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# THE PEACEBUILDING FUND (PBF)

## Breaking the cycle: practical solutions to unlock climate finance for fragile states

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### Key Messages

- › The UN Secretary-General's Peacebuilding Fund (PBF) is the organization's financial instrument of first resort to sustain peace in countries or situations at risk or affected by violent conflict. The PBF has specifically invested \$161.7M towards climate security from 2017-2021.

- › The PBF was initiated specifically as a risk-tolerant investor operating in high-risk environments to ensure timely access to funds. Risk is tolerated because it is well conceptualised (clear guidance available e.g. for cross-border initiatives), analysed in reality (joint assessments e.g. the UN-World Bank-EU Recovery and Peacebuilding Assessments) and planned for (via the PBF Performance Framework).
- › Risk categorisation helps determine the mitigation strategy and also how funds would be disbursed in different tranches e.g. for riskier investments they might break up funding into more tranches (as appropriate) and release funds based on different qualitative benchmarks.
- › Flexibility within budget lines is high, wherein the range of changes possible and speed of approving the changes suited to contexts which are highly dynamic. This is facilitated by local tracking as well as tracking at HQ. There is an openness for changes being decided directly by implementing partners via a Note on the File (adding a result, removing a result, adding a geographical area, moving a geographical area which do not affect the overall results of the project) if these are below 15% of the budget.

The PBF experience demonstrates that ambitious projects are possible in highly complex contexts when backed with a risk-tolerant and catalytic approach.

- › **Recommendation 1:** Multilateral climate funds can learn from PBF to create better operational risk management frameworks, to aid in adjusting their risk appetite and tolerance to work in fragile and conflict affected situations. The GCF, and other multilateral climate funds, could consider creating sectoral guidance for FCS.
- › **Recommendation 2:** Multilateral climate funds could consider establishing similar small grant facilities to help local, smaller organisations to build the experience and administrative capacity in order to meet requirements for partnering with larger organisations in the future.
- › **Recommendation 3:** Climate funders should seek to create the funding conditions that allow implementing partners to be faster in responding to changing needs. Climate funders could seek to adopt similar flexibility approaches to the PBF in terms of range of changes (adding a result, removing a result, adding a geographical area, moving a geographical area which do not affect the overall results of the project) and speed of approval for change below certain budgetary thresholds.

## Introduction

The more fragile a country is, the less adaptation finance it receives. Previous research into why this is the case strongly suggests that complex operating environments, often characterised by weak governance institutions, higher risks due to rapidly changing situations, fast-evolving conflict dynamics, and security threats, are not aligned with the risk appetite and tolerance of climate funders (Cao et al. 2021). This has created challenges in implementing climate change adaptation efforts in fragile and conflict-affected contexts – challenges that have been well documented (Gilder and Rumble 2020; Cao et al. 2021; ICRC 2021; Reda and Wong 2021; CCCPA 2022). The question, however, remains: what can be done to overcome them?

This is one of four case studies undertaken with the aim of identifying concrete solutions that could be implemented by major climate funders to increase climate adaptation finance delivery to fragile and conflict-affected situations (FCS). It draws on examples and learning from a few selected funders and specific mechanisms, both in the climate and non-climate space, which are already working effectively in FCS. The other case studies are:

- › Peace bonds by Interpeace
- › Crisis modifiers
- › COVID-19 Vaccines Global Access (COVAX)

An overarching analysis, the learning from the case studies, and overall recommendations are drawn together into an umbrella document *Breaking the cycle: practical solutions to unlock climate finance for fragile states* which synthesizes overall key messages and learnings. The case studies and the umbrella document can be found at this link: <https://www.mercycorps.org/research-resources/breaking-the-cycle>

## METHODOLOGY

The case studies highlighted in this research were identified based on their relevance in offering potential solutions to the challenges of accessing and implementing climate finance in FCS. First, the different challenges for accessing and utilising climate finance in FCS were scoped. These challenges were developed into a lifecycle framework. Case studies which offered potential solutions across the whole lifecycle or for specific components of the lifecycle were then identified. Interviews were held with representatives from target organisations to collect further information, and strategic, programme and project level documentation was reviewed to triangulate findings. For each case study, a minimum of one representative and two external experts provided peer review and feedback to ensure the accuracy of the information presented. Whilst these case studies provide some innovative solutions, they are not exhaustive and there are likely to be other solutions, piloted in different contexts from which climate funders could also learn.

