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Monitoring the Principles for Good International Engagement in Fragile States and Situations

Fragile States Principles Monitoring Survey: Global Report

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Foreword

When world leaders come together in September 2010 to review progress towards the Millennium Development Goals (MDGs), they will be confronted by a harsh reality: many fragile states are falling behind. This is despite hard, often dangerous work on the ground, backed by the 38% of total official development assistance that is allocated to fragile states (2008). Much remains to be done to understand the trajectories of these countries, identify priority areas for action and take stock of the collective impact of the combined engagement by diplomats, aid and security actors.

The key to making progress, according to OECD ministers, is to recognise that fragile situations require different responses than more stable situations. To guide complex interventions in these countries, they adopted the OECD *Principles for Good International Engagement in Fragile States and Situations* in 2006. At the Third High Level Forum on Aid Effectiveness in Accra, six countries – Afghanistan, the Central African Republic, the Democratic Republic of the Congo, Haiti, Sierra Leone and Timor-Leste – decided to monitor the implementation of these Principles in their countries through an innovative process of multi-stakeholder consultation.

This report brings together the results of this exercise, conducted in 2009. These views from the ground make vital reading for partner governments, donors and civil society. In Haiti, for example, they take on an added urgency in the wake of the earthquake in January 2010: the issues identified in the national consultations – a certain disconnect between the elites and ordinary citizens; good rapid response capacity when it comes to security but a vulnerability to natural disasters; and the need to rethink Haiti's "business model" in view of its unique strengths and weaknesses – are all the more relevant as we embark on "rebuilding back better". In Afghanistan, the assessment that international engagement is overly dominated by short-term security objectives at the expense of a more needs-based approach sends out a powerful call for behaviour change.

The findings and recommendations in this Global Report have been developed and agreed in-country by a diverse range of stakeholders through a transparent consultation process marked by a strong spirit of mutual accountability. The governments of the six countries under review, along with the donors on the ground, have shown an enormous sense of responsibility by agreeing to discuss openly the quality of international engagement and what is required from national counterparts. This honest approach will help ensure that we recognise our shortcomings, and also build on our achievements, which are significant. Although many hurdles remain, Sierra Leone and Timor-Leste, for example, are now in a better situation than they were ten years ago.

This timely scorecard from the ground will not only inform national and international stakeholders working to make the six countries more resilient, but will also make an important contribution to the ongoing dialogue between donors, partner countries, policy communities and NGOs on how to improve development effectiveness in countries that are in a situation of fragility.

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Chair of the Development Assistance Committee
Organisation for Economic Co-operation and Development

Olivier Kamitatu Etsu
Minister of Planning, Democratic Republic of Congo
Chair of the Fragile States Monitoring Survey

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The authors acknowledge with thanks the contributions of a large team across the six countries surveyed and donor headquarters.

Leaders in the six countries set the scene and the tone for the national consultations:

- President José Ramos-Horta, Timor-Leste
- Prime Minister Jean-Max Bellerive, Haiti
- Prime Minister Kay Rala Xanana Gusmão, Timor-Leste
- Minister Samura Kamara, Minister of Finance and Economic Development, Sierra Leone
- Minister Olivier Kamitatu Etsu, Minister of Planning, Democratic Republic of Congo (DRC)
- Minister Sylvain Maliko, Minister of Economy, Planning and International Co-operation, Central African Republic (CAR)
- Deputy Minister Mustafa Mastoor, Deputy Minister of Finance, Afghanistan
- Minister Emilia Pires, Minister of Finance, Timor-Leste.

Minister Olivier Kamitatu Etsu has assumed the chairmanship of the Survey.

National Co-ordinators and International Focal Points made the country consultations happen, bringing together a wide spectrum of stakeholders and ensuring a transparent process:

National Co-ordinators

Afghanistan: Hamid Jalil, Aid Management Director, Ministry of Finance

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DRC: Benjamin Bonge and Theo Kanene, Directors, Ministry of Planning

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Timor-Leste: Helder da Costa, Coordinator of the Aid Effectiveness and National Priorities Secretariat, Ministry of Finance.

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Timor-Leste: Homa-Zahra Fotouhi, Senior Operations Officer, World Bank

Jemal Sharah, Counsellor, Australian Agency for International Development.

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Table of contents

Foreword 3
Executive summary 9
Introduction 14

Part One: Findings from the country consultations, principle by principle 18

Principle 1: Take context as the starting point 18
Principle 2: Do no harm 20
Principle 3: Focus on statebuilding as the central objective 22
Principle 4: Prioritise prevention 26
Principle 5: Recognise the links between political, security and development objectives 28
Principle 6: Promote non-discrimination as a basis for inclusive and stable societies 29
Principle 7: Align with local priorities in different ways in different contexts 30
Principle 8: Agree on practical co-ordination mechanisms 33
Principle 9: Act fast… but stay engaged 35
Principle 10: Avoid pockets of exclusion 38

Part Two: Recommendations 40

Annexes

Annex A. The Principles for Good International Engagement in Fragile States and Situations 44
Annex B. Indicators from the Country Reports 46
Annex C. Statistical annex 48
Annex D. Executive summary of the Afghanistan country report 55
Annex E. Executive summary of the Central African Republic country report 59
Annex F. Executive summary of the Democratic Republic of Congo country report 63
Annex G. Executive summary of the Haiti country report 67
Annex H. Executive summary of the Sierra Leone country report 70
Annex I. Executive summary of the Democratic Republic of Timor-Leste country report 74

Bibliography 78
Glossary of key terms 80

Boxes

Box 1. A mixed-methods, multi-stakeholder dialogue 16
Box 2. Six countries, six different contexts 17

Tables

Table 1. Development indicators in the six countries under review (2006) 14

Table 2. Indicators of state capacity, legitimacy and accountability in the six countries (2008) 15

Table 3. Domestic revenue raising varies greatly between countries (tax revenue as percentage of GDP in 43 countries in situations of fragility) 23

Table 4. Co-ordinated technical assistance (2008) 24

Table 5. Use of country systems for aid delivery still limited in fragile states (2008) 31

Table 6. Aid concentration/fragmentation (based on disbursements of country programmable aid in 2008) 33

Table C1. Likelihood of meeting the MDGs in 2015 48

Table C2. ODA excluding debt relief (USD 2007 prices) 48

Table C3. Country programmable aid, 2004-08 (USD 2007 prices) 48

Table C4. Country programmable aid projections, 2008-11 (USD 2008 prices) 49

Table C5. Priority countries for European donors (fragile states) 50

Table C6. Inward foreign direct investment to fragile states 2000-08 50

Table C7. Exports and imports of fragile states (2008 and 2009 estimates) 51

Table C8. Ease of doing business 2010 (June 2008-May 2009) 51

Table C9. Government revenues of fragile states 2005-10 (% GDP) 51

Table C10. Peacekeeping expenditures (2000-08) 51

Table C11. Troop contributing countries (UN and NATO, 2009) 52

Figures

Figure 1. Fragile states are off-track for most of the MDGs 14

Figure 2. Corruption perceptions (2009) 21

Figure 3. Resources spent on international peacekeeping sometimes 80 percent of aid flows 26

Figure 4. Parallel project implementation units still the normal mode of aid delivery in several countries (2008) 31

Figure 5. Sierra Leone: development aid remains steady, seven years after the war was declared over (2000-08) 36

Figure 6. Timor-Leste: peacekeeping has been stop-and-go, restarting after the crisis in April 2006, and aid is following a downward trend (2000-08) 36

Figure 7. DRC: while humanitarian assistance and peacekeeping remain steady, development aid is volatile, albeit with an upward trend (2000-08) 36

Figure 8. DRC: while humanitarian assistance and peacekeeping remain steady, development aid is volatile, albeit with an upward trend (2000-08) 36

Figure 9. Aid disbursements are unpredictable in DRC and Sierra Leone (2008) 37

Figure 10. Large disparities in aid provision not related to poverty levels 40

Figure C1. Aid concentration /fragmentation for 43 fragile states (2008) 49

Figure C2. ODA per capita in fragile states, 2008 49

Figure C3. Aid effectiveness is lower in fragile states than in more stable environments (2008) 50

