enhanced international support for the countries on its agenda but also to collaborate with other institutions, in particular the United Nations Development Fund (UNDP), AfDB, the World Bank and International Monetary Fund (IMF) in support of the agenda countries. It also offers an opportunity to ensure that peacebuilding objectives are thoroughly integrated in key documents and outcomes in relation to roundtables. Equally important, it offers an opportunity for the PBC to strengthen national ownership by having the Chairs of the Country-Specific Configurations (CSCs) and representatives of the governments on the agenda jointly undertaking advocacy and resource mobilisation work.

*Recommendations for the Chair and the members of the country configurations:*

- Advocating for the creation of effective national institutions, where appropriate, for collection and management of public revenues.
- Encouraging governments to establish mechanisms that enhance transparency, promote dialogue and accountability to both donors and their citizens.
- Where appropriate, using the meetings of the CSCs and visits of Chairs and PBC delegations to share experiences from other countries, drawn from the work of the Working Group on Lessons Learned and from PBSO's knowledge networks.
- PBC could urge the government to draft a resource mobilisation strategy and advice on the broad portfolio of funding sources: IFIs, philanthropy, bilaterals, thematic trust funds, new donors, etc.
- The PBC could (continue to) assist governments in the countries on the agenda in organizing roundtables, Partnership Forums, etc.

## **Developing new approaches to mapping of peacebuilding finance**

In his 2009 report on "Peacebuilding in the immediate aftermath of Conflict", the Secretary-General noted that aid coordination and reporting was essential for national ownership, prioritisation, the mobilisation of resources and transparency. More recently, both the International Dialogue on Peacebuilding and Statebuilding (Dialogue) and International Network for Conflict and Fragility (INCAF) have reiterated the importance of putting in place effective processes to coordinate aid and systems to monitor and report on the inflow of development assistance. Of particular importance in this regard is the assistance to peacebuilding activities. Indeed, the Dialogue has "agreed to use the Peacebuilding and Statebuilding Goals (PSGs) as an important foundation to enable progress towards the Millennium Development Goals (MDGs) to guide their work in fragile and conflict-affected States"<sup>vii</sup>. Being cross-cutting in nature and lacking a clear definition, peacebuilding activities and funding are particularly

challenging to coordinate, monitor and report on, especially as such activities combine ODA and non-ODA resources.

To address this issue, PBSO is leading an EU-funded project to finalize, in the first instance, a pilot project in the Central African Republic (CAR) and Liberia to strengthen the capacity of countries emerging from conflict to coordinate, monitor and report on aid as well as establishing a **Peacebuilding Assistance Dashboard**. The project will aim to improve the availability of aid data and the reporting on peacebuilding data.

1. **Improving aid data**

The first aspect of the project focuses on improving aid information collection, verification and reporting. To achieve this goal the project will assist the governments – with the support of the donor community, the United Nations Country Team (UNCT) and the World Bank – in improving existing processes (or establishing more effective mechanisms) for aid data collection, verification and reporting. The aim of this component of the project is not to introduce new aid monitoring systems but to improve the quality of the data being captured in these. As UNDP is principally responsible for aid information management support to recipient countries, this work stream has been planned, and will be implemented in close collaboration with UNDP.

2. **Improving the reporting on peacebuilding data**

Building on the improved data reported into the existing aid information management systems, the project will develop an online reporting tool for aid information relating specifically to peacebuilding. The working title for this reporting tool is the ‘Peacebuilding Dashboard’ and it will provide the governments, donors, multilateral institutions and the PBC with an easily accessible overview of funding flows to critical peacebuilding activities.

The role of the PBC in developing new approaches to the mapping of peacebuilding finance is primarily one of political advocacy. Aid information is too often perceived as being a technical exercise of little interest to political decision-makers. However, access to credible information on aid flows is an important foundation for national ownership, prioritisation, budgeting, planning and resource mobilisation. In the few countries where aid information systems and processes have been successful, aid information reports is used to inform decision-making at the highest political level, to support key budgeting and planning processes and to inform the interaction between the government and development partners.

*Recommendations for the Chairs and the members of the country configurations:*

- The PBC could advocate for and support the establishment or enhancement of aid information management systems and urge government counterparts to utilise reports on aid flows to inform decision-making with regard to planning, budgeting, prioritisation, donor dialogue etc.



- The PBC could help mobilising funds for such systems if and when needed.
- The PBC could itself request reports on aid flows to help nurture demand and to increase the interest in developing or maintaining a functional aid information systems.
- The PBC could urge development partners to use aid information reports to inform donor coordination and strategic planning exercises within the donor community and between the government and development partners.
- The PBC Chairs could advise the government and development partners to use national aid information systems to monitor funding towards national planning frameworks, such as Poverty Reduction Strategy Papers (PRSPs), peacebuilding frameworks and sector strategies.

## **Forging international partnerships and coordination**

The importance of developing partnership with international and regional financial institutions was recognised in the resolution establishing the PBC, wherein it is stated that representatives from the WB, the IMF, the regional development banks and other institutional donors should be invited to participate in the meetings of the Commission. In the case of the WB, cooperation has been boosted by the World Bank-UN Partnership Framework for Crisis and Post-Crisis Situations, signed in 2008 by the Secretary-General and the President of the World Bank, and the UN-World Bank Partnership Trust Fund.