# Overview: The Peacebuilding Fund

**The UN Secretary-General’s Peacebuilding Fund (PBF) is the organisation’s financial instrument of first resort to sustain peace in countries or situations at risk of, or affected by, violent conflict. The PBF may invest with UN entities, governments, regional organisations, multilateral banks, national multi-donor trust funds or civil society organisations. From 2006 to 2021, the PBF has allocated nearly \$1.67 billion to 65 recipient countries.**

Since its inception 64 member states have contributed to the Fund, and 46 have made commitments and pledges for the present 2020–2024 Investment Plan. The Fund works across pillars and supports integrated UN responses to fill critical gaps, to respond quickly and with the flexibility to peacebuilding opportunities and to catalyse processes and resources in a risk-tolerant fashion.

Typically, as the conflict subsides, a financing gap emerges between the winding down of emergency humanitarian funding and the materialisation of development funding. The PBF was established to drive more effective, more strategic, and more cohesive action by the UN in that crucial window.

From 2017 to 2021, the PBF funded at least 74 projects, in 33 countries, that responded to climate security dynamics or otherwise incorporated environmental peacebuilding into their approach. The PBF defines climate security as “preventing and resolving violent conflicts caused by global warming by improving the management of transhumance corridors, resolving land ownership issues, reducing competition over access to natural resources

