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CONCILIATION RESOURCES

# Pioneering peace pathways

## Making connections to end violent conflict

# The dynamics and challenges of funding peace

## Perspectives from peacemaking practitioners

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This article focuses on the relationships between the core state donors to peacemaking, and international independent or non-governmental organisations (NGOs) offering third-party mediation or peace process support ('peace support organisations').[1] Such organisations are involved in diverse strands of work, from taking lead roles in dialogue processes, to providing training to parties to conflict and civil society entities, or logistics support for foreign ministries involved in mediation.

The context in which peace processes are occurring has changed drastically in the past two decades, as discussed in the introduction to this edition. One shift relates to funding of peace process support. Organisations working in this space are increasingly concerned about how their activities are funded, particularly reductions in core and unearmarked funding, increased projectisation of funding streams, and the perception that greater numbers of donors are seeking more active 'hands-on' peacemaking roles. Concurrently many donor agencies are facing increasing internal pressure over development assistance and aid, and the value and accountability of investments in peace and security.

This article tracks trends and elaborates three funding-related dynamics relevant to 'early' phase peace work: operating realities for donors; the importance of flexible funding for the unpredictable, formative phases of peace processes; variations in understanding of what peace process and mediation support is; and increasing donor interest in direct involvement in peacemaking. It also makes recommendations aimed at contributing to greater mutual accountability between donors and practitioners, in order to better address the causes and consequences

1 For example, this includes but is not limited to the Berghof Foundation, Carter Center, Centre for Humanitarian Dialogue, Centre for Peace and Conflict Studies, Conciliation Resources, Conflict Management Initiative, Dialogue Advisory Group, European Institute for Peace, Independent Diplomat, Institute for Integrated Transitions, InterMediate, Kofi Annan Foundation, Norwegian Centre for Conflict Resolution, Sant'Egidio Community, and Swisspeace. Inclusion in this list does not necessarily imply individuals from these organisations were interviewed for, or reviewed, this article. This article refers to unearmarked and core funding which are understood as: core funding – for organisational requirements such as rent, utilities, administration, salaries of staff not covered by project or programme funds; unearmarked funding – for country-specific or thematic issues that is not tied to project activities and can enable more responsive, rapid or tailored actions.

# PEACEMAKING FUNDING: DYNAMICS & GOOD PRACTICE

of violent conflict and those affected by it: mutual planning; innovations in articulating impact and monitoring and evaluation; harmonising funding; strategic collaborations between donors and peace support organisations; and more joint analysis to extend the possibilities of strategic division of labour.

Analysis draws on publicly available data on practitioner and donor perspectives from key informant interviews and related discussions, and on a wide-ranging consultative review process with peace support organisations and donor officials. The article is not definitive and is limited by difficulties in accessing information on funding patterns, opaque funding of certain types of peace process, time lags in financial reporting, and divergent understanding of initiatives that are funded – such as between peacemaking (efforts to encourage dialogue and negotiations to end violence) and peacebuilding (efforts to tackle root causes of violence).

Analysis does not focus on either the United Nations (UN) system, which has a different funding base for its peacemaking efforts, or private philanthropic foundations, whose investment in peace is comparatively low in comparison with other concerns such as health, education or gender equality. Successive years of analysis from the Peace Funders Group indicate that of all the issues private donors fund in the realm of peace and security, peace negotiations are consistently accorded the lowest level of support (see further reading). There are of course exceptions.[2]

> **“The ‘demand’ for peacemaking remains high.”**

**Shifts in the conflict and peace landscape**

The ‘demand’ for peacemaking remains high. The years since 2014 have seen the largest numbers of armed conflicts since 1946 (see further reading). However, the *form* of violent conflict has also been changing, becoming increasingly protracted, fragmented, internationalised and criminalised. Arguably, peacemaking efforts have not kept pace, with few comprehensive agreements able to be reached over the last two decades; processes in the Philippines (Mindanao) and Colombia appear to be atypical and have been marred by implementation problems.

