



Citizen-Centered Approaches
to State and Market



Ending Extreme Poverty in Fragile and Conflict-affected Situations

Submitted to the High Level Panel on the Post-2015 Development Agenda

Clare Lockhart and Sam Vincent

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Institute for State Effectiveness

600 New Hampshire Ave NW
Suite 900
Washington DC 20037

+1 (202) 298-5959
info@effectivestates.org

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BACKGROUND RESEARCH PAPER

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This paper reflects the views of the author and does not represent the views of the Panel.

It is provided as background research for the HLP Report, one of many inputs to the process.

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Technical Paper for the UN High-level Panel on the Post-2015 Development

Agenda

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Introduction

The High Level Panel on the Post-2015 Development Agenda has set the goal of ending extreme poverty by 2030 as the key task for a widely anticipated successor set of development goals. While acknowledging the daunting range of issues with which framers of the post-2015 agenda are confronted, this technical paper is confined to informing how the Panel might address the challenge of ending extreme poverty in fragile and conflict-affected situations by 2030. To address this question, the paper sets out (i) some observations on the changed context in which fragility and conflict exist; (ii) the current state of lessons and policy agreement and divergence on the *why* of peace and security; (iii) the critical role of institutions – understood as the formal and informal rules of the game – both as constraints and as foundations to development; (iv) some recommendations on *what* key elements are needed in laying institutional foundations; (v) the “*how to*” and responsibilities for implementation of the goals; (vi) some reflections on the Millennium Development Goals, particularly in relation to their impact in fragile and conflict-affected situations; and (vii) the implications of current understandings of conflict and fragility for the post-2015 development agenda.

Summary Observations and Recommendations

- Extreme poverty cannot be addressed without tackling poverty – and therefore the constraints to development – within countries affected by conflict and stability.
- At the heart of the development challenge in countries afflicted by/ emerging from conflict is the question of whether institutions are capable, inclusive and accountable, and able to meet citizens’ core demands for security, justice and well-being. A minimally functional set of core institutional capabilities is a pre-requisite and foundation for development processes to take root and be sustainable.
- The core issues of security, justice, political inclusion, well-being, accountability in use of funds, and management of neighbours usually loom particularly large in these contexts. Such issues should be considered both from the perspective of whether they are drivers of conflict and as to where the drivers of stability lie.
- The primary responsibility for meeting citizens’ needs rests with their governments. Where there has been a breakdown in state functionality, law and order and external support is required, that support should be geared towards re-establishing domestic capability to perform functions in an accountable and fair manner, once urgent needs have been met.
- The “how” of implementation matters, especially so in weak institutional contexts. Care must be taken to avoid undermining institutional capability, and hand over functions as soon as practically possible. The sequencing of priorities, policies and programs should be carefully calibrated to the needs of the context. To tackle challenges of conflict and fragility, external and internal actors need a clear understanding of the strengths and weaknesses of state functions, together with an understanding of the linkages between state, market and civil society in any context.

- For governments to meet their obligations to their citizens, and legitimate markets to flourish, a critical constraint is human capital within the country to provide managerial and technical capability. Addressing this constraint with investment in education and training should be a high priority and will require moving beyond a focus on primary education to a balanced approach geared to a sustainable public and private sector.
- The post-2015 MDG agenda should recognize the centrality of issues of concern in fragile and conflict-affected countries. Options for addressing these concerns include having a separate goal or goals related to establishing capable institutions, addressing issues across other goals, establishing a set of institutional foundations as enablers for development, and/or having a particular set of indicators for a self-selecting group of countries, or guidance to be taken into account for each country-negotiated pathway where conflict and fragility looms large. Each of these options has pros and cons; we would recommend a combination of the last three options.
- If the last option is taken, care should be taken that the presence within this category does not become a trap or stigma, and that mechanisms exist for adjustment and review in light of changing circumstances.
- If the international community is to help address the challenge of fragility and conflict, then it must continue to change its practices. Key dimensions of this include working across the dimensions of security, political development, and social and economic development; working to ensure that its practices do not fragment the rule of law; and supporting investment in domestic skills and capabilities so that fragile and conflict affected countries can move increasingly towards self-management and governance. A set of indicators and targets for international actors should be considered, along the lines of recent agreements on “mutual accountability” frameworks.

- Attention to an agenda of peace-building and state-building requires investment in supporting the emergence of the legal economy, jobs and the market
- Attention to an agenda of peace-building and state-building needs to be grounded in recognition that the citizens are the source of legitimacy and the litmus test of state effectiveness, and the need for accountability mechanisms and an active civil society to balance state and market.

I. The Changing Context

i) The changing global composition of poverty and extreme poverty

Where poverty had been concentrated predominantly in the poorest countries during the MDG period 2000-2014, there is agreement that the geographical composition of global poverty has been undergoing significant change as a number of countries have graduated to middle income status.¹ There is some debate as to whether the majority of the world's poor in 2015-2030 will reside in middle income or low-income countries. While the total number of people living in extreme poverty has fallen dramatically in recent years, it is estimated that for the first time in history the majority of the world's poor will soon live in fragile and conflict-affected states, if they do not already.² Adding further nuance to this picture, some of these fragile and conflict-affected states will be regions within middle-income countries such as Iraq, Pakistan and Nigeria.³ Indeed, it is suggested that while a decade ago most fragile states were low-income countries, today close to half are middle-income countries.⁴ Meanwhile, the concentration of poverty is projected to shift from Asia to Africa.

¹ Sumner (IDS, 2011), Kharas and Rogerson (ODI, 2012), Chandy and Gertz (Brookings 2011)

² Kharas and Rogerson (ODI, 2012: 7), Chandy and Gertz (Brookings, 2011: 10)

³ The so-called Middle Income Fragile and Failed States (MIFFS)

⁴ OECD 2013

While tackling poverty and eradicating extreme poverty will require continued efforts on the part of middle income countries, particularly India and China which contain the absolute majority of the world’s poorest people,⁵ extreme poverty will not be eradicated unless fragile and conflict-affected states (of both low and middle income status) and their international partners manage to devise workable, durable solutions to the profound challenges they face. The shifting geographies of poverty and fragility are nicely summarised by Gertz and Chandy (2011) as follows:

<i>Share of world's poor by country category</i>						
2005			2010			
Fragile	19.6%	0.9%		Fragile	23.7%	17.1%
Stable	53.9%	25.6%		Stable	10.4%	48.8%
	LIC	MIC			LIC	MIC

Source: Gertz and Chandy 2011

Not only is the pattern of poverty changing, the reality and perception of the gap between rich and poor is widening, with growing middle classes emerging in many countries, and a super-wealthy elite now a feature of most societies, including the poorest.⁶ The perception and reality of this gap can clearly affect stability, as seen by protest movements around the world in recent years.

⁵ Sumner 2012

⁶ Sumner 2012

Where the population structure will age in middle-income countries, high birth rates will mean low-income fragile states remain youthful, in most fragile states the 15-34 age group will continue to make up over one third of the population through 2020 and beyond.⁷ It is further suggested that the ‘youth bulge’ in such countries may exacerbate the risk of fragility and conflict.⁸ In this context, education, skills and employment will be major challenges. Urbanization of these populations similarly looks set to continue, posing profound rural and urban challenges. The rapid rise in innovation and use of technology brings new possibilities and threats.

