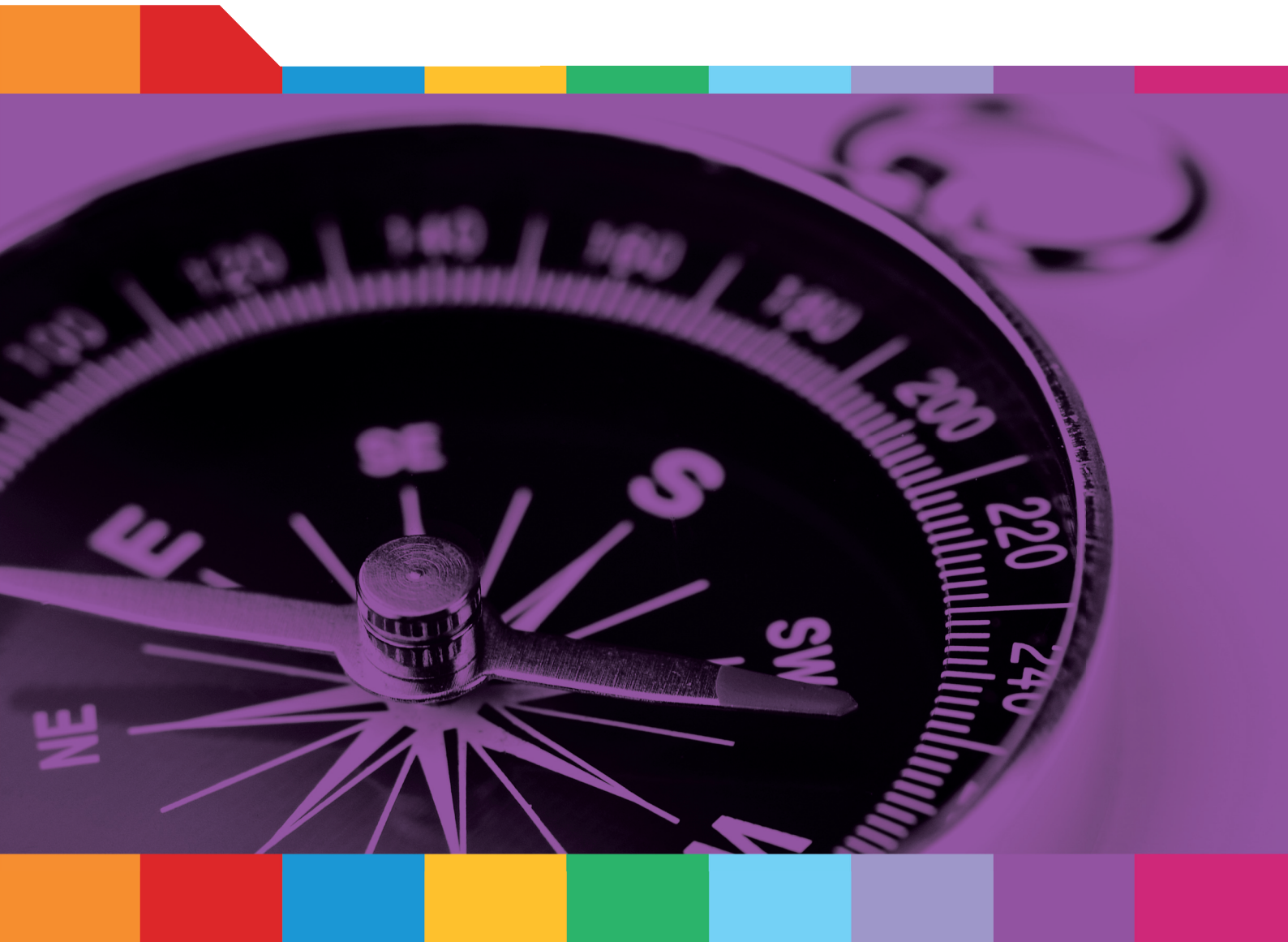Conflict and Fragility

International Engagement in Fragile States

CAN'T WE DO BETTER?

OECD

Conflict and Fragility

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FOREWORD

IN 2009, ONE-THIRD OF ALL AID TO DEVELOPING COUNTRIES WENT TO FRAGILE STATES. Yet in the world's most difficult development situations, poorly conceived involvement can do more harm than good. Challenges such as poor security, weak governance, limited administrative capacity, chronic humanitarian crises, persistent social tensions, violence or the legacy of civil war require responses different from those applied in more stable situations.

To guide complex interventions in fragile and conflict-affected countries, development partners committed, in 2007, to ten Principles for Good International Engagement in Fragile States and Situations (FSPs). The FSPs were designed to improve development efforts in fragile and conflict-affected countries, which are home to more than 1.5 billion people and farthest away from achieving the Millennium Development Goals (MDGs). Recognising the complementarity of the FSPs with the principles of the Paris Declaration on Aid Effectiveness, in 2008, the Accra Agenda for Action (AAA) called for voluntary joint monitoring of the FSPs at country level.

This report presents the results of the Second Monitoring Survey on the implementation of the FSPs. It is based on consultations in 13 countries (up from 6 in 2009) that have taken up the AAA call to monitor development partners' adherence to the FSPs, supported by the international community with a central role played by UNDP. The report contains a number of important findings that should serve as a wake-up call to development partners to shift their level of understanding and engagement by seizing the unique opportunities that today's changing international context provides.

Some of these findings — such as those related to aid volatility, development partner fragmentation and risk aversion — are not entirely new. Fragile states have been raising these issues with their international development partners for some time. However, they are set within a number of recent critical shifts in the development context in fragile states. First, the increased international focus on the drivers of fragility requires taking a more context-specific approach to individual fragile situations. Second, the emergence of a group of self-selected fragile countries that wish to monitor progress and advance the change agenda themselves presents an unprecedented opportunity for partner country leadership and sharing of experience. Through the participation of some 40 development partners and partner countries in the International Dialogue on Peacebuilding and Statebuilding, a forum now exists for fragile states to express these issues where their voices are both valued and sought after.

The evidence presented here shows that progress in fully implementing the Fragile States Principles remains partly off-track and will require a concerted effort over a number of years ahead to achieve the expected results and impact. Building on the evidence gathered, this report provides development partners with a unique set of recommendations that will allow for more targeted and country-led change, alongside broader policy reforms by international actors, in order to foster better engagement in countries in situations of fragility. The fourth High Level Forum on Aid Effectiveness in Busan, Korea, should provide an opportunity for the states that have more fundamental needs to express a common position that reflects their circumstance.

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ACKNOWLEDGEMENTS

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ACRONYMS AND ABBREVIATIONS

AAA   Accra Agenda for Action

ARV   Anti-retroviral

CAR   Central African Republic

CDA   CDA Collaborative Learning Projects, Inc.

CPIA   Country Policy and Institutional Assessment

CRS   Creditor Reporting System (OECD)

DAC   OECD Development Assistance Committee

DDR   Disarmament, demobilisation and reintegration

DRC   Democratic Republic of Congo

FSP   Principles for Good International Engagement in Fragile States and Situations ("Fragile States Principles")

GHD   Good Humanitarian Donorship

INCAF   International Network on Conflict and Fragility (OECD)

INGO   International non-governmental organisation

MDG   Millennium Development Goals

NGO   Non-governmental organisation

ODA   Official development assistance

OECD   Organisation for Economic Co-operation and Development

PIU   Project implementation unit

PFM   Public financial management

PRSP   Poverty Reduction Strategy Paper

SWAP   Sector-wide approach

UN   United Nations

FIGURE 1

2011 Fragile States Principles Barometer

LEVEL OF IMPLEMENTATION*		
BROADLY ON-TRACK	**6.** Promote non-discrimination as a basis for inclusive and stable societies
PARTLY ON-TRACK	**7.** Align with local priorities in different ways in different contexts
PARTLY OFF-TRACK	**1.** Take context as the starting point
	3. Focus on statebuilding as the central objective
	4. Prioritise prevention
	5. Recognise the links between political, security and development objectives
OFF-TRACK	**2.** Do no harm
	8. Agree on practical co-ordination mechanisms between international actors
	9. Act fast... but stay engaged long enough to give success a chance
	10. Avoid pockets of exclusion

Broadly on-track: Good progress in implementation of the Fragile States Principles
Partly on-track: Commitment and some progress in implementation
Partly off-track: Commitment but implementation is insufficient
Off-track: Limited commitment and poor to non-existent implementation

* Note that the 2009 and 2011 FSP barometers are not intended to be compared against each other. This is due to differences in methodology (the 2009 survey assessed only the implementation of the FSPs, while a joint Paris Declaration-FSP survey was undertaken for 2011), sample size (six in 2009 versus 13 in 2011) and presentation (the 2009 barometer has five categories, whereas there are four categories for 2011). Nevertheless, progress between 2009 and 2011 is presented in the individual country chapters for the countries that participated in both 2009 and 2011 (i.e. CAR, DRC, Haiti, Sierra Leone and Timor-Leste).

EXECUTIVE SUMMARY

THE PRINCIPLES FOR GOOD INTERNATIONAL ENGAGEMENT IN FRAGILE STATES AND SITUATIONS (FSPs) provide a framework to guide international actors in achieving better results in the most challenging development contexts. In 2011, the Second FSP Monitoring Survey was conducted in 13 countries: Burundi, Central African Republic (CAR), Chad, Comoros, Democratic Republic of Congo (DRC), Guinea-Bissau, Haiti, Liberia, Sierra Leone, Somalia, South Sudan, Timor-Leste and Togo. This followed a baseline survey in 2009 covering six countries (Afghanistan, CAR, DRC, Haiti, Sierra Leone and Timor-Leste) (OECD, 2010a). This synthesis report reflects the overall picture that has emerged from the second survey. International performance against these Fragile States Principles is seriously off-track. Overall, in the thirteen countries under review in 2011, international stakeholder engagement is partially or fully off-track for eight out of ten of the FSPs.

The Principles for Good International Engagement in Fragile States and Situations seem to have stimulated relatively limited change in international engagement at the country level since their endorsement by the OECD Development Assistance Committee (DAC) member countries in 2007 and their validation by both development partners[1] and partner countries in Accra in 2008. According to the 2011 Survey, development partner practice has not improved significantly to achieve better results. The main message of this report is that a significant gap still exists between policy and practice. The findings of this survey challenge development partners to complement their focus on results, effectiveness and value for money with a focus on the field-level organisational and paradigm changes necessary for achieving better results. In addition, partner countries have underlined the need for stronger mutual accountability frameworks to guide and monitor joint efforts between them and their international counterparts. Such frameworks should be mutually agreed and results-oriented, reflecting the specific and changing needs and priorities of countries in situations of conflict and fragility.

The variation among the countries surveyed means that findings for individual countries may differ significantly from the overall picture. A distinction also needs to be made between the findings for the five countries that volunteered to monitor FSP implementation in 2009 and the eight countries where the monitoring was carried out for the first time in 2011.

I. THE CHANGING CONTEXT

Roughly 1.5 billion people live in fragile states, in environments of recurring and violent crises (World Bank, 2011). The number of countries suffering from conflict and fragility remains high and the dire consequences of fragility manifest themselves locally, regionally and globally, negatively affecting development results. For these reasons, post-conflict and fragile states remain a priority for the international community. Countries in situations of conflict and fragility continue to attract about 30% of total annual DAC official development assistance (ODA),[2] as well as significant attention from other development partners.

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1   Throughout this report the term "development partners" refers to providers of development co-operation; the term "partner countries" refers to those countries managing the development co-operation provided to them by development partners.

2   OECD, Creditor Reporting System, 2010.

While achieving the Millennium Development Goals (MDGs) remains the objective of fragile and conflict-affected states, the evidence suggests that few, if any, are likely to achieve them by 2015. This has led to calls for complementary prerequisite goals and development approaches beyond traditional frameworks.[3]

The 2011 Monitoring Survey has been conducted in an international environment defined by four "game-changing" realities that had yet to emerge, or emerged only partially, in 2009, when the first survey was conducted.

– **The acknowledgement by policy makers that fragile states require different approaches than more developed countries.** This is supported by an increasing body of knowledge, evidence and high-level policy guidance on how to engage on a number of critical areas in conflict-affected and fragile states (*e.g.* World Bank, 2011; OECD, 2011a). There is also greater focus on international factors that may drive and prolong fragile situations and that require whole-of-government and whole-of-system approaches. These elements have provided impetus for rethinking the frameworks and objectives used to guide international engagement in fragile states.

– **The foundation of new partnerships between fragile and conflict-affected countries and their development partners, mainly in the form of the International Dialogue on Peacebuilding and Statebuilding.** Fragile states themselves increasingly demand a paradigm shift in the way assistance is delivered and the agenda for international engagement is defined.[4]

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3 See *The Monrovia Roadmap on Peacebuilding and Statebuilding* (g7+, 2011).

4 This demand by fragile states for a paradigm shift in the way international partners engage in such contexts is most clearly expressed through the formation of the g7+ grouping of fragile and conflict-affected states. Chaired by H.E. Emilia Pires, Timor-Leste's Minister of Finance, the g7+ seeks to provide the international community with a greater understanding of fragility from the perspective of fragile state themselves.

This is a welcome development that can help improve how international engagement contributes to the reduction of conflict and fragility. The International Dialogue is working toward an international agreement on a set of five peacebuilding and statebuilding objectives to guide international attention, action and funding, and on key "paradigm shifts" that will improve the current way of doing business.

