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MISSION DRAWDOWNS - FINANCING A SUSTAINABLE PEACE:

SUSTAINING GAINS AND SUPPORTING ECONOMIC STABILITY POST UN MISSION WITHDRAWAL

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Foreword

The international community has committed to *sustaining peace*, including through more effective UN Peacekeeping Operations and Special Political Missions (together known as UN Missions) (Box 1**).** Agenda 2030 recognises that there can be no sustainable development without peace, and no peace without sustainable development. As part of this, UN missions play a key role – helping to deliver the United Nation's *sustaining peace* agenda, aimed at bolstering efforts to prevent the outbreak, escalation, continuation and recurrence of conflict (UNSC, 2016[1]).

Box 1. The Sustaining Peace Agenda

On 27 April 2016, the General Assembly and the Security Council adopted parallel resolutions, A/RES/70/262: Review of the United Nations peacebuilding architecture and S/RES/2282(2016).

These resolutions define sustaining peace based on the Report of the Advisory Group of Experts on the Review of the Peacebuilding Architecture, Challenge of Sustaining Peace (A/69/968 - S/2015/490):

"Recognizing that 'sustaining peace', as drawn from the Advisory Group of Experts report, should be broadly understood as a goal and a process to build a common vision of a society, ensuring that the needs of all segments of the population are taken into account, which encompasses activities aimed at preventing the outbreak, escalation, continuation and recurrence of conflict, addressing root causes, assisting parties to conflict to end hostilities, ensuring national reconciliation, and moving towards recovery, reconstruction and development, and emphasising that sustaining peace is a shared task and responsibility that needs to be fulfilled by the government and all other national stakeholders, and should flow through all three pillars of the United Nations' engagement at all stages of conflict, and in all its dimensions, and needs sustained international attention and assistance".

1. **However, UN missions are not yet always living up to their potential under the *sustaining peace* agenda**, particularly in the transition and withdrawal of UN missions. To address this issue, the UN Secretary-General's Action for Peacekeeping Initiative (A4P), and the accompanying Declaration of Shared Commitments on Peacekeeping Operations, are working to create UN missions that are fit for the future (UNSG, 2018[2]), including by ensuring effective peacekeeping transitions. This work has included a Transitions Planning Directive (UN Secretary General, 2019[3]) to support early joint planning and to ensure financing, operational assistance and adequate staffing. It has been complemented by other initiatives such as the UN Department of Peacekeeping Operations and UN Women joint review of gender-responsive peacekeeping transitions.

This is a critical time for UN missions, with four major transition processes ongoing, and an opportunity under the 2020 peace architecture review to get things right. There are widening fault lines - within the UN Security Council, but also over finances and principles - threatening the traditional global consensus over peacekeeping (Boutellis, 2020[4]). Questions have been raised about the basis for the *sustaining peace* agenda itself, especially around the mixing of development, peace, and security issues, as well as on the implications of peacekeeping for sovereignty (Security Council Report, 2017[5]). This year, 2020, will also see a comprehensive review of the peace architecture; which presents a further opportunity to improve the effectiveness of transitions.

Budgetary issues are having a significant impact on peacekeeping. The recent cash-flow problems related to late payment and withholding of assessed contributions by some UN member states has led to a peacekeeping budgetary crisis, hastening transition processes and planned withdrawals of a number of UN peacekeeping operations – sometimes before any kind of peace has been made. Therefore, it is no surprise that of the 13 peacekeeping operations underway in February 2020, three of the largest – MINUSMA (Mali), MONUSCO (Democratic Republic of the Congo), and UNAMID (Sudan) - are at some stage of transition and withdrawal[1]. Together these three missions represent 46% of the total peacekeeping personnel, and 44% (USD 2.56 billion) of the overall approved budget.

Successful transitions are vital; providing the means to secure the gains achieved through UN missions. A carefully managed transition process is one of the best ways to guard against backslide and to ensure the continuity of essential peacebuilding and conflict prevention efforts. A successful transition should not aim to “fix everything” but rather to build a foundation upon which the host state can build its own future, on its own terms.

This requires focus, careful co-ordination, government leadership, a shared understanding of conflict drivers and vulnerabilities, and expectations management. Focus: so that UN efforts and resources are concentrated on priority areas for the successful achievement of the mission mandate, complemented by bilateral interventions to build and sustain peace. Co-ordination and shared understanding: so that all the dimensions of fragility are addressed – whether by the UN or by bilateral and other actors – in a peace-positive way. Expectations management: so that it is clear who will do and pay for what post-withdrawal.

An important aspect of successful transitions is providing the essential foundations for economic stability and maintaining financing for peace programming post-withdrawal – and yet these dimensions, which is the focus of this study, are often neglected. The OECD’s *States of Fragility* framework highlights economic stability as one of the main five dimensions of fragility (OECD, n.d.[6]). Yet, when UN missions wind down and withdraw, a significant amount of development finance, and a considerable source of revenue and economic activity, are lost. This may result in insufficient funds for critical peacebuilding programmes, as well as severe economic challenges for the fragile context. Both of these factors could undermine the transition process and the ongoing stability of the country.

This paper analyses the financing for peace programming and efforts to sustain economic stability after UN missions withdraw, and provides opportunities for improvement. The analysis has been grouped around the three phases of transition: ongoing UN missions, the transition and sustaining capacity and economic stability post-withdrawal. Good practices and opportunities for better financing, programming and political messaging to support a successful transition have been highlighted wherever possible.

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Finally, the author also thanks those who hosted and supported the case study missions, the UN Resident Coordinator's Offices in Haiti, Liberia and Sudan, and the office of the Deputy Representative of the Secretary General in the Democratic Republic of Congo. The case studies were conducted by the INCAF Secretariat, together with the UN Transition Specialists and Strategic Planners in each country: Carlos Dinas and Vittoria Groh (Haiti), Chikako Kodama (Sudan), Naeun Choi (Liberia) and Fanny Liesgang (DRC).

Methodological note

The International Network on Conflict and Fragility (INCAF), which brings together OECD Development Assistance Committee members, UN agencies and International Financial Institutions, agreed to continue its work on Financing for Stability (Poole and Scott, 2018[7]) (Poole, 2018[8]) under its 2019-2020 workplan. One of issues covered is the Financing of UN Mission Transitions. The work was conducted in partnership with the UN Transitions Project.

The study set out to address the systemic challenges of financing UN Transitions, by developing guidance for development finance and development partners to ensure that:

- the potentially negative economic impacts and disruptions of UN Transitions are mitigated;
- financing for peacebuilding programmes is sustained post mission withdrawal; and
- domestic economic growth is sustained and supported where possible.

The study focuses on domestic and international, public and private flows of development finance, how these have contributed to peacekeeping economies, and how they have been working (or not working) to support UN mission transitions.

It draws on evidence collected through a series of case studies in the Democratic Republic of Congo, Haiti, Liberia and Sudan. These case studies were chosen to represent a variety of mission drawdown and withdrawal contexts, and were selected in consultation with the United Kingdom, who has championed this research. The case study in Liberia (July 2019) reviewed UNMIL's withdrawal one year after departure. The study in Haiti (September 2019) reviewed the transition from MINIJUSTH to BINUH, as the handover was occurring. The case study in the Democratic Republic of Congo (October 2019) was anticipatory, reviewing the withdrawal of MONUSCO from some team sites, and the beginning of transition planning. The final case study, Sudan (February 2020), looked at preparations for the withdrawal of UNAMID, in the context of an overall political transition throughout Sudan.

The country case studies provide the core evidence behind the key findings and recommendations. Complementary research and analysis of major public and private financing flows supported the case studies to help guide the overall analysis. These elements were supplemented by a series of global-policy level interviews and a review of global policy-level literature. A detailed discussion on emerging key findings was held at INCAF in November 2019, and written comments were received from INCAF members following that meeting. This was followed by a feedback session convened by the United Nations in New York attended by staff working on humanitarian and peace issues across the UN system. Given that the findings draw primarily on four very distinct country case studies, they cannot be said to apply to all settings. The author also acknowledges that many other instructive examples exist that were not included in this study, which should be considered a contribution to an emerging body of literature and field of policy study on transitions.

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Abbreviations and acronyms

A4P	Action for Peacekeeping Initiative
BINUH	United Nations Integrated Office in Haiti
DAC	Development Assistance Committee
DPO	Department of Peace Operations
DPPA	Department of Political and Peacebuilding Affairs
DRC	Democratic Republic of the Congo
GDP	Gross domestic product
IMF	International Monetary Fund
INCAF	International Network for Conflict and Fragility
MINUJUSTH	United Nations Mission for Justice Support in Haiti
MINUSCA	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MINUSTAH	United Nations Stabilisation Mission in Haiti
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
ODA	Official development assistance (aid)
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the High Commissioner for Human Rights
PBF	Peacebuilding Fund
QIPs	Quick Impact Projects

UN	United Nations
UNAMID	African Union - United Nations Hybrid Operation in Darfur
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNIOGBIS	United Nations Integrated Peacebuilding Office in Guinea-Bissau
UNSC	United Nations Security Council
UNSG	United Nations Secretary General
UNTAET	United Nations Transitional Administration in East Timor
USD	United States Dollar

Executive summary

This is a critical time for UN missions – and for ensuring that the drawdown and withdrawal of missions leads to a sustainable peace. Of the thirteen peacekeeping operations currently underway, four of the largest – representing 44% of the total UN peacekeeping budget – are at some stage of transition and withdrawal. This year, 2020, will also see a review of peace architecture, opening the door for improvements to the way that UN missions transition and withdraw.

Successful transitions are vital; providing the means to secure the gains achieved through UN missions. A carefully managed transition process is one of the best ways to guard against backslide and to ensure the continuity of essential peacebuilding and conflict prevention efforts. As part of this, it will be important to build and reinforce the essential foundations for economic stability, and to maintain financing for peace programming post-withdrawal. Therefore, the overall objective of this research was to address the systemic challenges of financing UN mission transitions, by outlining opportunities to ensure that:

- the potentially negative economic impacts and disruptions of UN Transitions are mitigated;
- financing for peacebuilding programmes is sustained post mission withdrawal; and
- domestic economic growth is sustained and supported where possible.

This paper combines global trends and research on UN mission transitions with findings from case studies in the Democratic Republic of Congo (initial stages of MONUSCO transition), Haiti (handover from MINUJUSH to BINUH), Liberia (following UNMIL's withdrawal) and Sudan (transition of UNAMID, likely into a Special Political Mission). At the request of INCAF members, the paper focuses on opportunities that the international community could integrate into programming, co-ordination and financing. Accordingly, the paper is structured around the three phases of transition – ongoing UN missions, the transition, and sustaining capacity and economic stability post-withdrawal.

Phase one: Ongoing UN missions

Understand the peacekeeping economy, and the opportunities it provides

The macro-economic impact of several hundred millions of dollars of hard currency flowing into a country cannot be ignored. Peacekeeping economies exist wherever UN missions are present. They are context specific – sometimes dominating the local economy, sometimes playing a lesser role. They have different impacts on different sectors of society – direct and indirect effects that can either enable or further marginalise vulnerable groups, women, and others whose livelihoods depend directly on the peace mission's presence – including local staff, contractors, and the domestic workers of expatriate staff. Some of these impacts come from the financial flows associated with the mission; while some are due to the improved security situation that the mission brings, enabling the free movement of goods and people, allowing development projects to operate, and creating a more attractive environment for investment.

Peacekeeping economies also create significant opportunities for shoring up the foundations of economic stability. Firstly, the peacekeeping economy needs to be analysed and understood. This analysis will help flag risks that need to be mitigated and opportunities that can be seized. In addition, the presence of a peacekeeping economy creates an excellent enabling environment for important macroeconomic reforms; these opportunities should be taken up. To do so, the international community needs to guard against the “masking effect” of the peacekeeping economy, where solid economic growth figures, which rely primarily on the UN mission’s cash injections, hide deep structural macroeconomic challenges. Thirdly, many of the direct benefits of the peacekeeping economy will disappear as the mission withdraws, but this effect can be mitigated if the private sector has other economic opportunities and an enabling business environment – work can begin to reinforce these areas while the mission is present. Finally, the UN peacekeeping operation can play an important role in infrastructure development, protecting worksites and assets. The delivery of these key infrastructure projects can play a key role in supporting future economic recovery and development.

Do no harm

Major injections of hard currency, a loose regulatory environment with limited oversight capacity, and a culture of corruption, can create tempting environments for crime and capital flight. Risks of capital flight and money laundering need to be mitigated – one way is to ensure that expatriate staff pay rents and make other purchases through bank accounts in the host country, rather than transferring those payments offshore. Corruption levels are also high in many mission settings. Tackling corruption while the peace mission is in place provides a “no regrets” policy option for the international community, both by supporting mission anti-corruption efforts, and by working to reduce corruption more widely in the host country.

Conflict and fragility affect women and men differently. Other vulnerable groups may also be marginalised, based on their status, ethnic group, religious beliefs or geographic location, for example. It is important, therefore, that economic analysis considers these groups, and promotes economic growth opportunities in an inclusive manner. The positive inclusion of women entrepreneurs in mission tendering processes can also be useful.

Plan for the transition and withdrawal from the outset

In an ideal world, UN mission mandates would be set and renewed with the goal of *sustaining peace* and thus with an exit strategy in mind. Drawdown, or exit, planning would focus on maintaining capacity in the host country to continue on the path from conflict to peace. In practice, however, peacekeeping mandates, set by the Security Council, can be very broad, and there can be a mismatch with the resources that are eventually allocated – often six months later – by the General Assembly’s Fifth committee (Sherman, 2019[9]). Exit triggers – when to start transition planning and on what conditions to withdraw – are also important in ensuring the right conditions for sustainability. Where economies are dependant on commodity prices, for example, it makes no sense to withdraw as these prices are falling. Care must also be taken to avoid inflaming regional tensions if the impact of the peacekeeping economy is felt across borders.

Economic stability and maintaining capacity should be factored into the transition and withdrawal narrative, right from the initial mission mandate, so that the government and international community do not have to rebuild – and re-finance – those gains post-withdrawal.

Phase two: The transition

Manage expectations

Transition planning is leading to significant expectations gaps about who will do what, and who will pay. Different sets of development and governmental actors each assume that someone else will pick up the tabs for sustaining capacity, and for financing critical peace and security interventions, post-withdrawal. These expectations gaps begin with the way planning takes place, largely due to the planning process's UN-centric manner. In the case studies, transition planning has centred on closing the mission and handing over to the UN country team, and is therefore perceived by other stakeholders as a plan by the UN, for the UN. The opportunity is thus to create a more inclusive transition planning process, led by the government and including the intentions of all actors, governmental, bilateral and multilateral. This would help manage expectations, create a platform for shared monitoring of progress and bottlenecks as the transition moves ahead, and provide clarity about who will pay for what.

Ensure there is sufficient capacity for transition planning

An effective transition plan requires political leadership, strategic planning capacity, broad consultations, and supplementary research and analysis where necessary. This does not need to be expensive. It could involve re-assigning existing staff, embedding learning from other transitions, or crowding in external expertise – for example by asking international financial institutions present in the country to undertake the necessary macroeconomic analysis.

Phasing and sequencing programming, beyond a simple transfer to the UN country team

Today's transition plans are often based on the assumption that all "left-over" UN mission programming needs to shift to the UN country team. This assumption needs to be challenged – starting with an assessment of the UN's comparative advantage in the host country, and identification of areas more usefully served by alternative delivery models – including through government, bilateral and other multilateral actors.

Indeed, getting transitions right – ensuring that capacity to sustain peace is maintained (or built, when missing) in country systems post withdrawal – will require a fundamental rethink of how programming is prioritised, designed and delivered. All stakeholders need to be on the same page about how and when key functions will be handed over to government, and of the costs that will entail, including infrastructure, human resources and other operating costs. As part of this, and given the importance of security for *sustaining peace*, and also for continued economic stability, the handover of security sector reform responsibilities from the UN peacekeeping operation to other stakeholders needs to begin as early as possible. Some of the mission's public goods may also need to continue in some form - including air support and maintenance of remote airstrips for humanitarian response, for example, and information collection and analysis.

Develop a financing strategy for the handover of responsibilities

The transition plan must – and this is critical – be accompanied by a financing strategy. A financing plan serves to ground truth the transition plan, ensuring clarity about who will pay for what immediately post-withdrawal, and how the different revenue streams will change over time, as the government progressively takes on more responsibility, and the potential of different revenue streams is unlocked. Where functions will be handed over to the UN country team, joint programming using the mission's assessed contributions is useful to kick start the work – but for this to work properly, the UN will need to reduce the administrative burden, and speed up the process, around this modality.

Options for national staff and contractors

The impact of the withdrawal on national staff – often supporting large extended families – is significant. So far, less than 10% of national staff have managed to get new jobs after their bases closed, and former staff have also struggled to transition to the private sector. The problem also extends to local contractors – especially those who depend on the mission for the majority of their revenue – and to domestic staff – maids and drivers, for example - employed by now-departed expatriate staff. There are several opportunities for helping these people maintain a livelihood post-withdrawal. These include reducing administrative delays on final payments, hosting job fairs, supporting access to international staff rosters, continuing nationalisation of mission posts, providing training on small business management and supporting start-ups and co-operatives, including investigating innovative financing models, such as equity issued to their former international colleagues. A business model that shifts national staff from the mission into public service – either in local authorities or line ministries – could also help reinforce civil service capacity and ensure a livelihood post-withdrawal.