Urbanization is a further significant trend. According to the UN, between 2011 and 2050, the world population is set to increase by 2.3 billion from 7 billion to 9.3 billion. Over the same period, the number of people living in cities will grow by 2.6 billion, from 3.6 billion in 2011 to 6.3 billion by 2050. Consequently, the world rural population will actually begin to fall. By 2020 half the population of Asia will be urban, and by 2035, half the population of Africa will have followed suit. The majority of this urbanization will take place in developing countries, and by 2050 64% of the population of the developing world will be urban.⁹ Trajectories of urbanization in fragile states can be projected as follows:

Urbanization (% of population)	2000	2015	2050

⁷ OECD 2013

⁸ Cincotta et al 2003

⁹ United Nations, Ecosoc 2011

Fragile States	33%	38%	56%
Global Average	46%	54%	67%
<i>Source:</i> ISE based on ECOSOC demographic data and OECD list of 43 fragile states (excl. Kosovo)			

Environmental degradation, particularly in relation to climate change, is likely to place additional pressures upon the poorest in fragile states, and suggests a range of challenges in the context of rapid urbanization, widespread slum-dwelling and the vulnerabilities that this entails.

The role of aid is changing, too. Remittances, significant and growing foundation funding, the emergence of new bi-lateral donors, south-south cooperation and increasing private investment in low income countries, especially in the natural resources sector, all have major implications. Aid is no longer the single biggest financial flow, even to the fragile states, but is increasingly overshadowed not only by private capital flows to many countries, but capital flight out of the countries. As recognised by the 2011 *Busan Partnership for Effective Development Co-operation*, there is a need to widen the debate beyond aid effectiveness (important though this remains) to the ‘challenges of effective development,’ encompassing South-South and triangular co-operation and recognition of the ‘central role of the private sector.’¹⁰

Trade and investment as drivers of inclusive economic growth are the only sustainable ways to provide jobs and livelihoods at scale, and underwrite the revenue base for the services

¹⁰ OECD 2011

required to tackle poverty. Fragile and conflict-affected states are often considered as poor and with dim prospects for future prosperity. Yet, more than three quarters of the countries listed as ‘fragile or failed’ contain significant mineral or energy deposits, indicating significant potential for revenue generation but also serious challenges for natural resource governance and the ‘resource curse’.¹¹ Many of the countries that are termed as fragile or post-conflict by international organizations and development agencies are also termed “frontier markets” by investors. The deep challenges of insecurity, extreme poverty, marginalization and exclusion should not be brushed aside, but country context should be read through the lens of its potential and opportunities as well as its risks.

ii) The contemporary nature of war and conflict

The nature and character of violent conflict has also changed. While the number of civil wars has declined significantly since peaking in the 1990s, for every casualty from a recognized war there are now nine casualties of organized crime and intra-state conflicts.¹² At the same time, the character of violence has undergone a shift, so that ‘21st-century violence does not fit the 20th-century mould.’¹³ Contemporary conflict is characterized by the blurring of boundaries between forms of violence, combatants and civilians, motivations for fighting, and the lack of clear front lines or battlefields. Similarly, a declaration of peace is unlikely to mean an abrupt end to violence. Where wars may contain significant pockets of tranquillity, ‘post-conflict’ environments can be characterized by significant violent activity, often triggered by elections.

¹¹ Lockhart, 2012

¹² UNDP Press Release, 2013

¹³ WDR 2011, p.2

Second, there has been recognition that the categorisation of countries as ‘fragile’ or ‘conflict-affected,’ risks obscuring the great cross-context diversity. There has been recognition that conflict and fragility can be driven by a variety of disparate factors that can interact differently in different settings, including: failure of economic growth; lack of inclusive growth; inability to perform state functions; exclusionary practices by the state; arbitrary governance; external difficulties.¹⁴ There have been various efforts to distinguish between different types of fragility. Clearly, South Sudan does not face the same challenges as Syria. Different typologies attempt to disaggregate situations of conflict and fragility in different ways. For example, conflict and fragility could be categorised according to the source of the conflict: institutional disintegration at the centre (as in Nepal) could be distinguished from countries in which separatist movements have arisen within multi-ethnic states (as in Yugoslavia and Ethiopia), countries suffering persistent conflict (Democratic Republic of Congo, Somalia), state repression to quell dissident movements (El Salvador, Guatemala, Sudan. Exhaustive typologies are difficult to achieve since the conflict and fragility are seldom mono-causal. Sub-dividing fragility in this way may be helpful provided that it is recognised that all countries are unique. New states such as East Timor, South Sudan and Kosovo might be distinguished from authoritarian states in transition, or countries in endemic conflict, but these new states all face distinctive challenges. In order to evaluate each unique context, the World Bank recommends assessing the type of violence, the particular combination of international and external stresses, institutional challenges, the stakeholders that will need to be engaged, and the transition opportunities available.¹⁵ The factors affecting fragility, and the balance between them, change over time. Finally, it is important to distinguish between factors that can produce fragility or conflict and factors that can sustain existing conflict. This multi-dimensionality implies the need for a multi-dimensional

¹⁴ This list was produced by synthesizing ‘drivers’ identified in a survey of literature on the subject. ISE, 2008.

¹⁵ WDR 2011, pp.248-250

approach encompassing and grasping the linkages between development, politics, security and justice, among others.¹⁶

II. The Debate on Addressing Extreme Poverty in Fragile and Conflict Affected Settings

Since the agreement on the MDGs in 2000, the challenges of violent conflict and fragility have come to the centre of development concerns. Recognition of the linkages between peace, security, governance and development is not new but has grown from the 1990s debates on ‘linking’ relief and development, as well as growing on-the-ground experience of co-ordination between multi-lateral and bi-lateral aid agencies, NGOs and military actors. The *Carnegie Commission on Preventing Deadly Conflict* (1998), and the *UN High Level Panel on Threats, Challenges and Change* (2004), among many other major international reports, had recognized the pre-eminence of establishing peace and security in order for development processes to take root, the importance of well-being and socio-economic progress in order to establish and maintain peace, and the fundamental importance of capable states in both keeping the peace and underwriting development.

Although the Millennium Declaration itself contained no specific goal on reducing violent conflict, it encouraged the international community to maintain peace and security, including ‘by giving [the UN] the resources and tools it needs for conflict prevention, peaceful resolution of disputes, peacekeeping, post-conflict peace-building and reconstruction.’¹⁷

Nonetheless, the declaration carefully partitioned peace and security issues from development

¹⁶ Brinkman, 2013

¹⁷ UN Millennium Declaration, 2000

and, unlike the passages on development, did not impose time-bound, measurable objectives (see section VI, below).

By 2011 it had once again become clear that violent conflict and fragility were major barriers in the way of attaining the MDGs: no low-income fragile or conflict-affected country has yet achieved a single MDG. 1.5 billion people, more than a fifth of humanity, live in such circumstances.¹⁸ Tackling poverty in these contexts is exceptionally difficult. Conflict has a severe negative impact on economic growth; in addition to the obvious hardships and human tragedies imposed on populations by violent conflict, the WDR 2011 found that on average a country that experienced major violence over the period 1981 to 2005 has a poverty rate 21 percentage points higher than a country that saw no violence.¹⁹ Poverty is widely considered both the result of conflict, and a driver for future conflicts, and violent conflict has even been described as ‘development in reverse.’ Issues of conflict and security have come back to the centre of thinking about international development in both academic and policy circles.

There is now widespread international consensus, including across the G7+ countries, that part of the reason for the intractable nature of fragility and conflict is the existence of ‘conflict traps’ and vicious cycles of weak governance, poverty and violence.²⁰ Accordingly, there is increasing focus on how such cycles can be broken, redirected, or replaced with virtuous alternatives.

¹⁸ In this paper ‘conflict’ is used as short-hand for ‘violent conflict’. We recognize that there is a difference. Fragility and conflict must also be distinguished. While conflict exists in all societies, fragility is characterized by the lack of effective channels for managing conflict peacefully. ISE 2008

¹⁹ WDR 2011, p.5

²⁰ Collier, P., et al. 2003

A core insight here has been that making this leap from fragility/conflict to stability needs to be understood not as a single transition, but as simultaneously attempting multiple, interconnected transitions. These multiple transitions should not be understood discretely, but as a set of reinforcing and interconnected activities that can underpin the creation of virtuous cycles.

