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COVID-19 has exacerbated factors influencing international support for peacebuilding, including a more volatile geopolitical order and changes in domestic priorities in donor countries. Peacebuilding and a conflict-sensitive approach have not yet been at the forefront of the international responses to COVID-19, undermining attempts to 'build back better' in a world where negative conflict dynamics are increasingly apparent.

This paper takes stock of trends in financial support for peacebuilding, building on ECDPM's 2018 study 'Supporting peacebuilding in times of change'. While official aid for peacebuilding has never been higher going into the crisis, peacebuilding is a comparatively low priority which relies on a small number of donors. As such, peacebuilding is vulnerable to shrinking aid budgets and donors' shifting priorities as a result of COVID-19. Philanthropic support – while having a unique role – has so far been limited compared to support to other areas and the scale of official support.

The pandemic, together with growing questions about racial justice and the decolonisation of international relations and development, will also push the overall aid system to evolve. These developments will profoundly impact the predominantly Western-funded international peacebuilding sector in 2021 and beyond.

More adaptation and engagement is needed from an already vulnerable peacebuilding community. Transformational change – towards building consistent political and financial support – will require articulating the relevance of peacebuilding in a (post-)COVID-19 world for the dominant economic and climate-related themes of recovery. In the long run, these evolutions may well lead to more locally-led, diverse and sustainable approaches to peacebuilding, but the transition will certainly be turbulent, and the forces for change don't necessarily all point in a positive direction.

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Acronyms

AFP Agence France-Presse

BMZ Bundesministerium für wirtschaftliche Zusammenarbeit / Federal Ministry for Economic

Co-operation and Development

COVID-19 Coronavirus disease 2019
CRS Common Reporting System

CSSF Conflict, Stability and Security Fund
DAC Development Assistance Committee

DFID Department for International Development

DKK Danish Krone

DR Democratic Republic (of the Congo)
EAM Exceptional Assistance Measure

ECDPM European Centre for Development Policy Management

EC European Commission
EU European Union

FCO Foreign and Commonwealth Office

FCDO Foreign, Commonwealth & Development Office

FY Fiscal Year

GDP Gross Domestic Product
GNI Gross National Income

ICAI Independent Commission for Aid Impact
IcSP Instrument contributing to Stability and Peace

IMF International Monetary Fund MFA Ministry of Foreign Affairs

N.d. No date

NDICI Neighbourhood, Development and International Co-operation Instrument

NOK Norwegian Krone

NGO Non-Government Organisation
ODA Official development assistance

OECD Organisation for Economic Co-operation and Development

SALW Small arms and light weapons

SFOPS State, Foreign Operations, and Related Programs
SIPRI Stockholm International Peace Research Institute

UK United Kingdom
UN United Nations
US United States

1. Introduction

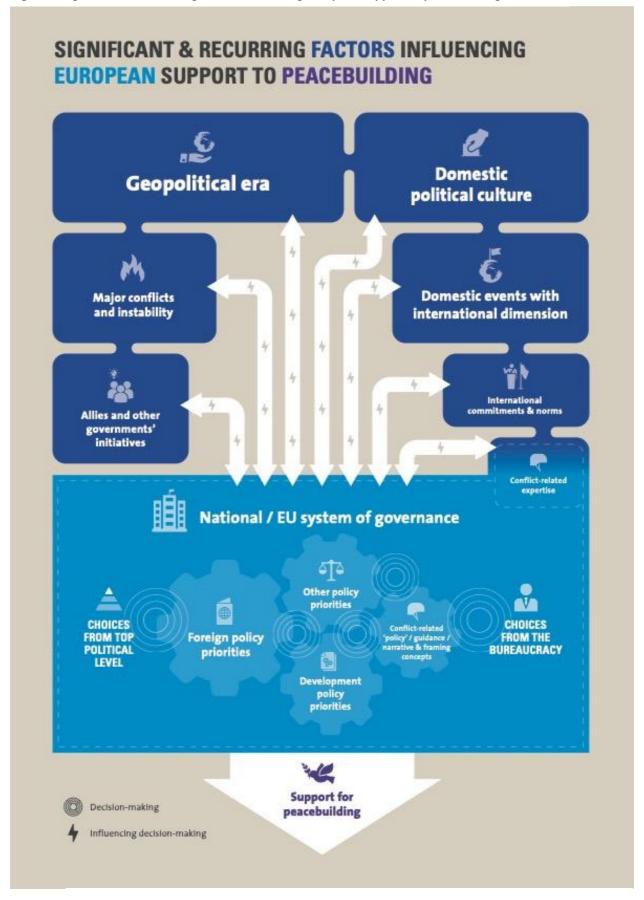
Does COVID-19 change or simply reinforce trends in international peacebuilding funding that have been witnessed over the last ten years? In ECDPM's 2018 'Supporting peacebuilding in times of change' study (Sherriff et al. 2018), our analysis indicated that the world was changing at a faster pace and the peacebuilding community needed to adapt and respond to these evolving geopolitical and particularly, European domestic political dynamics if it wanted to sustain this type of support. We designed a diagram (figure 1) to show which factors have significantly influenced European official support to peacebuilding in the past 20 years. Two years later, a pandemic that no one saw coming at the start of 2020, is impacting every aspect of life in all corners of the world, creating great uncertainty, including for the peacebuilding community.

The eight factors influencing European support to peacebuilding we identified in 2018 (figure 1) have all been exacerbated by the pandemic. COVID-19 has, for instance, heightened **geopolitical tensions**, with competing narratives from the United States (US) and China about the origins of the virus, and competition over a future vaccine. The pandemic also has the potential to accelerate changes in **domestic political cultures in donor countries** by strengthening political polarisation and pushing countries and their governments to look inward for the most effective health and economic response, including by reprioritising or cutting aid funds. Support for peacebuilding is also filtered through the national/European **system of governance** and therefore significantly impacted by evolutions in that overarching system of governance. Furthermore, in a similar way to **domestic events in Europe with an international dimension** (the 2015-2016 migration situation and terrorist attacks for instance), the focus has very much been on the domestic impact of the crisis (public health, economic impact) — at least in the short term — although the calls for international co-operation have grown stronger, with the recognition that the global health system is "as strong as its weakest part" (Council of the EU 2020).

This paper aims to take stock of financial support for peacebuilding, two years after the publication of the 2018 ECDPM study. First, it provides a picture of the turbulent and unpredictable world. Second, based on past trends, it shows some indication of what can be expected in terms of the impact of COVID-19 on funding for peacebuilding — with the caveat, however, that it is easier to speculate than to predict in the current situation. In particular, we look at trends in public funding for peacebuilding from governmental donors as well as in philanthropic funding (primarily from the US). Finally, we draw some conclusions on the adaptations needed from the international peacebuilding community to counter the potential impact of COVID-19 on existing trends in peacebuilding funding.

It is worth noting that while the focus of this paper is on international funding, peacebuilding is often undertaken by local actors with no international funding or support.

