



ANNUAL REPORT 2013

Foreword by the PeaceNexus Chair

Analysts tend to disagree on whether the world is getting more or less peaceful. The crisis in Ukraine, which is currently taking most of my attention, shows how volatile some regions in the world still are.

It is in the interest of all of us to strengthen peacebuilding capacities, to improve collaboration and to keep learning how to end and prevent armed conflict. And when we succeed in keeping fragile countries out of crises, our contributions are not necessarily visible: the media talks about war, not prevention.

PeaceNexus chose to have little visibility, staying in the background while assisting key peacebuilding actors to strengthen their performance. We provide expertise to UN agencies, the EU, G7+ and the Myanmar government; we fund NGOs from North and South to strengthen their organisations and to create synergies among multiple stakeholders; we partner with business associations, business schools, governmental agencies and key practitioners to help companies become more conflict-sensitive.

The 2013 PeaceNexus highlights are:

- The elaboration of a new PeaceNexus strategy and a two-year activity plan;
- The assistance for the development of a conflict analysis and a peacebuilding priority plan for the government of the Kyrgyz Republic and the UN country team;
- The provision of expertise to establish an EU Early Warning System;
- The successful testing of an NGO Fund;
- The definition of an ethical investment policy for our endowment fund;
- The development of a smart concept to assist companies in promoting better business frameworks in fragile environments.

It is impressive what the team of six core staff members and three associate consultants, accompanied by a network of consultants and partner organisation has been able to achieve: We were involved in the support of nine peace processes, supported 20 peacebuilding organisations and dealt with a vast number of different topics about which you will learn more in the report.

Enjoy the reading



Dr Thomas Greminger
Chairman of PeaceNexus and
Swiss Ambassador to the OSCE

KEY DEVELOPMENTS

PeaceNexus is a young organisation with a rich history. The original concept, which was to service peacebuilding organisations with expertise at their request, has been expanded to include a fund for organisational development and innovation. We also now have a more pro-active approach to promoting a responsible engagement of the private sector in conflict contexts. This has become one of our most important programmes over the last two years.

2013 was a key year in the history of PeaceNexus in at least two ways: The team developed a 5-year strategy for the organisation and a two-year plan per sector, which is a mix of clients' objectives and our own objectives, all corresponding to the overall strategic goals of the organisation:

- effective and collaborative inter-governmental peacebuilding agencies
- a positive role of business in the stabilisation of fragile states
- an innovative and strong peacebuilding NGO community

2013 was also an important year because of the growth of the project portfolio and the impressive number of new and interesting ideas we were approached with. Our core-team with six staff members and three associate consultants currently manages around 12 grants and 20 projects that are implemented with the help of our network of experts and in close collaboration with our partners and clients.

ACTIVITIES IN 2013

EFFECTIVE AND COLLABORATIVE PEACEBUILDING AGENCIES

In 2013 PeaceNexus experts delivered a range of activities in response to requests from inter-governmental and governmental partners, including the UN Peacebuilding Support Office (PBSO), the EU External Action Service (EEAS) and the Myanmar Peace Centre. We also explored new partnerships, notably with the Secretariat of the g7+ group of fragile states.

United Nations Peacebuilding Support Office

Our largest cooperation was with the UN Peacebuilding Support Office with whom we signed a framework agreement in 2012. In 2013 we provided operational support in Kyrgyzstan and Niger. In both cases PeaceNexus played a role in building consensus on priority peacebuilding priorities that the UN Peacebuilding Fund could be used to address. Two examples of our work to strengthen the UN PBSO:

In-country support to start up UN peacebuilding programming (Kyrgyzstan)

In late February 2013, we visited Bishkek on a joint scoping mission with the UN Peacebuilding Fund to agree with the government and the UN on how to identify peacebuilding priorities in an inclusive way. Over the following three months PeaceNexus supported that process. Our staff and consultants conducted a range of consultations and workshops to conduct a peacebuilding needs assessment and then draft a peacebuilding priority plan. This contributed to Kyrgyzstan attaining a three-year grant from the UN Peacebuilding Recovery Facility.

The UN Peacebuilding Fund will support projects implemented by UN agencies. To help ensure that these projects are well designed and likely to add up to achieving the peacebuilding programme objectives, PeaceNexus teamed up with the UN System Staff College to provide training for UN staff involved in project design.