Phase three: Sustaining capacity and economic stability post-drawdown

Sustaining capacity gains post-withdrawal

The most important, but also most difficult, task of a UN mission transition is to set the foundations for sustainable peace long after mission withdrawal.

Firstly, capacity must be sustained in government systems and human resources. This means ensuring the continued integrity of the civil service, with general budget support providing a critical lifeline, especially when accompanied by appropriate technical assistance to ensure that policymaking and public administration capacity is maintained. In addition, key staff in the public administration must remain in post. Here, making transitions conditional on elections is a risk, as this often leads to significant senior civil servant turnover. Promoting schemes to transfer the mission’s national staff into provincial administrations and line ministries is another opportunity to support government capacity. Finally, government legitimacy and presence must be established outside the capital city – especially in contexts where the UN mission had a significant footprint, and its departure risks creating a governance vacuum.

Secondly, critical peace and security assets must be sustained. Assets purchased or constructed by the mission during its lifetime can provide critical capacity for the host government post-withdrawal – however, these assets are handed over without safeguards, and many of them have now disappeared. In the security sector, becoming a Troop Contributing Country to other UN peacekeeping operations can provide a powerful incentive, and funds, to maintain skills and equipment.

Finally, civil society capacity needs to be maintained. Civil society actors – including in key sectors such as human rights – can become dependent on the UN mission’s funding, including through Quick Impact Programmes (QIPs). Alternative funding arrangements will need to be found post-withdrawal, otherwise civil society capacity risks being lost.

Financing peace and security will need additional resources in the short-term

Donor fatigue is not the issue, but donors are unlikely to shift their allocations towards peace programmes post-withdrawal. In transition countries, staff have the impression that donors are intending to decrease their funding envelopes once UN missions withdraw, but this is not the case. However, most bilateral and multilateral development partners have already set out their country strategies for these contexts, and decided on their allocations for the next three to five years. Therefore, they have little incentive or scope to shift allocations into “left over” peace programming.

Instead, funding "left-over" peace and security projects will require a different approach. The problem is not with the scope of funds requested – often these projects only require small amounts of funding, around the USD 20 million mark. The lack of funding is instead, as noted out, due to the way the transition plans were drawn up, without a financing strategy, and creating an expectation gap about who will do, and fund, what.

The role of the Peacebuilding Fund

There is a common perception that the Peacebuilding Fund is the provider of last resort for post-withdrawal programming, detracting from the Fund's unique capabilities. Given the lack of other funding options, UN country teams are increasingly turning to the PBF to finance peace interventions post-withdrawal. This is difficult for the Fund, whose funding is entirely voluntary, and whose role is to provide catalytic funding for prevention and peacebuilding. There is an opportunity to clarify the role of the PBF in transition settings, focusing on its unique capabilities in supporting programmes to deliver a lasting peace, rather than as a gap-filler.

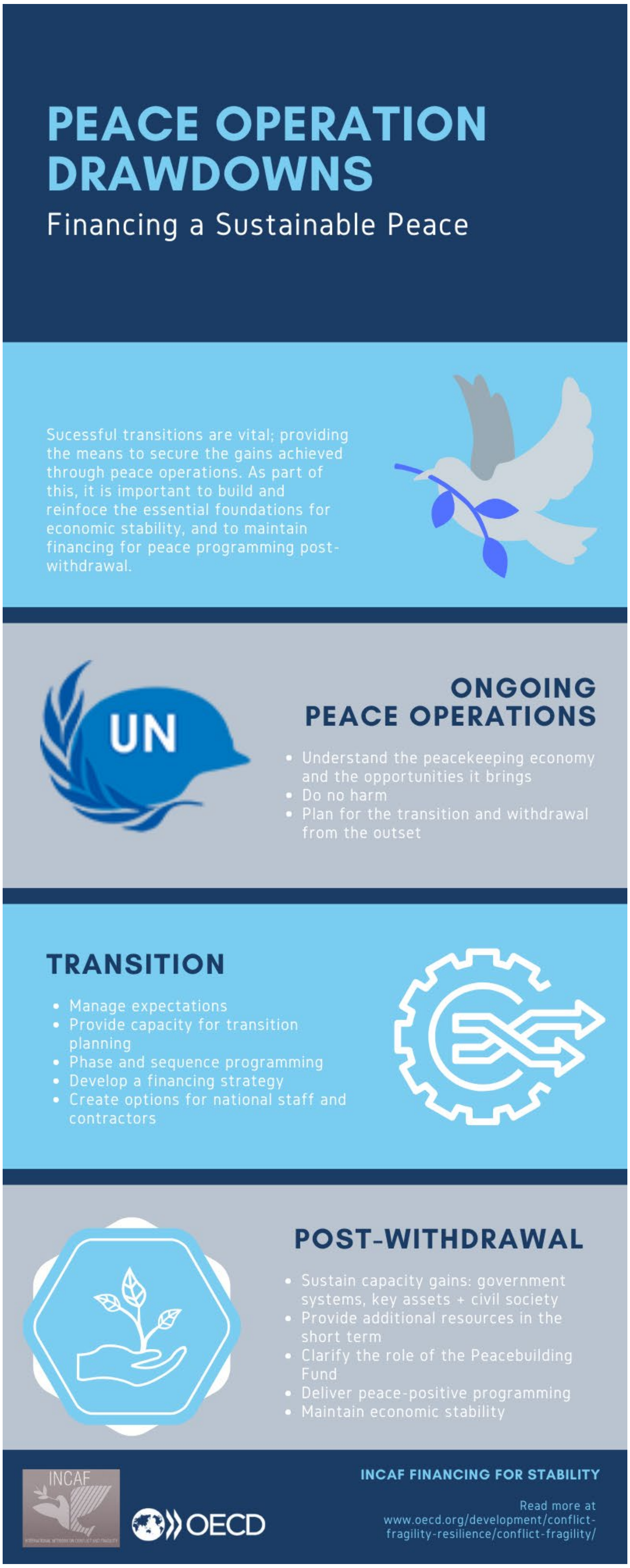
Peace positive and risk-informed programming, including at a local level, could also help

Globally the trend in fragile contexts is towards risk-informed programming that is clearly supporting peace, security and stability efforts, including at the local level. There is an opportunity for bilateral and multilateral actors to step up this type of programming in a post-withdrawal context, and to work consistently in a peace-positive way.

Maintaining economic stability

Ensure there are contingent finance measures for future shocks. Host countries remain exposed to a range of shocks – natural hazards, social tensions, climate shocks, etc. – that can have a significant impact on economic growth, delay needed investments and over-stretch social safety nets. Making provision for future shocks, through contingent financing and/or risk transfer mechanisms, will be important.

Support efforts to demonstrate that the economy is "open for business". The departure of a UN peacekeeping operation should also be accompanied by outreach to attract foreign investors, and measures to maintain an enabling environment for business, while guarding against practices that may do harm and fuel further conflict.


PEACE OPERATION DRAWDOWNS
Financing a Sustainable Peace
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UN
ONGOING PEACE OPERATIONS
• Understand the peacekeeping economy and the opportunities it brings
• Do no harm
• Plan for the transition and withdrawal from the outset
TRANSITION
• Manage expectations
• Provide capacity for transition planning
• Phase and sequence programming
• Develop a financing strategy
• Create options for national staff and contractors
POST-WITHDRAWAL
• Sustain capacity gains: government systems, key assets + civil society
• Provide additional resources in the short term
• Clarify the role of the Peacebuilding Fund
• Deliver peace-positive programming
• Maintain economic stability
INCAF
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Read more at www.oecd.org/development/conflict-fragility-resilience/conflict-fragility/

Phase one: Ongoing UN missions

While UN missions are underway, the focus is on delivering the mission's mandate in a complex, unstable and fast-moving environment. Transition and withdrawal may feel like part of the distant future, and yet now is the time to set the stage for *sustaining peace* after mission withdrawal.

This chapter provides an overview of opportunities for supporting economic stability and arranging sustainable financing for peace programming while UN missions are underway. Opportunities arise through a better understanding of the peacekeeping economy, by avoiding inadvertently doing harm, and through early and effective planning for the transition and sustainable peace post-withdrawal.

Understand the peacekeeping economy, and the opportunities it provides

The peacekeeping economy exists, but is not yet taken seriously

The OECD's *States of Fragility* framework lists economic fragility as one of the five key dimensions of fragility (OECD, 2018[10]). Economic stability is critical for the path from fragility to stability, enabling other macroeconomic objectives such as stable prices and sustainable, inclusive growth. It also creates the right environment for post-conflict job creation, creates confidence and certainty, and thus encourages investment in technology and human capital. Economic stability is thus a key foundation for *sustaining peace,* just as security is a key factor in supporting economic stability.

Unfortunately, the economic impact of peacekeeping – and its role in economic fragility – is not yet taken seriously. It is not the job of a UN mission to deliver economic stability, but the missions do have both positive and negative impacts on local economies, and their presence provides an ideal opportunity for addressing macroeconomic policies to support stabilisation and growth. However, so far this subject has received very little academic attention, and is not a systematic part of UN mission transition planning. For example, in Liberia a paper outlining the macroeconomic impact of UNMIL's drawdown was prepared, but it did not lead to any policy or programming to mitigate negative impacts (Scott and Schreiber, 2019[11]). There was no comparable analysis during the transition in Haiti (Scott, 2019[12]). There has not yet been an analysis of the peacekeeping economy in Democratic Republic of the Congo (DRC), although one multilateral development bank is planning to conduct some area-based analyses (Scott, 2019[13]). In Sudan, UNDP is planning an analysis that will include UNAMID's peacekeeping economy, although the mission's withdrawal is only eight months away and therefore the ability to seize opportunities and mitigate risks is probably limited. This lack of timely analysis of the peacekeeping economy, and the associated risks and opportunities, is a missed opportunity.

Research and analyse the impacts on different contexts and different sectors of society

It is difficult to calculate exactly how much of a UN peacekeeping operation budget is spent in-country rather than being expatriated, for example when civilian staff send their salaries to home bank accounts and via the financial reimbursements that are sent directly from the UN to troop contributing countries. Indeed, best estimates are that only about one-third of the annual peacekeeping budget actually remains in the host country.[1] However, the macroeconomic impact of several hundred million dollars of hard currency flowing into a country cannot be ignored – particularly when this makes up a significant proportion of the host country's gross domestic product (GDP), which is (or was) the case in Haiti, Liberia and South Sudan, for example.

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The case studies for this paper demonstrate that peacekeeping economies do exist, but that their impact is highly context specific (Box 2). Where the financial flows associated with the mission make up a significant part of the economy, for example in Liberia, Darfur and in some parts of DRC (particularly North Kivu), the impact of the peacekeeping economy can be major, and must be factored into drawdown planning. In Haiti, the peacekeeping economy has had a varied impact over time, and an overall lower impact than the response to the devastating 2010 earthquake, which brought in significant new financial flows to the country. Finally, where the peacekeeping presence does not really interact with the local economy – such as in isolated areas of DRC where most goods are shipped in, rather than purchased locally – the impact of the peacekeeping economy can be low or negligible.

Different actors may also benefit in different ways - and more or less significantly – from the peacekeeping economy. Detailed household surveys and analyses on the impact of the peacekeeping economy have been conducted in Liberia (Beber et al., 2016[14]), and Haiti (Box 4), but these have focused on capital cities and thus ignore the different impacts on rural versus urban communities. Other studies have concluded that the presence of UN peacekeepers in South Sudan increased the production of crops in areas where peacekeepers are present, and thus provides economic benefits to farmers (Caruso et al., 2017[15]). An older study noted that the deployment of the International Security Assistance Force in Afghanistan was associated with an increase in the levels of wages and in commodity prices (Bove V., 2014[16]). However, these studies have not disaggregated results between men and women or between different sectors of society. Anecdotal evidence from all four case studies for this paper – Haiti, DRC, Liberia and Sudan – indicated that vulnerable groups remained most exposed to economic risk, both during and after UN mission drawdowns, but that this differentiated impact had not been studied or quantified. It will be important to disaggregate future analyses if development actors are to maintain a focus on economic inclusion and leaving no one behind.

Box 2. The impact of the peacekeeping economy in Liberia, Haiti and Democratic Republic of the Congo

The UN peacekeeping operation in Liberia created a mini economic boom

Increased employment, local purchases and expatriate spending, alongside Quick Impact Projects (QIPs) in rural areas, all contributed to a mini economic boom during UNMIL's presence in Liberia from 2003-2018. In particular, speculative international businesspeople reaped high returns and local businesses thrived. However, there was no significant investment in productive assets, there were high levels of capital flight, and corruption continued largely unchecked. Unsurprisingly, therefore, UNMIL's withdrawal was accompanied by a significant economic downturn, exposing structural economic issues. The impact on men versus women, and on the rural economy versus Monrovia, the capital, is unclear – although respondents reported that the most vulnerable were hit hardest.

Haiti's economy is now stagnating, but the mission's role was less marked

Haiti's economy is stagnating – but this is not due to the UN peacekeeping operation's withdrawal. Indeed, the overall impact of the peacekeeping economy from MINUSTAH (2004-2017) and MINUJUSTH (2017-2019) was lower than in Liberia (Box 3). Instead, political turbulence and corruption are the major factors, discouraging private investment and limiting action on needed fiscal reforms. Rising inflation, limited economic opportunities, a difficult business environment, depreciation of the local currency, the Gourde, coupled with increasing insecurity are all contributing to a high cost of living and worsening economic fragility – which are already having significant flow on effects for stability in Haiti. In addition, the country is not reaping the expected economic returns from urbanisation, largely due to insecurity and a lack of infrastructure.

In DRC, the impact of the mission's peacekeeping economy differs across the country

The DRC case study demonstrates how peacekeeping economies are really very context specific. In Kinshasa, the capital, MONUSCO's eventual drawdown will have a limited direct impact, primarily affecting the rental property market, contractors (such as vehicle workshops) and those who provide services for expatriate staff; these effects will likely be absorbed by the wider urban economy. Outside

Kinshasa, in isolated areas such as the Kasaï, the impact of MONUSCO's withdrawal will be limited, as most products are imported and there is little interaction with the local economy. However, the peacekeeping economy in the eastern province of North Kivu, especially in Goma – recently topped up by the Ebola response economy – is significant. In this province, where MONUSCO has a major presence, there has been a significant uptick in rental property and prices, in expatriate related services such as restaurants, and in local commerce (goods and services such as security and logistics) supplying the mission. Recruitment of significant numbers of national staff, and the mission's local purchase of goods and services, has also supported economic growth. This economic dependence on the mission – particularly in the North Kivu province – will thus need to be carefully factored into drawdown planning.

Source: (Scott and Schreiber, 2019[11]) Financing for Peacekeeping Transitions: Liberia Case Study (Scott, 2019[13]) Financing for Peacekeeping Transitions: DRC Case Study (Scott, 2019[12]) Financing for Peacekeeping Transitions: Haiti Case Study

Focus on the impact on women and vulnerable groups

Conflict and fragility affect women and men differently, and place significant burdens upon women and girls. Women may take on new roles, for example as the main economic providers, despite often having limited control of resources and facing barriers to participation in economic programmes and in the formal sector of the economy (OECD, 2017[17]). Conflict may also create other vulnerable groups. While women, children, the elderly and the disabled are often cited as the most vulnerable in conflict settings, other groups may also be marginalised, based on their ethnic background, religious beliefs, or geographical location, for example. As noted earlier, it is important that economic analysis in each context considers these different groups, and promotes growth opportunities in an inclusive manner. The positive inclusion of women entrepreneurs in tendering processes can also be a point to note in UN mission procurement, for example. Finally, the impact of the peacekeeping economy on the middle class must also be assessed – as this is the group that may pose the biggest risk to the ongoing stability of the government.

The peacekeeping economy depends on both financial flows and security

- Not all of the economic benefits from UN missions come from inward financial flows, indeed the case studies suggest that the security gains provided by the presence of peacekeepers are at least as important as financial flows in building the foundations for economic stability and growth.
- Restoring peace (Liberia) and improving security (all case studies) have provided important foundations for economic growth. Indeed, in Haiti, those interviewed felt that it is rising insecurity and increased criminality, particularly since the withdrawal of MINUSTAH, which are the key drivers of the slowdown in development progress. Since MINUSTAH's departure, development actors have been unable to work in an increasing number of insecure areas of the country, and have had to scale back expectations about the scale of, and timeframe for, project results. This same insecurity has also negatively affected the business environment and economic growth in Haiti, particularly in the capital (Scott, 2019[12]). In DRC, security provided by the mission's presence has been critical for the free movement of people and goods, allowing markets to function and flourish. MONUSCO's presence has also restricted the spread of the illicit economy, and improvements in security have reduced risks, allowing financial services like insurance to function, and creating a more attractive environment for legitimate foreign investment. Local business people are very concerned about MONUSCO's eventual departure and the impact this will have on the business environment (Scott, 2019[13]).
- The impact of a UN peacekeeping operation's withdrawal on the security situation in the host country must therefore be factored into the analysis of the peacekeeping economy, particularly in projections of future economic growth and in micro factors such as access to local markets.