Figure 1: Significant and recurring factors influencing European support to peacebuilding



Source: ECDPM

2. Support for peacebuilding in a more turbulent and unpredictable world

While violent conflict is at a 30-year high (+Peace n.d.), the impact of COVID-19 on ongoing conflicts is still uncertain and ECDPM analysts have cautioned against being unduly influenced by the headlines into thinking that there has been a dramatic change, while differentiating between short-term effects and long-term impacts (Desmidt and Neat 2020). Based on consultations with local and international peacebuilders, organisations had warned early on of a high risk of escalating violence, dramatic governance failures, missed opportunities for peace and political progress, an exacerbation of the underlying roots of conflict, particularly inequality, and the lack of conflict sensitivity of government responses (Conducive Space for Peace, Humanity United and Peace Direct 2020; Brown and Blanc 2020; Alliance for Peacebuilding 2020). However, Conducive Space for Peace, Humanity United and Peace Direct also pointed out that the crisis has provided opportunities to advance peace, taking the form of ceasefire campaigns, local mutual aid and community-building initiatives, as well as the chance to reconnect as a global community (Conducive Space for Peace, Humanity United and Peace Direct 2020). Past shocks such as Ebola or natural disasters have also created windows of opportunity for local and international stakeholders (Ansorg and Strasheim 2020).

Nevertheless, on 2 July 2020, UN Secretary General António Guterres warned the Security Council that the COVID-19 pandemic is "profoundly affecting" peace and security across the globe and that "the health pandemic has fast become a protection crisis". This is due to the fact that trust in public institutions is being eroded in places where people perceive that authorities have not addressed the pandemic effectively or have not been transparent about its impact and the potential for instability and violence grows as grievances become more entrenched (UN News 2020). His appeal for a global ceasefire (UN 2020a) (supported by the Security Council Resolution 2532 that was adopted on 1 July 2020 after months of failed attempts (UN 2020b)) struggles to achieve concrete results on the ground (Oxfam 2020; Gowan 2020). Health, humanitarian and socio-economic responses have been prioritised, which could have a long-term impact on peace prospects in certain countries. Finally, government responses to COVID-19 in some countries, coupled with the lack of conflict sensitivity of donor assistance, will likely result in human rights and justice and equality issues sowing seeds for further conflict in the next five years, if not addressed.

The absence of internationals in conflict-affected countries during COVID-19 is reportedly creating more space for local peacebuilders and the crisis represents an opportunity to shift power to local peacebuilders and change the way of working (de Coning 2020; Marclint Ebiede 2020; Conducive Space for Peace 2020). Yet, an imminent risk is that the crisis will elicit shifts in funding which, in the short term, force local peacebuilders to stop addressing ongoing and emergent conflict, at a time when this is of utmost importance (Conducive Space for Peace 2020).

Following the Black Lives Matter protests around the world, international NGOs are also currently going through a major reflection on the way they work, both internally and externally, acknowledging that "[...] organisations and institutions are part of an aid system which has roots in colonialism, power imbalances, privileges, and white supremacy" (Klien 2020). Beyond acknowledging this analysis, value-led organisations will have to adapt their knowledge production, the way they fund and engage with local organisations, and the power they are willing to concede to their partners (in terms of leading the work for instance).

In South Sudan, Somalia, Kenya, Cameroon, and DR Congo, important peacebuilding programmes and dialogues have been cancelled (Conducive Space for Peace, Humanity United and Peace Direct 2020; Lieberman 2020).

Box 1: An already volatile world before COVID-19

The changing world order is highly reflected in defence expenditure, as competition between states rises and the rules-based international order is being challenged (Marcus 2020). According to data from the Stockholm International Peace Research Institute (SIPRI), international transfers of major arms during the five-year period 2015–2019 increased by 5.5% compared with 2010–2014 (SIPRI 2020). Moreover, global military expenditure is estimated to have been \$1,917 billion in 2019, the highest level since 1988 (Tian et al. 2020). As a comparison, in 2018 total aid reached \$195 billion, peace and security ODA \$4.6 billion and peacebuilding ODA \$2.8 billion.³ In addition to the trillions governments are currently unleashing in stimulus packages as a response to the pandemic (\$10,800 billion according to the Donor Tracker (Donor Tracker 2020e)), this shows the extent to which domestic national security and economic interests continue to dominate in spending decisions, a trend that will likely be reinforced by COVID-19 and instability in Europe's Neighbourhood.

Total military spending in Europe in 2019 was \$356 billion, 8.8% higher than in 2010, and three of the world's 15 largest military spenders are European Union (EU) member states: France (rank six), Germany (rank seven) and Italy (rank twelve) (Tian et al. 2020). Germany was one of the case studies in our 2018 project analysing support for peacebuilding, which concluded that German peacebuilding policy has traditionally emphasised the primacy of civilian means over military responses (Deneckere and Hauck 2018). It had the highest annual increase (10%) in military spending among the top 15 spenders in 2019. Germany's spending in 2019 was at the highest level since 1993.

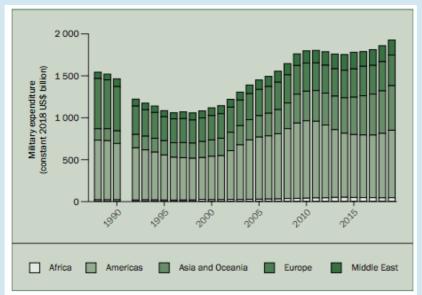


Figure 1. World military expenditure, by region, 1988-2019

Notes: The absence of data for the Soviet Union in 1991 means that no total can be calculated for that year.

Rough estimates for the Middle East are included in the world totals for 2015–19. Source: SIPRI Military Expenditure Database, Apr. 2020.

We analysed financial flows based on OECD-DAC data. In the OECD-DAC financial reporting scheme, called the Creditor Reporting System (CRS), funding related to conflict, peace and security is reported under code 152. It includes security system management and reform; civilian peacebuilding, conflict prevention and resolution; participation in international peacekeeping operations; reintegration and small arms and light weapons (SALW) control; removal of landmines and explosive remnants of war; and prevention and demobilisation of child soldiers. The subcode 15220 'civilian peacebuilding, conflict prevention and resolution' includes funding for two purposes: (i) support for civilian activities related to peacebuilding, conflict prevention and resolution, including capacity building, monitoring, dialogue and information exchange; and (ii) bilateral participation in international civilian peace missions and contributions to civilian peace funds or commissions. We made the methodological choice to analyse the evolution of disbursements for both code 152 and code 15220.

3. Less money and a more vulnerable peacebuilding community as a result of COVID-19?

It is difficult at this stage to draw conclusions on the long-term impact COVID-19 will have on funding for peacebuilding. An analysis of four key aid trends over the past ten years can provide some insights into the ways official donors fund peacebuilding, and what impact COVID-19 might have on these.