The ‘supply’ side of peacemaking has also dramatically changed. Only 25 years ago peacemaking was largely the domain of states. Today it is a bustling professional sector dominated by Western-led international non-governmental organisations (INGOs) and private diplomacy organisations varying in size, capacity, credibility and impact, all jostling for space, influence, funding and access. This busy peace support marketplace brings some important benefits for tackling the complexity of violent conflicts today. As explained by one seasoned practitioner, it is the increasingly complex nature of conflicts, and the need for diverse forms and levels of engagement and expertise – local, national, regional, and international, private and public – that has been a key driver behind this proliferation.

But challenges have also multiplied. Fierce competition and a lack of transparency can bring opportunity costs, mixed messages and signalling, overly technocratic approaches, or ‘steppingstone’ projects aimed at opening access to work directly with conflict parties. Proliferation of peace support organisations can also have deleterious impacts on local civil society mobilisation, leading to instrumentalisation and local NGOs being stuck in a cycle of short-term projects or activities.

A recurrent difficulty relates to coordination and the strategic division of labour among peace support organisations – which need to know their specialisms, strengths and limits, and when to ‘pass the baton’ to a more relevant entity. Coordination is notoriously complicated in this sector, exacerbated by the sensitivity of highly political processes, the ownership peace support actors feel about their networks and relationships, and by multiple actors jockeying for prominence. Conflict parties may ‘shop’ among the many peace support ‘suppliers’ and solicit similar support from multiple organisations for various reasons, from the benign (eg due to not wanting to cause offence, being confused by the competing offers, or believing the overtures are coordinated) to the nefarious (eg finding entities less willing to question repressive worldviews and approaches).

Good peace process support coordination is within the reach of third parties, but positive examples of coordination too often rely on personal connections across organisations. Although there are few incentives to coordinate, entities can agree thematic leads who work to promote collaborative coordination in addition to being a leader or specialist on that topic. This can help all to fulfil stated mandates and realise strengths more effectively. The sector is slowly moving in this direction. At the national level various coordination mechanisms exist to promote more collaborative coordination. (See the article, ‘International

2 Notably the Sasakawa Peace Foundation has supported this *Accord* to inform its own peace process support work, and partly to build greater awareness of investing in formative and pre-formal peacemaking.

support for civil society involvement in peacemaking in South Sudan' in this edition for an example.) At the global level, in early 2020 a group of INGOs involved in peace process support took a promising step when they committed to a Statement of Intent – a set of standards to enhance coordination (see further reading).

> **"Good peace process support coordination is within the reach of third parties."**

**Key themes in funding early dialogue**

Three key themes for funding formative dialogue emerged over the course of discussions and feedback for this article: operational realities for Western donors – the main funders of peacemaking; the significance of flexible funding; and a rise in interest from donor states in both funding and being more actively involved in peace and mediation support efforts.

**Theme 1.** *Operational realities for Western donors*

Current operational realities for Western donors are making it harder for them to support peacemaking, particularly the early nebulous phases. They are increasingly sensitive to pressures of accountability, results, attribution and value for money – legitimate taxpayer expectations for public funds. Challenges arise when these intersect with more detrimental trends such as fallout from overly negative media reporting about development assistance and foreign aid, increasingly nationalistic politics, and more intense, and at times politicised, scrutiny of development assistance. Especially under the severe economic pressures unleashed by the Covid-19 crisis, zero-sum arguments about public expenditure make it increasingly difficult to justify overseas aid – with foreign ministries focusing on trade opportunities and national interest, and intelligence and security agencies responding to politicians' anxieties around national security, terrorism and migration.

