



Citizen-Centered Approaches  
to State and Market



# Development Effectiveness in Situations of Fragility and Conflict

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## Executive Summary

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Fragile and conflict-affected states are the countries furthest away from achieving the MDGs, and continue to levy an unacceptable cost on their populations and on the international community in general. Objectives that are tailored specifically to these contexts are necessary to lay the foundations for progress against larger poverty reduction goals in the longer-term. The scale and scope of the problems that fragile contexts represent are now understood by donors to some degree, and on an analytical level a consensus is forming on the centrality of conflict prevention, peace-building and state-building efforts. However, there is growing evidence that implementation of donor-driven projects on the ground remains wedded to inefficient modes of operation which prevent effective outcomes. Donors conceive of their own approaches through a lens that reflects specific operational mandates and priorities, leading to disparate, fragmented actions and overwhelming stress placed on fragile state institutions. As a result, confusion often arises between process and outcomes, evaluation mechanisms are difficult to develop, and progress is difficult to measure. Change will require consensus behind a specific agenda for reform, close cooperation between actors in planning, and a focus on results rather than processes alone. Equally, donors have not yet agreed on a definition of the causes of conflict or fragility in general, and rarely agree to common problem definition, that would enable ‘drivers of stability’ to be developed to counter conflict. These causes range from the failure of economic and inclusive growth, to inability to perform state functions, to exclusionary practices, arbitrary governance and difficulties that stem from external and regional factors. Conflict and fragility can stem from one or a number of these causes, and metamorphose over time.

State fragility is at the heart of a world systemic crisis, causing misery, threatening stability and preventing development. This crisis impedes progress towards meeting international goals such as the MDGs. However, international engagement in these countries is outdated and outmoded- it requires a new global compact with the governments of these countries for inclusive development which can harness the productive and liberating side of globalization to produce prosperity and stability, while mitigating its negative effects. This compact must include a time-bound mechanism for the hand-over of state functions and the transfer of knowledge and skills to national actors, who in return, must work towards mutually agreed goals. Intermediary conflict prevention, peace-building and state-building goals could play a useful role in moving actors – at international, national and local levels, towards these overarching goals. The role of national actors is critical in improving development outcomes in fragile and conflict-affected contexts, and it must be understood that state-building is by its very nature a political process both in developing and donor countries. However, a new global compact requires a reconfiguration of the international system from the top down. Nine critical procedural reforms could be considered as steps towards a new global compact:

- i) *Reform of multilateral institutions*, through developing rules, processes, skills, incentives and accountabilities in order to narrow the gap between promises and performance;
- ii) *Agreement on coordination mechanisms*, that support the necessary goals, time-horizons, resources and mechanisms, and allow for hand-over of responsibilities to local actors;
- iii) *A whole of system approach*, to support a clear division of labor to support agreed goals, not just within OECD governments, but between them, with multilateral institutions, and with non-OECD

country governments, that clearly places the locus of responsibility of and accountability for management of core functions on sovereign governments;

- iv) *Long-term engagement*, of at least ten to twenty years, with aid decreasing as time passes, as domestic revenue collection takes over;
- v) *Effective and transparent use of resources*, with the development and support of effective funding mechanisms and the financial documents and accounts of all donors and governments made available to the public;
- vi) *Creation of the requisite skills to support the enhancement of state functionality*, in both international agencies and governments to allow staff to think in terms of systems, policies and programs and move beyond a projectized approach;
- vii) *Revision of the role of NGOs and corporations*, to avoid parallel structures where unnecessary and ensure co-production;
- viii) *Significant participation by emerging countries*, such as India, Russia, Brazil, China, Mexico, Indonesia and South Africa, to ensure a true consensus on outcomes and maximize the strengths of these countries;
- ix) *Use of trade and investment mechanisms*, to support the development of the market and broaden the interaction of national governments with donors to move away from dependence on aid.

The process of developing broader conflict prevention, peace-building and state-building outcome goals suffers from the trade-off between desirability versus feasibility. These goals must be achievable, holistic, focused and uniform, while also symbolizing an end state towards which the international community and national governments can strive, and in this sense are aspirational. At the same time, donors and national governments must think through how these goals relate to each other across domains in a holistic way and consider the linkages and interactions between them. The problem is not the absence of goals, targets and indicators for conflict prevention, peace-building and state-building, but the proliferation of such objectives. Movement forward, therefore, is dependent upon agreement of the relevant goals at the macro-level and delineation and prioritization of the appropriate tasks and indicators behind these at the country level, appropriately tailored to context. Indicative outcome goals for fragile states would include the following:

- i) *Inclusive politics*, as conflict must be channeled through a process of orderly and peaceful change to prevent violence and generate social trust. Key tasks may include: creation of a legitimate political system; ensuring orderly succession to high office; generating trust in the political leadership; and ensuring societal checks and balances.
- ii) *Security and the consolidation of the rule of law*, as peace is a critical prerequisite for development, and this can only be achieved through adherence to rules and orderly and transparent processes for changes to those rules. Key tasks may include: securing the peace; establishing credible security institutions; subordinating the security sector to civilian leadership; ensuring accountability to the public; and creating a system defined by law.
- iii) *Development of administrative and management capacity*, as capable administration and oversight is the vehicle for collective power and effective public finance is critical to effective expenditure. Key tasks may include: developing specifications for the core functions of government; specifying decision rights across levels of government; developing adequate personnel systems; and ensuring robust systems of accountability and transparency.
- iv) *Inclusive social policy*, to protect the most vulnerable, address social, ethnic, religious, gender or economic fissures that may cause instability, and create a sense of citizenship. Key tasks may

include: understanding the structural and situational profile of poverty; understanding exclusion between and among groups; ensuring human security; developing a social policy directed towards the mitigation of differences; and creating a wider developmental, pro-poor strategy.

- v) *Effective markets*, to provide legitimate avenues for wealth creation and upward social mobility, and deliver certain services through a competitive process. Key tasks in may include: ensuring property rights; ensuring enforcement of contracts; improving the ease of doing business; and deepening financial markets.
- vi) *Human capacity development*, as competitiveness is now derived from a country's skill base and in order to ensure sustainable state functionality there has to be a movement away from the current technical assistance modalities. Key tasks in may include: investment in leadership and management for the state and the market; provision of equal access to training; developing market oriented skills; and supporting numeracy and literacy.
- vii) *Sub-regional and regional cooperation*, because neighboring countries can affect each other significantly in both positive and negative ways, and a multi-stakeholder approach is critical to cross-border issues. Key tasks may include: support for security; promotion of regional trade and investment; development of regional infrastructure; and cooperation on regional environmental issues.
- viii) *Robust natural disaster and environmental management*, because scarce resources require a diverse approach that harnesses alternative funding mechanisms, and because disasters are likely to increase in the future as global warming continues. Key tasks may include: support for the use of alternative energies; development of a risk profiles and early warning systems; organizational preparedness for dealing with emergencies; coordination on environmental issues; ensuring effective humanitarian responses to disasters; and development of the capacity for disaster management.

These goals could be used as a form of diagnostic that converges with donor work on fragility assessments, country analyses, governance measurements and suchlike. Prioritization of goals could then be arrived at through discussion of which of these are most important to address short-term considerations in any given context, and which address longer-term imperatives. The critical tasks to support progress towards these goals and the necessary indicators to measure this progress already exist. The key issue is not to generate new indicators, but rather to bring together coherently the relevant elements of those already in use to provide the basis for agreement between DAC donors and partners which can be used at a later stage to develop specific, contextualized measurements. The issue of context is important as indicators cannot be generalized easily across different fragile states. Therefore, any strategies should be based on joint contextualized analysis and translated into a compact between the donors and the government to chart a path forward towards prosperity and stability.

These objectives, and the tasks and indicators that accompany them cannot be applied generically across fragile state contexts. Moreover, they should be subject to an analysis of trade-offs and priorities in any given context and an understanding of the realities that exist in fragile situations. They require refinement and consensus which can only come about through further analysis and discussion. This could take place through the OECD-DAC, the UN and/or other multi-lateral bodies, but should not necessarily be limited to national DAC members- the views of civil society, business and think-tanks will be important to bring further perspective to the ideas as they move forward. This will be particularly difficult because these goals are not easy or straightforward, and there will no doubt be resistance to change. However, if donors truly want to improve outcomes in fragile states they must use the High-Level Forum in Accra as an opportunity to generate alignment behind a new global compact for inclusive globalization, generate thinking on these goals, tasks and indicators, and mobilize the political will for substantive change.

## Introduction

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It is the underlying assumption of the Paris Declaration that improved aid effectiveness will in turn improve development outcomes as measured by progress towards the Millennium Development Goals (MDGs). Although this is a central concern in fragile states - where a third of the world's poor live - there are other important intermediate objectives which are the pre-requisites to poverty reduction and are necessary to lay the foundations for progress against the MDGs in the longer term. The prevention of conflict, restoration of security, peace and stability, and the establishment of state functions may be the most pressing objectives against which to measure progress in some fragile situations. This thinking is also reflected in the *Principles for Good International Engagement in Fragile States and Situations*, which highlight the importance of the role of conflict prevention, state-building and peace-building for donor engagement in fragile contexts.<sup>1</sup>

Therefore there is an emerging consensus among the international community on the need for clear objectives and measures of progress for fragile and conflict affected states centered around conflict-prevention, state- and peace-building priorities. Moving forward, there needs to be the development of a further consensus on the causes and drivers of conflict and fragility, which will in turn allow support for 'drivers of stability'. Conflict-prevention, peace-building and state-building goals and critical tasks must be holistic yet achievable and balanced between process and outcomes across time. Ultimately these objectives and tasks, and the ability of fragile and post-conflict governments to achieve them with the support of donors, depend upon the extent to which the international community is truly willing to reform aid practices and procedures. There needs to be a 'creative disruption' of current aid practices to realign them with the realities and needs of conflict affected and post-conflict countries, and a new compact for inclusive globalization. Without this, the exercise of setting outcome-oriented objectives, targets and indicators, as this paper attempts to do, will remain on a theoretical and not a practical level. Of course, while country actors play the significant role in development outcomes, and determine the extent to which any development goals can be achieved in fragile states, this paper focuses largely on donor policies, actions and results, given that the OECD-DAC functions as a forum in which these issues can be addressed. The High Level Meeting in Accra is an opportunity to discuss how donors themselves address development in fragile and conflict-affected contexts. While discussion with national counterparts on conflict prevention, state-building and peace-building issues is necessary and important, the donor community must first understand and change the way it operates in these contexts to truly catalyze national development efforts.<sup>2</sup>

The paper is divided into two sections. Section I describes the changing aid paradigm and the emphasis on fragile states; explains the emergence of consensus at the analytical level on the desirability of state-building efforts in these contexts, but the lack of feasibility of these efforts in practice; outlines and provides a review of some of the main causes and drivers of conflict, instability and state fragility; and underlines the rationale for intermediary conflict prevention, state-building and peace-building goals. Section II highlights the key parameters for measurement for conflict prevention, peace and state-building objectives; describes a new compact for inclusive globalization that focuses on the procedural changes that need to be made within the international system to support inclusive development and stability; and outlines a set of key strategic goals, critical tasks and indicators with which the international community can judge progress in fragile contexts.

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<sup>1</sup> See *Development Effectiveness in Situations of Fragility and Conflict Consultancy, Terms of Reference* (OECD-DAC October 2007). Fragile contexts refers in this paper both to fragile states and situations of fragility or conflict at the sub-national level in countries that are stronger performers.

<sup>2</sup> Equally, the paper dwells little on the role of NGOs in these contexts, because while these actors are important, the OECD-DAC is again a forum for discussion of government and multilateral donors.

The paper was based on a methodological approach that combined analysis of the relevant literature across the fields of politics, economics, anthropology and sociology with practical field experience in fragile contexts and further interviews with practitioners of conflict prevention, peace-building and state-building. Documentation reviewed included numerous donor documents and strategies; academic pieces; and government reviews, approaches and national planning documentation. ISE also integrated ideas from its own frameworks for state functionality, based on years of experience in government in Afghanistan and through comparative work in other fragile contexts including Sudan, Lebanon, Nepal, Kosovo and Haiti. Finally the team interviewed a number of national, donor and other stakeholders in fragile contexts either in person or by phone to derive further insights into exactly what the problems are with international approaches to development in fragile states, understand how best to improve outcomes, and how to measure progress against specific goals and objectives.