3.1. Official aid for peacebuilding has been consistently increasing over the past ten years and has never been higher than in 2018 (the last year for which OECD data is available)

Official development assistance (ODA) for peacebuilding has increased by 76% over the ten-year period from 2009 to 2018, compared with 23% for peace and security and 45% for total aid (although the amounts for peacebuilding are much lower – see chapter 3.2). There has never been as much money for what donor governments report as related to peacebuilding as in 2018, when ODA in this area reached US\$2,8 billion.

While the current COVID-19-induced crisis is very different from the 2008 financial crisis in many ways and the scope of its political, social and economic consequences is much wider, these past trends provide insights into the kind of impact that could be expected for funding for peacebuilding. It is interesting to note that following the 2008 financial crisis, ODA did not drop (figure 2) and disbursements for peacebuilding even increased by 16% from 2009 to 2010 (figure 4), while disbursements for the wider area of conflict, peace and security decreased by 4% (figure 3). Yet, both aid allocated to peace and security and aid for peacebuilding decreased by 21% from 2010 to 2012. The three graphs below offer a comparison of the evolution of disbursements from official donors for all sectors; for conflict, peace and security and for peacebuilding over the last ten years.

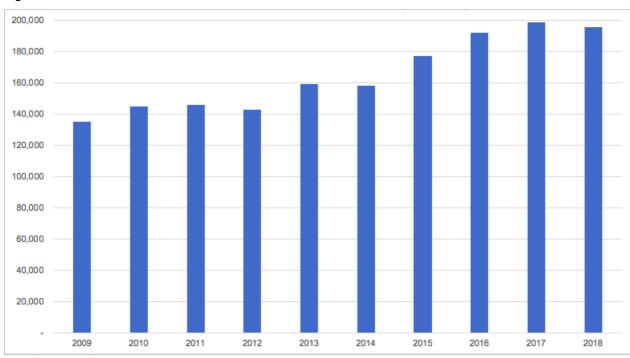


Figure 2: Evolution of disbursements for total aid from official donors - 2009-2018

Source: ECDPM analysis from OECD CRS figures, in millions of US dollars. Gross disbursements in constant 2018 prices

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Figure 3: Evolution of disbursements for conflict, peace & security from official donors - 2009-2018

Source: ECDPM analysis from OECD CRS figures, in millions of US dollars. Gross disbursements in constant 2018 prices

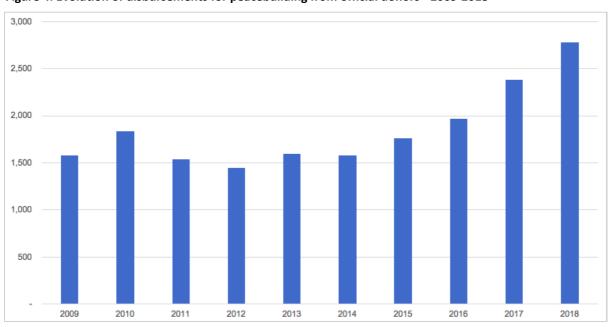


Figure 4: Evolution of disbursements for peacebuilding from official donors - 2009-2018

Source: ECDPM analysis from OECD CRS figures, in millions of US dollars. Gross disbursements in constant 2018 prices

3.2. Despite the increase in financial commitments over the period 2009-2018, peacebuilding remains a low-priority area and might be pushed further down the agenda due to COVID-19

Although rising, official aid for peacebuilding was already low compared to other areas before the pandemic (1.4% of total ODA compared to 4% for general budget support-related aid and 3.2% for road transport in 2018 - but significantly higher than the 0.1% for specific anti-corruption measures). There is a risk that COVID-19 will translate into long-term reprioritisation of funding away from peacebuilding towards the humanitarian response, health systems strengthening, productive sectors and economic recovery. According to UN Secretary General António Guterres, \$35 billion is needed in the next few months to develop and manufacture drugs and vaccines against COVID-19 for the poorest countries - yet, he warned that donors must not dip into their ordinary aid budgets to finance these efforts (Development Today 2020b). The widespread economic and financial crisis induced by COVID-19 will also push economic and social priorities much higher on the agenda than peacebuilding issues. As emphasised by Development Today, needs (such as food security) are growing as the aid pie is shrinking, and large-scale crises can drive huge reallocations in aid (Dodd quoted in Usher 2020). Bilateral donors like the Norwegian Ministry of Foreign Affairs report a commitment to existing long-term priorities including peacebuilding. In most bilateral agencies, however, bureaucrats are exploring future scenarios within existing political priorities (Conducive Space for Peace 2020). European donor priorities have in the short term shifted to dealing with the pandemic where possible within existing budgets (in the case of the EU institutions for instance). However, without fresh funds, there is a risk that the original identification of priorities, sectors and projects that were agreed with partners will be replaced by new COVID-19-related measures (Jones et al. 2020).

With priorities shifting to COVID-19 responses, local peacebuilders fear reductions in financial support and attention from international donors (Conducive Space for Peace, Humanity United and Peace Direct 2020). According to Conducive Space for Peace, four out of five of local peacebuilders who took part in their survey have already experienced a reduction in their funding for peacebuilding following the onset of the pandemic and have had their peacebuilding programmes suspended (Conducive Space for Peace 2020). The immediate decrease in funding to local peacebuilders is caused by delays or cancellation of activities, or by redistributions of existing funding to activities other than peacebuilding. In the medium term, the decrease in funding is partly caused by the cancellation of planned or new grants for peacebuilding, primarily due to a shift in priorities and uncertainty among donors (Conducive Space for Peace 2020). Indeed, a third of the local peacebuilders surveyed by Conducive Space for Peace say that one or more of their funders have shifted priorities and asked them to adapt accordingly, while 60% of local peacebuilders have adjusted their programmes to areas other than peacebuilding (Conducive Space for Peace 2020).

There was also a concern that some flexible funds accessed by peacebuilding organisations, such as the UK Conflict, Stability and Security Fund (CSSF) or the EU Instrument contributing to Stability and Peace (IcSP) – or its successor in the next Multiannual Financial Framework – would be used for a rapid COVID-19 response, leaving less for traditional peacebuilding activities. While these instruments have an important role to play in avoiding that COVID-19 fuels conflict, the concern is that this comes at the expense of funds for longer-term peacebuilding. The CSSF, for instance, has taken steps to ensure existing programmes consider the implications of COVID-19 and has had some new programming to support the COVID-19 response (UK Parliament 2020a). Some of its programmes have helped fragile states or countries that are coping with large, vulnerable refugee populations to deal with the COVID-19 crisis. In Lebanon, it has provided funding to bolster public health services, with a focus on Palestinian refugee camps across the country (UK Parliament 2020b). It is encouraging however that the IcSP has been used to avoid that COVID-19 fuels conflict (European Commission 2020a). For example, an Exceptional Assistance Measure (EAM) was put in place to promote peace in times of COVID-19 and to deliver on United Nations Secretary-General Guterres' call for a global ceasefire (as "[a]n adequate response cannot be provided under any other European Union

Instrument due to the urgency with which the funds are required and due to available resources already being firmly committed") (European Commission 2020b).