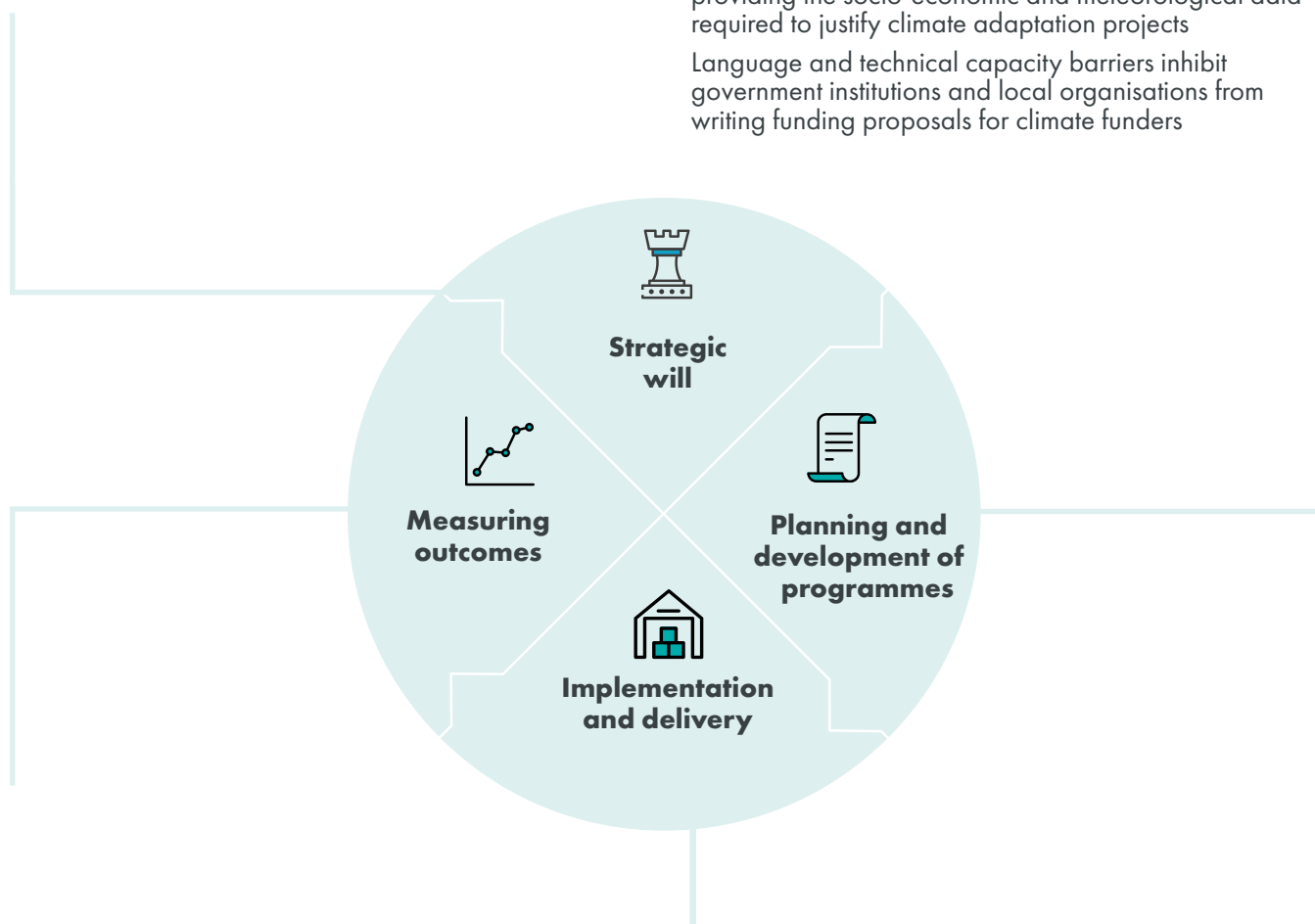
FIGURE 1 – CHALLENGES TO ACCESSING AND UTILISING CLIMATE FINANCE IN FCS

### Strategic will

Perceived risk in FCS is too high for climate funders  
 Funders' risk aversion deprioritises vulnerable communities in less-secure areas from support  
 Climate finance is delivered through state authorities, weakening delivery in non-state controlled areas  
 Funders lack long-term strategies and organisational structures to manage compound climate–conflict risks  
 Funders' climate and conflict teams are siloed, preventing operational collaboration

### Planning and development of programmes

Multilateral climate funds' complex/rigid accreditation standards are too much for government institutions and national organisations in FCS  
 Accreditation barriers prevent local communities and CSOs directly accessing climate finance  
 Climate funders' project approval processes may mean 1–2 years' unfunded work for applicants, without guarantee of application success  
 Structural damage/access issues in FCS lead to difficulty providing the socio-economic and meteorological data required to justify climate adaptation projects  
 Language and technical capacity barriers inhibit government institutions and local organisations from writing funding proposals for climate funders



### Measuring outcomes

Standard project M&E processes, where information stays between executing organisations and communities, limit climate funders' monitoring of fiduciary risks and accountability  
 Project M&E cycles are too short for effective evaluation of integrated climate–conflict programming

### Implementation and delivery

Inflexibility in pre-planned climate projects prevents adaptation to volatile FCS contexts, leading to delays, closure and waste  
 Conflict-sensitive guidance for climate projects in FCS is inconsistently adopted and adaptation projects lacking conflict sensitivity may exacerbate conflict  
 Funders and multilateral implementers may struggle to find right local organisations to operate in areas of conflict, or with relevant climate expertise

and extractive industries and fostering agreements over climate adaptation strategies as well as local-level resilience and livelihoods” (PBF, 2020). Seven of the 10 most fragile countries worldwide (according to the Fragile States Index) – which are also highly vulnerable to climate change (according to the ND-GAIN Index) – have received funding through PBF-funded climate security projects (PBF Climate Security Thematic Review, forthcoming). Six of these countries (Yemen, DRC, South Sudan, Sudan, Mali, Burkina Faso, and Niger) are experiencing active conflict and are within the top 10 recipients of PBF’s climate security-related funding (ibid).

The PBF has two main routes to funding:

- › **Immediate Response Facility.** All countries are eligible to access the Immediate Response Facility (IRF) for peacebuilding support of up to \$3 million for 18 months.
- › **Eligibility.** For more substantial (>\$3 million) and medium-term support (>18 months), national authorities must submit an eligibility request based on a thorough joint conflict analysis to identify major peacebuilding needs between national authorities and UN agencies. The request is accompanied by a draft concept note on proposed projects for PBF support in the first two to three years of funding. These documents are reviewed by the Fund’s central Support Office (PBSO), and ultimately approved by the UN Secretary-General, based on advice given by the PBSO. Once a country is declared eligible, it can receive multi-year funding from the PBF Peacebuilding and Recovery Facility (PRF). The PBF offers multi-year support packages on the request of national authorities based on a thorough joint conflict analysis to identify major peacebuilding needs between national authorities and UN agencies (PBF, 2018).