A 2016 survey in Liberia showed that 24% of local businesses catered exclusively for foreigners, and 85% of local businesses counted foreigners amongst their customers

- On top of the benefits provided by improved security, incoming financial flows do play a significant role in the peacekeeping economy, especially for some stakeholders, and UN peacekeeping operations clearly stimulate demand in ravaged economies of post-war societies. The budgetary figures of current UN missions do not allow for an accurate breakdown of what is spent on local contractors, supplies and personnel, and it is difficult to calculate exactly what proportion of expatriate salaries are spent on living expenses in-country, versus what is sent home and saved for spending elsewhere. Household surveys can provide some indication of the scope of the benefits, however. A 2016 survey in Liberia, for example, showed that 24% of local businesses catered exclusively for foreigners, and 85% of local businesses counted foreigners amongst their customers. However, the majority of these businesses were in low-skill sectors, creating an excess labour glut following mission withdrawal - meaning that the gains from the peacekeeping economy were not sustainable (Box 3).

Box 3. Household survey – Liberia's peacekeeping economy in 2016

In 2012, researchers collected survey data in Liberia's capital Monrovia for on-the ground evidence about the relationship between peacekeeping-driven economic booms and longer-term economic stability. The survey conducted a representative survey of a random sample of 1381 greater Monrovia residents. Main findings include:

- Many businesses depend exclusively on foreign spending and UNMIL-generated demand and are hence particularly vulnerable to any economic disruptions caused by UNMIL's withdrawal
- Most of the UNMIL-related demand is for low-skill services: drivers, security guards, cooks, maids, etc.
- Businesses catering to foreigners do not benefit from skills transfers that might enable a business to persist in a post-peacekeeping context
- The widespread unavailability of credit will remain a significant constraint for robust post-UNMIL economic growth
- The UN peacekeeping operation may not have laid all of the groundwork it could have laid in order to enable long-term growth in Liberia, but neither is UNMIL an extractive operation
- Subjects who sold goods or services to UNMIL personnel are dispersed across the metropolitan area, not clustered around UN bases (proximity is not a factor)
- Transacting with UNMIL pays well, and it also helps smooth out economic shocks such as the death of a household member
- Respondents have an overwhelmingly positive view of the peacekeeping deployment and the mission's apparent effects on economic well-being – the authors advance the theory that this may be because respondents recognise that their economic livelihoods depend on UNMIL's continued presence in Liberia.

Source (Beber et al., 2016[14]) Challenges of Peacekeeping Economies, https://www.nyu.edu/projects/beber/files/Beber_Gilligan_Guardado_Karim_PK_Economy.pdf

Conversely, the OECD's household survey in Haiti showed that the peacekeeping economy had a much less significant impact on livelihoods and economic opportunities in Port-au-Prince (Box 4). Knowing who is benefiting from the peacekeeping economy, to what extent, and whether these impacts are sustainable, will help identify opportunities for policy reform and programming going forward.

Box 4. Haiti's peacekeeping economy – the results of a 2020 household survey

In 2020, the Diagnostic and Development Group conducted a survey in Port-au-Prince, Haiti, on the peacekeeping economy. The results show a clear different between the peacekeeping economy in Haiti and the peacekeeping economy in Liberia.

Respondents to the survey perceived the departure of MINUSTAH/MINUJUSTH as having very little impact on their jobs or economic activities. Indeed, 72% of those who were economically active agreed the departure of the UN peacekeepers had no effect on their income-generating activities versus 6.7% who agreed the departure of the UN missions harmed their jobs or economic activities; about 9% even perceived their jobs or economic activities to have been improved following the departure of the UN peacekeeping operation.

In addition, 81% of the respondents indicated that nothing happened or not much changed following the withdrawal of the UN peacekeepers in 2017; less than 8% believed the country would suffer economically.

Source: (Diagnostic and Development Group, 2020[18]) Peacekeeping Economy Survey in Haiti

Support important macroeconomic reforms as the foundations for economic stability

The presence of a UN mission, and its peacebuilding economy, creates an excellent enabling environment for forging ahead with macro-economic reforms. This is because increased employment and demand for goods and services – positive flow on effects from the peacekeeping economy – can help mitigate the sometimes challenging effects of economic reforms over the short-term; while, the "good offices" function of the mission can help create the necessary political will for needed policy reforms.

However, to make this work, the international community will need to guard against the potential for peacekeeping economies to create a "masking effect". These effects occur when solid economic growth figures, which rely primarily on the UN mission's cash injections, hide deep structural macroeconomic challenges. UNMIL's presence in Liberia created such a "masking effect", hiding underlying governance and structural economic issues, and made addressing them less pressing – and extended their presence due to the inflows of aid for the Ebola response in 2014-2015. Respondents in Liberia noted that if the economic effects of the mission and its withdrawal had been better understood, perhaps through revised growth projections, then the importance of measures to mitigate their impact, including the International Monetary Fund (IMF) structural adjustment programme, could have been recognised earlier (Scott and Schreiber, 2019[11]). In DRC, the IMF announced that agreement had been reached on a reform program to be supported by the Rapid Credit Facility and a Staff-Monitored Programme through May 2020 – this will be important in shoring up the capacity for economic stability through the future transition process (IMF, 2019[19]). In Sudan, urgently needed economic reforms are being hampered by the lack of external finance – which the international community cannot provide while Sudan remains on the State Sponsor of Terrorism List. There are concerns in-country that if the economic situation cannot be stabilised, with inflation spiralling out of control, a significant fiscal deficit, and expensive fuel subsidies still in place, then the new transition government may not survive.

Structural reform programmes can also pose risks. In particular, the international community needs to accompany these programmes with social safety nets – at least initially – to ensure that the poorest and most vulnerable are not disproportionately affected.

Create an enabling environment for the local private sector

Many of the direct benefits of the peacekeeping economy will disappear as the mission withdraws, but this effect can be mitigated if the private sector has other economic opportunities and an enabling business environment.

Mission environments are often complicated areas to do business. In the case study countries, Liberia ranks 175th (of 190) on the World Bank's Ease of Doing Business Rankings, Haiti is 179th , Sudan is 171st, and DRC 183rd. Other mission settings score even lower – with the Central African Republic at 184th, and South Sudan at 185th, for example (World Bank, 2019[20]). Scores are awful across all the indicators: regulatory, access to electricity and to credit, taxation, rule of law and cross-border trade. Based on these scores, it is obvious that to improve the enabling environment for business, programming and policy work would – at minimum – be a "no-regrets" policy option, i.e. benefiting the economy no matter what. At best, a more enabling environment could also help mission-dependant businesses to re-orient and add value to the local economy once the mission withdraws.

Mitigation of the impacts of mission withdrawal can also be factored into the way that the mission contracts for goods and services. Difficult logistics, and low-skill environments, may mean that UN missions prefer to procure goods and services through international contractors, leading to the expatriation of profits, with local businesses missing out on growth opportunities. Missions can further complicate this situation with difficult administrative processes around tendering – even simply by not issuing tenders in local languages – that exclude local businesses completely. However, there can be creative solutions, even in the most difficult of contexts. Where contracting international solutions is the only feasible option, missions could, for example, require the international contractor to partner with a local business, and to provide skills-transfer, both in management and on the technical side. Timor Leste provides a useful example. Tradespeople from Australia flooded into Dili, the capital of Timor Leste, in 2000, to rebuild the destroyed city and service the new UNTAET mission. For these Australian tradespeople, working with local apprentices was the standard business model, often mirroring the way they themselves had started out in their trade. This apprenticeship business model allowed for significant skills transfer, especially in the construction industry, that has remained in Timor Leste long after the Australians returned home. Apprenticeships can also provide significant benefits for at-risk youth (OECD, 2018[21]).

Begin infrastructure projects as soon as security returns

Major infrastructure projects – especially those in the energy and transport logistics sectors – are critical enablers of economic growth in devastated post-war economies. They provide an important signal of a return to normality, and can encourage new investors, both domestic and international – as well as enabling development, particularly in the case of social infrastructure. In addition, infrastructure projects can be a critical cash injection for both the economy as a whole, and for local communities who are provided with jobs and livelihoods (Jones and Howarth, 2011[22]).

Delivering major infrastructure projects requires a certain level of security, both during construction and going forward. Outbreaks of conflict can lead to the physical destruction of infrastructure assets either as a deliberate military strategy or because of the difficulty of continuing maintenance. Insecurity can also create operating difficulties for contractors, including the scarcity of available skilled labour, access for materials, and elevated delivery costs. Therefore, although there is risk involved, respondents to this study suggested that design and delivery of critical infrastructure projects should begin as soon as there is some confidence of ongoing security, and that the UN peacekeeping operation could indeed play an important role in protecting these worksites and assets going forward, as a key part of supporting economic recovery and development.

Importantly, do no harm

Limit the potential for corruption, capital flight and money laundering

Major injections of hard currency, a loose regulatory environment with little oversight capacity, and a culture of corruption, can create tempting environments for crime and capital flight. In Liberia, despite the scale and scope of the peacekeeping economy, there was no significant investment in productive assets; partly because of capital flight, partly because of the complicated business environment, and partly because of corruption (Scott and Schreiber, 2019[11]). In DRC, anecdotal evidence showed that some UN staff are paying domestic rents into foreign bank accounts, often in Europe – which is at best capital flight, but could also potentially be inadvertently enabling money laundering (Scott, 2019[13]). These risks of capital flight and money laundering need to be mitigated.

Corruption levels are high in most mission settings – Haiti and DRC rank equal at 161 (of 180) on the 2018 Corruption Perceptions Index, with Liberia and Mali at 120, Sudan at 172, and South Sudan coming in 178th (Transparency International, 2018[23]). On the political front, corruption is a major obstacle to democracy and the rule of law. Economically, corruption depletes national wealth; it also corrodes the social fabric of society, and non-enforcement of regulations can lead to environmental degradation (OECD, 2014[24]). In a recent assessment, Transparency International noted a range of concerns about corruption in mission settings (Box 5). Tackling corruption while the UN mission is in place thus provides another “no regrets” policy option for the international community – both by supporting mission anti-corruption efforts, and by working to reduce corruption more widely in the host country.

Box 5. Transparency International assessment of corruption risks in peacekeeping settings

Selected findings from Transparency International's assessment report - an assessment that addressed 77 indicators grouped around five key risk areas: political, financial, personnel, operations, and procurement, include:

- In mission settings, corruption can undermine international efforts, reducing mission effectiveness and diminishing public trust in intervention operations
- Concerns about the effectiveness of oversight processes, due to limited capacity, the complexity of UN missions, and the lack of effective fully independent oversight bodies, or a mission specific corruption policy. This results in a lack of consistency in the quality and rigour of the oversight processes, particularly as to the potential to identify risks and incidents of corruption
- Organised crime has impacted peacekeeping operations, undermining peacekeeping and peace building efforts, and there is anecdotal evidence of peacekeepers turning a blind eye to such activities
- Numerous interviewees from within the UN and outside commented that lobbying does go on, particularly relating to procurement
- Business and private sector contractors and suppliers are subject to financial probity checks, but there appears to be an over-reliance on self-certification and there is a lack of clarity on whether the UN conducts checks on suppliers, and how
- Staff surveys and interviewees, as well as high profile cases concerning retaliatory behaviour against UN officials who have exposed corruption, show that these systems are not effective and there remains more to be done to protect whistle-blowers.

Source: (Transparency International Defense and Security, 2019[25]) An Assessment of Corruption Risks in UN Peacekeeping Operations https://ti-defence.org/wp-content/uploads/2019/07/TIDS-CorruptionRisksinUNPeacekeeping-1.pdf

Plan for the transition and withdrawal from the outset

During the interviews for this study, all respondents stated that if UN missions are to maximise their contributions to *sustaining peace*, planning and preparations for the transition should begin much earlier. Some would even like to see transition planning incorporated into the process to inform Security Council members during initial mandate negotiations.

Indeed, in an ideal world, UN mission mandates would be set and renewed with the goal of *sustaining peace*, and thus with an exit strategy in mind. Mandates would include efforts - from the outset - to build the capacity of the host government to take the lead over time. Exit triggers would be established based on realistic indicators of sustainable peace, including its economic stability aspects. Drawdown, or exit, planning would focus on maintaining capacity in the host country to continue on the path from conflict to peace. This, of course, is easier said than done.

Set realistic mandates and expectations with a view to sustaining peace, and provide appropriate financing

Peacekeeping mandates can be very broad, and there can be a mismatch between mandates set by the Security Council, and the resources that are eventually allocated – often six months later - by the General Assembly's Fifth Committee (Box 6).

The case study in the Democratic Republic of Congo (DRC) provided a good example of a broad peacekeeping mandate that was not matched with sufficient funding, with many stakeholders noting that MONUSCO has struggled, with limited resources, to protect civilians and extend state authority in a country the size of Western Europe (Scott, 2019[13]). In Liberia, UNMIL's large budget envelope meant virtually no limits on programming, meaning that expectations around what could be continued post-withdrawal were perhaps overly high (Scott and Schreiber, 2019[11]). In both cases, the sustainability of the results achieved by the UN mission was (or will be) compromised by the mismatch with the budget envelope. This is particularly an issue in low-capacity environments, where host governments are unprepared, through lack of capacity or willingness, to consolidate gains made by UN peacekeeping operations on realistic, local terms.

Set appropriate transition and withdrawal triggers and conditions

Exit triggers – when to start transition planning and on what conditions to withdraw – are also important for sustainability. In Liberia, the Security Council's shifting views on UNMIL's exit timeline unnecessarily complicated drawdown preparations. In addition, the lack of clarity on what 'success' would look like in Liberia meant that there was no clear trigger to start the drawdown process. In that case using elections as the condition for withdrawal was problematic, as the transfer of power was accompanied by a massive turnover of civil servants, and thus a significant loss of capacity in government systems (Scott and Schreiber, 2019[11]). In DRC, there are not yet clear timelines – and thus the narrative around the transition risks being budget-driven rather than contingent on gains towards *sustaining peace* (Scott, 2019[13]). In Haiti, MINUJUSTH has just recently handed over to BINUH, a special political mission, while riots were paralysing the capital city. In Sudan, UNAMID's withdrawal is taking place in the context of a wider political transition across the country – and there is a risk that Darfur's continuing development and peace needs are trumped by the needs of the country as a whole.

Economic stability can be a useful addition to the transition and withdrawal narrative, right from the start. DRC's economy, for example, is highly reliant on the extractive sector into the medium term, and thus dependent on commodity prices. Therefore, a MONUSCO withdrawal at a time of falling commodity prices could significantly increase the risk of macroeconomic instability. In addition, the economy, especially in Eastern Congo, is interdependent with the economies of its neighbours. Care must be taken to avoid inflaming regional tensions as structural adjustment measures are implemented (Scott, 2019[13]). In Sudan, the proposed removed of a major fuel subsidy is already leading to political tensions and street protests. There is a risk that UNAMID's withdrawal, and associated economic hardship in Darfur, may increase this instability, if only in the Darfur region.

> Economic stability and maintaining capacity should be factored into the transition and withdrawal narrative, right from the initial mission mandate, so that the international community does not have to rebuild – and re-finance – those gains post-withdrawal

Conditions for transition and withdrawal should be clear and well-understood by all stakeholders, including – perhaps most importantly – the government and population of the host country. The focus should then be on building capacity where it is needed, so that the UN missions' gains translate into sustainable peace, and the international community does not have to rebuild – and re-finance – those gains post-withdrawal.

Box 6. How are UN missions funded?

While decisions about establishing, maintaining or expanding a peacekeeping operation are taken by the Security Council, the financing of UN Peacekeeping operations is the collective responsibility of all UN Member States. Decisions on financing are taken by the General Assembly's Fifth Committee, which deals with administrative and budgetary matters.

The peacekeeping budget cycle runs from 1 July to 30 June – but this is rarely aligned with the Security Council mandate; which is often handed down many months before. Instead, budgets are prepared for 12 months based on of the most current mandates

Every Member State is legally obliged to pay their respective share towards peacekeeping. This is in accordance with the provisions of Article 17 of the Charter of the United Nations.

The General Assembly apportions peacekeeping expenses based on a special scale of assessments under a complex formula that Member States themselves have established. This formula takes into account, among other things, the relative economic wealth of Member States, with the five permanent members of the Security Council required to pay a larger share because of their special responsibility for the maintenance of international peace and security.

The General Assembly reaffirmed these and other general principles underlying the financing of peacekeeping operations in resolution A/RES/55/235 (23 December 2000).

Peacekeeping soldiers are paid by their own Governments according to their own national rank and salary scale. Countries volunteering uniformed personnel to peacekeeping operations are reimbursed by the UN at a standard rate, approved by the General Assembly, of USD 1 428 per soldier per month as of 1 July 2019.

Police and other civilian personnel are paid from the peacekeeping budgets established for each operation. The UN also reimburses Member States for providing equipment, personnel and support services to military or police contingents.

The approved budget for UN Peacekeeping operations for the fiscal year 1 July 2019 - 30 June 2020 is USD 6.5 billion. Eight of the top ten providers of assessed contributions to United Nations Peacekeeping Operations are members of the OECD's Development Assistance Committee, together contributing 62.2% of total assessed contributions.

