

Peacebuilding Commission, Annual Session 2014

“Sustainable Support for Peacebuilding: the Domestic and International Aspects”

23 June 2014

Chair’s Summary

I. Introduction

Peacebuilding Day was celebrated with the first Annual Session of the Peacebuilding Commission (PBC), titled “*Sustainable Support for Peacebuilding: the Domestic and International Aspects.*” The session explored effective and sustainable systems for resource mobilization as critical elements for the consolidation of peace in countries emerging from conflict. Two interactive substantive working sessions addressed specific aspects of this theme, namely 1) the mobilization of international and domestic resources and revenue generation; and 2) lessons learned on the development of national capacities and sustainability of resources in the context of UN missions' transitions. Both sessions allowed for discussions on further policy development, political support and improved coordination among various stakeholders. Member States and actors from the UN system and civil society shared their perspectives and contributed to the discussions, which drew, *inter alia*, on examples from countries on the agenda of the PBC. Peacebuilding Day was also enriched with side events organized by the permanent missions of Colombia on disarmament, demobilization and reintegration; by Italy, together with the International Peace Institute, on the Central African Republic; and by Sweden on transitions.

II. Opening segment

The Peacebuilding Commission Chair, Ambassador Antonio de Aguiar Patriota of Brazil, and Deputy Secretary-General Jan Eliasson opened the Session. The former President of Timor Leste, José Ramos-Horta, gave the keynote address.

The **Deputy Secretary-General** addressed the need for countries emerging from conflict to maintain or restore people’s faith in the legitimacy of the State through the equitable delivery of public services, which requires domestic resources. He urged the international community to support post-conflict countries in developing their own resources and capacities. He noted, furthermore, how the mobilization of domestic resources can be hampered by illicit financial flows, which, in recent years, have cost developing countries almost a trillion US dollars. Africa was particularly affected by illicit outflows, which deprive the continent of six per cent of its GDP. He called for international cooperation and new frameworks on financial transparency to tackle these problems.

Ambassador de Aguiar Patriota outlined how the Peacebuilding Architecture provides opportunities for international partners to make a difference by enhancing coherence of international efforts aimed at bringing countries out of crises and avoiding relapse into conflict.

He hoped that the discussions would shed light on strategies for timely, targeted and sustained support in the area of domestic resource mobilization. He also emphasized the urgent need for an effective global policy framework and action to help curb and mitigate the impact of illicit financial flows out of these countries. In recalling the successful case of Timor-Leste, **H.E. Mr. José Ramos-Horta** stressed the imperative of national ownership combined with strong leadership and a commitment to good governance. He advocated close consultation and cooperation among international partners and national governments for the smooth coordination of international support.

Ambassador de Aguiar Patriota urged Member States to seize the opportunity of the 2015 review of the Peacebuilding Architecture to galvanize international support and refine the policy frameworks to more directly assist countries emerging from conflict.

III. Working Session One: Mobilization of international and domestic resources and revenue generation

Discussants in the first working session observed that countries emerging from conflict have difficulty mobilizing domestic resources, while at the same time facing steep challenges to meet expectations for social service delivery and the provision of other public goods. If support in this area is to be sustainable, careful prioritization is required.

First and foremost, effective revenue mobilization is needed to provide critical peace dividends, including jobs, basic services, strengthened political institutions and justice. This sustainable base for resource mobilization and expenditures is central to establishing the very legitimacy of the state and requires broad consultation and transparency in order to earn public trust. Discussants noted that generating a sustainable stream of resources can take decades, and requires sustained political commitment. This means that the exercise is as much political and social as it is technical. The international community, as well as concerned governments, must better *calibrate the timing of their strategies*, in order to develop a more sustainable system for resource mobilization.

It was nevertheless acknowledged that even with well-timed and designed support, capacity cannot be developed overnight and solutions were not simple given the weakness of state institutions following conflict. Discussants cautioned against expecting too much, too soon from post-conflict states. In this regard it was also noted from a policy perspective that *many global initiatives do not take post-conflict situations into account*. Understanding these countries' unique circumstances would contribute to more effective engagement. International support should be more flexible and well as less volatile. More transparency and mutual accountability were advocated as well. In addition, there was a suggestion to create a database that monitors programmes and funding in order to avoid fragmentation of resources and duplication of efforts.