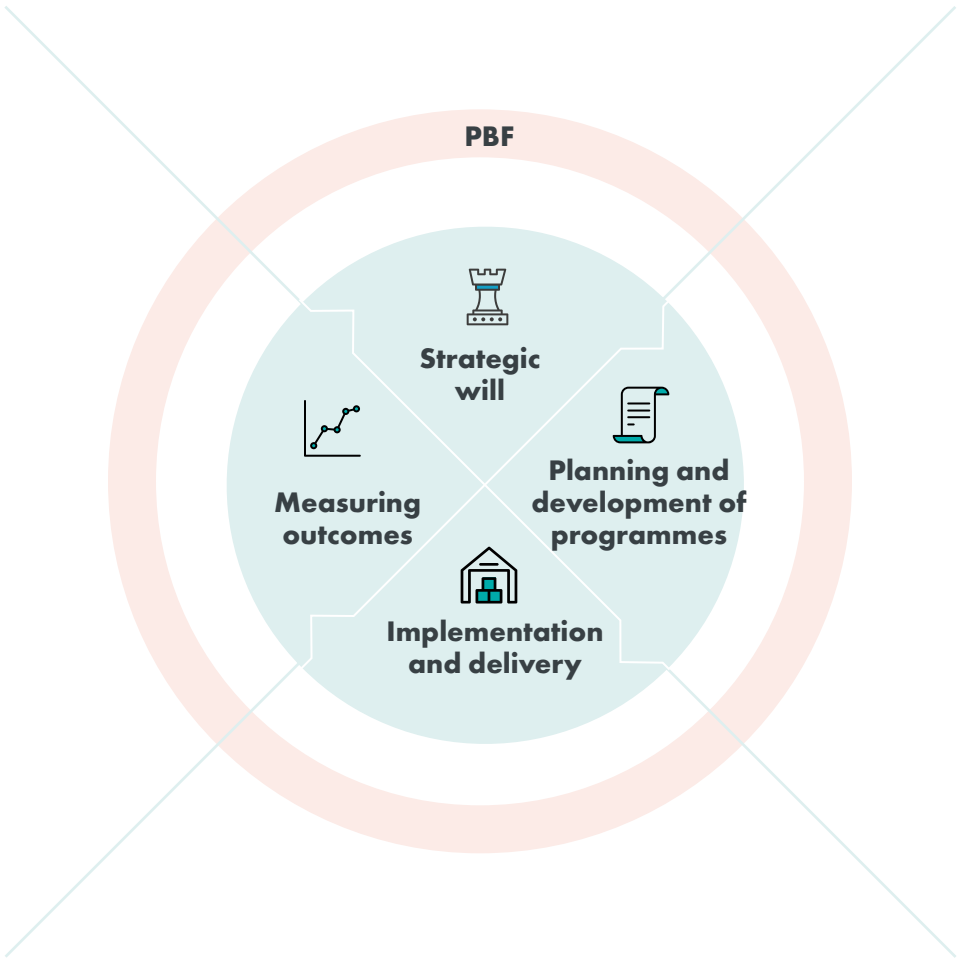
FIGURE 2 – ELIGIBLE PBF COUNTRIES (UN)



# Challenges being addressed: full life-cycle

Whilst climate finance (mitigation and adaptation) is not mandated to prevent or mitigate violent conflict, much can be learnt from a fund dedicated to working in these challenging environments. The PBF is able to be active in highly fragile settings and act as an incubator for modalities of operating. The PBF offers a number of solutions across the full life-cycle of climate finance, from strategic decisions (including risk appetite and internal processes), to planning/programming (such as design and partnerships), through implementation/delivery (reaching the local level and flexibility) and measuring (outcomes and learning).