## Section I

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### I. Context

The established aid system encountered a different global reality in the 1990s and is now undergoing what could be referred to as a paradigm shift.<sup>3</sup> Previously, the aid paradigm was underpinned by a series of key assumptions, the most critical of which related to the stability of the international system. However, these assumptions were shattered by the convergence of three forces in the 1990s: the end of the Cold War and the fall of the Soviet Union; the rise of globalization and its destabilizing effects; and a changing security context, manifested most clearly in the rise of international terrorism. These changes led to re-evaluation of Western engagement with fragile and conflict affected states and societies. The scale of the problem that these countries represent for global stability and prosperity is now increasingly appreciated by donors: 'By 2010, half of the world's poorest people could be living in states that are experiencing, or are at risk of, violent conflict'<sup>4</sup> and the cost that these states render on themselves, their neighbors and the international community is also very well recognized: 'OECD governments now realize that 'the cost of neglect'- letting countries drift into deep difficulties or become failed states- is far too high for people, nations and international security.'<sup>5</sup> Indeed, the cost of civil wars is now estimated at over \$100 billion a year, double the global aid budget.<sup>6</sup>

The scale and scope of the problem of state fragility are significant- using existing measures of state capacity such as the World Bank's Country Policy and Institutional Assessment (CPIA) ratings, only 2 of the 82 poorest countries measured scored more than 4 on a scale of 1 to 6.<sup>7</sup> Conflict and state fragility fundamentally affect the ability of states to serve their citizens and reduce poverty, and as a result, none of them are on course to meet the Millennium Development Goals (MDGs). Fragile states tend to have GDP per capita levels typically half that of low-income countries, and it is estimated that by 2015, extreme poverty in these countries will be over 50% higher than 1990, the baseline year for the MDGs.<sup>8</sup> Fragile

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<sup>3</sup> See Kuhn, T. *The Structure of Scientific Revolutions* (Chicago: Univ. of Chicago Press, 1962)

<sup>4</sup> Benn, Hilary, as in the preface of *DfID Preventing Violent Conflict* .(January 2005)

<sup>5</sup> *DAC Guidelines and Reference Series: Security System Reform and Governance. A DAC Reference Document.* (OECD-DAC, 2005), p.3

<sup>6</sup> Collier, P. *The Bottom Billion*, (OUP, 2007), p.32

<sup>7</sup> The CPIA measures economic management, structural policies, social inclusion/equity and public sector management.

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20052347~menuPK:2607525~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>

<sup>8</sup> World Bank, *Global Monitoring Report 2007: Confronting the Challenges of Gender Equality and Fragile States*, p.3



states contain 9% of the developing world's population, but nearly one third of child deaths; up to half of the children that do not receive a primary education; half of children that die before their fifth birthday; between a third and a half of those living with HIV/AIDS; and a third of those lacking safe drinking water.<sup>9</sup> Indeed, even in those countries that have made progress towards the MDGs, this progress is often tenuous and easily reversible; and in a number of fragile states there is so little capacity for measurement that it is impossible to estimate progress towards the MDGs in any meaningful way.<sup>10</sup>

The term 'fragile states' does not capture the diversity of countries that suffer from state fragility in different forms. However, international actors increasingly, but not yet sufficiently, understand that they are becoming part of the dynamics-negative as well as positive- that characterize the range of fragile and conflict-affected states. As Mary Andersen points out, the international community is coming to the realization that international assistance in the context of a violent conflict also becomes part of that context and thus also of the conflict.<sup>11</sup> Current practices tend to be based on a multiplicity of different strategies, parallel delivery systems, unpredictable financing, inappropriate technical assistance and unpredictable and uncoordinated aid flows, which undermine conflict prevention, peace-building and state-building objectives. These issues were confirmed by the World Bank-UNDP-ISE forum for leaders and managers of post-conflict transitions at the Greentree Foundation, New York, in September 2005.<sup>12</sup> Participants agreed that international actors are organized in stovepipes, with a tendency to act in parallel rather than in tandem. As a result, coordination between and among these organizations and the emerging government is problematic. A consensus emerged that state-building strategies require revision of some of the dominant areas of international practice ranging from resource mobilization, time periods of allocation, procurement, conditionalities and benchmarks, and mechanisms for monitoring the implementation of strategy.<sup>13</sup>

These findings are confirmed by much of the literature examined for this paper. A review of progress in terms of ownership, alignment, harmonization, results-focus and mutual accountability against the March 2005 Paris Declaration is sobering. The aid community recognizes that a different approach is necessary in these contexts if conflict is truly to be mitigated, stability supported and development facilitated, and understands the new reality in which international assistance to fragile and conflict affected states must take place. The issue is, however, that this has not been reconciled with a similar change at the operational level to adapt the mechanisms used to deliver that assistance. As a result, lofty aims at the rhetorical level are not translated into practice- a discussion of the conflict-development nexus is based on an ineffective project financing reality, and peace-building discussions in donor capitals are followed only by traditional peacekeeping missions on the ground in conflict zones.<sup>14</sup>

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<sup>9</sup> World Bank, *Global Monitoring Report 2007: Confronting the Challenges of Gender Equality and Fragile States*, p.2 and p.3 and [www.worldbank.org](http://www.worldbank.org) and Branchflower, A. et al 'How Important are Difficult Environments to Achieving the MDGs?' *PRDE Working Paper 2*, DfID, (September 2004)

<sup>10</sup> See the UNSTATS Millennium Indicators website for further information on exact figures: <http://mdgs.un.org/unsd/mdg/Default.aspx>. Branchflower et al provide some guidance on how to deal with data issues in Appendix 2, p.28-32

<sup>11</sup> Anderson, Mary. *Do No Harm: How Aid Can Support Peace- Or War*, Lynne Rienner 1999, p.1

<sup>12</sup> At this workshop, a group of policy-makers from Africa, Central America, Eastern Europe, Central Asia, and the Pacific met to discuss the issue of persistent conflict and a framework for state-building.

<sup>13</sup> See: *State-building in fragile and conflict affected conditions*. Paper prepared for World Bank-UNDP-ISE forum for leaders and managers of post-conflict transitions at the Greentree Foundation, New York, 19-21<sup>st</sup> September 2005. Available at: <http://www.effectivestates.org/resources.htm>

<sup>14</sup> ISE has carried out extensive analysis of existing literature on these issues, from donor documents and government strategies to academic papers and civil society reports, and has worked a broad range of fragile contexts including Afghanistan, Sudan, Lebanon, Sudan and Kosovo in which the team has identified the syndromes outlined above.

## II. Consensus at the analytical level

Movement among donors at the level of discourse on fragile and conflict affected states has led to consensus at the level of policy development. For example, the OECD-DAC policy statement on conflict, peace and development co-operation on the threshold of the 21<sup>st</sup> century states that: ‘Violent conflict in developing countries engages the basic values and interests of our societies...Work in war torn or conflict-prone countries must be seen as an integral part of the co-operation challenge...More basically, helping to strengthen the capacity of a society to manage conflict without violence must be seen as a foundation for sustainable development.’<sup>15</sup> Indeed, while there is some discrepancy between analytical literature and the thinking of staff in development agencies, a reading of the donor documents on approaches to fragile and conflict affected states indicates that the general pattern is a convergence of ways of thinking about this problem. While traditionally, for example, security issues were not part of the international aid remit, thinking now prioritizes human security and a broader focus on stability as a mechanism to prevent conflict. While the DAC admitted in 2001 that there was not a consensus to broaden ODA eligibility to include expenditure within the security sector, it understood that stability meant more than security, as stability: ‘embraces the mutually reinforcing goals of social peace, respect for the rule of law and human rights, and social and economic development.’<sup>16</sup> Of course, it is important to distinguish between policy statements designed to generate support from political constituencies in OECD countries, and evidence of analytic understanding of how the various elements of post-conflict reconstruction are connected, but a greater sense of holism does now emerge from a review of donor approaches to fragile states. For example, strategies now consider issues such as the role of the private sector in peace and state-building initiatives in a concerted fashion that was previously absent.<sup>17</sup>

Conflict prevention ‘entails both short and long term actions to address the conflict dynamics by addressing structural root-causes of conflict as well as the expressions of violence’<sup>18</sup>; peace-building, ‘covers a broad range of measures implemented in the context of emerging, current or post-conflict situations for the deliberate and explicit purpose of promoting lasting and sustainable peace’;<sup>19</sup> and state-building involves supporting ‘effective, functioning, viable and legitimate state institutions rather than specific governments in power.’<sup>20</sup> The OECD *Principles for Good International Engagement in Fragile States and Situations* further highlight the centrality of these ideas.<sup>21</sup> Donors now agree that while these three different aspects of engagement can be differentiated, it is overly simplistic and schematic to think about them separately, given the overlaps and synergies between them. Each should be carried out concomitantly and not sequentially to ensure maximum synergy and sustainability of results.<sup>22</sup> There is also a broad agreement on the fact that these activities cannot be carried out quickly, or rushed- the framework for engagement has to be ten to twenty years if it is to be successful.<sup>23</sup>

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<sup>15</sup> Development ministers, aid agency heads and other senior officials responsible for development co-operation endorsed this policy statement at the DAC HLM in May 1997. *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p. 79

<sup>16</sup> *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p.17

<sup>17</sup> GTZ have written a particularly good paper on this topic: GTZ, *Conflict Prevention and Peace Building- Elements of PSD/SED Programmes* (Eschborn 2006).

<sup>18</sup> *IQSG Programming Fiche on Conflict Prevention*, available at:  
[http://ec.europa.eu/external\\_relations/cfsp/cpcm/cp/doc/cp\\_guide.pdf](http://ec.europa.eu/external_relations/cfsp/cpcm/cp/doc/cp_guide.pdf)

<sup>19</sup> Norwegian Ministry of Foreign Affairs. *Peacebuilding- A Development Perspective* (August 2004) p.5

<sup>20</sup> *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p.63

<sup>21</sup> <http://www.oecd.org/dataoecd/43/48/38293448.pdf>

<sup>22</sup> See for example, Norwegian Ministry of Foreign Affairs. *Peacebuilding- A Development Perspective* (August 2004), p.5; Japan International Cooperation Agency *Thematic Guidelines on Peacebuilding Assistance* (November 2003), p.4; and *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p.17

<sup>23</sup> See for example, Collier, P. et al, *Breaking the Conflict Trap: Civil War and Development Policy* (World Bank Report 2003).



A consensus also seems to be emerging among donors on the need for accurate evaluation in developing countries, not just of progress by those countries towards given aims, but also of donor actions themselves. The DAC has played an important role in developing criteria for evaluating development assistance- the relevance, effectiveness, efficiency, impact and sustainability of aid are nowhere more important than in post-conflict and fragile environments.<sup>24</sup> While specific components, tasks and targets vary across those sets of indicators that have been developed by various donors, there is general agreement that measurement should be broadly categorized into economic, security, social and political domains, and donors are beginning to understand the inter-relationships between these domains. Transitional Results Matrices, for example, list clusters or themes broadly according to these criteria, as does GTZ and the Norwegian government when considering peace-building and cases of conflict; and the US CRS defines essential tasks across the security, governance, humanitarian and social, economic and justice and reconciliation domains.<sup>25</sup> The DAC has now developed a list of questions and indicators for the Principles, including Principle five which assesses the integration of political, security and developmental dimensions of donor strategies.<sup>26</sup>

### III. Problems at the level of implementation

Therefore the scale and the scope of the problems in fragile and conflict affected countries is to some extent understood, and the international community has reached something of a consensus on how best to approach these problems and how to think about evaluation of engagement. However, there is still a lack of clarity on the role that donors can play in any particular context- is the international community a referee, an enforcer, a co-producer, or a direct executor of development? It can be one or all of these, depending on context, and the challenge is to clearly delineate the best role from the outset and develop the necessary resources and mechanisms to support this role across the appropriate time-frame, with the ultimate goal being an exit from aid for the national government, rather than dependency upon it. This involves outlining realistic goals, but there is still a central disconnect between the desirability of goals and the feasibility of actions.<sup>27</sup> On SSR, for example, the DAC admits that: ‘very few countries have comprehensive SSR programs that conform with the definition of the OECD-DAC policy statement and paper on security system reform...sometimes reform objectives run directly counter to the objective of improving accountability within the security system.’<sup>28</sup> There are often multiple strategic goals in any given context, which by virtue of being multiple, are not strategic. Cases where a coherent, sequential ten year program for joint donor interventions has been developed are very rare indeed. There are also glaring

<sup>24</sup> See: [http://www.oecd.org/document/22/0,2340,en\\_2649\\_34435\\_2086550\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/22/0,2340,en_2649_34435_2086550_1_1_1_1,00.html) The DAC has also developed early warning and risk indicators in the past Such as those outlined in *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p.32

<sup>25</sup> See UNDG/World Bank *An Operational Note on Transitional Results Matrices: Using Results-Based Frameworks in Fragile States* (January 2005); GTZ. *Conflict Prevention and Peace Building Elements of PSD/SED Programmes* (GTZ 2006); Norwegian Ministry of Foreign Affairs *Peacebuilding- A Development Perspective* (August 2004) and US-CRS *Post-Conflict Reconstruction: Essential Tasks* (April 2005). Political issues have emerged as a donor concern in a way that they did not previously- the international community is now addressing both the politics that produces virtuous circles of trust and stability and the politics that produces vicious circles of mistrust and conflict. While consensus is emerging, these measurements tools are still under review. The CRS Essential Tasks Matrix (ETM), for example, is currently under serious review by various interagency groups to assess the realism of the tasks.

<sup>26</sup> OECD-DAC Draft Principles as a Benchmarking Tool: “The Principles in Practice” 9<sup>th</sup>, Meeting of the DAC Fragile States Group, World Bank Headquarters, Paris, 20-21<sup>st</sup> November, 2007

<sup>27</sup> This disconnect does not seem to have changed much since the Utstein report on peacebuilding, delivered at the end of 2003, where it was identified as part of a more general strategic deficit.

<sup>28</sup> *DAC Guidelines and Reference Series: Security System Reform and Governance. A DAC Reference Document.* (OECD-DAC, 2005), p.59-60

lacuna in terms of planning in many instances; for example, while there is discussion about the type of economy that should arise in these contexts, the criminalization of the economy is not being tackled with credible movement to contain it: 'international organizations, governments and individual ministries, and international non-governmental actors still rarely exercise the level of discipline and co-operation that responsible behavior would dictate.'<sup>29</sup> On the contrary, economic problems seem further away from resolution than ever in many fragile contexts, with failure of economic growth being a key underlying cause of conflict (see *Causes and Drivers of Conflict and Fragility* below).