Acronyms and abbreviations

ANDS	Afghanistan National Development Strategy
BINUCA	United Nations Integrated Peacebuilding Office in the Central African Republic
BONUCA	United Nations Office in the Central African Republic
CAR	Central African Republic
CPA	Country programmable aid
CPIA	Country Policy and Institutional Assessment
DAC	The OECD's Development Assistance Committee
DAD	Development Assistance Database
DRC	Democratic Republic of Congo
FDLR	Liberation Forces of Rwanda
GAVI	Global Alliance for Vaccines and Immunisation
GDP	Gross domestic product
INCAF	International Network on Conflict and Fragility
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MICOPAX	Mission for the consolidation of peace in Central African Republic
MINURCAT	United Nations Mission in the Central African Republic and Chad
MONUC	United Nations Mission in DR Congo
NATO	North Atlantic Treaty Organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PFM	Public financial management
PIU	Project implementation unit
PRSP	Poverty Reduction Strategy Paper
PRT	Provincial Reconstruction Team (Afghanistan)
SWAP	Sector-wide approach
UN	United Nations
UNDP	United Nations Development Programme
UNAMSIL	United Nations Mission in Sierra Leone
UNIOSIL	United Nations Integrated Office in Sierra Leone
UNMIT	United Nations Integrated Mission in Timor-Leste
USAID	United States Agency for International Development

Executive summary

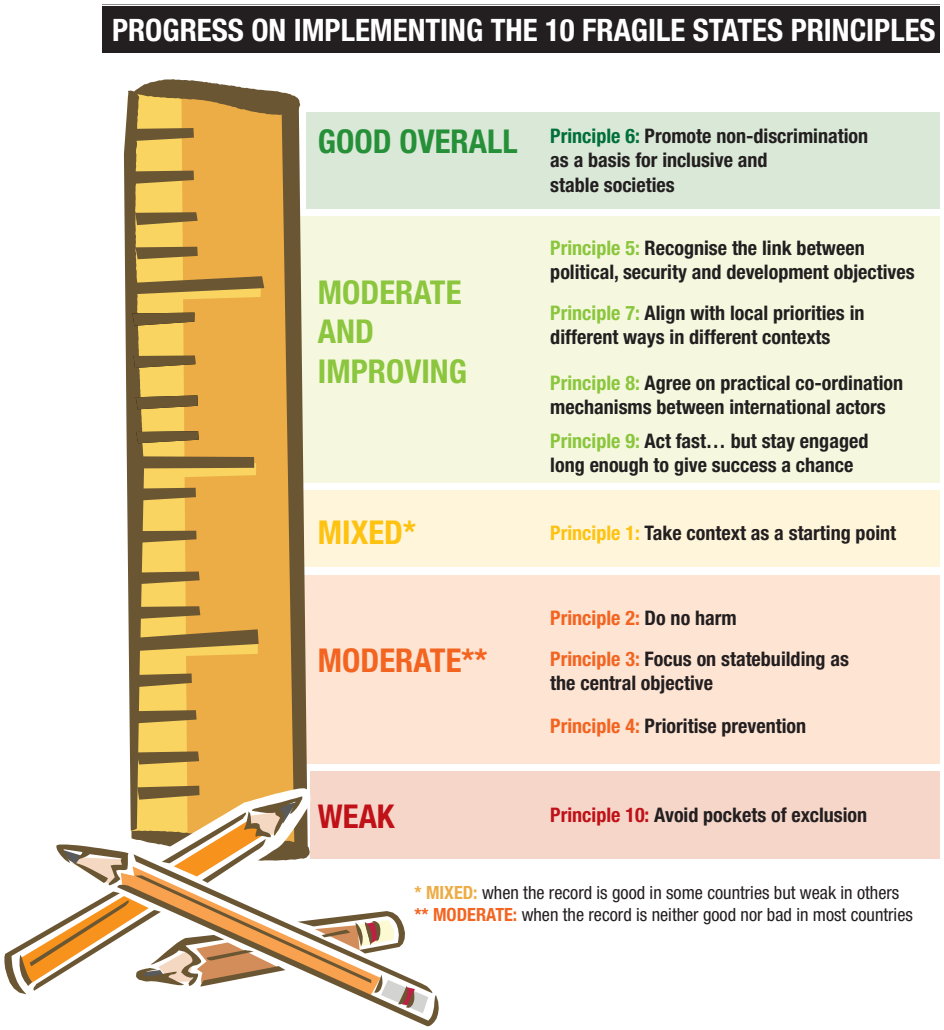
Fragile states present acute and persistent challenges for their citizens and for the international community. Most are off target for meeting the Millennium Development Goals. Many lack security and political stability. All suffer from a degree of social unrest and division. International actors are actively involved in these countries across the agendas of development, security, diplomacy, trade, migration and beyond. Aid to fragile states represents 30% of all Official Development Assistance and UN peacekeeping missions are at a historic peak with 116 000 personnel currently deployed (eight times more Blue Helmets than in 1999).

Because of what is at stake – lifting close to a billion people out of poverty, stabilising entire sub-regions and managing global risks – and because of the multiple challenges encountered in fragile states, it is vital to get hard information on what works and what does not. The Fragile States Principles Monitoring Survey provides evidence from the ground by reviewing progress in implementing the Principles for Good International Engagement in Fragile States and Situations in six countries: Afghanistan, the Central African Republic (CAR), the Democratic Republic of Congo (DRC), Haiti, Sierra Leone and Timor-Leste. The objectives of the baseline Survey are two-fold:

(i) Process: to catalyse dialogue among national and international stakeholders and foster consensus around shared goals and key priorities;

(ii) Output: to highlight areas that are important from a field perspective but are not always given adequate attention, and to monitor the quality of international engagement over time. The present Report forms a baseline against which progress will be monitored in 2011.

1. Findings[1]



1 The qualifications given here are based on the assessments in the different Country Reports, following a mixed methods approach *(see Box 1)* and according to the scale: weak; moderate or mixed; moderate and improving; good. Implementation is moderate when it is neither good nor bad in most countries. Implementation is mixed when it is good in some countries and limited in others.

Principle 1: Take context as the starting point. The implementation of this Principle is judged in most countries to be **mixed**. While the importance of context is clearly recognised, the analytical effort required to understand the country context has not always been shared (Afghanistan; CAR; Haiti) or sustained (CAR; Haiti). Moreover, actual programming has not always been adequately rooted in an understanding of the country context (Afghanistan).

Principle 2: Do no harm. The implementation of this Principle is judged to be ***moderate***. In most cases international intervention has had a positive effect on balance, but the country consultations drew attention to many examples of harm, mainly where international presence leads to the weakening of state capacity and/or legitimacy and where the uneven distribution of aid funds leads to an unintentional widening of social disparities. There is little evidence that international actors have attempted to assess these risks in a systematic way.

Principle 3: Focus on statebuilding as the central objective. The implementation of this Principle is judged to be ***moderate***. There is a clear and increasing focus on statebuilding (*e.g.* massive investment in censuses, elections and technical assistance) and recognition of the multiple dimensions of this task – including capacity, accountability and legitimacy. However, the results of statebuilding efforts have been variable between countries. There has tended to be a technical focus on institutional development within the executive, with less attention to the other arms of government and to fostering constructive state-society relations. Certain aspects of donor practice, in particular the use of parallel implementation structures and salary top-ups, have been harmful to capacity development.

Principle 4: Prioritise prevention. The implementation of this Principle is judged to be ***moderate***. International actors have engaged in specific initiatives which are relevant to crisis prevention, but their coverage has been patchy, effectiveness has been mixed, and they have not been planned within an overall strategy for crisis prevention. First, there was little evidence that international and national actors have analysed risks within the six countries in a systematic or sustained manner. Second, international actors have not developed comprehensive and shared crisis prevention strategies centring on such an analysis. Thirdly, rapid response capacity has been deemed adequate in most countries with a large peace-keeping mission, but limited in others.

Principle 5: Recognise the links between political, security and development objectives. The implementation of this Principle by international actors varies between countries and is overall judged to be ***moderate and improving***. There is broad recognition of the need for a comprehensive and integrated approach, as reflected in the six countries' main strategic frameworks. However, in operational terms, a modus operandi has been hard to agree, and political, security and development objectives have often proven to be more contradictory than complementary. Afghanistan, where the security agenda was deemed to dominate and undermine development objectives, is a case in point. Integrated, whole-of-government country strategies (***i.e.*** agreed across foreign affairs, defence, aid and beyond) from donor countries are still an exception.

Principle 6: Promote non-discrimination as a basis for inclusive and stable societies. The implementation of this Principle by international actors is judged to be ***good***. International actors are usually highly aware of the importance of non-discrimination and have been vocal in criticising discriminatory practices and encouraging more inclusive policies, particularly in the area of gender. However, many forms of discrimination are deep seated and difficult to tackle, and advocacy efforts have not always been translated into results.