– **The current global economic and financial crisis, which is putting pressure on development co-operation budgets and their use.** This is manifested in two ways: first, there is a risk that aid policies will increasingly have to support national policy priorities such as international security, migration and the promotion of trade. Second, there is an increasing demand for aid to deliver immediate benefits and value for money, for reasons of accountability to taxpayers and to win political support for aid in national budget allocations.

– **The increasing presence, relevance of and funding from other actors, which is making strong international partnerships ever more essential.** Middle-income countries are becoming active global players, challenging DAC development partners in two main ways. First, their engagements may not have the same objectives or be based on the same principles for development assistance as those established by the DAC. Second, even where their objectives and principles are similar or complementary, their effective implementation still requires new partnerships for development to be formed, to reduce fragmentation and increase development impact. The Fragile States Principles provide a framework that can help such partnerships to emerge but the 2011 Survey shows the international community is a long way from forming them.

A closer look at the evidence can help identify opportunities to improve international engagement.

II. THE EVIDENCE-BASED FINDINGS

The key finding of the 2011 Survey is that most aid actors are neither set up to meet the specific challenges posed by fragile situations, nor systematically able to translate commitments made by their headquarters into country-level changes. While efforts have been made to deliver on agreed commitments, these efforts appear not to have taken full account of the implications of the Fragile States Principles on the ground.

■ Mixed implementation amongst surveyed countries

The application of the Fragile States Principles is seriously off-track in five of the thirteen countries reviewed (Comoros, CAR, Chad, Haiti and Somalia). In two, Sierra Leone and Timor-Leste, implementation is generally on-track. Of the remaining six countries — five of which took part in the survey for the first time in 2011 — development partners have made efforts to translate the Fragile States

BOX 1
Positive examples of international engagement

Despite the overall level of FSP implementation in 2011, evidence gathered points to some positive examples of collaboration between national and international partners from which lessons can be shared:

The national **Truth, Justice and Reconciliation Commission** in Togo is the result of joint commitment by the Togolese government and development partners to prevent violent conflict and social unrest. The initiative is a concrete effort to support peacebuilding by rebuilding trust between different social groups, strengthening human rights and working towards a more transparent judiciary (FSP 3, FSP 4).

In Sierra Leone, national and international partners worked together to strengthen the capacities of the military and the police as well as the co-ordination between them. Specifically, development partners helped rehabilitate police barracks and supported police officer training and the Office of National Security and the Central Intelligence Support Unit. Most importantly, the **holistic approach to security sector reform** allowed the establishment of a politically neutral security sector capable of co-ordinating security activities at the national, regional and local levels ahead of the 2012 national elections (FSP 4, FSP 5). Likewise, in South Sudan, a concerted effort has been made to support the **peaceful transition of the Sudan People's Liberation Army** (SPLA) from an armed rebel group to a professional fighting force under democratic and civilian oversight, thereby reducing political and military threats to the implementation of the 2005 Comprehensive Peace Agreement (FSP 5).

The establishment of a **Health Sector Pool Fund** in Liberia in 2008 is a good example of alignment with local priorities and international co-ordination. The Fund works to support the implementation of the National Health Plan under the supervision of a Steering Committee chaired by the Minister for Health and Social Welfare (MOHSW) and with the contribution of several development partners. It provides operational support to MOHSW in the areas of financial management systems, monitoring and evaluation, health infrastructure and human resources (FSP 3, FSP 7, FSP 8).

In the Democratic Republic of Congo, development partners met in October 2010 to revitalise **inter-donor groups** and establish a **common co-ordination agenda**. In 2011, a second meeting explored the division of labour amongst development partners. Many committed to supporting this agenda, reducing the number of their sectors of intervention and encouraging joint co-operation (FSP 8).

Balancing the demand for "quick wins" with a long-term development strategy is a challenge in many countries. In Timor-Leste, the violence that followed the end of Indonesian rule in 1999 led to the destruction of health facilities. To avoid undermining local capacity and national reform strategies, a **joint health working group** was formed to help establish an Interim Health Authority (IHA). The IHA allowed the delivery of health services to be transferred to the government, a strategy which enabled the rapid restoration of government-provided basic health services. In four years, Timor-Leste was estimated to have six functioning hospitals, 65 community health centres and 170 health posts, giving 87% of the population access to a health facility within a two hours walking distance (FSP 3, FSP 9).

Principles into practice but any results have yet to be observed. Despite this mixed record, partner countries are increasingly demanding to see results and more effective development. They recognise that enhanced ownership and context-specific implementation of the FSPs is key to achieving this.

■ Broadly or partly on-track

Two out of the ten principles are being applied in a manner that can be considered broadly or partly on track: non-discrimination (FSP 6) and alignment of development partner interventions (FSP 7). Even here, there are improvements that could be made. For example, under FSP 6, development partners should strengthen the implementation of their commitments to gender equality and women's participation, and should adopt more programme-based approaches. Under FSP 7, the participating countries express concern about the alignment of the contributions of both DAC and non-DAC development partners with their national plans. Beyond these two principles, additional examples of effective collaboration were identified during the national consultations (see Box 1 for a selection).

The remainder of this section focuses on the evidence and key messages emerging from the survey about those FSPs that in aggregate are "partly off-track" or "off-track", while noting positive lessons from the individual country cases which are "broadly on-track" or "partly on-track". The body of this 2011 Monitoring Report highlights such lessons learned and draws relevant recommendations from them.

■ Partly off-track

Four of the FSPs fall into this category: FSP 1 (take context as the starting point), FSP 3 (focus on statebuilding as the central objective), FSP 4 (prioritise prevention) and FSP 5 (recognise the links between security, political and development objectives). Key challenges include insufficient understanding of national context to enable effective programming in support of national priorities, limited development partner support for processes aimed at fostering national dialogue and building a national vision, insufficient development partner efforts at prevention, and a continuing need for integrated approaches to peacebuilding and statebuilding on the ground.

– **Take context as a starting point:** since 2009, progress in implementing FSP 1 appears to have been limited. Development partners recognise that the context must be taken as the starting point of their engagement, and that an understanding of local political economy realities is critical, yet they neither conduct regular and systemic analyses, nor systematically share the ones they have undertaken, nor do they necessarily use the analysis as a basis for programming. Instead, international actors still tend to apply "pre-packaged" programming rather than tailoring assistance to local realities (CDA, 2011). For instance, lack of donor understanding of needs and context at the sub-national level significantly impedes the effectiveness of programming, while development partners' approaches to addressing gender inequalities risk being counterproductive unless they are grounded in a sound understanding of the context. Similarly, it is felt that development partners tend to formulate their country strategies without adequately consulting with recipient countries.

– **Focus on statebuilding as the central objective:** while development partners are increasingly committed to statebuilding, their approaches do not sufficiently reflect the need to support government institutions fostering state-society relations. They have not moved beyond "technical" institution building and capacity development to support broader political dialogue and processes. Statebuilding efforts tend to focus on the executive at central level, with less support for the legislature, judiciary and decentralised administrations. Support is often concentrated on formal institutions and "traditional" areas of intervention such as election support, public-sector management and service delivery, while support to civil society organisations in order to foster free and fair political processes, domestic

revenue mobilisation or job creation lags behind. In particular, the survey highlighted that engaging with non-state actors and legitimate local organisations to strengthen state-society relations remains a challenge for development partners.

A key problem in fragile states is the lack of a strong common vision, shared by society and government, of the role of the state and the priorities for statebuilding. External support to provide adequate space for dialogue among key stakeholders remains limited. Similarly, the government and the international community often lack a shared vision of the overarching statebuilding priorities.

– **Prioritise prevention:** joint and systematic efforts to prevent conflict remain weak in comparison with the challenges faced by most fragile states. Effective prevention combines support for early warning systems with swift and flexible early response mechanisms and regular evaluations of their effectiveness. This is seldom the case for development partner-supported systems or activities. Moreover, sharing risk analysis appears to be the exception rather than the norm, which prevents effective joint action and focused dialogue with national counterparts. Development partners need to strengthen the link between early warning and early response and conduct regular evaluations of the effectiveness of their support to prevention initiatives.

– **Recognise the links between security, political and development objectives:** while the links tend to be well recognised, they are unevenly reflected in country strategies. Where they exist, whole-of-government approaches are too frequently "paper tigers", informal and not acted upon in an integrated manner. Whole-of-government approaches designed in development partner headquarters are often poorly understood at country level or deemed impossible to implement due to the perception of "conflicting principles".[5] Finally, development partners have

not analysed the trade-offs between political, security and development objectives in all countries, and mechanisms for managing trade-offs are limited.

■ Off-track

Four of the FSPs fall into this category: FSP 2 (do no harm), FSP 8 (agree on practical co-ordination mechanisms between international actors), FSP 9 (act fast but stay engaged long enough to give success a chance) and FSP 10 (avoid pockets of exclusion). Key challenges include: a serious risk of development partners doing harm through their interventions because they lack systematic operating procedures to assess and address risks and unintended consequences; a lack of development partner co-ordination; the lack of (financial) predictability of development partner engagement; and the uneven geographic distribution of aid.

– **Do no harm:** Development partners do not systematically ensure that their interventions are context- and conflict-sensitive, nor do they monitor the unintended consequences of their support to statebuilding. There is limited evidence of mitigation strategies to address the issues of brain drain (hiring of local staff by development partner agencies), salary differentials for staff employed by government and international actors, and the continued reliance on parallel structures such as project implementation units (PIUs). Development partners also need to be more alert to the potential negative effects on statebuilding of over-reliance on international non-governmental organisations (NGOs) for basic service delivery, particularly when they act outside of existing national frameworks and are not accountable to the government and end users. Inadequate management of aid flows also continues to be potentially harmful. Poor or deteriorating governance – ranging from corruption to lack of transparency and accountability – is considered to have increased aid volatility. While these risks have to be managed, the development partners' approaches to doing so are often ill-adapted to the challenges faced by fragile states. For example,

5   See Box 4 and Figure 3.

abruptly stopping aid or its short-term disbursement in response to mismanagement can significantly harm the ability of partner countries to sustain peace. Finally, non-DAC development partners who have bypassed established environmental, human rights or anti-bribery norms such as the OECD Anti-Bribery Convention (OECD, 2011b) have caused harmful side effects.

– **Agree on practical co-ordination mechanisms between international actors:** In spite of the weaknesses in co-ordination between development partners and government, development partners have made limited efforts to agree on practical co-ordination mechanisms among themselves. Development partner co-ordination remains informal in most countries and is almost entirely absent in some. Recipient countries have had to shoulder the burden of co-ordinating international actors, which takes up considerable resources. The increase in the number of "players" (DAC and non-DAC members, global funds, foundations, charities and NGOs) further complicates the task of ensuring development partner effectiveness, tracking funding flows and making the transition from humanitarian to development assistance. Where national capacity and leadership is weak, inter-partner co-ordination is sub-optimal just as it is needed most. In addition, the extent of joint analytical work and missions has declined since 2009 in some countries.

Most countries lack a fully inclusive co-ordination structure involving humanitarian actors, stabilisation actors, development actors and the state. While humanitarian assistance is often more strongly and efficiently co-ordinated at country level than development assistance, its engagement with national government tends to be limited, which can have a negative effect on ownership and statebuilding if sustained over time. This is aggravated by the fact that humanitarian and development aid are guided by different principles and objectives, which can prevent strategic alignment and integration, contribute to fragmentation and hamper the achievement of joint results (this negatively affects FSP 9, FSP 8,

FSP 2 and FSP 5). Development partners face significant challenges when transitioning from humanitarian to development strategies.

– **Act fast but stay engaged long enough to give success a chance:** development partners almost uniformly express their commitment to long-term engagement in fragile states, yet aid remains unpredictable and interventions often prioritise short-term objectives. For instance, one-year funding commitments are typical in most countries, often due to development partners' risk aversion and the fact that humanitarian instruments often continue to be used long after the humanitarian crisis is over. While most development partners can mobilise additional funding to respond to short-term shocks, the slowness and lack of procedural flexibility remain problematic.

Fragility is a long-term problem, and it calls for long-term engagement. Many humanitarian crises (*e.g.* the 2011 famine in Somalia) are symptoms of long-term problems such as lack of attention to agricultural sector development, deteriorating governance, fragmented interventions that often bypass state institutions, and environmental degradation. The lack of patience and resources on the part of international actors often prevents them from taking the longer-term perspective in addressing these issues. Short-term "solutions", supported by development partners, can undermine national ownership, planning and resource management to address longer-term development challenges.

– **Avoid pockets of exclusion:** the uneven geographic distribution of aid is emerging as a significant concern. Sometimes this is due to factors beyond development partners' direct control (*e.g.* security issues), but greater transparency and dialogue between development partners and governments are required to allocate aid according to where it is most needed and in line with government-identified priorities. Geographic pockets of exclusion can ultimately undermine non-discrimination efforts (FSP 6). In Somalia, al-Shabab-controlled areas and the inability of

development partners to allocate aid according to identified needs contributes to the marginalisation of women and youth. The lack of reliable data on geographic distribution of aid within a country is also a significant weakness. National aid management systems need to be strengthened to enable development partners to generate reliable statistics and report disaggregated aid flows.