Part of the problem with the feasibility and credibility of implementation is that each international organization conceives its approach through a lens that reflects its operational mandate and priorities, which inevitably leads to a disparate, sectoralized approach. External actors privilege their own organizational imperatives, rather than understanding the country's own context, systems, policies, programs, laws and personnel and devising ways to support processes that enhance the functioning of the country system. Different parts of institutions tend to analyze their own distinctive domains and approach problems with their specialized knowledge that undermines a system view.<sup>30</sup> The tension between the multiplicity of actors and organizations in these contexts, each with their own assumptions, leads to sub-optimal outcomes.

There is a glaring gap between what is necessary to achieve the stated goals of peace-building, state-building and conflict prevention in the countries concerned, and the mechanisms and capabilities to catalyze such goals currently in place. Some of these problems are the result of an international aid architecture that cannot be reformed quickly or easily. However, efforts must be made to adapt the existing system and leverage change where it is possible. For example, at present the strategic thinking capabilities and operational skills do not exist, or are not synthesized in a way that allows the international community to confront the series of urgent tasks necessary to establish credible governments and virtuous circles of stability based on the emergence of a compact between citizens, the state and the international community. The most obvious shortfall lies in the use of technical assistance which substitutes for rather than creates domestic capacity. In Kosovo, 80 cents of every \$1 of aid has been spent on TA rather than investment in Kosovar capabilities. Conflict prevention, peace-building and state-building have to be connected to the development and participation of a trained group of people who have the ability to run their own national affairs. While there must always be a recognition of the limitations of training, and of the political realities of dealing with conflict entrepreneurs and spoilers with diverse visions and objectives, the capacity building slogan must be now transformed into an organized process to equip national actors with the necessary skills to manage their own affairs. Currently, technical assistance modalities substitute for these skills, and results are often not sustainable. A shift towards the systematic creation of domestic capacity in a given fragile context through the development of strategic human capacity planning is certainly not beyond the reach of donors and national governments if incentivized in the correct manner. As part of any effort to understand how best to measure progress in these countries, donors must ask how they can best create space for the national capability to emerge, allowing for the rise of people that have the vision, capabilities, leadership and management to run complex processes. Improvisation and extemporization must be transformed into careful planning and choreography.

Furthermore, a situation exists today whereby there is agreement on the main parameters for monitoring progress in fragile and conflict affected countries but measurement tends to be projectized or, where it is holistic, the frameworks used are derived from stability rather than instability. That is to say that they represent the desirable end-state that donors are hoping to create, based on Western experience, rather than the feasible changes that these countries can realistically carry out. Often academic analysis,

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<sup>29</sup> *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p.28

<sup>30</sup> NGO actors also have their own project centered view, which raises another series of issues with regard to policy alignment between the micro and macro levels of engagement.

commissioned by bilateral donors provides interesting frameworks, but again these lack policy relevant implications. The Norwegian Ministry for Foreign Affairs, for example, provides an excellent strategic framework for Norway's role in peace-building, including areas of focus, but does not provide an explanation of concrete or specific actions to be taken at the operational level to ensure that such a framework is implementable on the ground.<sup>31</sup>

Confusion then often arises over process and outcomes with the net result that reforms are divergent from those that actually support sustainable conflict prevention, peace-building or state-building. Trade-offs between different policies are difficult to make when evaluation mechanisms rank a wide array of reforms as equally desirable, when in practice they vary considerably in terms of ease of implementation. Although linkages are made between the various domains of state functionality, there is still a lack of understanding of exactly how each relates to the others in terms of international engagement. If security is the core driver, for example, what sequence should one follow for economic activities, and what prioritization of infrastructure would this necessitate? Because issues are considered in separate conceptual silos and implemented through different mechanisms, these types of questions are still not being asked forcefully enough.

Most emergency responses in conflict-affected countries are reversible, but positive movement has to be made irreversible, through consolidation of progress. This means building systems where possible, to avoid reliance on key individuals, and codifying actions through laws and rules, to avoid operating continually on a short-term, ad hoc basis. Donors are working on mechanisms such as Whole-of-Government approaches and joint financing, but progress at the level of implementation still lags far behind thought at the analytical level. A key gap arises from the lack of appropriate instruments, or implementation mechanisms, to translate desirable goals into actual implementation through rules and processes that allow resources to be appropriately channeled to their intended purposes. As a result: 'The international scene is littered with post-conflict settlements that broke down in part because of inappropriate and unsustainable institutional choices for deeply divided societies.'<sup>32</sup>

#### **IV. Causes and drivers of conflict and fragility**

There is also a lack of consensus among international organizations and observers on the causes of conflict. This is partly philosophical: are the causes of all conflicts unique or can the uniqueness of each conflict be explained with reference to specific combinations of a finite number of general causes? While most documents reviewed emphasized the uniqueness of each situation, various attempts at isolating a complete list of causes have been made. This proliferation of research provides the second reason for the lack of consensus: parallel initiatives driven by different organizational stakeholders, each with distinctive mandates, domains and operational lenses. There is also a distinction between the underlying 'causes' of conflict and the forces that can fuel or sustain it. While conflict and fragility are different concepts, a symptom of fragility is that conflict is not managed through effective channels. This conflict may not lead to outright violence in some fragile situations, but many of the structural factors of this fragility are the same as in those countries that do experience overt fighting. Several analyses distinguish between these structural factors that cause conflict and fragility, and the proximate causes that trigger violence and then sustain it once it has begun.<sup>33</sup>

<sup>31</sup> Norwegian Ministry of Foreign Affairs. *Peacebuilding- A Development Perspective* (August 2004)

<sup>32</sup> *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p.57

<sup>33</sup> See for example, *Early Warning & Early Response Handbook*, CPR Network, 2005

All conflicts and fragile situations are unique, and involve the interplay of different kinds of causes.<sup>34</sup> As a result it is difficult to generalize, but there have been important efforts made to analyze the causes of conflict and fragility in a more systematic fashion. The DAC now notes, with regard to conflict, that “[g]iven the unique elements of conflict dynamics, developing one common set of universally valid responses is unlikely,” but does note the possibility of a set of “universal techniques to aid judgments,” and provides a set of eight early warning indicators that reflect highly specific ideas about what causes and drives conflict.<sup>35</sup> In abstract terms, conflict and fragility tend to be explained as the consequence of a state’s unwillingness or inability to manage societal changes such as political transition or sudden economic change; underlying factors, such as poverty or environmental degradation; or the overwhelming impact of exogenous shocks, such as natural disaster.<sup>36</sup> From a survey of existing literature on the subject, the following factors seem to reflect a nascent consensus among international donors, NGOs, policy-makers and researchers on causes of conflict and fragility. Most of these situations are multi-causal, and therefore tend to be the result of a multiplicity of the factors outlined below. Indeed, conflict can result from certain causes, but over time become based around, and take on the characteristics of others:

- i) *Failure of economic growth.* The failure to generate economic growth is frequently cited as a major cause of fragility and conflict: “the key root cause of conflict is the failure of economic development”.<sup>37</sup> Indeed, instability is most highly concentrated in the poorest countries. The UN Panel on Threats, Challenges and Change emphasized the interaction between poverty and other factors: “[w]hen poverty is added to ethnic or regional inequalities, the grievances that stoke civil war are compounded”.<sup>38</sup>
- ii) *Lack of inclusive growth.* There is a widespread consensus that the failure to create not just growth, but inclusive economic growth both socially and geographically, is also a major cause of instability. When economic disparities, whether perceived or real, are widespread and deep, fragility or conflict is more likely. This can occur in many fragile contexts through the concentration of natural resource rent in the hands of certain ethnic, social or regional groups, which leads to exclusionary politics and increased corruption, or direct fighting for control of those resources.<sup>39</sup> As Paul Collier has pointed out, a country that is otherwise typical but has primary commodity exports around 25% of GDP has a 29% risk of conflict, but when exports are 10% of GDP the chance of conflict drops to 11%.<sup>40</sup> Valuable resources can also encourage regional secessions and provide finance for rebel movements.

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<sup>34</sup> For example, “There is no single cause of a conflict. Factors vary in importance and can reinforce each other” *Early Warning & Early Response Handbook*, CPR Network, 2005 p.8; “There is no single cause of a conflict”, Nyheim, D, Leonhardt, M., and Gaigals, C., *Development in Conflict: A Seven Step Tool for Planners*, FEWER/International Alert/Saferworld, p.8

<sup>35</sup> *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p.31

<sup>36</sup> UK Prime Minister’s Strategy Unit, *Investing in Prevention: An International Strategy to Manage Risks of Instability and Improve Crisis Response*, February 2005, p.37

<sup>37</sup> Collier, P. et al, *Breaking the Conflict Trap: Civil War and Development Policy*, World Bank and Oxford University Press, 2003. p.53

<sup>38</sup> High-Level Panel on Threats, Challenges and Change, *A More Secure World: Our Shared Responsibility*, United Nations 2004, p.24

<sup>39</sup> These types of situations have been referred to as enclave economies- with production geographically concentrated; land or capital goods not easily assigned to other profitable purposes; and labor as a small part of the cost of production. Leonard, D and Straus, S. *Africa’s Stalled Development: International Causes and Cures* (Boulder, Co: Lynne Rienner, 2003), p.86

<sup>40</sup> See Collier, P. *Natural Resources, Development and Conflict: Channels of Causation and Policy Interventions* World Bank (2003), p.2

- iii) *Performance of state functions.* There is increasing acceptance of the notion that in the modern world states must perform a variety of functions and not just embody a legitimate monopoly on use of force in a given territory.<sup>41</sup> Seen from the perspective of a multi-functional understanding of the state, capability to perform functions becomes a source of either stability or instability.<sup>42</sup> Where functions are performed optimally and in an integrated manner, conflict is channeled through inclusive institutional channels, and tensions can be mediated through peaceful processes. However, fragility arises from weakness in the dynamic political process which matches citizen expectations with the state's capacity to deliver services.<sup>43</sup> Failure to perform state functions can lead to loss of trust and legitimacy between citizens and the state, and a vicious circle of further weakening of state functionality. This can be exacerbated and amplified by lack of inclusive growth.
- iv) *Exclusionary practices.* When politics is conceived of in zero-sum terms, it quickly becomes geared towards the exclusion of a proportion of the population, either vertically through access to power, or horizontally, through geographical discrimination. Political, social and economic exclusion will undermine legitimacy and trust in rule-bound institutions, the primary purpose of which is to channel and mediate conflict impartially. The state may use repressive tactics against a section of the population to subjugate that group, producing subjects rather than citizens. In this way the state becomes an agent of exclusion rather than inclusion. When access to fair channels for resolving conflict is blocked, citizens first withdraw- undermining rule of law, breeding informality, illegality and criminality in the economy, increasing corruption, and weakening of bureaucratic control- and may eventually seek to forcibly resist or even overthrow the political order.
- v) *Arbitrary governance.* Lack of adherence to rule of law, behavior by the elite that is not subject to rule of law, and lack of access for the population to law as a mechanism to redress their grievances, combined with other aspects of governance that are perceived as arbitrary or exclusionary, may precipitate conflict or instability. Inter-elite struggles are also important here- if the elite in a given context is itself plagued by fissures and ethnic or religious differences, this exacerbates broader tensions and provides the basis for mobilization of constituencies for wider conflict.
- vi) *External difficulties.* Being situated in a bad neighborhood has profound implications for a given country, including potential difficulty in importing goods, a lack of markets for products and services, the spread of health pandemics, and the encroachment of rebel movements or refugees from neighboring conflicts. When an external shock- natural disaster or foreign invasion- exceeds state capacity to manage the emergency, conflict may ensue. Environmental degradation and climate change may also produce long-run conflict over territory and resources and state capacity to manage these changes will be crucial to the form that conflict will take.

One or many of these causes can also lead to separatist movements, either for autonomy or complete separation from an existing state. Conflict is not characterized by chaos but by characteristic sets of formal and informal relationships that constitute a distinctive institutional syndrome which can become entrenched and further drive that conflict. (See **Annex I** for further details).<sup>44</sup>

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<sup>41</sup> See Ghani, A., Lockhart, C., and Carnahan, M., *Closing the Sovereignty Gap: An Approach to State-Building*, ODI Working Paper 253, September 2005

<sup>42</sup> See *Drivers of Fragility: What Makes States Fragile* (DfID PRDE Working Paper No.7, April 2005) for a discussion of the importance of institutional weakness on state fragility.

<sup>43</sup> See *From Fragility to Resilience: Concepts and Dilemmas of Statebuilding in Fragile States*. A Research Paper for the OECD Fragile States Group (November 2007)

<sup>44</sup> See Ghani, A., Lockhart, C. and Carnahan, M., *An Agenda for State-building in the Twenty-First Century*, The Fletcher Forum of World Affairs, Vol. 30:1 Winter 2006.