Principle 7: Align with local priorities in different ways in different contexts. The implementation of this Principle was judged to be ***moderate and improving***. International actors have supported partner countries in developing national strategies, although many of these need further strengthening. Donor country strategies are aligned in all countries where national priorities are well defined – less so when strategies are insufficiently prioritised. However, efforts are needed to deepen alignment in operational terms: use of country systems; alignment on sector-wide approaches; alignment on sub-national priorities and planning. Too many parallel project implementation units (PIUs) continue to be set up and used for too long.

Principle 8: Agree on practical co-ordination mechanisms between international actors. Implementation of this Principle is ***moderate and improving***. Several countries report that fragmentation of donor activities (particularly in Afghanistan, DRC and Haiti) is a challenge, and actions that may be rational for individual donors can cause systemic harm. Most countries have active donor co-ordination arrangements that work reasonably well for the exchange of information and to some extent for harmonising activities – notably multi-donor trust funds (Afghanistan, DRC), budget support donor groups (Sierra Leone) and delegated co-operation arrangements. However, while sector-wide approaches exist (*e.g.* DRC and Haiti), in none of the countries are formal arrangements reported for dividing labour among donors.

Principle 9: Act fast… but stay engaged long enough to give success a chance. Implementation of this Principle is ***moderate and improving***. Several countries are perceived to have rapid response mechanisms that are in place and effective, especially for humanitarian action; while in others the rapid reaction capacity was considered low *(see also Principle 4)*. As for staying engaged, the record is mixed. It is not enough to stay engaged: international actors need also to signal their intent to do so, including through improving the medium-term predictability of aid. There are examples of good practice, for example ten-year partnership agreements based on jointly agreed benchmarks. Except for CAR where the shift from emergency to longer-term development can be difficult and development does not compensate for a decline in humanitarian aid, trends since 2000 show no clear signs of disengagement. However, aid remains volatile (DRC, Timor-Leste) and in the case of Timor-Leste peacekeeping efforts too. A premature shift away from security concerns is seen as a danger in several countries (Haiti, DRC).

Principle 10: Avoid pockets of exclusion. The implementation of this Principle is judged to be ***weak – the poorest among all ten Principles***. The country consultations point to numerous imbalances in the provision of aid between countries (CAR was characterised as an "aid orphan"), between provinces (Afghanistan, DRC, Haiti) and between social groups (Haiti). International actors are not sufficiently attuned to the risk that the uneven provision of aid (DRC) or widely different modes of engagement (Afghanistan) could worsen existing pockets of exclusion, and have not developed strategies to address this risk.

2. Recommendations

In the spirit of mutual accountability that characterized the national consultations, the recommendations in the Country Reports are relevant for both national and international actors. The next section summarises global recommendations for international actors.

1. **Foster and as necessary exert leadership to create consensus around a common vision and to negotiate shared goals –** without which achieving any sustainable impact is unlikely. This vision and these goals are to be negotiated both among national stakeholders and international partners, to promote a "twin pact" between the state and its citizens, and between governments and donors. nt policy communities on the international side, including where development, security and diplomatic priorities diverge, or where short-term objectives may undermine longer-term goals, differences will need to be managed.

- When there is weak national leadership, international actors have a special responsibility to consolidate their approach. Whole-of-government and "one UN" strategies; country strategies shared by several donors; and pooled funding across ministries/agencies are effective ways to promote policy coherence, programmatic coherence and improved impact.
- When common objectives cannot be agreed, including where development, security and diplomatic priorities diverge or where shorter-term objectives may undermine long-term goals, differences have to be managed. At a minimum they should be coherent.

2. **Root crisis prevention in sustained analysis.** Circumstances in fragile settings often change fast and unpredictably and a flexible use of funding is a critical factor of successful turn-arounds. All consultations warned about forgetting about security too soon, but also highlighted that crisis prevention should prioritise economic opportunities, with a particular focus on youth, a fast-growing segment of the population in most fragile states. Investment in private sector development must pick up where the short-term labour-intensive projects of the immediate post-crisis period leave off. After security, economic opportunities are often the top priority of national stakeholders, yet efforts in this area are limited and fragile states rank lowest in ease of doing business.

3. **Recognise that post-crisis societies present an opportunity to negotiate a new social contract – the pact between the state and citizens.** At present, this opportunity is not always seized. Most consultations warned that the root causes of fragility were in many cases still intact. Efforts to restore the social fabric are still limited. There is in many cases a persistent disconnect between elites and ordinary citizens and at times among region-, clan-based or ethnically-defined groups. Highly uneven aid modalities and volumes across provinces and social groups is of particular concern as it risks aggravating existing disconnects. Decentralisation can involve citizens more closely with the functioning of the state and improve service delivery. However, such processes need to be managed cautiously, particularly in contexts where central government is weak and politics fractured.

4. **Recognise that statebuilding is a fundamentally political process.** It is dependent on constructive state-society relations that shape expectations and build a sense of trust and legitimacy. In this sense institution-building is only one part of statebuilding. International actors need to be much more sensitive to the endogenous political and social dynamics at play, and of how their interventions may affect these (*e.g.* provide support to political competition in ways that foster national cohesion rather than exacerbate divisions). While current efforts focus on the central executive, statebuilding needs to involve a range of national stakeholders (members of Parliament, audit institutions, the judiciary, civil society including marginalized groups, and political parties), all having a role to play in promoting (i) checks and balances between the three branches of government; (ii) constructive state-society relations; and (iii) participation and accountability at the local level.

5. **Move away from the current piecemeal approach to capacity development.** Jointly with national stakeholders, donors should invest in shared assessments and responses to critical capacity gaps – such efforts are almost always disjointed and reflect different administrative cultures and objectives. Capacity development efforts should be realistic and not under-estimate the time and scope of the support needed, which can be sequenced in stages.

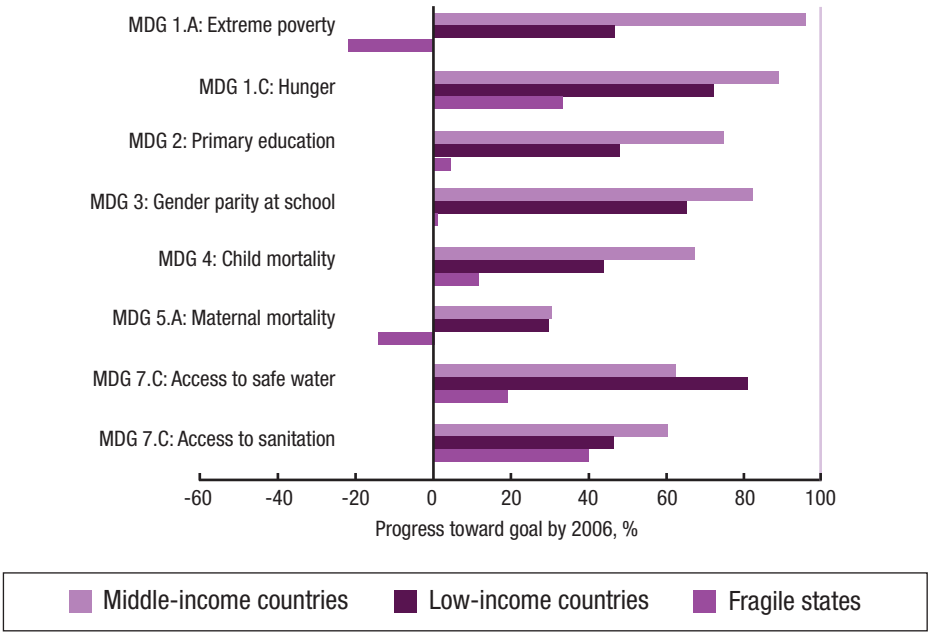
6. **Support domestic revenue mobilization,** identified as one of the main state-citizen accountability linkages and a vital element to improve the state's ability to fulfill its functions and derive legitimacy from it. Investment in supporting domestic revenue mobilisation in the past has paid off but remains limited in both scope and scale.

7. **Recognise that effective aid is all the more important in fragile settings where priorities are many and capacities constrained, and requires a proactive approach.** Aid effectiveness is constrained by domestic conditions such as the quality of national strategies and country systems, but in most cases there is room for a proactive approach that may initially involve ring fencing, shadow alignment and use of multi-donor trust funds for progressive alignment (all allowing for appropriate management of fiduciary risk), but should also improve the quality of national strategies and country systems so that alignment can increase over time. In addition, when aid must be suspended, prepare a coordinated response and engage in political dialogue with government counterparts to weigh related risks. Finally, when needs are vast and resources few, there is a tendency to think that agreeing division of labour arrangements is not necessary. Such situations may, on the contrary, be all the more reason to identify the critical priorities, minimise gaps, and achieve a systemic impact.