In thinking about deepening partnership between PBC and IFIs, it helps to consider the various issues around which the partnership can be developed. The proposed collaboration can be organized around the following issues:

- a) Providing technical assistance to the countries on the agenda of the PBC, including joint collaboration on post-conflict or crisis analysis and needs assessment;
- b) Offering financial support for the peacebuilding programmes in the countries on the agenda of the PBC, including exploring synergistic potential with PBF and other early funding investments;
- c) Offering financial support for the peacebuilding programmes in the countries on the agenda of the PBC;
- d) Undertaking joint advocacy work in support of the countries on the agenda of PBC; and
- e) Collaboration on thematic/sectoral issues at the national level or in the sub-regional or regional context, including through joint analysis or joint missions, to ensure that the IFIs' activities contribute to peacebuilding in the PBC countries.

Successive chairs of the PBC and of the country-specific configurations have initiated policy dialogue and undertaken collaborative actions with the various regional organizations and IFIs. IFIs have strict criteria for country funding allocations that the



PBC is unlikely to alter. Thus, rather than trying to increase funding for particular countries, PBC should engage in dialogue with the IFIs about focusing more of the existing funding towards peacebuilding. One example of such a dialogue was the High-Level Side Event on Central African Republic jointly organized by PBC and the World Bank, held in the margins of the summit on the Millennium Development Goals in September 2010 in New York. At the event, the World Bank announced additional financial support for CAR amounting to US\$20 million. Another example was the PBC mission to the AfDB in Tunis in November 2011 led to an understanding on a set of recommendations in *The Minutes of the Consultation Mission*, which will serve as the basis of developing and deepening the partnership between the two institutions.

PBC's partnerships with the AfDB, other regional and international institutions and UN system entities, in particular the World Bank, aim to combine collaboration at the policy level with strengthened coordination at the programmatic and operational levels. Improved coordination focuses at headquarters and country levels. Experience to date underlines the need to improve coordination in articulating instruments of engagement, in assisting in building or utilising national capacity for their implementation and in mobilising resources for relevant peacebuilding priorities. Moreover, it is important that Member States give consistent messages in respective intergovernmental organs, such as the PBC, Security Council and the Executive Boards of UN agencies, funds and programmes and outside of the UN system as members of IFI's decision-making organs/mechanisms. The PBC, through its membership, could support this objective.

At the country level, the PBC should work in close collaboration with the UNCT and others to draft consolidated strategies for resource mobilisation for key peacebuilding priorities. Multi Donor Trust Funds (MDTF), whether global or at country level, is another group of potential partners that the PBC could further engage with in this regard. Whether thematic or geographically oriented, the PBC could engage in discussions with MDTFs on their support to peacebuilding activities at the global level as well as for country-specific needs.

The PBC could utilise its political legitimacy and leverage to ensure effective communication and outreach including through reaching out to relevant media institutions. The sharing of experiences of what works and what doesn't in peacebuilding is another area that the PBC could further explore.

The PBC can also leverage its political role and the inclusion in the PBC of donor countries to support more effective financing of transitions. The principles and recommendations listed in the International Network on Conflict and Fragility (INCAF) guidance on transition finance provides useful directions in this regard, including on risk-taking, improving pooled funding mechanisms and building better links between aid and national priorities. Further, the New Deal highlights principles for aid delivery, such as the use of country systems, including public financial management systems, and the need to build government capacity to manage aid inflows.

*Recommendations for the Chairs and the members of the country configurations:*

- The PBC could draw on the successful high-level meeting on CAR to develop similar events for the countries on the PBC agenda.
- Through joint meetings with IFIs, the PBC members could obtain a better understanding of the IFI decision-making processes, and identify entry points to influence such decisions.
- The PBC could initiate policy discussions with the IFIs, with a view to ensuring re complementarity and sustainability of interventions. These policy dialogues should result in deepening the IFI's participation in the development and implementation of PBC instruments of engagement with the countries on its agenda. In turn, the PBC will contribute to, as requested, to the development of the IFIs Country Strategy/Assistance Papers (CSP) and other relevant operational documents through analysis of the key peacebuilding priorities, challenges and opportunities for peace dividends.
- The PBC should continue to build strong ties to the regional development banks, and particularly the AfDB.