> **"Donors are under pressure to reduce administrative burdens in an era of public sector contraction."**

Many donors are under pressure to reduce administrative burdens in an era of public sector contraction and disbursing larger sums to fewer organisations helps to manage these. The need to spend larger sums of money is also linked to critical global development goals. Yet at the same time there are fewer resources available for effective management or monitoring and evaluation, and bigger grants have often translated into more bureaucratic reporting and less flexibility. Entities that are large enough or designed to spend funds on time and manage contract amendments and renegotiations have an advantage, and this can be challenging for less well-resourced local NGOs and civil society organisations.

Donors are also under pressure to 'attribute' outcomes, despite the reality that progress in peace processes more often results from cumulative and multiple efforts. Excessive attribution demands can be time consuming and affect longer term outcomes through loss of political access or social capital with belligerent parties, influential actors and local organisations. Demonstrating tangible results has also contributed to a tendency to over-emphasise technical rather than political activities, which are easier to enumerate and profile, such as mediation training, increasing women's (numerical) participation, deploying (or often imposing) expertise from the country of the donor, and study tours. Such activities can of course make a valuable contribution though vary enormously in terms of design, planning, quality and follow-on.

**Theme 2.** *Less flexible funding*

Funding for peacemaking remains low compared to state military spending, and lack of resources is a fundamental problem for the sector. But the inflexibility of funding that is available compounds the problem – as identified in recent research by Andrew Sherriff and colleagues at the European Centre for Development Policy Management (see further reading).

Less flexible funding can foster unhelpful projectisation that parcels work into smaller 'chunks' (activities or projects) as opposed to longer-term programmes. Forging pathways to peace often implies fewer formal activities that pivot on the continuity of relationships and long-term accompaniment of conflict parties, civil society and communities, prising open windows of opportunity when they arise. This can be more challenging if funding cycles are too short or compartmentalised and increases reporting obligations and administration costs.

Unrestricted funds that are less tied to rigid projects enable organisations to take the necessary political and reputational risks needed to get peace initiatives up and running, and to test and encourage interest in dialogue in challenging conflict contexts, for example in relation to engaging proscribed armed groups. Some donors are reverting to investing in organisations for the long term – a more prominent feature of the funding landscape 10–15 years ago – but this is not a uniform trend.

Earmarked funding certainly has a place, for example to 'ring fence' funds for gender inclusion, which are all too easily dropped from budgets as 'non-essential'.

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Recognising and addressing the factors that have encouraged short-term funding could help inform discussions of viable flexible funding mechanisms, such as how to make them more accountable. Accountability can also be increased with more resourcing and personnel for monitoring and evaluation in pooled funds.

Pooled or Multi-Donor Trust Funds (MDTFs) and consortia are increasingly common in international development, which allow donors to disburse larger sums to fewer entities. As currently configured, however, peace process support often falls outside the parameters of MDTFs, as the political sensitivities of dialogue and mediation mean that donors and grantees alike often prefer more discreet bilateral assistance. MDTFs therefore tend to fund overt activities that are more amenable to clear justification and attribution. Practitioners highlighted that MDTFs are often not nimble enough for erratic pre-formal phases of peace processes, and can be stymied, delayed or complicated by competing donor interests, bureaucracy and micro-management. A future challenge is how to make MDTFs more peace process-friendly.

> **"Consortia aim to stimulate coordination, collaboration and accountability."**

Consortia aim to stimulate coordination, collaboration and accountability. Discussions and interviews for this article affirmed collaborative coordination as paramount in the peace sector, with one donor reflecting that some donors favour consortia as a way to 'tie the international actors to coordination,' and to 'reduce the pressure on national NGOs to be drawn into a multitude of one-off projects, and subject to short-term grants'.

But consortia can also come with heavy transaction costs. Some peace support organisations have limited experience of collaboration and can find consortia difficult, and it can take time to establish complementary mandates and align administrative arrangements. One interviewee bemoaned 'superficial collaboration' as consortium members simply 'continue doing what they do,' adapting to the consortium lead INGO as a secondary donor. Consortia are one way – albeit slow – to encourage more collaborative attitudes within peace support organisations. Secondments across consortium partners can also build better understanding of each other's work and more trusting personal relationships.