Introduction

Will we be able to eradicate poverty by 2015? While many countries are making progress towards achieving the Millennium Development Goals (MDGs), countries that present formidable statebuilding and peacebuilding challenges are falling behind. Figure 1 shows alarming trends in these countries, particularly regarding poverty, primary education and gender equality.

Figure 1. **Fragile states are off-track for most of the MDGs**



Source : IMF and World Bank (2008). 'Global Monitoring Report 2008: MDGs and the Environment'.

These countries, which range from Afghanistan to Zimbabwe, are in situations where the state lacks the capacity or legitimacy to support equitable development, holding back progress towards the MDGs. They are either embroiled in a cycle of violent conflict or poor governance and poverty, or have to turn around the legacy of such a cycle. Tackling the lack of security and political stability, fostering government accountability towards ordinary citizens, and bringing reconciliation to societies that have experienced unrest and division are some of the key challenges. They are also ill-equipped to deal with global challenges such as the food, fuel and financial crises and climate change, which are increasing their vulnerability. Tables 1 and 2 present development and statebuilding for the six countries reviewed in this Global Report.

Table 1. **Development indicators in the six countries under review**

		Afghanistan	Central African Rep.	Congo, Dem. Rep.	Haiti	Sierra Leone	Timor-Leste
	Human Development Index, 2009	181	179	176	149	180	162
	Population (Millions), 2008	29.2	4.4	64.2	9.7	5.5	1.1
Poverty	Population below USD 1.25 a day (%), 2000-07	-	62.4	59.2	54.9	53.4	52.9
	Population below USD 2.00 a day (%), 2000-07	-	81.9	79.5	72.1	76.1	77.5
Macroeconomic indicators	Gross Domestic Product (GDP), 2008, Current Prices	12.06	2.0	11.59	6.95	1.96	0.5
	Projected growth rate of Gross Domestic Product (GDP), 2008-09	15.7%	2.4%	2.7%	2.0%	4.0%	7.2%
	Average Gross Domestic Product (GDP) over 2000-08, Current Prices	7.11	1.31	7.20	4.42	1.19	0.33
	Aid per capita (2008), Current Price	159	53	25	93	66	251
	GNI per capita (USD), 2008, Current Prices	-	408	153	661	321	2 464
	Urban share of the population (2009 expected 2010)	18-24%	36-38%	27-35%	28-49%	32-38%	20-28%

		Afghanistan	Central African Rep.	Congo, Dem. Rep.	Haiti	Sierra Leone	Timor-Leste
Social indicators	Adult Literacy rate (% ages 15 and above), 2007	28	67.9	67.2	62.1	38.1	50.1
	Malnutrition rates	-	41%	75%	58%	46%	-
	Population under 18 of age	49%	46-50%	53%	44%	50%	52-60%
	Life Expectancy at Birth, 2008	44	45	46	61	48	61
	Percentage of population with access to water (2008 or nearest year)	22	66	46	58	53	62
Social expenditure	Expenditure on Health as a % of Total Government Expenditure, 2007	10	10.9	7.2	29.8	7.8	16.4
	Expenditure on Education as a % of Total Government Expenditure, 2007	-	-	-	-	-	-

Source : FAO Hunger Map (2010), 2004-2006 data, available at http://www.fao.org/hunger/en; International Monetary Fund World Economic Outlook; UNDP Human Development Report (2009); UNICEF "Country at a glance" fact sheets; OECD (2008b); World Bank Country Performance and Institutional Assessment (2008); World Bank World Development Indicators dataset. Note: The Human Development Index has been taken from the 2009 Human Development Report. Countries in the 2009 report ranked 1-38 were 'Very high Human Development', 39-83 'High Human Development', 84-158 'Low Human Development.

Table 2. Indicators of state capacity, legitimacy and accountability in the six countries (2008)

		Afghanistan	Central African Rep.	Congo, Dem. Rep.	Haiti	Sierra Leone	Timor-Leste
Capacity	Quality of public financial management systems (on a scale of 1-very weak to 6-strong)	3	2	2.5	3	3.5	n/a
	Quality of procurement systems (on a scale from A-highest to D-lowest)	C	n/a	n/a	n/a	B	n/a
	Country Performance and Institutional Assessment (on a scale of 1-lowest to 6-highest)	2.6	2.7	2.7	2.9	3.1	2.8
Composite of capacity, account-ability and legitimacy	State fragility (Country Indicator for Foreign Policy, on a scale of 2.56:least fragile to 7.02:most fragile)	6.93	6.2	6.91	6.65	6.22	5.33

Source : Carleton University, Country Indicators for Foreign Policy; OECD (2008b); World Bank Country Performance and Institutional Assessment (2008).

Recognising the importance of resolving these complex crises, both for the citizens of the countries affected and for the wider world, the international community is actively engaged across the agendas of development, security and diplomacy. About 30% of official development aid is directed towards fragile states, which represent a third of all developing countries (OECD, 2010). Seventeen UN peacekeeping missions are currently deployed in a range of fragile states are at a historical peak, in terms of both budgets and blue helmets – the latter represent an eight-fold increase between 1999 and 2009.

If the stakes are high, the tasks are extremely difficult, combining as they do poverty; high levels of uncertainty and risk, with exposure to both internal and external shocks; weak institutions and weak social capital leading to low resilience; complex and deep-seated political, economic and social challenges; and divided societies with multiple and sometimes conflicting interests among the different players.

In this situation, it is important to get hard information on what works and what does not – and why. This Fragile States Principles Monitoring Survey provides evidence from the ground and offers both country-specific and global recommendations to improve the impact of international engagement in fragile states. Box 1 summarises the Survey methodology.

Box. 1. A mixed methods, multi-stakeholder dialogue

The Principles. Recognising that situations of fragility require a different response from what is appropriate to more stable countries, ministers of the OECD adopted a set of ten *Principles for Good International Engagement in Fragile States and Situations* in 2007. The Principles were previously tested in nine fragile states over 2005-07 (**DRC**, Guinea Bissau, **Haiti**, Nepal, Somalia, Solomon Islands, Sudan, Yemen and Zimbabwe [2]). The Principles were developed to guide international engagement in fragile states across a wide agenda including security, diplomacy, development co-operation, peacebuilding, humanitarian action, trade and investment. The Principles complement the commitments set out in the Paris Declaration on Aid Effectiveness (2005) and are integrated into the 2008 Accra Agenda for Action (Annex A).

Monitoring implementation, two years after. At the Accra High Level Forum on Aid Effectiveness in 2008, governments and international partners in six countries in situations of fragility decided to examine the implementation of the ten Principles. Their aims were to arrive at a common diagnosis on the impact of international engagement and, based on this diagnosis, identify priority actions for improved impact in the future. The 2009 Survey will be a baseline to track progress in 2011, when the Survey will be repeated.

Multi-stakeholder dialogue. The Survey rests on a series of national consultations, each bringing together a wide range of stakeholders, both national (a president; a prime minister; ministers across governments; mayors; prefects; members of Parliament; women, youth and human rights groups; the private sector) and international (ambassadors; humanitarians; heads of co-operation; security actors). Between 50 and 200 participants took part in each national consultation. Each consultation was organised by the partner government, which designated a National Co-ordinator, supported by an International Focal Point, whose role was to ensure that all international actors were briefed to take an active part in the consultation. All consultations were facilitated by a neutral mediator. Each national consultation is complemented by data collection and interviews and is captured in a Country Report.

Multi-stakeholder validation. Each Country Report is validated by the meeting participants before finalisation. It aims to feed directly into planning and/or implementation frameworks in the countries concerned (*e.g.* contribution to the Afghanistan donor conference in January 2010; consolidation of the Sierra Leone Aid Policy for the trade, investment and donor conference in November 2009; Timor-Leste's medium-term Strategic Development Plan). The present Global Report synthesises the findings and recommendations from six Country Reports.

A mixed methods methodology. The six participating countries and the International Network on Conflict and Fragility (INCAF) agreed a methodology that mixes qualitative and quantitative data, and with qualitative data mixing perceptions and hard facts. This was identified as the best approach for fragile settings, where there is (i) a need for nuanced, qualitative dialogue because of the specificities of each country context and sometimes fast-moving environments; (ii) limited avenues for dialogue among stakeholders and/or the lack of a shared vision; and (iii) a dearth of statistical data.