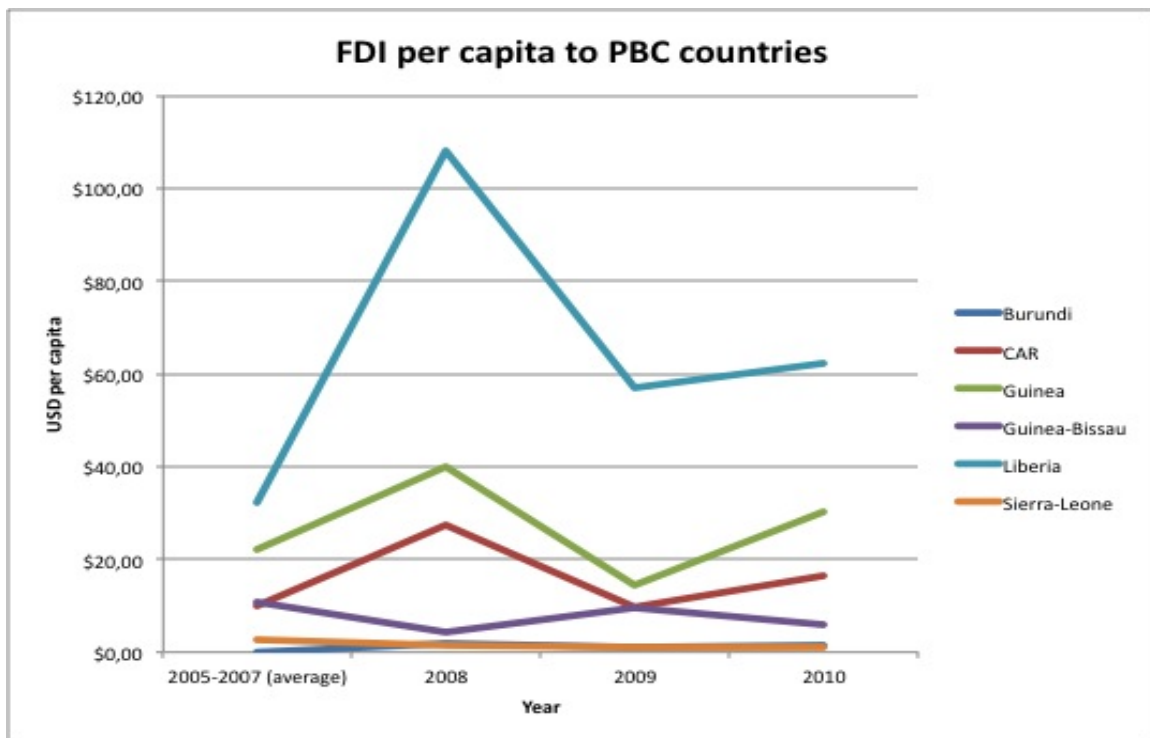
## **Engaging foreign private sector firms**

Investing in post-conflict countries can yield significant returns on investment. Countries emerging from conflict often offer access to cheap and plentiful labour and crucial natural resources. These countries are also usually among the fastest growing economies in the world due to the efforts put on stimulating economic recovery. There is a growing recognition that the private sector can provide considerable resources for growth and development, through equity and portfolio investments. Indeed, in 2009, private financial flows dwarfed official financial flows by a ratio of 1:1.9. Organizing investment forums that bring together the government and interested private sector firms is one way of doing so. Working with the government of the concerned countries and relevant UN agencies and regional organizations, the PBC can make a valuable contribution to that effort.

Post-conflict countries offer plentiful opportunities for domestic and foreign investment, in particular in the agribusiness and various extractive industries, such as logging and plantation operations, mining, and oil and gas exploration. A common feature of these sectors is that they require a number of workers with basic vocational training (heavy duty equipment operators and mechanics, welders, basic Information Technology skills etc.) and a much smaller group of highly trained specialists (engineers, geologists, forestry and agriculture experts etc.). The PBC could facilitate the sharing of experiences about how to develop a domestic workforce capable of meeting the demands from existing and prospective investors.

However, for investments to contribute actively to consolidate and build peace, they must be predicated on a conflict-sensitive approach, for example through a peace-conflict impact assessment (PCIA)<sup>viii</sup> of their potential contribution. In that context, the links between the presence of natural resources and conflict are of particular importance. The findings of recent studies point to a strong correlation between the exploitation of natural resources and conflict.<sup>ix</sup> Extractive industries can fuel conflict from their usage of land, water and other resources, but can also create important, positive economic impacts.

Access to and exploitation of natural resources play an important role in all of the countries on the PBC's agenda. Investments in non-extractive industries can also play an important role in peacebuilding by providing jobs and opportunities and applying peacebuilding-sensitive principles. The PBC, supported by PBSO, has a role in promoting peacebuilding-sensitive private investments and in promoting existing tools and partnerships within the UN system and international community in this regard. The experience in Rwanda<sup>x</sup> shows that the adoption of investment-friendly regulation and legislation as well as providing support to potential investors can help trigger large Foreign Direct Investment (FDI) inflows in post-conflict environments. The government, on the other hand, must also have the capacity to ensure that these investments are conflict-sensitive and contribute to sustainable peace, comply with labour laws and regulations, respect human rights, and ensure that national authorities retain control over policy on critical resources, corruption is attacked, tax revenues are generated and investments trickle down and create local growth and employment opportunities.<sup>xi</sup>



**Figure 3 - FDI flows to PBC countries per capita in USD. Source: UNCTAD, World Investment Report 2011; [www.unctad.org/wir](http://www.unctad.org/wir) or [www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)**

As figure 3 illustrates, the flows of FDI differ significantly among the countries on the PBC agenda. Generally, FDI is concentrated in countries with high levels of commodity exports and large extractive industries. Unsurprisingly, these sectors fluctuate significantly when the world economy is exposed to shocks and may therefore have disproportionately negative effects in impoverished countries emerging from conflict. That said, FDI represents a much welcome inflow of foreign capital and will, with the right frameworks, help kick-start much needed economic growth.

The PBC has a strong potential role both in advocating for necessary regulatory reforms to create an enabling environment for private investments and in ensuring conflict-sensitivity in those investments. The PBC could also function as a forum for sharing relevant experiences and practices in these areas.

The PBC can help countries on the agenda of the PBC to<sup>xii</sup>

- Secure a better domestic framework for investors extracting natural resources;
- Support revenue transparency and equitable sharing of payments; and
- Involve the private sector in better managing its impacts – positive and negative.