FIGURE 3 – PRACTICAL SOLUTIONS IN THE CLIMATE ADAPTATION PROJECT LIFE-CYCLE: PBF





# What have been the results?

The PBF has specifically invested \$161.7 million towards climate security from 2017 to 2021, and witnessed year-on-year growth in demand. Adaptation efforts were present in 22 of the 74 climate security projects, ranging from climate risk awareness-raising and risk reduction and planning, generation of alternative livelihoods (such as climate-resilient agriculture, or sustainable energy production), to large-scale efforts to manage transhumance (e.g. identifying acceptable routes for migration that are likely to reduce the change of farmer–herder conflict) (PBF Climate Security Thematic Review, forthcoming). Projects have:

- › assisted community members, nomads and local authorities to track transhumance routes and the risks associated with livestock migration to help resolve farmer–herder conflicts in West Africa and the Sahel (UN, 2022);
- › helped to reduce competition over shrinking landmasses in Pacific Atoll nations (such as Kiribati, the Marshall Islands, and Tuvalu) by assisting joint assessments to respond to shared climate risks that exacerbate vulnerabilities (UN, 2022);
- › triggered political dialogue between neighbouring countries on the fundamental issues driving tensions. For example, the Tri-national Project for Resilience and Social Cohesion in North Central America between Guatemala, Honduras and El Salvador resulted in Guatemala adopting the Regulations for the Refugee Chapter of the Migration Code, El Salvador drafting a Special Law for the prevention, rehabilitation and social reinsertion of members of gangs or maras, and Honduras drafting a Law on Prevention, Attention and Protection of Forcibly Displaced people (PBF, 2020).

## Strategy: “Risk tolerance is part of the PBF DNA”

The PBF was initiated specifically as a risk-tolerant investor operating in high-risk environments to ensure timely access to funds. The PBF Strategy, Theory of Change and Risk Management Framework underpin this high risk tolerance (Figure 3).

FIGURE 4 – PBF THEORY OF CHANGE (5 APRIL 2021) (PBF, 2021)



Risk is tolerated because it is well conceptualised (clear guidance available e.g. for cross-border initiatives), analysed in reality (joint assessments e.g. the UN–World Bank–EU Recovery and Peacebuilding Assessments) and planned for (via the PBF Performance Framework). With this solid understanding of the realities of the situation on the ground, the PBF is willing to be innovative and catalytic in what it funds.

All projects funded by the PBF must provide answers to two risk-specific questions:

1. Is there an outline of major risks which are specific to the project?
2. Is there a strategy for mitigating them which is specific and realistic – and is it clear who is responsible?

The PBF has three designated risk levels. Risk marker 0 means there is low risk to achieving outcomes. In 2021, 69 projects were approved with risk level 0. Risk marker 1 means there is medium risk to achieving outcomes. In 2021, 14 projects were approved with risk level 1. Risk marker 2 means there is high risk to achieving outcomes. In 2021, 3 projects were approved with risk level 2. The results framework includes indicators to monitor investment in Risk Marker 2 projects. This is a unique example of an organisation holding itself accountable to working at the highest risk level.

FIGURE 5 – PBF RESULTS FRAMEWORK (PBF, 2021)

Outcome	Indicators	Means of Verification	Baseline (as of Dec 2019)	2020	2021	2022	2023	2024	Indicator definition/methodology
<b>Catalytic effect:</b> PBF investments catalyze more investments in peacebuilding at country level, help unblock critical processes, and enable innovative approaches for peacebuilding and prevention	2.01 Additional \$ leveraged for peacebuilding initiatives after initial PBF investment	Three-year estimates in collaboration with PBF Secretariats, plus project reporting, and through portfolio evaluations	(2017-2019) 7 to 1	 10 to 1  7.65	 10 to 1  4.88	 10 to 1 	 10 to 1 	 10 to 1 	The PBF undergoes a yearly assessment to confirm direct and indirect funding its investments were able to mobilize through its initial investment. Direct funding signifies additional funding mobilized for specific PBF projects while indirect indicates funding to a thematic or sectoral area that was in whole or in part triggered by PBF's initial investment.
	2.02 % of PBF approved projects leveraging innovative/blended finance	PBSO tracking through annual approval table and reporting on projects identified as aiming at innovative/ blended finance	N/A	N/A	 3.08% 				PBSO's Project Appraisal Committee will mark projects with clear pilot or innovation aspects and track them and their end evaluations to analyse their effects. There are not specific targets but rather an effort to better assess degree to which this kind of catalytic effect manifests itself.
<b>Outputs</b>									
<b>2.1:</b> PBF approves projects that are considered risk-tolerant	2.11 % of PBF approvals considered "high-risk" (Risk marker 2 & 3)	PBF annual approval table	N/A	 23.3%  29.86%	 29.86% 				Annual approval targets relate to the "sustained growth scenario" set out in the PBF Strategy 2020-24. They are based on anticipated demand and management capacity as well as on available income and will have to be adjusted as these factors can fluctuate.
<b>2.2:</b> PBF approves projects that seek to pilot new or untested approaches	2.21 % of PBF approved projects which include pilot components	Project Appraisal Committee (PAC) score card	N/A	 23.3%  29.86%	 29.86% 				PBF will not set targets for these types of initiatives but commits to tracking implementation of this new policy for evaluation at the end of Strategic Plan 2020-2024.