Beyond global initiatives, *regional approaches* were seen to be very effective, including through the provision of technical assistance. It could be a useful area of policy focus to examine what might be the *role of neighbours or other third countries with relevant experience*. It was suggested that trilateral approaches to involve countries that have expertise based on their own

efforts could be explored. Others emphasized the role of the diaspora, which often has the technical skills which can be better deployed.

As many post-conflict states rely heavily on natural resource revenues, the development of a concerted set of policy options *for the effective management of natural resources* was seen as a priority. Although they are an important source of revenue in states with weak tax collection mechanisms, natural resource revenues are often volatile. Discussants suggested that the international community strengthen mechanisms to prevent the illegal exploitation of natural resources. While noting the primary responsibility of the national authorities in the management of natural resources, there was wide scope for international support to help states generate revenue more sustainably from natural resources. To this end, they need help in developing capacity and expertise to negotiate fair contracts and understand the accounting practices of companies they engage. Still, the tension between national sovereignty and the support provided by the international community was recognized. Further suggestions were made to significantly enhance *partnerships with the private sector* and share responsibilities with multinational corporations in rebuilding conflict-torn countries.

The extraction of national resources is connected to the larger problem of *illicit financial flows* (IFFs) which, all acknowledged, undermine the mobilization of sustainable resources. Participants noted that while many countries are rich in natural resources, they do not derive much benefit from them. Many post-conflict states do not have the capacity to effectively monitor and control IFFs and tax avoidance by trade mis-pricing and complicated accounting tactics conducted by international companies. Participants stressed the need for an international framework to fight IFFs, including international transparency standards on the reporting of earnings, reform of banking privacy laws and international cooperation on tax regimes to address tax avoidance. In that regard, it was noted that double taxation agreements are often not to the benefit of low-income countries. A concrete proposal was put forth to include in the post-2015 development agenda a target to reduce IFFs as a result of trade mis-invoicing by 50 per cent.

IV. Working Session Two: Lessons learned on the development of national capacities and sustainability of resources in the context of UN missions' transitions

Discussants in the second working session framed the drawdown or withdrawal of Security Council-mandated missions in a post-conflict setting as representing a natural evolution in a country's transition from conflict to sustainable peace. While disengagement from the Council's agenda is a positive development for a post-conflict country, the development of sustainable national capacities and resources is a long-term process that requires sustained support from the international community, clear commitment from national stakeholders and strong national leadership. Inclusivity, local ownership and coordination among all national actors are critical steps during a UN mission's transition.

It was noted that it may take as long as a generation for a post-conflict country to achieve a level of institutional capacity that is similar to other low-income countries. Despite this, international financing typically decreases 4 to 8 years after a conflict's end. At the same time, aid allocations from many bilateral and multilateral donors have been contingent upon the

quality of *governance* and institutional capacity of the recipient country, which has often disadvantaged post-conflict countries.

Sierra Leone was cited as an example of a country that has made significant progress in the consolidation of peace. The Government continues to be focused on ensuring sustained economic development. For example, Sierra Leone has developed national development agendas, established national institutions and entered into a Mutual Accountability Framework with the donor community. Sierra Leone also recently assumed the Chair of the g7+ group of fragile and conflict-affected states. Regional actors, the United Nations, international donors and the PBC have all contributed to a successful UN transition in Sierra Leone. Discussants highlighted how the PBC played an important role in this process not only in Freetown, but also at the UN in New York.

The need for *expectations management* was raised as an extremely important lesson learned, as was the value of sustained bilateral, regional and multilateral support to the post-conflict country during a UN transition process. Discussants recognized that the international community must assist in creating an enabling environment for a country's transition, and respond to critical political and socio-economic challenges, as well as capacity needs, as the UN reconfigures its presence.