**Theme 3.** ***Donor interest in funding and involvement in mediation and peace process support***

There has been a notable rise in 'hands-on' mediation and peace process support by states. While relatively few states are directly involved in 'track one' formal mediation, more and more are interested in being involved in mediation and peace process support in different ways. One practitioner referred to the 'Security Council effect', where prospects of temporary membership brings a corresponding uptick in mediation interest by candidate states.

Mediation support units (MSUs) are well established within the UN and regional organisations such as the African Union and European Union. Individual states are also increasingly establishing specialist mediation teams, for example the United Kingdom's new Mediation and Reconciliation Hub, and these can help to centralise information and expertise. 'Non-traditional' states such as Turkey, China and Qatar are also seeking greater roles in mediation, though have been slower to set up formal MSUs.

The rise in the numbers of donors seeking a more hands-on role in peacemaking has brought both benefits and challenges. A more positive consequence has been a corresponding increase in investment in outcomes: '"Donor-doers" are making an impact. If you seek funding from certain states, it is done with political intent because you want them to get involved.' Another INGO representative argued that a more active role helps donors gain deeper comprehension of activities and results, and thus secures greater support for the slow-burn of peacemaking. One individual stated pragmatically: 'Donors are part of the dynamics that we need to factor in; it's just how it goes; you work with it'.

A negative outcome has been increasing intra-donor competition and desire for visibility. This is challenging for an inherently discreet discipline like mediation – notwithstanding that, as described above, many INGOs are also jostling for position and reputation in the peacemaking marketplace. As one interviewee explained: 'even the so-called humble states are incredibly competitive,

increasingly fixated on their profiles as being significant or in the lead in the domain of mediation support'.

Finding room for new donor actors in crowded peace spaces can be problematic. Several practitioners referred to feeling obliged 'to find more opportunities and roles for donors so they can display expertise and demonstrate they are more "doer" than "donor"'. There can also be pressure to involve nationals from donor states not always linked to their competency or expertise. One practitioner lamented being 'trapped by having to hire or accommodate secondments of nationals from donor states as part of implicit funding deals'.

> **"Supporting early dialogue is time-consuming and painstaking, and infrequently delivers highly visible results."**

There can also be pressure on peace support organisations to spend time building expertise, analysis, and up-to-date intelligence, to equip and empower donors. Donors may also not be well placed to undertake rapid and flexible operational work or may be restricted by sanctions on designated terrorist groups – which can also affect some INGOs depending on their location. Comparatively short diplomatic posting cycles can further impede relationship building and the necessary contextual understanding in each conflict setting.

Interviewees for this article raised concerns about the broad understanding of peace process support and mediation that has coincided with the rise in peace actors in recent years. Multiple interpretations of peace process and mediation support have accompanied the growth in multi-track approaches to peace processes. These see community-based peace initiatives and high-level negotiations as complementary, and as promoting the benefits of linking peace initiatives across levels of society as part of a big and messy 'peace system'.

Supporting early dialogue is time-consuming and painstaking, and infrequently delivers highly visible results. It requires patience and commitment and is not easy to capture and explain. A lack of clarity and technical knowledge among funders can affect the types of peace process support efforts they are willing to invest in, such as those that are clandestine or have timeframes that are not amenable to quick wins. Practitioners and donors can find ways around confidentiality constraints, such as using forms of accounting other than written reports.

**Conclusion and recommendations**

Getting conflict parties to the negotiating table is sensitive and risky. The growing trend of direct donor involvement in mediation support is double-edged. It can enhance leverage for private diplomacy organisations that have limited 'sticks and carrots' to influence conflict parties and improve donor awareness of the challenges involved. But it also brings additional coordination demands and can compound confusion over the independence of peace support organisations.