Indicators. Indicators were developed for each Principle, agreed by participating countries and INCAF as part of the survey methodology (OECD, 2009a). The indicators are illustrative: they do not aim to summarise whether a Principle as a whole is applied or not. Consistent with the mixed methods approach, they include (i) qualitative indicators based on perceptions, discussed during the consultations and allowing for some debate (except in Sierra Leone where a written questionnaire was circulated); (ii) qualitative indicators based on hard facts; (iii) quantitative indicators. Countries had the option to add their own indicators to those agreed in the methodology but only Afghanistan did so. Annex B provides a summary table of all indicators for all six countries.

Mutual accountability. The *Principles for Good International Engagement in Fragile States and Situations* were originally designed by international actors for international actors. However, in all of the six countries, the national consultations fully adhered to a spirit of mutual accountability in which both international actors and national stakeholders recognised their responsibilities and the actions they needed to take to make progress on the issues raised.

The six countries under review represent a modest sample, but a wide range of trajectories and contexts (box 2), so it is hoped that the findings can inform the current debates on how to improve the impact of international engagement in situations of fragility more generally.

2 Occurrences of the six countries under review are bold to facilitate reading.

Box. 2. Six countries, six different contexts

While there are some commonalities (insufficient economic opportunities coupled with an increasingly young population; a certain disconnect between the state and the population; difficult access to many regions; and unstable neighbourhoods), the six countries reviewed in this report demonstrate different historical trajectories and contexts.

Looking at **trajectories** over the past ten years, Afghanistan, CAR and Haiti are characterised by change, going through alternating periods of improvement and deterioration. There is high heterogeneity across provinces. As for DRC, it has seen the intervention of an international peacekeeping force, an interim government, general elections, and a marked improvement of the security situation overall, despite setbacks in the Kivus. Timor-Leste and Sierra Leone have followed a similar trajectory, but seem to be further down the road of peace consolidation.

The current contexts also differ significantly in the following ways:

Conflict intensity: Whole provinces of Afghanistan are affected by high-intensity conflict, whereas conflict is more localised in DRC. Both CAR and Haiti are affected by low-intensity but persistent conflict and criminality, more so than either Timor-Leste or Sierra Leone.

Resource base: Afghanistan and DRC receive large volumes of aid in absolute terms (4.9 billion and USD 1.2 billion respectively in 2008). In terms of aid per capita, Timor-Leste and Afghanistan receive the most (at USD 253 and 196 respectively whereas DRC receives the least (USD 19) (OECD statistics and World Bank, 2009). The countries under review are all low income countries, with the exception of Timor-Leste, a lower middle income country. CAR, DRC, Timor-Leste and Sierra Leone are all natural resource dependent and their domestic revenue mobilisation potential is significant, but largely unrealised. An illicit economy (based on natural resources or drugs trafficking) has been thriving in Afghanistan, DRC, Sierra Leone and Haiti.

Social contract: Afghanistan, Timor-Leste, DRC and CAR face challenges in nation-building alongside statebuilding. Haiti and Timor-Leste have a degree of vertical divides (between elites and ordinary citizens), Afghanistan and Sierra Leone horizontal divides (between clan- or region-based groups). A culture of impunity remains an issue in CAR, DRC and Haiti. In Afghanistan, DRC and CAR, government control over territory is still limited.

Environmental fragility: Haiti is highly vulnerable to natural disasters (acute environmental degradation; recurrent hurricanes and the earthquake of January 2010).

The present Global Report synthesises the findings and recommendations from six Country Reports. Part One sets out the findings from the consultations for each of the ten Principles. Part Two offers global recommendations for actions to be taken, whether by partner governments, by international actors, or jointly.

Part One: Findings from the country consultations, principle by principle

Principle 1: Take context as the starting point

The implementation of this principle is judged in most countries to be **mixed**.[4] While the importance of context is clearly recognised, the analytical effort required to understand the country context has not always been shared (Afghanistan; CAR; Haiti) or sustained (CAR; Haiti). Moreover, actual programming has not always been adequately rooted in an understanding of the country context (Afghanistan).

1. In most country consultations, "take context as the starting point" was considered as the most important principle, but there was the least consensus on its content. All of the country consultations emphasised that a thorough understanding of the country context and historical trajectory is an essential basis for working in fragile states. The consultations highlighted the point that the term "fragile state" encompasses a broad range of conditions that apply in different cases and require different responses. Box 2 (above) describes some of the important contextual differences between the six countries surveyed. In most countries, there were substantial differences between stakeholders in terms of their reading of the context. Such differences were particularly marked in Afghanistan where taking context as the starting point was *"considered by all as the "mother" principle, but where perceptions and opinions appear the most divergent between donors and the rest of the actors."*[3] In Afghanistan there were also divergent views across policy communities, with shorter-term security objectives seen by some as undermining the longer-term goals of peace and stability – rather than being a stepping stone towards them. In CAR there was disagreement among stakeholders as to whether to describe the country as a post-conflict state, a situation of ongoing crisis or somewhere in between. Differences were most pronounced between stakeholders based in the capital city of Bangui, which is relatively stable, and those based in the provinces, which are diversely affected by rebellions and "coupeurs de route" (illegal roadside barriers). In Sierra Leone there was a difference in view between those who positively highlighted *"the impressive array of government and donor documents and strategies"* of the past years as sound context analysis, and those who believe that *"the progress made in drafting strategy papers has not yet generated a feeling of progress on the ground."*

2. In several cases there was consensus on general visions but not on specific priorities and approaches. In CAR and Haiti, a broad vision is captured by the poverty reduction strategies (PRSPs) but well-defined priorities could not be agreed, reflecting in both cases the fact that a consensus on priorities has yet to be "negotiated". This is in some contrast with the situation in DRC and Sierra Leone: in the first case a rather broad PRSP is a framework for more short-term priorities, identified in the *Plan d'Actions Prioritaires* (Priority Action Plan) to which donors representing 80 percent of ODA have adhered. In the case of Sierra Leone, the "Agenda for Change", its second PRSP (2008-2012) has a high degree of priority, with four areas of well-defined focus and time-bound benchmarks. As for Timor-Leste, it is a case of its own: while there is a high degree of prioritisation resulting from continued dialogue between government and international partners through the Annual Priorities process and regular development partners meetings, dialogue on the medium-term vision is just starting with the adoption of the medium-term Strategic Development Plan prepared under the auspices of the Prime Minister.

3. Shared analysis of context is obviously never a given, but rather the result of a negotiation between stakeholders, which requires leadership. The lack of consensus on the interpretation of context in part reflects the different standpoints and agendas of stakeholders, and such differences are likely to be all the more obvious where society has been dislocated by recent crisis. For example, in Haiti it was noted that the history of both intra-elites and vertical divides has made it difficult to arrive at a common understanding of the country's development challenges. In DRC stakeholders held diverging views on the complex factors that have destabilised the country, and the relative importance of domestically generated tension vs. foreign interference in explaining conflict. From all countries where a level of consensus on analysis and priorities does exist (DRC; Sierra Leone; Timor-Leste), it is clear that leadership has been a necessary catalyst. This leadership is exerted by government and/or a coalition of international stakeholders that has been able to bring most of the international community on board. Where government leadership is weak or divided by different interest groups, coalition-building on the international side is all the more essential. Leadership and consensus-building can be exercised through formal or informal mechanisms. Ideally, these promote a triple pact: (i) between international actors, across policy communities; (ii) between national stakeholders; (iii) between government and international partners. In Afghanistan, the Bonn Agreement (2001), its successor Afghanistan Compact (2006), combined with *loya jirga* (grand councils) are contributions

3 Phrases in italics are direct excerpts from the Country Reports and verbatim from the national consultations.

4 The qualifications given here are based on the assessments in the different Country Reports, following a mixed methods approach *(see Box 1)* and according to the scale: weak; moderate or mixed; moderate and improving; good. It is moderate when it is neither good nor bad in most countries. Implementation is mixed when it is good in some countries and limited in others.

to such a triple pact. In DRC, the *Comité International d'Accompagnement de la Transition* (CIAT, 2003-2006), brought together the Congolese government and ambassadors from the UN Permanent Five to discuss political affairs, development and security. This ensured continuous dialogue between international actors across policy communities and between government and international partners – but avenues for dialogue among national stakeholders have been deemed limited.