The challenge of how to further strengthen governance, manage national institutions and secure sustainable financing remains. The issue of transition was among the key policy concerns for the orderly exit of UN peacekeepers, with operations in Côte d'Ivoire, the Democratic Republic of Congo and Liberia expected soon to undergo this exercise. As such, discussants observed the need for an agreement involving the Security Council, the PBC and operational entities on the end state for peace operations. An *enhanced PBC interface with the Security Council* was accordingly encouraged.

V. Closing segment

The President of the General Assembly, H.E. Mr. John Ashe, the President of the Security Council, H.E. Mr. Vitaly Churkin, and the Chair of the Peacebuilding Commission, H.E. Mr. Antonio de Aguiar Patriota, addressed the closing session. They noted that both the Annual Session and the 2015 review represent important opportunities to examine experience gained, and to highlight more clearly areas and approaches where the PBC can practically demonstrate its continuing commitment and growing relevance to peace consolidation and development.

It was noted that the countries on the PBC's agenda have benefitted from constructive international attention and improved dialogue among governments, civil society, international organizations and other relevant stakeholders. The speakers also called for continued support for strengthening the PBC's relationship and cooperation with the General Assembly, Security Council and the Economic and Social Council. Because its mandate spans across the three pillars of the United Nations – peace and security, development and human rights – the PBC is in a unique position to explore and advocate for policy developments in a holistic manner. As the

global policy environment continues to change substantially, however, the PBC must adapt its approach and tools in support of national peacebuilding efforts, it was observed. The PBC should reflect on lessons learned from recent developments in the Central African Republic and Guinea-Bissau. The President of the Security Council emphasized that continued bilateral informal interaction with the Council allowed the PBC to share ideas and approaches, which could subsequently be reflected in Security Council resolutions.

VI. Identification of policy options and next steps

A. Summary of identified policy options

It was noted generally that policy recommendations need to be “**fit for purpose**” and based on comparative advantages. Four areas were identified for further policy development.

First, consideration should be given to establishing or strengthening **technical facilities that provide advice and support to post-conflict countries** in developing the capacity to generate domestic revenues. This would include capacity to negotiate natural resource contracts, analyse accounting practices of corporations and design tax regimes, including for the extractive industry, the informal sector and small- and medium-sized companies. A database on programmes and funding to avoid fragmentation and duplication would be useful as well. Deeper consideration should also be given to the potential role of trilateral cooperation in these areas.

Second, the international community should explore the possibility of developing additional mechanisms that would enhance the **transparency and accountability** of extractive industries and applicable tax regimes. Specific suggestions include requirements for multinational companies to annually file public reports that explicitly include earnings and tax payments by country, based on international agreed-upon standards of transparency. Post-conflict countries themselves should also provide more transparency on revenues – and what they are used for. This would increase the trust in and legitimacy of the state, and enhance oversight and accountability functions of parliaments and other stakeholders.

Third, with respect to **illicit financial flows**, a number of specific policy proposals should be further developed, including possible international frameworks that would increase mutual accountability and international cooperation on tax regimes and address tax avoidance and trade mis-pricing.

Fourth, **banking privacy laws** in major global financial centres could be strengthened by incorporating special verification arrangements for transactions of significant amounts originating in countries affected by or emerging from conflict.

It was also concluded that, as a policy matter, there is a need to strengthen **partnerships within and outside the UN system**, including with International Financial Institutions, the private sector and foundations, which could help in addressing funding and technical gaps for countries engaged in post-conflict transitions. In addition to the role of the PBC and other

international institutions, further consideration of the role of **neighbouring countries and regional organizations** was identified as critical.

B. Next steps

The Annual Session will launch an intergovernmental process to further explore the policy options generated in the working sessions, with a view towards formulating recommendations to the General Assembly and/or the Security Council. These recommendations would be reflected in the PBC's next Annual Report, together with key policy conclusions from the PBC's deliberations on the subject. The Peacebuilding Support Office was requested to provide the necessary policy and secretariat support to this exercise.

Finally, the PBC will henceforth mark Peacebuilding Day by convening Annual Sessions focused on areas in which intergovernmental policy frameworks can be developed or amended in order to better respond to the needs of countries emerging from conflict.
