



ANNUAL REPORT 2014

Foreword by the PeaceNexus Chair

2014 was a year of consolidation and some adaptation. This is reflected in the organisational strategy 2014-2018. The strategy retains the original concept of providing advisory services to strengthen the capacities of peacebuilding organisations. It also clarifies PeaceNexus' ambition of promoting innovative approaches to strengthen civil society and private sector participation in peacebuilding.

Another important change was a leadership transition. From September 2014, Catriona Gourlay, the former Deputy Director, took over the role of Executive Director after the founder and Executive Director, Anne Gloor, chose to move on and assumed the role as the governing board member responsible for the ethical investment of the PeaceNexus endowment. While any leadership transition is a significant organisational change, the appointment of Catriona Gourlay represents a continued commitment to implementing the vision and strategy that Anne Gloor crafted in the foundational years of the organisation.

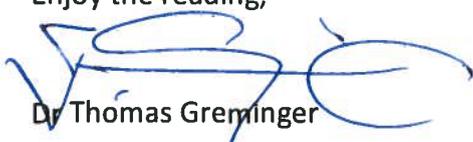
PeaceNexus' operations also included elements of both consolidation and adaptation. We continued to provide services to key inter-governmental and governmental partners, both deepening and expanding our collaboration with these partners. We maintained our work strengthening the peacebuilding capacity of NGOs, but adapted our approach by launching an organisational development grant mechanism.

We also adapted our approach to promoting innovative responses to key peacebuilding challenges. One priority challenge we addressed in 2014 was strengthening civic engagement in the monitoring of peace agreements, based on strong evidence that this is critical to the sustainability of peace processes.

Another challenge we continued to prioritise was how to make business performance more conflict sensitive. In 2014 we piloted a multi-stakeholder approach to business development in Kayin state, Myanmar. We also supported the development of new mechanisms to monitor the impact and performance of companies in the extractive industries, and explored new multi-stakeholder approaches to addressing company-community conflict.

PeaceNexus consistently works to build the capacity of its partners to experiment and learn from feedback. This is also a guiding principle in PeaceNexus' own development.

Enjoy the reading,



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

INTRODUCTION

The 2014-2018 PeaceNexus strategy identifies three objectives. The first is ***stronger capacities for peacebuilding***. To this end, PeaceNexus provides tailored advice and expertise to support a change process that often takes a number of years. In 2014 PeaceNexus supported twelve partners. They included three multilateral organisations, one government agency, five international NGOs and eight local NGOs based in Southern Africa and the Balkans. While we work with a diverse range of organisations, many face similar challenges related to working politically in highly dynamic contexts. For example, in 2014 our experts worked to strengthen organisational capacities to:

- Conduct participatory conflict analysis and identify programming priorities
- Strengthen risk assessment and risk mitigation systems
- Build real-time feedback loops and incentives for on-going adaptation
- Design and manage multi-stakeholder consultation processes
- Strengthen internal governance

The results from this work shows that with a relatively light touch PeaceNexus can catalyse and accompany organisational change that is critical for organisational growth and performance.

A second organisational objective for PeaceNexus relates to ***innovation in peacebuilding***. By providing grants and advice to design and test new responses to selected peacebuilding challenges, PeaceNexus aims to play a catalytic role in incubating more effective approaches. In 2014 we supported four organisations to address the challenge of strengthening civic engagement in the monitoring of the implementation of peace agreements in West Africa (Mali) and the Balkans.

The third organisational objective is to ***strengthen the role of business in peacebuilding***. In 2014 PeaceNexus supported four start-up projects that aim to promote more responsible business operations and address company-community conflict. In addition to achieving impact in this area through its operations, in 2014 PeaceNexus adopted a more mission-aligned approach to investing its endowment.

In 2014 our core-team of six staff members and five associate consultants played an active role in selecting and implementing these projects, in close collaboration with our network of experts and the partners we support. After stepping down as Executive Director, Anne Gloor remained an active Governing Board member and retained the responsibility of managing the PeaceNexus endowment in accordance with the PeaceNexus ethical investment guidelines.