## V. Rationale for intermediary conflict prevention, peace and state-building goals.

There is an emerging global consensus that failed states and civil conflict are not a peripheral issue but at the heart of immense misery and instability. The calls for and frequency of interventions in these countries is growing- during the UN's first 44 years there were 18 peacekeeping missions; between 1990 and 2006, there were 42 new missions. During Kofi Annan's time as UN Secretary-General, the number of people (both civilian and military) employed in peacekeeping missions globally grew from 20,000 to 80,000. The cost of interventions is also growing- the UN was spending over \$5 billion a year on these missions in 2006- averaging 17% annual growth in the decade 1996-2006. These figures are dwarfed by the costs of non-UN deployed forces which have also expended a significant amount of treasure and blood in efforts to stabilize fragile situations- it has been estimated that the US alone is spending \$1.8 billion each week on the war in Iraq, for example.<sup>45</sup> The cost to the countries actually affected by conflict is also immense. Paul Collier has estimated that the cost of a typical civil war to the country and its neighbors can be estimated at around \$64 billion.<sup>46</sup> In "Securing Afghanistan's Future" the comprehensive plan for Afghanistan developed in 2004, the World Bank estimated the destruction of infrastructure and lost opportunities, to Afghanistan in the civil war between 1979 and 2001 at \$240 billion. Further, the scale of pillaging of state resources by officials within fragile and failed states is frequently enormous. Collier notes that Jonas Savimbi, for instance, extracted \$4 billion from controlling Angolan diamond mines- money he spent on restarting the civil war.<sup>47</sup> These massive figures tend not to include the immeasurable human and economic costs resulting from death and injury. Mainstream estimates variously indicate that over a billion people live in fragile states, and that a third of people living in absolute poverty globally live in these countries. This figure rises to almost two thirds if China and India are excluded.<sup>48</sup>

Resolution of conflict and fragility is not a linear process, and can suffer setbacks and reversals. Indeed, the typical country reaching the end of civil war is estimated to have a 38.6% risk of reverting to conflict within five years, indicating clearly that international interventions to date have not been sustainable, and that proper coordination and application of activities across the development-diplomatic-security and trade arenas has not taken place. Early withdrawal has also necessitated a subsequent reengagement.<sup>49</sup> Equally, forms of international tutelage, such as the role the UN has played in contexts such as East Timor and Kosovo, have proven immensely expensive but have not created the conditions for exit of the international presence. Conflict and fragility are therefore highly persistent, widespread, and difficult to rectify, and a major impediment to achieving the Millennium Development Goals.

Development objectives in the long run therefore require that intermediate conflict prevention, peace-building, and state-building obstacles be addressed. The MDGs describe important goals, but for the MDGs to be met, a series of intermediary goals will first need to be achieved to remove critical constraints to development. Two of these critical constraints are violent conflict and state fragility. Gains in preventing conflict, building peace, and facilitating the emergence of states capable of delivering services to citizens would considerably improve progress towards the MDGs in the poorest, most conflict-

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<sup>45</sup> The figure quoted here is taken from an estimate made by the National Priorities Project.

[www.nationalpriorities.org](http://www.nationalpriorities.org)

<sup>46</sup> Collier, P., *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done About It*, (Oxford: Oxford University Press) 2007, p. 32.

<sup>47</sup> Collier, P., *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done About It*, Oxford: Oxford University Press 2007) p. 28.

<sup>48</sup> The one billion figure is estimated by Collier. The figures on proportions of people in absolute poverty living in 'difficult environments' is made by Branchflower, A., Hennell, S., Pongracz and Smart, M., *How Important are Difficult Environments to Achieving the MDGs?* PRDE Working Paper 2 – September 2004.

<sup>49</sup> Collier, P., A. Hoeffler, *The Challenge of Reducing the Incidence of Civil War* (Oxford University, March 2004).



affected countries which are currently least likely to achieve any of these goals. Indeed, although not translated into a specific MDG, the Millennium Declaration encourages the international community to maintain: ‘peace and security by giving it (the UN) the resources and tools it needs for conflict prevention, peaceful resolution of disputes, peacekeeping, post-conflict peace-building and reconstruction.’<sup>50</sup>

The dimensions of the challenge in fragile contexts have become ever clearer. We are facing 21<sup>st</sup> century threats, yet our institutions are based on 20<sup>th</sup> century procedures and assumptions. Health pandemics, terrorist threats, environmental issues, crime, drug trafficking and security issues tend to emanate from, and equally, more directly afflict fragile countries, and these problems are only going to worsen rather than improve over the next several decades. Even in the best of circumstances in these countries and with massive international engagement, as in the Balkans, for example, criminalization of the economy and politics has resulted.<sup>51</sup> On the political side, we are witnessing a global reversal of the democratic wave—over fifty countries that have embraced democracy are now vulnerable to political regression.<sup>52</sup>

As a result of this multiplicity of causes and effects, there is now a central focus on functioning states at the global level. Peace- and state-building have three mutually reinforcing dimensions: security; political development; and social and economic development. It is imperative therefore, that the international community works across these domains in a holistic way and considers the linkages and interactions between them by asking the right questions. What is the relationship between non-security functions and security? How can different tracks of engagement reinforce rather than counteract each other? What are the responsibilities of the international community during peace-building periods? How can donors and their national partners learn lessons from coordination and delivery vehicles that have failed in the past?

Equally, there are macro-meso- and micro-peace- and state-building issues and these levels create three different sets of challenges. Micro level projects on the ground, such as the building of local health clinics, for example, are easily reversed by one macro level failure such as the reversal of national health policy. Equally, macro-level promises are subverted if micro level delivery of services for citizens does not reinforce larger intentions. Therefore, it is imperative that a broad strategic agenda is agreed upon and articulated to ensure mutually reinforcing activities at all levels. A set of intermediate objectives to which the states and the international community can adhere would bring these levels of thinking together in a coherent manner to support effective peace and state-building, and ultimately the MDGs.

The question is how to produce coherence between activities and how to benchmark progress in a way that makes it subject to a set of agreed goals. Intermediary objectives must be derived from these goals and matched to credible mechanisms for delivery, so desirable goals are underpinned and supported by feasible and credible mechanisms for reaching those goals. While overarching goals, such as the MDGs may be abstract, intermediate objectives should be aligned to this long-term outcome and must be concrete and deliverable in order to build momentum. The key criterion for intermediate actions is that they must break the vicious political and economic circle and begin to create a virtuous circle in its place.. Donors must work to support effective peace and state-building through developing a clearer understanding of institutional strengths and weaknesses of the state, identifying the functions that will be performed across levels of government, and mapping the inter-linkages between the state, market and civil society. It is only on this basis that restructuring of the central government can be fully discussed, a coherent state-building and peace-building strategy can be developed, and cross-cutting ties supported.

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<sup>50</sup> United Nations Millennium Declaration, available at: <http://www.un.org/millennium/declaration/ares552e.htm>

<sup>51</sup> Lord Ashdown has remarked of Bosnia that “the grip of criminality and corruption is strengthening. And this poses a direct threat to every single one of us.” <http://www.usip.org/pubs/specialreports/sr97.html>

<sup>52</sup> See the Freedom House *Freedom in the World Survey*, January 2008

## Section II

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### I. A compact for inclusive globalization

Inclusive globalization is key to functioning states. Globalization has been both liberating and disruptive for fragile countries- the liberating side must now be harnessed and the disruptive side contained to ensure positive inclusivity. Partner countries play a central role in improving development outcomes and working to leverage the positive side of globalization. This paper does not seek to minimize this central fact. However, it does seek to argue that international responses are becoming an obstacle to dealing with the challenges of globalization in these contexts, and this is preventing, and at times, undermining, the efforts of national governments to support development processes. An aid system that is still adhering to a mantra of ‘do no harm’ rather than ‘do good’ is clearly an obstacle rather than an catalyst, and needs fundamental restructuring. The cost of delivering aid has to be substantially reduced and its effectiveness increased through a process of benchmarking, learning, monitoring and innovating and a better understanding of what is actually possible and what is not. As Larry Diamond has recently pointed out: ‘The overriding purpose of foreign assistance must be genuine development, not the assuaging of Western guilt or the care and feeding of the massive network of career professionals, nonprofit organizations, and private sector companies that constitute the global aid industry.’<sup>53</sup>

Progress is judged in terms of success in the field but the international community has created an incredible level of complexity on the ground as a result of misaligned business models and practices which prevents the progress it is designed to catalyze. This lack of alignment takes place at the multilateral level; among key regional organizations and bodies; within national governments; and through in-country interface. Development is not considered as an objective, but rather as a series of interactions between actors and bureaucratic processes, or an amalgam of uncoordinated projects. Breaking out of this pattern and the distinctive political, security and development organizational silos which perpetuate it will involve transforming the cultures of each institution at each level through an agenda for change, close cooperation in planning, and joint lessons learned exercises, with a focus on results rather than processes.<sup>54</sup>

There is now a crisis of confidence within and among all aid organizations generally, and regarding delivery in fragile and post-conflict contexts specifically. A Peace-Building Support Office briefing paper points out that: ‘There is no consensus...with regard to the requirements for achieving a consolidated peace, including the sequencing of institutional and other changes and the time-frame for implementing those changes’.<sup>55</sup> The international system needs to be reconfigured from the top down to support conflict prevention, peace-building and state-building. There has to be a willingness at this macro-level, which can be encouraged by the OECD-DAC and other fora, to implement any larger strategic development goals or tasks. Both processes and outcomes are driven by strategy, approach and resources, and each of these has certain constraints that are either positive or negative, such as the degree of accountability and capabilities that exist in order to fulfill the chosen strategy, for example. Existing instruments are a constraint to more effective outcomes, and expectations as the efficacy of international efforts must be tempered by these constraints and the possibility of reform of the system. Interest groups

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<sup>53</sup> Diamond, L. ‘Democracy in Retreat’, *Foreign Affairs*, March/April 2008, p.47

<sup>54</sup> One DAC member in response the first draft of this paper suggested that perhaps consensus can be reached at Accra on the need for an organization, akin to Active Learning Network for Accountability and Performance in Humanitarian Action (ANLAP), that could assist, facilitate, mentor and coach donor governments in their planning, assessment, implementation, monitoring and evaluation activities in fragile states. With input from affected-regions, the output of this organization could then inform the guidance of the DAC.

<sup>55</sup> PBSO Briefing Paper: *Measuring Peace Consolidation and Supporting Transition* (Draft, December 2007)

that will oppose reform are as entrenched in developed countries as they are in developing countries. The good news is that these obstacles are now being recognized, but as yet the international community, which itself is not a unitary actor, has not collectively thought through coherently how it can best play a role.

It is increasingly acknowledged that development takes place in an inherently political context which means that donor engagement can become less predictable, as various goals and agendas compete for priority, short-term, to fit to governing cycles in donor countries, and increasingly influenced by national parliaments. These characteristics are difficult to change, but this is exactly why progress will require a genuine international compact between the international community and national governments from the very outset of any engagement with a fragile state. This compact must have time-bound mechanisms for the hand-over of state-functions to national structures and mechanisms to ensure that donor governments, while committing to sustained engagement, know that there is a viable exit strategy. There are countries in which donors are carrying out the same procedures and providing the same technical assistance forty years after first doing so- which indicates clearly that there is a distinct lack of focus for transfer on skills, knowledge and responsibilities, and that short-termism by donors is simply unviable. There has to be a process for an exit from aid, which has a concrete goal, in terms of national revenue and expenditure, for example, towards which these governments can strive. An international compact of this sort, must be based on a fundamental reexamination of the parameters of international engagement in fragile contexts, with consideration of the following three issues: i) sustained, consistent and sensitive engagement; ii) improved peace support through better knowledge and coordination; and iii) multilateral reform and inclusivity of international engagement:

Sustained, consistent and sensitive engagement through:

- i) *Whole of system approaches.* There are often far too many international actors in fragile state contexts, but to the extent possible those involved must ensure a clear division of labor to support agreed goals, and delineate the roles to be performed by various organizations.<sup>56</sup> This involves coordination on two levels- within and between national governments and multilateral organizations, and most importantly, led by and aligned to the country policy-making and implementation processes themselves. While the World Bank and UN have made important efforts to improve alignment in post conflict contexts, through integrated recovery planning efforts, for example, alignment is often absent among the diplomatic, development and defense departments of many donor governments, each of which view their priorities through the lens of a unique institutional mandate.<sup>57</sup> Effective state-building is impossible without national coordination among the donor efforts of OECD countries, but ‘there are strong disincentives to working in close partnership with other government departments’.<sup>58</sup> Countries such as Norway, the UK, the Netherlands and Australia are making progress in terms of Whole-of-Government approaches as a result of experience on the ground in countries such as Afghanistan, but even

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<sup>56</sup> This applies, of course, across the spectrum of governmental actors in these contexts, not just diplomacy and development actors. Cooperation with the military is particularly important to ensure complementarity of thought and action.

<sup>57</sup> Stewart, P and Brown, K., *Greater than the Sum of its Parts: Assessing “Whole of Government Approaches” to Fragile States*, IPA 2007. p.11 Efforts by the World Bank and the UN to improve alignment have been documented in the UN-World Bank Joint Guidance Note on Integrated Recovery Planning using Post-Conflict Needs Assessments and Transitional Results Frameworks. The two organizations have also developed joint country assistance frameworks such as the Common Assistance Framework in the DRC, joint endeavors such as Bank financing of DPKO engineering corps to carry out emergency repair works in Liberia and Haiti, and the comprehensive agreement under discussion by the Bank and the whole UN system on crisis and post-crisis assistance.

<sup>58</sup> OECD-DAC, *Whole of Government Approaches to Fragile States* (OECD, 2006) p.8

among the donors most committed to a Whole-of-Government approach, “the quest for coherence... remains a work in progress”.<sup>59</sup> Moreover, where coherence is achieved, it will be counterproductive if it leads only to a proliferation of initiatives and maintains a multiplicity of unilateral strategies, albeit whole-of-government strategies, with which developing country governments have to deal. Coordination within a donor government does not translate into coherence on the ground in developing countries- ‘Whole-of-System’ rather than ‘Whole-of-Government’ efforts should be the aspiration, based upon a shared goal and the timeframes, resources and mechanisms to support it.