The PBC can play a catalytic role in encouraging the country to develop an inclusive national vision for the use of its natural resources. The PBC can also advocate and support for better parliamentary and government oversight of extractive industries. Because of weak capacities and information asymmetries, governments often have inadequate laws or sign contracts that are disadvantageous to the country in terms of revenue generated or in terms of clauses that limit the policy space of the government. These weaknesses can be mitigated through the development of capacity for negotiation and renegotiation of extraction agreements. Model mining or logging extraction agreements could be used as a starting point with extractive companies to get an appropriate balance of rights and responsibilities. The PBC can raise awareness of the importance of high quality contracts and encourage countries to standardize their negotiating procedures so individual deals are avoided. The PBC can help to identify problems and solutions by advocating for independent reviews of key extraction laws and encourage and advise on PBC countries to award contracts in line with their own laws.

The PBC could encourage countries to join transparency initiatives, such as the Extractive Industries Transparency Initiative (EITI), Kimberley Process (KP) and EU Forest Law Enforcement. The PBC can also urge its agenda countries to follow the example of Liberia and make all contracts (not just payments) public. Civil society and the media have an important role in monitoring agreements and their capacity to do so need to be strengthened.

The PBC could support mitigating the negative impacts and increasing the potential positive peacebuilding impact of the private sector through raising awareness on international standards and advocating for companies to apply good international practices; encouraging exchange of information between the UN teams and the companies; promoting the inclusion of the private sector in traditional peacebuilding programmes such as Security Sector Reform (SSR) or Disarmament, Demobilization and Reintegration (DDR); and establishing effective natural resources-related grievance mechanisms.

Moreover, the PBSO is currently exploring, together with the World Economic Forum (WEF) and other UN partners, the possibility of developing a portal that would consolidate information about opportunities for investing, in a conflict-sensitive manner. However, the PBC, supported by the PBSO, could participate actively and meaningfully in existing and future events where the UN engages the private sector, such as the annual ECOSOC high-level meeting with philanthropists and corporations with strong corporate social responsibility programmes. In particular situations, the PBC could also work with the United Nations Global Compact and external partners to promote foreign direct investments in the countries on the PBC agenda.

*Recommendations for the Chairs and the members of the country configurations*

- The PBC, assisted by the PBSO and other stakeholders, could help by sharing experiences on conflict-sensitive private sector engagement in post-conflict contexts. Particular attention could be given to legislation and regulations dealing with extractive industries and agribusiness.
- Serving as a forum for sharing experiences in creating an enabling environment for foreign direct investments. The annual rating of the country on the “doing business index” of the World Bank could be one source to inform these discussions, which should include all relevant ministries in the country.
- The PBC can help countries on the agenda of the PBC to
  - Secure a better domestic framework for investors extracting natural resources;
  - Support revenue transparency and equitable sharing of payments; and
  - Involve the private sector in better managing its impacts.
- Advocating to ensure that appropriate mechanisms are in place for identifying and meeting the demands for skilled labour of existing and potential investors. This could entail supporting an annual meeting between the investors and relevant ministries (commerce and trade, labour, education/vocational training etc.).
- Supporting the development of and the dissemination of knowledge about the portal on investing in post-conflict countries as envisioned by the World Economic Forum.

## Supporting local private sector growth

In post-conflict contexts, the domestic private sector represents a large and usually under-utilized resource with enormous potential that can play a key role in the national peacebuilding effort, particularly in creating small and medium enterprises and creating employment opportunities.

Promoting private sector growth is a challenging task, but particularly so in post-conflict and conflict-affected contexts. However, creating an enabling legal, regulatory and financial framework can support the emergence of viable private firms. Peacebuilding interventions can be designed with a view to supporting the growth of a variety of private sector enterprises. Examples to be drawn on include the rebuilding of pre-war key employment value-chains, such as the cotton industry in Côte d'Ivoire; cocoa value chain in Sierra Leone; pottery manufacturing in Afghanistan; grass-root initiatives, such as the Ghaya Links weavers experience in Rwanda; and approaches that bridge the divide between local civil society and the private sector, such as the development of rural tourism in Uganda.<sup>xiii</sup>

Moreover, the presence of peacekeeping, special political missions and international non-governmental organizations (NGOs) can have a significant impact or “footprints” in the economies of countries emerging from conflict. Such missions exert influence in the economy through their procurement of local good and services, creation of jobs and other measures to improve livelihoods and stimulate growth. But these interventions must be organized in a conflict-sensitive way and carefully managed to minimize negative effects<sup>xiv</sup>. A number of international NGOs, most notably the Building Markets (formerly called Peace Dividend Trust), have worked with international actors on improving conflict-sensitive local procurement and have achieved remarkable results.

### *Recommendations for the Chair and the members of the country configurations:*

- The PBC engages in advocacy work to ensure the creation of an enabling environment for private sector growth, including through consultation with business owners, manufacturers and investors. The PBC, supported by the PBSO, could point to good practices in other countries in this regard.
- The PBC could help share experiences among members of the configurations and other Member States in drafting and implementing private sector growth strategies, which could include issues of legal and regulatory reforms concerning, infrastructure, business environment, professional organizations, labour regulation, etc.
- The PBC could also urge the international community to work together on developing joint strategies for local procurement of goods and services, for example, with an expert partner, such as the Building Markets.

- When meeting heads of mission, ambassadors and heads of international agencies and NGOs in the country, the Chair could urge his/her interlocutors to develop a strategy for local procurement.