ACTIVITIES IN 2014

STRENGTHENING ORGANISATIONAL CAPACITIES FOR PEACEBUILDING

Our 2014-2018 strategy clarifies that PeaceNexus aims to advance the effectiveness of the peacebuilding sector by strengthening core peacebuilding capacities of organisations that have high potential for peacebuilding impact. With our advisory services, we provide expertise to international organisations and national governments, and we use our grant mechanism to strengthen selected non-governmental organisations.

SUPPORTING INFORMED AND COHERENT PEACEBUILDING RESPONSES FROM INTERNATIONAL ORGANISATIONS

For international organisations it is often a challenge to develop shared understandings of conflict risk and peacebuilding priorities and coherent responses to address them. Our work with the UN Peacebuilding Support Office, the Peacebuilding Division within the EU External Action Service, and the g7+ group of fragile states aims to support our partners to address these 'nexus' challenges.

United Nations Peacebuilding Support Office

In 2014 we expanded our cooperation with the UN Peacebuilding Support Office. Following our 2013 support in Kyrgyzstan, we provided operational support in Niger and Mali, where we facilitated a process to identify peacebuilding priorities that the UN Peacebuilding Fund could be used to address. In line with our 2012-2015 framework agreement with UN PBSO we also initiated policy work to generate consensus across and beyond the UN system on engaging youth in peacebuilding. In all cases our work involved supporting participatory processes, including UN, governmental and civil society actors. The box below provides three examples of our work to strengthen the UN PBSO.

Support to start up UN Peacebuilding Programming in Niger

In 2014, PeaceNexus designed and supported a participatory process to identify conflict drivers and priority peacebuilding areas for the UN Peacebuilding Fund (PBF) to support. A key part of the process was a workshop with 60 representatives of government, civil society and UN organizations, where priority needs and resource allocations were agreed. Areas of work selected by the stakeholders include: addressing youth extremism, confidence building between population and armed forces in selected border areas, and increasing women's participation in the electoral process.

Support for UN Peacebuilding Fund Programming in Mali

In Mali, PeaceNexus was instrumental in developing a new form of governance mechanism for PBF interventions. The committee gives a greater role to civil society and to government in identifying priorities for PBF investments. This more inclusive structure will be replicated in the Central African Republic. During its support to the start-up of the Fund's activities, PeaceNexus also provided

support to the design of projects selected in the areas of: the return of internally displaced people, engaging youth in productive activities, and facilitating the disarmament and cantonment of rebel groups.

Developing guidance on Youth and Peacebuilding

Traditionally, youth had mostly been perceived as a threat to peace rather than a positive force for social transformation. While some initiatives have harnessed youth for positive change, these experiences have not been comprehensively collected or compared. PeaceNexus was requested by UN PBSO and Search for Common Ground to support the working group on Youth and Peacebuilding to develop a practice note for policy makers and practitioners, based on the experience of its 60 members.

The European Union External Action Service

In 2014 PeaceNexus deepened its support for the EU's initiative to establish an Early Warning System to systematically generate common understanding of conflict risk and, importantly, identify opportunities for preventive action. Since 2012 PeaceNexus has provided specialist expertise to develop the tools and methodologies to be used in the system. In 2014 we took the unprecedented step (previously the EU only accepted secondments of national civil servants) of seconding our consultant to work directly with the division to support the global roll-out of the system.

Support for the development and roll-out of the EU Early Warning System (EWS)

The nascent EWS gained ground in the first part of the year and was acknowledged by the EU External Action Service hierarchy and EU Member States as a valuable tool for strategic planning, from everything from development cooperation to the work of the Political and Security Committee. The Committee made a commitment to having 6-monthly EWS agenda points on horizon scanning and EU preventive and peacebuilding responses.

The first global roll-out of the EU Early Warning System went ahead in autumn 2014. There was successful follow-up on the highlighted risks. This involved developing a shared in-depth EU assessment of the structural risks and some tentative examples of new or adjusted action proposed as a result of the EWS process.