## Planning and programming: financing, partnerships, and working across borders

The PBF Team has developed clear project guidance rooted in a thorough understanding of the type of operating environment a project is targeting. This guidance helps to inform proposal development and subsequent programme design and delivery.

For example, in recognition that many conflicts have a regional origin and that transboundary and border areas are often left behind, the PBF has developed specific clear guidance for cross-border initiatives. Cross-border



programmes are particularly important as impacts of climate change (such as reduced or irregular rainfall and/or increased frequency of extreme weather events) are affecting socio-economic conditions and transhumance dynamics, including seasonal migratory routes and the activities of non-state armed groups. The PBF has been very active in supporting climate-security projects on changing transhumance patterns and related local conflict (e.g. farmer–herder).

Cross-border working is not standard practice for typical climate financing, which tends to operate at the country level. Since 2015, the PBF has funded 16 such projects including in the Liptako-Gourma region between Burkina Faso, Mali and Niger, and in the border areas between Chad and the Central African Republic; Burundi and Tanzania; and Tajikistan and Kyrgyzstan – among others. The guidance contains a typology of the cross-border projects PBF can finance. These include:

- › cross-border projects that are focused on the border area and address similar dynamics on both/all sides (Type 1);
- › cross-border projects that are also focused on the border area but address asymmetrical conflict dynamics that can be described as spill-over effects from one country to its neighbour(s). Example: Civil unrest and human rights violations in one country have caused refugee flows into neighbouring countries. Security at the border remains fragile and refugees and host communities experience tensions while conditions of return remain unclear (Type 2);
- › regional projects that address shared conflict dynamics involving neighbouring countries (Type 3).

The Climate Security Thematic Review (forthcoming) found that 10 of the 26 projects related to transhumance took a cross-border approach, all of them in the Sahel region. Once again, climate actors can learn from the process and guidance of the PBF to potentially operate in these settings. For example, the joint design, management and coordination arrangements of these projects are extremely important in order to ensure not only the efficiency and effectiveness of the projects themselves, but also a harmonised, coordinated and integrated approach on all sides of the border to maximise their impact and minimise the transaction costs of design and implementation. There is acceptance of a longer project duration (24 months instead of 18 months) to accommodate the more complex operating environment. These projects have acted as pilots and inspiration for other organisations. For example, the PBF-funded pilot Chad–Cameroon cross-border project has now been replicated and scaled up by UNDP as part of its Lake Chad Stabilization Facility.

The tranche modality of financing is contingent on the project risk categorisation (Risk Level 0, 1, or 2) and its associated mitigation strategy. For example, for riskier investments, they might use a three-tranche approach. Employing a tranche modality offers opportunity for conversations about whether approaches need to be adapted before further disbursement (KII). This approach helps manage risk and maintain flexibility.

The PBF also attempts to ensure cohesion and agility in decision making via its partnership policies, where it pushes for joint programming, joint design and joint monitoring and evaluation. Unlike other UN project design, PBF project design limits the number of UN agency partners to 2–3 agencies, compared to the more standard 8–9 agencies. The intention is to improve the timeliness of coordination, via fewer partners, in dynamic contexts where rapidly changing situations necessitate speedy decision making. Each partner has clear roles and responsibilities which are aligned to ensure cohesion and the harmonisation of working.