## **Strengthening intermediation role of local financial institutions**

Populations of post-conflict countries suffer from major lack of access to financial institutions. For instance, only 2 per cent of Burundi's population are served by the traditional commercial banks, mostly in the capital, whereas an additional 5 per cent is served by microfinance institutions (MFI). In post-conflict contexts, support to rebuild, deepen and improve financial markets is critical in mobilising and leveraging private resources. Capacity building support to post-conflict countries for the development of their financial, regulatory and oversight frameworks that can productively mobilise savings and investments is a key issue.

Microfinance has been recognized as potentially being an effective tool for promoting peace, establishing community networks and facilitating the settlement of returnees, offering them economic opportunities<sup>xv</sup>. The PBC could build on the work that has been done by the Consultative Group to Assist the Poor (CGAP), an independent policy and research centre dedicated to advancing financial access for the world's poor, located at the World Bank and supported by over 30 development agencies and private foundations. The potentials of microfinance in support of peacebuilding are far from being fully tapped. However, the 2009 symposium on "Microfinance and Peacebuilding" held in Cali, Colombia lays out important guiding principles, which the PBC could further explore<sup>xvi</sup>.

### *Recommendations for the Chairs and the members of the country configurations:*

- The PBC could encourage national and international microfinance organizations, partnering with different stakeholders to develop microfinance institutions in the countries on its agenda.
- The PBC can use its convening power to call for enhancing international assistance to national governments for improving their capacities and resources in the national policymaking, oversight and regulatory frameworks, pertaining to microfinance as well as provision of other financial services.
- The PBC could share experiences among its members and beyond about different possibilities and strategies within the field of microfinance in post-conflict countries.
- A focus on specific populations could be promoted, in particular youth and women, and the reintegration of demobilised combatants.
- The PBC's collaboration with IFIs and others should include exploring ways to further strengthen financial inclusiveness in the countries on the PBC agenda.



## South-South cooperation and enhancing technical cooperation

In its broadest sense, South–South cooperation encompasses aid, trade and, investment flows as well as technical cooperation among developing countries. It has significant potential for channelling support for countries emerging from conflict. Over the past decades, emerging economies around the world have experienced high economic growth rates<sup>xvii</sup>. This growing economic clout is also reflected in new arrangements among major emerging economies, such as the IBSA (India-Brazil-South Africa Dialogue Forum) and the BRICS (Brazil, Russia, India, China and South Africa). Several examples suggest that emerging donors are also an important and growing factor in mobilising resources for development and peacebuilding. Economies such as China, India, Saudi Arabia and Venezuela each spend more than US\$1 billion per year on economic and technical cooperation assistance programmes.

Financial contributions from emerging donors to the Peacebuilding Fund amount to 3.9 per cent of total deposits to date. The IBSA Trust Fund, which receives US\$1 million per year from India, Brazil and South Africa, has financed projects in several conflict-affected places. While emerging donors are scaling up development activities, more could be done to promote support to peacebuilding activities. As those economies that have emerged as important new donors are expected to continue to demonstrate impressive growth rates, fostering good relations with these in the context of peacebuilding holds great potential for the countries on the PBC agenda and the Chairs supporting them. Further, many new donors have significant commercial interests in the countries on the PBC agenda and would consequently share an interest in maintaining peace and stability in countries emerging from conflict.

Besides mobilising financial resources, in-kind contributions such as technical assistance, training and lessons sharing may be of equal value to countries emerging from conflict. A number of countries have established rosters of civilian technical experts who can deploy to assist countries in need as in-kind contributions. Some of the roster-holders prefer to deploy through the United Nations, while others deploy bilaterally. Within some areas, SSR and rule of law (RoL) being examples, capacities have been organized through international Centres of Excellence, drawing on capacities from the North as well as the South. Countries may be able to identify suitable technical expertise from within the ranks of government and the civil service, civil society, academia and the private sector.

At the same time, some regional and sub-regional organizations are developing technical capacities that can be deployed to members of those organizations and beyond. For example, the African Union launched on 13 July 2012 “The African Solidarity Initiative (ASI) for Post-Conflict Reconstruction and Development” during the 19<sup>th</sup> Ordinary session of the Assembly of Heads of State and Government. ASI aims to mobilise support for post-conflict reconstruction and development in Africa driven by the motto: “Africa Helping Africa”<sup>xviii</sup>. ASI will solicit and offer four types of support for a



group of African countries emerging from conflict: financial support; technical assistance; requesting African countries to provide places in their institutions for training personnel from countries emerging from conflict; and sharing of lessons and experiences in post-conflict reconstruction and development.

Strengthening technical cooperation, particularly through new providers of capacity, holds great potential. The recent Review of International Civilian Capacity proposes recommendations that will make it easier for the United Nations and partner countries to draw on capacities outside the United Nations system.

