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FINANCING PEACE: ENHANCING ADAPTATION, MAXIMISING IMPACT

Report

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ENHANCING ADAPTATION, MAXIMISING IMPACT

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DATE:
April 2021

ACKNOWLEDGEMENTS:

Conciliation Resources, the European Institute of Peace, the Centre for Humanitarian Dialogue and swisspeace are grateful to all those who participated in the online event on financing peace held on 11 February 2021.

We thank the event speakers for their insights: Alexander Ramsbotham, Sebastian Kratzer, Cate Buchanan, Philipp Lustenberger, Avila Kilmurray, Ja Nan Lahtaw, Michael Keating, Joelle Jenny, Nicole Weintraub, Akiko Horiba, Teresa Dumasy and Jonathan Cohen.

In particular, we thank Sebastian Kratzer for drafting this report and Cate Buchanan for her extensive input and review.

Conciliation Resources is also grateful to the Sasakawa Peace Foundation and the Swiss Federal Department of Foreign Affairs for their support for the *Accord 29: Pioneering peace pathways project*, which shaped and informed the online event and this subsequent report. The views expressed in this report do not necessarily reflect their views.

Suggested reference:

Kratzer, Sebastian. *Financing Peace: Enhancing adaptation, maximising impact*. Centre for Humanitarian Dialogue, Conciliation Resources, European Institute of Peace, swisspeace, Event report (2021)

Copyedited by Aaron Griffith
Designed and typeset by Glory Hall
Infographic design by Soapbox

Published by:

Conciliation Resources
Burghley Yard, 106 Burghley Road
London NW5 1AL

FINANCING PEACE: ENHANCING ADAPTATION, MAXIMISING IMPACT

Violent conflict and efforts to resolve it have evolved rapidly over the past decade. One shift is the ways in which peace mediation and dialogue initiatives are funded. This has a major impact on how effective peace processes are, how peace support entities can seize and create opportunities, and how we navigate the winding paths to peace. The way donors and practitioners perceive each other, work together, and measure the impact of peace interventions is increasingly linked to these broader dynamics.

To explore the trends in financing peace processes, Conciliation Resources, the European Institute of Peace, the Centre for Humanitarian Dialogue, and swisspeace convened a joint online event on 11 February 2021. It brought together peace practitioners with government and philanthropic donors to explore current practice in funding peacemaking (more narrowly focused on engaging belligerents and securing security arrangements and political agreements) and peacebuilding (directed at long-term, often intergenerational change to support peace). The event highlighted an appetite to discuss these issues, with over 170 people joining the conversation from across the sector and the globe.

This summary report captures key insights, lessons and experiences of current peace funding practice and proposes strategies and concrete next steps for practitioners and donors alike to address challenges and concerns collaboratively. It also points to the potential of a dedicated community of practice on peace funding dynamics, bringing donors and practitioners together to reflect on challenges and solutions.

A CHANGING PEACE SUPPORT LANDSCAPE

The context in which peace processes are occurring has changed drastically in the past two decades. Macro trends affecting peace work include the internationalisation of civil wars, diverse forms of violence, the rise of nationalism, the growth of technology and social media, climate change, and a breakdown of relationships between people and state authorities. Peace support has not been adapting at the same pace and scale as these shifting dynamics. Moreover, powerful dynamics are also affecting peace promotion.

Engaging sceptical Western politicians and publics: Research points to growing scepticism from politicians and publics who are weary of aid spending in the face of endless wars and the slow pace of conflict resolution. This leads to pressure on government officials who need to communicate upwards to politicians, sometimes in increasingly polarised democracies with virulent nationalist and populist moods. Changes in political landscapes in many Western democracies are associated with profound loss of faith in elected officials and, to a degree, civil servants. Variable COVID-19 response and management approaches have exacerbated these dynamics in some countries.

Proliferation of peace support actors: Many donors are actively involved in conflict mediation, with an increasing number of states and regional organisations seeking direct engagement in mediation and peace support. This is reflected in a rise of mediation support units, and is concurrent with a boom in peace support NGOs and private diplomacy entities often linked to a specific state. The trend in proliferation of players is not limited to mediation and peacebuilding actors, as tech and social media actors are becoming more prevalent in conflict and peace dynamics, while an increasing number of middle-power states are becoming active at all levels of conflict. All this adds to the complexity of attempting to manage or resolve conflicts and can have significant implications for the quality and purpose of coordination and collaboration.