Promoting peer-to-peer knowledge sharing on how to design, implement and monitor projects for the UN Peacebuilding Fund

In 2013 PeaceNexus also initiated other activities to strengthen the ability of UN field staff in other countries so that they can learn from each other's experiences in designing, implementing and monitoring projects supported by the UN Peacebuilding Fund. This included conducting a feasibility study on establishing a 'Community of Practice' to strengthen peer-to-peer knowledge sharing. PeaceNexus presented the report to the PBSO staff in New York and kick-started the planning process. In 2014 PeaceNexus will support the PBSO and country focal points in launching and implementing this new tool.

The European Union External Action Service

Since 2012 PeaceNexus has provided specialist expertise on early warning systems and methodologies to the Division in the European External Action Service that is responsible for mediation, peace building and conflict prevention instruments. Our experts supported the initiative to establish an early warning system for the EU. The ambition of the system is to generate common understanding of potential conflict risk and, importantly, trigger early, preventive action. In 2013 PeaceNexus contributed to the development of the tools to be used in the system and to the review of pilot testing in the Sahel region. In 2014 we will extend our support to the global roll-out of the system, including by seconding an expert to work directly with the EU team.

The Myanmar Peace Centre

In 2012 PeaceNexus began its collaboration with the Myanmar Peace Centre (MPC), a government agency with a mandate to support the peace process. In 2013 we supported two experts – an international and a Burmese – to provide assistance to the Centre in their dialogue with the armed ethnic minority groups. The dialogue has been successful in reaching a national ceasefire agreement. The Burmese expert continues to work with the MPC to expand political dialogue on the respect for and integration of minority groups.

The g7+ Secretariat

The g7+ is a voluntary group of currently 18 fragile states that are committed to supporting each other in steering a path towards resilience and in making aid more effective. Although a young organisation, it has already made a significant contribution to aid policy, including through the 2011 'New Deal' on how-to collaborate with donors. In 2013 PeaceNexus supported an expert from the European Centre for Development Policy Management (ECDPM) to work with the g7+ on defining a fragility spectrum and identifying indicators to measure progress towards state and peacebuilding goals. In 2014 we will explore how to build on this initial policy support.

A POSITIVE ROLE FOR BUSINESS IN PEACEBUILDING

In 2013 PeaceNexus defined the key strategic areas that will be the focus of our work in the business & peace nexus. During the year PeaceNexus focused on the objective of making business performance more conflict sensitive. Key activities were the following:

Business education to promote conflict-sensitivity and shared value

PeaceNexus works with the International Council for Swedish Industry (NIR) and the IMD business school in Lausanne to develop a curriculum for MBAs and executive courses that prepare business leaders to work in complex environments. The project, which is on-going, includes a practitioner's guide containing the key questions and answers for managers leading operations in conflict-affected contexts. In the same vein, PeaceNexus has developed a case study methodology and started drafting case studies that look at business practices in conflict settings (with a particular focus on Myanmar). Once developed, the case studies will be used in a variety of business schools and universities across the world.

Support to the development of a Responsible Mining Index

Following the request from the Responsible Mining Foundation in the Netherlands, PeaceNexus funds experts to develop the methodology for a Responsible Mining Index. Ranking companies in an index is meant to trigger "a race to the top" between companies, by publicly recognising good practice while making social and environmental performance more transparent to stakeholders including the investment community. It is a complex endeavour that poses technical and political challenges, but the goal is to publish a first list of the top performing mining companies by 2016. The initiative has already received interest from donors and key players in the industry.

Investing ethically

During 2013, PeaceNexus worked with ethical investment experts to develop an “Ethical Investment Policy” for its own endowment fund. This policy is based on governance, social and environmental standards used by the responsible investment community. Our goal is to make sure our investments are coherent with our mission as a peacebuilding foundation and drive positive change. In 2013 we also selected new fund managers on the basis of their capacity to implement the policy. We shared our experience with other foundations and advocated with the selected SRI¹-managers for a greater ethical stand in the mainstream investments of banks.

The PeaceNexus ethical investment guidelines

The Foundation has an endowment fund of 40 million Swiss Francs that is invested to yield a return to cover most of our operations. The more profitable our investments are, the greater the number of activities we can support in the long run. At the same time, the Foundation has a mission that is not to be compromised: to improve the effectiveness of peacebuilding. If we put our money into companies that fuel conflict and violate human rights, we are not in line with our purpose. While, like many charitable foundations, we previously focused only on achieving impact through our projects, we now also play an active role in ensuring that we invest in companies that are socially responsible, and encourage other investors to do likewise.