South-South cooperation alone is estimated to amount to more than US\$15.3 billion, which is likely to be an underestimate.<sup>xix</sup> Of the different forms that South-South cooperation has taken, technical assistance has been the most common. Although many technical assistance projects focus on economic and social development, countries in the Global South have also developed specialized capacities in post-conflict peacebuilding. The Task Team on South-South Cooperation, hosted at the OECD, has gathered 110 case studies of South-South cooperation, of which 9 involve peacebuilding in post-conflict countries.<sup>xx</sup> South Africa's assistance regarding truth and reconciliation commissions to other countries as well as their electoral and mediation expertise provided to Burundi is a notable example of technical assistance in peacebuilding. The Brazilian waste management and community-violence-reduction programmes in Haiti helped to improve the environment; created jobs, especially for women; increased household incomes; and reduced gang violence. Another strong example of south-south cooperation is the Intergovernmental Authority on Development (IGAD) Initiative in support of newly independent South Sudan, under which Ethiopia, Kenya and Uganda recruited and deployed 200 civil servants to South Sudan for a period of two years<sup>xxi</sup>. The 'sending' countries offer the civil servants in-kind and the government of Norway finances project support costs. A number of countries, including Brazil, Nigeria and South Africa, have dedicated departments working on technical South-South cooperation.

Experience shows that the technical assistance that make the most impact tends to come from countries that provide experts with the linguistic skills, knowledge of local conditions and cultural affinity with the countries in transition from conflict. The High Level Meeting on Peace and Statebuilding: The Rwandan Experience held in Kigali on 8-9 November 2011 organized by the Government of Rwanda, in collaboration with PBC and AfDB, highlighted the potential for supporting the sharing of experience and lessons among countries emerging from conflict.

South-South cooperation offers significant potential in terms of delivering appropriate and often cost-effective capacity. There are many examples of so-called "triangular cooperation" in which a donor country funds experts from one country from the Global South to assist another country in the Global South. This form of cooperation has also been utilized in peacebuilding. For example, Brazil has conducted triangular cooperation

with Norway to strengthen public administration in Angola and Guinea-Bissau, as well as cooperated with the United States to strengthen Guinea-Bissau's National Popular Assembly. Funded by Sweden, South Africa provided police training and capacity development in Rwanda. The Review of International Civilian Capacity has proposed strengthening UNDP's role in supporting South-South and triangular arrangements in post-conflict settings.

*Recommendations for the Chairs and the members of the country configuration:*

- Identify new donors with an existing or future interest in the country and arrange bilateral meetings with them at the country level as well as in New York to generate interest and direct financial commitments to key peacebuilding needs. The future "Cap-Match" resulting from the Review of Civilian Capacities may be a useful tool to this effect. A particular focus may be given to identifying effective processes for linking financial needs of a country on the PBC agenda to specific priorities of the new donors.
- Encourage potential or interested emerging donors to join the CSC or invite them to selected open meetings. Include new donors in the distribution of materials and invite new donors to donor meetings.
- When a need for technical assistance has been identified, the PBC may try to "match-make" with capacities of the members of the CSC, bilateral actors on the ground, regional and sub-regional organizations and regional bilaterals. South-South partnerships should be an important component in this regard. A wide portfolio of technical expertise is also available through providers such as United Nations agencies, funds and programmes, the International Financial Institutions, regional- and sub-regional organizations, Centres of Excellence, etc.
- Where needed, the PBC could support the government in seeking funding partners for triangular cooperation. UNDP and other actors on the ground can often assist with technical support in facilitating such arrangements whereas the Chair could help generate the political interest and commitment.
- When activities that are critical from a peacebuilding perspective occur (elections, truth and reconciliation commissions, land reform, other legislative reform, etc.), the PBC should urge the government and donors to consider South-South cooperation.

## **Outreach to Philanthropic Foundations**

In 2009, private and corporate philanthropy to developing countries continued to increase reaching around US\$ 53 billion – now almost half the size of global ODA flows<sup>xxii</sup>. This offers a great opportunity for enhancing the engagement of philanthropic foundations in post-conflict countries. It is difficult to estimate the precise flow of philanthropic funds to the countries on the PBC agenda yet the PBSO is currently exploring ways to generate such data.

Foundations, whether private or funded by donors, can be oriented towards capacity building, such as the African Capacity Building Foundation; direct funding, such as the Partner Microcredit Foundation in Bosnia; or mobilisation of resources, such as the Foundation Centre. Other foundations offer policy analysis in support of resource mobilisation, such as the Trudeau Foundation or the Stanley Foundation International. A last group of foundations, such as the Mo Ibrahim Foundation and Open Society Institute, target policy issues, which include governance, political leadership and economic management. These policy areas are not only relevant areas in themselves, but also influence the prospects of economic growth in the countries involved.

Private companies can also provide direct philanthropic assistance normally through a dedicated philanthropic branch of the organization. The Chairs should consider the significant funds administered by foundations as a significant potential for mobilising resources. Further, foundations often specialise in a few areas within which they develop policy, innovative approaches and good practices. Some, particularly within the technological area, draw on their parent companies in this regard. Therefore, foundations could often be an interesting type of partner for the governments to work with. Foundations, as all other potential financial partners, need to be able to show results for their investments. Nevertheless, many foundations seem to be more willing to accept risks in their investments than traditional providers of ODA, representing an interesting constituency to partner with around innovative peacebuilding initiatives.