Multiple Transitions from conflict/fragility to stability

<i>From</i>	<i>To</i>
Conflict	- Politics and security
Charisma	- Management and institutional accountability
Opaqueness	- Transparent management of public finances
Absence of service delivery	- Nurturing human capital
Oppositional identities	- Citizenship rights and formation of a civil society
Destruction	- Creation of infrastructure
Subsistence and war economy	- Market economy
Diversion and privatisation of state assets	- Creation of public value
Marginalisation and illegitimacy	- Assuming responsibilities as a member of the international community
Rule of the gun	- Rule of law

Another significant advance in learning has been increasing consensus that existing aid instruments are poorly fitted for work in fragile and conflict-affected environments. There is an active debate as to whether development – as pursued through the disbursement of aid – might actually exacerbate fragility and conflict. Perhaps the fundamental difficulty has been that conventional mechanisms of development partnership presuppose a functioning government with which to partner. Where state institutions are themselves in question, the mechanisms of international assistance have often undermined the key goal of consolidating legitimate and effective state institutions and legitimate market activity.

A number of critical problems have been widely identified, including:

- *The Donor rush*

In many instances, a crisis or window of opportunity creates a significant degree of donor support and engagement. While welcome to some degree, it can create a flood of visitors, projects and money which can overwhelm local institutions, people and processes – as it would in any context. Overcoming this then creates its own issue of “coordination” where it is not clear that more coordination solves the basic issue of too many projects, people and too much money – and just builds another bureaucratic layer on top of a cumbersome process. It is not coordination, but rather better design of strategy, program and processes that are at issue.

- *Parallel structures*

Aid actors have often responded to perceived lack of will or capacity to deliver basic services, including health and education, by establishing their own parallel systems of provision. This 'dual state' has been criticised both for its lack of sustainability and for undermining the state itself by sustaining a disconnect between the state and service delivery, and therefore the creation of bonds of citizenship. While there may be a need to establish such systems in some situations, it is vital that time-bound mechanisms are established through which the state can progressively take on functions. This requires concrete, time-tabled plans for co-creating the requisite human and institutional capitals.

- *Project aid model*

Development assistance continues to be delivered predominantly through establishing thousands of discrete projects- it is estimated that in 2007 over 90,000 projects were running across the developing world.²¹ While projects can be an effective delivery mechanism, they suffer from a number of well-documented problems. When driven by donor rather than national priorities, and funded outside the national budget (raising vital planning and coordination, as well as legitimacy questions²²), passed through expensive layers of sub-contracting, and implemented through specially-created units outside government rules and regulations, projects have been seen to cause fragmentation and confusion, while not necessarily representing value for money. Reporting requirements impose a heavy burden upon national governments, and auditing at the project level proves extremely expensive. Once facilities such as schools are created, they need to be staffed, equipped and maintained.

²¹ OECD Development Centre, 2010

²² Ghani et al, in Boyce and O'Donnell (eds), 2007

To be sustainable into the future, this inevitably requires the creation of the necessary national capabilities.

- *Technical assistance*

Technical assistance has become an unregulated multi-billion dollar industry. While skilled, well-targeted technical assistance can be extremely valuable, unless balanced with systematic attention to the creation of domestic capacity and careful planning for handover, such assistance does not offer a sustainable solution.

- *The aid footprint*

Having established a presence inside a fragile or conflict-affected country, the aid industry's economic footprint has created new economic niches existing to cater for industry needs. While the issue of limited capacity is the constant lament of international development actors in situations of fragility and conflict, the discrepancy between national and international pay-scales, frequently in the order of tens or hundreds, inevitably attracts what national talent exists away from essential roles within the state and into the parallel structures established by the aid industry. Further, it frequently generates resentment towards an industry that seems more oriented to enriching international staff than to devising efficient solutions to complex development needs.

- *Failure of security, diplomatic and developmental actors to align behind common goals and coherent sets of activities*

Despite formal policy-level recognition of the need to align behind the goal of establishing functioning systems, and government-articulated, clearly delineated and prioritized objectives, co-ordination on the ground between multiple actors remains problematic, while there is a lag between recognition of the limitations of existing aid instruments and practices and design and implementation of alternative approaches.

III. Institutions as Constraints and as Foundations

i) The centrality of institutions as constraints to peace and prosperity

There is increasing recognition of the institutional basis of conflict and fragility. Contrary to the connotations of chaos and collapse implied by the language of conflict and fragility, there is growing awareness that conflict-affected and fragile contexts actually constitute dynamic and remarkably durable systems of formal and informal ‘rules of the game’ within which coalitions of stakeholders emerge with vested interests in perpetuating conflict and fragility.²³ In such settings the formal ‘rules of the game’ belie a set of informal rules that interact with and subvert the formal system. Such analyses help clarify the challenge of conflict entrepreneurs and spoilers, and explain the intractability of the constraints to peace and stability.

While the need for cross-contextual nuance can hardly be over-stated, nevertheless some characteristic features of the institutional syndrome of “dysfunctionality” can be identified:

²³ North 1990; Ghani et al 2006; North et al 2009

- *Criminalization of the economy*

The nature of contemporary conflict has entailed large-scale criminality by armed actors, in part to fund conflict through high-value commodities such as drugs and diamonds. The relationships forged through such wartime activities persist into the post-conflict phase when they become a major driver of the criminalisation of the economy. The blurry nature of war to peace transitions, the presence of large numbers of people trained in violence, and the challenge of generating alternative employment opportunities all further contribute to the persistence and deepening of criminality in post-conflict settings. The criminalization of the economy is a major challenge to stability with serious implications for politics, as powerful criminal networks reach back into the state itself, undermining much-needed confidence-building and trust between citizens and state.

- *Corruption*

Corruption is a critical element of systemic institutional dysfunction, at the heart of the subversion and co-option by of the formal rules of the game by informal rules. There has been some debate as to whether corruption should be treated as a ‘first-tier’ challenge in fragile and conflict-affected situations, where there is a need to prioritize among a seemingly endless list of pressing issues. It is sometimes argued that, since corruption was rife during the rise of a number of great powers, it is not as urgent as addressing absence of property rights, for example. Further, it is suggested, historically corruption may have played a critically supportive role in unleashing longer-term processes of economic development, since it enabled the buying off of powerful interests that were threatened by processes of economic transformation. Thus, corruption may have been vital in maintaining domestic peace and

stability during such transitions. While more work is required to differentiate debilitating and pro-growth forms of corruption, in practice, in fragile and conflict affected settings, where consolidating legitimate political institutions has been identified as the key challenge to breaking vicious cycles, corruption represents a formidable barrier.

- *Exclusion from rule of law and access to justice*

The peace-building field recognizes that one of the most common drivers of internal conflict and instability is the exclusion and disenfranchisement of groups within a society. The Commission on Legal Empowerment of the Poor estimated that at least 4 billion people are excluded from access to justice, especially fair application of the rules, and access to secure property rights.²⁴

- *Resilience and Stress*

Corresponding to the welcome recognition of the power of informal rules of the game, there is widespread agreement that weak state and non-state institutions explain why some countries at some times are unable to cope with the combination of stresses with which they are confronted whilst others manage to channel conflict through institutions. The 2011 WDR divides these stresses into ‘internal’ and ‘external’ and between security, economic and justice clusters.²⁵

ii) The centrality of institutions as foundations for peace and prosperity

²⁴ Making the Law Work for Everyone, 2008; de Soto, 2001

²⁵ WDR, 2011 p.7

The goal of rupturing the syndrome of dysfunctionality requires creating an inclusive political, social and economic order embodied in the rule of law. In practice, creating such an order entails strengthening or creating requisite institutional foundations, a strategy of state-building. There is long-standing and widespread acceptance that state-building is essential to tackling conflict and fragility. As the Carnegie Commission recognized in 1998, capable states are foundational for the prevention of deadly conflict. The UN Panel on Threats, Challenges and Change recognized that “capable and responsible states” lay at the forefront of confronting global challenges including conflict.²⁶ The OECD DAC has been instrumental in building international consensus that, in situations of conflict and fragility, national actors and international partners need to ‘focus on state-building as the central objective’ while the G7+ countries have arrived at a consensus that breaking cycles of conflict and fragility requires an agenda of peace-building and state-building to strengthen legitimate institutions and governance.