International aid funding pressures: Conflicts have become increasingly protracted, internationalised, and multi-generational, with conflict drivers becoming ever more complex. COVID-19 has greatly increased the pressure on aid budgets and has already led to cuts in donor budgets. National economic stimulus is a hot topic in developed countries, and there is likely to be more pressure to justify overseas development assistance.

HOW DONOR FUNDING IMPACTS PEACE SUPPORT

The discussion highlighted the political nature and challenges for funding peace processes, the role that funding plays and its unintended consequences, and

how varying funding modalities hinder or support peace work.

Relationships and expectations between conflict parties, peace support entities and donors influence the design of peace processes and initiatives. Peace negotiations are often funded by external donors. Some states directly involved in such processes are able to fund all or part of their own participation at the negotiation table. Non-state actors and armed groups typically require funding support to participate in peace negotiations, yet do not always understand the logic and limits of funding and interpret any restrictions on their participation as politically driven.

"Practitioners warn that growing inflexibility of funding negatively affects the agility and adaptability inherent to effective peace support."

Conflict parties alone do not fully determine the structure, content and dynamics of peace negotiations. This can also depend on the type and amount of funding available, donors' preferences and preparedness to take risks, as well as legal, institutional and administrative constraints. Some processes are chronically underfunded, while others can suffer from too much or poorly managed funding, with all the negative financial incentives that can entail. 'Do no harm' and conflict sensitivity remain essential frameworks. Though peace-related funding has increased in recent years, it remains incredibly low compared to state military spending. Funding sources and instruments have multiplied and diversified significantly, with positive and negative results.

Practitioners warn that growing inflexibility of funding negatively affects the agility and adaptability inherent to effective peace support. Pooled or Multi-Donor Trust Funds and consortia are increasingly common in international development and humanitarian assistance. As currently configured, however, their relevance to peace process support remains moot as they are often not nimble enough for the intricacies of peace processes, and can be stymied, delayed or complicated by competing interests and bureaucracy.

Peace support work often involves low-key and informal activities with hard-to-reach political and armed actors. It is highly contingent on conflict dynamics and prone to periods of unpredictability. Chances for success depend on the continuity of peacemakers' trusted relationships with non-state armed actors, long-term accompaniment of conflict parties, and the capacity to seize and create opportunities when they arise. Short, projectised funding cycles with rigid reporting obligations, high transaction costs and little room for adaptation do not make these types of activity more effective. At the same time, donors' scope to change the rules of the game for financing peace are limited, because they administer public funds, are accountable, and subject to procurement rules and the principles of transparency and cost effectiveness.

Local organisations working in situations of conflict and political crises face additional challenges as they receive less unearmarked funding than INGOs and the UN, may have fewer resources to manage complex donor compliance demands, can easily be cut off from funding if a political situation changes, and may face difficulties with protection of staff. A salient example is the February 2021 coup in Myanmar and the problems faced by many civil society organisations whose existing funding cannot necessarily be quickly adapted to changing needs.

TOWARDS MORE EFFECTIVE FUNDING MODELS

Several strategies outlined in the event may help conflict parties, peace process support entities and donors to overcome funding challenges.