The focus for 2015 will be on the challenge of supporting more direct examples of EU early responses based on the warning assessments. Related to this, more work will be done to better embed the EWS by targeting key decision-makers across the different EU actors.

The g7+ Secretariat

The g7+ is an international organisation, comprised of 20 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 2014 PeaceNexus continued to support an expert to work with the g7+ to provide advice to the Policy Director. A priority in 2014 was to contribute to defining how the organisational will promote practical peer-to-peer cooperation between its member states, so-called 'Fragile to Fragile' cooperation.

In addition, PeaceNexus supported feasibility assessments of a number of project requests. Some of these assessments resulted in project proposals for which our partners are seeking funding from government donors in 2015. These included: a feasibility study by MediatEUr to develop civic engagement and dialogue in Ukraine to complement the OSCE's national dialogue efforts; and support to a consortium of multilateral (UN) and national training institutes for the early design of peacebuilding computer training game.

SUPPORTING NATIONAL PEACEBUILDING AGENCIES

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 2014 we intensified our engagement in response to two distinct requests. The first involved strengthening the MPC's dialogue with the armed ethnic groups in support of the negotiations to reach a national ceasefire agreement. In response, we supported our Myanmar consultant to work directly with the MPC, with the responsibility for liaising with the ethnic armed groups and reporting directly to the Minister for the Peace Process. This role, which was not originally foreseen when the MPC was set up in 2013, has proved an important informal complement to the MPC's support for the formal negotiation process. The second request from the MPC was to work with the leadership of the Karen National Union armed group to bring peace dividends to Kayin state. This resulted in a pilot project described on page eight.

STRENGTHENING PEACEBUILDING NGOS

Following a review of the pilot phase of PeaceNexus grant making in 2013, PeaceNexus developed a new approach to addressing the most common challenges that limit the effectiveness and impact of peacebuilding NGOs. In 2014, this resulted in a new organisational development grant call designed to strengthen key capacities for peacebuilding including: programme design, adaptation, evaluation and learning, partnerships and governance.

In 2014 PeaceNexus provided organisational development grants to international NGOs and local organisations from Southern Africa and the Balkans. The Governing Board makes the

final grant selection. In doing so, they carefully consider the potential contribution of the organisation to peacebuilding and the potential of the grant to improve organisational effectiveness. PeaceNexus also combines support for larger international NGOs with support for local organisations that have high potential for national or regional impact.

Examples of organisational development work supported by PeaceNexus in 2014

International NGOs

Democracy Reporting International (DRI) supports partners in the Middle East, Asia and Europe in constitution-making, electoral reforms, parliamentary support, and democracy standards. In 2012, when the organisation experienced quick growth due to the Arab uprising, DRI asked for PeaceNexus’ support to build their organisational structures to cope with their new size, enable effective management, and achieve excellence in governance and accountability.

Over more than two years, PeaceNexus Foundation helped DRI to identify the most suitable organisational structures and facilitated DRI’s transition into them. The organisational development support process ended with a meeting of the newly established governing board with DRI operational staff in September 2014 in Berlin, where they jointly set priorities for its future. To facilitate a smooth transition, PeaceNexus also made coaching available to the DRI Executive Team.

International Alert (IA) supports peacebuilding processes in more than 20 countries and territories and conducts policy and advocacy work on key themes that influence prospects for peace and security – such as the economy, climate change, gender and the role of international institutions. Like many others in the peacebuilding sector, International Alert finds assessing the impact of advocacy and dialogue work in dynamic, conflict-affected contexts particularly challenging.

With the support of PeaceNexus, IA has embarked on a process of evaluating the impact of two long-term programmes, starting with its advocacy engagement with the World Bank. Throughout the process, it will pioneer new tools and methodologies. Internally, the findings will be used to inform advocacy and dialogue programming, and adapt monitoring and evaluation systems. Externally, IA aims to bring new evidence to the debate on measuring the impact of advocacy and dialogue work, and will share the learnings, including useful M&E methods, with partners and peers.