Building on these findings, it seems clear that building capable states is both an end in itself, in an international order that rests on sovereign states as its constituent units, and as a means to enabling the achievement of development outcomes. In section IV, below, we discuss in more detail the nature of the institutional foundations for peace and development.

An agenda of institution-building requires a balanced approach to the roles of state, market and civil society. Conflict and fragility can be reined in by the emergence of legitimate political institutional channels for mediating sources of conflict; the provision of access to official justice mechanisms; and the extension of public goods and services. This does not by any means imply a centralized, top-down approach to state-building: indeed it requires careful

²⁶ UN Panel Report, 2004 p.vii

attention to establishing a framework for which function should be performed at what level of governance. Successful state-building processes have been internally formulated and led, based on a carefully nurtured national consensus and a politics oriented towards creating stability and development.

It is by now accepted that tackling criminalization of the economy and the emergence of licit market is not something natural or spontaneous but something entailing dedication to the building of systems and a culture of rule of law. Finally, the role of civil society, direct citizen engagement, and the creation of civic space should not be lost or neglected as incompatible with state-building, but seen as an essential part of the process of fostering and widening the rights and duties of citizenship.

iii) The citizen perspective

Citizens everywhere continue to express the same desires: freedom from want and fear, dignity and respect, and opportunity. In practice, legitimate and effective states, remain the critical mechanism for creating, enabling and realizing the rights, obligations and aspirations of citizens, for creating and enhancing security, for creating the enabling environment for markets to flourish, and for mobilizing citizens around collective agendas. Attention to the state as a vital unit of analysis and locus of responsibility, however, should not obscure that the real test of delivery lies in whether citizens perceive that their needs and desires are being addressed. Even the most powerful and established states increasingly recognise the futility of ignoring or excluding the aspirations of sections of their citizenry, and in the period 2015-

2030 the degree of state responsiveness and accountability to citizen requirements will become a key barometer of state fragility and effectiveness.

Advances in technology over the past decade have enabled and reinforced this trend. Post-2015, it will be much more feasible to build in social accountability monitoring for a new set of goals and targets from the beneficiaries themselves – the citizens. Transparency and accountability are coming to the centre of civil society activism across the national and international levels, and a generation of creative new approaches to empowering citizens will again reinforce the growing appreciation that stability critically depends upon establishing and maintaining the bonds of citizenship.

These trends have stark implications for international organisations seeking to partner and catalyse transitions from conflict and fragility to stability. As the state is increasingly understood as an instrument for the realisation of collective aspirations, and as pressure mounts upon national governments to strengthen accountability loop between state and citizen, so international assistance will have to address its own accountability systems in order to remain relevant and legitimate.

One implication of the increasingly dense global webs and flows of information and connectivity has been that citizen expectations are increasingly set in terms of global standards rather than national realities. The responsibilities owed by states to their citizens are increasingly understood not as a minimal obligation of sovereignty, owed to the international system, to refrain from extreme abuse and repression, but by citizens in terms of the duty to

earn legitimacy by creating predictable and inclusive order, and through delivery of rights and collective goods.

Incorporating a rights-based perspective where a core set of rights are met and the dignity of the individual respected would be highly desirable. In situations of conflict and fragility, inequality and exclusion of certain groups is often a marked feature of society, a cause of grievance and a driver of fragility and conflict. Making the transition from exclusionary state practices to creation and expansion of the rights and obligations of citizenship is a core challenge in the attempt to re-establish order and justice following conflict or in fragile contexts. At heart, the expansion of citizenship entails balancing the tension between inequality and solidarity through establishing and expanding legal status that entails both rights and obligations. Recognizing the injustice of exclusion, oppression, and other forms of inequality leads to pressure for change. Intransigence in the face of such pressures can force the aggrieved to seek redress outside the system, ultimately through organized violence that may ultimately overthrow the system. The ability of the social and political order to recognize injustice and address it through expansion of the rights and obligations of citizenship is an important marker of state effectiveness and resilience.

Beyond responding to pressure by acknowledging injustice, the ability to manage the pace and sequence of agreed reforms is of critical importance. Historically, societies have tackled different sets of rights – whether social, economic or political, in different sequences. In fragile states there is an opportunity to mobilize marginalized groups such as the poor, women and the disabled, who together constitute an absolute majority of the citizenry, around agendas of rights expansion and empowerment. Where citizenship rights were traditionally

located within the legal arrangements of sovereign states, the Universal Declaration of Human Rights set out a compelling normative framework rooted in the concept of universal inalienable human rights, providing a framework for measuring states' conduct towards their citizens and to humanity more generally. This language has enduring normative appeal and practical value in providing a universal language within which citizens can articulate their claims.

Finally, globalization complicates. As the role and functions of the state are renegotiated in a number of countries, and as economy and civil society have become global, citizenship rights can no longer be conceived as relations between citizen and state but increasingly must be understood across a number of levels from global to national to local, and in relation to a range of actors including corporations, regional organizations such as the EU, and international institutions such as the World Bank.²⁷

IV. The “What”: Foundations for Development in Countries Emerging from Conflict

Beyond the recognition of the foundational nature of institutions, there has been a rich debate on the nature of those institutions. The WDR 2011 recognized the centrality of the provision of “Citizen Security, Justice and Jobs” and the domestic institutions that underlie their provision. The Carnegie Commission recognized a similar framing in 1998, of “security, well-being and justice”.²⁸ The youth bulge in Africa, the Middle East and Asia (up to a million people enter the job market in South Asia each month), and the generation of

²⁷ Ghani and Lockhart 2007

²⁸ WDR 2011, Carnegie Commission 1998, p.xix

‘waithood’ residing in the Middle East and North Africa, have helped drive recognition of the need for a step change in attention to job creation and economic opportunity in coming years.²⁹

Recent years have seen considerable international efforts to move from the ‘why’ to the ‘what’ and ‘how’ of engagement in fragile and conflict-affected states. The work of the OECD DAC, including the 2005 Paris Declaration on Aid Effectiveness and the 2007 Fragile States Principles, produced consensus on the need to realign national and international efforts around common objectives, and goals, targets and indicators were widely suggested as a way to achieve this. Such goals would need to be ‘achievable, holistic, focused and uniform, while also symbolizing an end state towards which the international community and national governments [could] strive.’ In a context of rapidly proliferating indicators and objectives, there was a need to delineate and prioritize and an appropriate set of tasks and indicators that could be tailored to country context. In 2008 ISE suggested a list of nine indicative outcome goals for fragile states, as a basis for discussion, refinement and prioritization through a broadly inclusive international consensus-building process.

Moving beyond a donor-driven conversation, the G7+ group of fragile states has since established itself as an influential forum representing the views of states affected by conflict and fragility. The 2011 *New Deal for Engagement in Fragile States*, signed by 15 fragile states, 20 OECD states, the African and Asian Development Banks and World Bank, the OECD, UNDG and European Union sought to create a ‘broader and more inclusive’ partnership by establishing ‘shared principles, common goals and differential commitments.’³⁰

²⁹ eg IDPS ‘Dili Declaration’ 2010; Dhillon and Yousef (eds) 2009

³⁰ OECD Dec 2011

The *New Deal* built upon a series of international fora, including the 2005 Paris Declaration on Aid Effectiveness, the 2007 fragile states principles, and the 2008 Accra Agenda for Action. This important work has continually restated the need for ‘country leadership and ownership’ of the development process, and to shift the relationship between country and international aid from donor-recipient to partnership and new forms of working. To support country leadership and ownership, the *New Deal* identified five guiding peace-building and state-building goals, intended to lay the foundations for development in countries affected by conflict and fragility and ‘enable progress towards the MDGs.’ These goals are elaborated as the 2011 ‘Monrovia Objectives,’ reproduced below.