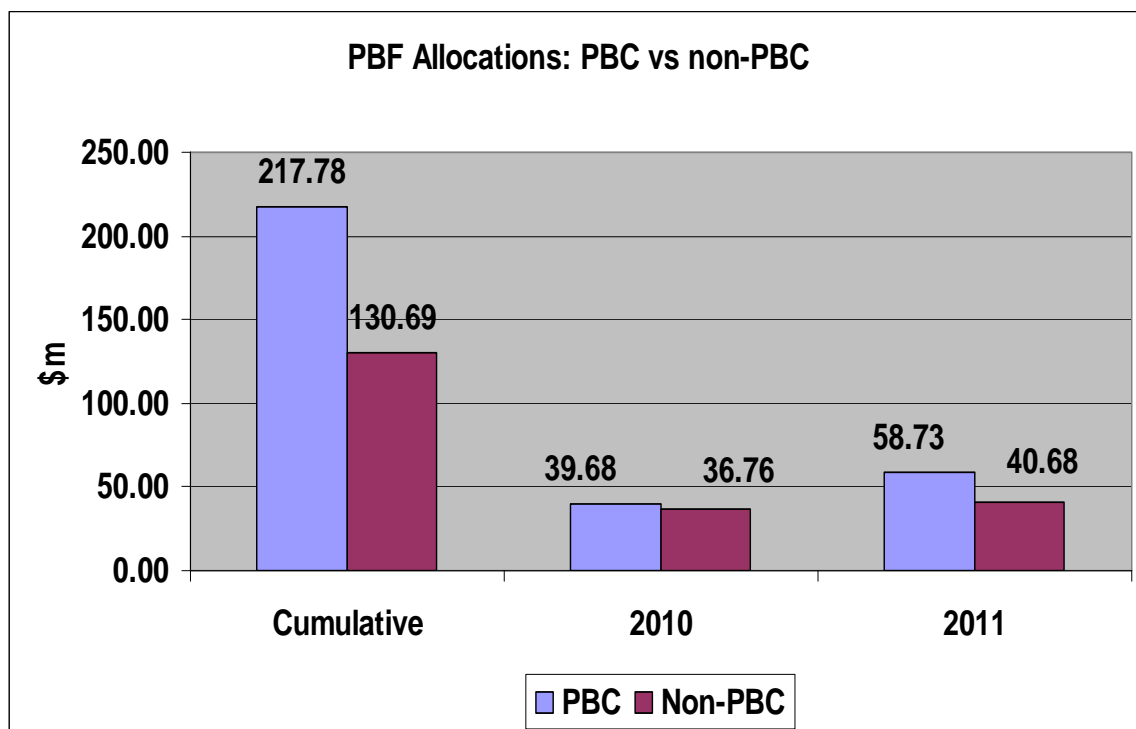
*Recommendations for the Chair and the members of the country configurations:*

- The PBC could play an important role in undertaking outreach and establishing relationships with foundations to ensure the inclusion of post-conflict peacebuilding in their portfolios. The PBC could provide regular updates to the relevant foundations about the Commission's activities and encourage them to enhance their support.
- When more specific resource gaps exist, the Chair could engage directly with foundations that cover specific sectors.
- The PBC could be represented at wider philanthropic events in order to sensitize and brief the largest possible number of private sector philanthropic entities.
- The PBC, supported by PBSO, could monitor the peacebuilding activities of foundations to extract good practices and programmes with the view to replicate successes in other countries.
- The PBC could request PBSO to partner with relevant organizations to monitor resource flows from philanthropy to the countries on the PBC agenda.
- The PBC could share information on philanthropy across country-specific configurations drawing particularly on global experiences, such as the establishment of the Liberia Philanthropy Secretariat.

## Further leveraging and catalysing PBC – PBF Synergy

The PBF supports countries on the agenda of the PBC. In principle, any country on the agenda of the PBC that is recovering from conflict or considered at risk of lapsing or relapsing into conflict should be considered as a possible recipient for PBF support. The PBF supports efforts to address immediate needs at a time when sufficient resources are not available from other funding mechanisms that could extend support to peacebuilding activities. As such the Fund is intended to deliver the greatest value added during the very early and critical stages of a peacebuilding process. The principle of “catalytic financing” for the PBF rests on the idea that the provision of official assistance to a post-conflict country will spur other interested parties to take actions to provide additional support to scale-up and/or sustain the peacebuilding activity or contribute to unblocking specific constraints to peacebuilding efforts.

In this process, the PBC provides, at the initial stage of priority plan formulation, strategic advice on overall funding priorities on the basis of the Commission’s strategic engagement in the country concerned. It also ensures that the PBF priorities are consistent with the Commission’s peacebuilding priorities reflected in the instrument of engagement -- Strategic Framework for Peacebuilding or the Statement of Mutual Commitments. This relationship between the PBC and PBF is central to the notion of synergy between these two pillars of the Peacebuilding Architecture. It also guides the manner in which the Fund serves as a quick response funding mechanism to address immediate post-conflict needs.



Although, the PBC does not have decision-making powers over PBF allocations, it can offer advice and guidance on PBF investments in line with strategic priorities identified in the instruments of engagement adopted by PBC and the countries on its agenda. The PBF currently allocates approximately 60 per cent of its funding toward countries on the PBC agenda (figure 4). PBF financing of peacebuilding in PBC countries remains a crucial part of its engagement and should be sustained. In addition, mechanisms for the strategic use of PBF resources to leverage and be catalytic need to be developed.

Administered by PBSO with final allocations determined by the Secretary-General, PBF funds provide “funding of first resort” to advance PBC engagement in areas where no other source of funding is available. The PBF was explicitly designed with an independent accountability mechanism intended to delink its decision-making process from the intergovernmental political process of the PBC.<sup>xxiii</sup>

Over the years, the efforts have been made to better align the instruments of engagement by PBC and the Priority Plan of PBF to more effectively leverage their advantages and resources. The PBF was established to play a leveraging and catalytic role, which should be followed by more substantial, longer-term finance as soon as possible for the recovery and reconstruction efforts.