- ii) *Long-term engagement.* The time horizon for engagement must change dramatically. The international community has accepted a sequence of interventions which shifts from humanitarian emergency- to reconstruction- to development, but this separation of tasks is misleading and counter-productive. In countries where conflicts have gone on for decades, for example, certain developmental activities which may have been critical to building peace have not been permitted, given the emphasis on shorter-term humanitarian and emergency responses. For example, previous “go-stop-go” donor policies have undermined Haiti’s development;<sup>60</sup> and in South Sudan, the IGAP partners and the quartet failed to adequately monitor implementation of the CPA which has led to significant blockages to peace and development. Concerted engagement in these countries must be planned and expected over at least a ten to twenty-year time frame, with the objective of decreasing aid as domestic revenues increase over time. Change in thinking and engagement by the international community will itself take time- one to three decades minimum- so the international community must be both persistent and patient while the necessary changes are put into effect.
- iii) *Transparent and effective use of resources.* The international community must also hold itself to the same standards in terms of transparency and accountability as it argues for in developing countries. Financial documents from all international actors should be public and available, so stakeholders in both developed and developing countries can hold these organizations to account. The UN: ‘has made little or no progress in improving several budgetary, financial management and administrative functions’ and organizations such as the ILO express ‘reservations about making internal audit reports available to governing bodies’ while UNICEF has expressed ‘concerns about establishing independent audit committees’.<sup>61</sup> If this type of behavior is typical of multilateral organizations, the authority to impose standards of transparency and accountability on governments evaporates extremely rapidly. Equally, a multiplicity of incoherent funding channels and requirements that bypass government reduce efficiency, or where they do run through government, over-burden already low-capacity systems. It is essential that donor switch to multi-year funding- through mechanisms such as Multi-Donor Trust Funds (MDTFs) to ensure predictable, long-term financing. There is a close linkage here with the idea of the budget as the central instrument of policy-making- to the extent possible, these MDTFs should channel funding directly through the government budget while it develops the ability to generate and collect revenues. These MDTFs can be based on ‘dual key’ mechanisms to ensure accountability, by only releasing donor financing to the government’s budget after satisfactory audit reports.

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<sup>59</sup> Stewart, P and Brown, K. *Greater than the Sum of its Parts: Assessing “Whole of Government Approaches” to Fragile States*, IPA 2007. p.128

<sup>60</sup> World Bank *Interim Strategy Note for the Republic of Haiti for the period FY07-08*, (Caribbean Country Management Unit (LCC3C), Latin America and the Caribbean Region (LCR), World Bank, December 14, 2006), p.23

<sup>61</sup> U.S. G.A.O. Report. *United Nations: Management Reforms and Operational Issues*, (GAO-08-246T, January 2008) p.6 and p.10

- iv) *Use of trade and investment mechanisms.* There is no real conception of the amount of resources needed in fragile contexts in order to ensure peace and stability.<sup>62</sup> Equally, there is a failure to understand new financial instruments such as leasing operations, investment guarantees, political risk insurance, domestic venture capital funds and suchlike as catalysts for the creation of an enabling environment for a competitive economy. Organizations such as Agricultural Ministries and risk guarantee and export promotion agencies are key in this regard. These types of tools should be at the front and center of any resource mobilization strategy by post-conflict governments, as means to support the state and market until domestic revenue collection can increase, but lack attention in most cases. In Afghanistan, for example, a \$50 million guarantee from the Overseas Private Investment Corporation (OPIC) provided the basis for what is now over \$1 billion of investment in the telecoms sector. There are hundreds of different agencies around the world that can provide expertise and varying types of financing or market access and support, that are ignored or unknown to the governments that need their assistance the most. These organizations and the international community more broadly needs to embark on an outreach campaign to ensure that the benefits of interaction with the U.S. Treasury Department's Office of Technical Assistance or the OPIC and their global equivalents are well known and leveraged to greatest effect.

Improved peace support through better coordination and knowledge:

- v) *Agreement on coordination mechanisms.* A central lack of agreement and alignment within the international community on the goals of intervention, and coherence around those goals through the necessary time horizons, resources- both financial and human- and mechanisms for implementation has prevented effective peace-and state-building outcomes. International actors across the spectrum must agree on a common strategy, funding and programs, both top-down from the headquarters levels, and bottom-up from the implementation level, to support national government priorities.<sup>63</sup> External actors must also agree on mechanisms for partnership with national governments around shared objectives that allow for hand-over of responsibilities to local actors. Currently, interventions are framed as external and hand-over takes place when it is decided by donors that such a transition can take place- more robust and innovative accountability mechanisms, such as the GEMAP in Liberia, might provide a useful model for how the hand-over of responsibilities can take place in the most difficult contexts. The challenge might be better approached as a question of institutional design with clear lines of authority, information flows and responsibilities right from the beginning of the international presence.
- vi) *Creation of the requisite skills to support state functionality.* The international community could assess the performance of core functions among OECD countries to understand how this experience might be applied to fragile contexts and how best to sequence change in these countries. This will allow an understanding of which state functions need to be sequential, and the critical inter-linkages between functions- given that the OECD itself has a wealth of knowledge of both its member and accession countries and the fragile states in which it works, the DAC may be an excellent forum in which to develop this idea. The Accession process itself could yield lessons both in what has worked in terms of institutional transformation, and in the mechanisms and instruments used by the European institutions, including twinning. Subsequently, a necessary step forward is a broader analysis of the existing capabilities within the international community to support peace- and state-building in fragile states and the development of a map as to how these need to change- from hiring and training, to departmental rotations, to knowledge sharing,

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<sup>62</sup> Interview with Carolyn McAskie, January 2008

<sup>63</sup> See the ISE paper: *Recent Experiences in Linking Diplomatic Peacemaking with Development Efforts* (OECD-DAC, February 2008).

to policy and program design, management, implementation and evaluation. International postings with donor organizations have tended to be personality centered rather than patterned and structured, and transitions to peace have been continually let down by the poor quality of international actors on the ground. International actors require a clear grasp of cross-cutting issues as a prerequisite for arriving at a new division of labor and delineating options within the context of coherent overall strategies so that inter-linkages between actions, functions and processes are fully understood.<sup>64</sup> The ‘opposable mind’ concept must be put firmly in play- with staff able to think in terms of systems rather than projects or specific concerns, organize behind a common purpose, and provide synthesis of ideas tailored to specific contexts.<sup>65</sup> These people must also be deployed to fragile situations for extended periods- a constant turnover of staff on the donor side hinders continuity of policy and outcomes.<sup>66</sup> Without these strategic, synthetic capabilities, international engagement will continue to produce sub-optimal outcomes. Incentives and mental models must undergo a radical transformation to enable staff to devote their energies to the achievement of medium and long term goals, rather than to achieving only short-term disbursement of funds.

- vii) *Revision of the role of NGOs and corporations.* Implementation through parallel organizations can be problematic because micro- project based approaches and micro-level responses do not solve macro level problems. In Nepal, for example, aid has created a series of parallel mechanisms, resulting in a situation where for every \$1 going through government processes, \$1.30 flows entirely outside, creating a series of organizations that compete with government organizations for determination and delivery of policy in the same space. Most international NGOs are not even adhering to the ‘do no harm’ mantra that must underpin every action in a fragile context. NGOs have themselves become critical of their own actions in fragile and post-conflict contexts, and now understand and identify ‘effective states and active citizens’ as the central components of state-building strategies.<sup>67</sup> However, this rhetoric must now be put into practice. The top five international NGOs now have a combined annual budget of nearly \$5 billion. With these kind of resources, it is imperative that they work to facilitate community based action and catalyze reform by engaging constructively with donors and local level non-governmental entities, rather than merely acting as implementers for donor funded projects. This is far more positive dynamic which supports sustainable outcomes because communities can and want to do the heavy lifting of development. International corporations must also seek to interact with the governments of fragile and post-conflict countries in new and positive ways. This means bringing transparency to extractive industries, championing anti-corruption when dealing with governments, and including conflict sensitivity in the core business model, not merely espousing the rhetoric of corporate social responsibility and making token efforts to improve public perceptions.<sup>68</sup>

Multilateral reform and inclusivity of international engagement:

- viii) *Reform of multilateral institutions.* As the Millennium Declaration points out: ‘responsibility for managing worldwide economic and social development, as well as threats to international peace

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<sup>64</sup> Panel on threats delineated six key threats and diplomatic skills must be developed to match these threats.

<sup>65</sup> Bilateral governments might consider targeting senior diplomats for intensive pre-deployment training on issues of peace-building and classify such training as a target field for career development.

<sup>66</sup> Interview with Carolyn McAskie, January 2008

<sup>67</sup> See the Oxfam report: *Smart Development* (forthcoming).

<sup>68</sup> The role of corporations in developing countries is expansive and cannot be dealt with in sufficient detail in a paper of this nature- however it is important to recognize that the dynamics of their engagement in these countries must change and begin to discuss how such changes might take place.



and security, must be shared among the nations of the world and should be exercised multilaterally.’<sup>69</sup> However, economic and social development in the most fragile contexts remains incredibly difficult, and threats to international peace and security continue to proliferate. The need for effective, dynamic international organizations has never been greater. Both the scale of the challenges and the rise of new centers of power require fora for consensus on multilateral approaches and their implementation. Reform must begin within multilateral institutions to ensure that they have the capabilities to support state-building. The disenchantment with international organizations has come from the gap between their promises and their performance. As Prime Minister Brown pointed out recently at the World Economic Forum in Davos, multilateral institutions are simply not designed for the problems that the world faces in 2008. These institutions, both global and regional, must develop the capabilities to deal with the critical tasks of conflict prevention, state-building and peace-building, and again, must be subject to greater levels of transparency and accountability to improve efficiency and engender trust. The architecture of international organizations that has been rigid, bureaucratic and, in the case of the UN, at times outright dysfunctional, needs complete overhaul. These organizations must operate with general principles but tailor these principles to context. Renewal of international organizations will require that they become catalysts in a process of state-building, based on partnership and real empowerment that stitches together local capabilities and resources.

- ix) *Significant participation by emerging countries.* The role of emerging powers such as Brazil, Russia, India, China, Nigeria and South Africa is becoming critical to developmental efforts in post-conflict and fragile contexts, across a wide spectrum of issues. Conditionality simply cannot work if large developing countries are not on-board- as China’s actions in Sudan or Russia’s role in Kosovo demonstrate clearly. Equally, emerging powers can play a highly constructive role in conflict prevention, peace-building and state-building both in terms of diplomatic leverage and developmental resources when they choose to engage constructively- Nigeria has supported the peace in Liberia; India plays a critical role in preventing further deterioration in Nepal; and Brazil is deeply involved in Haiti through MINUSTAH, for example. The role of these countries will only increase in the future- inclusive globalization means inclusive participation of countries that have the skills and resources to support development. The OECD can be a catalyst for development, but a true consensus requires a broader range of actors, and western countries must think very carefully about how best to maximize positive engagement and minimize negative engagement in post-conflict contexts by this group of increasingly powerful countries.

## **II. Parameters for measurement**

The basis of knowledge exists for a clear identification of core conflict prevention, peace and state-building goals, the process objectives that can support these and the central or critical tasks necessary to measure progress towards these objectives. The problem is not, in fact, the absence of goals, targets and indicators, but rather, as mentioned above, the proliferation of such objectives and the related measurement tools, to the extent that the international community can become confused as to exactly what it is trying to achieve in these contexts, and operates in ways that undermine rather than support peace and stability. Each donor government and agency within those governments apply different and often contradictory sets of analyses, recommendations, projects and measurement tools. The key movement forward is decision upon the relevant goals at the macro-level- elevation of common themes to a meta-narrative and delineation of the appropriate tasks to goals in a coherent and logical manner, as outlined below. Based on the issues and causes and drivers of conflict and fragility outlined above in **Section I**, key issues and parameters for the development of strategic goals are the following:

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<sup>69</sup> UN Millennium Declaration, available at: <http://www.un.org/millennium/declaration/ares552e.htm>

- i) *Achievability.* Conflict prevention, peace-building and state-building goals must be achievable. As mentioned above, desirability of objectives is in itself not desirable if it is not matched with a feasibility and credibility of action. While it is difficult to specify achievability ex-ante, unachievable goals will only lead to a perpetual cycle of non-achievement. Thus as far as possible, any objectives have to be prioritized based on a hierarchy of strategic goals which are realistic and, when achieved, can create positive forward momentum. Examination of budgets reveals that donors already implicitly prioritize between the multiple targets they espouse. The issue, therefore, is to explicitly delineate targets and indicators related to objectives that are actionable, not just aspirational.<sup>70</sup>
- ii) *Holism.* Policies, mental models and practices govern use of organizational resources within donor governments and NGOs, which constrains their level of understanding and lead to a projectized approach. Peace-building and state-building are a continuum, as the DAC understands, and must be judged as such. There has to be interconnectedness between the units of analysis and a real effort to understand how projects relate to programs and to the broader objectives of peace and stability. A program has to bring coherence to projects and be measured in relation to program level objectives rather than project level goals alone.
- iii) *Focus of measurement.* The relationship between the unit of analysis and the instruments available to the international community is important. Donors must focus on evaluation not just of progress in fragile states but more broadly on the relationship between each of the partners (the international community and developing country governments) which can make this progress possible, and the extent to which measurement will create real change on both sides. If the DAC criteria for evaluating development effectiveness were applied to the donors themselves, for example, the judgment would be devastating, and this must be a serious consideration.
- iv) *Uniformity of measurement.* There must be a balance between process and outcome indicators across a uniform time-frame for agreed objectives. Many of the indicators as currently conceived confuse process and outcome in a way that prevents coherent comparative analysis within and across data sets. Moreover, the timeframes for each set of indicators vary so significantly that temporal comparisons of the relevant data are difficult. There has to be comparability and conformity on and across each level of analysis through the creation of a universe of agreement and disagreement, and through identifying objectives in the future and mapping backwards to the organizational change and resources that are needed in the present.<sup>71</sup>

### **III. Strategic goals, critical tasks and indicators**

The 20<sup>th</sup> century demonstrated the destructive nature of politics, but simultaneously the enormous political creativity that can be brought to bear to solve global conflicts. Lessons from this experience must now be learned, internalized and applied by the international community to the problems that the world faces at the beginning of the 21<sup>st</sup> century. An international compact of the sort outlined at the beginning of this section would provide a solid basis for progress in the most difficult development environments and allow the international community and its national partners to develop strategic goals and the related critical tasks and indicators. The MDGs are an expression of our common humanity, and are hence framed as universal. However, intermediate goals in fragile contexts are imperative if the MDGs are ever

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<sup>70</sup> Equally, as mentioned above, donors must understand that the issue is not just the creation of indicators, but also the development of the skills and instruments that can assist developing countries in achieving the progress set out by those indicators.