## PBF GUIDELINES ON PBF FUNDS APPLICATION AND PROGRAMMING (PBF 2018)

PBF offers **flexible funding** and is **open to consider adjustment during project implementation if called for by changes in context and emerging windows of opportunity for engagement**.

Changes that are relatively minor and **do not affect project results, the overall implementation strategy, the duration or the budget**, can be made **directly** by the implementing organizations through a **Note to File**.

**More significant change**, however, **requires approval** and should be discussed with PBSO prior to submitting a formal request.

A project amendment requires approval and sign-off by the same parties as the original project, using the original project document and highlighting any changes with a brief justification. Project amendments are prepared and requested using the original project document template and ticking the amendment option, which asks for a brief justification and highlights of result/ budget change in the original project document.

Project amendment is required for the following conditions:

- › **No-cost extension of project duration:** A no-cost extension of project duration can be requested, usually for a maximum of 6 months (with the exception of the PBF Secretariat projects, which can be extended for longer if need be). Such an extension should be requested in exceptional circumstances, at least two months before project end, and needs to be justified by issues beyond delays with implementing agency administrative processes. Original project signatory entities need to endorse the extension, whilst the PBF Chief will approve it on behalf of PBSO.
- › **Change of project scope or a budget re-allocation:** New circumstances may require a change within project scope or a re-allocation of activities or the budget to better address the context. If the requested change does not affect the overall results of the project; does not change the total budget of any outcome by more than 15%; and does not change any of the UN budget categories by more than 15%, the revision can be made by the implementing agencies without the need for approval (a Note to File will suffice). If the change does affect one of the above, then a formal project revision must be submitted to PBSO, endorsed by the original signatories and submitted for approval by PBF Chief on behalf of the ASG for Peacebuilding Support.
- › **Cost increase to the project, with or without extension of duration:** If additional funds are being sought for the project, whether to implement the same activities or to add new activities, a clear explanation will be needed, including what circumstance led to the change and how it may impact the rest of the project. Any additional funding to the project through a project revision will go through the same endorsement process in-country and approval process by PBSO as the original approval. For PRF projects, PBSO expects such changes to be flagged by the annual strategic progress review/report submitted to PBSO at the end of each year.

*Bold is the emphasis of the authors of this case study*

## Implementation and delivery

The PBF is a highly flexible fund allowing substantial project-level adjustments after approval. Changes, such as adding a result, removing a result, adding a geographical area, or moving a geographical area are permissible within the PBF (PBF 2018). The risk log covers several types of risk: Reputational, Operational, Political, & Climate-related. For each type of risk, a mitigation strategy must be developed which is then incorporated into the risk log. The PBF has defined a threshold for adaptation in which any proposed changes under 15% of the total budget are permitted without needing prior approval and changes above this are approved rapidly (PBF 2018) (see Box 2). The PBF is able to maintain such high flexibility due to their strong risk management approach, the trust of donors, their accountability mechanisms, and a recognition of the fluidity and volatility of countries where the PBF operates. The PBF employs a two-pronged approach to tracking risk, which integrates feedback and information from the in-country PBF Secretariat Teams who identify the need for changes, in conjunction with consistent monitoring of trends at HQ.

For example, in 2020, as the COVID-19 pandemic was unfolding, the UN Haiti Country Team were concerned that an ongoing project on access to justice for incarcerated populations would be affected by COVID-19 mitigation measures (requirements to not attend workplaces for Judges, requirements on social distancing within courtrooms). The concern was that court cases and judicial hearings would be suspended/postponed indefinitely, preventing prisoners from fair trial and review and delaying their potential release from unjust imprisonment. The team decided that investments into virtual audiences were required in order to facilitate legal arbitration to release detainees. The project plan was revised via a cost extension (\$2 million) approved in July 2020 and the addition of a third result to support a reduction in prison and detention centres' inmates (as part of the Penitentiary Administration contingency plan).