The *New Deal* committed to developing two sets of indicators – at the country level and a set of common indicators - to enable tracking of progress in relation to each of the peace-building and state-building goals at the national and international levels. The working group responsible for these indicators, co-chaired by Democratic Republic of Congo and the United Nations Peace-building Support Office, explicitly set out to inform the discussions around the post-2015 agenda.³¹

³¹ IDPS 2012

ISE Optional Outcome Goals for Fragile States

i) Inclusive politics, as conflict must be channelled 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; establishing and maintaining channels for redress of grievances; and ensuring societal checks and balances. In terms of a post-MDG framework, building this requirement into a new set of goals will be politically difficult to agree.

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 a legitimate monopoly on the use of force; establishing credible security institutions; subordinating the security sector to civilian leadership; ensuring accountability to the public; and creating a system defined by law.

iii) Public Financial management and accountability, over revenues, expenditures and assets. Public financial management is at the heart of successful institutional reform. Gaining control over revenues, paying government employees predictably, on time and in full, and handling operational running costs are basic challenges. At the same time, in resource-constrained environments where limited public money frequently may not reach intended beneficiaries, gaining control and prioritising competing public expenditure priorities through the budget process is critical. The more domestic revenue can be generated and collected, the less a country will be dependent on outside aid.

iv) 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.

v) 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.

vi) Effective markets, to provide legitimate avenues for wealth creation and upward social mobility, and deliver certain services through a competitive process. Key tasks may include: ensuring property rights; ensuring enforcement of contracts; improving the ease of doing business; and deepening financial markets.

vii) 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 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.

viii) Sub-regional and regional cooperation, because neighbouring 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.

ix) 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.

Source: ISE 2008a

The Monrovia Objectives

Objective 1: LEGITIMATE POLITICS - Foster inclusive political settlements and conflict resolution

In fragile situations, trust in state institutions and among people tends to be weak. Peacefully resolving and managing conflict and (re)building the state require an increasingly inclusive political settlement, and committed and able leadership. It also requires political institutions that ensure accountability and provide opportunities for participation of all key groups in society, including the most vulnerable and marginalized. An engaged public and civil society which constructively monitors decision-making is important to ensuring accountability. Conflict legacies and the risk of future tensions make it critical to build capacities for reconciliation and conflict resolution at all levels.

Objective 2: SECURITY - Establish and strengthen people's security

Without security for the people there can be little development. The challenge is to improve the behaviour, effectiveness and accountability of the broad range of security actors, whether formal or informal, in response to people's rights and needs. Particular attention needs to be paid to vulnerable groups, especially women and children. The participation of communities and civil society groups can make security provision more effective and more accountable.

Objective 3: JUSTICE – Address injustices and increase people's access to justice

Addressing grievances and deeply-felt injustice is essential. Formal justice mechanisms must be accessible, affordable and seen as fair by citizens. Where feasible, traditional non-state and informal means for dispute resolution and adjudication should be strengthened and gradually aligned with international human rights standards.

Objective 4: ECONOMIC FOUNDATIONS – Generate employment and improve livelihoods

Employment gives people a sense of self-worth and the means to start shaping their future. Employment can reduce participation in violence and conflict. The challenge is to generate meaningful income opportunities fast enough, including for groups previously marginalized, and youth. Within fragile states, priority needs to be given to labor-intensive public and community works, increased agricultural productivity and domestic private sector development.

Objective 5: REVENUES & SERVICES: Manage revenues and build capacity for accountable and fair social service delivery

The ability to raise, prioritise and manage resources to finance and develop capacity for more equitable delivery of basic social services is critical in fragile countries. The state must gradually ensure fair access to these services to all key groups in society, including the most vulnerable and marginalized. It is important for the state to lead in setting the framework and coordinating the delivery of services, including by non-state providers. Gradually building a sound and transparent system of public financial management will be essential to instil confidence in citizens to pay their taxes, in donors to contribute aid and in businesses to invest. Of equal importance is donor transparency about their financial contributions. In countries where natural resource management is a particular challenge, it is critical that resource revenues do not (re)fuel conflict, are managed transparently and significantly benefit society.

Source: Reproduced in full from *The Monrovia Roadmap*, Annex A

The PSGs have the benefit of broad international endorsement, including by the G7+ group of fragile and conflict-affected states. By being parsimonious, they have encouraged focus around a limited number of objectives, providing a way to help orient disparate actors in prioritising between a host of pressing requirements.

The ISE list closely overlaps with the PSGs. With full recognition that a more condensed list might be preferable in the interests of simplicity and brevity, we briefly discuss some of the points that emerge from comparing the two:

Politics: there is a need to emphasise the need for an *inclusive* political settlement, and to appreciate the profound difference between an elite pact and a genuine national dialogue/consensus building process.

Security and Justice: there is a need to ensure that security institutions are embedded within clearly delineated rules.

Capacity: while it is possible to identify a range of latent assets with fragile and conflict affected states, the issue of capacity building cannot be put off or approached in an ad hoc way but needs to be recognised as a critical issue requiring early, urgent and systematic attention. The skills and capabilities to lead and manage the state and the market, build and nurture administrative and management capabilities over the medium and long terms, or create competitive businesses do not emerge spontaneously. Failure to address this critical issue ensures future binding constraints in the development process and helps to consign countries to ongoing dependence upon technical assistance and parallel delivery.

Economic foundations: welcome attention to economic foundations and the stability implications of investment in job creation could be extended to recognise rapidly developing thinking about innovative mechanisms of partnership and additional economic instruments.

Markets are no longer seen as spontaneous but there is a need to deepen understanding of the catalytic role of the state in market formation.

Natural disasters and environmental management: Climate change, environmental degradation, and growing resource pressures as living standards rise and the global population continues to grow all mean that the capacity to prepare for, respond to and mitigate the effects of natural disasters and to manage the environment are now core functions and not optional extras. Whether these functions are to be performed at sub-national, national, regional or global levels, and how such functions will be built and financed now require attention.

V. The “How”: Implementation Matters

i) Harnessing globalisation

The Millennium Declaration stated that ‘the central challenge we face today is to ensure that globalization becomes a positive force for all the world’s people.’ In fragile and conflict-affected states, globalisation has both been a source of threats and promise. In the contemporary world, there is a need to devise mechanisms to enable people to participate in the benefits of globalisation, and to mitigate the threats that it poses. The state remains a critical building block, although the challenge of laying institutional foundations is complicated by globalisation processes.

ii) Implementation

Implementation matters. The MDGs were blind to how implementation was organized. This allowed a plethora of activities by a range of outside actors who mobilized to meet them. While this mobilization was welcome, there have been many questions asked as to the efficacy, cost-effectiveness and impact of expenditures, and even some questions posed as to whether the cure killed the patient. Given the weak institutional and human capital base in many contexts, a huge influx of outside resources can sometimes further damage the institutional base and set a country back on its development path by years.