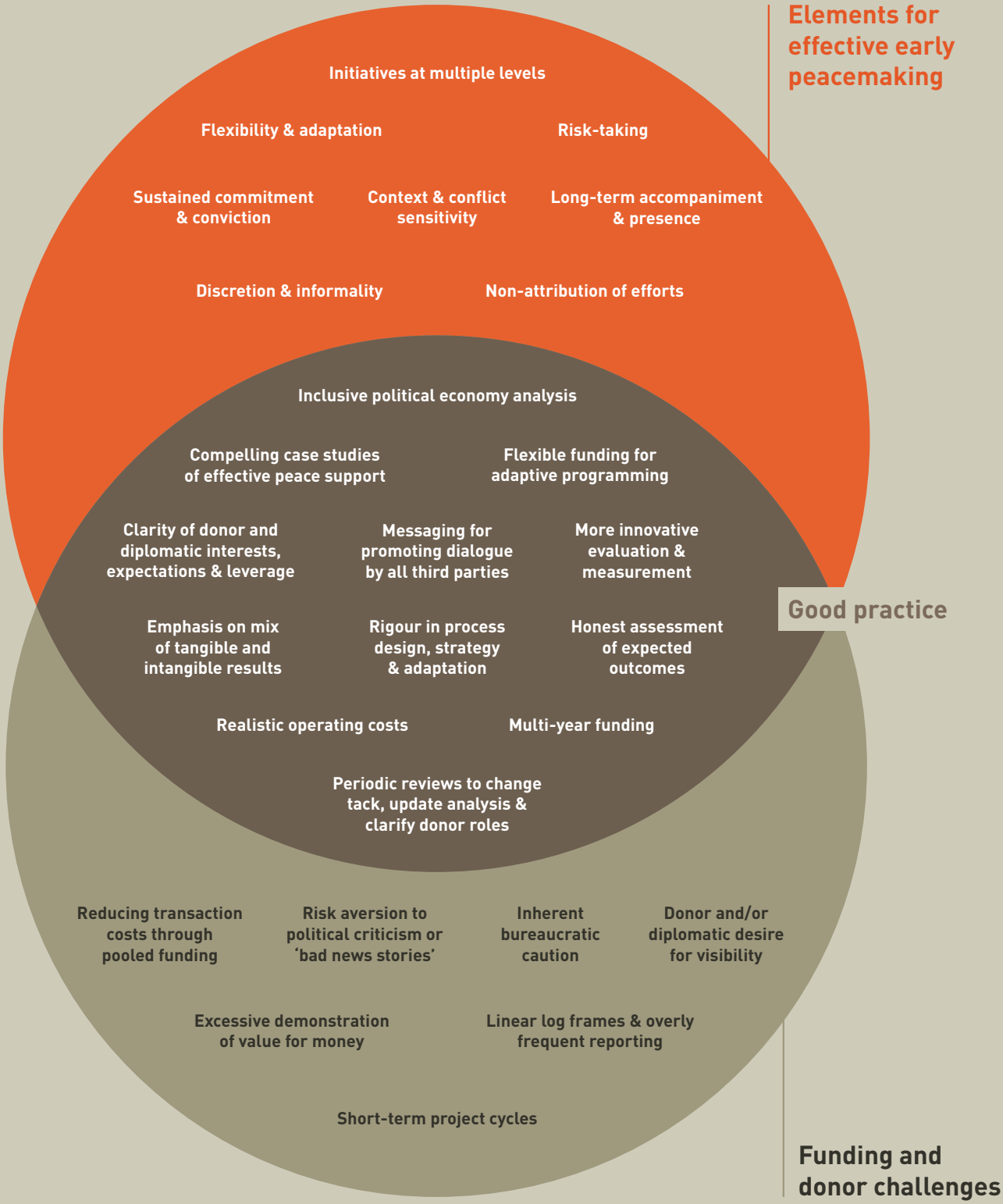
Better communication and coordination mechanisms can help to clarify roles between peace support actors and donors, and among donors. **Diversifying funding sources** for peace process support can help deal with some of the restrictions associated with any one source. Conflict parties, peace support actors, and donors should tailor funding modalities to peace processes, including dedicated administrative capacities, adequate instruments and strategic collaborations. Joint or collective planning to define a process' financial needs is a central step and can play a part in managing expectations.

"Effective donor support is flexible and enables organisations to reallocate funds to address evolving situations."

Being clear about what kind of incentives funding can create helps better manage and positively advance a process. Again, Do No Harm is a powerful framework for considering incentives and unintended consequences. Key to all of this is flexibility in funding, not necessarily more funding per se. If funding is adequate but stymied by inflexible budget lines and conditions, then it is highly challenging.

In situations of crisis, donors should think very carefully about making snap decisions, including to cut funds for peace support. Good donor support entails remaining flexible and in close communication with local organisations to reallocate funds to address quickly evolving situations, especially in early scoping work and relationship building. In Myanmar, for example, at the time of writing, some of the main donors to the peace process are navigating how to continue funding, as they fear being seen to support the military regime.