We have exclusion criteria for certain sectors (weapons, tobacco, gambling, pornography, animal testing for cosmetic or other non-medical products or medical testing on endangered species) and for companies that are found to be involved in violations of human rights. We also have extreme caution criteria for certain industries and criteria for identifying companies with the best track record in environmental, social and governance issues (ESG) where most of the PeaceNexus endowment is invested in.

Inclusive and conflict-sensitive business in Myanmar

Following a request from the Myanmar government and the leadership of the Karen National Union (KNU), an armed ethnic minority group, PeaceNexus commissioned a report in 2013 to identify business opportunities in the Kayin State. On the basis of the report and extensive consultations, PeaceNexus has started identifying conflict-sensitive and inclusive business opportunities and facilitating the engagement between local stakeholders and international donors and investors. The ultimate aim of this project is to establish an inclusive mechanism that oversees business development in Kayin State and areas where KNU is present.

Development of new ideas and looking forward

In 2014 PeaceNexus will devote resources to try to improve dialogue between companies and communities. We want to find new ways to strengthen the capacity of communities to

¹ SRI = socially responsible investing.

solve disputes and negotiate on a more equal footing with companies. To this end, we will explore a partnership with the Compliance Advisor Ombudsman of the International Finance Corporation (IFC) to collaborate on some of their projects.

INNOVATIVE AND STRONG PEACEBUILDING NGOs

The PeaceNexus Fund – pilot phase

In 2012, PeaceNexus launched a grant making mechanism and dedicated its pilot phase to promoting better project design, more collaboration between peacebuilding actors and more effective impact evaluation. In 2013, the first two years of grant-making were assessed and found to be successful in identifying and accompanying initiatives relevant to the objectives of the Fund. Some of the activities are still on-going, but the majority have been implemented successfully, and most of the milestones have been achieved. The grant-making has also connected PeaceNexus with a number of significant peacebuilding actors and processes around the globe, created spill-over effects in other PeaceNexus programmes and contributed to PeaceNexus’ own organisational learning.

Examples of work supported by PeaceNexus grants in 2013

Geneva Call managed, for the first time, to engage the “Mouvement des Forces Démocratiques de Casamance”(MFDC) together with the Senegalese government in dialogue on humanitarian demining, whilst their local partner organisation facilitated dialogue between Casamance’s traditional leaders and the diaspora in Europe.

The *Centre on Conflict Development and Peacebuilding* of the *Graduate Institute* engaged secular and non-secular civil society of Tunisia and Egypt in a dialogue on its role in the transition phase.

Swisspeace provided space for reflection with its partner organisations and their local partners on how to combine organisational learning with current results-orientated routines and frameworks.

The *Centre for Humanitarian Dialogue* designed a new programme in Central Asia.

Collaborative Learning Projects Corporate Engagement Program developed guidance for conflict-sensitive business practice in contexts where armed non-state actors are present.

The *Mindanao Peoples’ Caucus* developed a strategy for civil society participation in the legislative process of the political entity of the Bangsamoro minority in Mindanao, Philippines.

The German organisation *OWEN Mobile Academy for Gender Democracy and Peace Research* organised a workshop on Forum Theatre for participants of the Caucasus Region and developed training materials in Russian.

Building Markets promoted small and medium enterprises (SMEs) and pushed forward the local procurement agenda in Mozambique.

The Rugiagli Initiative explored the potential for health workers to act as “connectors” in divided societies of Southern Thailand and Myanmar.

The International Commission of Jurists kick-started their Initiative on women judges in the MENA Region.

Peace Direct assessed the feasibility of a local peacebuilding platform in the Eastern DRC.

Feedback on the pilot phase from both government donors and grantees was positive. They perceived the funding priorities as relevant and the grantees described the cooperation with PeaceNexus as instrumental and supportive. The thorough assessment procedures and the complementarity with government funding were widely acknowledged.

The PeaceNexus Fund 2014 – new strategic focus, new process

An internal review of our grant-making showed that PeaceNexus could maximise its potential if we made more use of our role as one of the few privately funded peacebuilding actors in Europe. The new strategy aims to address what PeaceNexus – and many peacebuilding actors – perceive as major obstacles to effectiveness in peacebuilding: that innovation and change are not sufficiently encouraged by donors, and that organisations struggle to build their own institutional capacities, due to decreasing core funding.

Therefore *enabling organisational development* and *creating space for innovation* have been identified as the new focus areas of the NGO Fund. A new process that allows applicants to apply with a light “Expression of Interest” has been introduced. From 2014 the PeaceNexus board will select the most promising candidates from a shortlist. We will support selected candidates in developing and testing their ideas.