National NGOs

Voices in the Vision for Africa (VIVA) is a local youth organisation based in Harare, Zimbabwe, which aims to strengthen the voice and participation of Zimbabwean youth in the national peacebuilding and statebuilding process linked to the work of the National Peace and Reconciliation Commission. It convenes a diverse national youth dialogue platform called the Joint Youth Working Group (JOWOG). As a young organisation with an ambitious mandate, VIVA is facing challenges in making the most of its convening and influencing potential.

With the support of PeaceNexus, VIVA has convened its members and national and international partners to reflect on its role and niche in the Zimbabwean context, and to identify top strategic priorities to guide its efforts over the next three years. It has also defined what type of internal capacities and resources it will require to take its action to the next level. In 2015, PeaceNexus will continue supporting VIVA in implementing its top organisational development priorities.

PROMOTING INNOVATION AND PARTICIPATION IN PEACEBUILDING

Our 2014-2018 strategy highlights PeaceNexus ambition to actively promote new approaches to engaging business and civil society to address some key peacebuilding challenges.

PROMOTING A POSITIVE ROLE FOR BUSINESS

A strategic priority for PeaceNexus is to strengthen the constructive engagement of business in peacebuilding. Although it is widely recognised that business has a critical role to play in transforming economies and societies, it is often associated with supporting existing elites and fuelling social conflict. In 2014 PeaceNexus supported three start-up initiatives to deliver more conflict-sensitive business performance. Activities included:

Business education to promote conflict-sensitivity and shared value

In 2014 PeaceNexus continued to develop resources for business leaders working in complex environments. These included a practitioner's guide and five case studies on business practices in conflict-affected environments. The International Council for Swedish Industry (NIR), for whom we developed the practitioners guide, began to test the material with pilot trainings offered to some of its company members. In 2015 we will prioritise working with business schools in conflict-affected contexts to adapt their curricula and deliver trainings based on these resources.

Support to the development of a Responsible Mining Index

In 2014 PeaceNexus continued its support to the Responsible Mining Foundation in the Netherlands, funding experts to test the feasibility and 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. The feasibility research informed the foundation's fundraising work in 2014, which was successful: the foundation secured funding to produce the first index publication.

Inclusive and conflict-sensitive business in Kayin state, Myanmar

Following a request from the Myanmar government and the leadership of the Karen National Union (KNU), an armed ethnic minority group, PeaceNexus commissioned research and conducted extensive consultations with government, KNU, local business and civil society leaders to determine priority areas for community-based business development. This led in 2014 to an agreement to prioritise the development of tourism in three ethnic areas, and to establish a multi-stakeholder working group to support the work in Thandaunggi township, as a first pilot. PeaceNexus also advises the KNU leadership on how it can contribute to community development, including through the establishment of its own foundation to implement development projects.

PeaceNexus support for inclusive and conflict-sensitive business in Kayin state, Myanmar

- *Piloting multi-stakeholder groups to develop tourism in areas controlled by ethnic groups*

PeaceNexus and its partner, the Hanns Seidel Foundation (an organisation with expertise in sustainable tourism development) held two initial community-focused workshops on tourism development in Northern Kayin State in early 2014. The findings were presented back at a high-level stakeholder discussion in Hpa-an, capital of Kayin State in September, where high-level representatives from state and central government and the KNU leadership agreed to support the formation of the first multi-stakeholder tourism planning workshop in Thandaunggy (Northern Kayin State). This is one of the three regions earmarked as priority for ecological tourism development by the state administration. The notable aspect of this agreement is that the location has areas of mixed administration (government and KNU) and access for tourists is limited due to security reasons. Nevertheless, the group was willing to address access and other contentious issues. The composition of the local working group was also agreed, with equal representation of the different constituencies, including local small business representatives, and it was agreed that a civil society leader (a priest) would chair the meetings. The group requested PeaceNexus and the Hanns Seidel Foundation to facilitate the initial discussions. A first preparatory meeting was held in Thandaunggy in November 2014, and monthly meetings are programmed for 2015.