Source Author calculations based on (General Assembly of the United Nations, n.d.[26]) Administrative and Budgetary Committee (Fifth Committee) https://www.un.org/en/ga/fifth/pkofinancing.shtml and (United Nations Peacekeeping, n.d.[27]) How we are funded https://peacekeeping.un.org/en/how-we-are-funded

Opportunities for the international community

- Analyse the impact of the peacekeeping economy, disaggregating data to draw conclusions about the impacts on urban versus rural populations, on men and women, and on vulnerable groups – leaving no one behind
- Start macro-economic reforms early, using the *good offices* of the mission to help build political will for policy changes, guarding against the potential "masking effect" of the peacekeeping economy, and complementing these reforms with social safety nets to protect the most vulnerable
- Encourage the mission to undertake local procurement where possible, and to make tendering processes accessible to the local private sector, including women entrepreneurs. Where this is not feasible, ensure that international contractors have local partners, and provide technical and management skills transfer, including through apprenticeships
- Create an enabling environment for local business, including through better regulation, and loosening credit constraints for local business – even as a "no regrets" option
- Begin critical infrastructure projects early, as soon as there is some confidence in ongoing security, and ensure that peacekeepers support and securitise, where necessary, worksites and infrastructure assets
- Limit capital flight, and the potential for money laundering, including by mandating that all staff pay rent and domestic staff salaries into bank accounts in the host country
- Support mission anti-corruption efforts, and work to reduce corruption in the host country environment
- Set peacekeeping mandates with *sustaining peace* in mind, factoring in the capacity and willingness of host governments to consolidate anticipated gains. Link transition and withdrawal conditions to maintaining capacity, and factor in economic stability.
- Narrow the gap between UN Security Council mandate ambitions and Fifth Committee funding, to set the scene for a successful transition and withdrawal. Reduce the need for missions to rely on voluntary contributions to address budgetary gaps.

Phase two: The transition

This chapter provides an overview of opportunities for supporting economic stability and arranging sustainable financing for peace programming during the transition phase.
The chapter outlines opportunities about how to manage expectations about who will fund what post-transition, the importance of sufficient planning capacity and political will, and ensuring sufficient ongoing funding for good offices. It discusses options for planning and sequencing the transition, including the eventual handover to government. Finally, there are opportunities to prepare national staff, local staff and contractors for new jobs and economic opportunities post-withdrawal.

Manage expectations

There are significant expectation gaps about who will do what, and who will pay

Logic dictates that if the Security Council sets out programming priorities once the UN peacekeeping operation withdraws (in Liberia, through the follow-on Peacebuilding Plan; in Haiti, via the BINUH mandate), then Council members, especially the Permanent Five, will follow these mandates with appropriate financing. However, in both Liberia and Haiti, this expectation did not appear to be shared by bilateral DAC donors in-country (Scott and Schreiber, 2019[11]) (Scott, 2019[12]). Similarly, in Democratic Republic of the Congo (DRC), where MONUSCO has already begun its withdrawal from some areas of the country, interviews with bilateral and multilateral actors did not reveal any significant plans for financing peace and security projects in withdrawal areas (Scott, 2019[13]).

The result is an expectation gap – where different sets of development and governmental actors each assume that the other will pick up the tab for sustaining capacity, and financing critical peace and security interventions post-withdrawal. This expectation gap needs to be managed from the outset of the transition, both through the way the transition is planned, and through an accompanying financing strategy.

An inclusive transition plan – including a broad range of development partners and government – can help manage expectations

In both Haiti and Liberia, transition planning has been largely UN-centric. This means that the planning mostly took place within the UN peacekeeping operation and with the UN country team. In both cases, some consultations were held with bilateral actors – particularly the larger donors – and governments were kept informed, but the plans in both places were largely viewed as transition plans by the UN, for the UN (Scott and Schreiber, 2019[11]). Indeed, the focus of transition planning seems to have centred on closing the UN mission and handing over to the UN Country Team, rather than handing over to the host government and other actors, and sustaining capacity gains and peace. Interviews in DRC showed that both bilateral actors and non-UN multilaterals had not yet been consulted on the transition, although this may be because the transition is at a very early stage. Likewise, the DRC Ministry of Finance had not yet begun calculations to project required future budget allocations following MONUSCO's withdrawal, particularly in the security (military and police) and justice sectors, let alone started on the required improvements to domestic resource mobilisation and budget execution (Scott, 2019[13]).

A more inclusive transition plan, focused on sustaining capacity and peace post-withdrawal, led by the government and including the intentions of all actors, whether bilateral or multilateral, could help manage expectations

A more inclusive transition plan, focused on sustaining capacity and peace post-withdrawal, led by the government and including the intentions of all actors, whether bilateral or multilateral, could help manage expectations and present a more realistic and achievable path forward. It could also create a platform for shared monitoring of progress and bottlenecks as the transition moves ahead. This is a useful lesson from Liberia. In that case, the UN Security Council requested a Peacebuilding Plan, which was then developed jointly by the United Nations system in Liberia and the Government of Liberia in collaboration with national and international stakeholders (Republic of Liberia; United Nations, 2017[28]). This widely consulted plan had the potential to become a useful co-ordination tool for peace and security efforts across the international community. However, as the plan was instead used by the UN country team as a fundraising tool – or at least this is the perception amongst the international community – it has not lived up to this co-ordination potential.

Ensure there is sufficient capacity for transition planning

An effective transition plan requires political leadership, strategic planning capacity, broad consultations and supplementary research and analysis where necessary. Respondents in the Haiti case study suggest that funding for a deeper strategic analysis during the transition phase would have been useful – including learning lessons from past transitions and looking specifically at where the UN country team would add value post-transition (Scott, 2019[12]). In DRC, there is a clear opportunity for strengthening UN capacity for planning and analysis inside the current transition team (Scott, 2019[13]). This includes initial strategic planning capacity but also follow-through to support the drawdown, and to co-ordinate the effort with all stakeholders.

Analysis of the peacekeeping economic and options for longer-term economic stability should also be prioritised. In Sudan, many respondents mentioned the need for a better understanding of the impact of UNAMID's withdrawal on households and businesses in Darfur, to better understand how the special economic needs of Darfur fit within the national macro reform agenda.

Ensuring sufficient capacity for transition planning need not be expensive. Instead, it might involve re-assigning existing UN mission staff, or ensuring that the capacity requirements are built into core UN budgets. Capacity will also benefit from systematically capturing experience, skill-sets and lessons across UN missions, to help inform better transitions in the future – which is where the work of the cross-UN Transitions Project is especially important. Capacity on specialist aspects can also be sought from elsewhere in the international community – the international financial institutions present in country might be better placed to undertake the necessary macroeconomic analysis, for example.

Phase and sequence programming, beyond a simple transfer to the UN country team

The assumption that all programming needs to shift to the UN country team should be challenged

Transition planning often begins with a capacity assessment, which takes stock of the functions and abilities of the UN country team in the transition country; so as to better position the UN country team to support the country's development and peacebuilding priorities after the UN mission drawdown. The capacity assessment is thus based on the assumption that all the "left-over" UN mission programming should automatically be transferred into the UN country team, without a focus on comparative advantage: which actor or group of actors are best placed to finish or consolidate the work that was started by the UN peacekeeping operation. This approach also risks neglecting the important links between peace programming and other areas of focus, including economic stability.

Capacity assessments are thus useful but could go further, especially in seeking to understand comparative advantage of the range of actors present in a particular transition context. The capacity assessments in Liberia and Haiti helped identify gaps in the UN country team's toolbox going forward, essentially around the need for OHCHR presence to continue the missions' work on human rights (Scott and Schreiber, 2019[11]) (Scott, 2019[12]). However, the assessments did not look at the UN's comparative advantage nor identify areas more usefully served by alternative delivery models, for example compacts or alliances between bilateral and multilateral actors, which could prove a useful alternative to pure UN programming.

One significant casualty of this UN-to-UN handover model is human rights programming. The presence of a UN mission, with human rights embedded in its mandate, provides a useful shield for undertaking important, but sometimes controversial, human rights work while the mission is present. Once the shield is removed, and especially in cases where host governments are hostile to human rights programming, and/or national mechanisms, legislation and human resource capacity are weak, programming that seeks to continue to protect human rights can become very complicated. Finding finance for continuing this important work is also difficult, and OHCHR has struggled with funding after UNMIL's withdrawal in Liberia, for example. Interestingly, discussions during the DRC case study uncovered initial thoughts about an alternative model for human rights programming post-withdrawal, including national structures; this may prove a more successful model going forward. In Sudan, there are initial thoughts about supporting the humanitarian protection cluster to fulfil the human rights function, given that the incoming government does not prioritise this area.

Set out a phased and sequenced transition plan

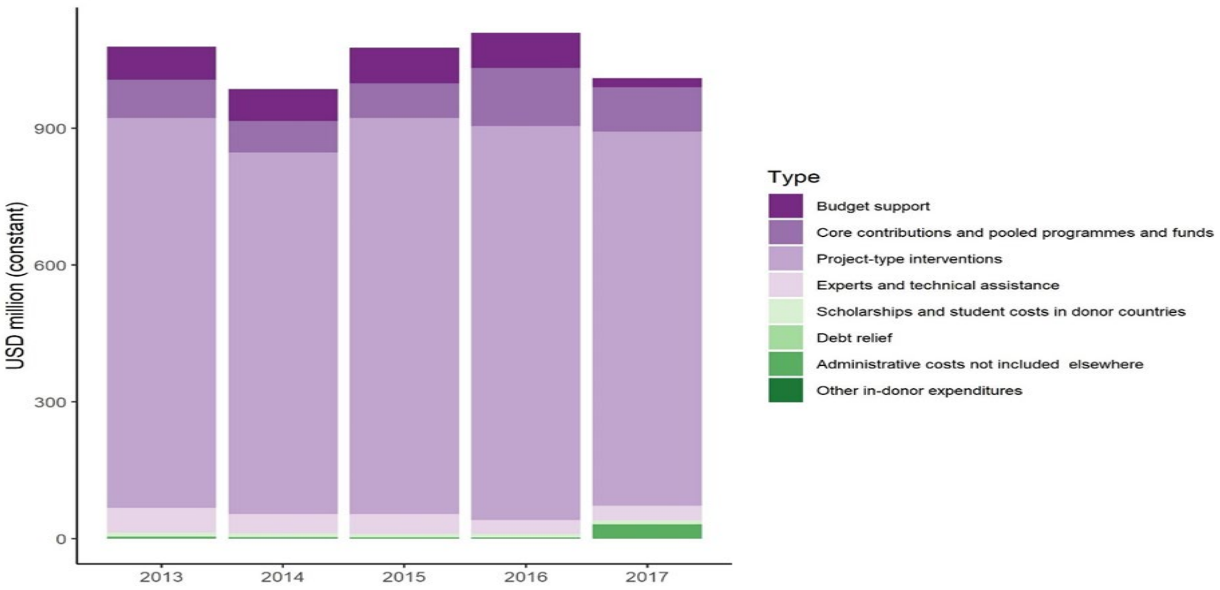
Once inclusive consultations have taken place, comparative advantage is understood, and alternative delivery models have been assessed, planning for the transition can begin in earnest.

Getting transitions right – ensuring that capacity to sustain peace is maintained (or built, when missing) in country systems post-withdrawal – will require a fundamental rethink of how programming is prioritised, designed and delivered. Here current transition plans can fall short, with their narrow focus on the immediate actions to be taken post-withdrawal, especially on the handover to the UN Country team. In Haiti, for example, and despite the impending transition from MINUJUSTH to BINUH, the UN country team decided to just update their UNDAF planning document, rather than develop a new strategic plan taking into account the new UN country team role post-transition; this was perhaps a missed opportunity, particularly given the hybrid nature of the new BINUH mission.

Getting transitions right – ensuring that capacity to sustain peace is maintained (or built, when missing) in country systems post-withdrawal – will require a fundamental rethink of how programming is prioritised, designed and delivered

Sustaining peace gains will also mean an eventual handover of responsibilities to government, even if that will take time. In cases such as Haiti, it is tempting to avoid planning to build appropriate capacity in country systems, as that is a very complicated operating environment, and results may take many years. This is demonstrated in the way aid is delivered today – with 81% is in the form of projects, and thus outside of country systems (Figure 1). However, in that case, it is important that all stakeholders are on the same page about how and when justice and police programming will be handed over to the Government of Haiti, and that government is aware of the costs that it will need to budget for to fully assume these responsibilities – including infrastructure, human resources and other operating costs. Providing greater clarity on timelines and responsibilities will thus help with expectations management. In particular, it will allow for a clear phased and sequenced timeline for future financing projections, including contributions from the international community as well as from government, at least eventually.

Figure 1. A relatively large share of total ODA to Haiti in 2017, 81% (USD 827 million), was project type interventions



Source: (OECD, 2019[29]) Creditor Reporting System, https://stats.oecd.org/Index.aspx?DataSetCode=crs1

Start early on the handover of security sector reform

Given the importance of security for *sustaining peace*, but also for continued economic stability, the handover of security sector reform responsibilities from the UN peacekeeping operation to other stakeholders needs to begin as early in the transition as possible. As noted earlier, one of a UN peacekeeping operation's most significant contributions to economic stability is the security it provides, enabling the free movement of goods, limiting the illicit economy, and reducing financial risks for investors. In addition, security creates access, which is critical for delivering and monitoring development projects, particularly the large infrastructure investments which will be required to enable future economic development. Many respondents interviewed for this study underlined the need to step up investments in security sector reform during the transition process, and to ensure that these investments will continue post-withdrawal. Other, non-DAC actors, are also active in the security sector in many mission contexts. Their intentions also need to be factored into security sector reform handover planning and financing.

Some of the mission's public goods may need to continue

A peace mission also provides public goods, and there needs to be a costed plan for maintaining the most critical of these services post-withdrawal. In DRC, for example, the international community relies heavily on MONUSCO public goods such as collecting and sharing information and analysis, logistics for Radio Okapi, the security umbrella – including for donor visits – and air support and maintenance of isolated airstrips, particularly for humanitarian response (Scott, 2019[13]). In Sudan, UNAMID's air transport logistics provide a vital lifeline from the capital to Darfur, and around the region – without this support development and humanitarian programmes will be more expensive and take longer to deliver. Arrangements for financing these public goods post-withdrawal will be important, and mission asset disposal plans need to take this into account.

Develop a financing strategy for the handover of responsibilities

The transition plan must be accompanied by a financing strategy

The transition plan should now be inclusive, based on comparative advantage and with a phased and sequenced approach to maintaining (or building) capacity in-country to consolidate the UN mission's gains towards sustainable peace.

However, a plan without a financing strategy (Box 7), and without mention of economic development and jobs, is just a dream. In Liberia, the Transition Plan captured the transfer of many of UNMIL's key responsibilities and tasks to the Government of Liberia. However, no financing strategy accompanied this plan, leading to a tacit assumption by the government that the international community would pay the majority of the costs. This expectations gap was only recalibrated through a long series of meetings between key bilateral actors, the UN and the government on the Plan's implementation, where the international community helped the government to find ways to finance a large portion of the costs, including by raising new revenue, and by delaying or off-setting some of the costs. Had there been a financing strategy – including national and international, domestic and private flows – for the plan from the outset, the expectation gap might have been avoided. In Haiti, the same issues will arise, as core functions, such as police and corrections, will also be handed over to government on mission withdrawal without a financing strategy (admittedly difficult as the Government of Haiti does not yet have a budget). In DRC, supporting the government to cost the additional budget resources that will be required - particularly in the security and justice sectors – will be critical in ensuring clarity about who will pay for what post-withdrawal.

Box 7. A phased and sequenced financing strategy for the transition

Phasing and sequencing the financing strategy

A financing strategy is an opportunity to look beyond immediate financing gaps to consider the potential contribution of a range of financing actors and flows to strategic development, peacebuilding and self-reliance goals over a medium- to long-term timeframe. Establishing ambitions for the contribution of a range of public and private financing flows and actors can then inform the design of policies, structuring of incentives, investments in capacity strengthening and technical support, and building monitoring mechanisms.

Phasing and sequencing includes:

Sequencing of actions. Sequence programmes and investments in terms of what is critical to begin on day 1, what can be put off until the medium term, and what investments could be considered if a major milestone is met (for example sanctions are lifted, the exchange rate is stabilised, oil prices increase, a regional trade agreement is concluded, etc.)

Forecast key financing flows. Undertake analysis of the intended contribution and trajectory of domestic and international public and private financing sources. Note that the predictability of forward estimates of financing flows can vary enormously, and assumptions should be clearly noted. Different financing scenarios should be considered if the economic context is evolving rapidly and/or if there are a large number of assumptions in place. Where precise information about some potential investments is not available, for example investments by non-DAC donors in productive sectors, consider assuming that those productive sectors will be fully covered by those actors, and do not include them in the financial plan.

Identify enablers of growth in key financing flows. Develop policies and strategies to guide investments in enabling better collection and effective management of domestic revenues, domestic and international private sector investment and growth.

Source (Poole and Scott, 2018[7]) Financing for Stability: Guidance for Practitioners http://dx.doi.org/10.1787/5f3c7f33-en

Where functions will be handed over to the UN country team, joint programming is useful

A recent innovation has allowed joint programming between the mission and UN country team, funded by the mission's assessed contributions. This has provided a useful handover tool, including by providing seed capital for areas where the UN country team will pick up programming post-withdrawal. In Sudan in particular, the use of the joint State Liaison Function modality has allowed the UN country team to expand its footprint in Darfur.