III. MAJOR CONCLUSIONS

Three major conclusions stand out from the 2011 Survey:

1. **Development partners need to make a more focused effort to "walk the talk", ensuring that the adoption of policies at headquarters translates into behavioural change on the ground.** This requires greater political efforts to adapt and reform their field policies and practices, reinforced with incentives for change, to ensure they can respond faster and with greater flexibility. Development partners need to improve their capacity to work in fragile states. To date, the Fragile States Principles have not sufficiently influenced changes in development partners' practices or helped improve results on the ground.

2. **Traditional development frameworks**, such as the Millennium Development Goals or poverty reduction strategies, **fall short of providing an adequate basis for effective action to address the challenges of conflict-affected and fragile states**. There is a need for a major shift in the way development outcomes, priorities and results are defined – both globally and at the country level. The political realities and political economies of fragile states need to be taken much better into account.

3. The Fragile States Principles primarily address development partner practices. Nonetheless, the survey findings suggest that they can also provide a powerful tool to improve country-level dialogue and engagement. Partner countries and development partners could use the FSPs as a basis for agreeing on **joint accountability frameworks prioritising peacebuilding and statebuilding efforts, ensuring that these are financed, and monitoring progress to deliver better results.** ■

INTRODUCTION

IN 2007, MINISTERS FROM THE OECD DEVELOPMENT ASSISTANCE COMMITTEE (DAC) MEMBER COUNTRIES adopted ten *Principles for Good International Engagement in Fragile States and Situations (FSPs)*. These principles reflected a growing consensus that fragile states require different responses than those needed in better performing countries. In September 2008, ministers, heads of development agencies and civil society organisations from around the world gathered in Accra for the Third High-Level Forum on Aid Effectiveness. Particular attention was given to the issue of improved aid effectiveness in the most challenging contexts, and a group of fragile states coalesced to voice their concerns and priorities. The members of this group decided that: "At country level and on a voluntary basis, donors and developing countries will monitor implementation of the Principles for Good International Engagement in Fragile States and Situations, and will share results as part of progress reports on implementing the Paris Declaration."[1]

The First Monitoring Survey of the Fragile States Principles was launched in 2009 covering six countries. It provided an assessment of the quality of international engagement based on national consultations covering the areas of co-operation, development and security in Afghanistan, the Central African Republic (CAR), the Democratic Republic of Congo (DRC), Haiti, Sierra Leone and Timor-Leste. The six Country Chapters and a synthesis Global Monitoring Report (OECD, 2010a) have allowed development stakeholders to take the views of national governments, international development partners, civil society and the private sector from each country into account.

In 2010, development partners felt that the Fourth High-Level Forum on Aid Effectiveness (Busan, Korea, November 2011) would be a crucial moment to assess the progress of international engagement in fragile states and situations and to gauge how they have fared against the Paris Declaration Principles. Thus, ministers and high-level government representatives from 13 fragile countries[2] asked to take part in a second monitoring survey in 2011, looking into the implementation of both the Fragile States Principles and the Paris Declaration. This combined survey was officially launched at the second African regional meeting on aid effectiveness, South-South co-operation and capacity development, which took place in Tunisia, in November 2010.

The growing interest in this monitoring exercise reflects the demand for more evidence-based dialogue, which can serve as a basis for enhanced mutual accountability between national and international stakeholders. More importantly, the need to identify success areas and remaining challenges in applying the Fragile State Principles has coincided with partner countries' own impetus to take charge of the development agenda and to use the survey findings at the national level to push for change.

This 2011 Monitoring Report, which synthesises the findings and recommendations from the 13 country chapters, will be presented at the Fourth High-Level Forum on Aid Effectiveness. It will provide an opportunity for all stakeholders to look into the evidence gathered and reflect on how best to improve international engagement in fragile states and situations. The following sections present the evidence and lessons learned for each of the Fragile States Principles, with recommended priority actions to improve their implementation. ■

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1   See Accra Agenda for Action (2008), para 21 (e).

2   Burundi, CAR, Chad, Comoros, DRC, Guinea-Bissau, Haiti, Liberia, Sierra Leone, Somalia, South Sudan, Timor-Leste and Togo, twelve of which were also signatories of the Paris Declaration.
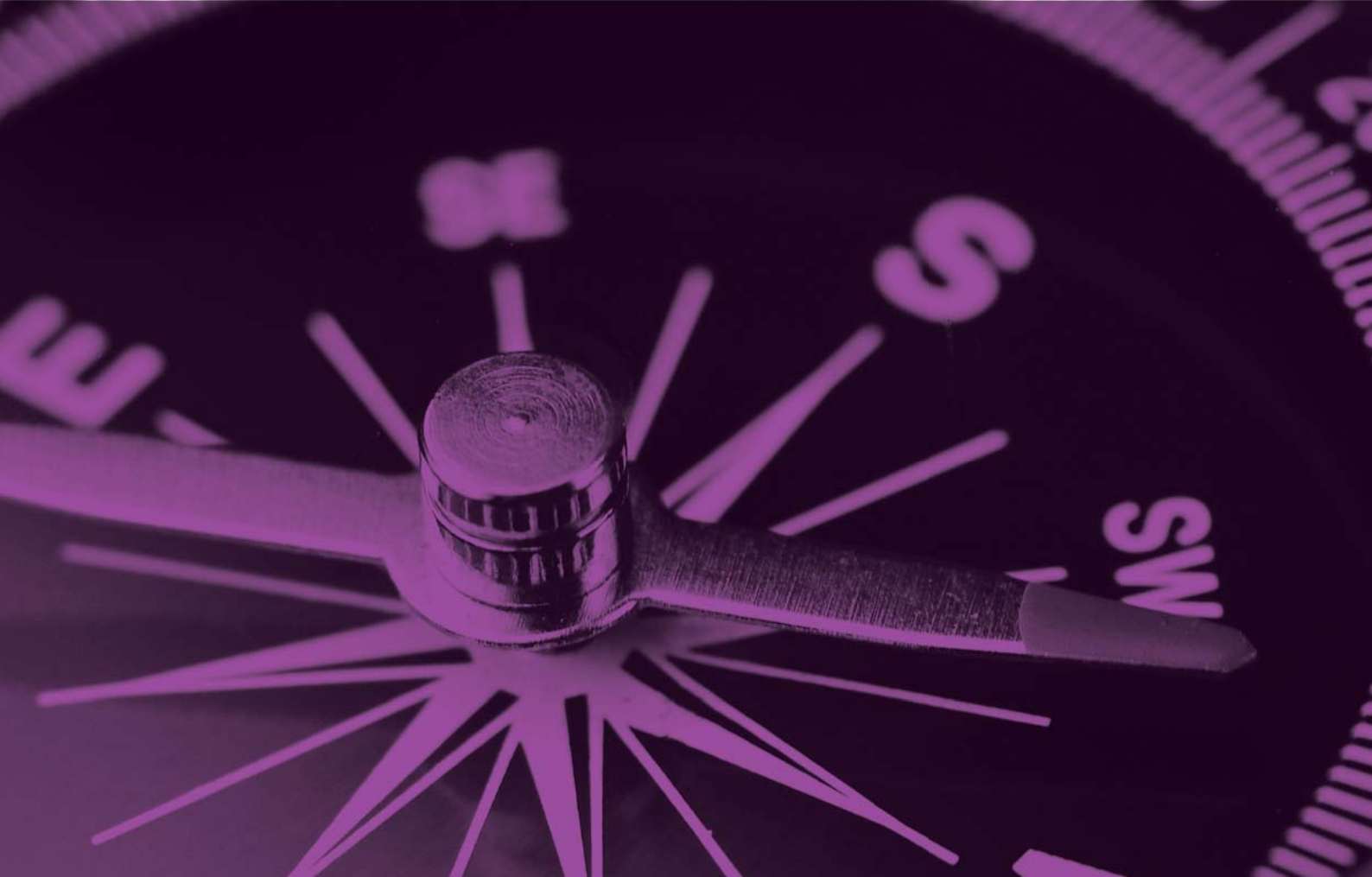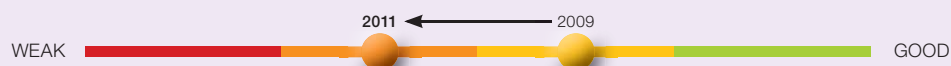
LESSONS LEARNED
& RECOMMENDATIONS

1. TAKE CONTEXT AS THE STARTING POINT

IN ORDER FOR DEVELOPMENT PARTNERS TO SUCCESSFULLY IMPLEMENT THIS PRINCIPLE, they need two main elements: a sound understanding of country context, including the different constraints to political will, legitimacy and capacity, and a shared view of the strategic response required. FSP 1 highlights the importance of adapting international responses to country and regional contexts and the importance of avoiding blueprint approaches.

The 2009 Survey found that development partners understood the importance of context, but that they did not systematically share their respective analyses, nor did their analyses necessarily influence their programming. International actors seem not to take the time to understand the context adequately and tend to apply "pre-packaged" programming rather than tailoring assistance to local realities (CDA, 2011).

The 2011 Survey shows that development partners have made only limited progress since 2009. Once again, they acknowledge the importance of taking context as the starting point, and make efforts to align their programming to national planning frameworks in all cases. However, the strength and depth of their contextual analysis is often limited by insufficient use of local knowledge, which in turn leads to limited understanding of the sub-national context (with implications for the effectiveness of development partner engagement under FSPs 2 and 10). Local and international observers in Haiti, for example, commented on the misguided "diagnosis" and solutions which overlooked or undermined the social resilience and creativity that is Haiti's greatest wealth (CDA, 2011).

Sound contextual analysis is constrained by a lack of development partner capacity and, in some cases, lack of presence in the country (CAR, Comoros, Somalia, South Sudan and Togo). Where development partners have been on the ground longer, they are sometimes felt to have a better understanding of the local dynamics and political context but this is undermined by frequent staff turnover. When staff members go, knowledge often goes with them (CDA, 2011).

As in 2009, the 2011 Survey indicates that development partners do not always translate their efforts to understand context into programming, thus undermining the value of the analytical process. Moreover, development partners lack the flexibility to adjust programming in the light of changes

RECOMMENDATIONS

– Regularly update contextual analysis and link it to programming.

– Ensure greater flexibility through delegation to the field to adjust programming and instruments in the light of evolving context.

– Make more and better use of local knowledge, including by strengthening local capacity for timely analysis.

– Improve understanding of sub-national context (see also FSP 10).

– Translate joint analysis into shared responses.

– Share analysis more widely with other stakeholders.

– Support national statistical development.

– Pay attention to preserving institutional memory despite staff changes.

in context, limiting their capacity to respond to the changing dynamics that often characterise fragile situations.

The country surveys identified instances of good practice in implementation of this principle (Sierra Leone and Timor-Leste), characterised by comprehensive analysis based on joint approaches and joint responses to changes in context. However, even in these cases, it was noted that contextual analysis does not always translate into programming. The multiplicity of and lack of coherence among development partner interventions hampers joint implementation. Evidence suggests that development partners do not systematically engage in continuous dialogue with other stakeholders, nor do they share their analysis sufficiently with them.

In the worst cases, development partners were found to have an inadequate understanding of the drivers of conflict and country context and to pay limited attention to joint analytical work and joint responses. The consequences included programming based on an analytical framework that was three years out of date in a rapidly changing environment (Somalia), the inappropriate prioritisation of humanitarian responses over development assistance (Chad), design of a pooled instrument that was inappropriate for the context and had limited flexibility for adjustment in implementation (South Sudan), and insufficient government involvement and coherence in programming (Haiti). ■

2. DO NO HARM

FSP 2 HIGHLIGHTS THE IMPORTANCE OF BASING INTERNATIONAL INTERVENTIONS ON STRONG CONFLICT ANALYSIS, and designing them with appropriate safeguards to avoid inadvertently causing harm in fragile environments. It also highlights the importance of adopting graduated responses to governance failures, with aid cuts in-year being considered only as a last resort for the most serious situations.

In 2009, international interventions were considered on balance to have had a positive effect. Examples of harm were cited, particularly where international presence weakened state capacity or legitimacy, or where uneven distribution of aid widened social disparities. There was little evidence that international actors had attempted to assess these risks in a systematic way.

In 2011, perhaps in part due to a widening of the survey from six to 13 countries, concerns over the harmful impact of aid appear to be more acute. Those consulted described instances in which international assistance reinforced existing tensions and power imbalances (CDA, 2011). Of the 13 participating countries, nine expressed concerns over the brain drain of personnel to development partners and the perverse effects of development partner salary top-ups on statebuilding and institution building. Concerns over the links between international engagement and corruption were raised in five countries (Somalia, Sierra Leone, South Sudan, Comoros, Burundi), either in terms of aid inadvertently fuelling corruption, or international actors playing an insufficient role in preventing corruption, and five instances were cited of harmful interventions or harmful stoppages of aid. These

included poorly-designed disarmament, demobilisation and reintegration (DDR) programmes and suspension of an HIV/AIDS project leading to an anti-retroviral (ARV) stock-out (Central African Republic); increased tensions between host and refugee populations (Chad); unexplained aid stoppages affecting medical supplies (Togo); and violent rejection of a poorly designed sub-national project (Comoros). Responses to the gender poll in Somalia[1] suggest that gender equality programmes are often initiated in development partner headquar-

RECOMMENDATIONS

– Incorporate systematic risk impact analysis into the design of interventions to ensure programmes do not fuel conflict and/or negatively affect statebuilding. Interventions need to include regular provision for monitoring and feedback.