BUDGET

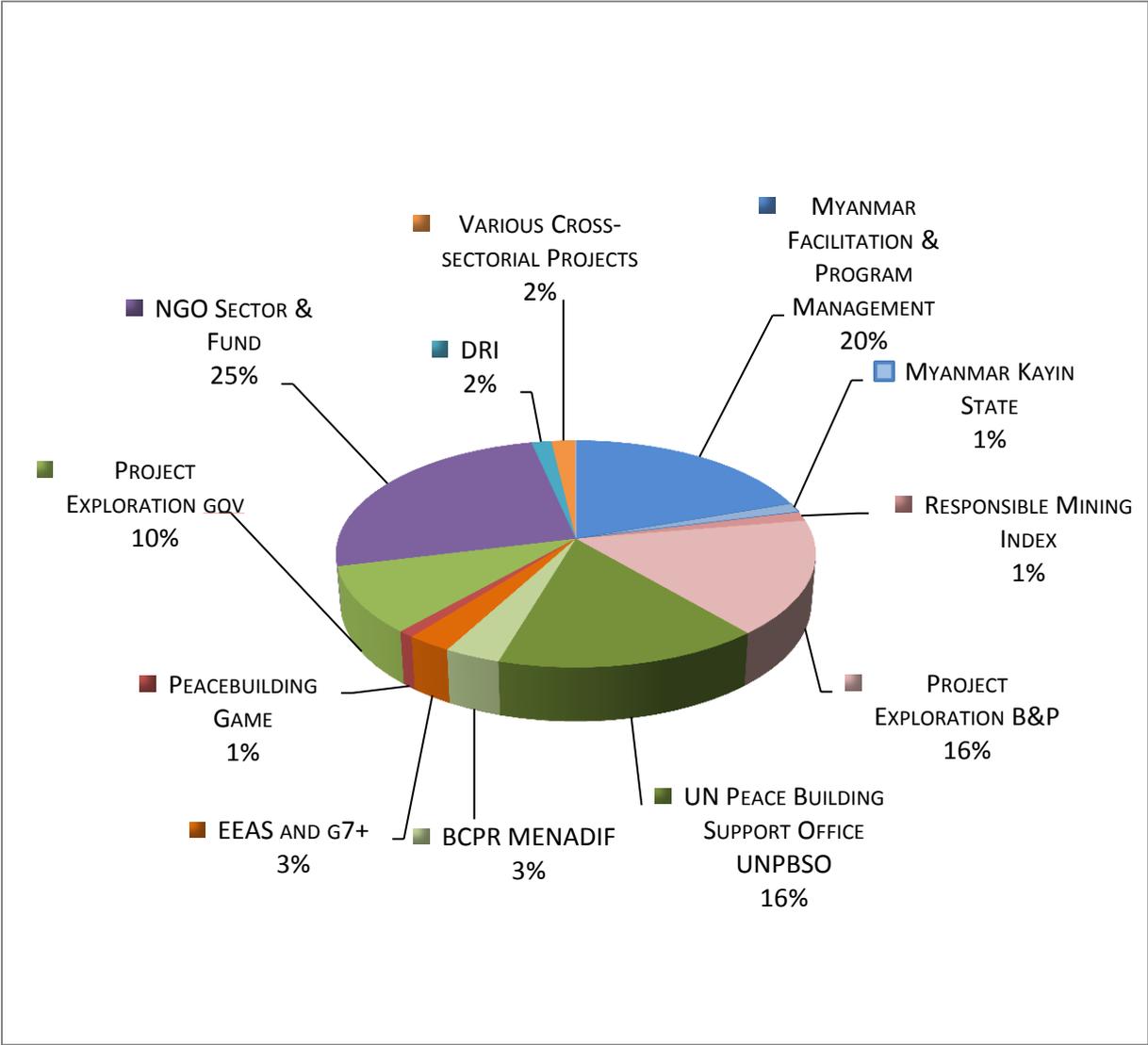
The overall spending of PeaceNexus in 2013: **2'284'057 CHF.**

Project spending per sector:

- NGO Support (490'565 CHF)
- Support to inter-/governmental agencies (588'746 CHF)
- Promoting responsible and conflict-sensitive business (690'160 CHF)
- Cross-sector (34'127 CHF)

Total **costs for projects:** 1'803'598 CHF, of which 1'096'107 CHF was spent on external and 707'491 CHF on internal **expertise.**

The **overhead** costs of the Foundation: 480'459 CHF or 21% of overall costs.





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