- *Supporting the leadership of the KNU to formalise its development work*

Upon request, PeaceNexus contributed to the establishment of the Kaw Lah Foundation, associated with the KNU. This foundation will provide a vehicle for supporting local community development projects in KNU areas with external funding. PeaceNexus has facilitated the discussions with the MPC and the State Chief Minister to introduce the organisation. We have also linked up the foundation with the Friedrich Ebert Stiftung, which provided advice and training to the newly formed organisation.

Developing new mechanisms to address company-community conflict

In 2014 PeaceNexus engaged in extensive consultations with experts on company-community conflict, in collaboration with Oxfam America, to find new ways to strengthen the capacity of communities to solve disputes and negotiate on a more equal footing with companies. On the basis of these discussions, PeaceNexus drafted a concept note on the idea of establishing financial mechanism or 'Trust Fund', including funding from companies, to strengthen community engagement in dispute resolution and dialogue. In 2015 PeaceNexus will begin piloting the idea in several locations.

In addition, PeaceNexus entered into a partnership with the Compliance Advisor Ombudsman of the International Finance Corporation (IFC) that is responsible for arbitrating disputes related to IFC-funded projects. Together we have been exploring ways to support CAO's mediation work with a special emphasis on how PeaceNexus can strengthen communities and CSOs' capacities involved in those processes. A project in Chad was identified as a first pilot test. In addition, the partnership involves expanding the pool of local mediators to support and follow-up CAO arbitration processes, by co-hosting two

regional workshops where commercial and insider ‘peace’ mediators are invited to learn from each other.

PROMOTING INNOVATIVE APPROACHES TO CIVIL SOCIETY PARTICIPATION

In 2014 PeaceNexus selected a specific theme for its grants to develop and test new approaches to civil society engagement in peacebuilding. PeaceNexus chose to focus on the challenge of engaging civil society in the monitoring of the implementation of peace agreements. There is strong evidence that civil society actors are effective in monitoring functions, and that monitoring the implementation of peace agreements is critical to their sustainability. PeaceNexus collaborated with research experts in both the design of the call and the assessment of applications. The Governing Board made the final selection of the following grantees:

PeaceNexus-supported initiatives to strengthen civil society monitoring of peace agreements:

In the Balkans:

Building the capacities of the future Municipal Community Safety Councils in Kosovarian municipalities with newly integrated police forces, to monitor a crucial aspect of the Brussels agreement on the normalisation of Kosovo-Serbian relations– Belgrade Center for Security Policy (BCSP), Belgrade, Serbia, in partnership with Kosovar Centre for Security Studies (KCSS), Pristina, Kosovo.

Advocating for citizen’s active participation in revising Bosnia and Herzegovina’s (BiH) constitution, which is part of the Dayton Agreement – Center for Civic Cooperation (CGS), Livno, BiH, in partnership with Coalition 143, BiH.

In Mali:

Enabling the Malian population to access impartial information, coverage and debates on the peace process through the radio programmes of Studio Tamani – Fondation Hirondelle, Lausanne, Switzerland and Bamako, Mali.

Pilot-testing a monitoring mechanism that bridges the local and national levels and facilitates feedback and dialogue around the peace process – Institut Malien de Recherche Action pour la Paix (IMRAP), Bamako, Mali.

As with PeaceNexus organisational development grants, PeaceNexus is involved the co-design of the project proposal and accompanies the process closely, working to ensure that all grants also include a capacity building dimension.