4. An accurate reading of context also requires a shared methodology to analyse the nature and causes of fragility. There was little evidence of the use of common frameworks for political economy analysis, conflict analysis or the assessment of statebuilding challenges: when they use one, international actors tend to use it on their own rather than jointly with others. In CAR and DRC, only 23% of studies undertaken by international partners are carried out jointly – less than half the Paris Declaration target of 66% and much less than the average for all countries surveyed in 2007 (OECD, 2008b). Moreover, in some cases existing analysis was found to be incomplete or unbalanced. For example, in Afghanistan the focus of donor analysis tended to reflect the preoccupations of the home country (*i.e.* donor country); different opinions on the relative importance of security and development; and varying positions on the need for military intervention and the parameters thereof. In Haiti it was suggested that international actors have neglected the deeper political, economic and cultural causes of weak governance and political instability, in particular extreme social inequality and the concentration of power in the hands of a small elite, moreover divided. A similar tendency was observed in DRC where the consultation noted a limited understanding of socio-cultural factors on the part of international actors.

5. The national consultations also suggest that analysis is most valuable where it is sustained and updated over time. In CAR it was emphasised that *"what matters is the trajectory"* rather than the picture. One good example of sustained consultation and analysis was encountered in Timor-Leste where stakeholders have recognised the constantly evolving context and the need to shift from crisis to development response. However, in Haiti international analysis was said to be unduly static, and had not taken sufficient account of important recent changes (governance and capacity improvements warranting deepening of international alignment to country processes; progress in police reform).

6. That being said, several factors limiting a proper understanding of context were identified:

- Security and logistical factors can prevent access to local knowledge and capacity. The complexity of contexts such as Afghanistan, CAR and DRC – with multiple national, sub-national and regional dynamics to take into account – make it difficult to achieve a comprehensive understanding of the political and socio-economic dynamics at play. The Provincial Reconstruction Teams in Afghanistan reflect this reality. In CAR, the UN mission MINURCAT has a special mandate for eastern Chad and the north-eastern Central African Republic. In DRC, a command centre had to be established for Eastern Congo, separate from the one in Kinshasa.
- These factors are compounded by the high turnover of civil and military foreigners and in some cases *"a weak institutionalisation of experiences and lessons learned"* (Afghanistan). This is made even more challenging by the dearth of statistical data and basic information: for example, the only national media country-wide in DRC is the radio set up by the UN and *Fondation Hirondelle*. In several countries it was noted that nationally-based analytical capacity is also limited. There are often few sources of independent advice that are not subject to overt political influence (Afghanistan, DRC). In DRC it was noted that analyses of the country context remain multiple and fragmented, information is lacking and is inadequately shared.

7. Debates about the country context are not simply of academic concern, but have a direct impact on the effectiveness of international engagement. Many of the weaknesses in international intervention strategies discussed throughout this report have their roots in an inaccurate or incomplete reading of context. There has been a tendency to place too much confidence in one type of intervention rather than recognising the multiple dimensions of the statebuilding challenge *(see Principle 3)*. More generally international actors often underplay basic development constraints and take an overly optimistic view of the pace of change. In Afghanistan this was said to have led to programmes that are *"too ambitious, too complex, and the implementation is of sub-standard quality."* An accurate reading of context should help international actors take a more realistic view of the difficulty and long-term nature of statebuilding and to avoid costly mistakes – such as financing the wrong things at the wrong time – or inadvertently doing harm.

Illustrative Indicators

Indicator 1: Is most international actors' engagement based on sound political and social analysis, taking into account the situation in terms of national capacity, state-society relations and societal divisions?

Afghanistan:	*Not consistently.*
CAR:	*Not consistently.*
DRC:	*Not consistently.*
Haiti:	*Not consistently.*
Sierra Leone:	*No consensus: half thought "consistently", the other half "not consistently.*
Timor-Leste:	*Yes, overall.*

Principle 2: Do no harm

The implementation of this Principle is judged to be **moderate**. In most cases international intervention has had a positive effect on balance, but the country consultations drew attention to many examples of harm, mainly where international presence leads to the weakening of state capacity and/or legitimacy and where the uneven distribution of aid funds leads to an unintentional widening of social disparities. There is little evidence that international actors have attempted to assess these risks in a systematic way.

8. The country consultations generally regarded international engagement in fragile states as being necessary and beneficial overall. However, there was clear recognition that international intervention can have certain negative effects. Examples of such problems are discussed throughout this report, but four areas stand out as recurring themes in several of the country consultations:

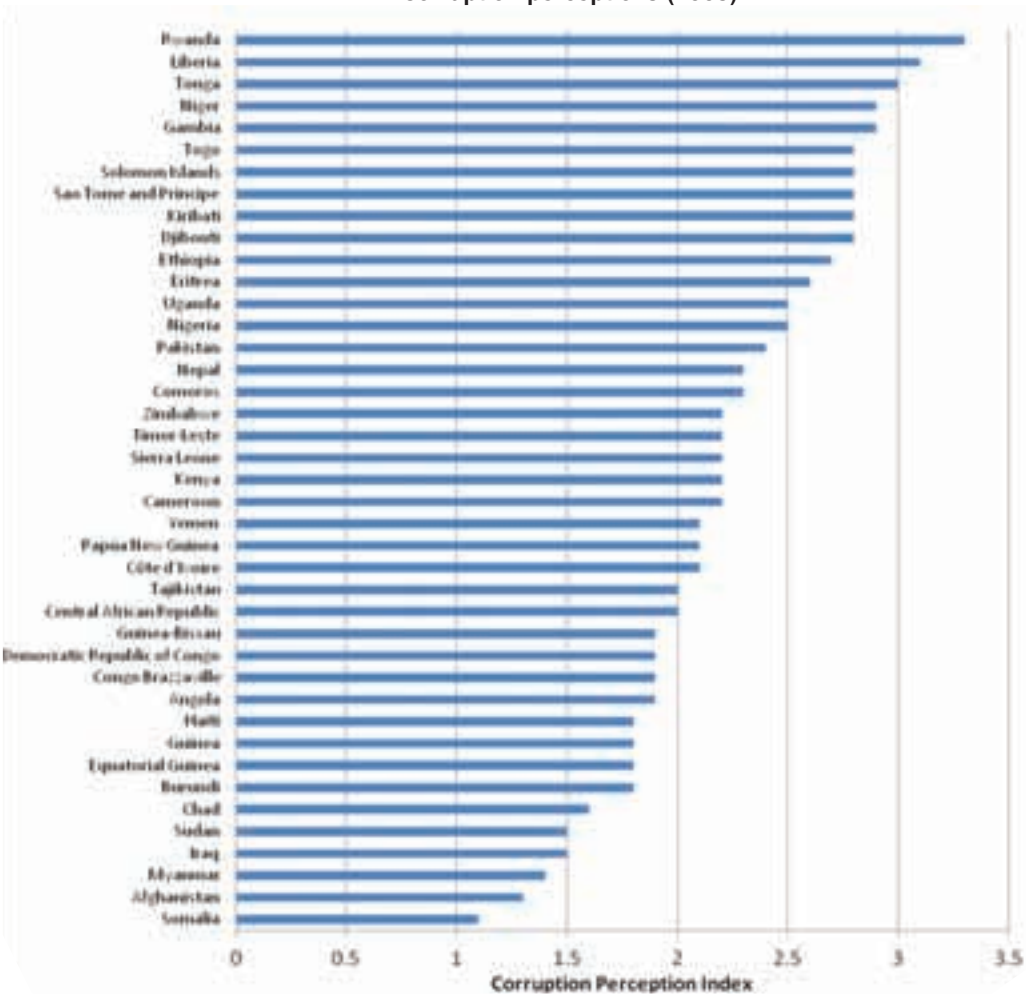
- The Hippocratic oath of "do no harm", historically taken by doctors swearing to practice ethical medicine, has been applied to the development field (Anderson, 1999). It is debatable whether it can be applied to the full extent of international engagement, for example going beyond aid to include military operations against illegal armed groups. However, this principle has usefully prompted debates about the costs of inaction versus the cost of current actions, and options in between. For example, civilian casualties caused by **military operations** such as those conducted by the United Nations against the Democratic Liberation Forces of Rwanda (FDLR) in **DRC** or by the North Atlantic Treaty Organisation (NATO) in **Afghanistan** have been weighed against the harm caused if illegal armed groups were left unchallenged.
- A salient issue within development co-operation has been the **uneven treatment of different provinces** within a country. The uneven distribution of assistance was highlighted as a key issue that was creating potential or actual problems in all countries but Sierra Leone. This can contribute to perceptions of unfairness and, in some cases, can aggravate existing divides *(see Principle 10)*.
- A number of country consultations have focused on **aid modalities** that are detrimental to the capacity, accountability and legitimacy of the state – especially in **DRC**, **Haiti**, and **Timor-Leste**. These include the use of parallel implementation units operating outside of normal government structures, and large disparities in pay structures between government and international sectors *(see Principles 3 and 7)*. Unpredictable aid flows and delayed disbursement can make it difficult for governments to make credible commitments to service delivery, undermining citizen's confidence in the state. This issue was emphasised as a key problem in the consultations in **Afghanistan**, **CAR** and **DRC**. There was also some debate about budget cuts in-year that, while justified from a fiduciary point of view, can cause undue harm if they come at the wrong time (e.g. election period; times of increased tensions) without prior and proper consultations both with national counterparts and with other donors.
- A special issue regarding disarmament, demobilisation and reintegration (DDR) programmes has been raised. DDR programmes are increasingly designed to target not only individuals, but also their communities of return; in fact, in the case of Haiti, the programmes are almost entirely community-based. However, there are still widespread perceptions that those who have taken up arms are being "rewarded" while the victims of their exactions have not been compensated and are left behind. This recurrent issue points to the need for improved sensitization and to take reconciliation processes seriously.