<sup>71</sup> John Stuart Mill pointed out the importance of the method of agreement and the method of disagreement as basic principles of induction.

to move from the desirable to the feasible, and the knowledge and assets that currently exist need to be closely examined to understand how critical tasks and indicators should be aligned to these goals. A review of literature and practice indicates that central conflict-prevention, peace- and state-building goals are eight fold: inclusive politics; security and consolidation of the rule of law; development of administrative and management capacity; inclusive social policy; effective markets; human capacity development; sub-regional and regional cooperation; and robust natural disaster and environmental management.

In the development of any set of international goals, there is necessarily a dilemma between the desirable and the feasible. As Merilee Grindle has pointed out previously, there needs to be a more nuanced understanding of the evolution of institutions and government capabilities in developing countries; recognition of trade-offs and priorities; learning about what is working rather than focusing solely on governance gaps; and a grounding of action in the contextual realities of each country.<sup>72</sup> Beyond the elements of a new global compact for inclusive development, the goals outlined here and the critical tasks to support them were formulated as an attempt to bring together aspiration and reality through strategic prioritization that allows for achievability but maintains a sense of larger objectives. However, it does reflect serious thinking about the multiple causes of conflict and state fragility and the drivers of stability that can best mitigate and reverse these causes.<sup>73</sup> Problems of international intervention also stem to some degree from the fact that each engagement is considered *sui generis*, with a generalized series of lessons extracted from elsewhere but without an effort to differentiate, which leads to a reinvention of the wheel when every new crisis arises. Equally, the international community tends to rely on blueprinted templates that downplay the importance of starting points and context, and convey an illusory sense of mastery and forward direction. Therefore, while these goals are broadly applicable to fragile and post-conflict situations, contextual analysis must always form an important part of any thinking by national governments and donors as to how best to use or provide international assistance and sequence activities. Priority setting among the mentioned goals and related tasks, as well as the use of specific indicators for progress should be important components of a locally defined strategy for engagement based on joined contextual analysis covering both country and donor characteristics. These goals could be short- medium- or longer-term benchmarks, and sequencing will depend on the application of these objectives to specific contexts.

Measurement indicators will vary greatly depending on the unit of analysis- bilateral or multilateral donors will need to measure progress using very different indicators to NGOs, for example. Peace agreements in themselves also tend to lay out their own contextualized indicators for tasks in post-conflict contexts. Further duplication or substitution of these indicators would be counter-productive. A framework for action must be universally accepted, based on the strategic goals outlined below to allow the specific indicators for the objectives and critical tasks outlined below to be put in place. This will prevent many of the post-conflict performance framework and measurement indicators that already exist being ignored in practice, as is currently the case. A recent U.S. Government Accountability Office report indicates, for example, that the framework for planning and coordinating U.S. reconstruction and stabilization operations ‘has not been fully applied to any stabilization and reconstruction operation. In addition, guidance on agencies’ roles and responsibilities is unclear and inconsistent, and the lack of an agreed upon definition for stabilization and reconstruction operations poses an obstacle to inter-agency

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<sup>72</sup> Grindle, M. *Good Enough Governance: Poverty Reduction and Reform in Developing Countries* (Governance 17 (4) , 525–548) 2004.

<sup>73</sup> See also the European Commission’s Check List for the Root Causes of Conflict:  
[http://ec.europa.eu/external\\_relations/cfsp/cpcm/cp/list.htm](http://ec.europa.eu/external_relations/cfsp/cpcm/cp/list.htm)

collaboration...some partners described the new planning process...as cumbersome and too time consuming'.<sup>74</sup>

Analysis of measurement tools such as the World Bank's CPIA, the UN and World Bank Transitional Results Matrices, Transparency International's Corruption Perceptions Index, Freedom House's Freedom in the World, UNDP's Human Development Index, and the Policy IV indices demonstrate that there is no need to reinvent the wheel, but there is a need to consolidate the extant targets and indicators to allow for coherent benchmarking. These indices were all developed in response to specific sets of concerns and debates, are based on very different methods of assessment and methodologies, and have very different uses. As a result they are not directly comparable. However, the useful elements of each can be drawn out and brought together in a coherent way, with adherence by countries to these central tenets assessed according to the indicators outlined below. Some indicators below can be measured directly according to the existing global measurement tools and scales mentioned above, and others are binary and need to be evaluated on a contextualized basis. Scales for these indicators can be developed, but the first step has to be agreement on the indicators themselves as a measurement of success or failure of specific critical tasks.<sup>75</sup>

Further work is required to identify among these indicators which are most important in certain contexts, and to establish guidelines for areas in which experience suggests more specific indicators may be found. The details of these indicators can, and should be debated- the intention here is to forge a broader conceptual consensus ahead of the meetings in Accra.<sup>76</sup> Agreement on indicators, at least on the part of donors, could be one of the forms of practical expression of the principle of the compact for inclusive globalization outlined above. These could then be discussed and agreed with national governments in specific fragile and post-conflict states as appropriate. The Goals, critical tasks and indicators for conflict prevention, peace-building and state-building are outlined below.

## **Goal I- Inclusive politics**

All societies experience conflict- the question is whether this conflict results in outright violence and political disunity, or whether it can be channeled through a process of orderly and peaceful change to create an inclusive order. In many fragile contexts, politics becomes the key avenue of access to resources and differences among peoples have become grounds for differentiation instead of grounds for celebration and acceptance. As a result, a politics of identity emerges, a winner takes all mindset evolves, and the failure of politics provides the tipping point into violence and fragility. The form of the state does not guarantee it substance, and formal political rules can be subverted for private gain. Current trends do not provide grounds for optimism for the development of inclusive politics in fragile contexts- a January 2008 Freedom House survey found that for the first time since 1994, freedom around the world has suffered a net decline for two successive years.<sup>77</sup> The toll of these developments on the poor is immense and therefore proactive investment in inclusive politics is absolutely critical to generate social trust, ensure a predictable political system and create an inclusive sense of citizenship. National Programs, such as the National Solidarity Program in Afghanistan, can foster this sense of citizenship through transferring

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<sup>74</sup> United States Government Accountability Office. *Stabilization and Reconstruction: Actions are Needed to Develop a Planning and Coordination Framework and Establish the Civilian Reserve Corps*. GAO-08-39 (November 2007), p.3

<sup>75</sup> Systems are not always directly comparable, and therefore are not subject to generic measurement scales, as indicated by the problems the OECD has experienced in measurement of its own organizational systems through the Government at a Glance work. See <http://www.oecd.org/dataoecd/11/61/38134037.pdf>

<sup>76</sup> A suggestion by one DAC member in response to the first draft of this paper was to develop a TRM for each of the eight goals outlined below, and generate public commitment from each donor to these goals, with details of exactly what they will contribute, with specific and verifiable commitments.

<sup>77</sup> Freedom House, *Freedom in the World 2008* available at: <http://www.freedomhouse.org/template.cfm?page=395>

decision rights to communities and allowing these communities to decide upon and implement their own development projects. Once politics fails in a particular way, and in the absence of such mechanisms, the burden of rebuilding the lost of social trust is heavy.

*Critical tasks:*

### ***I. Create legitimacy of the political system***

*Indicators:*

- i) Is there agreement on a Constitution and adherence to formal rules of the game?
- ii) Do informal rules of the game reinforce the formal rules of the game?
- iii) Is the political system designed to avoid a winner-takes-all approach and include historically excluded groups, including women?
- iv) Is there increasing enforcement and realization of citizenship rights?
- v) Is there a positive feedback loop between citizens and rulers to allow citizens to see that their aspirations are met?
- vi) Are people skeptical or hopeful about the political directionality of the country?

### ***II. Ensure orderly succession to high office***

*Indicators:*

- i) Is there respect for the constitutionally agreed terms of office?
- ii) Are there free and fair elections for political leadership?
- iii) Are there orderly mechanisms for the handover of power?
- iv) Is there full disclosure of the assets of the highest ranking officials and adherence to international standards of transparency in that regard?

### ***III. Generate trust in the political leadership***

*Indicators:*

- i) To what extent has the leadership formulated deliverables?
- ii) Is there credible momentum towards achievement of agreed deliverables?
- iii) Is there a separation between the personal and public role of leaders, particularly with regard to the disclosure of assets?
- iv) To what extent has investment taken place in political successors?
- v) To what extent are mistakes acknowledged and lessons from those mistakes learned by the political leadership?
- vi) To what extent is there investment in institutions to move away from character based politics?

### ***IV. Ensure checks and balances***

*Indicators:*

- i) Is there an active civil society that supports freedom of expression, assembly and organization?
- ii) Is there an independent judiciary in practice?
- iii) Is there an adequate balance between the three branches of government?
- iv) Is there an independent Election Commission in name and practice?
- v) Are there independent Anti-Corruption Authorities?

- vi) Is there an independent and credible Auditor General?
- vii) To what extent is there a right to information and disclosure of information to the public?
- viii) To what extent is there a fair and credible process of dispute resolution for grievances against officials?

## **Goal II- Security and consolidation of the rule of law**

State functionality flows from the consolidation of security and the rule of law, and the complementarity of the two. Security has historically been seen as the first state function, with the key assumption that the claim to legitimate monopoly on the means of violence in any given territory was clear. However, in fragile contexts, a variety of actors can use force and control over territory is not uniform. Therefore a key priority for the poor is security, which in turn is a key requisite for development. Security Sector Reform (SSR) is also critical to ensure the transparent and accountable use of state security forces in a way that supports the fair application of national law. The cost of the international deployment of troops indicates the importance of investment in effective, transparent national security sectors, but at the same time, security has not been achieved through the deployment of security forces alone- judiciary, police, public accountability and the rule of law more broadly are all critical. This lesson is being learned case by case and then ignored.<sup>78</sup> Without orderly processes that allow for transparent and effect change to rules, inclusive politics will remain illusory. Law has to be predictable, the state has to be subject to that law, and the law has to become pro poor, so the majority of the people in these countries become stakeholders in the system.<sup>79</sup>

*Critical tasks:*

### ***I. Secure the peace***

*Indicators:*

- i) Is the number of violent deaths per year increasing or decreasing?
- ii) What is the number of military police operations against organized opposition per annum?
- iii) What is the number of kidnappings, homicides, robberies and other violent crimes per year and what is the extent to which these affect freedom of movement, particularly for women?
- iv) What is the extent to which the authorities are themselves perceived to be involved with extra-legal activities?

### ***II. Establish credible security institutions***

*Indicators:*

- i) Do security institutions have a transparent pattern of recruitment and promotion, and policies to recruit under-represented groups?
- ii) To what extent are security organizations professionalized and subject to norms and discipline?
- iii) To what extent is security sector is trusted by the population?

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<sup>78</sup> See for example, Ashdown, P. *Swords and Ploughshares: Bringing Peace in the 21<sup>st</sup> Century* (London: Weidenfeld and Nicolson, 2007), Chapter 4.

<sup>79</sup> With an understanding that in some post-conflict states, it is not realistic to aim to give all citizens access to the formal legal system. In some fragile contexts, justice reforms have focused on the informal system with some success.



- iv) What is the level of pay within the security sector in comparison to civilians in governmental and non-governmental organizations and businesses?

### ***III. Subordinate the security sector to civilian leadership***

#### *Indicators:*

- i) What are the range, functions and responsibilities of the army and police?
- ii) What is their legal status and how strictly are the rights and obligations of the security sector enforced?
- iii) What is the ability of the civilian leadership to change security sector leadership on a legal basis?
- iv) What is the regularity of succession to the highest security sector posts?
- v) What is the role of security sector in political life?

### ***IV. Ensure accountability to the public***

#### *Indicators:*

- i) To what extent is there accountability for security-sector related expenditures?
- ii) To what extent does the security sector respect the fundamental rights of the population?
- iii) To what extent are there credible sanctions against violators of rules in accordance with due process?
- iv) To what extent does civil society monitor the security sector and judge the performance of security sector organizations?