BUDGET

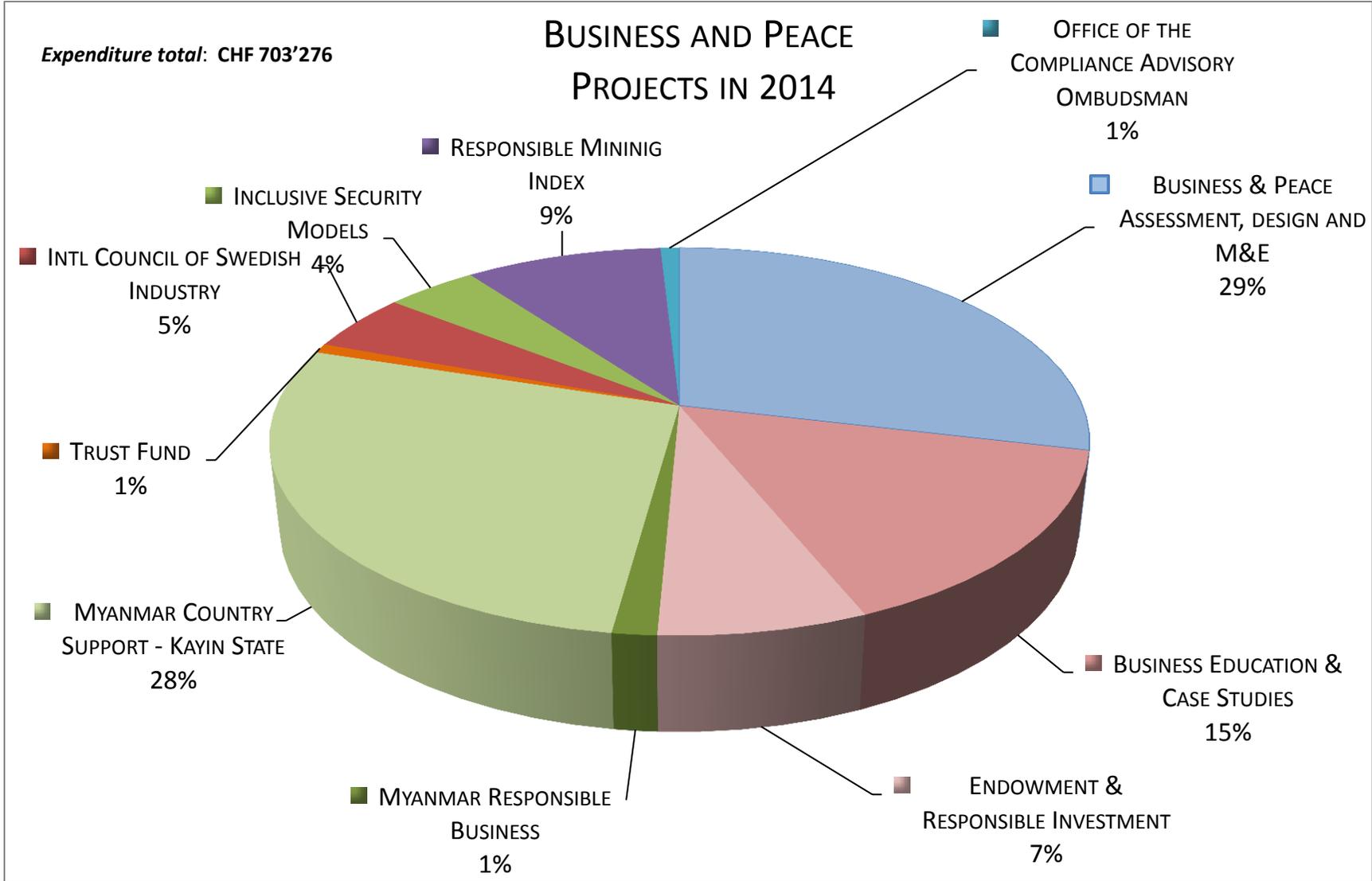
The overall spending of PeaceNexus in 2014: **CHF 2'210'971**

Project spending per sector:

- NGO Support CHF 392'418
- Support to inter-/governmental agencies CHF 593'326
- Promoting responsible and conflict-sensitive business CHF 703'276