*Recommendations for the Chair and the members of the country configurations:*

- PBC should support efforts at better aligning PBC instruments of engagement with PBF Priority Plans for countries on the agenda of the PBC. The Liberia Peacebuilding Programme provides a striking illustration of such an effort. The LPP translated the commitments the PBC’s Statement of Mutual Commitments for Peacebuilding in Liberia into concrete programmatic activities and draws together the work of all key stakeholders (Government, bilateral and multilateral donors, including the UN system and the PBC) represents a model for PBC-PBF synergy for countries on the PBC agenda and should be adopted, to the extent possible.
- Peacebuilding activities and financial needs assessments for countries on the PBC agenda should go beyond the funding scope of the PBF to facilitate scaling-up and/or leveraging of new and additional funding from other sources.
- Although the PBF does not allow earmarking of contributions, the priority plan for agenda countries can be enhanced to enable PBC to facilitate donor contributions towards specific activities. Modalities for making such contributions should be further elaborated drawing on experiences such as the Liberia Expanded Priority plan.



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- i The PBC Organizational Committee has devoted sessions to Resource Mobilisation on 18 March 2009 and Employment Creation through examining the Role of the Private Sector in Post-Conflict Peacebuilding on 19 February, 2008; **The Outcome of the PBC Task force on Private sector led by Indonesia, 2nd April, 2008**; and the Working Group on Lessons Learned devoted a session to The role of PBC in Marshalling Resources for Countries on its Agenda on 26 May 2010 and Resource Mobilisation for peacebuilding priorities and improved coordination among relevant Actors on 29 March 2011.
- ii See A/64/868-S/2010/393 of 21 July, 2010 page 18.
- iii OECD-DAC: "Ensuring Fragile States Are Not Left Behind". 2011.
- iv Christian Lotz. Journal of Peacebuilding and Development, Vol. 6 No.2, 2011.
- v The Center for Global Prosperity: The Index of Global Philanthropy and Remittances 2012
- vi This categorization draws on Ejeviome Eloho Otopo (2010) "The UN Peacebuilding Architecture: African countries as Early Beneficiaries" in Georg Lennekh and Irene Freudenschuss-Reichl (ed) 2010 Nachbar Afrika ( Neighbour Africa): Dimensionen eines Kontinents (Dimensions of a Continent)" ( Vienna, Austria: Passagen Verlag) p.113
- vii "New Deal for engagement in fragile states" adopted at Busan, Republic of Korea on 1 December 2011, page 1.
- viii [http://www.berghof-handbook.net/documents/publications/hoffman\\_handbook.pdf](http://www.berghof-handbook.net/documents/publications/hoffman_handbook.pdf)
- ix UNEP, "From Conflict to Peacebuilding – the Role of Natural Resources and the Environment". 2009.
- x Rwanda adopted the proper regulations and systems to attract FDI, in a joint effort with international financial institutions. Its FDI flows increased from US\$16 millions in 2006 to US\$103 millions in 2008. See UNU, Post-Conflict Countries and Foreign Investment, Policy Brief no 8, 2008
- xi See, for example, Global Compact, Enabling Economies of Peace: Public Policy for Conflict-Sensitive Business, New York, 2005.
- xii Please see "Discussion Paper for PBC Chairs on Natural Resources and Peacebuilding: Entry Points for the Peacebuilding Commission", November 2011 for further suggestions on how to take this agenda forward.
- xiii UN PBSO, The Role of the PBC in Marshalling Resources for Countries on its Agenda, Background note, 2010
- xiv See Carnahan, Durch and Gilmore, 2006: "The Economic Impact of Peacekeeping".
- xv See Rochman Achwan: "Microfinance institution, social capital and peacebuilding: Evidence from West Kalimantan, Indonesia" 2010. And Pascal Marino: "Beyond economic benefits: the contribution of microfinance to post-conflict recovery in Asia and the Pacific" April 2005.
- xvi <http://microfinance.alvaralice.org/node/464>
- xvii World Trade Organization. International Trade Statistics 2011.
- xviii See Declaration on the Launch of the African Solidarity Initiative (ASI) for the Mobilisation of Support for Post –Conflict Reconstruction and Development in Africa at the 19th Ordinary Session of the Assembly of Heads of State and Government , 9th July, 2012
- xix United Nations, Development Cooperation for the MDGs: Maximizing Results, New York, 2010.
- xx OECD, Boosting South-South Cooperation in the Context of Aid Effectiveness: Telling the Story of Partners Involved in more than 110 Cases of South-South and Triangular Cooperation, Paris, 2010; and <[http://www.impactalliance.org/ev\\_en.php?ID=48706\\_201&ID2=DO\\_COMMUNITY](http://www.impactalliance.org/ev_en.php?ID=48706_201&ID2=DO_COMMUNITY)> for the case stories.
- xxi Kristoffer N Tarp & Frederik F Rosén (2012): Coaching and mentoring for capacity development, African Security Review, 21:1, 15-30 and Journal of Peacebuilding & Development, Vol. 6 NO. 2, 2011 © Journal of Peacebuilding & Development ISSN 1542-3166
- xxii 2011 Index of Global Philanthropy and Remittances. The Center for Global Prosperity
- xxiii Review of the United Nations peacebuilding architecture, 2010. (A/64/868 and S/2010/39)