### ***V. Create a system defined by law***

#### *Indicators:*

- i) To what extent are rulers subject to rules?
- ii) To what extent is the judicial system credible
- iii) To what extent are appeals made, heard and acted upon?
- iv) To what extent do checks and balances exist within the system?
- v) Are there credible mechanisms for change of laws?
- vi) How credible is enforcement of legal rights?

## **Goal III- Development of administrative and management capacity**

The claim to a legitimate monopoly over the means of violence comes from the threat of the use of force, not its actual use- the day to day task of government is administration and management. The onset of state fragility stems fundamentally from the perceived failure of the government to administer and manage state resources on behalf of citizens and the perception that the cost of interaction with that government is too high. If the administration becomes from the vehicle for preying on citizens, the politics of exclusion connects to the breakdown of capabilities. In Nepal, for example, one reason for recent violence in the Terai region was that the Madhesi people felt under-represented in government structures and organizations; highly discriminated against in terms of fiscal contributions they make against government spending in the region; and culturally excluded through lack of national recognition of Madhesi language, dress and religion. Young Madhesi activists in Janakpur also indicated to an ISE team that acquiring proof of citizenship- a prerequisite for school attendance, a bank account, foreign travel, and suchlike- is difficult as government functionaries insist on the intermediation of influential elders, thereby forcing young people into patronage relationships with political elites. The abuse of public office for private gain

does not beget corruption, but rather the very purpose of public office becomes in order to benefit personal interests. Capable administration and oversight is the vehicle for collective power and is therefore to state functionality. Administrative capacity is also critical because it includes the public finance function- weak public financial management is the key constraint to effective expenditure of either government or donor financing, and thus the key barrier to effective poverty-reduction policies<sup>80</sup>. Reviews of dysfunctional countries reveal a number of pathologies which require urgent attention. Studies in many sub-Saharan African countries, for example, indicate that up to 90% of public investment does not reach its intended purposes.<sup>81</sup>

*Critical tasks:*

## **I. *Develop specifications for the core functions of government***

*Indicators:*

- i) Has there been any prioritization of state functions?
- ii) What is the relationship between the organization of government and the functions of government? Is there overlapping of authority among ministries?
- iii) Are there checks and balances on functions of government?

## **II. *Specify decision rights across levels of government***

*Indicators:*

- i) Is the focus of capacity on the central government or across the levels of government?
- ii) Are decisions enforceable across the territory?
- iii) What is the measure of reporting and coordination from and to the central government?
- iv) What are the channels of participation in local level decision-making?

## **III. *Develop effective personnel systems***

*Indicators:*

- i) Is there a credible civil service recruitment system, with provisions for the recruitment of women?
- ii) Is there a Civil Service Commission with the authority and resources to enforce a merit based recruitment system?
- iii) Are there short-medium and long-term human development policies to maintain and upgrade skills?
- iv) Are there proper organizations for training?
- v) Are the salaries in the civil service comparable with those in the private and voluntary sectors and international organizations?

## **IV. *Ensure robust systems of accountability and transparency***

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<sup>80</sup> See, for example, General Hillier's analysis as Commander of ISAF in Afghanistan which pointed to "credible institutions" and specifically a "public finance system" as the key drivers of stability and prosperity in the country. ISE reports on Sudan, Lebanon and Nepal underscore the same findings.

<sup>81</sup> See Collier, P. *The Bottom Billion: Why the Poorest Countries are Failing and What can be Done about It*. (OUP, 2007).

*Indicators:*

- i) What financial systems exist?
- ii) What is the extent of transparency of these systems as measured by Transparency International and other indicators?<sup>82</sup>
- iii) Is there an Auditor General who is able to report regularly, with action taken as a result of those reports?
- iv) Are contracts available for public scrutiny?
- v) Is the right to information guaranteed to the public and adhered to?

**Goal IV- Inclusive social policy**

The key lesson of the second half of the 20<sup>th</sup> century and first decade of the 21<sup>st</sup> century is that poverty eradication can take place and that efforts to deal with inherited social distinctions and forms of exclusion are necessary as part of the progression of humanity. This has brought the concept of inclusive social policies to protect the most vulnerable citizens into the public realm through the provision of health, education and basic services by governments. These have become key issues for general societal well-being and sense of social contract. In fragile contexts, where the social contract may have broken down, it is imperative that social policies and the developmental processes that stem from those take account of the social, ethnic, religious, gender or economic fissures that may have caused instability. Human security is best achieved through social policy, but that does not mean that a model of social policy in an ethnically or religiously homogenous country can simply be applied to countries that view societal relations through a very different lens. If a history of exclusion is to be addressed adequately, then the categories through which people have perceived themselves have to be taken seriously and mechanisms of citizenship should be supported that create a wider sense of collective identity.

*Critical tasks:*

**I. *Understanding the structural and situational profile of poverty***

*Indicators:*

- i) To what extent have national and sub-national level qualitative and quantitative poverty assessments been carried out?
- ii) Do robust statistical systems exist with regular updating of data?
- iii) What is the availability of panel data across the territory?
- iv) Have standard of living surveys been carried out?

**II. *Understanding exclusion between and among groups*<sup>83</sup>**

*Indicators:*

- i) To what extent do individuals and groups, including women, have equal access to basic capabilities?<sup>84</sup>
- ii) What is the proportion and distribution of individuals who lack absolute necessities?
- iii) To what extent have positions of power been monopolized by certain individuals or groups?

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<sup>82</sup> [www.transparency.org](http://www.transparency.org)

<sup>83</sup> See Chakravaty, S. and D'Ambrosio, C. *The Measurement of Social Exclusion* (December 2002) available at: <http://www.unipr.it/arpa/defi/papers/social.pdf>

<sup>84</sup> See Sen, A. *Development as Freedom* (New York: Random House, 1999)

- iv) To what extent do individuals and groups, including women, have equal access to the organizations of the state, market and civil society?

### III. *Creating human security*

*Indicators*<sup>85</sup>:

- i) What proportion of individuals enjoys basic income either through employment or a social safety net of some sort?
- ii) What proportion of individuals has access to sufficient food to ensure full health?
- iii) What proportion of individuals enjoy freedom from serious disease and debilitating illness?
- iv) To what extent is the population provided with environmental security in terms of the integrity of land, air and water?
- v) To what extent do individuals of both genders feel safe and free?
- vi) What proportion of communities enjoys community security, cultural dignity and inter-community peace?
- vii) To what extent are individuals protected from human rights violations?

### IV. *Existence of a social policy directed towards mitigation of differences*

*Indicators:*

- i) To what extent is the PRSP a vehicle to promote the mitigation of differences?
- ii) What is the credibility of realization of the PRSP goals?
- iii) To what extent are social policies generalized exhortations as opposed to concrete mechanisms to realize specific rights?
- iv) Is social protection a household responsibility or are there categories of people who are entitled to protection by the state?

### V. *Ensuring a wider developmental pro-poor strategy*

*Indicators:*

- i) Is there inclusive growth, directed towards groups and areas that have been deprived?
- ii) How does the government manage growth and redistribution?
- iii) What is the cost of administering social programs with regard to the value that those social programs produce?
- iv) To what extent does the government base its growth strategies on consultation with deprived groups?

## **Goal V- Effective Markets**

Effective markets are a vehicle for wealth creation and upward social mobility, given that livelihoods do and should stem largely from the market and not the state. However, in fragile contexts, much of the population is often denied access to markets, despite the fact that the poor are consistently productive

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<sup>85</sup> See United Nations Development Program (UNDP). 1994. "Redefining Security: The Human Dimension." *Current History*, vol. 94, pp. 229-236. Also see the UNDP Human Development Report Indicators: <http://hdrstats.undp.org/indicators/>

members of those markets when given the opportunity to participate in them.<sup>86</sup> We know a great deal about the institutional design of markets, and expanding access to economic opportunity must be a central task of peace- and state-building. Markets are essential to state functionality because they have proven effective in delivering certain services through a competitive process. It was a long accepted argument, for example, that telecoms were natural monopolies, but now competitive markets are acknowledged as a far more effective way for the telecoms industry to operate. However, effective markets do not materialize without effective states- there has to be a visible hand, including rules, regulations and enforcement mechanisms to ensure investment and the development of capabilities.<sup>87</sup>

*Critical tasks:*

### **I.      *Developing property rights***

*Indicators:*

- i) To what extent does a rule based governance structure exist in which property rights are reliably respected and enforced?<sup>88</sup>
- ii) What is the number of years required to obtain permission for building?
- iii) What is the extent of informal property holdings or dead capital?<sup>89</sup>
- iv) What is the ease of recording and transacting of assets?
- v) What is the extent of the law of eminent domain?
- vi) How simple are claims processes and the laws that provide for these?

### **II.     *Enforcing contracts***

*Indicators:*

- i) Are contracts enforceable without bribery?
- ii) To what extent is the procurement system for both goods and services credible?
- iii) How deep is the knowledge by the legal profession of legal matters and what is the extent of their ability to make and enforce decisions based on that knowledge?
- iv) What is the timeframe for enforcement of contracts?

### **III.    *Ease of doing business*<sup>90</sup>**

*Indicators:*

- i) How easy is it to start a business?
- ii) How easy is it to obtain all of the necessary licenses, permits, certificates and clearances?
- iii) How stringent is the regulation of employment, specifically as it affects the hiring and firing of workers and the rigidity of working hours?
- iv) How well do collateral and bankruptcy laws facilitate lending?

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<sup>86</sup> See, for example, Prahalad, CK. *The Fortune at the Bottom of the Pyramid* (New Jersey: Wharton School Publishing, 2005).

<sup>87</sup> Indeed, market failure has certainly not been eliminated, and therefore public policy is essential, as the recent housing crisis reminds us.

<sup>88</sup> See the World Bank's CPIA ratings, Criteria 12: Property Rights and Rule Based Governance. World Bank. *Country Policy and Institutional Assessments 2006 Assessment Questionnaire* (OPCS, December 11<sup>th</sup>, 2006).

<sup>89</sup> One way of measuring dead capital has been developed by Hernando de Soto's Institute for Liberty and Democracy. See <http://ild.org.pe/en/whatwedo/program> for more details

<sup>90</sup> See <http://www.doingbusiness.org/>

- v) What is the coverage, scope, quality and accessibility of credit information available through public and private credit registries?
- vi) What is the strength of minority shareholder protections against directors' misuse of corporate assets for personal gain?
- vii) What is the level of taxes and mandatory contributions that a company must pay or withhold in a given year?

#### ***IV. Depth of financial markets***

##### *Indicators:*

- i) Is there a functioning banking sector?
- ii) What is the availability of insurance?
- iii) Is there a functioning stock-market through which stocks can be traded?
- iv) Is there access to venture capital and what is the depth of this access?

#### **Goal VI- Human Capacity Development**

Competitiveness in our globalized world now depends on the development of a skills base. Economies cannot grow and markets cannot expand without the people with the know how to support economic growth and maintain the environment in which that growth can take place. Where there is a predictable path for economic betterment, people harness their abilities and support the social order, which in turn legitimates that order. Equally, the consequences of failing to invest in human capital are clear: high degrees of inequality, lack of social mobility, and persistent poverty. It is also chronically expensive and counter-productive for the international community, which continues to substitute for national capacity through Technical Assistance (TA) rather than creating it through targeted skills building. Therefore, investment in people must be a central fact of peace- and state-building, which requires a fundamental redesign of training to target the core state, market and civil society functions in fragile states.<sup>91</sup>

##### *Critical tasks:*

#### ***I. Investing in leadership and management for state and market***

##### *Indicators:*

- i) What are the key areas on which Technical Assistance has been focused?
- ii) Is there a medium-term strategy for exit from TA and to produce these capabilities domestically?
- iii) What are the priority areas for administration and economic management and how many nationals have the necessary skills for these priority areas?
- iv) Where are the skills being produced (domestically or internationally) and at what cost?
- v) How many institutions of higher education meet international certification?
- vi) What is the comparison of wages in the private sector and public sector?
- vii) What is the comparison of wages within international organizations and NGOs to national wages?

#### ***II. Providing equal access to training***

- i) What is the gender balance in terms of access to professional training and higher education?

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<sup>91</sup> Basic education in fragile contexts is also key. Citizens in these countries do need to develop the skills of compromise, negotiation, communication and dialogue, among others. This section, however, focuses specifically on the capacity necessary to ensure effective fulfillment of state functions.

- ii) Are there distinctive biases for training in favor of certain social, ethnic, religious or economic groups?
- iii) Are there social policies to provide equal access to training and to what extent are these adhered to in practice?
- iv) To what extent does training and higher education explain and incorporate differing national perspectives, viewpoints and histories?

### **III. *Creating market oriented skills***

#### *Indicators:*

- i) Is the skills base a draw or a constraint to investment?
- ii) Is labor priced at an attractive level with regard to the region and sub-region?
- iii) What is the availability of vocational skills?
- iv) What is the degree of computer literacy?
- v) What is the level of real and hidden unemployment (with a particular reference to youth)?

### **IV. *Developing numeracy and literacy.***

#### *Indicators:*

- i) What is the net enrollment ratio in primary education?
- ii) What is the proportion of pupils starting grade one who reach grade five?
- iii) What is the literacy rate of 15-24 year olds?<sup>92</sup>
- iv) What is the proportion of girls in primary and secondary education?