However, respondents on all case studies noted that the administrative burden around these joint programming arrangements limit the utility of this modality. This relates particularly to the complications and time delays around approval of the required Memoranda of Understanding. For example in Sudan, joint programming through the State Liaison Function modality can take up to three months to agree and finalise between the government, UNAMID and the UN country team, with three months to implement, and the possibility of a maximum extension of three more months – very rapid disbursement for programming worth up to USD 55 million. Reporting on these contributions – bringing together different reports from different UN agencies in different formats – is also very cumbersome. It would be useful for the UN to reduce the administrative burden, and speed up the process, around joint programming with assessed contributions.

Find creative options for national staff and contractors

The impact of the withdrawal on national staff – often supporting large extended families – is significant.

In Liberia, Haiti and during the first phases of the withdrawal in DRC, less than 10% of national staff have managed to get new jobs after their mission bases closed[2]. Former staff, including in Liberia, Haiti and Sudan, have also struggled to shift to the private sector – the relatively small size of the mission's pension pay-outs, combined with a lack of economic opportunities, a difficult regulatory environment, a limited domestic market and lack of access to credit, have posed significant barriers for former staff to invest in new local businesses. Indeed, in Haiti, interviews with former and current national staff showed a trend of former staff preferring to leave the country, seeing no potential for jobs or economic opportunities at home. The problem also extends to local contractors – especially those who were heavily dependent on the mission for the majority of their revenue, such as security providers and vehicle mechanics, as well as to the domestic staff – maids and drivers, for example – employed by now-departed expatriate staff.

> …for former mission staff, contractors and domestic staff there are two significant impacts: loss of income and livelihoods for personnel and their dependents, and loss of capacity – sometimes highly skilled national staff, for example – to the economy and public service as a whole.

Former mission staff, and current staff associations, have several useful ideas for helping national staff, and the extended families they support, to maintain a livelihood post-withdrawal. These include:

- Reducing administrative delays on final payouts during mission check-out, to ensure that former staff have sufficient funds in a timely manner to allow them to start up or invest in local businesses – and can avoid payday loans, charged at upwards of 10% per month in DRC, for example. Some former staff report delays of up to 12 months to receive final salaries and other entitlements.
- Hosting job fairs, where national staff can meet with prospective new employers, including UN agencies and private businesses – although these have not proven very successful to date.
- Training and mentoring for national staff, especially highly skilled staff, to support their access to DPO international roster programmes.
- Continuing the nationalisation of mission posts, thus allowing national staff to earn money for longer.
- Providing training on small business management, such as the Small Business Management courses that UNMIL provided through its Integrated Mission Training Centre.
- Supporting national staff to form co-operatives for new business ventures, and investigating innovative financing models, for example through equity issued to their former international staff colleagues.
- Seeking business models that shift national staff from the mission into the public service – line ministries and local authorities – post-withdrawal.

Opportunities for the international community

- Manage expectations from the outset by ensuring that transition plans are led by the host government, and incorporate the intentions of government, multilateral and bilateral actors, and other key stakeholders
- Provide sufficient capacity for transition planning and co-ordination, reassigning existing UN missions staff where this is possible, sharing lessons across UN missions, and seeking capacity from other areas of the international system – for example DAC donors and the IFIs – when appropriate
- Start transition planning with a broad capacity assessment that also reviews options for engaging local, national, international and regional actors to take lead responsibility in domains where they have comparative advantage – beyond the assumption of a simple handover to the UN country team
- Set out a phased and sequenced transition plan, charting a roadmap to handover to government systems, and ensuring that the changing financial responsibilities of the international community and the government are known and understood from the outset
- Catalogue the mission's public goods – logistics support, analysis capacity, financial systems etc – and ensure that provisions for maintaining critical public goods are factored into the transition plan and asset disposal planning
- Develop a phased and sequenced financing strategy – bringing together international and national, private and public financial flows – for the transition strategy. OECD tools such as the Financing for Stability methodology could prove useful for this task (Poole and Scott, 2018[7])
- Support the UN to reduce the administrative burden, and speed up the process, around joint mission/UN country team programming using assessed contributions
- Seeking solutions for jobs and livelihoods for national staff, domestic staff and local contractors post-withdrawal, through job fairs, mentoring for international roster applications, and other support for conversion into the domestic private sector – including training and schemes to crowdfund credit.
- Investigating business models where skilled mission national staff are transitioned into the national public service – line ministries or national authorities – post withdrawal.

Phase three: Sustaining capacity and economic stability post-drawdown

The transition does not end with the closure of the mission. Instead, the most important, but also most difficult, task of a UN mission transition is to set the foundations for sustainable peace long after mission withdrawal.

This chapter reviews opportunities to ensure that, post-withdrawal, there is sufficient capacity to continue, and build upon, mission gains in peace and security; that there is sufficient funding for critical peacebuilding programmes going forward; and that economic stability is set on solid foundations. Achieving these three goals will limit the risk of undermining a successful transition, and minimise threats to the ongoing stability of the host country.

Sustaining capacity gains post-withdrawal

Arguably, a transition is only successful if it locks in the gains made during the UN mission long after the mission withdraws – whether these gains were made by the mission or other stakeholders. To do this, capacity will need to be maintained, and also potentially reinforced, in a number of areas: government systems and human resources, critical peace and security infrastructure, civil society capacity, and capacity in the private sector and markets.

Sustaining capacity gains in government systems and human resources

As David Carew, Sierra Leone's former finance minister, reminds us, fragile contexts need help to ensure they have the policy making and public administration capacity to move forward, not just more donor funds (Rensch, 2018[30]).

> …fragile contexts need help to ensure they have the policy making and public administration capacity to move forward, not just more donor funds

The first step is to ensure the continued integrity of the civil service. Here general budget support has proven to be a critical lifeline post mission withdrawal. In both Haiti and Liberia, budget support, primarily from multilateral actors, has been critical in sustaining government functions after the departure of MINUSTAH and UNMIL. In both cases, this general budget support primarily funds civil servant salaries, rather than the delivery of services, but this at least ensures that the civil service remains stable. While budget support provides an important foundation, it will not by itself allow for the effective functioning of national systems and a return to confidence in the government. Instead, budget support needs to be accompanied by appropriate technical assistance to ensure that policymaking and public administration capacity is maintained, helping also create added assurances for businesses.

Secondly, the risk of key staff turnover in the administration must be mitigated. In Liberia, the departure of UNMIL was linked to the peaceful transition of power from President Ellen Johnson Sirleaf to President George Weah. However, the political transition also resulted in significant turnover of key civil servants, as the new leadership brought in their own people, depleting the government's ability to deliver policy and services. In Sudan, the country's political transition meant that local authority leaders in Darfur were replaced by military personnel, just as the transition began. The risk of turnover in key posts needs to be avoided, wherever possible, in future transitions. One way to do this, as mentioned earlier, could be to capitalise on the UN peacekeeping operation's national staff. These staff – and the technical capacity they have built during their time with the mission – could, during the transition period, act as technical assistance and mentors for staff in provincial and national government institutions. On withdrawal, many of these staff could be transferred into either provincial administrations or line ministries – providing a capacity injection and also providing jobs post-withdrawal. This type of capacity transfer will of course need to be properly resourced, including securing adequate financing for civil service salaries going forward, with, at least initially, support from the international community.

Thirdly, government legitimacy and presence must be established outside the capital city. In Liberia, UNMIL established an extensive network of bases outside of Monrovia, the capital, creating expectations that the government would match this footprint after the mission's departure. So far, the government has proven unable, including for budgetary reasons, to establish itself in any significant way outside of the capital city. This challenge is also a risk in DRC, where the first stage of mission withdrawals has already uncovered governance vacuums, for example in Kasaï, where the international community are now planning to scale up humanitarian, development and peace programming. In all these cases, the focus needs to be on sustaining government presence and legitimacy outside of the capital, including initially with international support.

Sustaining capacity gains in critical peace and security assets

Capacity gains include both technical capacity for staff, and the assets required for the government to function. Assets purchased and/or constructed by the mission during its lifetime – such as vehicles, IT equipment, furniture and fixed installations – can provide critical capacity for the host government post-withdrawal. Indeed, asset disposal plans in Liberia, Darfur and Haiti did involve a handover of a wide range of peacekeeping assets to the government. In both places, however, there were no safeguards put in place to ensure that these assets remain with key areas of the civil service. Nor did there seem to be sufficient appreciation in government of why it would be important to value these assets. Unsurprisingly, therefore, many of the assets in Haiti, and Liberia have now disappeared, and UNAMID team sites handed over to the government in Darfur have been looted. This is a significant lost opportunity – especially as replacing these assets will require additional financial resources.

In the security sector, as Liberia shows, becoming a troop contributing country can be another option to help maintain capacity[3]. On 31 October 2019, Liberia was providing 121 troops to UN missions, mostly to MINUSMA (United Nations Peacekeeping, 2019[31]). These contributions can provide a useful funding stream for the domestic security sector, as well as providing a useful incentive to maintain skill and equipment levels. This will be more complicated in other cases, for example in DRC, where the national army has lost its international certification on code and conduct, and is thus no longer eligible to provide peacekeepers.

Sustaining civil society capacity

Civil society actors have also become heavily dependent on funding through the UN mission's Quick Impact Programmes (QIPs). QIPs aim to build confidence in the mission, the mandate or the peace process[4]. In doing so, they often provide a significant source of finance for local civil society. In Liberia, many civil society actors were unclear of where to look for financing after the closure of the QIPs programme, potentially leading to a loss of civil society capacity in the country. In DRC, civil society actors – especially in community mobilisation and human rights – are also heavily dependent on QIPs funding. Alternative funding sources will be required if this local civil society capacity is to be maintained.

Financing peace and security will need additional resources in the short-term

As mission withdrawals become increasingly budget-driven, there will be more and more unfinished peace and security programmes on mission closure. In Haiti, for example, MINUJUSTH had not completed key programmes on human rights and rule of law by the time of its withdrawal. Instead, these projects were handed over to a hybrid arrangement between the UN country team and BINUH, the follow-on special political mission. It will be important to complete these programmes, if the mission's gains are to be consolidated into a sustainable peace. Doing so will require careful transition planning – centred on comparative advantage – but also sufficient funding.

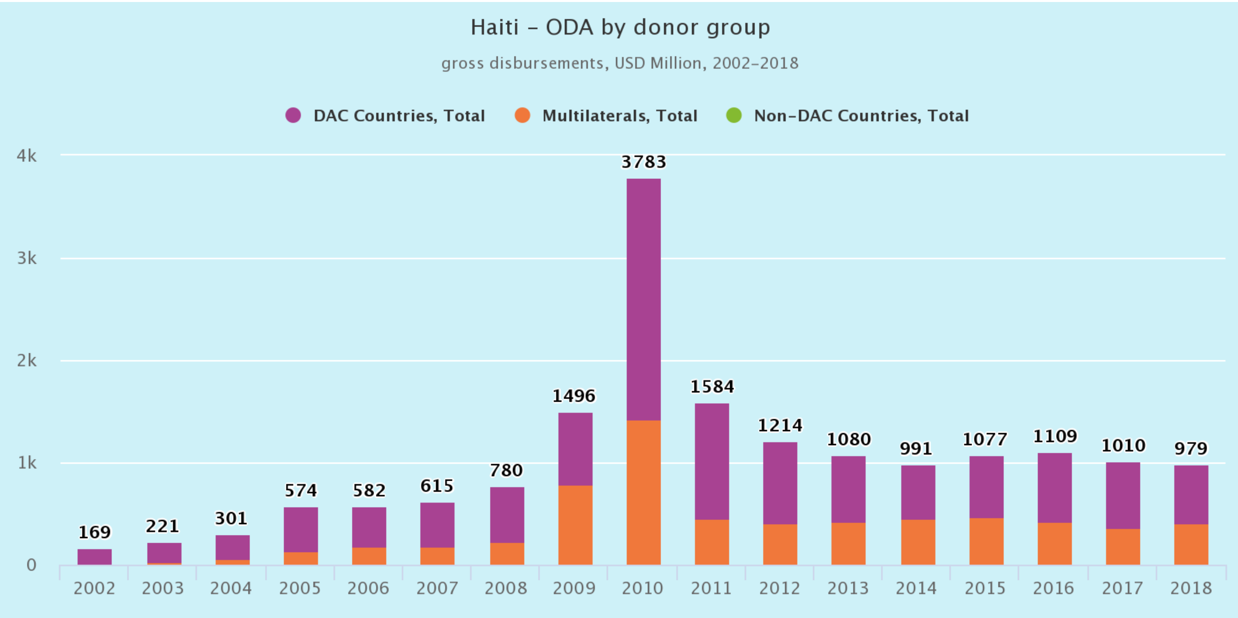
Donor fatigue is not the issue

In DRC, Liberia and Haiti, the UN country team have the impression that there is donor fatigue – i.e. that following mission withdrawal, there is a "financial cliff", as donors become unwilling to invest aid money in the host country. However, this is clearly not the case in Haiti – the only case study where we have post-withdrawal ODA data (Figure 2). Indeed, interviews during the case studies showed that most donors, and especially the larger ones, were all expecting similar size funding envelopes post-withdrawal in Sudan, DRC, Haiti and Liberia.

…the issue is that donors are unlikely to shift allocations towards peace programmes

Instead, the issue is that donors are unlikely to shift allocations towards peace programmes. Most bilateral and multilateral development partners have already set out their country strategies, decided on their development programming allocations for the next three to five years, and have little or no scope administratively to shift funds into peace and stability activities. In addition, in DRC, Haiti and Liberia, where everything is a priority, there is no easy justification for donors to modify their country strategies – to shift funding from a health programme to a rule of law project, for example. In Sudan, many bilateral donors are still executing country strategies designed under the Bashir regime, and there is limited flexibility to shift these programmes now that the country is in political transition.

Figure 2. ODA for Haiti did not drop off after MINUSTAH withdrew in 2017



Source: (OECD, n.d.[6]), States of Fragility Platform, http://www3.compareyourcountry.org/states-of-fragility/overview/0/

Instead, funding "left-over" peace and security projects will require a different approach

If development partners are not able to shift funding from existing strategies and programmes, it is clear that funding the "left-over" peace and security projects will require a different approach.

As noted above, development partner funding envelopes are expected to remain constant post-withdrawal, but they are unlikely to get any bigger. For most bilateral actors, the difficulty to obtain additional funds is mostly due to political factors at home, rather than being linked to the withdrawal of the UN peacekeeping operation. These political factors include the pressure on the overall aid budget size, political requirements to link aid to areas of clear national interest "what's in it for us" – coupled with concerns about limited absorption capacity in country. The Liberia Multi-Partner Trust Fund demonstrates this very well. The Fund was established in July 2018 to address the remaining root causes of fragility in Liberia and support the SDGs, but has so far disappointed in raising funds for the UN country team, so far receiving no bilateral donor support (Multi Partner Trust Fund Office, 2020[32]). This is not the fault of the pooled funding instrument itself; a tool that can be useful tool for ensuring UN agencies work together in a coherent and efficient way. Rather, Fund suffered from inconsistent messaging from bilateral actors – who promised funding in New York but did not deliver on these pledges in Liberia.

The challenge is not with the scope of funds requested. In Haiti, discussions with the UN country team indicate that additional funding requirements post-withdrawal are only around USD 20 million, or less than 2% of total ODA to Haiti in 2018. In Liberia, funding figures were expected to be roughly similar. In Sudan, the UN country team estimates post-UNAMID funding requirements for Darfur at around USD 70 million, still only 7% of total ODA to Sudan.

Instead, the problem is due to the way the transition plans were drawn up, the lack of a financing strategy and an expectations gap. Overall, the challenge with funding "left-over" peace and security interventions has occurred mainly because the steps in Chapter 2 – during the transition – were not followed. Transition plans continue to be based on an assumption that all programming should be passed to the UN country team, and not to the broader set of development actors. There are no accompanying financing strategies, and no incentives – such as matching funds – provided to incentivise government budget allocations to important stability programmes in the transition areas. Unsurprisingly, this has now lead to a significant expectations gap, with different stakeholders – government, the UN country team, and bilateral donors, in both Haiti and Liberia, and in Sudan, each expecting the other to fund the "left-over" programmes.

While the solution for future transitions is clear, this does not help the situation today in Liberia, Haiti, DRC and Sudan. In these cases, and given the limited potential for bilateral actors to source additional funds, the UN country teams are turning to the Peacebuilding Fund to close the financing gap.

The role of the Peacebuilding Fund

The Peacebuilding Fund (PBF) is a vital peacebuilding tool (Box 8). Its investment plan for 2020-2024 includes a priority for facilitating transitions, with the intention to provide increased, predictable support to transition contexts in Sudan, Haiti, Guinea Bissau, DRC, Libya, Mali, Somalia, and Colombia (Peacebuilding Fund, 2019[33]).