PEACEMAKING FUNDING: DYNAMICS & GOOD PRACTICE



Instead of simply cutting funds, using trusted relationships with local actors to support informal spaces created by civil society organisations and working with less established organisations will be key to adaptive support. This also means, for example, using different Monitoring, Evaluation & Learning (MEL) approaches, giving smaller amounts, reducing risk aversion and working with more ambiguity. A more localised and inclusive peace sector will be more effective, efficient and sustainable. This will enable international actors to remain relevant and engaged, and local peace agents to thrive in fraught circumstances.

"A more localised and inclusive peace sector will be more effective, efficient and sustainable."

A potential solution for many of the above challenges would be to elevate core and flexible funding arrangements for peace support organisations. Scaling up instruments for more flexible funding would enable peace support organisations to take calculated risks and to test opportunities for dialogue in challenging conflict contexts. Some donors are indeed moving towards investing in organisations for the long term. Further recognising and addressing the factors that have led to short-term funding in the first place could help inform options for viable funding mechanisms in the future.

But the need for support goes beyond mere funding. Operational and political backing can be as important as financial support for local peace actors, and particularly women's organisations, which are often chronically under-resourced and have heightened risks of intimidation and gender-based violence. Donors can use their various sources of leverage to support local organisations' visibility, help them either formalise their credentials or, more pointedly, not formalise their credentials and work with unregistered informal groups. Donors, including INGOs in secondary donor roles, can also enable opportunities for political engagement to advocate more substantive inclusion of women and civil society.

It is important to be realistic about what is achievable in what sort of timeframe. Donors and international peace actors can contribute to enabling conditions for the management of conflicts; the 'creation' of peace is beyond their reach – at best they contribute to it. One way to achieve this is to think of conflict as an ecosystem operating on different levels, and to see where peacebuilders are best positioned to support it, and which entities are most relevant in different phases. Such a systems approach to peace will allow for better coordination but requires the actors in any given context to be clear about what they can deliver both individually and collaboratively.

THE ROLE OF INDEPENDENT PHILANTHROPY IN FUNDING PEACE

Research indicates surprisingly limited involvement of independent philanthropy in peace efforts, despite most philanthropists stating that resilience and stable societies are important or central to their objectives. The reasons for their reluctance are linked to the many risky dimensions of the work, which is often deemed too political, too difficult to measure, or is seen as a task for governments (and therefore state donors).

"Operational and political backing can be as important as financial support for local peace actors."

The independent philanthropy field is not homogeneous, with a diverse set of motivations, actors and modes of operation. A small number of endowed foundations do embrace peace and security as a core priority (e.g. the Peace & Security Funders Network). Concurrently there is an increase in 'operational foundations', i.e. those that engage in peace work directly and do not offer funding, or mixed operational and grant providing actors. On the other end of the spectrum are community-based foundations embedded in conflict settings (see for example The Foundations for Peace Network), which provide local initiatives with support directly or act as intermediate funding mechanisms for better-resourced external donors. Many of these philanthropic engagements are well placed to focus on localisation, demonstrating how this concept can be realised in the peace sector.

Private foundations can play a unique role in conflict resolution and in dialogue promotion in fragile state contexts. Complementing official funding, philanthropy may work best in 'acupuncture philanthropy', meaning small but targeted support that official actors may not be able to provide, or in the form of pioneering seed funding with the hope that it can be built on by other donors. But independent funders can also use their money and position to convene donors and to focus attention on peacebuilding challenges and opportunities.

One concrete example of independent philanthropy in peacebuilding raised in the event was of the Sasakawa Peace Foundation, a private donor that also actively undertakes peacebuilding activities as a 'donor doer'. A commitment to long-term engagement in the Patani conflict in Southern Thailand underpinned the Foundation's preparedness to consult with local actors, build networks and co-design tailor made activities before providing support related to the peace dialogue. The trust gained has enabled the Sasakawa Peace Foundation to provide support in ways that other donors could not.

DEMONSTRATING VALUE

Demonstrating value remains one of the greatest challenges for the peace sector. Yet, results-based management and traditional Monitoring & Evaluation (M&E) approaches are not well suited to peace work. Donors are under increasing pressure to 'attribute' results. Peace work is incremental and often opaque: rarely is there one external and decisive intervention that catalyses peace. Progress in peace processes is cumulative and derives from multiple efforts, and seldom delivers highly visible results. Beyond the actual attribution problem itself, seeking attribution can negatively affect peace outcomes by, for example, leading to loss of political access or social capital with belligerent parties, influential actors and local organisations. There is also a tendency to prefer technical over political activities, which are easier to enumerate and profile, yet not necessarily of higher value.