## **Goal VII- Sub-Regional and Regional Cooperation**

Neighboring countries affect each other both negatively and positively in substantive ways, but regional issues have not been at the center of development strategies. As the DAC itself points out, non-OECD emerging powers ‘need to be considered and treated as main stakeholders. This in part because they can play active roles- either for peace, or for fostering conflict or waging war.’<sup>93</sup> Conflicts are often clustered throughout regions- around the Mano river, the Great Lakes or the Balkans, for example, and the spillover effects of violence, health pandemics, crime and other negative externalities from one country to another are significant.<sup>94</sup> Equally however, regional cooperation- ranging from security through regional organizations to trading links through private companies- can support and reinforce positive political and economic developments. Steel and coal were the source of some of the most intense fighting in history in Europe, but a pragmatic approach to those resources became the foundation for the European Union. Concrete avenues for cooperation are possible for fragile areas of the globe and the larger threats that are now global in nature require multi-stakeholder sub-regional and regional approaches.

#### *Critical tasks:*

### **I. *Ensuring security***

#### *Indicators:*

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<sup>92</sup> See <http://www.mdgmonitor.org/goal2.cfm>

<sup>93</sup> *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD-DAC, 2001), p.47

<sup>94</sup> Estimated by Paul Collier to be 3.41 times the initial GDP. Collier, P. and Chauvet, L. *Development Effectiveness in Fragile States: Spillovers and Turnarounds* (Oxford University, January 2004, p.4)



- i) Are there cross-country rebel movements and movements of weapons?
- ii) Are there active attempts by one government to undermine or overthrow a neighboring government?
- iii) Is there a cooperative framework for security, including criminality, across the region?
- iv) Are there joint funding mechanisms and training to support the development of regional security forces?

## II. *Promoting trade and investment*

### *Indicators:*

- i) What is the extent of openness to trade?
- ii) To what extent do legal frameworks for trade exist across the region and what is the credibility of enforcement of these frameworks?
- iii) What is the ease of transit of goods across borders as measured by the number of days it takes to transport those goods?
- iv) How predictable are transactions and what is the degree of fairness or discrimination within those transactions?
- v) What is the extent of openness to investment?

## III. *Developing joint infrastructure*

### *Indicators:*

- i) Is there agreement and mechanisms for management of water and riparian resources?
- ii) Is there common management of oil and gas pipelines and to what extent is there disruption to supply?
- iii) To what extent are electrical power grids shared?
- iv) To what extent are railways, roads and air transit systems linked and functioning?

## IV. *Protecting the environment*

### *Indicators:*

- i) To what extent does a framework for cooperation exist for response to environmental emergencies?
- ii) To what extent is there active management of natural resources and ecological systems?
- iii) Are there pooled resources across the region and sub-region to support joint preparedness and response?
- iv) Are regional mechanisms being developed for joint alternative funding mechanisms?

## **Goal VIII- Robust natural disaster and environmental management**

There is now a scientific consensus on the existence of global warming and the environmental effects that this can have. Current projections indicate a 1 to 6 degree warming of the planet over the next 25 years. Management of scarce resources such as water, pastures and forests now require a much more diverse approach and must be harnessed to innovative funding mechanisms. When considered through traditional modes of development thinking, environmental issues may not seem like a priority in post-conflict and fragile contexts. However, fragile countries are both the hardest hit by natural disasters and environmental issues, and simultaneously the least able to deal with these problems in the short-time frame that exists to

do so. Development in Haiti, for example, has been continually set back by the destruction caused through flooding as a result of deforestation and the inability of the state to respond to disasters effectively. Even in more developed countries, major environmental crises recently have indicated the distinct lack of global preparedness for environmental challenges. Equally, information technology is now rapidly expanding possibilities- flood warnings can be developed through satellite imagery, for example, allowing fragile countries to predict and prepare for disasters. In this case, many of the indicators below apply as much to developed countries as fragile and post-conflict states given the nature of environmental issue that do not respect political borders- without significant changes in collective behavior progress will not be possible in the weakest state environments.

*Critical tasks:*

## **I. *Using of alternative energies***

*Indicators:*

- i) What is the percentage of energy derived from hydro, wind and solar power, and to what extent is this managed at the community level?
- ii) What is the degree of financing derived from off-setting or carbon trading?
- iii) Is there common licensing for environmentally friendly manufacturing?
- iv) What is the level of resources devoted to the study and development of environmentally friendly energies?
- v) To what extent are innovation facilities developing new ideas to counter environmental issues?

## **II. *Developing a risk profile of vulnerability and early warning systems***

*Indicators:*

- i) What is the availability of information and to what extent has there been the development of an early warning system for disasters, nationally, regionally and globally?<sup>95</sup>
- ii) To what extent do the capabilities exist for communication with the public on early warning?
- iii) What is the level of public awareness and communication by the government on these issues?
- iv) To what extent has preventive action taken place, from the design phase onwards?
- v) To what extent has there been movement to deal with the slow onset consequences of climate change in a coherent manner?

## **III. *Ensuring organizational preparedness for dealing with emergencies***

*Indicators:*

- i) Is there a specific organization with responsibility for emergencies and with a clear line of authority and coordination mechanisms?
- ii) Is this organization adequately funded relative to the past history of disasters in a given country?
- iii) Is this organization staffed adequately?
- iv) Does this organization have the networks and affiliations necessary to operate effectively and to connect to relevant local level organizations or groups?
- v) What was the evaluation of the last performance of this organization and what has it done to overcome the problems experienced previously?
- vi) What other parts of the government can this organization call on to assist in emergency situations?

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<sup>95</sup> Systems such as the Famine Early Warning System Network (FEWSNET) can now accurately predict vulnerability to certain types of environmental issues.

#### **IV. *Improving coordination***

##### *Indicators:*

- i) Are there rules for coordination and designation of responsibility for coordination?
- ii) Is there an agreed information management and data entry system?
- iii) Is there agreement on the sequence of activities and responsibilities? (When do internationals leave and what happens next?)
- iv) What is the extent of resource mobilization versus the scale of the problem?

#### **V. *Developing effective humanitarian response***

##### *Indicators:*

- i) What is the rapidity of response?
- ii) How effective are provisions for basic needs in disaster situations?
- iii) To what extent is there transitional planning from disaster to recovery and for the recovery of assets and livelihoods?
- iv) What is the fairness of targeting and access to relief, as measured by a credible process of feedback and surveys?

#### **VI. *Creating capacity for post disaster management***

##### *Indicators:*

- i) How quickly and effectively are the agreed policy and assistance programs put in place?
- ii) What is the effectiveness of implementation of agreed policies?
- iii) To what extent are performance evaluations carried out to learn lessons and establish accountabilities?
- iv) What is the extent to which those lessons are implemented to change future practice?
- v) What is the extent to which information is disclosed to the public?

### **Conclusions**

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The international community has come a long way in terms of re-evaluating its engagement in fragile and conflict-affected contexts. The scale and scope of the problems that these countries present are now beginning to be appreciated, and at an analytical level it is recognized that aid practices can actually undermine rather than support conflict-prevention, peace-building and state-building objectives. The key blockage to more effective outcomes is the inability to translate important progress at the analytical level into concrete changes at the operational level, and the lack of adequate tools to measure progress. There has to be a link between a theoretical solution and an actual solution for those that are affected in these countries.<sup>96</sup> This issue fundamentally affects the extent and nature of objectives, critical tasks and indicators to measure conflict-prevention, peace-building and state-building. There is no shortage of goals and measurement tools, but these often indicate desirable rather than feasible and credible outcomes, and are not based on a candid evaluation of the constraints that currently exist within the international system which prevent coherent engagement in these contexts.

Objectives, targets and indicators cannot be conceived of in the abstract, as tools that apply only to national governments, but must themselves be applied and relate to the activities of donors. A conflict

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<sup>96</sup> Interview with Carolyn McAskie, January 2008

prevention, peace-building and state-building agenda cannot be consolidated until the damaging aid practices currently carried out by the international community change substantively, but the incentives, instruments, culture and practices of aid agencies do not seem to be changing with any degree of urgency. Decisions have to be made and political will generated at the highest levels to support a new compact for inclusive globalization that changes the framework for international engagement in fragile and conflict-affected states positively. The High-Level Forum in Accra will provide both a sobering experience for donors, given the lack of progress to date against the Paris Declaration, and a further opportunity to generate a realignment behind such a compact at the highest levels.

The MDGs are illusory in fragile contexts without the development of intermediary peace and state-building goals which specifically address the institutional and capacity constraints that these states face. Conflict-prevention, peace-building and state-building objectives and critical tasks can be delineated in the current context, but these must be achievable, holistic and organized in a way that allows comparison across domains. The creation of critical tasks and indicators to support and measure progress towards the goals outlined here is not a question of duplicating existing indices or tools, but rather of bringing together the most valuable aspects of those existing frameworks. The ability of the international community to truly work together on these tasks depends, however, on larger choices that are made to address current constraints to action and degree of consensus on these larger choices. This paper has outlined a framework for action- a compact for inclusive globalization- that if universally accepted, can be supported by the objectives and critical tasks outlined. Moving forward, further work is required to identify among these goals and indicators which are most important in certain contexts, and how each should be prioritized over the short and medium-term- that is not something that can be concluded here. The details of indicators can, and should be debated- the intention in this paper is rather to forge a broader conceptual consensus ahead of the meetings in Accra. Agreement on indicators, at least on the part of donors, could be one of the forms of practical expression of the principle of the compact for inclusive globalization and a way for donors to engage national governments in fragile contexts on substantive state-building issues.

The objectives and the critical tasks outlined in this paper cannot be applied generically across and fragile and post-conflict contexts. They require refinement and consensus, which can only come about through analysis and discussion. This will be particularly difficult because these goals are also not easy or straightforward, and there will no doubt be resistance to the changes suggested given that they require a significant shift in thinking and practice. While donors must be necessarily modest about the role they can play in supporting development, these objectives are achievable and necessary, given that the international community has finally realized that the current conflict prevention, peace-building and state-building efforts fall short. However, if donors truly want to improve outcomes in fragile states they must use the High-Level Forum in Accra as an opportunity to generate alignment behind a new global compact for inclusive globalization, generate thinking on these goals, tasks and indicators, and mobilize the political will for substantive change.

## Annex I: The Institutional Syndrome of Conflict

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In addition to the underlying causes of conflict and fragility, an institutional syndrome of formal and informal relationships can emerge during conflict which can become entrenched and further drive that conflict. The difficulty of breaking these relationships is reflected in the increased likelihood of reversion to conflict associated with a history of violence. As every conflict is unique, the weight and combination of each of these factors will vary, but basic characteristics of a post-conflict syndrome can be distilled from the analysis of patterns across multiple cases.<sup>97</sup>

- i) *Armed groups.* When armed groups emerge, they acquire organizational needs from the sale of armaments to the provision of shelter and housing for large numbers of soldiers. To finance these needs, armed groups have frequently attempted to extract high-value natural resources such as precious stones, or to engage with the global criminal economy to produce and export illicit goods.
- ii) *Regionalization.* As rival groups struggle for control over territory, citizen identity can weaken in favor of oppositional regional identities that may emphasize ethnic or tribal affiliations. This process can call into question acceptance of existing international boundaries, and severely complicate the peace process.
- iii) *Networks of support.* A network of local and global interests typically emerges that stands to gain from continuation of conflict. The relations forged between armed groups and economic actors have often resulted in the criminalization of post-conflict economies which in turn has highly destabilizing effects on rule of law, trust in formal state institutions and can threaten peace itself.
- iv) *Ungovernable flows of people and aid across borders.* The emergence of refugees and internally displaced persons and the process of repatriation and humanitarian support are part of the pattern of conflict. Educated people tend to flee, sapping human capital and making the transition back to peace harder to achieve and sustain. The humanitarian community largely establishes offices in neighboring countries and depends on intermediaries to run operations, which must then negotiate and accommodate armed groups. Where effective control of territory is lost, the space can become a haven for criminal and terrorist actors, which have an interest in perpetuation of the conflict, or the installation of allies into the government.
- v) *Opaque decision making and dominance by a small elite.* Secrecy and reliance upon trust on networks of family, close kin, and military affiliations are not compatible with the demands for transparency and accountability that are at the heart of effective systems of governance. When strongmen and small elites lay down arms and become part of the government, their difficulty in adapting to new forms of behavior can destabilize the peace and undermine rule of law and the reinforcing bonds of trust between state and citizens, producing exit from political process and renewal of violence.
- vi) *Erosion and loss of trust in formal state institutions.* Deepening loss of trust is a central legacy of the syndrome of persistent conflict. This legacy of conflict can hamper efforts to restore peace through creation of legitimate institutions of governance capable of channeling conflict and

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<sup>97</sup> The politics of anti-colonial or anti-authoritarian resistance movements often stand in sharp contrast to this syndrome, as the objective of those movements was to take over state institutions from colonial or authoritarian states. See Ghani, A. Lockhart, C. and Carnahan, M. 'An Agenda for State-Building in the Twenty-First Century'. *Fletcher Forum of World Affairs* Vol. 30:1, Winter 2006

creating an inclusive political, social and economic order made predictable by the rule of law. This erosion of trust can form a serious obstacle to peace-building and state-building objectives and can contribute to causing a renewal of violence.

## **Selected Interviews**

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James Dobbins, Director, International Security and Defense Policy Center, RAND National Security Research Division, January 2008

Jan Egeland, former United Nations Under Secretary General for Humanitarian Affairs, January 2008

Jan Eliasson, Special Envoy to Darfur, and former President of the United Nations General Assembly, January 2008

Hilde Johnson, former Norwegian Minister of International Development and Member of the Norwegian Government, January 2008

Carolyn McAskie, United Nations Assistant Secretary General for Peacebuilding Support, January 2008

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