It is necessary to recognise that the primary responsibility and task lies with states meeting their citizen's needs and expectations. International partners may be able to play a strong supporting role in fragile and conflict-affected countries in reaching this goal. Development goals should not lose sight of the need for effective states, or overstress the role and responsibility of the UN, aid agencies or NGOs in this regard. The goal of functioning country institutions, capable of formulating goals and policies, and of harnessing existing and latent national assets to the task of implementation, is foundational for a development process to take root. Substitution for state functions by an outside entity may be required in particular circumstances for a particular time, but in such cases the costs and benefits of that intervention must be carefully weighed, and a clear timeline and goal of restoring responsibility for the exercise of that function to domestic authorities should be set.

iii) National reform processes

A welcome development in the discourse around conflict and fragility has been increased interest in learning from examples of successful transformation.³² Where initially much of the

³² Ghani and Lockhart 2008, ch. 2; Radelet 2010; WDR 2011

discussion centred on the problems with fragile and conflict-affected states, this turn has led to attention to countries that have managed to generate momentum towards stability and economic growth. Countries such as Mozambique, Rwanda and Sierra Leone are increasingly investigated for lessons that might help inform efforts elsewhere. Each country faces unique possibilities and constraints, and actions taken successfully in one country, at a specific historical juncture are unlikely to prove successful if unreflectively grafted elsewhere, this trend is proving encouragingly fruitful. Nonetheless, such experiences can inform as well as inspire, provided they are rethought in relation to current and pending opportunities and threats across the global, regional and national levels.

Some summary insights may include: the importance of national ownership of a national vision and agenda, and the recognition that no successful transformation occurred simply because of aid programmes; the importance of establishing security, rule of law and justice at an early stage; the importance of political inclusiveness and fostering of citizenship and a sense of participation; and the focus on creating capable institutions to meet citizen expectations.

iv) International support to national reform processes

It is increasingly apparent that the system of international assistance for fragile and conflict-affected settings as currently configured is ill-suited to implementing the emerging agenda. Traditional bi-lateral and multi-lateral aid delivery, plus contractors and the many thousands of NGOs are part of this picture. However, new aid instruments, non-traditional donors, foundations, remittance flows, the international private sector and a range of other factors are all playing a significant role in a changing landscape. The challenge is to harness the vast

potential of these disparate assets to an agenda of institutional regeneration, whilst mitigating the malign effects of lack of coordination, duplication, waste and competition. In this, the concept of the ‘Double Compact’ may provide a tool for bringing disparate actors actors around a shared set of a goals and a clear set of mutual rights and obligations.³³

International actors cannot impose the multiple transitions and institutional foundations needed to move away from conflict and fragility until and unless a reform-minded leadership is in place. During the 1990s and 2000s a series of debates evolved around how aid actors could best operate in ‘difficult partnerships.’ Subsequently, evaluations of decades of engagement in countries such as Haiti found that, after billions of dollars of aid invested results fell short of expectations, lacked sustainability and had either little effect or adverse impact on governance.³⁴

A reform agenda for multi-lateral, international and bi-lateral aid and engagement is much needed. Key components of this might include:

- Reform of multi-lateral and bi-lateral institutions including increasing skills and capabilities, refining instruments, and increasing transparency and accountability;
- Greater working across areas of security and development to ensure alignment in countries emerging from conflict (this could be problematized or qualified: it suggests a 1990s humanitarian partnership model, but what of the GWOT securitization of aid, the fortified aid compounds and the perception of aid workers as military proxies and

³³ Ghani and Lockhart, 2008

³⁴ NAPA 2006; ISE 2008b

therefore legitimate targets- is extending this logic likely to result in stability in the countries concerned?);

- Mechanisms to align behind system-building approaches, rather than only coordinate at the program and project level;
 - Longer term engagement frameworks;
 - Revision of the roles of NGOs and civil society, and the private sector;
 - Use of compacts between governments and their citizens as well as external partners, harnessed to creating peace, stability and prosperity within countries and their regions.
 - Greater focus on conflict prevention to prevent or mitigate the outbreak of violent conflict.
 - Going beyond aid to other instruments: to harnessing wider instruments of trade, investment and technology investment, remittances and non-traditional sources of funding.
 - New forms of accountability are required to reframe the relationship between citizens, national government and international partners. The concept of a ‘double compact’ expresses the reciprocal webs of rights and obligations binding citizens and government on one hand, and government and international community on the other.
- Recognising and including new actors: greater participation by emerging countries including India, Russia, Brazil, China, Turkey, South Africa, Indonesia and Mexico in dialogue and policy formulation and implementation in countries emerging from conflict.

v) Regionalism

There has been much recent analysis on the growing importance of regionalism, and regional blocks and institutions in forming cooperative ways to address challenges and maximize opportunities, across security, economics, governance and other arena. Regional cooperation can play a particularly significant role in overcoming dynamics of conflict and promoting peaceful relations between neighbors. The formation of the European Union in the wake of World War II remains a seminal example, yet there are more recent examples including the Mekong, the Nile River agreement, and recent efforts including efforts in South/Central Asia along the New Silk Road/ Istanbul Process and the newly formed Balkans Forum. In ongoing and future efforts to foster peace, stability and resilience, recognizing how and when the region concerned can play a role will warrant careful attention.

vi) Asset Mapping

While lack of capacity is a reality for most fragile and conflict-affected countries, no country is a blank slate starting from scratch. Rather than beginning with the needs assessment model, which has tended to work from the assumption of lack of capacity to the need to import technical assistance, ISE has proposed an alternative approach which is to begin by mapping a country's existing assets, both overt and latent. The challenge is then reframed as, first, identifying and mobilize existing assets that are hidden, dispersed and fragmented, and then to find creative ways to stitch them together, while developing a reading of gaps in capabilities, prioritizing between them, and finding ways to address them in short medium and longer terms.

vii) Capacity building and human capital

Where technical assistance was originally conceived as a limited and targeted practice, it has burgeoned into a multi-billion dollar industry, without industry-wide standards on quality or qualifications. To achieve the goal of exit from development assistance, partners need to arrive at a plan to move away from a long term strategy of institutional life-support through TA by joining TA provision to systematic processes for equipping national actors with the skills to manage their own affairs. This requires both government and international partners to plan for their strategic human capacity requirements. In terms of TA itself, the move to document recent examples of successful transition presents a welcome opportunity to identify and harness the practical knowledge and wisdom of these processes that exists in the south. In terms of the MDGs, the use of the primary education goal as a planning tool has been unfortunate in light of the desperate need to address the skills shortage in a systematic way (see box, below).

Unintended Consequence? The Primary Education MDG

Universal education is the goal with the best record: 88% of school-age children in developing countries were in primary education in 2010. Between 2002 and 2007 international aid commitments on primary education doubled to \$4.2bn. While this MDG had a captivating aspirational spirit, it has had a serious unintended effect in fragile and conflict-affected settings such as South Sudan and Afghanistan- and beyond. We know that such states face critical skills gaps, and that the technical assistance industry is used to cover such gaps without an effective strategy for building local capabilities and handing over. In these countries, the MDG teams used the primary education goal as a planning tool, insisting that resources be concentrated on primary education at the expense of secondary and tertiary education as well as vocational training. As a consequence a critical skills gap looms, further complicating the task of creating capable national institutions.

viii) Time-frames, benchmarking and the ultimate goal of exit

Exit from aid should be the shared goal of the national government and its international partners. Getting to exit requires a clearly delineated strategy for progressively reducing aid spending across whilst systematically replacing it with domestic revenue- from customs,

licenses, resource development and taxation. Here at last welcome attention is being given to the question of economic growth and how government and international partners can create the enabling and regulatory conditions for markets. A strategy for exit from aid demands the willingness to make long-term, predictable commitments, with clear accountability mechanisms and revenue generation benchmarks alongside aid reduction.

ix) Funding mechanisms

Reflecting the need to consolidate national public financial management, the international community may be in a position to assist fragile and conflict-affected states. Currently, much assistance bypasses government channels contributing to some of the familiar problems outline above. Budget support, and dual key multi-donor trust arrangements offer options for supporting government functionality whilst retaining fiduciary oversight. In situations where trust in the willingness and capacity of a government to exercise acceptable stewardship of such funding streams the GEMAP model in Liberia may present an alternative model. In all cases, clear time-bound processes for moving towards self-sufficiency are paramount.

x) Sequencing

The international system of support to conflict affected countries was designed around a mental model of war that envisaged a clear cut phase of declared violent conflict between known actors, giving way to a formal end of hostilities (through victory of one party or negotiated settlement), followed by a recovery phase and then the resumption of ‘development.’ The international system assigns different roles to development, diplomatic, peacekeeping and humanitarian actors in relation to each phase. The very different nature of contemporary violent conflict, repeated and interlinked, makes these traditional assignments

of responsibilities out-dated and impractical. Donors agree that while conflict-prevention, humanitarian response, stabilization/recovery, peace-building, and state-building tasks might be distinguished conceptually, the overlaps and interactions between them make it too simplistic and schematic to think about them separately.³⁵

VI. The Millennium Development Goals

It is worth reflecting on the strengths and weaknesses of the Millennium Development Goals to inform a post-2015 framework. Progress on the goals is reported to be patchy, but it is difficult to measure how much of given progress or lack of progress should be attributed to the MDGs, rather than other trends or factors. Nonetheless, it is striking how successfully the MDGs have been established at the centre of international discourse on development issues since 2000. It is also striking how successfully they forged a durable global agreement around a limited set of measurable objectives. A new set of goals, targets and indicators should seek to emulate the MDGs in remaining similarly durable and relevant throughout the period 2015-2030.