3.3. Peacebuilding ODA is still very reliant on a small number of consistent donors who might shift their priorities and reduce their funding as a result of COVID-19

Another weakness of official aid for peacebuilding is that it is dominated by only a handful of donors, as shown in table 1. In recent years, there have been no significant 'new entries' to the list. The international peacebuilding community thus appears broadly reliant on a relatively small number of donors, whose contributions have remained stable for at least the past ten years. In 2018, 75% of total ODA for peacebuilding came from European countries — an increase from 63% in 2016. The US, which was consistently the top donor from 2009 to 2015, dropped to the fourth spot in the last couple of years, illustrating possibly a political shift in priorities since 2016. Outside the top ten contributors, donors spend significantly less on peacebuilding. Even within the top ten, there are substantial differences in terms of where the weight of overall international funding resides: in 2018 the largest contributor, Germany, gave almost eight times the amount of ninth-ranking Denmark in real terms.

Table 1: Top ten OECD donors to civilian peacebuilding, conflict prevention and resolution, 2009-2018

	2009	20 10	2011	2012	2013	2014	2015	2016	2017	2018	Average rank (rounded to top 10)
US	1 (\$336m)	1	1	1	1	1	1	3	4	4 (\$371m)	1
Germany	4 (\$181m)	2	2	2	3	2	4	2	1	1 (\$772m)	2
UK	2 (\$318m)	3	4	4	4	4	2	1	2	3 (\$385m)	3
EU institutions	3 (\$250m)	5	3	3	2	3	3	4	3	2 (\$393m)	4
Norway	5 (\$108m)	6	5	5	5	5	5	5	7	5 (\$135m)	5
Sweden	6 (\$80m)	7	6	6	7	6	6	6	6	7 (\$126)	6
Netherlands	9 (\$42m)	9	7	7	6	7	7	7	8	8 (\$112m)	7
Switzerland	7 (\$62m)	13	10	9	8	8	8	8	9	11 (\$57m)	8
Denmark	16 (\$9m)	10	9	8	9	9	9	9	5	9 (\$98m)	9
UN	14 (\$13m)	14	11	10	10	10	10	11	12	6 (\$130m)	10

Source: ECDPM analysis from OECD figures, CRS code 15220, in millions of US dollars. Gross disbursements in constant 2018 prices.

This reliance on a small number of Western governmental funders points to a vulnerability of the peacebuilding community to potential changes or shifts in the politics and policies of these countries (see box 2). While this was already the case in 2018 when we released our initial report (Sherriff et al. 2018), it is even more so today as these top donors are going through some major shifts as a result of COVID-19 (major recessions potentially leading to decreasing development aid budgets as explained above).

The global recession caused by COVID-19 (the world gross domestic product (GDP) is now forecast to fall by around 5% in 2020 (IMF 2020; World Bank 2020)) could lead to significantly shrinking aid budgets, and therefore less international funding for peacebuilding, and there are already indications of this. The largest providers of aid have said they will strive to protect ODA budgets (OECD 2020). Yet, according to *Development Today* estimates, aid

resources available for long-term development and crises other than COVID-19 could drop by some 20% in 2020 (due to economic recessions and potential reallocations to domestic spending) (Usher 2020)), while according to Development Initiatives, a sharp drop in ODA of \$25 billion by 2021, including from some of the biggest donors, is "within the range of possibilities". That would be 15% of a total ODA flow of \$165 billion in 2018 (Tew et al. 2020).

- In **Germany**, the number-one peacebuilding donor in 2018, the budget of the Federal Ministry for Economic Cooperation and Development (BMZ) will be increased by up to €1.5 billion (US\$1.8 billion) in 2020 and 2021, after which it might be cut (a decrease of 14% between 2020 and 2024) (Donor Tracker n.d.).
- In the **UK**, the third donor for peacebuilding, aid could be cut by more than £2.9 billion (US\$3.6 billion a 19% reduction on 2019 ODA spending) due to the struggling economy and the link between UK aid and national economic growth (commitment to invest 0.7% of gross national income (GNI) on ODA) (Worley 2020a; Bond 2020).⁴
- In the fourth donor country, **the US**, President Donald Trump had proposed a 21% cut in foreign aid in his fiscal 2021 budget before the pandemic hit the country in February 2020 (Mason 2020a). Given the extent of the socio-economic impacts of COVID-19 in the US, an even higher cut could be expected, although the US Congress⁵ and a change of US Presidential administration could lead to a different outcome.
- In **Norway**, the fifth donor country, which generally allocates 1% of its GNI to development assistance, a lower GNI would entail a NOK4.5 billion (US\$413 million) decrease in funding for development (Donor Tracker 2020a). A politician from the right-wing Progress Party warned that there would likely be a tough battle on development assistance allocations in the national budget for 2021 (Donor Tracker 2020b).
- In **Sweden**, the sixth donor country, the government proposed in its 2021 Budget Bill a slight increase in the development budget, from SEK 52.1 billion (US\$6.0 billion) in 2020 to SEK 52.3 billion (US\$6.0 billion), as the government and its cooperation parties agreed to maintain the parliament's long-standing commitment to maintaining ODA levels equivalent to 1% of GNI. Priorities for ODA have also remained stable in the 2021 Budget Bill and include peace (Donor Tracker 2020c).
- In the **Netherlands** (ranked seventh), the contribution to development cooperation will fall from 0.61% of GNI in 2020 to 0.52% in 2024 (its lowest level ever) although money is being brought forward so that the budget will remain more or less the same both this year and next (NRC 2020).
- In **Denmark** (ranked ninth), in the proposal for the aid budget for 2021, which prioritises "green global ambitions" and efforts to curb migration, aid is cut by almost DKK 0.5 billion (USD\$79 million) (Development Today 2020a).

In the latest **EU** negotiations on the next Multiannual Financial Framework (the EU's long-term budget for 2021-2027) which took place in late July 2020 amidst tensions over domestic interests, the new Neighbourhood, Development and International Cooperation Instrument (NDICI) was cut by 10% compared to what the European Commission (EC) had proposed for this instrument in 2018 (yet, it represents a 3% increase compared to the previous 2014-2020 EU instruments that the NDICI consolidates). The rapid response pillar of the NDICI — which would

In order to cover the government's growing fiscal deficit, which has increased as a result of the COVID-19 crisis, the UK's Chancellor of the Exchequer is reported to be considering further cuts to the UK's development assistance budget (Donor Tracker 2020d). While it remains unclear where the UK could cut aid spending, UK Foreign Secretary Dominc Raab announced in July 2020 that UK aid spending in 2020 will prioritise the following areas: poverty reduction for the "bottom billion"; tackling climate change and reversing biodiversity loss; championing girls' education; UK leadership in the global response to COVID-19; campaigning on issues such as media freedom and freedom of religious belief; and protecting the UK's science, research and development base (Bond 2020). Peacebuilding is therefore not part of these priorities.

In July 2020, the US House Appropriations Committee on State, Foreign Operations, and Related Programs (SFOPS) approved its Fiscal Year (FY) 2021 appropriations, providing a total of US\$65.9 billion for US foreign assistance, an increase of US\$8.5 billion over FY2020 enacted levels and US\$21.2 billion over the President's request for FY2021 (Donor Tracker 2020e).