9. International intervention can do harm in two main ways:

- Where international actors **lack knowledge and sound** analysis they may cause inadvertent harm. This is particularly serious where international actors fail to analyse the nature of the social contract, to grasp the complexity and fragility of a political settlement in a country, and upset the balance of power between interest groups. There was little evidence that international actors have attempted to assess these risks on a systematic basis, or to consider the need for mitigating measures. The trade-offs between the different objectives of international engagement have not been confronted head-on or subjected to explicit debate.
- Where international actors encounter **trade-offs** between political, security and development objectives and explicitly or tacitly give priority to short-term objectives that may undermine longer-term goals. Most consultations concluded that in cases where these different goals are not convergent, at least they should be coherent, *i.e.* not undermine each other. Several examples of such trade-offs were highlighted:

- In **Afghanistan**, short-term stabilisation and security were thought to be given priority at the expense of longer-term peacebuilding and statebuilding.
- In **Sierra Leone** the lack of government capacity to absorb aid effectively in the immediate post-conflict period forced major donors to assume a significant share of the cost of establishing a bureaucracy capable of fulfilling key functions of government. As time passes, *"government efforts to wean itself off international aid will be complicated by the existence of large numbers of employees in key positions who benefit from salary top-ups".*
- The problem of corruption was highlighted in several national consultations, and in three cases was identified as an area where the international community has not been sufficiently active (**Afghanistan, DRC, and Haiti**). The dilemma faced by international actors is that over time rampant corruption is likely to undermine state legitimacy, but tougher actions to combat corruption may risk upsetting a fragile political balance, for example by forcing an interruption in aid flows or alienating sections of the elites who can threaten state stability.

Figure 2. **Corruption perceptions (2009)**



Source : Transparency International 2009.

10. Finally, although it may be significant, there was **little discussion about the impact of global policies, norms and institutions in donor countries**: *e.g.* on asset recovery, anti-money laundering, banking transparency and transparency in the extractive industries sector. The impact of donor migration policies was debated in **Haiti**, although it was not conclusive: the costs of an open door policy (brain drain) were weighed against its benefits (the support system formed by the diaspora).

Illustrative Indicators

Indicator 2: Does international engagement benefit one population group over another or does it contribute to societal divisions?

Afghanistan:	*In some significant cases.*
CAR:	*Sometimes (not qualified as either significant or marginal).*
DRC:	*In some significant cases.*
Haiti:	*Sometimes (not qualified as either significant or marginal).*
Sierra Leone:	*In no significant cases.*
Timor-Leste:	*In some significant cases.*

Principle 3: Focus on statebuilding as the central objective

The implementation of this Principle is judged to be **moderate**. There is a clear and increasing focus on statebuilding (*e.g.* massive investment in censuses, elections and technical assistance) and recognition of the multiple dimensions of this task – including capacity, accountability and legitimacy. However, the results of statebuilding efforts have been variable between countries. There has tended to be a technical focus on institutional development within the executive, with less attention to the other arms of government, or to fostering constructive state-society relations. Certain aspects of donor practice, in particular the use of parallel implementation structures and salary top-ups, have been harmful for capacity development.

11. In all six countries statebuilding was identified as the most important requirement for bringing about lasting peace and development, and there are signs that this focus has strengthened in recent years. The principal tasks in statebuilding were seen, in line with the OECD definition, to include building state legitimacy and the capabilities necessary to meet citizens' needs and expectations. There are five essential dimensions: *"the endogenous political processes that drive statebuilding; the legitimacy of the state in society; the relations between state and society; the expectations society has of the state; and the capacities of the state to perform its basic functions (security, the rule of law, taxation, management of economic development and the environment, and the delivery of essential services"* (OECD, 2010g).

12. In spite of this emphasis, the results of statebuilding programmes have been variable across countries. The reasons for this mixed record relate to both the long-term and highly challenging nature of the statebuilding agenda, and shortcomings in the approaches that have been adopted so far. In Sierra Leone it was concluded that given the considerable progress made in *"boosting government capacity by assisting various government ministries to reach satisfactory levels of service delivery"*, the most important now is to *"stay the course and sustain support during what is inevitably a long process of statebuilding."* Afghanistan was also said to have benefitted from *"a slow, but steady build up of state capacity".* However, in DRC there is a perception that *"international assistance for statebuilding in DRC has not delivered sufficient results".* Timor-Leste was described as *"a controlled environment for statebuilding"* because it is a new nation and because of its good level of donor engagement and a heavy investment in capacity development.[5] *"Yet, by contrast to a positive record overall in terms of legitimacy and accountability, efforts at state-building in terms of capacity development have not been very successful: a stock-take is clearly in order".* In CAR, the states was qualified as "a phantom state" because of its very limited presence outside Bangui, and one participant asked *"what is the priority when everything is a priority?"*, referring to the multiplicity of challenges: public service reform, deployment outside of Bangui, control of the territory, paying civil servants, maintaining macroeconomic fundamentals, providing services.

13. In all cases strengthening state legitimacy – of which state accountability is an important source – was viewed as being a core requirement of statebuilding. All of the country consultations included some discussion of these sensitive issues, albeit to different degrees.

- Several of the country consultations underlined the importance of a **political settlement** (in which key groups see it as in their interest to support particular institutional arrangements for securing and exercising state power).
- Most of the country consultations highlighted the need to strengthen **public accountability and transparency** as a vital element of statebuilding. The absence of these factors was commonly identified as a threat to state legitimacy and stability. In DRC, it was felt that a state will only build legitimacy over time if it has mechanisms for participation and accountability, delivers the key services expected of it and earns *"moral authority"* among its citizens. In Haiti the culture of impunity and the inability to bring corrupt officials to account were highlighted as being neglected issues. More generally several consultations expressed concern that weak domestic revenues and large-scale donor assistance have resulted in a situation where accountability tends to flow from the government to donors rather than from government to citizens. The Timor-Leste consultation highlighted the need to consult and treat Timorese citizens as active partners in development rather than just targets or beneficiaries.
- The consultations all underlined that the state's ability to fulfil its key functions and provide the basic **services** that citizens require and reasonably expect is a major source of legitimacy. This issue was prominent in CAR where some stakeholders emphasised the limited presence of the state outside Bangui, and its inability to deliver security, economic development and essential services. In this context, there is very little identification with the state. However, it is clear that state performance is no guarantee of legitimacy. The Afghanistan Country Report notes that, in spite of progress in capacity and institution

5 Capacity development is the process by which individuals, groups, organisations 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.

building, *"support to the Afghan state from the general public stagnates, and in some regions, has decreased"*. The causes of this tendency were considered to be public frustration at the lack of economic development and employment, the reliance of government on international military support, and weak citizen participation in government and public affairs. Several consultations also raised the issue of visibility of the state versus that of international actors, citing for example the large UN missions in DRC and Haiti. The issue of service provision as a source of state legitimacy draws attention to the need for domestic revenue mobilisation, an area where country situations vary greatly (table 3), and where progress has been mixed. In Afghanistan the consultation noted the significant progress that has been made recently in raising local revenues, albeit starting from an extremely low base.

- Another salient issue has been the **focus on elections and the formal aspects of democracy** at the expense of attention to the local political culture, context-specific sources of legitimacy and informal institutions. The consultations also underlined the need to support civil society, recognising its key role in demanding good governance and in contributing service delivery. However, lessons from the past should be borne in mind – chiefly that processes and *fora* for dialogue should be supported, rather than specific interest groups.
- **In some cases, issues of legitimacy were addressed in capacity terms.** One participant in CAR described the focus on capacity development as a *"smokescreen"* that obscures reflection on the state's deeper legitimacy issue.

