

PBC ANNUAL SESSION - 2015

23 June 2015

Predictable financing for peacebuilding: Breaking the silos

Background and indicative questions for the informal working sessions

(Prepared by the Peacebuilding Support Office)

The Peacebuilding Commission's annual session in 2015 offers a platform for exchanging views on practical ways to further define intergovernmental avenues aimed at enhancing predictability of peacebuilding funding, as well as at exploring means to strengthen the effectiveness and potential of domestic resource mobilization for peacebuilding. Two interactive working sessions will address the two sub-themes of: a) Predictable funding for peacebuilding and fragmented international aid architecture; and b) domestic sources of financing for peacebuilding. To this end, the working sessions are expected to address the unpredictability of peacebuilding funding and the lack of suitable financial mechanisms for early and sustained peacebuilding; as well as draw attention to practical measures to enhance capacity development for domestic revenue generation.

Working session 1: Predictable funding and fragmented international aid architecture

This working session will address:

- a) How the international community could organize itself and its relations to partner countries to increase the predictability of funding for critical early and long term peacebuilding-related engagements;
- b) How donors can view the long term development strategies in the countries emerging from conflict through a peacebuilding lens;
- c) How financing mechanisms can be used to reassure investors and rapidly bring to scale peacebuilding related efforts (i.e. catalytic, sustained and coherent funding streams in support of critical political processes, core state functioning, and security and justice institutions); and
- d) The potential mechanisms that can better respond to the typically dynamic and non-linear nature of post-conflict settings.

To this end, the following indicative questions may help guide the preparation for interactive discussion at this working session:

- What are examples of efforts made in the donor community to address the unpredictability, gaps and multiplicity of approaches to funding in post-conflict settings?
- To what extent has the New Deal and the State and Peacebuilding Goals contributed to greater predictability and coherence of funding for peacebuilding priorities?

- What would be the implications of the development of a new paradigm for South-South/emerging economies engagement on the international aid architecture?
- How can the international community ensure sustained funding and political commitment to critical peacebuilding-related objectives, processes and institutions throughout the continuum of conflict response? (i.e. spanning political, security, early recovery and development engagement)
- What would be the scope and nature of an effective funding mechanism working under a common strategic vision for a country's peaceful transition from conflict, and driving greater and system-wide coherence? Which existing funding mechanisms can be leveraged to this effect?
- How can some of the weaknesses of pooled funding mechanisms be addressed? What is the right mix of actors and what roles should they play to ensure that the governance of pooled funding mechanisms is efficient, inclusive and focused on peacebuilding results?
- How should the overhead cost of UN programmes be reduced? How can the impact of these programmes on peacebuilding-related objectives be maximized in support of national priorities and needs?
- How can external aid be more effectively routed through national authorities and institutions in order to enhance a sense of national ownership and responsibility? Would it be possible to establish a national authority/mechanism which could plan, prioritize, regulate and monitor the efficient utilization of consolidated external aid?
- Is it possible to generate political impetus and support within the Security Council and the General Assembly to help unlock and redirect part of existing United Nations resources towards peacebuilding-related mandates and objectives?
- What measures would be required to curb the emergence of "peace industries" and peacebuilding actors which are mainly present in the country for-profit motives?

Working session 2: Domestic sources of financing for peacebuilding

Effective domestic revenue generation is needed to limit dependency on and the volatility of international aid. Domestic sources of financing are essential to fund critical peace dividends, basic services, access to justice, as well as political institutions and processes. Therefore, a sustainable base for resource mobilization and expenditures is central to establishing the very legitimacy of the state. At the same time, generating a sustainable stream of resources is a long term process that requires sustained political commitment. In states with weak tax collection mechanisms, natural resource revenues represent a crucial source for funding peacebuilding and development strategies. However, the illegal exploitation of natural resources represents a serious impediment towards the effective utilization of natural resources wealth.

In addition, the extraction of national resources is connected to the larger problem of illicit financial flows (IFFs) which undermine the mobilization and the full utilization of sustainable domestic resources. Many countries emerging from conflict lack capacity to effectively monitor and control IFFs.

In this connection, this working session will address challenges and opportunities for effective and longer-term international support and capacity development in countries affected by or emerging from conflict. To this end, the following questions may help guide the preparation interactive discussion at this working session:

- What are examples of good practice for regional and international cooperation in support for capacity development for post-conflict financial management?
- To what extent do existing bilateral and multilateral frameworks in support of capacity development for domestic revenue generation and aid management respond and are relevant to the specific political environments and institutional weaknesses in countries affected by or emerging from conflict?
- What are the practical measures required to create an intergovernmental policy environment conducive to taking forward the recommendations of the High-level Panel on Illicit Financial Flows from Africa?
- How can governance mechanisms – work of Ministries of Finance but also civilian oversight, work of parliaments, transparency to civil society - of domestic revenue and budgetary management be strengthened? Will such efforts increase the willingness of donors to provide support?