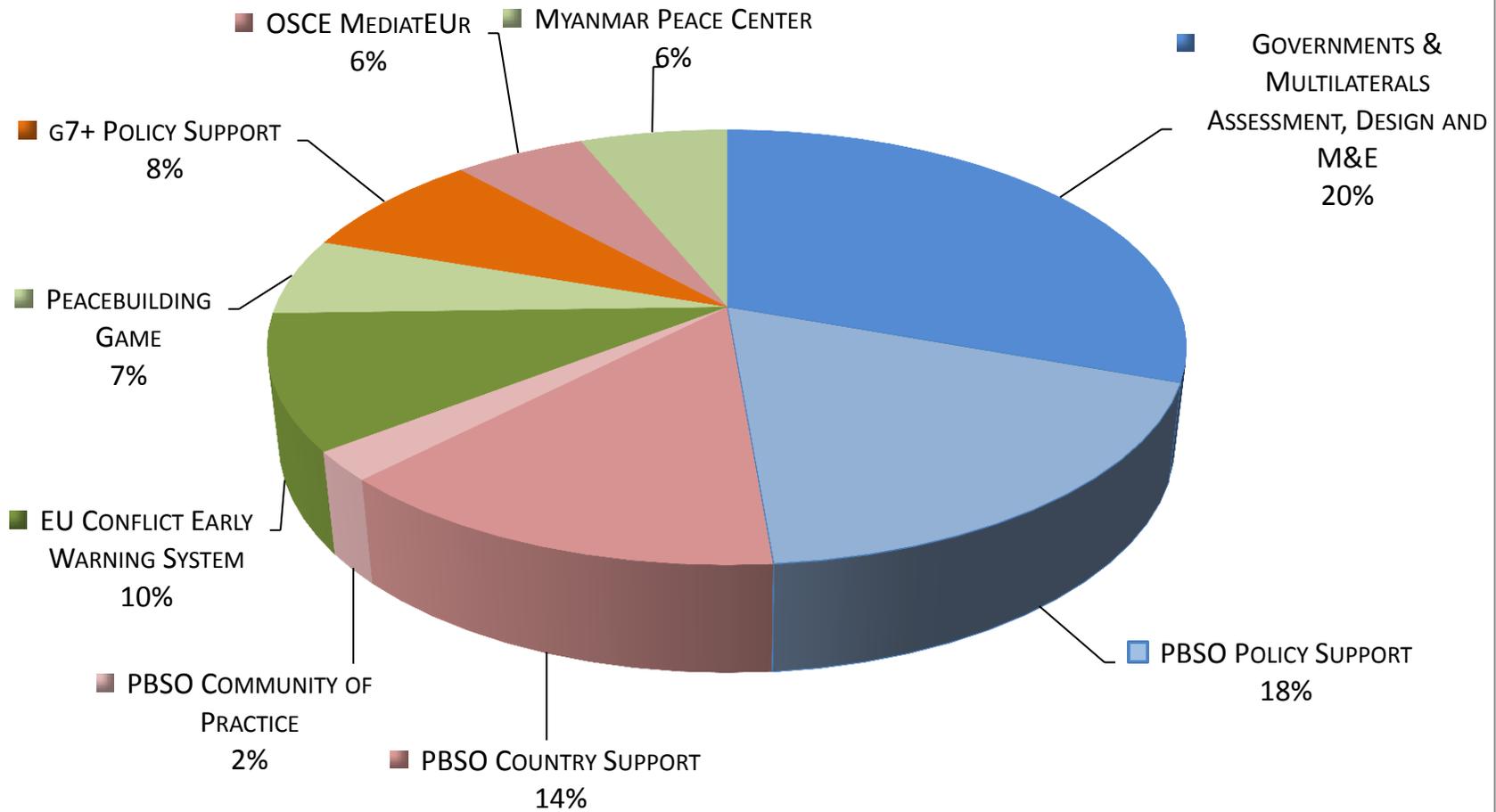
Total **costs for projects**: CHF **1'689'020** of which **64.4%** was spent on external and **35.6%** on internal **expertise**.

The **overhead** costs of the Foundation are: **CHF 521'951** or **23.6%** of overall costs.