– Incorporate lessons learned back into interventions, and encourage staff to invest more time in identifying those practices that contributed to successes and failures.

– Respond to governance concerns with greater emphasis on dialogue and adapting aid instruments and modalities, rather than reducing aid.

– Accompany the use of parallel structures and salary top-ups with institution-building strategies, plans for transferring aid implementation to regular government institutions and agreed specific timelines for harmonising pay practices.

– Pay greater attention to the possibility of procuring goods and services locally from national organisations, weighing the potential concerns about fiduciary risk and effectiveness against the positive impact on the local economy and development of local capacity.

[1] The results of the gender survey are available as an annex to the Somalia country chapter (OECD, 2011c)

ters and undertaken with insufficient understanding of the context, which reduces their effectiveness and sometimes exacerbates gender discrimination.

The weaknesses in contextual analysis identified under FSP 1 have negative knock-on effects on the effectiveness of implementation of this principle by development partners. Weak context analysis in general, and a lack of conflict analysis in particular, increase the potential for international interventions to inadvertently do harm. Failure to take into account local needs when designing interventions is also cited as a significant weakness in several countries (Comoros, DRC and Guinea-Bissau).

Weak contextual analysis is exacerbated by development partners failing to systematically conduct risk analyses to ascertain the potential negative impacts of proposed interventions, particularly when programming development aid. The risk analysis process is considered to be stronger for humanitarian interventions in some cases (Chad, DRC), but even then it is not always successful in mitigating the harmful impact of interventions.

Related to this is an insufficient assessment of the

trade-offs between policy objectives (for example, anti-terrorism initiatives or the promotion of commercial interests, particularly by non-DAC development partners) and peacebuilding and statebuilding.

Moreover, the negative impacts of brain drain, parallel implementation units and salary top-ups have clear knock-on effects on statebuilding and on the local economy (FSP 3). There is limited evidence of successful mitigation strategies in this area. Reliance on international NGOs is also considered problematic from a statebuilding perspective (Chad, Haiti and South Sudan).

Development partners appear to have strong mechanisms for evaluating lessons learned, but they are not systematically integrated into future programming. High staff turnover among development partners, lack of incentives to engage in lesson learning and identification of successes and failures, and lack of flexibility to adjust programming in light of lessons learned are cited as key constraints. ■

3. FOCUS ON STATEBUILDING AS THE CENTRAL OBJECTIVE

FSP 3 CALLS ON DEVELOPMENT PARTNERS TO USE AID TO STRENGTHEN STRATEGIC STATE FUNCTIONS essential for poverty reduction and to make progress on essential public reforms. It also calls for support to all three pillars of government (the executive, legislature and judiciary), as well as for strengthening political processes and supporting dialogue between the state and civil society. The importance of the latter element to successful statebuilding has been highlighted in recent OECD policy guidance, which notes that, in order to be effective, statebuilding approaches need to move beyond institution building towards fostering greater and deeper interaction between state and society (OECD, 2011a).

The 2009 Survey found that development partners had a clear and increasing focus on statebuilding, but that the results of their efforts varied from country to country. The Survey also found that development partners tended to focus on institutional development within the executive, with less attention paid to other branches and levels of government or to fostering constructive state-society relations. Project implementation units (PIUs) and salary top-ups were cited as harming capacity development.

In 2011, development partners' statebuilding efforts continue to focus primarily on the central executive, with the legislature, judiciary and decentralised administrations receiving less attention. Within the executive, support often focuses on formal institutions and "traditional" areas of intervention such as elections, public-sector management and service delivery, with more limited support to areas that are key to statebuilding and economic development, such as domestic revenue mobilisa-

tion and job creation. In Liberia, for example, those consulted voiced concerns about an excessively technical approach to development with an emphasis on physical infrastructure and a largely institutional approach to peacebuilding (CDA, 2011).

Likewise, there are few examples of positive development partner engagement to facilitate local political processes and political dialogue or to strengthen state-society relations by supporting civil society and public debate on statebuilding. Yet the surveys make it clear that statebuilding support is more effective in countries where the state has full authority over its territory, there is a common vision on the role of the state, and the statebuilding process is locally led.

RECOMMENDATIONS

– Orient international objectives to the overall objective of strengthening state-society relations and helping foster a common vision of the role of the state by supporting civil society and local processes or public debate.

– Adopt a broader statebuilding approach encompassing the legislature, judiciary and decentralised administrations, not just the executive at central level.

– Broaden the scope of statebuilding support to the executive to encompass activities essential to the sustainability of the state and economic development, including job creation and domestic revenue mobilisation.

– Pay greater attention to ensuring that the way aid is delivered does not undermine statebuilding processes.

A significant challenge in a number of countries is the lack of a common national vision on the role and functions of the state, and the key priorities for statebuilding (DRC, Haiti, Somalia), while the need for greater local leadership on statebuilding is cited in others (CAR, Chad, South Sudan, Togo). Similarly, the effectiveness of development partners' statebuilding efforts in some countries is limited by a lack of mutual understanding on the overarching statebuilding priorities and vision between the government and the international community (Burundi, Liberia).

Some progress has been made in reducing the number of parallel PIUs (CAR, Liberia, Sierra Leone), but the approaches employed in aid delivery are not considered helpful to statebuilding. These approaches also lead to project fragmentation and limited use of country systems, and fuel the continued existence of PIUs. This can in turn exacerbate the lack of human resources and weak human capital, which is cited as a systematic barrier to strengthening government institutions in a number of countries.

Finally, there are no processes in place to systematically measure and assess the progress and results of development partner interventions in support of statebuilding. ■

BOX 2

The International Dialogue on Peacebuilding and Statebuilding: partner countries' commitment to a paradigm shift

The members of the g7+ and international partners came together at the second International Dialogue on Peacebuilding and Statebuilding in Monrovia on 15-16 June 2011. They jointly agreed on a set of five peacebuilding and statebuilding objectives:

— Legitimate politics: Foster inclusive political settlements and conflict resolution.

— Security: Establish and strengthen citizen security.

— Economic foundations: Generate employment and improve livelihoods.

— Justice: Address injustices and support increasing citizen access to justice.

— Revenues and services: Manage revenues and build capacity for accountable and fair social service delivery.

Partner countries (the "g7+") have started a paradigm shift by setting the agenda and committing to the attainment of these objectives, which they see as necessary to reach the MDGs in situations of fragility and conflict. They will solicit support for these five objectives at the highest level of their governments and organisations and from other stakeholders, and will present them for endorsement at the Fourth High-Level Forum in Busan.

Source: g7+ (2011), *The Monrovia Roadmap on Peacebuilding and Statebuilding*, International Dialogue on Peacebuilding and Statebuilding, Monrovia, June 2011.

4. PRIORITISE PREVENTION

PRINCIPLE 4: LEVEL OF IMPLEMENTATION

WEAK   **2011***   GOOD

* same as 2009

THE CENTRAL PREMISE OF FSP 4 IS THAT ACTION TODAY CAN SIGNIFICANTLY REDUCE THE RISK OF FUTURE CONFLICT AND OTHER CRISES. Prioritising prevention requires a combination of early warning systems, early response modalities for the purpose of crisis management, and the ability to recognise and address those root causes of fragility that are most likely to trigger crises before they happen. Good (and shared) risk analyses, understanding the political economy and the ability to take rapid action when the risk of conflict and instability appears imminent are essential ingredients to effective prevention. It is also important to strengthen local and regional capacities to prevent and resolve conflicts.

The 2009 Survey indicated that international actors undertook specific initiatives relevant to crisis prevention, but their coverage had been patchy and effectiveness mixed. Moreover, such initiatives were often too isolated (*i.e.* they were not planned within an overall strategy of crisis prevention and did not feed into broader development partner engagement). The 2011 Survey demonstrates that the last two years have seen little progress on the implementation of this principle.

Early warning systems have been established in most countries, with the exception of CAR. Concerns have been raised about the multiplicity of systems and the lack of co-ordination between them in several countries, including Guinea-Bissau, Haiti, Liberia, South Sudan and Timor-Leste. In some countries, early warning systems have worked but have not led to effective early responses (Burundi, Chad, Comoros and Somalia). This raises questions about the efficacy of the systems established and the

extent to which development partners are willing or able to take rapid action when a crisis is imminent. Part of the explanation may lie in the observation that development partners do not generally seem to operate within a shared framework for conflict prevention (CAR, Liberia, Haiti, Somalia and South Sudan). This clearly limits the effectiveness of their responses. More generally, little emphasis seems to be placed on evaluating the impact of development partner support on prevention initiatives, which makes it difficult to improve on this principle (a weakness that was also observed under FSP 2).

Insufficient analysis of the root causes of fragility is cited as a concern in a number of cases (Burundi, CAR, Chad, DRC and Somalia), risking short-term responses that can contribute to repeated cycles of crises (see also FSP 1). The exception is Sierra Leone, where development partners are making explicit efforts to tackle youth unemployment, one of the potential drivers of conflict. Shared risk assessment between development partners also appears to be

RECOMMENDATIONS

– Co-ordinate and rationalise efforts to support early warning systems within an overall country framework for conflict prevention.

– Strengthen the link between early warning and early response, and conduct regular evaluations of the effectiveness of support for prevention initiatives.

– Systematically analyse the root causes of conflict as a basis for programming, including from a risk assessment perspective.

– Strengthen local capacities.

the exception rather than the norm.

Finally, evidence of regional conflict analysis and prevention (*i.e.* at the supranational level, such as the Great Lakes Region) is mixed. In CAR, for instance, inadequate development partner analysis of regional conflict drivers was considered a significant weakness, whereas in Timor-Leste development partner efforts to strengthen local and regional capacity to manage conflict are considered commendable. There is little evidence of development partners being sufficiently focused on strengthening local capacities either for preventing or resolving conflicts. ■

5. RECOGNISE THE LINKS BETWEEN POLITICAL, SECURITY AND DEVELOPMENT OBJECTIVES

PRINCIPLE 5: LEVEL OF IMPLEMENTATION

WEAK   **2011** ←   2009   GOOD

THIS PRINCIPLE RECOGNISES THAT INCREASING RESILIENCE IN FRAGILE STATES requires political, security and development objectives to be addressed in an integrated manner. Development partners need to adopt a whole-of-government approach. They also need to be able to grasp what trade-offs exist between political, security and development objectives, as well as what the consequences of such trade-offs might be.

The 2009 Survey found broad recognition of the need for integrated approaches, but much less consensus on how to put them into practice. The 2009 evidence showed that integrated whole-of-government strategies from development partner countries remained the exception in the field. The 2011 Survey finds that development partners continue to recognise the links between the security, political and development dimensions. In most of the countries surveyed they are now reflected in development partner country strategies. However, this recognition frequently exists on paper only. In Burundi, for instance, security is felt to be an area of high demand and little supply because the sector has not been considered strategically relevant to development partners.

In the weakest cases, there is limited evidence of development partner efforts to implement whole-of-government approaches in any form (CAR, Chad, Comoros, Haiti and Togo). In such cases, links between humanitarian, development and security engagement, for instance, are weak or wholly absent.

In cases where whole-of-government approaches exist, the processes for managing the resulting trade-offs often lack transparency. This feeds a sense that certain objectives are implicitly prioritised over others

(see Box 3). In Somalia, for instance, the neutrality of humanitarian aid is felt to be compromised by political objectives (anti-terrorism and anti-piracy laws have prevented humanitarian aid from being delivered to certain areas). In Guinea-Bissau it is felt that international security concerns (particularly related to drug trafficking) are given precedence as well.

Development partner implementation of whole-of-government approaches appears to be most effective when it is explicitly aligned to national frameworks that link political, security and development objectives, for example the Agenda for Change in Sierra Leone, the Poverty Reduction Strategies in the DRC and Liberia, and the Comprehensive Peace Agreement in South Sudan. In other words, where national governments are able to articulate what they consider key connections and objectives in these areas, development partners are in turn able to optimise their whole-of-government approaches. In contrast, limited capacity within government (as is the case in Haiti) can be a constraint to effective and integrated implementation but should nevertheless not be seen as an insurmountable obstacle. A whole-of-government approach hence also requires a comprehensive effort to strengthen the capacity of relevant national institutions. ■

RECOMMENDATIONS

– Explicitly adopt and formalise whole-of-government approaches for all fragile states, accompanied by clear processes to identify and manage trade-offs between political, security and development priorities.

– Support partner government institutions to strengthen the implementation of political, security and development objectives at national level through national planning frameworks.

6. PROMOTE NON-DISCRIMINATION AS A BASIS FOR INCLUSIVE AND STABLE SOCIETIES

PRINCIPLE 6: LEVEL OF IMPLEMENTATION

WEAK   2011*   GOOD

*same as 2009

FSP 6 RECOGNISES THAT REAL OR PERCEIVED DISCRIMINATION IS ASSOCIATED WITH FRAGILITY AND CONFLICT and can lead to service delivery failures. It calls on development partners to consistently promote gender equality, social inclusion and human rights, and highlights the importance of involving women, youth, minorities and other excluded groups in service delivery and statebuilding strategies from the outset.

In 2009, implementation of this principle by international actors was judged to be good, although it was noted that many forms of discrimination were deep-seated and difficult to tackle, and advocacy efforts had not always yielded results.