The MDGs grew from the Millennium Declaration, an ambitious document that articulated fundamental values, and series of key objectives for the new Millennium. This document has special resonance for conflict-affected and fragile states, including an entire section devoted to peace and security, and explicitly recognising poor governance (both at the country level and in the international system) as a major obstacle to development and poverty eradication. The framing, however, separated out peace and security, development and poverty,

³⁵ ISE 2008; WDR 2011 p.2

environment, human rights, and democracy and good governance. Only the portions on development and poverty established time-bound goals – which were subsequently elaborated as the MDGs (UN 2000).

The MDGs in Situations of Conflict and Fragility

What did the MDGs achieve in fragile and conflict-affected situations? They undoubtedly had many strengths, providing a common set of ideals that helped orient discussions between disparate development actors and national governments. They helped concentrate attention around social development issues, and acted as a useful tool for national and international civil society and advocacy.

However, the effects of the MDGs in fragile and conflict-affected settings need careful reflection on at least two levels. At the strategic and policy level, while assisting in orienting actors around a common set of objectives, they may have provided an inappropriate framework. By dividing the development elements of the declaration from other issues that are fundamental to development, they may have led to insufficient attention being paid to security, governance and justice issues, despite their being integral to the Declaration. They gave welcome attention to social development, particularly seen from the perspective of the contemporary economic climate and the formidable challenges posed by the volumes of unemployed youth in fragile and conflict affected states and the de-stabilising effects of exclusion, informality and criminal economic activity, particularly in fragile and conflict affected states but also in generating fragility in previously stable countries. However, this could have been balanced by an emphasis on job creation and the enabling conditions for

legitimate economic activity. There was no ‘growth’ goal. Aid was foregrounded, but focus on economic development got lost.

The MDGs were originally conceived as global targets, based upon global trends in the 1970s and 1980s. They were not intended to be applied uniformly at the country level but were meant to set collective objectives while influencing national debates on development. In the UN Secretary General’s 2001 Road Map Report, however, it was argued that the MDGs should become national goals. Subsequently, the MDGs have been widely used to judge progress at the country level, without national tailoring or regard for initial conditions. In this context, we should not be surprised that progress towards the MDGs has been most problematic in fragile states. UNDP, for example, reports that a third of the poor live in 43 fragile states, which account for half of all under five deaths while 7 of the 11 countries accounting for a third of maternal mortality are fragile.³⁶ This is not perhaps the fault of the goals, but of their application.³⁷

At the level of implementation, the MDGs may have had some undesirable effects in situations of conflict and fragility. In many cases they resulted in a rush of international agencies clamouring to advance the MDG targets, which reinforced the well-documented and deleterious state-undermining effects of the structure and practices of the aid industry. In some cases, the MDGs were used as a planning tool. The central importance of basing activities upon national priorities and conditions, and strengthening the budget process as the locus of legitimate and accountable decisions regarding the inevitably difficult trade-offs between different priorities tended to be lost. Instead, the MDGs were used to justify

³⁶ UNDP 2010

³⁷ Vandermoortele 2011; Manning 2009

decisions about what to fund, again with unintended and undesirable effects. The primary education MDG was used to concentrate education resources upon primary education, but had the unintended consequence of starving the secondary, tertiary and vocational tiers. One consequence has been to reduce the number of trained teachers, reproducing the familiar problem of capacity constraints.

The goals were not conducive to a system-wide focus on the interconnections between objectives, and the dependencies and constraints across short, medium and long-term horizons. The focus on primary schooling, while laudable, made it difficult to invest in an education system capable of delivering the secondary, tertiary, vocational and professional training needed to produce primary school teachers. When used in this way, progress on short-term goals may perpetuate continuing dependence. To address the needs of fragile and conflict-affected states, successor goals should be ‘servants and not masters,’ tailored to context, and with due regard to interconnections and to the overall objective of progressively establishing effective institutions as the enablers of development.

MDG 8: The Global Partnership for Development

MDG 8 stands apart from the other goals in addressing the international governance architecture itself. It included six targets:

- Develop further an open, rule-based, predictable, non-discriminatory trading and financial system
- Address the special needs of least developed countries
- Address the special needs of landlocked developing countries and small island developing States
- Deal comprehensively with the debt problems of developing countries
- Provide access to affordable essential drugs in developing countries
- Make available the benefits of new technologies (mainly communications technologies)

Reform of the broader global governance arrangements, including trade and finance, is politically complex, but the indicators of making progress in accessing markets and reducing tariffs were pragmatic. Addressing the ‘special needs’ of the poorest countries was to be measured largely in terms of aid flows, rather than in broader terms. The post-2015 framework could develop a broader set of indicators for measuring progress in relation to countries falling within specially agreed categories. The Jubilee Debt Campaign, meanwhile, raised global awareness and generated progress in relation to debt forgiveness. There has also been progress on affordable drugs and the diffusion of technology (which was measured primarily through the diffusion of mobile telephony and ICT).

Viewed from the perspective of the needs of conflict-affected and fragile states and after nearly 15 years of intensive global debate about the need for far-reaching international institutional reform, MDG 8 seems to have followed an ambitious and captivating aspiration with relatively weak targets and indicators. Conceiving of the needs of the poorest in terms of aid flows and the debate on aid effectiveness looks anachronistic today in light of profound

changes to the global system and as the nature of aid relationships are increasingly conceived in terms of international partnership rather than donor-recipient. International institutions increasingly recognize that their traditional business practices are not aligned to the objectives of peace-building and state-building. The goals, targets and indicators of a post-2015 analogue to MDG 8 would need to enshrine measurable, time-bound progress in reforming the architecture and business practices of international governance, including aid.

VII. Implications for the Post-2015 Agenda

The post-2015 agenda must start by drawing conclusions from a balance sheet of successes and limitations of the MDG agenda, together with a reading of the different context, challenges and requirements of the post-2015 period.

The MDG discussions focused on the need to substantially increase aid volumes, while addressing indebtedness. Today there is a need to balance concern with aid volumes to reflect a number of trends. First, while aid has the potential to remain a vital resource in tackling conflict and fragility, the evolving aid architecture, the emergence of new aid actors, the significance of private sector actors, and above all the role of the governments and citizens of the countries concerned all suggest the need to recognize that aid is only one part of meeting the challenges of effective development.³⁸ Where the MDG framework has been criticised for being donor driven, there is a need for its successor to reflect the aspirations of citizens and governments from across the world. Second, the reality of the expenditure constraint in most fragile and conflict-affected countries requires recognising that country systems often cannot

³⁸ OECD 2011

effectively absorb the available resources and that the potential for them to generate domestic revenue is often in place. Thirdly, as the contemporary debate has moved from the volume to the quality of aid the nature of the commitments required from the international development actors shifts.