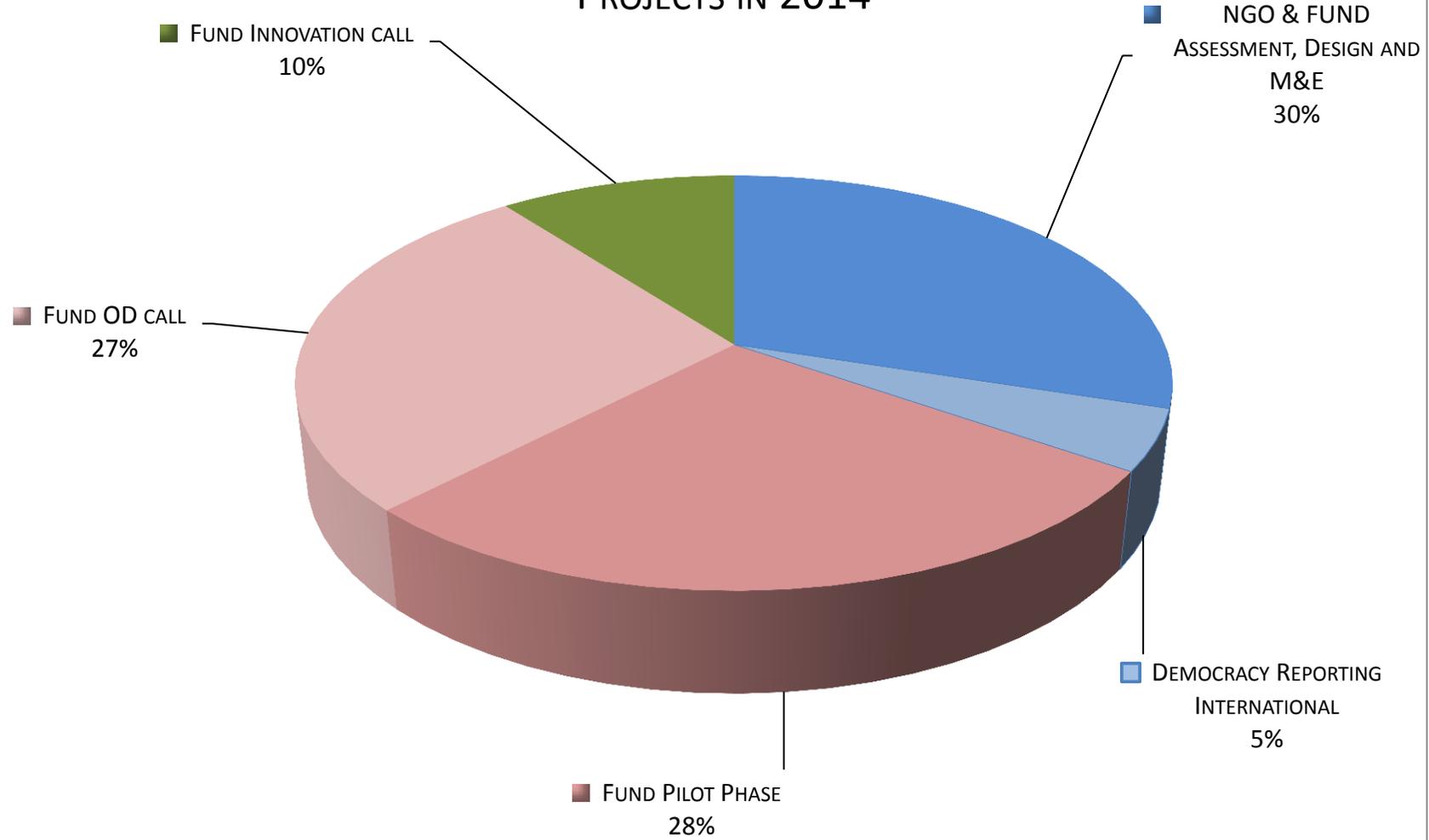
Expenditure total: CHF 593'326

GOVERNMENTS AND MULTILATERAL PROJECTS IN 2014



Expenditure total: CHF 392'418

NGO AND FUND PROJECTS IN 2014





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