



General Assembly Security Council

Distr.: General
27 July 2015

Original: English

Peacebuilding Commission

Ninth session

2015 annual session

Summary record of the first part* of the 1st meeting

Held at Headquarters, New York, on Tuesday, 23 June 2015, at 10 a.m.

Chair: Mr. Skoog..... (Sweden)

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* The summary record of the second part of the meeting, held on Tuesday, 23 June 2015, at 5 p.m., appears as document [PBC/9/AS/SR.1/Add.1](#).

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The meeting was called to order at 10.10 a.m.

Adoption of the agenda (PBC/9/AS/1)

1. *The agenda was adopted.*

Opening of the session

2. **The Chair**, declaring open the 2015 annual session of the Peacebuilding Commission, said that the world was afflicted by intractable violent conflicts that had left a wake of displacement on an unprecedented scale. The Office of the United Nations High Commissioner for Refugees (UNHCR) had reported that more people had been forcibly displaced by conflict and persecution in 2014 than at any other time since records began, with the total number reaching some 60 million people, of whom more than half were children.

3. The refugee crisis was just one of the consequences of conflict and served as a reminder that the vision embodied in the Charter of the United Nations had not been realized. The aim of peacebuilding was to prevent conflicts and avoid relapses into conflict by supporting countries on a path towards sustainable peace. A more effective and coherent international system, underpinned by adequate, flexible and timely financing, was needed to support national peacebuilding efforts.

4. The theme of the session — “predictable financing for peacebuilding: breaking the silos” — was timely, as the Commission had yet to fully deliver on its mandate to marshal resources for post-conflict peacebuilding and recovery, and had not been sufficiently innovative in its approach to resource mobilization. In preparation for the International Conference on Financing for Development, to be held in Addis Ababa in July 2015, attention should be focused on the challenges to the funding of peacebuilding activities. Financing structures and the international response to conflict should be a central theme in the Commission’s deliberations on the report of the Advisory Group of Experts for the 2015 review of the United Nations peacebuilding architecture.

*Opening statement by the Deputy
Secretary-General*

5. **The Deputy Secretary-General** said that, over the course of 2015, Member States would be reviewing the institutional mechanisms established ten years

previously to help countries transition from war to peace. Peacebuilding was at the core of United Nations activities in conflict-affected countries; however, the international community must be more effective in preventing relapses into violence. The lack of sufficient and predictable funding for critical peacebuilding priorities continued to hamper the efforts of the international community. He hoped that the report of the Advisory Group of Experts for the 2015 review of the United Nations peacebuilding architecture would point the way towards greater predictability of financing and addressing systemic challenges. He also hoped that the third International Conference on Financing for Development would help to generate commitments to meet the special needs of countries emerging from conflict.

6. Peacebuilding was underfunded. Although it was not known how large the peacebuilding financing gap was, since there were no global estimates of peacebuilding needs, there were clear indications that allocations for peacebuilding and institution-building in conflict-affected countries were grossly inadequate. In a group of 31 conflict-affected countries, critical institution-building in the areas of politics, security and justice had received less than 10 per cent of official development assistance (ODA) between 2002 and 2013. For the six Peacebuilding Commission agenda countries, only 7 per cent of ODA had been allocated to those areas.

7. There were also serious challenges to peacebuilding financing within the United Nations. The assessed budgets of missions mandated by the Security Council did not include funds to strengthen national political, administrative or legal institutions. That shortfall affected the Organization’s ability to build and consolidate peace through short-term and targeted support for national processes and plans. Building the institutions that formed the backbone of sustainable peace could take a generation; political, technical and financial resources must therefore be sustained over the long term. The Peacebuilding Commission and the Peacebuilding Fund both had a key role to play in that regard. The long-term character of institution-building and the difficulties in measuring peacebuilding results meant that it was difficult to advocate and defend the need for more funding; yet, it was essential to invest more in peacebuilding in order to prevent violent conflicts.

8. Unfortunately, funding mechanisms among donors were fragmented. Development, security, human rights and humanitarian activities were often funded from different budgets, with separate decision-making processes. Some countries had addressed that issue, but it was still a fundamental problem that contributed to unpredictable donor engagement, inefficiencies and persistent underfunding of critical peacebuilding areas. Fragmentation was also evident within the United Nations system, with insufficient coordination among the various United Nations entities, competition for funds and lack of resources for strategic activities.

9. Global pooled funds, such as the Peacebuilding Fund, had played a positive role in breaking down the silos, incentivizing common analysis of needs, and promoting coherent approaches among Security Council-mandated missions and United Nations country teams. As a case in point, in the Central African Republic, the Peacebuilding Commission had helped to finance activities of the United Nations Development Programme designed in collaboration with the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) and synchronized with the World Bank to consolidate the Government's authority.

10. The fragmentation on the donor side was also often mirrored on the recipient side, as reflected in scattered activities, separate funds and a multitude of plans and strategies devised by Governments, the United Nations system and other actors on the ground. There were nevertheless some good practices that could be replicated, such as the Somalia Development and Reconstruction Facility, which was a mechanism that pooled funding and allowed the Government to oversee and coordinate the wide array of activities with a view to enhancing the delivery of assistance to the population. That direct link to a government-led strategy was fundamental. Peacebuilding was inherently political, and must therefore be anchored in national and inclusive political agreements, strategies and processes.

11. Countries emerging from conflict often lacked robust tax and rule of law institutions to effectively mobilize domestic resources. Tax and customs offices frequently lacked the necessary resources, capacity, training and equipment. A legal context conducive to tax evasion, corruption and illicit financial flows further compounded the problem. Early and sustained

investment in capacity-building was therefore even more critical.