Box 8. The Peacebuilding Fund in transition contexts

The UN Secretary-General's Peacebuilding Fund (PBF) is the organisation's financial instrument of first resort to sustain peace in countries or situations at risk or affected by violent conflict. The PBF invests with UN entities, governments, regional organisations, multilateral banks, national multi-donor trust funds or civil society organisations. Between 2016-2019 the PBF invested USD 531 million in 51 countries on all continents. Since inception, 58 UN member states and the EU contributed to the Fund, 34 in the last cycle. The Fund works across pillars and supports integrated UN responses to fill critical gaps; respond quickly and with flexibility to peacebuilding opportunities; and catalyse processes and resources in a risk-tolerant fashion.

In the last three years, the PBF approved USD 68.2 million to countries in transition, including USD 5.5 million to Haiti, USD 17.1 million to DRC and USD 23 million to Sudan.

Source: Peacebuilding Fund presentation to INCAF members, November 2019.

Accordingly, in Liberia, Haiti and Sudan, the UN country team is using (or planning to use) the Peacebuilding Fund (PBF) to finance key post-transition gaps, including gaps in programming and staffing. For example, in Liberia, core functions of the Resident Coordinator's Office, OHCHR's human rights programme and other UN peacebuilding activities currently depend on PBF finance. In this way, it is becoming a common perception that the PBF is the provider of last resort in peacekeeping transitions, given that it is the only instrument currently able to inject resources to the UN country team for transition and post-transition work. This is a difficult role for the Fund to play, given that its funding is entirely voluntary. Indeed, for the Fund to continue playing this role in a context of increasing and more complex transitions, the Fund will require more funding and predictability. Members consulted for this paper agree that the PBF should be used to pilot and build evidence for prevention and peacebuilding techniques, good practice, and peace-positive results, to catalyse action by the rest of the UN system – addressing some of the most critical gaps and allowing testing of new approaches and shifts in programming – not just to fill gaps on mission withdrawal.

Increased use of Special Political Missions could be useful

Where the date for mission withdrawal is fast approaching, and the timeframe for the transition is limited, a Special Political Mission (Box 9) could provide the necessary space to consolidate peacekeeping gains, as well as more time for a proper handover of "left-over" programming. In Haiti, the UN peacekeeping operation, MINUJUSTH, handed over to a Special Political Mission, BINUH, in late 2019. In Sudan, a Special Political Mission will likely be established to support the transition across Sudan, including expected objectives related to UNAMID's unfinished programming. In both cases, the presence of a Special Political Mission provides for an extension of the UN's "good offices" function during a politically charged moment in history, as well as additional finance to complete some of the "left-over" programming from the UN peacekeeping operations, in particular in rule of law, police and justice.

Box 9. Special Political Missions

The Department of Political and Peacebuilding Affairs (DPPA) manages Special Political Missions (SPMs) engaged in conflict prevention, peace-making and post-conflict peacebuilding around the world.

These field operations include country-specific missions and regional offices. They are headed by senior representatives of the Secretary-General and provide a forward platform for preventive diplomacy and other activities across a range of disciplines, helping prevent and resolve conflict and supporting complex political transitions, in coordination with national actors and UN development and humanitarian entities on the ground.

Source: (DPPA, n.d.[34]), Special Political Missions and Good Offices Engagements https://dppa.un.org/en/dppa-around-world

Peace positive and risk-informed programming, including at a local level could also help

- Globally, the trend in fragile contexts is towards risk-informed programming that is more clearly supporting peace, security and stabilisation objectives. This is certainly the case for the adherents – OECD Development Assistance Committee members and some multilaterals – to the DAC Recommendation on the Humanitarian Peace Nexus, which calls for *joined-up development, peace and humanitarian programming [that] is risk-focused, flexible and avoids fragmentation through context-adaptable programming* (OECD, 2019[35]). In addition, development actors are increasingly working locally – with local administrations - in fragile contexts. This could be an opportunity to design decentralised peace and stability programmes that might be more attractive candidates for financing going forward.

Work to maintain economic stability as part of sustaining peace

Include economic development and livelihoods in post-transition programming for peace

The mission withdrawals studied indicated that economic stability should be seen as a contributor to peace, as well as an outcome of peace. As noted in Phase One, in the OECD framework, economic stability is one of the five dimensions of fragility (OECD, 2018[10]) Equitable and inclusive access to livelihoods and economic opportunities allows people to investment in the future, and creates a powerful reason to sustain peace, without which those opportunities would disappear. As one interlocutor in Sudan expressed, "who wants to fight if you can make a better life?"

> Who wants to fight if you know you can make a better life?

As noted above, supporting macro-economic stability, security and peace-building functions, will all impact positively on economic stability. Beyond this, the international community can play a key role in programming to support employment and livelihood prospects at the local level. In Sudan for example. while a model of reintegration using collectives appears positive so far, roughly 11 000 ex-combatants in Darfur have been disarmed and demobilised but not yet reintegrated – creating risks for local communities and the surrounding region, as well as for these individuals and families. Long-term solutions have also not yet been found for Darfur's internally displaced people and refugees. Financing these solutions will be expensive in the short-term – but more cost-effective than continuing expensive humanitarian finance for years to come. Development professionals also agree that Darfur needs an economic stimulus package, however nothing is yet planned. In addition, there will need to be jobs and economic opportunities provided for more than two million internally displaced people who are yet to find a durable solution, and for the more than 11 000 ex-combatants who have been disarmed and demobilised, but not yet reintegrated.

Ensure there are contingent finance measures for future shocks

DRC, Haiti, Liberia and Sudan remain severely exposed to natural hazards, social tensions and/or conflict, and climate risks, but there are few contingent financing arrangements in place to 'risk-proof' these aspects of economic stability. This is particularly important as these shocks may have significant impact on economic growth, shift spending priorities, delay needed investments and over-stretch social safety nets. Once risks have been identified and costed, options for contingent financing provisions, and risk transfer mechanisms where applicable, can be put in place (Poole, 2014[36]) (Poole and Scott, 2018[7]).

Support efforts to demonstrate that the economy is "open for business"

The departure of a UN peacekeeping operation should also signal that the economy is "open for business". However, outreach to foreign investors post-withdrawal is complicated, and doing business in these places remains difficult and risky. In Liberia, the government missed numerous opportunities to reach out to foreign investors, and has not yet improved the enabling environment for business (Scott and Schreiber, 2019[11]). In DRC, businesspeople fear that any insecurity post-withdrawal will increase risks, allow the illicit economy to expand, and drive away foreign investors – noting that investors tend to assess the business environment in the country in its entirety, so insecurity in the east will have an impact on the attractiveness of investing in the more stable west. In Darfur, the potential for private sector growth is constrained by the lack of a lasting peace agreement.

Creating a viable private sector over time is essential to durable and inclusive peace. By the time the mission withdraws, significant work should already have been completed on the enabling environment for business, paving the way for increased domestic and international investment. However, this will require significant support from the bilateral community going forward, particularly in supporting links between investors in their home countries and government and partners in the host country. In addition, in engaging the private sector, conflict-sensitive analysis, planning and practice are vital to prevent harm and to guard against risks of deepening fragility and fuelling conflict, for example due to elite capture and/or exploitative work practices, both affecting the quality of jobs, and also the environment (Poole, 2018[37]).

Opportunities for the international community

- Consider general budget support to maintain the integrity of the civil service post-withdrawal, and complement this with appropriate technical assistance
- Plan for maintaining technical capacity in the civil service, including through agreements to transfer mission national staff to local authorities and line ministries post-withdrawal, and to continue to fund salaries, where this is appropriate
- Ensure, with the government firmly in the lead, to support and fund government presence and legitimacy outside of the capital city, with a view to eventually sustaining government presence and legitimacy without international support
- Handover peacekeeping assets to government with appropriate safeguards, so that they remain as useful capacity for *sustaining peace* going forward
- Support the host country to obtain the required certification on code and conduct to become a Troop Contributing Country, thus providing a useful revenue stream and incentive to maintain skills and equipment
- Seek alternative funding arrangements for local civil society who have relied on funding through QIPs. This is particularly important for civil society actors involved in key peace and security areas such as human rights
- As set out in Chapter 2, plan properly for the transition based on comparative advantage, accompanied by a financing strategy, and managing expectations, to avoid a financial cliff for peace and security programmes on withdrawal
- Clarify the role of the Peacebuilding Fund in transition settings, focused on its unique capabilities in supporting programmes to deliver a lasting peace, rather than as a gap-filler
- Where there is significant unfinished peace programming and the ongoing need for good offices, consider mandating a Special Political Mission to follow-on from a peacekeeping withdrawal
- Ensure that multilateral and bilateral programming is peace-positive going forward
- Make provision for future shocks, through contingent financing and/or risk transfer mechanisms
- Support outreach to private sector investors, to encourage the message that the local economy is open for business, while guarding against business practices that may do harm and fuel further conflict

Annex A. Case studies - overview

The International Network on Conflict and Fragility (INCAF), which brings together OECD Development Assistance Committee members, UN agencies and International Financial Institutions, agreed to continue its work on Financing for Stability (Poole and Scott, 2018[7]) (Poole, 2018[37]) under its 2019-2020 workplan. One of issues to be covered is the Financing of UN Peacekeeping Transitions. The work was undertaken in partnership with the UN Transitions Project.

The overall objective of this collaboration was to address the systemic challenges of financing UN Transitions, by developing principles for development finance to ensure that:

- the potentially negative economic impacts and disruptions of UN Transitions are mitigated;
- financing for peacebuilding programmes is sustained post mission withdrawal; and
- domestic economic growth is sustained and supported where possible.

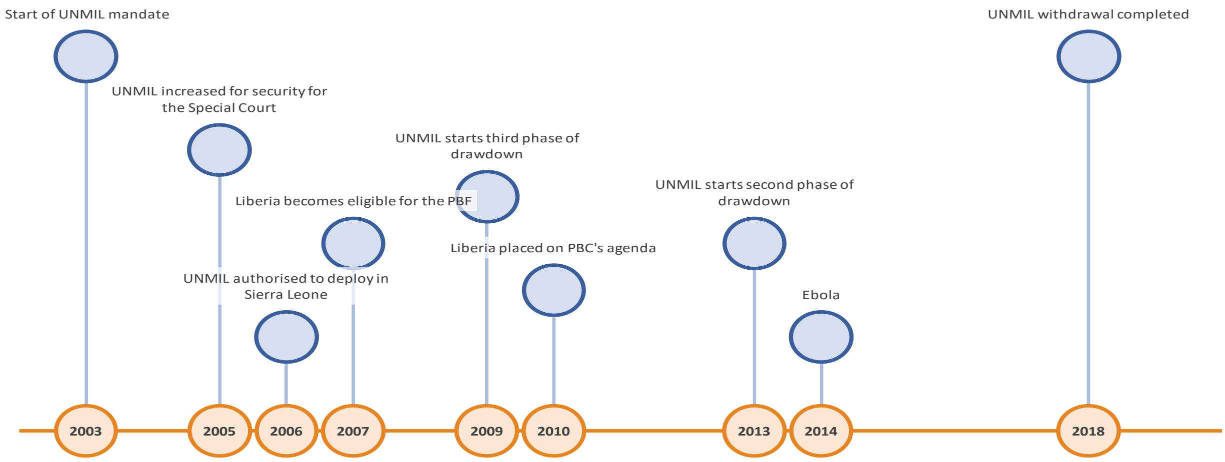
The case studies for this project were:

- DRC (October 2019) – early stages of transition planning for MONUSCO
- Haiti (September 2019) – transition of MINUJUSTH (Chapter 7) to BINUH (Chapter 6)
- Liberia (July 2019) – post-withdrawal of UNMIL
- Sudan (February 2020) - transition and withdrawal of UNAMID, potentially to be replaced by a Special Political Mission.

The findings were presented to INCAF members at the November 2019 INCAF Task Team Meeting for discussion, and have been revised based on inputs received there, as well as further written inputs from members. Feedback on the findings was also received at the Wilton Park Conference on Improving Peacekeeping Transitions (October 2019), and from extensive consultations with UN colleagues and INCAF members in New York in December 2019.

Annex B. Key impressions – Liberia case study

Figure A B.1. UNMIL timeline



1. **UNMIL's presence created a peacekeeping economy**
2. The **UN peacekeeping operation in Liberia** created a mini economic boom, including through increased employment, local purchases and expatriate spending. QIPS-funded projects provided employment, including in rural areas. Restoring peace provided the foundations for future economic growth.
3. But UNMIL's artificial economic stimulus effect **was never going to be durable**. In terms of the different sections of the economy, multinational concessionaires were largely unaffected, speculative international businesspeople reaped high returns, and local businesses thrived. However, there was no significant investment in productive assets, partly because of capital flight, partly because of the complicated business environment, and partly because of corruption.
4. UNMIL's presence created a **"masking effect",** meaning that underlying governance and structural economic issues were hidden, which made addressing them less pressing. Although opinions are divided on whether these structural issues should have been addressed while UNMIL was present, there is some agreement that at least corruption should have been tackled.
5. The injection of aid for the **Ebola response** softened the hit from the commodity price drop, prolonging the masking effect.
6. The **high level of UNMIL's predictable assessed contributions** meant that everything could be a priority and all immediate issues could be addressed. Some respondents felt that UNMIL did its best work once the funding levels declined.
7. Additional research is needed into the potential sustainable economic impact that might have resulted from (partially) **lifting the tax-exempt status** of the UN peacekeeping operation and staff. While the short-term economic potential seems clear, such a scheme might have further accentuated the country's reliance on UNMIL.

8. UNMIL’s transition was Liberia’s moment of truth and unmet expectations

9. Once the final calendar was laid out by the Security Council, UNMIL’s drawdown was **smooth and organised**. At the same time, there is wide agreement that UNMIL could have started reducing its footprint at an earlier stage.

10. The Security Council’s shifting views on UNMIL’s exit timeline **unnecessarily complicated drawdown preparations** by the mission and the government. There was no clarity on what success should look like, thus no *de facto* criteria for beginning the drawdown process.

11. Although a paper outlining the macroeconomic impact of the drawdown was prepared, this did not lead to any policy or programming to **mitigate the potential impact**. Respondents mentioned that if the economic effects were more widely understood, perhaps through revised economic growth projections, then measures to mitigate the impact could have begun earlier.

12. **The UN’s Capacity Assessment** was essential to highlight gaps in sustaining the UN’s critical functions post-transition, and help its fundraising efforts. In particular, it helped identify the need to establish an OHCHR country presence and justify related funding allocations.

13. **The Transition Plan** for the handover of responsibilities from UNMIL to the government was **not accompanied by a financing strategy**, due probably to an assumption that the international community would pay the majority of the costs. Regular meetings between key bilateral actors, the UN and the government on the Plan’s implementation helped recalibrate government expectations and help them find ways to self-finance the transition costs.

14. More could have been done during the transition to ensure that all bilateral partners had a **shared understanding of progress and bottlenecks** in the transfer of UNMIL’s responsibilities.

15. The UN seemingly relied on the formulation of the **Peacebuilding Plan**, as requested by the UN Security Council, for outstanding key peacebuilding priorities to “automatically fund themselves”. The plan could have become a useful coordination tool across the international community, but has not so far lived up to this potential. Instead, it is perceived just as a fundraising tool for the UNCT.

16. The **strengthened UNRCO** was essential to maintaining a critical “good offices” function and accompanying the national leadership during and after the transition, as part of the UN-AU-ECOWAS troika. It also provided a vital mechanism for coordinating diplomatic and development efforts. However, the **absence of any pre-identified UN funding mechanism for establishing the strengthened RCO** created a haphazard process, thus putting the retention of critical UN staff at risk and diverting their attention for an extended period from their core tasks. Two options could be considered in future transitions:
    a. transitioning to an assessed contributions model, such as used for Special Political Missions, or
    b. consistently using allocations from the Peacebuilding Fund.

17. The ability to use assessed contributions for **joint UN/UNMIL programmes** was useful, however the modalities for agreeing on MoUs significantly delayed and limited the use of this modality.

18. **The PBF has been critical in funding peacebuilding activities of the UN and its partners.** Core functions of the RCO, OHCHR and other UN peacebuilding activities currently depend on it. With UNMIL’s departure, it is likely to become an essential lifeline for civil society’s peacebuilding engagement.

19. The **Liberia Multi-Partner Trust Fund** has so far disappointed in mobilising funds for the UNCT, post-transition. Underlying this is a donor perception that the UNCT is insufficiently aware of where its comparative advantage lies, and that the LMPTF is unlikely to facilitate priority setting.

20. **The withdrawal had a considerable impact on UNMIL’s national staff** – less than 10% managed to get new jobs, and the mission’s pension pay-outs, combined with the lack of economic opportunities and the size of the domestic market, did not allow former staff to invest in new businesses. This is particularly significant, as national staff were often supporting extended family networks.

21. Considerable **investments in strengthening capacity among civil servants evaporated** when the political transition resulted in a significant civil servant turnover, further depleting the government’s ability to deliver policy and services.