⁶ ECDPM calculations. This also has to be seen against the backdrop of the UK leaving the European Union. The UK historically provided between 11-14% of the EU's external spending and was a strong advocate for spending in the area of peacebuilding.

replace aspects of the Instrument contributing to Stability and Peace (IcSP) – was cut by 20% in July 2020 compared to the 2018 proposal. The first conclusion is that peacebuilders will thus have to adapt to a situation where there is less international funding available (de Coning 2020).

Box 2: Significant institutional changes in two major peacebuilding funders

Two of the biggest donors for peacebuilding, the EU and the UK (the second and the third donor, respectively – see above) are going through significant changes in their international co-operation framework, which will inevitably have a strong bearing on peacebuilding and the way it is funded as well.

In the EU, which is in the process of adopting its next Multiannual Financial Framework for 2021-2027 (an agreement was found between EU member states at a special summit in July 2020, which the European Parliament has to negotiate and agree over the next few months), external funding is being completely restructured. Under a new heading called 'Neighbourhood and the World', the new Neighbourhood, Development and International Cooperation Instrument (NDICI) consolidates previous external action financial instruments, with a view to making financing for EU external action more streamlined, coherent and flexible. This more integrated and strategic approach to international co-operation will have major implications for peacebuilding funding, which will not have a dedicated instrument like the Instrument contributing to Stability and Peace, but will be part of the thematic pillar ('stability and peace')⁷ together with other priorities (human rights and democracy, civil society organisations, other global challenges). The rapid response pillar of the NDICI would allow the EU to rapidly and effectively intervene for conflict prevention and to respond to situations of crisis or instability, yet doubts have been expressed on the extent to which it would be able to muster the longer-term preventive approaches needed for sustainable peace. Many peacebuilding civil society actors have deplored the disappearance of the IcSP - which was fit for purpose and effective according to internal and external evaluations – and fear the specific objective to build peace and prevent conflict will hereby be lost (Sherriff and Veron 2019). However, others counter that the new NDICI will allow for more coherence overall.

In the **UK**, Prime Minister Boris Johnson in June 2020 announced a merger between the Department for International Development (DFID) and the Foreign & Commonwealth Office (FCO), which have formed the Foreign, Commonwealth and Development Office (FCDO). Dominic Raab, the UK Foreign Secretary, stated: "We are integrating our aid budget with our diplomatic clout in the new FCDO to maximize the impact of our foreign policy. That's why I want to reinforce the role of Independent Commission for Aid Impact (ICAI), to strengthen further transparency and accountability in the use of taxpayers' money and relentlessly focus our Global Britain strategy on policies and in areas that deliver the most value." (Worley 2020b). This move, together with cuts in UK aid, was widely decried and generated worries for the future of the sector. The UK has been a long-standing supporter of peacebuilding (with DFID being the most important actor in supporting peacebuilding) and is host to some of the leading peacebuilding NGOs which enjoy close working and funding relationships with the government. Yet, according to these organisations, merging foreign policy interests with poverty reduction and development approaches represents a risk to peacebuilding, as narratives around aid serving the national interest have gained ground over the past decade. Focusing on areas "that deliver the most value" represents a risk for peacebuilding, an area in which it is harder to demonstrate impact. Moreover, the move might lead to a loss of influence of conflict expertise (through DFID conflict advisors) as well as DFID's "cherished reputation for being nimble, flexible, responsive" (Mason 2020b) – although some (a minority) in the development sector also argue that the merger could lead to more coherence between instruments and thus to positive outcomes (Worley 2020c). Peacebuilding, as an area which requires whole-of-government approaches, might benefit from this. Even so, such coherence is complex and slow to put into practice.

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⁷ This includes capacity building for the security sector.

3.4. A large chunk of peacebuilding ODA goes through multilateral organisations, and COVID-19 seems to reinforce this trend

In 2018, multilateral organisations were the main channel of delivery for peacebuilding ODA (figure 5), having increased from 22% of all channels in 2009 to 37% in 2018. By contrast, the share represented by the public sector as a channel has decreased from 34% to 32% and the share channelled through NGOs and civil society has decreased from 25% to 19% over the same period (however, the extent to which this trickles down to local organisations as opposed to international NGOs is not well-documented) (figure 6). Interestingly, multilateral organisations have also been major recipients of donor country funding in the response to COVID-19, despite the fact that local peacebuilders have a vital role to play as trusted messengers and mediators in the communities, who are working to deliver supplies, promote measures to limit the spread of the virus, and keep communication open among communities to maintain social cohesion in the midst of physical distancing (Conducive Space for Peace, Humanity United and Peace Direct 2020). The pandemic seems to have reinforced this trend, which raises questions on the fact that the biggest part of ODA goes through UN agencies and less is available to NGOs, while local actors and organisations are usually the most able to respond effectively to needs on the ground.

It has been noted that peacebuilding results are often the strongest and most sustainable when local peacebuilders define problems and solutions, and determine outcomes, goals and timelines (Peace and Security Funders Group n.d.; Peace Direct and Alliance for Peacebuilding 2019). Their ability to respond rapidly to changing contexts or risks is crucial for achieving impact (Peace and Security Funders Group n.d.). Yet, this requires a radical re-evaluation of the current system of donor funding, as well as meaningful investment in new approaches supporting locally-led efforts (Peace Direct and Kantowitz n.d.). Funders often have access to governments and national and international organisations that local peacebuilders have difficulty accessing, and thus can act as a bridge between different levels (Peace and Security Funders Group n.d.). Local peacebuilders' need for core funding and flexible, adaptive and long-term support to help mitigate growing conflict is even more important in the pandemic (Conducive Space for Peace, Humanity United and Peace Direct 2020).

The need to bridge the gap between big international donors and local efforts and redefine partnerships can hardly be ignored with more questions being raised about inequities in the aid system in 2020. It is critical that peacebuilding actors examine the vertical relations in their partnerships in addition to the horizontal relations across sectors. This process could potentially have important implications for the way peacebuilding is funded locally, provided that the recognition of local expertise and knowledge makes its way to the top levels of decision-making in organisations and institutions funding peacebuilding, but also beyond. There is a need to grasp the complexity of institutional change and to address barriers to providing the support needed by local peacebuilders at all levels. Real inclusion of local actors in such processes of transformation also remains a challenge. While these issues are not new, it remains to be seen whether COVID-19 and increasing questions about the inequities and power dynamics in the aid system can actually provide a renewed dynamism for change.

The reduction in funding to local peacebuilders has led several local peacebuilding organisations to close or halt their peacebuilding work. Local peacebuilding organisations rarely have a financial buffer when crisis hits, as funding modalities to local organisations typically depend on activity implementation (Conducive Space for Peace 2020).

⁹ As highlighted by Humanity United in September 2020, "current approaches to peacebuilding and conflict prevention are often focused on the decisions of those in power and "top down" strategies that devalue local expertise." (Humanity United 2020).