In 2011, implementation of this principle remains the most effective of all the Fragile States Principles. Development partners express a clear commitment to prioritising non-discrimination in all cases, have mechanisms in place to take into account the views of vulnerable groups in their programming, and implement projects that promote social and economic inclusion (see Figure 2).

The 2011 Survey also shows that there is still scope to strengthen implementation of this principle. Development partner programming is felt to be selective in some cases, with some priority groups or issues not fully addressed in individual countries. Some country surveys mention the need for a greater focus on human rights (CAR, Comoros, DRC, Guinea-Bissau), whilst some highlight the importance of giving greater priority to promoting the voices of civil society (CAR, Somalia). The need for further development partner support to promote the social inclusion of people with disabilities is also

mentioned in a number of countries (Chad, Haiti, Sierra Leone and Togo).

Evidence suggests that development partners often lack the capacity to implement their political commitments to gender equality and women's participation. They sometimes fail to fully understand the local context, resulting in short-term approaches that may exacerbate gender discrimination (Burundi, DRC and Somalia).[1]

Likewise, development partners give youth unemployment varying levels of attention. Specific programmes to address youth unemployment are in place in Comoros and Sierra Leone, whilst in other countries (Chad, Haiti, South Sudan and Timor-Leste) it is identified as a critical issue and potential driver of conflict that requires further attention.

RECOMMENDATIONS

– Move beyond a project-based approach to holistic programming that improves inclusion of vulnerable groups.

– Pay greater attention to supporting and influencing government approaches to non-discrimination at a policy level.

– Ensure equitable rather than selective support to groups and supporting issues that are central to building inclusive and stable societies, particularly human rights, youth unemployment and people living with disabilities.

– Make greater efforts to support the availability of data.

1   Based on information from the gender poll undertaken in Somalia (OECD, 2011c) and replies to the optional gender equality module of the 2011 Paris Declaration monitoring survey, which was tested by Burundi, Comoros, DRC and Togo.

More generally, it was felt that development partner interventions to support non-discrimination tend to be narrowly focused at the project level (Burundi, DRC, Liberia, Somalia, South Sudan, Timor-Leste) and that more attention needs to be paid to supporting and influencing government approaches to non-discrimination at a political and policy level, as well adopting holistic programming approaches that increase the inclusion of vulnerable groups.

As with other principles (FSP 1, FSP 4, FSP 10), monitoring the effectiveness of development partner implementation of FSP 6 is constrained by a lack of data, including disaggregated development partner information on support to vulnerable groups. ■

FIGURE 2

Gender-equality focus of development partners' aid programmes

International agreements such as the UN Security Council Resolutions 1325, 1820, 1888 and 1889 commit to a focus on gender equality but this is only implemented by development partners to a limited extent. However, some DAC members have made gender a major focus of their aid programmes and allocate more funds to supporting gender equality in fragile states than they allocate to their non-fragile partner countries. Overall, one-third of DAC members' aid to fragile states targets gender equality. Development partners tend to support gender equality in the education and health sectors in particular but there is clear scope to scale up investments for gender equality in the peace, security and governance sectors in fragile states to support women's participation in building an inclusive and stable society.

GENDER-EQUALITY FOCUS OF DEVELOPMENT PARTNER'S AID PROGRAMMES
Fragile states** compared with non-fragile developing countries (% of sector allocable aid commitments 2008-2009; constant 2009 prices)

GENDER EQUALITY FOCUSSED AID, PRINCIPAL AND SIGNIFICANT - FRAGILE STATES (%)
GENDER EQUALITY FOCUSSED AID, PRINCIPAL AND SIGNIFICANT - ALL DEVELOPING COUNTRIES (%)
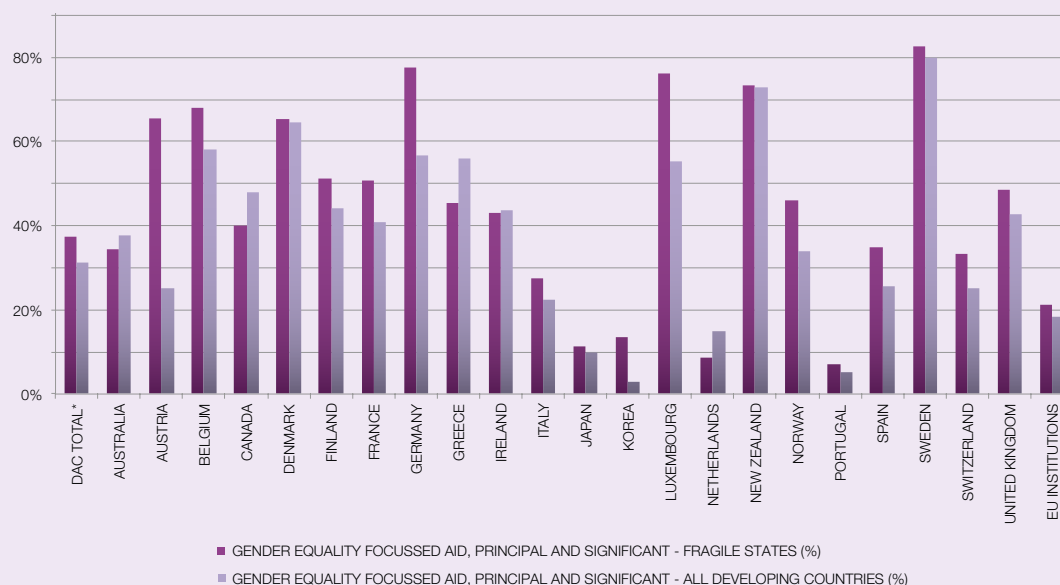
* Figures for the United States have been excluded because the data on gender equality-focused aid is not comparable with those reported by other development partners. The United States has reviewed how it collects gender marker data and is implementing an improved data collection procedure. It anticipates that reporting will resume in 2011 under the new methodology.

** This graphic is based on evidence collected in a sample of 43 countries considered as fragile states (Afghanistan, Angola, Burundi, Cameroon, Central African Rep., Chad, Comoros, Congo, Dem. Rep., Congo, Rep., Cote d'Ivoire, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Iraq, Kenya, Kiribati, Korea, Dem. Rep., Liberia, Myanmar, Nepal, Niger, Nigeria, Pakistan, Palestinian Adm. Areas, Papua New Guinea, Rwanda, Sao Tome & Principe, Sierra Leone, Solomon Islands, Somalia, Sudan, Tajikistan, Timor-Leste, Togo, Tonga, Uganda, Yemen, Zimbabwe).

Source: Adapted from OECD (2010b), "Aid in Support of Gender Equality in Fragile and Conflict-Affected States", in *Aid in Support of Gender Equality and Women's Empowerment*, OECD, Paris. Figures: OECD CRS, 2011.

7. ALIGN WITH LOCAL PRIORITIES IN DIFFERENT WAYS IN DIFFERENT CONTEXTS

PRINCIPLE 7: LEVEL OF IMPLEMENTATION

2011*

WEAK   GOOD

* same as 2009

FSP 7 REQUIRES DEVELOPMENT PARTNERS TO ALIGN THEIR ASSISTANCE TO NATIONAL STRATEGIES as long as governments demonstrate the political will to foster development. Where alignment to national strategies is not possible, development partners should seek opportunities to align partially at the sector or regional level. When government capacity for implementation is limited, development partners should identify appropriate aid arrangements, which can help facilitate shared priorities and responsibility for execution (*e.g.* pooled funds). Where possible, development partners should seek to avoid developing parallel systems without considering transition mechanisms and long-term capacity development.

The 2009 Survey found that development partner strategies tended to align with countries' national priorities when these were well-defined, but less so when strategies were insufficiently prioritised. However, it was noted that efforts were needed to deepen operational alignment, particularly the use of country systems, sector-wide approaches, and alignment to sub-national priorities and planning. Aligning with a country's broad development priorities at the thematic level did not necessarily translate to alignment of aid to specific priorities at the programme and activity level. It was felt that too many parallel PIUs continued to be set up and used for too long.

The 2011 Survey demonstrates that over the past two years, development partners have made progress in implementing this principle. In all cases, stakeholders noted development partner alignment with national high-level strategic priorities. However in some cases fuller alignment remains constrained by weaknesses in national capacity for implementation (Burundi, Chad, Comoros, DRC, Guinea-Bissau, Haiti) and by the continuing use of humanitarian aid alongside development assistance (Chad, Haiti). Development partners also tend to align at a broad level to national development strategies or Poverty Reduction Strategy Papers (PRSPs) but this is often not reflected at project or sub-national level. Alignment at the sectoral level (i.e. the alignment of development partner-supported activities to priorities set out within countries' sector plans and strategies) is uneven, although there are signs of progress in sectors such as health (Liberia, Sierra Leone). In some cases, (for example, DRC, Chad, Comoros, Haiti) the absence of sectoral strategies acts as a constraint to effective alignment. Alignment at the sub-national level remains weaker in most cases, mainly due to the lack of clear government strategies for decentralisation and credible strategies that facilitate alignment at the sub-national level (a problem that also affects the implementation of FSP 10).

RECOMMENDATIONS

– Strengthen national capacity to plan and implement development strategies, particularly at sectoral and sub-national levels

– Strengthen national public financial management capacity to enable greater use of country systems and the provision of a greater proportion of budget aid.

– Combine parallel PIUs and use of NGOs with plans for national capacity development and the eventual transition to implementation through national structures.

Progress has also been made in reducing the number of parallel PIUs in a number of countries (Chad, Liberia, Sierra Leone, Timor-Leste, Togo), although the definition of a parallel PIU is not always clear or consistently applied. Nonetheless, use of parallel PIUs and implementation through NGOs remains extensive in countries where government capacity is considered to be particularly weak (Burundi, DRC, Haiti, Somalia, South Sudan), and it remains a concern that these parallel implementation approaches are generally not accompanied by clear plans for transition and capacity building within permanent institutional structures (see Box 2).

Development partners continue to mix aid instruments to manage risks and accommodate different contexts, but there is also evidence of increasing use of better-aligned and harmonised funding approaches, including in countries where government systems are weak. These approaches include budget support (particularly in countries where government systems are relatively more robust, but sometimes even in those where they are not), sector-wide approaches and pooled funding mechanisms. However, the existence of harmonised instruments has not always led to improved development partner alignment (Haiti) and their delivery of results has been variable in some cases (Burundi, South Sudan). ■

BOX 3

Service delivery transitions in Timor-Leste

The health sector in Timor-Leste is a positive example of a transition from non-state to state service delivery. Following the almost complete departure of health professionals and destruction of health facilities, development partners initially relied entirely on international NGOs (INGOs) to provide emergency health services, but at the same time moved rapidly to develop new health institutions. A Joint Health Working Group, bringing together UN experts, INGOs and East Timorese health professionals, took on both the co-ordination of the relief effort and the creation of the Interim Health Authority. A joint assessment mission concluded that the priority was to address immediate basic health needs without constraining future policy choices. Development partners therefore continued to fund INGOs for service delivery, but required them to submit to the co-ordination and policy direction of the government, as set out in a Memorandum of Understanding. Service provision was later shifted to the government through a transition strategy that began with high priority areas (such as immunisation and health promotion) and later expanded.

As a result of these interventions, Timor-Leste was estimated to have six functioning hospitals, 65 community health centres and 170 health posts, giving 87% of the population access to a health facility within two hours' walk. One of the success factors for this transition was the availability of flexible and co-ordinated development partner support, which enabled INGO service delivery to be funded up to the point when local authorities were able to take over. Most importantly, the case demonstrates the importance of placing emergency relief, reconstruction and long term policy and systems development within a common strategic framework, so that they do not work at cross purposes.

Source: DFID (2009), *Engagement in Fragile Situations: Preliminary Lessons from Donor Experience. A Literature Review,* Evaluation report EV699, January 2009, p 20, referencing Rosser, A. (2004) "The First and Second Health Sector Rehabilitation and Development Projects in Timor-Leste" in *Making Aid Work in Fragile Situations: Case Studies of Effective Aid Financed Programs*, World Bank.

8. AGREE ON PRACTICAL CO-ORDINATION MECHANISMS

PRINCIPLE 8: LEVEL OF IMPLEMENTATION

WEAK — 2011 ← 2009 — GOOD
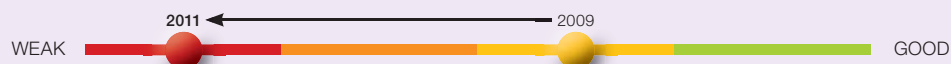
FSP 8 CAN CLEARLY BE IMPLEMENTED THROUGH PRACTICAL CO-ORDINATION between development partners even in the absence of strong government leadership. Practical initiatives can take the form of establishing joint development partner offices, an agreed division of labour among development partners, delegated co-operation agreements, multi-donor trust funds, and common reporting and financial requirements. Where possible, development partners should seek to work together on upstream analysis, joint assessments, shared strategies and co-ordination of political engagement.

In 2009, the fragmentation of development partner activities was considered a challenge to effective implementation of this principle. Most countries had active development partner co-ordination forums in place that worked reasonably well for information sharing and, to some extent, harmonisation, but no formal arrangements were in place for division of labour between development partners.