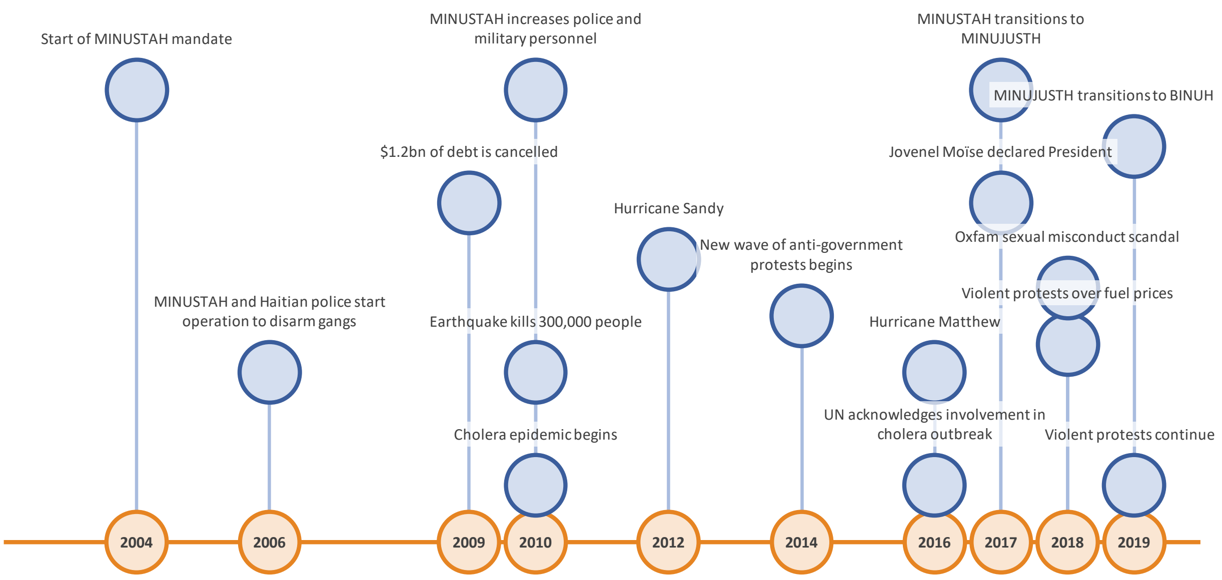
22. **Peacekeeping assets** were transferred to the government, but without the appropriate safeguards. Many of these assets now appear to have disappeared.
23. **Liberian civil society** has played a key role in peacebuilding, however future funding for this group of actors is unclear. This could lead to a loss of civil society capacity.

24. Today, challenges around development finance and economic stability remain

25. UNMIL's withdrawal was accompanied by a **significant economic downturn**, exposing serious structural economic issues. There is no rigorous evidence about the different effects on the rural economy versus the impact on Monrovia, or on how the downturn is affecting women versus men. However, anecdotal evidence appears to show that the most vulnerable have been hit hardest.
26. The **IMF structural adjustment programme** is widely viewed as a welcome and necessary measure, although some respondents believe that it does not go far enough – and that issues such as the size of the civil service, corruption, the dual currency system and the need to diversify the economy should also be included. The plan will need to be accompanied by specific measures to protect vulnerable Liberians, who are likely to be most affected.
27. While some respondents mentioned donor fatigue, in reality, **bilateral budgets have remained stable** since the transition and bilateral actors have not significantly altered their programming priorities. If Liberia is to attract new funding, it will need to develop a positive development message, beyond simply the absence of conflict.
28. Liberia is now **providing peacekeeping troops** to conflict situations, which can provide a useful funding stream for the security sector, as well as an incentive to maintain skill levels.
29. Some **general budget support** is being provided. Significant investments in public financial management reform will be required if Liberia is to attract more of this type of finance.
30. While civil service salaries are paid through the government budget, **operating expenses** are still being covered by development partners. This reinforces the government's dependency on the international community, and limits its ability to decide on its own priorities. There is still a widespread expectation in government that the international community should be funding a significant share of its budget.
31. The departure of the UN peacekeeping operation should signal that Liberia is "open for business". However, the government has missed recent opportunities to **reach out to foreign investors**. This is particularly of concern as foreign direct investment will be required to rebuild infrastructure and stimulate the economy.
32. It was suggested that if the UN make Liberia a **family duty station**, some of the lost economic benefits of expatriate presence could be recouped.
33. Liberia is a very difficult and risky **environment for the private sector**. Work to create a more enabling environment for business, including increasing access to credit and reforming administrative and legislative processes, has yet to begin.
34. UNMIL established an extensive presence outside of Monrovia, creating expectations that the government would **match this footprint after the mission's departure**. However, there is only a limited budget to deliver on these expectations, and capacities at county level remain much lower than in Monrovia. This creates a risk of disappointment outside the capital, with potential destabilising effects.
35. **China** is already investing in Liberia. This could be a positive factor if it focuses on productive assets, and if it does not lead to further debt distress.
36. Despite being exposed to natural hazards, residual social tensions and climate risks, there are no **contingent financing arrangements** in place for possible shocks. There is potential for attracting climate finance.
37. If nothing is done, the economic downturn combined with high levels of unemployed youth could create a **potential stability risk** for Liberia.
38. However, **it's not a sprint; it's a marathon**. There is a general feeling that, if structural economic adjustments are made and governance issues are addressed, then Liberia could have a bright future.

Annex C. Key Impressions – Haiti case study

Figure A C.1. Timeline of UN missions in Haiti



39. MINUJUSTH's transition creates some useful opportunities

1. The emerging **design for the transition**, with BINUH taking up a normative, technical and political role and the UNCT taking over responsibility for programme delivery, has the double benefit of maintaining financing (assessed contributions) for a *good offices* function within the UN, while also creating a model that will preempt and ease the next transition.
2. Using **assessed contributions** for joint UN/MINUJUSTH programmes has been useful, despite the delays from the complicated administrative arrangements around these modalities. However, the assessed contributions for joint programmes end on 15 October, creating a mismatch with other funding sources going forward.
3. It would have been useful to allocate additional funding to the UNCT for the **planning phase**, notably to fund a thorough analysis of past experience to determine where the UNCT can add most value going forward, and to inform programme design.
4. The **Peacebuilding Fund** is expected to provide initial funding for key UNCT peace and stability programmes, helping to avoid a "financial cliff" in the short-term, and ensuring that the UNCT can maintain delivery capacity through the transition. This provides important breathing space for the UNCT to seek out other financing opportunities to complement PBF funds, including into the medium-term. Notable opportunities include the SDG Fund, which has just received a significant replenishment.

5. The UN have developed an **initial financing strategy** for Haiti's UNDAF; this document could usefully be updated to factor in the transition arrangements and planned UNDAF modifications. The result could create a useful "packaging" or narrative around the UN offer, to then serve as the basis for discussions with the donor community.
6. Some **peacekeeping assets**, including vehicles, IT equipment and furniture, are being transferred to the government. Creating safeguards to ensure that these assets remain with the police and other key areas of the civil service, and are not inappropriately disposed of, will be important.
7. Some respondents mentioned an impression of **donor fatigue**, but this does not appear to be playing out in practice. Having said that, it appears unlikely that budgets for Haiti will increase in the foreseeable future, due to domestic political factors in donor countries as well as the limited absorption capacity on the ground.
8. Some **budget support** is being provided by multilateral actors. Significant investments in public financial management reforms will be required if Haiti is to retain this important source of finance.
9. Development actors are increasingly looking to **work locally**, and to support the state outside of the capital city. This could be an opportunity for the design of future decentralised peace and stability programmes. However, care must be taken to ensure that this local focus does not further weaken national institutions.
10. The transition provides a useful opportunity for the international community to agree on key **political messaging** around peace and stability issues in Haiti, and to speak with one voice on these matters. Respondents expressed appetite for this.

40.There will be an impact on future programming, and the economic outlook is challenging

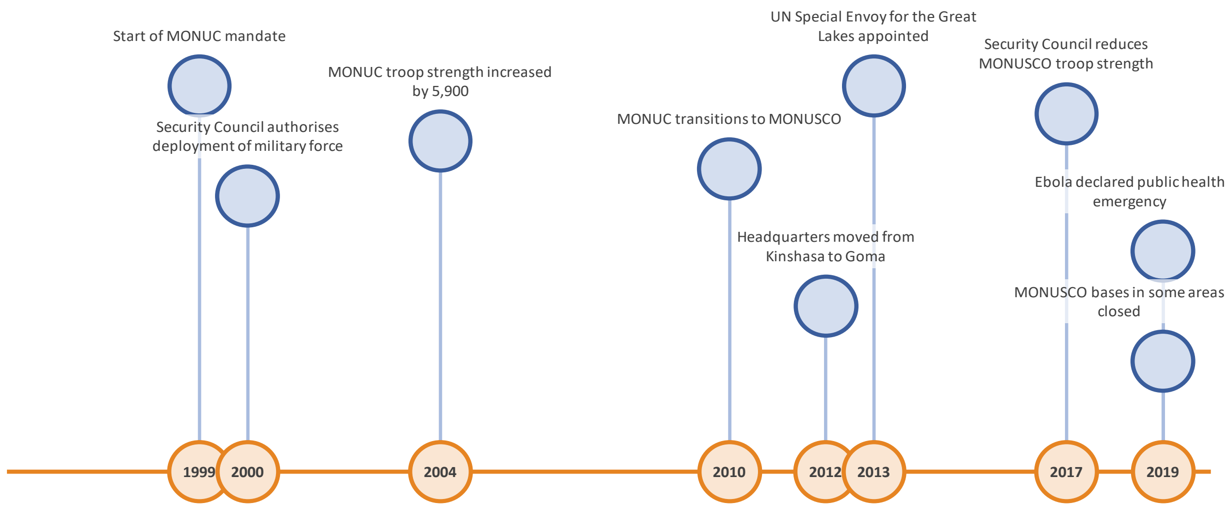
11. Haiti's **stagnating economy** is mainly due to political turbulence and corruption, discouraging private investment and limiting action on needed fiscal reforms. Rising inflation, limited economic opportunities, a difficult business environment, and the depreciation of the gourde, coupled with increasing insecurity, are contributing to a high cost of living and worsening economic fragility. In addition, the country is not reaping the expected economic returns from urbanisation, due largely to insecurity and a lack of infrastructure.
12. There does not seem to have been analysis of the **macroeconomic impact of the drawdown** of MINUSTAH or MINUJUSTH, nor guidance on how the associated risks could be mitigated.
13. Most respondants felt that it is the **rising insecurity and increased criminality** – especially post the MINUSTAH withdrawal – that has had the most significant impact on development progress in Haiti. Development actors are increasingly unable to work in highly insecure areas of the country, and have had to scale back expectations about the scale and timeframe for results. Insecurity has also negatively impacted the business environment and economic growth, especially in Port au Prince. Many respondants lamented MINUSTAH's (rather than MINUJUSTH's) withdrawal for these reasons.
14. Additional research is needed on the **peacekeeping economy** and its impact on businesses and vulnerable Haitians, both in Port au Prince and outside the capital. The OECD intends to conduct a survey on this issue and will make the results available to the Haiti development partners in due course.
15. **National staff,** who often support large extended families, are paid at the official exchange rate, meaning a net loss in real earnings, and reducing their ability to save and invest. As, on average, only 10% of staff will find new employment post-withdrawal, this also limits their ability to start businesses and be productive post-mission.

41. Finally, there are expectations gaps in a number of areas

16. There is not yet a shared understanding between bilateral donors and UN partners as to **how key stability programmes, and the benchmarks, will be financed** going forward. Most bilateral partners have already made their development programme allocations under multiyear strategies, and have little or no scope to shift funds into new peace and stability activities. This is particularly an issue in Haiti, where everything is a priority, and so there is no easy justification for modifying country strategies.
17. The mandate handed down to by the UN Security Council seems to be accompanied by an assumption that these **priorities would be "automatically funded"** by the international community. This does not appear to be the understanding of the donor community in country.
18. The transition is based on a transfer of MINUJUSTH's programming areas into delivery by the UNCT. An **assessment of UN comparative advantage** (against the comparative advantage of bilateral donors in some of these areas, for example), and of areas more usefully served by *compacts* or alliances between bilateral and multilateral actors on key peace and stability areas, could help identify where alternative delivery models might be more appropriate.
19. There is a risk that the transition plan could be seen as just a **fundraising tool** for the UNCT, rather than creating a platform for a shared understanding of progress and bottlenecks on benchmarks across the international community.
20. The handover of responsibilities from MINUJUSTH to the government, particularly in relation to the police, does not appear to have been accompanied by a **financing strategy** – probably due to an assumption by the government that the international community will continue to pay a majority of the costs. These expectations will need to be recalibrated, both for the short and medium term, so that budgetary resources can be found for core policing functions.
21. Despite being severely exposed to natural hazards, social tensions and climate risks, there are few **contingent financing arrangements** in place for possible shocks. There is also potential for attracting climate finance, despite the complications of attracting these instruments in fragile contexts.
22. There seems little appetite for **funding elections**, given lack of confidence in a useful outcome.
23. The **Resident Coordinators' office** is not yet fully staffed, with key coordination and the economist post still empty. Prioritising recruitment could help support a smoother and more effective transition.

Annex D. Key impressions – Democratic Republic of the Congo case study

Figure A D.1. Timeline of UN Missions in Democratic Republic of the Congo



42. MONUSCO's transition creates some useful opportunities

1. There is broad agreement that **planning for the drawdown and withdrawal of MONUSCO should start as soon as possible**, and that the recent political transition provides a useful window to begin this process. Planning early will help ensure that the appropriate development finance is available. Respondents in DRC agree that, to be effective, the plan requires:

   a. A clear planning horizon and **timeline**.

   b. A widely owned **narrative** linked to milestones and benchmarks, rather than a budget driven narrative.

   c. Inclusion of a broad range of **stakeholders** - beyond the UN - including the international community and P5 members in Kinshasa, provincial and national government, and potentially the diaspora. There is strong appetite from the international community to engage early in MONUSCO's process.

   d. Going **beyond a simple transfer of tasks** to the UNCT. Instead, the transition plan should be based on an analysis of priorities and comparative advantage, determining how to phase and sequence the drawdown, and setting out which aspects of the mission's work should be maintained post-withdrawal, using what delivery model, and who should be responsible for delivery (government, UNCT, bilateral and multilateral partners, civil society, private sector, others). This will also help to ensure continued international community engagement post-withdrawal.

e. Aligned to this, **clear positioning by the UNCT** both during the transition and post-withdrawal. In areas where the UNCT will take on key functions, early use of joint programming financed with MONUSCO's assessed contributions.

f. A phased **financing strategy**, and clarity on who will pay for what, during the transition and post-withdrawal, taking into account the reduction in assessed contributions, and opportunities for domestic and international finance, both public and private.

g. Support from a dedicated **in-country transition team**, including on macroeconomic aspects; and bringing in learning from other peacekeeping transitions.

h. Regular **monitoring, reporting and oversight** of the transition progress and bottlenecks; and a public relations campaign to ensure that the Congolese people are kept informed.

2. The impact of MONUSCO's direct **peacekeeping economy** differs across the country. Upcoming quantitative studies will help clarify the following observations:

   a. In **Kinshasa**, the drawdown will have a limited direct impact, for example on rental properties, on contractors and on services for expatriate staff; these effects will likely be absorbed by the wider urban economy.

   b. The impact of MONUSCO's presence in, and withdrawal from, **isolated areas of the country**, where most products are imported and there is little interaction with the local economy, will also be limited.

   c. The peacekeeping economy in **North Kivu**, especially in Goma – recently topped up by the Ebola economy – is however significant. There has been a significant uptick in rental property and prices, with some rental payments potentially – inadvertently - facilitating money laundering; in expatriate related services such as restaurants; and in local commerce (goods and services such as security and logistics) supplying the mission. Recruitment of significant numbers of national staff, and the mission's local purchase of goods and services, has also supported economic growth. This economic dependence on the mission will need to be factored into drawdown planning.

3. However, overall, it is the security provided by MONUSCO that has been its most significant overall contribution to economic growth across DRC and to the enabling environment for the local private sector:

   a. enabling the secure movement of people and goods, and thus the functioning of markets

   b. preventing the illicit economy from expanding

   c. creating a more attractive, lower risk, environment for legitimate foreign capital

   d. reducing risks and thus allowing financial services (including insurance operators) to function

4. Therefore, continued efforts on **security sector reform**, DDR, and support to the justice sector will be critical, and the international community may now wish to scale up their investments in these areas during the drawdown, to protect economic gains and the private sector environment. A better understanding of the intentions of China and Russia in this area would also be useful.

5. Security is also critical for **development investments**, especially for infrastructure projects. Therefore, these investments will need to begin prior to MONUSCO drawdowns in particular geographical areas.

6. Important **structural adjustment reforms** are required, including fiscal reform. These will need to be accompanied by social safety nets – initially financed by the international community – so that

the poorest are not disproportionately affected. This may provide a useful opportunity to link humanitarian criteria and targeting with the development of a national social protection system.