12. All the above-mentioned issues had been addressed only partially for too long. The Commission should debate them thoroughly in order to facilitate important peacebuilding decisions that would be taken in the coming months. In September, Member States would be adopting the post-2015 development agenda, with the means of implementation to support it. Investments in institutions and peaceful societies would be critical for the implementation of that agenda and for tackling rising poverty in conflict-affected countries.

13. The deliberations in the General Assembly and the Security Council on the reports of the reviews of peace operations and the peacebuilding architecture would also have to take financing into account. The Peacebuilding Fund must therefore be placed on a solid footing. It had a valuable role to play, as it brought together the political, security and development aspects of peacebuilding. Since its creation in 2007, the Fund had proven its worth through early, catalytic and risk-tolerant investments; however, its limited scale was a serious impediment. Those and other funding gaps, particularly in "aid orphan countries", should be addressed without further delay.

Keynote address by the President of the African Development Bank

14. **Mr. Kaberuka** (President of the African Development Bank), speaking via video link from Kigali, said that since its inception, the Peacebuilding Commission had set the pace for tackling peacebuilding challenges and had brought much-needed focus to peacemaking, peacekeeping and avoiding relapses into violence. A peaceful world was a precondition for implementing the post-2015 development agenda and achieving other financing for development and ecological goals that would be decided in 2015. To that end, the focus should be on rapid, predictable, flexible and risk-tolerant funding.

15. Attempts to tackle the fragmentation and multiplicity of mandates, budgets and mechanisms, while well-intentioned, had sometimes undermined peacebuilding and State-building capabilities. Peacebuilding was not an exact science, mainly because each crisis was different and money, while necessary, was only part of the solution. Peacebuilding

was therefore about taking calculated risks and empowering those directly or indirectly affected by a crisis to build peace themselves.

16. Over the years, the African Development Bank had developed responses to those peacebuilding challenges, including a three-stage response plan, the first stage of which involved helping post-conflict countries to re-engage with international financial institutions. While that stage was not technically difficult, it was often protracted. The second stage involved identifying key social and economic infrastructure that must be rebuilt quickly; that stage depended more on delivery systems and the resolution of procurement and fiduciary issues than on the availability of large amounts of money. In the third stage, the Bank offered support to rebuild institutional capabilities, including revenue mobilization, public finance management, oversight and natural resource management; that too was a lengthy process which varied from country to country.

17. The Bank had established the Transition Support Facility, which was ring-fenced from general funds, in order to provide support to the “aid orphan countries” excluded from traditional aid architecture and to encourage them to build their own peace. It was important to address the needs of those abandoned countries in order to mitigate the effects of crises on neighbouring countries. In recent years, the Facility had disbursed some \$4 billion and would be providing an additional \$1.5 billion over the next two years.

18. The 2014 report of the Bank’s High-level Panel on Fragile States, entitled “Ending conflict and building peace in Africa: A call to action”, which complemented the New Deal for Engagement in Fragile States, outlined the areas of fragility that existed in many African countries, even those considered to be stable, as a result of, inter alia, demographic and climate change, rapid internal migration and security challenges. In addition to national financial allocations, regional frameworks were needed to ensure that those issues did not spill over into neighbouring countries.

19. Predictable financing was not simply about volume or financial management systems; it was about working differently. During the height of the Ebola outbreak, for example, thanks to extraordinary and highly flexible measures, the Bank had been able to approve financing agreements for operations to combat

the spread of the disease within one week, and all funds allocated had been disbursed within three weeks. However, that crisis had also highlighted the bureaucratic issues that could delay and limit international responses, even when there was the political will to act.

20. In addition to the volume and predictability of resources, the method of deployment was also important. Fragile countries had capacity gaps, which meant that development partners had to find alternative delivery mechanisms in order to manage their fiduciary risks. However, measures to mitigate those risks should not lead to onerous delivery systems and reporting mechanisms, which could overload embryonic local institutions and undermine State legitimacy. A State could not be rebuilt by bypassing its institutions, and lasting peace would remain a pipe dream if those institutions were weakened further.

21. External funding was only the starting point; citizens were ultimately responsible for rebuilding their country. Rebuilding State institutions and enabling them to raise revenue and meet the development needs of their populations was, therefore, a critical step which should be taken in the early stages of peacebuilding. Sound public finances were essential for long-term political stability and economic growth, particularly for countries endowed with large reserves of natural resources, which were often a cause of conflict. In some cases, the returns and benefits derived from natural resources had been limited owing to the nature of the national economy or because of bad contracts and complex management models. The Bank had therefore set aside \$22 million to finance the African Legal Support Facility in order to assist countries undertaking major contract negotiations or seeking to limit illicit flows.

22. To ensure predictable financing, countries must encourage wealth creation and the expansion of the tax base. They must ensure sound public finance management to reassure citizens that their money was being well spent. The private sector also had a key role to play in peacebuilding, as businesses were the real risk takers and wealth creators. Private businesses had a vested interest in seeing that security and stability improved quickly, with their logistical skills and knowledge of the local political economy being key assets in that regard. They also played a stabilizing role in society by providing jobs. The Bank had developed

new risk-mitigation instruments to help the private sector manage and mitigate risks.

23. Lastly, there were many lessons to be learned from the experiences of individual countries, such as Somalia, but the disruption of the most predictable financing of all — remittances — was disappointing. Discussions on the predictability and sustainability of peacebuilding financing should focus on understanding the political economy and the causes and trajectory of conflicts. Successful peacebuilding would require the creation of a stakeholder economy that could leverage external support but gradually assume responsibility for its own future.

24. **The Chair** announced that the meeting would be breaking out into informal sessions to discuss the topics of predictable funding and the fragmented international aid architecture, and domestic sources of financing for peacebuilding.

The meeting was suspended at 10.50 a.m.