Projectisation and the diminution in unearmarked funding can negatively affect the flexibility and adaptability required for peace support in fluid and shifting contexts. Nevertheless, there are cautiously positive developments in the funding landscape. All actors can undertake useful adaptations to improve accountability to both communities affected by conflict and to the taxpayers behind peacemaking funding.

Mutual planning between peace support organisations and donors needs to factor realistic expectations of donor involvement and support into project design. This requires clarity on donor interests, funding cycles and expectations from the outset and more transparent discussion, including on the pros and cons of donor personnel involvement, how to harness diplomatic and donor influence and relationships with conflict parties and civil society, and innovative ways to communicate impacts. Managing expectations between donors, diplomats and peace support organisations helps to mitigate potential tensions, misunderstandings or non-alignment of goals and methods between them.

> **"All actors can undertake useful adaptations to improve accountability to both communities affected by conflict."**

Peace support organisations need to invest in capturing and presenting evidence of how conflict parties can be engaged in dialogue – 'telling the stories' of early peacemaking to convince donors and taxpayers why it takes so long, what it can (and cannot) achieve, and how it can contribute to societal cohesion, economic stability and growth. Parliamentarians and non-traditional 'influencers' (eg businesspeople with an interest in global peace who can advocate creative risk-taking) need to be engaged to raise literacy about the potential of peacemaking.

Demonstrating impact is essential but hard. The peace process support sector needs to accelerate innovations in monitoring and evaluation, and how to measure peacemaking impacts. Peace practitioners often complain that increasing reporting and evaluation requirements distract them from the substance of their work. But much of the onus is on peace support organisations themselves to become smarter at articulating nuanced impacts. At the level of process or project specific engagement, continuous discussions with donors are pivotal and are best understood as a 'joint journey' towards clearer understanding of peacemaking progress.

> **"Honest and regular exchange between funders and grantees could greatly contribute to complementarity."**

Proactive practitioners and donors are well placed to launch a discussion on finding ways to better coordinate and harmonise grant application and reporting templates to enhance high-quality programming. Development and humanitarian assistance actors have long discussed aid harmonisation and effectiveness, and the peace sector could draw many valuable lessons from this. Some donors that have signed up to the Humanitarian Grand Bargain – often the same donors that are funding peacemaking – are testing the potential advantages of a single, simplified reporting template accepted by a range of donors and aid organisations. Extending similar efforts to the peacemaking sector could greatly enhance efficiency and value for money.

Peace support organisations mainly operate best on flexible multi-year funding. This allows proactive accompaniment of parties involved in peace dialogue, and can enhance coordination, continuity and adaptation. Some peacemaking donors are engaging in strategic partnerships and framework agreements, which blend earmarked and unearmarked funding and tend to be more flexible and long-term. The more donors that sign up to these models, the better the sector will be able to fulfil its collective mission of responsive contextualised support to address violent conflict.

This article has referred to holistic funding of peace processes. An essential part of this is coverage of overheads. Short-term funding can undermine effective management of overheads and administration. Through providing realistic overheads, donors can enable organisations to effectively run their quality assurance and administrative systems. A promising example is the UK Department for International Development's non-programme attributable costs system, which calculates the full costs that grantees will incur and contributes to greater transparency and sustainability of funding arrangements. This also allows donors to be consistent and realistic in terms of the expected reporting requirements and information sharing from grantees.

Finally, joint analysis can inform a peace support 'ecosystem' of multiple actors operating at various levels and layers of a peace process. Honest and regular exchange between funders and grantees could greatly contribute to complementarity and effective allocation of support roles in peace processes. This can support recognising different strengths at different times. It can also assist new players entering (or seeking to enter) a peace process, to readily identify under-developed parts of the support ecosystem. The aforementioned INGO joint Statement of Intent for coordination standards kicks in here and can certainly be a step in the right direction if words are transformed into deeds.