Public Sector

Public-Private Partnerships (PPP)

Teaching institutions, research institutes or think-tanks

Private Sector Institutions

Other

Figure 5: Channels of delivery for peacebuilding disbursements in 2018

Source: ECDPM analysis from OECD CRS data (code 15220). Gross disbursements in constant 2018 prices.

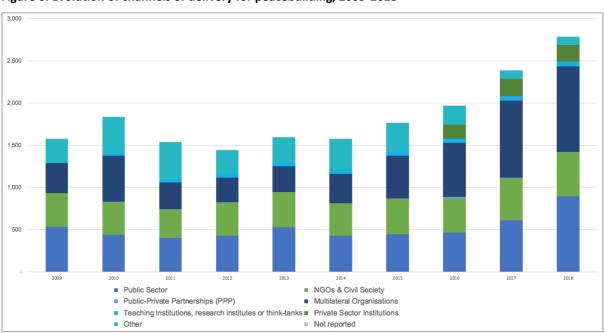
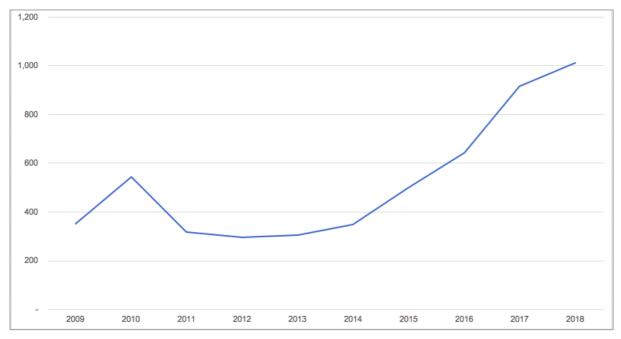


Figure 6: Evolution of channels of delivery for peacebuilding, 2009-2018

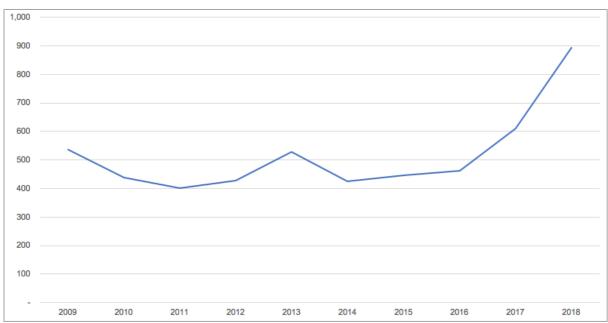
Source: ECDPM analysis from OECD CRS data (code 15220). Gross disbursements in constant 2018 prices.

Figure 7: Evolution of the channel 'Multilateral Organisations', 2009-2018



Source: ECDPM analysis from OECD CRS data (code 15220). Gross disbursements in constant 2018 prices.

Figure 8: Evolution of the channel 'Public Sector', 2009-2018



Source: ECDPM analysis from OECD CRS data (code 15220). Gross disbursements in constant 2018 prices.

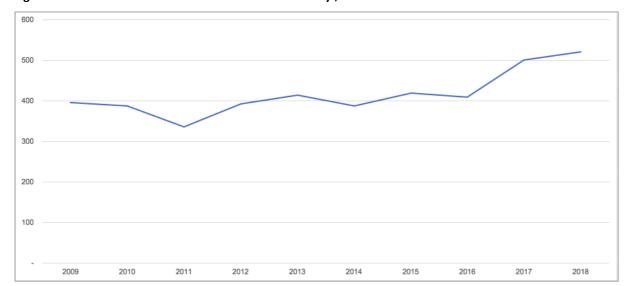


Figure 9: Evolution of the channel 'NGOs and Civil Society', 2009-2018

Source: ECDPM analysis from OECD CRS data (code 15220). Gross disbursements in constant 2018 prices.

Regarding the top recipient countries of peacebuilding ODA, it is interesting to note that some countries have consistently been among the top recipients, such as Afghanistan (the first recipient until 2015, which then dropped to the seventh rank in 2018) or Somalia (which has oscillated between the 3rd and the seventh rank since 2011), while others have appeared in the list more recently related to conflict dynamics but also geopolitical priorities, such as Syria (either first or second recipient since 2013). Countries like Colombia (first recipient in 2018) and Iraq (third recipient in 2018) have moved up in the priority countries list in recent years. The extent to which COVID-19 will divert resources away from consistent past recipients as well as conflicts with strong geopolitical stakes towards the countries most at risk of facing increased conflict in the long run as a result of COVID-19 pressures remains to be seen. This will largely determine whether peacebuilding ODA is responsive to needs or even more heavily tilted to the specific national interests of donor countries over the next few years.

This section highlighted four key trends regarding governmental funding for peacebuilding that need to be kept in mind as the world grapples with the consequences of COVID-19. First, official aid for peacebuilding has been consistently increasing over the past ten years and has never been higher – yet COVID-19's widespread socio-economic fallout will most likely lead to shrinking aid budgets in many donor countries, which will reduce international funding for peacebuilding. Second, peacebuilding remains a low-priority area (1.4% of total ODA) which might be pushed further down the agenda due to COVID-19, as donor countries prioritise funding for health systems and economic recovery. Third, peacebuilding ODA is very reliant on a small number of consistent donors, which makes the sector vulnerable to potential changes in the thematic or geographic priorities of these countries. The recipient countries have also been relatively constant over the past decade and it remains to be seen whether COVID-19 will divert resources away from these countries. Finally, a large chunk of peacebuilding ODA goes through multilateral organisations, a trend which COVID-19 in its first phase seems to have reinforced, leading to less money available for local peacebuilders. Monitoring these trends and how COVID-19 affects long-term, consistent financial support for peacebuilding will be of crucial importance in 2021 and beyond.

4. Can philanthropic funding for peacebuilding make the difference?

Peacebuilding is a complex process that also requires flexible, risk-taking and rapid types of resources. This is where philanthropic funding brings a comparative advantage. In its support to peacebuilding, philanthropy is value-driven and not subject to the eight factors we identified to the same extent as traditional governmental donors. Philanthropy has a long history of not only supporting implementation but also advocacy work and more creative ways of influencing opinion formers and narratives, which is something we identified as essential to raise the profile of peacebuilding. Philanthropy is also more prone to innovation than traditional donors, and it can provide smaller amounts for local organisations and movements. As highlighted by Lauren Bradford and Barry Knight, "[p]hilanthropy appears to have a unique role to play in conflict because it possesses three essential qualities – a moral compass, financial resources and patience" (Bradford and Knight 2019). There is thus undoubtedly a role for non-official and philanthropic support to support peacebuilding given the trends in governmental funding for peacebuilding highlighted in the previous section.

4.1. Philanthropy's response to the pandemic has shown how powerful, flexible and creative a source of funding it can be...