In 2011, perhaps in part due to the expansion of the number of countries covered in the survey, implementation of this principle appears to have deteriorated. A fully inclusive co-ordination structure, involving humanitarian, statebuilding and development actors and the state remains elusive. No country has a co-ordination system that has demonstrated it can bring the various actors together. In four countries (CAR, Chad, DRC, Somalia), humanitarian co-ordination is viewed as being effective at driving joined-up humanitarian programming, but concerns remain from a national ownership and statebuilding perspective (FSP 3), given that national governments tend to be less involved in humanitarian co-ordination. Survey participants reported that development co-ordination often suffered from an unclear division of labour. Overall, effective co-ordination between development partners and government is considered to be either partial or almost non-existent in the majority of countries covered by the survey, with particular concerns over the variability in co-ordination at sectoral level, and the almost total absence of co-ordination at sub-national levels. In spite of the weaknesses in co-ordination between development partners and government, development partners have made limited efforts to establish effective co-ordination mechanisms between themselves. In some countries, such mechanisms are almost entirely absent (Chad, Comoros, Liberia and Timor-Leste) while in most others they are either informal or partial in coverage. Exceptions to this are DRC, where development partners are trying to formalise their co-ordination, and Sierra Leone, where inter-development partner co-ordination is considered to be good.

RECOMMENDATIONS

– Provide capacity support to strengthen government-led co-ordination mechanisms and commit to engaging with them.

– Establish inter-development partner co-ordination arrangements where appropriate; this is less important where joint mechanisms bringing together development partners and partner governments work well.

– Facilitate agreements on division of labour through dialogue with the government, where possible, and increase development partner harmonisation to reduce government transaction costs.
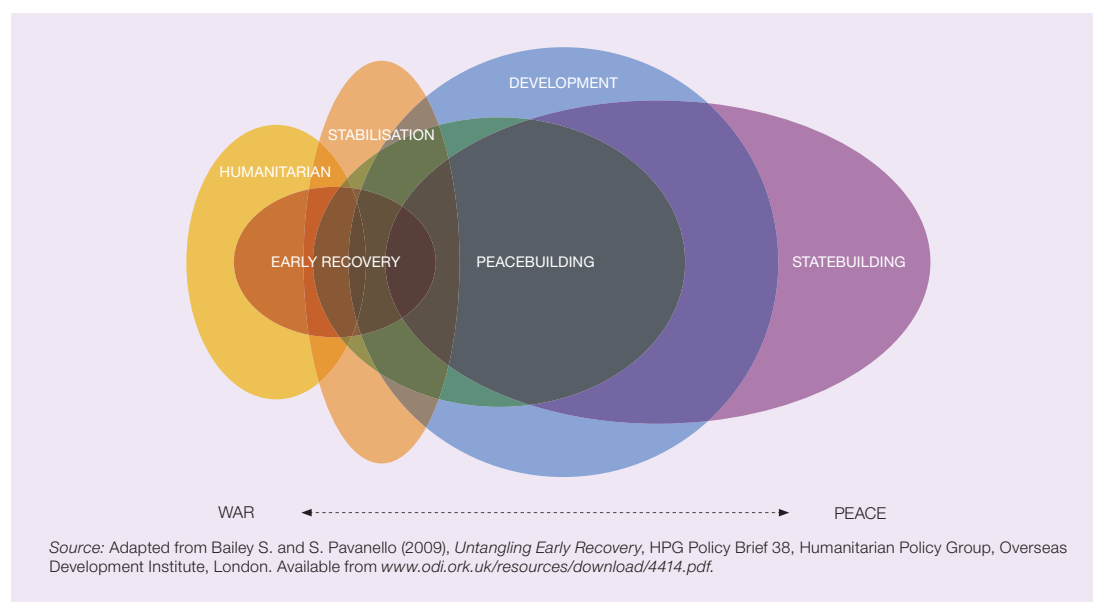
In Timor-Leste, development partners have said that they would prefer co-ordination to be government-led. Even in contexts where co-ordination between development partners and government functions relatively well, lack of effective co-ordination between development partners can raise transaction costs for governments due to the burden of managing multiple development partner interventions. In this regard, it is striking that there are no examples of formal division of labour between development partners in any of the countries surveyed, although there is a commitment to start developing it in some cases (DRC, Haiti and Sierra Leone).

Lack of effective inter-development partner co-ordination also increases the risk of inefficient use of aid. Fragmented interventions have raised concern in a number of countries: Togo, where the number of development partners and projects has doubled since 2005; South Sudan where bilateral projects are routinely used alongside pooled approaches; Timor-Leste, where there are over 170 projects each with a total project value of less than USD 100

000; and Haiti, where progress in development co-ordination was interrupted by the earthquake and humanitarian approaches took over. Use of pooled funds varies across countries, with some countries having such arrangements in place in a number of sectors and thematic areas (Haiti's Reconstruction Fund, Liberia in the health sector, and the Basic Services Fund in South Sudan), and others having no pooled development partner funds (Somalia, Togo). However, pooled funds are not a silver bullet either. More rational division of labour between development partners might reduce the need for pooled funds altogether; for example, it might be better to have only one development partner per sector in some situations.

Some counties have seen decreases in instances of joint approaches. In Liberia and Sierra Leone, the extent to which development partners undertake analytic work jointly with other development partners or government has declined since 2009. In South Sudan, having initially established a Joint Donor Team, development partners are now increasingly reverting to bilateral engagement. ■

FIGURE 3

Spectrum of transitional interventions (see FSPs 3, 4, 5 and 8)

Source: Adapted from Bailey S. and S. Pavanello (2009), *Untangling Early Recovery*, HPG Policy Brief 38, Humanitarian Policy Group, Overseas Development Institute, London. Available from *www.odi.ork.uk/resources/download/4414.pdf.*

BOX 4

Challenges and opportunities with different principles for engagement

Several principles have been developed over the last decade to govern international assistance in various fields. On the development side, development partners and implementing agencies have signed up to the Paris Declaration (OECD, 2005), the Principles for Good International Engagement in Fragile States and Situations (OECD, 2007) and the Accra Agenda for Action (AAA, 2008). In 2003, development partners also committed to the principles for Good Humanitarian Donorship (GHD). This box provides an overview of the synergies and tensions between the different sets of principles, which illustrates the difficulty of implementing FSP 5. Figure 3 illustrates the "spectrum of transitional interventions".

Guiding principles can be difficult to reconcile in the field. This is a particular challenge when all of these principles are being implemented in the same country, for example in Sudan until South Sudan's independence.

The obvious tension is between the Paris Declaration's emphasis on government ownership, the FSP recognition of the need for statebuilding, and the GHD principles stressing neutrality and independence from political objectives.

These tensions lead to three sets of problems:

— There is not enough of an obligation on humanitarian actors to work with, or strengthen the capacity of, post-crisis governments, whereas stabilisation actors may focus on strengthening state capacity while overlooking the needs of the most vulnerable.

— Where partnerships with governments are complicated (*e.g.* Myanmar, North Korea) development partners feel more able to use shorter-term humanitarian instruments that can bypass state structures – preventing a potentially more appropriate development response.

— In post-crisis settings, development partners will begin to comply with the division of labour provisions of the Paris Declaration, sometimes leading them to disengage from sectors where they have built significant experience and effective partnerships during the humanitarian response.

The result is a disconnect between the actors in different fields and a lost opportunity to make connections and share knowledge on policy, strategy and operations. With no formal cross-community mechanisms, and few informal interactions, humanitarian actors do not maximise opportunities to create the building blocks for (or at least not undermine) stabilisation and development, and stabilisation and development actors do not learn from or build on humanitarian lessons and successes.

Source: Adapted from Mowjee, T. & D. Coppard (2009), *Analysis of International Humanitarian Architecture: Final Report*, Commissioned by AusAID as part of its Humanitarian Action Policy Update, AusAID.

9. ACT FAST... BUT STAY ENGAGED LONG ENOUGH TO GIVE SUCCESS A CHANCE

FSP 9 REQUIRES ASSISTANCE TO FRAGILE STATES TO BE FLEXIBLE ENOUGH TO RESPOND TO CHANGING CONDITIONS ON THE GROUND, while being of sufficient duration to enable capacity development in core institutions, which can take up to ten years or more. It also highlights the importance of aid predictability, and the importance of mitigating the destabilising effect that aid volatility can have in fragile situations. Aid volumes vary over time as a result of political crisis, security concerns or the phasing out of humanitarian aid, but these variations are sometimes not predictable for recipients.

In 2009, several countries were perceived to have effective rapid response mechanisms in place, but in others the capacity of development partners to act rapidly was considered lower. The development partner record on staying engaged was mixed – some examples of good practice were cited (*e.g.* ten-year partnership agreements based on jointly agreed benchmarks) but aid remained volatile, as shown in Figure 4. In 2011, little progress appears to have been made in the implementation of FSP 9, and new concerns relating to the linkage between humanitarian and development aid have been raised.

Development partners' capacity to respond to short-term shocks remains variable. In many cases it is considered to be good, particularly in relation to humanitarian crises and disasters, while several examples are also given of rapid support in the face of the global financial and food crises (Burundi, CAR and DRC). Many respondents felt that development partners should be able to reallocate resources more rapidly between humanitarian and development programmes and activities, calling for the humanitarian/development boundary to be made more flexible.

While development partners are generally able to act fast in response to humanitarian crises, the lack of linkages between humanitarian and development assistance is a significant concern in a number of countries (Chad, DRC, Haiti, South Sudan and Togo). Development partners do not seem to be improving and rationalising their co-ordination efforts (including between humanitarian and development efforts) as effectively as they should have been in spite of their commitment to do so.

The sustained use of humanitarian aid is seen as making the transition towards development financing more difficult, particularly in cases where the range of interventions funded under the humanitarian umbrella take on a recovery or quasi-development aspect. The failure to make the transition towards development financing effectively reduces government involvement in aid decisions, with implications for capacity development in core institutions and statebuilding (FSP 4).

The development partner record in staying engaged is mixed. Development partners almost uniformly express their commitment to long-term engagement. However, this commitment is undermined by the extremely limited and short-term nature of devel-

RECOMMENDATIONS

– Develop clear plans for the transition from humanitarian to development financing on a country-by-country basis.

– Improve the short-term predictability of aid disbursements and provide credible indications of likely longer-term financing, backed by firm commitments where possible.
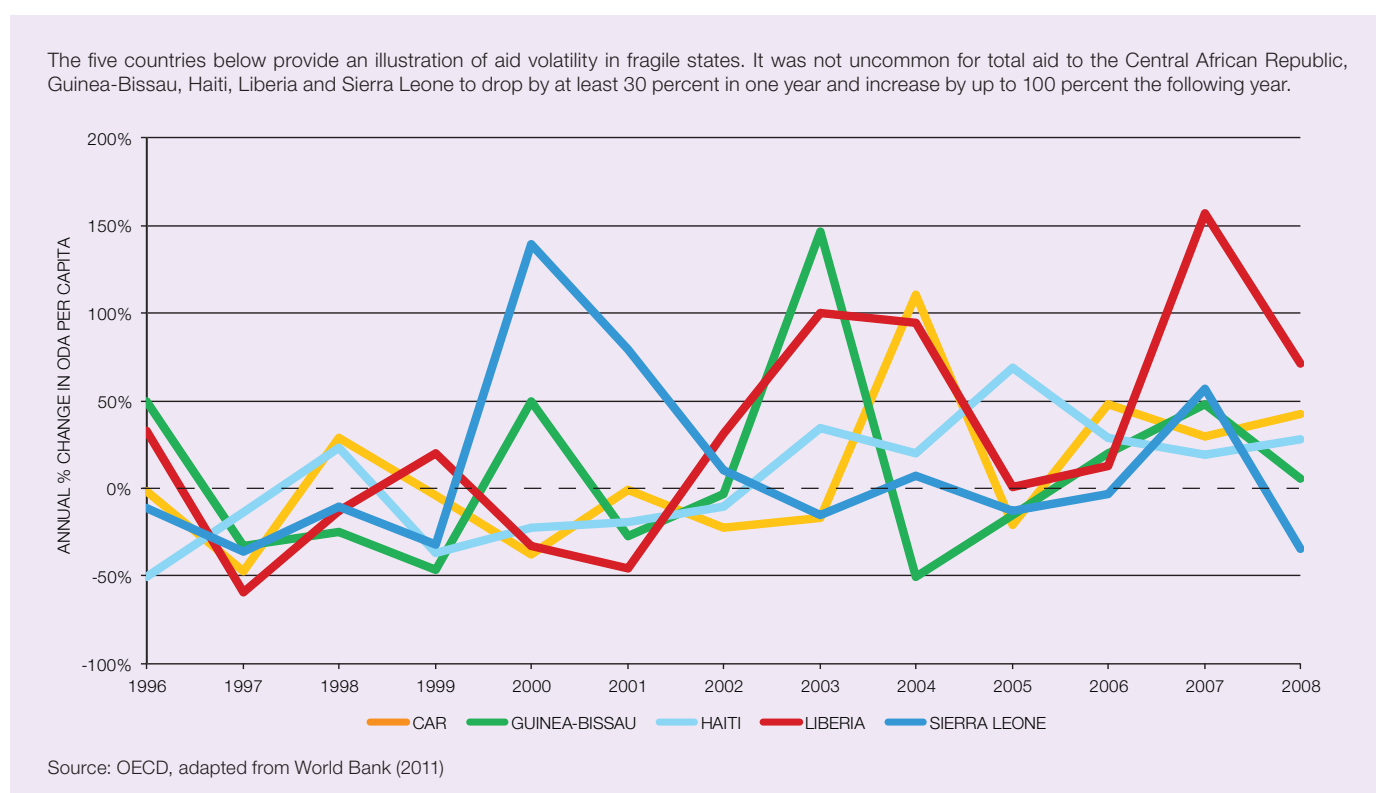
opment partners' financial engagements. In spite of the AAA commitment for development partners to provide indicative medium-term forward spending information to partner countries, most surveyed countries say that this is not the case, with very few aid commitments being made beyond three years. Some countries even report that they have none at all (CAR, Chad, Comoros, DRC and Togo). Across all 13 of the survey countries, there is only one example of a 10-year commitment (the Inter-American Development Bank in Haiti).