It is important to 'tell the stories' of effective peacemaking and peacebuilding, explain why it takes so long and articulate what it can and cannot achieve. Peace actors need to show how their efforts can contribute to the bigger picture of social cohesion, equitable societies, economic stability and growth. Donors and practitioners need to communicate better to address misperceptions and develop clearer understanding of the pressures each faces (real and perceived).

"It is important to 'tell the stories' of effective peacemaking and peacebuilding, explain why it takes so long and articulate what it can and cannot achieve."

The sector has made some advances in capturing the complexity and incremental nature of peacemaking. A consensus is emerging on the utility of adaptive MEL systems to demonstrate the value of peacemaking. This includes a smarter use of combined quantitative and qualitative approaches, adapting and aligning results systems to highlight the value of interim results, or progress markers, and identifying more appropriate outcomes and understanding of impact. 'Real time' MEL systems also enable better learning across programmes and drawing of comparative lessons. Various examples raised in the discussion demonstrate this progress: the use of critical reflection tools by an increasing number of INGOs and donors to help guarantee the quality of their decision-making, and the shift in the UK's Conflict, Stability and Security Fund away from a single M&E method to using more participatory approaches. These approaches are more suitable for complex situations where cause and effect cannot be fully understood, steering donors away from deciding rhetorical outcomes ahead of actual engagements.

Practitioners and donors need to **prioritise adaptive, flexible, and learning-oriented MEL methods**, and **reframe standards and criteria within official evaluation guidelines and policies to focus on the process *and* contribution of peace work.**

A COMMUNITY OF PRACTICE ON PEACE FUNDING

After many years of partnership between donors and pracitioners, **it is time to consolidate a dedicated community of practice to advance excellence, innovation and creativity in the funding of peace processes.**

Such a community of practice could provide a collegial space for donors and practitioners to 'think out loud', to promote evidence of success and stories of change, and to discuss the way in which peace efforts are measured and reported to political oversight bodies and the public. Platforms or relationships that allow discussion on the benefits of new approaches outside the constraints of a particular funding contract can aid progress and help build trust. Such a community could also enable INGOs and donors to 'listen' to local and civil society organisations and learn about their perspectives, improving understanding of conflict realities and smarter peace support systems.

"Collaborative coordination means committing to a strategic division of labor for strategic peace process support."

It matters how this community speaks about peace, the ways it is supported, enabled, or undermined. Too often, peacebuilding vocabulary remains overly ambitious and unrealistic, inflating international peace actors' skills and ability to make changes on the ground. For many on the outside, it remains too nebulous; too long-term, too political. Practitioners need to adapt their language, be clear about the change they seek, and how they can and cannot demonstrate progress. Jargon needs to be broken down into accessible terms that resonate with the public, politicians and the media, building appreciation of why pro-peace interventions are important, and communicating in a manner that can be understood.

Systems built in such a way will increase trust and facilitate a better understanding of mutual expectations, which in turn may render the required flexibility for effective peace support work more possible. At the same time, practitioners need a better understanding of how these engagements interact with increasingly complex conflict dynamics to ensure this support remains conflict-sensitive and accountable, what can be done through diplomatic channels and where international support and comparative expertise is best utilised and deployed. One proposed approach is **collaborative coordination** – which moves beyond exchanging information to identifying organisations' respective advantages and mandates and committing to a strategic division of labour for effective process support.

CONCLUSION

This event report proposes concrete steps for practitioners and donors to move towards more effective funding models for peace support work and to adopt sector-wide methods and standards to demonstrate the value of its contribution to resolving conflicts and building peace. The proposed community of practice on peace funding will be one way of bringing state and philanthropic donors and local and international practitioners together to explore ideas for change.

Further reading:

The event recording is **available here** on Conciliation Resource's website.

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Conciliation Resources is an international organisation committed to stopping violent conflict and creating more peaceful societies. We work with people impacted by war and violence, bringing diverse voices together to make change that lasts.

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