The global philanthropic response to the COVID-19 pandemic has surpassed \$10 billion, with the US and China being the largest sources of COVID-19 philanthropy (Grabois 2020). The US total of more than \$6 billion alone is, according to Candid's figures, more than double the entire campaigns for 9/11, the 2008 financial crisis, Hurricane Harvey, the Ebola outbreak, the Haitian earthquake, and the Australian bushfires (Grabois 2020). However, private foundations show similar short- and long-term tendencies as bilateral donors, as they express a general pledge to meet their existing commitments but will have to reduce funding due to reductions in endowments and overall economic downturn.

Extra commitments have also been made by foundations working on peacebuilding. ¹⁰ Philanthropy has also played a significant role in the pandemic by adjusting grant timelines, postponing reporting requirements, releasing funds as early as possible, and reallocating resources to support grantees with urgent needs during this crisis (Gopal 2020; Mulroy 2020). A small group of dedicated private foundations has been on the forefront of exploring new modalities of funding for local organisations, and some have taken immediate steps to shift support modalities to core funding when this was not already the case (Conducive Space for Peace 2020).

4.2. ...but philanthropic investment in peacebuilding remains limited

Funding for peace and security remains small relative to foundation funding overall. In 2017, peace and security grantmaking represented just 1.2% of the nearly \$33 billion given by foundations in Candid's research set of grantmaking by 1,000 of the largest U.S. foundations (Candid and Peace and Security Funders Group 2019). But funding for peacebuilding is even more limited. While in 2017, overall peace and security foundation grantmaking represented \$435.4 million, \$16.4 million (4%) of this went to peacebuilding issues. ¹¹ The top issues in foundation

Humanity United, for instance, announced in September 2020 that it was committing \$18 million to its Peacebuilding portfolio (Humanity United 2020).

In 2018, peacebuilding represented \$14.6 million out of \$239.3 million for all peace and security (6%), but grants from 2018 are still being collected and indexed and figures will change once the <u>data</u> are updated. The <u>Peace and Security Funding Map</u> however provides a more updated picture as it is updated daily: grantmaking for peacebuilding amounted to \$37.4 million in 2018, while peace and security grantmaking was \$3.4 billion. This means that peacebuilding grantmaking represented 1.1% of peace and security grantmaking in 2018.

grantmaking for peace and security in 2017 were nuclear issues, weapons, transitional justice, conflict and atrocities prevention and international development (Candid and Peace and Security Funders Group 2019). ¹² The top five funders for peacebuilding accounted for 88% of the total in 2017, ¹³ which shows that philanthropic funding for peacebuilding is just as reliant on a small number of donors as peacebuilding ODA. Furthermore, for most regions, less than half of funding for peace and security is awarded to organisations based in those regions. These findings are consistent with other research indicating that funding in support of local organisations is critical for effective peacebuilding, but represents a small proportion of grantmaking (see chapter 3.4). ¹⁴

A survey called 'Philanthropy for a safe, healthy and just world', conducted in 2019 by Centris and Candid and supported by PeaceNexus, reflected concerns that philanthropy does not give enough support to peacebuilding activities (Knight et al. 2020). Indeed, peacebuilding and conflict transformation appeared at the bottom of the list of elements of social change that were important to the work of the organisations surveyed. Only around one in ten were directly involved in peacebuilding. One probable cause for the shortage of funds for peacebuilding is that the most committed peacebuilding agents are NGOs/civil society organisations and the main donors are individuals, while endowed foundations are among the least committed (Bradford and Knight 2019). The survey further revealed that organisations engage in peacebuilding because they are committed to dealing with the root causes of social issues or because of their commitment to a specific country and violent conflict happened to be part of what was going on. Peacebuilding is also often aligned with the core values of the organisation and the experience of its trustees or founders. Reasons for not engaging included: peacebuilding 'is too political' (43%), 'it is difficult to measure progress' (24%), 'it is not clear what works' (24%) and 'peacebuilding should be the preserve of official donors' (18%). Many said that they were 'too small' or had 'too few of the right skills', or that 'conflict is not a problem where we work' (Bradford and Knight 2019).

Philanthropy brings a clear comparative advantage and carries a lot of potential for support to peacebuilding, because of flexibility, risk-taking and innovative nature, but also the amounts it can mobilise (as demonstrated in the COVID-19 crisis). Yet, its investment in peacebuilding has so far been limited. Similarly to peacebuilding ODA, philanthropic funding for peacebuilding is reliant on a small number of foundations, which might also have to reduce funding.

While foundations are well aware of the changing geopolitics and national politics, and some of them are more willing to fund more political and social movements, others are less so and there is a tendency to consider peacebuilding as 'too political'. Moreover, the difficulty to measure impact in peacebuilding pushes philanthropic donors to fund other areas in which it is easier to show results – despite the fact that philanthropic giving is very much about values.

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It is worth noting however that issues such as conflict resolution or transitional justice as categorised by the Peace and Security Funding Index could also be perceived as 'peacebuilding', for which no fixed definition exists.

Peace and Security Funding Index 2017.

Presentation by Cath Thompson, Washington DC, USA – Program Director, Peace and Security Funders Group at the Geneva Peace Week. The foundation Humanity United has however recently committed to accompany and support the work of local peacebuilders, while also influencing the global peacebuilding and policy system to be more responsive to local agency and power. (Humanity United 2020).

5. What does this all mean for international peacebuilding funding in 2021 and beyond?

Support and the quality of support to peacebuilding were already in flux before the pandemic, as factors influencing support to peacebuilding (such as a volatile geopolitical order that is reflected in the very high levels of military expenditure, changes in domestic political culture, evolutions in system of governance) that usually take significant time to evolve are all changing at a faster pace (Sherriff et al. 2018). The world is even more turbulent and volatile today. On the negative side, COVID-19 has had a significant impact on international cooperation, by shifting domestic political and spending priorities, increasing geopolitical competition, undermining trust in multilaterals and governments that have not been perceived as effective in managing the crisis, reinforcing conflict trends and exacerbating humanitarian situations. On a more positive note, as a global problem that requires a global solution, COVID-19 has also accelerated international cooperation initiatives in some specific areas and could bring change to ways of working – both domestically and internationally. In this context, attention for peacebuilding (and conflict-sensitive 'building back better') tends to come at the back-end of responses, which might lead socioeconomic grievances to fuel tensions over the next few months and years.