In addition, almost all countries cite aid volatility and lack of predictability as a significant problem that undermines government capacity to prioritise longer-term development objectives. Short-term programming cycles (one to two years at the most) are often not complemented by any medium-term

development partner spending forecast or pledge, which makes it difficult to focus on tackling longer-term structural conflict drivers. This echoes the findings under FSP 4, which highlighted insufficient development partner attention to the root causes of fragility.

Additional concerns are also raised over the slow pace of development aid disbursements (CAR, DRC) and limited development partner flexibility to reallocate funds (Burundi). Slow disbursements can be linked to development partner procedures being intrinsically lengthy or to partner countries taking time to satisfy their conditions for disbursement. In some cases the slow pace of disbursement can lead partner countries to turn to non-DAC development partners who can respond to governments' needs more rapidly (Comoros, Togo). ■

FIGURE 4

Stop-go aid: Volatility in selected fragile states

The five countries below provide an illustration of aid volatility in fragile states. It was not uncommon for total aid to the Central African Republic, Guinea-Bissau, Haiti, Liberia and Sierra Leone to drop by at least 30 percent in one year and increase by up to 100 percent the following year.

Source: OECD, adapted from World Bank (2011)

10. AVOID POCKETS OF EXCLUSION

FSP 10 HIGHLIGHTS THE TWIN PROBLEMS of "aid orphans" (countries where few international actors are engaged and aid volumes are low) and uneven distribution of aid within a country. Development partners are required to avoid unintentional exclusionary effects when they make resource allocation decisions.

In 2009, numerous imbalances were noted in the provision of aid between countries, provinces and social groups. International actors were considered insufficiently attuned to the risk of aid worsening pockets of exclusion and had not developed strategies to address the problem.

The 2011 Survey shows that no progress has been made in implementing this principle over the past two years. A number of countries consider themselves to be "aid orphans" (Burundi, CAR, Chad, Comoros, Guinea-Bissau), although conversely one (Timor-Leste) considers itself to be an "aid darling", with associated problems of co-ordinating multiple, fragmented development partner interventions.

Uneven distribution of aid within a country is a major concern which is seen as contributing to marginalisation in almost all countries participating in the survey, and possibly risking return to conflict. Real and perceived imbalances in aid distributions have fuelled resentment and inter-group hostility that undermines peacebuilding and statebuilding efforts (CDA, 2011). Sometimes the uneven distribution is a result of factors beyond development partners' control, such as security issues (CAR, Chad and Somalia). However, in some cases it is attributed to the fact that international actors (and development partners in particular) do not seem to

be improving and rationalising their co-ordination efforts (Burundi, Comoros, Haiti and Liberia), echoing the findings on co-ordination weaknesses under FSP 8.

Likewise, the absence of clear decentralisation strategies, or their effective implementation, is also considered a constraint in some countries (DRC, Haiti, South Sudan, Timor-Leste and Togo). This is consistent with the findings under FSP 3, which highlighted insufficient development partner support to decentralisation processes within the statebuilding agenda, and the findings under FSP 7, which noted that the absence of clear decentralisation strategies constrains development partner alignment at subnational level.

In addition, lack of detailed development partner information on the geographic distribution of aid in-country is considered as a significant weakness in many countries (Burundi, Chad, Comoros, Guinea-Bissau, Liberia, Sierra Leone and Togo), as it inhibits effective co-ordination and limits the scope for government and development partners to rectify allocative imbalances. ■

RECOMMENDATIONS

– Increase development partner-government dialogue on how to reach out to under-served areas, including by developing or strengthening decentralisation processes.

– Increase development partner commitment to support aid information management systems and provide a breakdown of their aid on a geographic basis.

CONCLUSIONS

THREE MAJOR CONCLUSIONS stand out from the 2011 Survey:

1. **Development partners need to make more effort to "walk the talk", ensuring that the adoption of policies at headquarters translates into behavioural change on the ground.** This requires greater efforts to adapt and reform their field policies and practices, reinforced with incentives for change, to ensure they can respond faster and with greater flexibility. Development partners need to improve their capacity to work in fragile states. To date, the Fragile States Principles have not sufficiently influenced changes in development partners' practices or helped improve results on the ground.

2. **Traditional development frameworks**, such as the Millennium Development Goals or poverty reduction strategies, **fall short of providing an adequate basis for effective action to address the challenges of conflict-affected and fragile states.** There is a need for a major shift in the way development outcomes, priorities and results are defined, both globally and at the country level. The political realities and political economies of fragile states need to be much better taken into account.

3. The Fragile State Principles primarily address development partner practices. Nonetheless, the survey findings suggest that they can also provide a powerful tool to improve country-level dialogue and engagement. Partner countries and development partners could use the FSPs as basis for agreeing **joint accountability frameworks prioritising peacebuilding and statebuilding efforts, ensuring that these are financed, and monitoring progress to deliver better results.** ■

ANNEX A.
THE PRINCIPLES FOR GOOD INTERNATIONAL ENGAGEMENT IN FRAGILE STATES AND SITUATIONS

PREAMBLE

A durable exit from poverty and insecurity for the world's most fragile states will need to be driven by their own leadership and people. International actors can affect outcomes in fragile states in both positive and negative ways. International engagement will not by itself put an end to state fragility, but the adoption of the following shared Principles can help maximise the positive impact of engagement and minimise unintentional harm. The Principles are intended to help international actors foster constructive engagement between national and international stakeholders in countries with problems of weak governance and conflict, and during episodes of temporary fragility in the stronger performing countries. They are designed to support existing dialogue and coordination processes, not to generate new ones. In particular, they aim to complement the partnership commitments set out in the Paris Declaration on Aid Effectiveness. As experience deepens, the Principles will be reviewed periodically and adjusted as necessary.

The long-term vision for international engagement in fragile states is to help national reformers to build effective, legitimate, and resilient state institutions, capable of engaging productively with their people to promote sustained development. Realisation of this objective requires taking account of, and acting according to, the following Principles:

1. TAKE CONTEXT AS THE STARTING POINT

It is essential for international actors to understand the specific context in each country, and develop a shared view of the strategic response that is required. It is particularly important to recognise the different constraints of capacity, political will and legitimacy, and the differences between: *i)* post-conflict/crisis or political transition situations; *ii)* deteriorating governance environments, *iii)* gradual improvement, and; *iv)* prolonged crisis or impasse. Sound political analysis is needed to adapt international responses to country and regional context, beyond quantitative indicators of conflict, governance or institutional strength. International actors should mix and sequence their aid instruments according to context, and avoid blue-print approaches.

2. DO NO HARM

International interventions can inadvertently create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards. In each case, international decisions to suspend or continue aid-financed activities following serious cases of corruption or human rights violations must be carefully judged for their impact on domestic reform, conflict, poverty and insecurity. Harmonised and graduated responses should be agreed, taking into account overall governance trends and the potential to adjust aid modalities as well as levels of aid. Aid budget cuts in-year should only be considered as a last resort for the most serious situations. Donor countries also have specific responsibilities at home in addressing corruption, in areas such as asset recovery, anti-money laundering measures and banking transparency. Increased transparency concerning transactions between partner governments and companies, often based in OECD countries, in the extractive industries sector is a priority.

3. FOCUS ON STATEBUILDING AS THE CENTRAL OBJECTIVE

States are fragile when state[1] structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations. International engagement will need to be concerted, sustained, and focused on building the relationship between state and society, through engagement in two main areas. Firstly, supporting the legitimacy and accountability of states by addressing issues of democratic governance, human rights, civil society engagement and peacebuilding. Secondly, strengthening the capability of states to fulfil their core functions is essential in order to reduce poverty. Priority functions include: ensuring security and justice; mobilizing revenue; establishing an enabling environment for basic service delivery, strong economic performance and employment generation. Support to these areas will in turn strengthen citizens' confidence, trust and engagement with state institutions. Civil society has a key role both in demanding good governance and in service delivery.

4. PRIORITISE PREVENTION

Action today can reduce fragility, lower the risk of future conflict and other types of crises, and contribute to long-term global development and security. International actors must be prepared to take rapid action where the risk of conflict and instability is highest. A greater emphasis on prevention will also include sharing risk analyses; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening indigenous capacities, especially those of women, to prevent and resolve conflicts; supporting the peacebuilding capabilities of regional organisations, and undertaking joint missions to consider measures to help avert crises.

5. RECOGNISE THE LINKS BETWEEN POLITICAL, SECURITY AND DEVELOPMENT OBJECTIVES

The challenges faced by fragile states are multi-dimensional. The political, security, economic and social spheres are inter-dependent. Importantly, there may be tensions and trade-offs between objectives, particularly in the short- term, which must be addressed when reaching consensus on strategy and priorities. For example, international objectives in some fragile states may need to focus on peacebuilding in the short-term, to lay the foundations for progress against the MDGs in the longer-term. This underlines the need for international actors to set clear measures of progress in fragile states. Within donor governments, a "whole-of-government" approach is needed, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance. This should aim for policy coherence and joined-up strategies where possible, while preserving the independence, neutrality and impartiality of humanitarian aid. Partner governments also need to ensure coherence between ministries in the priorities they convey to the international community.

6. PROMOTE NON-DISCRIMINATION AS A BASIS FOR INCLUSIVE AND STABLE SOCIETIES

Real or perceived discrimination is associated with fragility and conflict, and can lead to service delivery failures. International interventions in fragile states should consistently promote gender equity, social inclusion and human rights. These are important elements that underpin the relationship between state and citizen, and form part of long-term strategies to prevent fragility. Measures to promote the voice and participation of women, youth, minorities and other excluded groups should be included in state-building and service delivery strategies from the outset.

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1   The term "state" here refers to a broad definition of the concept which includes the executive branch of the central and local governments within a state but also the legislative and the judiciary arms of government.

7. ALIGN WITH LOCAL PRIORITIES IN DIFFERENT WAYS IN DIFFERENT CONTEXTS

Where governments demonstrate political will to foster development, but lack capacity, international actors should seek to align assistance behind government strategies. Where capacity is limited, the use of alternative aid instruments —such as international compacts or multi-donor trust funds—can facilitate shared priorities and responsibility for execution between national and international institutions. Where alignment behind government-led strategies is not possible due to particularly weak governance or violent conflict, international actors should consult with a range of national stakeholders in the partner country, and seek opportunities for partial alignment at the sectoral or regional level. Where possible, international actors should seek to avoid activities which undermine national institution-building, such as developing parallel systems without thought to transition mechanisms and long term capacity development. It is important to identify functioning systems within existing local institutions, and work to strengthen these.

8. AGREE ON PRACTICAL CO-ORDINATION MECHANISMS BETWEEN INTERNATIONAL ACTORS

This can happen even in the absence of strong government leadership. Where possible, it is important to work together on: upstream analysis; joint assessments; shared strategies; and coordination of political engagement. Practical initiatives can take the form of joint donor offices, an agreed division of labour among development partners, delegated co-operation arrangements, multi-donor trust funds and common reporting and financial requirements. Wherever possible, international actors should work jointly with national reformers in government and civil society to develop a shared analysis of challenges and priorities. In the case of countries in transition from conflict or international disengagement, the use of simple integrated planning tools, such as the transitional results matrix, can help set and monitor realistic priorities.

9. ACT FAST… BUT STAY ENGAGED LONG ENOUGH TO GIVE SUCCESS A CHANCE

Assistance to fragile states must be flexible enough to take advantage of windows of opportunity and respond to changing conditions on the ground. At the same time, given low capacity and the extent of the challenges facing fragile states, international engagement may need to be of longer-duration than in other low-income countries. Capacity development in core institutions will normally require an engagement of at least ten years. Since volatility of engagement (not only aid volumes, but also diplomatic engagement and field presence) is potentially destabilising for fragile states, international actors must improve aid predictability in these countries, and ensure mutual consultation and co-ordination prior to any significant changes to aid programming.

10. AVOID POCKETS OF EXCLUSION

International actors need to address the problem of "aid orphans" – states where there are no significant political barriers to engagement, but few international actors are engaged and aid volumes are low. This also applies to neglected geographical regions within a country, as well as neglected sectors and groups within societies. When international actors make resource allocation decisions about the partner countries and focus areas for their aid programs, they should seek to avoid unintentional exclusionary effects. In this respect, coordination of field presence, determination of aid flows in relation to absorptive capacity and mechanisms to respond to positive developments in these countries, is therefore essential. In some instances, delegated assistance strategies and leadership arrangements among development partners may help to address the problem of aid orphans. ■

ANNEX B.
HOW DO FRAGILE STATES SURVEY COUNTRIES FARE AGAINST THE PARIS DECLARATION'S INDICATORS OF PROGRESS?