As at the turn of the Millennium, however, there remains a need for a framework capable of addressing the co-ordination difficulties arising from the structure of the aid architecture and the challenges of adapting inherited structures to meeting contemporary and future requirements. The post-MDG framework presents a rare opportunity to endow MDG 8 with renewed vigour, by building consensus around time-bound, measurable commitments to meaningful international institutional reforms.

Since 2000 understanding of situations of conflict and fragility has improved substantially. The linkages between peace and development, and the centrality of institutions both as constraints and enablers, have become clear. In considering whether and how this might be reflected in the post-2015 development goals, framers will have to tread sensitive political ground, encompassing questions of sovereignty, the perceived stigma attached to labels like ‘fragility’, and the question of how to reconcile the knowledge that conflict-affected and fragile countries do face distinctive, context-specific challenges that seriously impede advances in eradicating poverty. Nonetheless, the Secretary General has made the case for a common post-2015 framework that incorporates economic development, environmental sustainability, and issues of conflict and fragility.

There is a clear case to be made that in all societies, growth, peace and security, justice, effective governance, respect for human rights, investment in human capital, accountability in the use of resources, and investment in infrastructure matter to the well-being of society in general and the eradication of poverty in particular. Thus the type of goals, indicators and targets advocated for countries emerging from conflict – which coincide fairly neatly with this list - could be incorporated into the overall global framework. They could also be contained in a set of goals, indicators, and targets tailored to the sub-set of countries that self-identify as fragile or conflict-affected states. Having an external process identify a country as belonging to this category would not likely be desirable.

At the same time, all countries are unique, and the particularities of countries emerging from conflict no exception. This calls for a context-specific approach that takes into account the history, context and citizen aspirations of any society seeking to overcome its past. While in no sense wishing to argue for the postponement of development in a context, it must be noted that historically, certain moments in time have offered “open windows” where a change in path to overcome the past has been possible, whereas many situations have seen bleak prospects for change, similar to the concept of “ripeness”. In some contexts, especially where war is ongoing, or a natural disaster has struck, the case of humanitarian assistance where saving lives takes precedence over longer term nurturing of institutions or development will be called for. However, a perceived lack of ripeness should not hinder a search for how to tackle the roots of fragility and conflict.

Options for Tackling Conflict and Fragility Within a Post-2015 Framework

Clearly, there is a need to take account of the needs of conflict-affected and fragile states in the post-2015 framework. In doing so, it is vital that framers also incorporate the immense learning that has taken place over the past 15 years on the distinctive challenges to development in such settings, while learning from the MDG experience in the period 2000-present. On this basis we suggest the following options for addressing conflict and fragility within a post-2015 framework:

Option 1: Apply Goals, Targets and Indicators approach beyond development goals

Development issues were the only portions of the Millennium Declaration that were linked to goals, targets and indicators. The post-MDG framework could seek to tackle fragility and conflict by extending the goals, targets, indicators approach to encompass the broader aspirations of the Declaration, or a successor post-2015 Declaration, with particular attention to peace and security issues most pertinent to fragile and conflict affected countries. The UN System Task Team Report on the Post-2015 UN Development Agenda seemed to gesture in this direction with its vision of four core dimensions: inclusive social development, environmental sustainability, inclusive economic development, and peace and security.

Option 2: Weave issues relevant to conflict and fragility across revised development goals and targets of the post-2015 framework

Alternatively, it might be possible to address issues of conflict and fragility by ensuring that targets and indicators were framed so as to allow interpretation in ways that would support the agendas of institutional reform needed to address conflict and fragility. Reaching global

agreement on universal goals related to issues such as legitimate politics and security would require care, however. Framing such objectives in terms of a positive agenda of nurturing and extending state responsiveness and functionality could prove helpful. Human safety, violence against women, governance, exclusion and the disparity between rich and poor are all reflected in the Millennium Declaration, and a range of internationally agreed frameworks, and considerable work already exists on relevant indicators in these areas.

Option 3: A dedicated conflict and fragility - or good governance – development goal

Rather than seeking to extend goals, targets and indicators beyond traditional development issues or seeking to address conflict and fragility by ensuring that relevant issues were embedded within a universally applicable set of successor development goals, it might be possible to agree a dedicated conflict and fragility - or good governance – development goal. Since governance has risen to prominence across the developing world targets could be devised for a dedicated goal that would have wide relevance while directly addressing the needs of states affected by conflict and fragility, as represented by the PSGs or a similarly agreed list. Rather than framing such a goal in terms of the language of fragility, it might be helpful to frame such a goal in terms of the reciprocal rights and duties owed between states and citizens and the universal goal of establishing and sustaining effective, responsive states. Such a goal, and its subsidiary targets and indicators, would require considerable flexibility to allow for adaptation and adoption at the local level.

This goal would probably need to be complemented by a revamped MDG 8, that would hopefully enshrine and extend the considerable body of work on reform of international

institutions, recasting of international partnerships, and development of improved modalities of support (see below).

Option 4: A revitalised Special Needs/ Preconditions approach for self-selecting countries

Another alternative might be to acknowledge that a self-selecting group of fragile and conflict-affected countries have special needs, or preconditions, that need to be specifically addressed in order to lay the foundations for sustainable development. The problem of stigma seems largely obviated by the existence of the G7+ group of fragile and conflict-affected states, which has been actively making the case for its special requirements. The expression ‘special needs’ was used within the targets of MDG 8 to recognise the particular needs of the least developed, landlocked developing countries and small island developing countries. At the level of indicators, however, progress in this regard tended to be measured in terms of aid spending. Going forward, however, recognition of special needs of fragile and conflict-affected states would need to be reflected in richer sets of indicators addressing progress in laying the institutional foundations of transitions, in terms of internationally agreed dimensions such as those elaborated in the PSGs. This framing might provide a way to recognise the needs of such states within a universal framework.

Option 5: A differentiated set of conflict and fragility goals for a self-selecting group of countries

A final option, although one about which the G7+ has expressed reservations, would be to take a set of internationally endorsed goals, such as the PSGs, as a set of institutional

preconditions for resolving fragility and conflict that states and their international partners would agree to address in order to facilitate development, along the lines laid out by the G7+ or the extended version set out in section 4 above. This approach would raise the question of how to strike the balance of efforts between progress against the PSGs, and how to adjust that balance over time. This approach would suggest a basic difference between the international approach taken in fragile and conflict-affected contexts, to support peace-building and state-building endeavours, and the approach in the remaining less developed countries, for which the focus might instead be on achieving the right balance between sustainable growth, equity and social policy.

Option 6: A revised MDG 8

The post-2015 moment provides a unique opportunity to agree and commit to time-bound, measurable objectives for reforming the system of international engagement. Where at the Millennium the international system was coming to the height of its reach, today the emergence of non-traditional donors, the role of remittances, and the graduation of countries to middle income and exit from aid, all create a situation in which leading donors have an interest in outlining an agenda relevant to the coming period.

The debates around aid effectiveness, conflict and fragility have been a major site of innovation in global conversations around aid reform, but the issues raised have relevance to international partnerships beyond such settings. Post-2015 could seek to give a range of international institutional reform initiatives greater coherence and renewed political support, through a revamped Goal 8.

In our view, options two – weaving in issues of relevance to fragile and conflict affected states across the full spectrum of goals – four – recognizing a set of preconditions for such countries – and five – embedding concerns as to implementation in a revised Goal 8 - would be advisable at a minimum. Either option three or five – a goal or set of goals – have merits of giving these issues serious attention, as well as the drawbacks of stigmatizing a set of countries. We recognize that option one would likely be beyond the reach of political consensus. In addition to these options, the new framework should recognize the distinctive challenges in such countries and the central importance of governance, accountability and nurturing institutions and seek to reinforce an agenda of mutual accountability between citizens, their government and their partners as they seek to escape the traps of conflict and fragility.

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