7. The international community is increasingly **financing and programming at sub-national level**, this may provide a useful opportunity for continuing and perhaps scaling up local programming, including local conflict prevention and resolution.
8. Renewing DRC's **eligibility for the Peacebuilding Fund** will provide access to predictable and flexible resources to accompany the transition process.
9. There are **no signs of donor fatigue** in DRC – most donors are not intending to scale up their development investments, but they are also not intending to scale down.
10. **National staff** – who support large extended families – will be particularly hard hit by job losses during the drawdown and withdrawal process. This can be mitigated by:
    a. Reducing administrative delays for receiving final salaries, pensions and indemnities (helping staff to avoid payday loans at up to 10%/month)
    b. Providing a business incubation programme, including for example coaching on small business management, credit schemes, and supporting the establishment of national staff co-operatives
    c. Continuing the nationalisation of mission posts, thus allowing staff to save money for longer
    d. Supporting staff to prepare for international staff roster processes
    e. Sharing a database of staff and their competencies with UN agencies, in view of future recruitment

43.<u>Maintaining capacity during and after the transition will be important, but challenging</u>

11. MONUSCO's national staff have competencies in key areas that could help build **capacity of both national government and local authorities**. During the drawdown, national staff could, for example, be used as technical assistance and mentoring for government counterparts. Following withdrawal, national staff could be transferred into appropriate government institutions – both national and provincial.
12. Maintaining skill levels, equipment, and assuring the professional conduct of **national police and military** will be critical post-MONUSCO. Respondents suggest that the international community identify and finance an arrangement for bilateral and/or multilateral support to the security services going forward, and that the transition from MONUSCO to this new arrangement should start early in the drawdown period.
13. Related to this, the government has not yet costed the **additional budgetary resources** that will be required for the FARDC, police and justice sector once MONUSCO leaves. Supporting this exercise could help avoid misperceptions about who will fund what post-withdrawal.
14. Maintaining an effective **human rights** function post-withdrawal will be critical. However, there are concerns about how the international community will finance, and ensure the security of, human rights observers once MONUSCO leaves.
15. QIPS programmes provide important funding for **civil society** actors, especially those who work in areas such as human rights, election monitoring and community mobilisation. Funding for these actors post-withdrawal will be important, if adequate civil society capacity is to be maintained across the country.
16. MONUSCO's ***Good Offices*** function provides a critical balance of power. Financing the political analysis to support this key role following withdrawal is not yet assured, however could potentially be linked to arrangements for financing the Special Envoy for the Great Lakes.
17. Maintaining adequate financing for **Stabilisation Support** programming, and continuing efforts to adapt the programme to the post-MONUSCO reality, will be critical during the drawdown, and post-withdrawal.

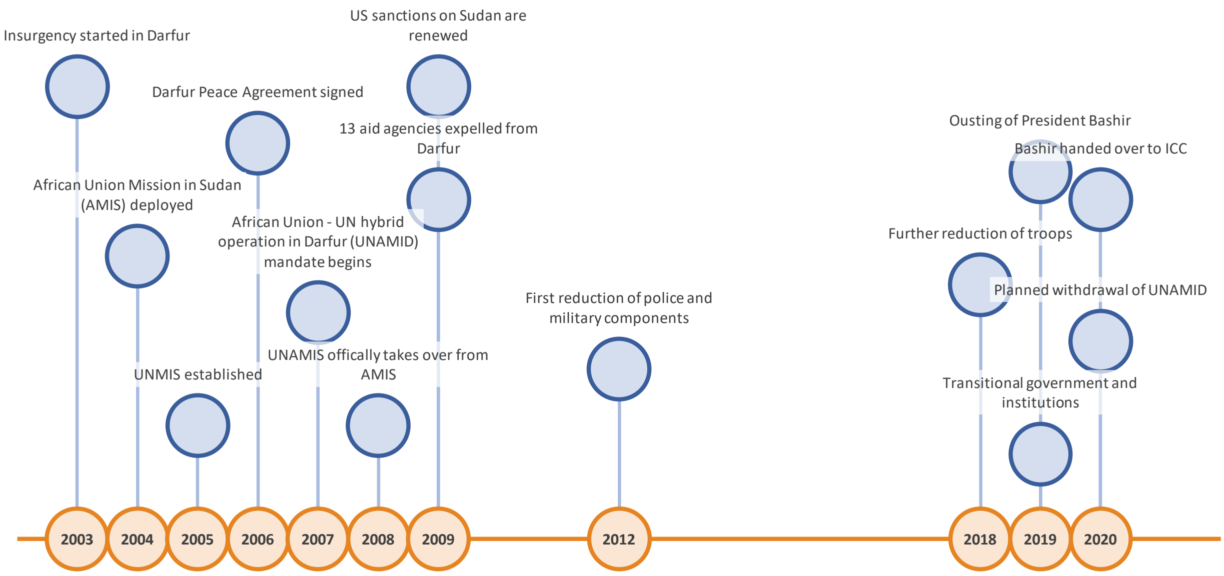
18. MONUSCO's other **public goods**, including collecting and sharing information and analysis, logistics support (especially support to Radio Okapi, transport, and maintenance of remote airstrips), and the security umbrella, including for donor field missions, are greatly appreciated by the international community. Finding resources to maintain key MONUSCO public goods throughout the drawdown and withdrawal will be important. Arrangements for the disposal of mission assets should take this into account.

44. There are some significant risks and challenges to manage

19. Risks related to **economic fragility** in DRC are likely to persist, especially around the skewed distribution of wealth, high levels of corruption and the difficult business environment.
20. Improvements to **domestic revenue mobilisation and budget execution** are required if the government is to pay for key functions and capacities transferred from MONUSCO, particularly in the security and justice sectors. This will require political will, alongside technical interventions.
21. DRC's economy will likely remain heavily reliant on the extractive sector into the medium term, and thus dependent on **commodity prices**. A MONUSCO withdrawal at a time of falling commodity prices could significantly increase the risk of macroeconomic instability.
22. The DRC economy, especially in the east, is **interdependent with the economies of its neighbours**. Care must be taken to avoid inflaming regional tensions as structural adjustment measures are implemented.
23. MONUSCO's **mandate and budgeting processes** are not aligned. This means that mandate objectives during the transition process will not necessarily be accompanied by appropriate budget envelopes.
24. Any **increase in insecurity** during drawdown, and/or after withdrawal, will mean less scope for development programming and greater need for humanitarian programming – meaning the overall aid spend in DRC will be more expensive.

Annex E. Key Impressions – Sudan case study

Figure A E.1. Timeline of Peace Operations and the UN mission in Darfur



UNAMID's withdrawal is taking place within the context of a broader political transition in Sudan – **a historical but fragile moment that will need solid support from the international community**. The withdrawal also coincides with severe economic challenges (high inflation, dual exchange rate, budget deficits, subsidies), which may lead to further economic fragility and destabilisation.

<u>This transition period presents some opportunities</u>

1. Sudan's **transitional government is reform-minded** and needs to be supported:

- Macroeconomic reform, and **a better performing national economy, present a key opportunity** for economic stability in Darfur in the medium-to-long term. An improved enabling environment could also help attract productive investments.
- An economic conference in March will be critical to clarify the country's reform priorities and financing goals.
- Reform needs to be **undertaken gradually and accompanied by sufficient external financing** to soften the short-term pain on the most vulnerable and the middle class.

2. The Friends of Sudan conference presents opportunities and challenges:

- The conference presents an opportunity to set out the international community's development finance contributions, and **help clarify expectations**

- Gulf donors, who have provided significant support in the past, can indicate future intentions, for which they will require sufficient recognition
- The international community might announce **other ways to support Sudan's budget,** including supporting efforts to recover stolen assets and address cross-border smuggling.

3. Donor commitment to Sudan remains solid, but there are expectations gaps, especially around development and peace financing:

- There is **no evidence of donor fatigue or a financial cliff** in development finance: ODA to Sudan has gone up slightly in 2018 to USD 942 million (Figure A E 2). Funding is heavily humanitarian (Figure A E 3) and relies on DAC donors (Figure A E 2).
- For Sudan and UNAMID's transitions to succeed, **significant amounts of development finance will be required**. To access this finance, Sudan needs to exit the State Sponsor of Terrorism List, and deal with debt arrears. This will require ongoing political will and support from the international community.
- There is an understanding that "humanitarians have been here too long", yet **long-term solutions have not yet been found for IDPs, refugee, and ex-combatants** in Darfur. Financing these solutions will be expensive in the short-term – but more cost-effective than continuing expensive humanitarian finance for years to come.
- Some development actors have mechanisms that **enable development finance in this challenging** environment (such as the African Development Bank's Transition Fund) and the return of the US's Office of Transition Initiatives.
- Increased commitments to development projects in Darfur will require a **stable security environment**.

Figure A E.2. Sudan – ODA by donor group

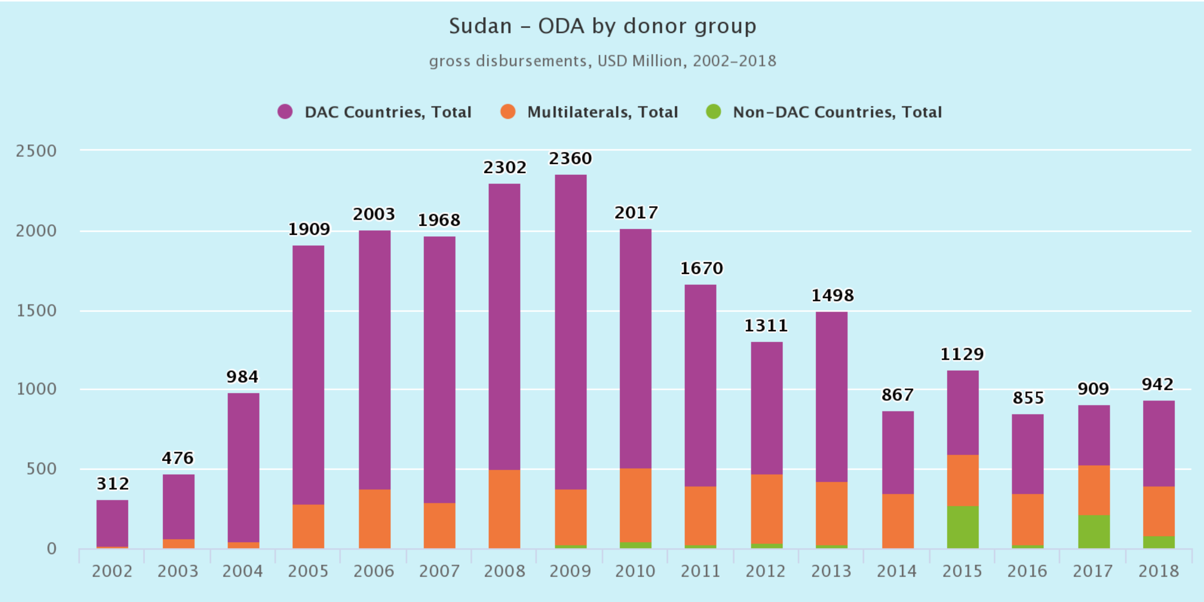
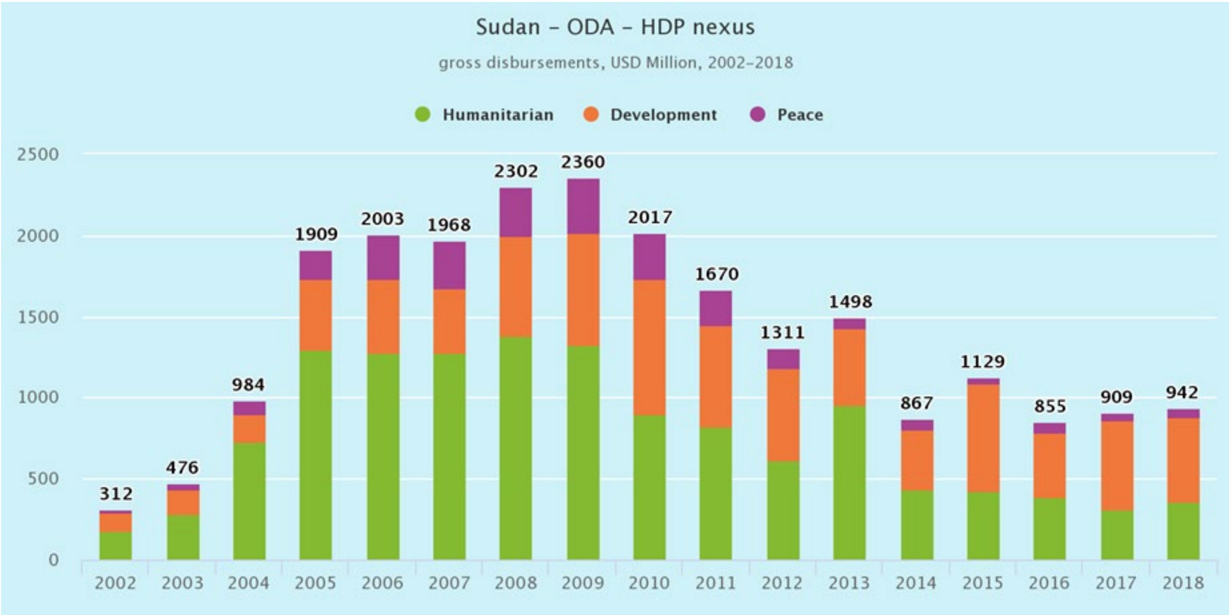


Figure A E.3. Sudan – ODA – Humanitarian Development Peace Nexus



Maintaining capacity during and after UNAMID's transition will be important, but challenging

4. The State Liaison Function – joint UN country team/UNAMID programming, with UNAMID staff embedded in UN agencies – will support around $50 million of peacebuilding in Darfur over 2019-2020 using UNAMID assessed contributions, and has helped UN agencies to expand their footprint in the region. However, the modality has a **high administrative burden and a very short timeframe for programme delivery**, constraining its effectiveness.

5. The request for a **follow-on presence after UNAMID withdraws could create an opportunity to complete** some of the necessary peace programming in Darfur, using assessed contributions. However, it is not yet clear what the mandate or budget of the follow-on presence will be, or when it will deploy, complicating planning.

6. Following the political transition, **there has been turnover in the civil service, limiting absorption capacity** – both in Khartoum and in Darfur. Transfers to underserved regions of Sudan, including the five states of Darfur, have been included in the 2020 budget, but these are linked to ambitious revenue projections, and may not materialise. There may be potential to use future development finance to incentivise transfers to the local level and/or social investments.

7. The Peacebuilding Fund will provide **critical bridging finance for Darfur post-transition**. However, care is required around messaging – the $20 million allocation is helping donors feel comfortable about critical peace needs being met, but this is actually $20 million across five states over two years – clearly not sufficient to meet all Darfur's needs.

8. UNAMID's public goods – particularly its **transport infrastructure, logistics support, and monitoring functions** – have been a critical lifeline for humanitarian and development partners. If not replaced, their loss will make programme delivery for some partners, and the work of local government, more difficult and expensive.

9. UNAMID has already handed over assets to the Government of Sudan, a potential source of much needed capacity for local government in Darfur. However, **many assets have now been looted** or otherwise disappeared.

<u>There are some significant risks and challenges to manage</u>

1. The political transition has meant that the government and development partners are focusing their attention on Khartoum. **There is a risk that Darfur may be overlooked.**
2. The government's budget has been described as "highly optimistic" with a huge subsidy reform agenda, large increases in tax revenue that will likely prove unrealistic, and planned increases in social expenditure. **There is an urgent need for budget support**, but this is not being considered by any partners interviewed.
3. **There is a significant expectations gap around the transition** – government and development partners each assume the other will pick up the bill for delivering services, peacebuilding and capacity development in Darfur after UNAMID's withdrawal, with the risk that financing does not appear.
4. Bilateral support to Security Sector Reform is on hold until issues around the June massacre are resolved. This has created a chicken and egg situation, given the importance of security for economic stability and peace across the country. In particular, **there are fears of a security vacuum in Darfur**.
5. Most of UNAMID's national staff – many supporting large extended families – have lost or will lose their jobs during the transition and withdrawal; **this will have a major economic impact in Darfur**. Some staff have been handed over to UN agencies and others have found jobs internationally. However, on average in transition environments, only 10% of national staff find new jobs. Options for national staff are required, including continuing training and providing support to start businesses.
6. The **peacekeeping economy in Darfur is little understood**. UNDP is planning a survey, and the African Development Bank has begun thinking on the economic impacts, but few actors are considering the economic and financial impacts of UNAMID withdrawal, and how this will affect different groups: men and women, vulnerable groups, etc.
7. There is a risk that the challenges of Sudan's overall transition may not be addressed in a timely manner. Most bilateral development partners have not yet **adapted programmes** to adjust to the UNAMID withdrawal, the broader transition environment and the worsening economic situation. A new Common Country Assessment is scheduled, but the decision to update the UNDAF has not yet been taken. The humanitarian community has indicated that it will factor UNAMID's withdrawal into plans in 2021.
8. In the context of UN reform, there are questions about whether the current financing architecture is fit for purpose, and how this contributes to broader co-ordination during the transition period. Discussions about a potential multi-partner trust fund are ongoing.

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Notes

[1] Two UN Missions (Peacekeeping Operations & Special Political Missions) are currently in transition phases, with relatively clear end dates set by the Security Council: UNIOGBIS and UNAMID. The Security Council has asked MONUSCO and MINUSMA to start thinking about transition planning by strengthening joint approaches with the UNCT on peacebuilding priorities in view of an eventual reconfiguration/exit, but without clear timelines.

[1] This figure is based on calculated estimates in-country during the case studies, and also author consultations with other stakeholders, especially INCAF members. The true figure is – given the information available and the nature of the flows – impossible to calculate accurately.

[2] This figure is an estimation based on interviews with former staff and discussions with National Staff Associations.

[3] More information on becoming a Troop Contributing Country is available at https://peacekeeping.un.org/en/deployment-and-reimbursement

[4] More information on Quick Impact Projects – QIPs - available at: https://peacekeeping.un.org/en/quick-impact-projects-communities