Twelve of the countries and territories participating in the 2011 Survey on Monitoring the Fragile States Principles also undertook the Survey on Monitoring the Paris Declaration. They form part of a larger sample of 78 developing countries that undertook the Survey on Monitoring the Paris Declaration in 2011. This annex draws on data used in the calculation of the Paris Declaration indicators to draw some tentative conclusions on the state of implementation of the Paris Declaration in the 12 countries that chose to participate in the 2011 Fragile States Principles Survey.[1]

The observations from Table B.1 suggest that the 12 countries participating in the joint Paris Declaration / Fragile States Survey face important challenges both in the quality of national frameworks, tools and systems, and also in the reliance on parallel systems by development partners, and their limited use of country public financial management systems. In most cases, these findings are supported by observations and evidence of a qualitative nature gathered at the country level through the survey.

OF THE 12 COUNTRIES AND TERRITORIES ANALYSED, 11 of them accounted for approximately 6% of core aid globally between them.[2] For the most part, the small nature of the sample, the heterogeneous population of countries and territories from which it is drawn, and limitations to the availability of data prevent firm conclusions from being drawn on how this group of countries differs from the other countries that participated only in the Survey on Monitoring the Paris Declaration. Furthermore, only two of the countries (Burundi and DRC) participated in the 2006 baseline survey, meaning that it is not possible to assess progress over time for this group. Some variation can be identified, however, and a number of tentative conclusions can be drawn as summarised in Box B.1. ■

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1   This note does not provide conclusions about the state of advancement of the Paris Declaration indicators in fragile states as a whole. Several of the countries in the larger sample of 78 countries participating in the Survey on Monitoring the Paris Declaration would be considered by some to be fragile but are not covered in the sample of 12 countries that participated in the 2011 FSP monitoring survey.

2   No data on aid flows to South Sudan are available for 2010.

TABLE B.1. OVERVIEW: PARIS DECLARATION INDICATORS OF PROGRESS IN FRAGILE STATES[3]

PARIS DECLARATION INDICATOR	2010 ACTUAL[4]
1 **Operational development strategies** % of countries having a national development strategy rated "A" or "B" on a five-point scale	**9%** (of 11 countries)
2a **Reliable public financial management (PFM) systems** % of countries moving up at least one measure on the PFM/CPIA scale since 2005	**44%** (of 9 countries)
2b **Reliable procurement systems**[5] % of countries moving up at least one measure on the four-point scale since 2005	**Not available.**
3 **Aid flows are aligned on national priorities** % of aid for the government sector reported on the government's budget	**45%**
4 **Strengthen capacity by co-ordinated support** % of technical co-operation implemented through co-ordinated programmes consistent with national development strategies	**57%**
5a **Use of country PFM systems** % of aid for the government sector using partner countries' PFM systems	**27%**
5b **Use of country procurement systems** % of aid for the government sector using partner countries' procurement systems	**20%**
6 **Strengthen capacity by avoiding parallel PIUs** Total number of parallel project implementation units (PIUs)	**447**
7 **Aid is more predictable** % of aid for the government sector disbursed within the fiscal year for which it was scheduled and recorded in government accounting systems	**35%**
8 **Aid is untied** % of aid that is fully untied	**90%** (of 11 countries)
9 **Use of common arrangements or procedures** % of aid provided in the context of programme-based approaches	**29%**
10a **Joint missions** % of development partner missions to the field undertake jointly	**16%**
10b **Joint country analytic work** % of country analytic work undertaken jointly	**38%**
11 **Results-oriented frameworks** % of countries with transparent and monitorable performance assessment frameworks	**0%** (of 11 countries)
12 **Mutual accountability** % of countries with mutual assessment reviews in place	**8%**

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3   12 countries undertaking the joint survey (Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Guinea-Bissau, Haiti, Liberia, Sierra Leone, South Sudan, Timor-Leste and Togo).

4   Aggregates are for 12 countries except where otherwise indicated in brackets, where data are unavailable for some countries.

5   Assessed using the OECD-DAC Methodology for the Assessment of National Procurement Systems.

BOX B.1

What do the Paris Declaration indicators tell us?

— **The quality of national development strategies (indicator 1) and results-oriented frameworks (indicator 11) remains low.** Of the 11 countries participating in the Fragile States Survey that were scored against indicator 1 of the Paris Declaration (operational development strategies), only one country (Togo) was considered to have an operational development strategy in 2010, scoring B on the five-point scale. Sierra Leone and Timor-Leste were assigned a score of C (medium), while the remaining eight countries scored D. Similarly, for Indicator 11, five countries scored C, and six countries D on the five-point scale.

— **Both the quality and use of country PFM systems remain low in the countries that participated in the Fragile States Survey.** Of the nine countries for which historical data were available, four improved their scores on indicator 2a (reliable PFM systems) over the period 2005 to 2010 by at least one measure on the PFM/CPIA (Country Policy and Institutional Assessment) scale. However, average scores across this group tend to be lower than across the full set of 78 countries participating in the 2011 Survey on Monitoring the Paris Declaration. Development partners' use of partner countries' PFM systems in these countries is also – on average – lower than in the larger group of 78 countries.

— **Data suggest that development partners make less use of existing structures, and limited use of programme-based approaches, in the delivery of aid to the 12 countries and territories participating in the Fragile States Survey.** Between them, development partners made use of 447 parallel PIUs (Indicator 6) – an average of 11 parallel PIUs for every USD 100 million in aid disbursed for the government sector, compared with a global average of 4 parallel PIUs per USD 100 million of disbursed aid across all 78 participating countries. Indicator 9 (use of common arrangements and procedures) also suggests that aid in the 12 countries participating in the Fragile States Survey is less likely to be provided through programme-based approaches in these countries. Both development partner constraints and the absence of credible country programme and budget frameworks within which aid can be delivered may pose challenges in this area.

— **There is little evidence of adequate mechanisms to support mutual accountability.** Only 1 of the 12 countries (Central African Republic) reported having in place a mechanism for the mutual review of performance in implementing commitments that met the criteria associated with Indicator 12.

Source: OECD (forthcoming), *Survey on Monitoring the Paris Declaration*, OECD, Paris

ANNEX C.
METHODOLOGY FOR THE FRAGILE STATES PRINCIPLES MONITORING SURVEY

APPROACH TO THE SURVEY AND PURPOSE

The ten Fragile States Principles were developed to guide international engagement in fragile states. Their implementation was initially assessed in six countries in 2009. This first survey set a baseline for a more comprehensive integrated survey in 2011, assessing both the implementation of the Paris Declaration and the Fragile States Principles. The second survey was conducted in 13 countries and territories and aimed to assess change since 2009 and to provide evidence and share recommendations with all development stakeholders on how best to bring about change and make development partnerships more effective in situations of fragility.

The 2011 Survey relied on multi-stakeholder, multi-sector and mixed qualitative/quantitative approach, building on data collection and national consultations held in each of the 13 participating countries. These consultations brought together a wide range of stakeholders (government, civil society, non-state actors) — both national and international. Each consultation meeting was led by an independent moderator and organised by the partner government, which designated a National Co-ordinator. The process was supported by an International Focal Point, whose role was to facilitate a qualitative dialogue on how far international support is being provided along the lines of the 10 Fragile States Principles. Each national consultation was complemented by data collection by an independent consultant (who also wrote the relevant country chapter) and by questionnaires and interviews. In total, over 200 questionnaires were filled out by partners and international actors.

This process is captured and synthesised in the Country Chapters which cover both the Fragile States Principles and the Paris Declaration. These chapters were ultimately checked and validated by national stakeholders, under the responsibility of the National Co-ordinators.

The 2011 Monitoring Report takes the analysis presented in the 13 Country Chapters a step further by providing an overview of findings, trends and an analysis of the strengths and weaknesses of international engagement in the 13 fragile states participating in the 2011 Survey. The executive summary provides an overview of the changing nature of context since the 2009 Survey and summarises evidence from Country Chapters while providing an analysis of some of the shortcomings in implementing the FSPs, in light of relevant reference documents such as the Statebuilding Guidance from OECD/DAC International Network on Conflict and Fragility (INCAF) (OECD, 2011a). The 2011 Barometer (see Figure 1)[1] provides an assessment of the level of implementation of each FSP across all 13 surveyed countries. Each FSP in all 13 country chapters was reviewed and assessed independently and attributed a level of implementation. The main section of this 2011 Monitoring Report provides a more detailed analysis of the level of implementation of each FSP, supported by country evidence and recommendations which emerged from several surveyed countries.

The 2011 Monitoring Report has been developed by the OECD Secretariat (Fragility, aid effectiveness, peer review and gender teams) and independently peer reviewed by several development experts. ■

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1   Please note that the 2009 and 2011 FSP barometers are not intended to be compared against each other. This is due to differences in methodology (the 2009 survey assessed only the implementation of the FSPs, while a joint Paris Declaration-FSP survey was undertaken for 2011), sample size (six in 2009 versus 13 in 2011) and presentation (the 2009 barometer has five categories, whereas there are four categories for 2011).

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GLOSSARY OF KEY TERMS

ALIGNMENT

International actors align when they base their overall support on partner countries' national development priorities, strategies and systems.

BUDGET SUPPORT

A form of programmatic aid in which funds are *i)* provided in support of a government programme that focuses on growth and poverty reduction, and transforming institutions, especially budgetary; and *ii)* provided to a partner government to spend using its own financial management and accountability systems.[1]

CAPACITY DEVELOPMENT

The process by which individuals, groups and organisations, institutions and countries develop, enhance and organise their systems, resources and knowledge; all reflected in their abilities, individually and collectively, to perform functions, solve problems and achieve objectives.

FRAGMENTATION OF AID

Aid is fragmented when there is too little aid from too many donors, resulting in some donor/partner aid relations that are neither significant from the donor's point of view, nor from the recipient's point of view, and where there is room for some rationalisation.

COUNTRY PROGRAMMABLE AID (CPA)

Defined as official development assistance minus aid that is unpredictable by nature (such as debt forgiveness and emergency aid); entails no cross-border flows (such as research and student exchanges); does not form part of co-operation agreements between governments (such as food aid); or is not country programmable by the donors (such as core funding through international and national NGOs).

DIVISION OF LABOUR

Limiting the number of donors in any given sector or area, designating lead donor, actively delegating to like-minded donors, and making use of silent partnerships.

IMPACT

The set of beneficiary and population-level long-term results (*e.g.* improved food security; improved yields; improved nutrition) achieved by changing practices, knowledge and attitudes.

NON-DISCRIMINATION

Ensuring that all people are guaranteed equal and effective protection against discrimination on any ground such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies ("development partners"), at all levels, to partner countries ("bilateral ODA") and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions.

PARALLEL PROJECT IMPLEMENTATION UNITS

Dedicated structures created outside the existing structures of national implementation agencies for day-to-day management and implementation of aid-financed projects and programmes.

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1   Source: UK Department for International Development (DFID) (2011), Online Glossary, *www.dfid.gov.uk/about-us/glossary/*, accessed 1 September 2011.

PEACEBUILDING

Commonly defined as activities by national or international actors to prevent violent conflict and institutionalise peace. Peacebuilding aims to address the root causes and effects of conflict and is not just the cessation of conflict.

POOLED FUNDING

A funding mechanism which receives contributions from more than one donor which are then "pooled" and disbursed upon instructions from the fund's decision-making structure by an Administrative Agent (or Fund Manager) to a number of recipients.[2]

PROGRAMME-BASED APPROACHES

A way of engaging in development co-operation based on co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation.

SECTOR-WIDE APPROACH

All significant donor funding support a single, comprehensive sector policy and independent programme, consistent with a sound macro-economic framework, under government leadership. Donor support for a SWAp can take any form – project aid, technical assistance or budget support – although there should be a commitment to progressive reliance on government procedures to disburse and account for all funds as these procedures are strengthened.

SHADOW ALIGNMENT

Alignment to government systems such as the budget cycle or administrative districts to increase future compatibility of international assistance with national systems and bottom-up approaches (aligning with local priorities as expressed in consultations with state and/or non-state actors such as local government authorities and/or civil society).

STATEBUILDING

An endogenous process of strengthening the capacity, institutions and legitimacy of the state driven by state-society relations. This definition places state-society relations and political processes at the heart of state building and identifies legitimacy as central to the process as it both facilitates and enhances state building. It recognises that state building needs to take place at both the national and local levels. It gives central place to strengthening capacities to provide key state functions. The concept of state building is increasingly used to describe a desired ("positive") process of state building and therefore emphasises the importance of inclusive political processes, accountability mechanisms and responsiveness.

UNTIED AID

Official Development Assistance for which the associated goods and services may be fully and freely procured in substantially all countries.

WHOLE OF GOVERNMENT

Refers to external assistance that is designed and implemented in a coherent, co-ordinated and complementary manner across different government actors within an assisting country (most critically security, diplomatic and development agencies). The term whole-of-system approach refers to the joint efforts of national and international organisations.

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2 Source: UN Development Group (2009), "Guidance Note on Funding for Transition", internal working document, UN Executive Committee on Humanitarian Affairs, Working Group on Transition (ECHA/WGT), UN, New York.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

OECD Publishing disseminates widely the results of the Organisation's statistics gathering and research on economic, social and environmental issues, as well as the conventions, guidelines and standards agreed by its members.

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