This paper highlighted four key trends regarding governmental funding for peacebuilding that need to be kept in mind as the world grapples with the consequences of COVID-19. An overall lack of funds or a reduction in ODA resources globally has not been an issue in past years, as official aid for peacebuilding has been consistently increasing over the past ten years - albeit with a preference for specific delivery channels and specific conflict countries. However, donor countries are now going through important domestic shifts in their politics, policies and spending priorities as a result of a major recession. Potential cuts in aid in 2021 by some of the major donors will inevitably impact funding for peacebuilding, as there will be trade-offs and a 'zero-sum game' between various policy priorities. As highlighted in a Donor Tracker webinar, "thematic areas whose advocates fail to clearly demonstrate how investments in their sector can contribute to avoiding or mitigating the impact of the next pandemic threat risk losing access to funding if ODA budgets remain flat or decrease" (Donor Tracker 2020g). There are various scenarios here: overall ODA in certain countries could be protected from cuts, but peacebuilding as a priority would lose out as other priorities (health, the socio-economic consequences of the crisis, humanitarian assistance) would see some increased levels of spending. Or, cuts in overall ODA could lead to either proportionate or disproportionate cuts in peacebuilding ODA. A scenario in which peacebuilding would be protected from cuts is very unlikely if ODA levels stay the same or decrease. There could also be cuts in certain geographic areas (for instance, the new funding EU instrument for external action, the NDICI, clearly prioritises Africa and the EU's Neighbourhood over Latin America or Asia) or for certain channels (such as NGOs and civil society). While multilateral organisations and national governments will survive, international peacebuilding NGOs and local civil society often have very limited financial reserves to weather any serious financial storm - a key structural weakness in the peacebuilding system.

The peacebuilding community was reliant on a small number of governmental funders before COVID-19, which is notable in a volatile world. Nevertheless, significant changes in the government spending and priorities of Germany, the EU institutions and the UK, the three biggest donors for peacebuilding, could make the peacebuilding community even more vulnerable than it was before. Parliamentary negotiations over budgets in autumn 2020 will be key in giving an indication of what to expect in this regard. The global financial crisis of 2008 influenced debates over global development budgets for many years after the immediate crisis was over. COVID-19 may have a similar long-term effect (Donor Tracker 2020g). Disbursements for peacebuilding decreased two years after the financial crisis, so the effects of the pandemic might also have to be monitored over the next few years, not just in 2021.

We might also see a further deterioration of the 'quality' of the funds – in terms of flexibility, long-term approach, restrictive geographic remit, narrow sub-thematic focus or a focus on particular types of implementing partners (Sherriff et al. 2018; Alliance for Peacebuilding 2019). In light of these challenges, philanthropy brings a clear comparative advantage for support to peacebuilding, through its flexibility, risk-taking and innovative nature, but also the amounts it can mobilise. Its investment in peacebuilding has, however, been very limited so far and it is not immune to the financial consequences of COVID-19. Yet, the idea that philanthropy can easily close the gap left by official donors is wholly unrealistic given the sums involved and the interest displayed.

The overall aid business is evolving, and social distancing measures and restrictions in international travel are greatly impacting the peacebuilding sector which has to find new ways of working (Lieberman, 2020; de Coning 2020). COVID-19 might also have a significant societal impact, changing the political culture and governance set-ups in some countries. The consequences of these shifts for peacebuilding – a subset of foreign and development policy – will have to be monitored closely.

More fundamentally, the potential societal impact of the Black Lives Matter movement and reflection on racism could be profound. While it has not yet filtered through to international policy and official funding, one can rightly wonder what its impact will be on the peacebuilding sector. It is undeniable that countries like the UK or the US will have to go through changes in their political culture and the reaction of the governments in power to these shifts will be decisive. The EU institutions have acknowledged the issue of racism within Europe through an EU anti-racism action plan 2020-2025, which acknowledges that "[r]acism is a global problem and it is important that the internal and external actions of the EU to prevent and combat racism are coherent and mutually reinforce each other" and that "the Commission and the High Representative will seek to further strengthen partnerships with key international, regional and bilateral partners towards a new revitalised approach to the anti-racism agenda." (European Commission 2020c). However, the extent to which such acknowledgement will quickly translate into changing the what, who and how of their external action remains to be seen (Hurst 2020; Euronews and AFP 2020). Just like other societal concerns such as security or migration, the extent to which any new attempts to tackle racial justice internationally will impact government spending priorities and implementation choices takes some time to filter through and then assess. Philanthropy can move fast and Candid reports that altogether, more than 200 grant makers have promised \$5 billion in grants for racial equity (primarily in the US) since late May, which is more than what foundations granted for racial equity in the previous 11 years (during which less than 10% went to grassroots movements) (Gunther 2020).

The reinforcement of various trends outlined in this paper means that more adaptation is needed from the peacebuilding community. Peacebuilding will need new champions and more diversity in political, policy and financial terms. This will require new types of flexible resources, as well as innovation and experimentation and different coalition-building and linking with other issues that have more political traction, such as the recovery from COVID-19 and most notably climate change. Transformational change – towards building a constituency and consistent international support for peacebuilding in a fast-changing world – will require more work across sectors and silos, including with the foreign policy realm and political leaders as they reassess their priorities, and more thinking around how peacebuilding relates to other areas of work (such as health and humanitarian aid – especially in the response to COVID-19). Indeed, the survey 'Philanthropy for a safe, healthy and just world', conducted by Centris and Candid, revealed that respondents were more likely to see their work through the lens of social justice or human rights than through that of peace and security (a difference which is also reflected in philanthropic funding data, with funders awarding \$435.4 million for peace and security in 2017, compared with \$3.2 billion for human rights), despite the connections between peacebuilding and human rights (Knight et al. 2020). This led the authors of the report to conclude that "it may be that issues of social/economic justice and human rights are broadly understood and accepted in civil society, whereas peacebuilding and conflict transformation are perceived as more

niche". Although the survey predates the Black Lives Matter protests, this issue will be even more relevant for the peacebuilding community going forward.

The peacebuilding field is failing to adequately communicate why its work is both essential and lifesaving, but people need to be encouraged to learn from some of the work that people are doing and hear about success stories (Bradford and Knight 2019). This is especially relevant in the response to COVID-19, which has to be conflictsensitive. If there were to be an uptick in conflict as a result of COVID-19, the peacebuilding community would need to articulate why it is relevant to have a better response at a higher level. Making the case and building a political constituency for peacebuilding would not only increase the resources invested in it, but also potentially incentivise more official and philanthropic donors to significantly invest in it, which will be crucial in a more volatile world and a post-COVID-19 era in which less international funding is available. This will also require the international peacebuilding sector to learn from other sectors (such as health, climate or development) in order to attract finance. Indeed, contrary to areas such as health, for instance, where innovative finance has progressed dramatically since the early 2000s, or the development sector, in which blended finance between public and private sectors is well-established, the weak knowledge of what works in peacebuilding and the pressure to produce tangible results, often in a short period of time, have made innovative finance of peacebuilding more difficult (Kantowitz 2018). Governments and multilateral donors will also have to work with private funders to ensure that comparative advantages are built upon and that donors fund the best types of activities according to those. While these have been well-known challenges for the peacebuilding sector for many years, advancing progress on these will be necessary to face the domestic and international changes accelerated by COVID-19.

Finally, the decrease or dilution of predominantly Western financial resources and associated agendas for peacebuilding through ODA or philanthropy will also change the sector. While it may well be painful for many organisations and individuals in the peacebuilding field and could damage peace in individual contexts, it will also change power dynamics. Only time will tell if the longer-term implications of this evolution will promote more diverse, innovative and potentially equitable and locally-owned approaches to successful peacebuilding globally, or whether they will fundamentally weaken peacebuilding as an approach to respond to violent conflict.

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