The PBF can draw on local teams who are more integrated in local communities, as it has taken the strategic decision to complement funding streams to the UN Agencies with 40% of funds systematically targeting CSOs. The aim is to help UN Country Teams build strong partnerships (PBF 2022). The PBF ensures the allocation of 40% of project budget to be implemented in partnership with eligible local or national CSOs via its annual call for proposals through the Gender and Youth Promotion Initiative. To be declared eligible, CSOs are assessed by both the PBF and its fiduciary agent, the Multi-Partner Trust Fund Office. The due diligence process involves assessments that are technical (possess a track record of support by the UN or its donors in the past three years), financial (demonstrate minimum organisational annual budgets of \$400,000 for at least two years prior to an award, provide audited financial statements by an internationally or nationally recognised audit firm, achieve a low-risk score in a Harmonised Approach to Cash Transfer (HACT) micro-assessment) and legal (proof of current valid formal registration as non-profit with a social mission for the duration of the proposed project in 1) the country where the headquarters is located and 2) the project country), as well as assessment of protections in place against sexual exploitation and abuse. This means larger CSOs have been more likely to access funding than smaller CSOs. To support smaller organisations to build the experience and administrative capacity to meet these requirements in the future, the PBF has created a small grant facility to channel smaller grants (between \$2,500 and \$20,000) to grassroots peacebuilding organisations (UNDP 2022, PBF 2022). First piloted in the Sahel, this innovative small grant facility is established via a third party (in this case the INGO Mercy Corps) to reach grassroots peacebuilding organisations operating in the Liptako-Gourma border area that straddles Burkina Faso, Mali and Niger (UNDP 2022).

## Measuring and learning

As part of its mandate to be a catalytic fund, the PBF is committed to learning. Regular feedback and data are collected from communities via perception-based surveys and other types of community-based surveys appropriate to contexts. The PBF has a specific guidance note on perception surveys and community-based monitoring wherein it details the objectives of this kind of monitoring (improved understanding of progress and impact, real-time feedback to tailor and guide project adjustments and respect Do No Harm principles, as well as to empower beneficiaries through involvement and participation) as well as the purpose, frequency, approaches, costs and resources needed to set up and utilise the different types of surveys. At a minimum, a baseline and endline survey is required, with surveys conducted every six months. However, the guidance is clear that specifics are context driven. In addition, the PBF regularly commissions thematic reviews of its progress and programmes (such as their Local Peacebuilding and Climate Security thematic reviews) to learn and improve.

## Conclusion

### What can climate actors learn from this experience?

The PBF proves that ambitious projects are possible in highly complex contexts, such as when conflict has recently subsided and fragile peace efforts are possible. There are several key ingredients that enable this, from which climate actors can learn.

First, the high tolerance for risk is possible as it is backed with clear guidance on project design and monitoring. The intentionality to work effectively in these contexts is found in the guidance on project development, conflict analyses, and specific types of projects (e.g. cross-border or youth). Conflict analyses form the backbone of the project design, and enable the risk level to be categorised. The different categories of risk levels help the PBF understand how they need to proceed and operate for a given programme.

- › **Recommendation 1:** Multilateral climate funds can learn from PBF to create better operational risk management frameworks, to aid in adjusting their risk appetite and tolerance to work in fragile and conflict-affected situations. The GCF, and other multilateral climate funds, could consider creating sectoral guidance for FCS. In 2021, the GCF undertook a sectoral guidance consultation for eight result areas (including climate information & early warning systems, energy efficiency, ecosystem and ecosystem services, amongst others) and could consider tailoring these to operate in FCS. This will help determine risk mitigation strategies and funding modality options.

Second, local organisations and local stakeholders are provided for systematically in funding.

- › **Recommendation 2:** Multilateral climate funds could consider establishing similar small grant facilities to help local, smaller organisations build the experience and administrative capacity to meet the requirements for partnering with larger organisations in the future.

Third, flexibility is written into guidelines and operational protocols to ensure that approval processes are rapid, and appropriate to the type of change being requested, helping to keep projects relevant to changes on the ground.

- › **Recommendation 3:** Climate funders should seek to create the funding conditions that allow implementing partners to be faster in responding to changing needs. Climate funders could seek to adopt similar flexibility approaches to the PBF in terms of range of changes (adding a result, removing a result, adding a geographical area, moving a geographical area which do not affect the overall results of the project) and speed of approval for change below certain budgetary thresholds.

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## About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



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