Table 3. Domestic revenue raising varies greatly between countries (tax revenue as percentage of GDP in 43 countries in situations of fragility)

<15%		15% to 25%		25% to 35%		35% to 45%		>45%	
Zimbabwe	6.0	Guinea	15.5	Chad	27.4	Yemen	36.5	Angola	47.6
Afghanistan	6.9	Rwanda	15.6	Liberia	28.6	Equatorial Guinea	36.8	Congo Rep.	51.3
Haiti**	10	São Tomé and Príncipe	16.6	Djibouti	28.8	Solomon Islands*	36.8	Iraq	78.6
Timor-Leste*	10	Guinea-Bissau	16.8	Tonga**	31.9	Papua New Guinea*	37.3		
Central African Republic	10.5	Togo	17.1			Kiribati	43.0		
Sierra Leone	11.4	Gambia, The	18.4						
Ethiopia	12.5	Niger	18.4						
Nepal	12.8	Congo Dem. Rep. of	18.5						
Uganda	13	Nigeria	18.6						
Comoros	13.1	Côte d'Ivoire	18.9						
Pakistan	14.6	Burundi	19.1						
		Cameroon	20.4						
		Tajikistan	20.5						
		Sudan	21.3						
		Kenya	22						
		Eritrea	23.2						

Source : International Monetary Fund. All data for 2008, except:
* data for 2007.
** data for 2006.

14. Capacity development. While capacity development has been the main focus of statebuilding efforts, the country consultations revealed some weaknesses in the approaches adopted in the six countries:

- In several of the Country Reports **donor approaches to capacity development were criticised for being piecemeal and failing to address cross-government and systemic challenges**.
  - A recurrent criticism of donor approaches to capacity development raised in several countries (*e.g.* CAR, Haiti) is that there has been an excessive focus on working with central government, and a relative neglect of the legislature and judiciary, and of local government. Some approaches have excessively stressed building the competencies of individual public servants rather than of groups or systems. There has also been a tendency to focus resources on selected parts of government, creating islands of capability within a generally dysfunctional system. In some cases this has led to visible results within the targeted service, but less impact where support does not extend to connected parts of government. For example, in Haiti there has been encouraging progress in police reform and training, but international support to the judiciary has lagged far behind: the result is like *"walking with one leg shorter than the other."*

- Another feature of international engagement noted by several of the country consultations was the heavy reliance on expatriate technical assistance (*e.g.* USD 1.6 billion over the last five years in Afghanistan according to Michailof, 2007), which has too often been short-term, project-related, and donor-driven – characteristics which have limited the transfer of skills to local counterparts.
- In Haiti and Timor-Leste, capacity development was characterised as a donor-driven approach, often a patchwork of approaches influenced by different administrative cultures and ideas. Evidence shows that most technical assistance remains uncoordinated between donors *(see table 4)*.

- **In many cases international intervention appears to have been detrimental to capacity development,** in particular where donors have avoided using national systems, established parallel project implementation units *(see figure 4)*, paid salary top-ups or brought in expatriate technical assistance without the precautions that are emerging. A result has typically been an erosion of capacity in government departments. In DRC the Country Report concluded that *"the international community has shown a tendency to look for short-cuts in aid delivery, and has not sufficiently engaged with the national administration."* Such practices often reflect donors' lack of confidence in national procurement systems, weak public administration, and concerns about corruption, but in turn they tend to perpetuate these problems. Escaping this vicious circle will depend on governments committing to high standards and better procedures, and donors being more willing to take the risk of working through national systems, an agenda that calls for a stronger sense of mutual accountability. Several ways have been identified to do this while managing fiduciary risk, including ring fencing (legal walling off of certain assets or liabilities) and dual turn-key arrangements (disbursements requiring signatures from two different parties).
- Where donors have worked more closely with government, they have sometimes been criticised for placing **undue demands on limited local capacity**. This relates in particular to the proliferation of donor projects and programmes, each with their own procedural requirements. In Sierra Leone it was observed that *"the time needed by government to navigate different donor organisations"* overwhelmed its capacity. In the view of the government, the volume of donor documents and activities *"generates artificially high requirements standards that should be offset by serious attempts to reduce the complexity and cost of donor processes."* Several of the other country consultations (DRC and Afghanistan) also emphasised the need for donors to simplify procedures and to minimise the burden on partners.

Table 4. Co-ordinated technical assistance (2008)

	Percentage of technical co-operation flows implemented through co-ordinated programmes consistent with national development strategies
Afghanistan	54%
Central African Rep.	37%
Congo, Dem. Rep.	38%
Haiti	65%
Sierra Leone	22%
Average for 43 countries in fragile situations	54%
Average for non-fragile states	62%
Paris 2010 Target	50%

Source : Paris Declaration Monitoring Survey 2008, indicator 4.

15. Several countries (Sierra Leone, DRC) are grappling with a **decentralisation process** (covering political devolution and administrative deconcentration). Even in stable environments, local governments in many cases are unable to perform the tasks they have been delegated, because of limited resources and/or capacity. In many instances, decentralisation does not achieve the goal of making local governments more responsive and accountable, for example because of local elites influencing decision-making in their favour, or because standard mechanisms for accountability do not function well in contexts of limited capacity and scarce information. The OECD's *Do No Harm* review cautions against deconcentration and devolution in situations where the central state is weak or power is factionalised (OECD, 2010g), as decentralisation can aggravate existing divides. At the same time, decentralisation can be an important contribution to progressing participation and public accountability, and hence to positive state-societies relations in contexts that most lack it. In Sierra Leone, the Country Report notes that *"decentralisation and devolution are important peacebuilding and statebuilding activities."* and that *"the decentralisation process has gone a long way to redressing some of the fundamental flaws in Sierra Leone's original political structure."*

Illustrative Indicators

Indicator 3a. Is the army professional, balanced across social groups and does it have civilian oversight?

Afghanistan:	*Yes, overall*
CAR:	*No.*
DRC:	*No.*
Haiti [6]:	*Yes, overall.*
Sierra Leone:	*Not yet, but there is improvement .*
Timor-Leste:	*Yes, overall.*

Indicator 3b. Ratio of tax revenue to gross domestic product [7]

Afghanistan:	*6.9% (2008), which may reflect the importance of agriculture in the economy (31% of GDP), a lack of state legitimacy, a lack of control of certain areas, and a shattered tax system.*
CAR:	*10.5% (2008), which may reflect the importance of agriculture (55% of GDP) and limited potential in levying tax on the natural resource sector (diamonds and timber).*
DRC:	*18.5% (2008), which may reflect a growing ability to levy tax, including on the natural resource sector (diamonds, coltan, cassiterite, tin, copper and timber).*
Haiti:	*10% (2006) which may reflect a weak tax system and the weak presence of the state across the territory.*
Sierra Leone:	*11.4% (2008), which may reflect the importance of agriculture (49% of GDP) and unrealised potential in levying tax on the natural resource sector (diamonds, gold, timber).*
Timor-Leste:	*10% (2007), which may reflect unrealised potential in levying tax on the natural resource sector (oil).*

Indicator 3c. Percent of aid disbursed focused on governance and security (average 2002-07)

Afghanistan:	*17.2% .*
CAR:	*22%.*
DRC:	*8.8%.*
Haiti:	*13.3%.*
Sierra Leone:	*17.1%.*
Timor-Leste:	*8.4%.*

6 The police, in the case of Haiti, which has no national army.

7 All the sources for the different indicators can be found in the Annex C summary table.

Principle 4: Prioritise prevention

The implementation of this Principle is judged to be ***moderate***. International actors have engaged in specific initiatives in each of the six countries, which are relevant to crisis prevention. However, their coverage has been patchy, effectiveness has been mixed, and they have not been planned within an overall strategy for crisis prevention. First, there was little evidence that international and national actors have analysed risks within the six countries in a systematic or sustained manner. Second, international actors have not developed comprehensive crisis prevention strategies centring on such an analysis. Thirdly, rapid response capacity has been deemed adequate in most countries with a large peacekeeping mission, but limited in others.

16. Recognising the risk of reversion to crisis, the country consultations highlighted the importance of giving crisis prevention the highest priority, and that crisis prevention requires two elements: early warning systems but also rapid response capacity. There has been recognition of a significant investment in crisis prevention, particularly considering the massive investment in peacekeeping missions. This has been described as **effective in several instances**, notably in DRC and Sierra Leone. In Haiti, crisis prevention has been recognised as effective as far as security issues are concerned but a lack of investment in disaster risk reduction and risks of social unrest have been noted.

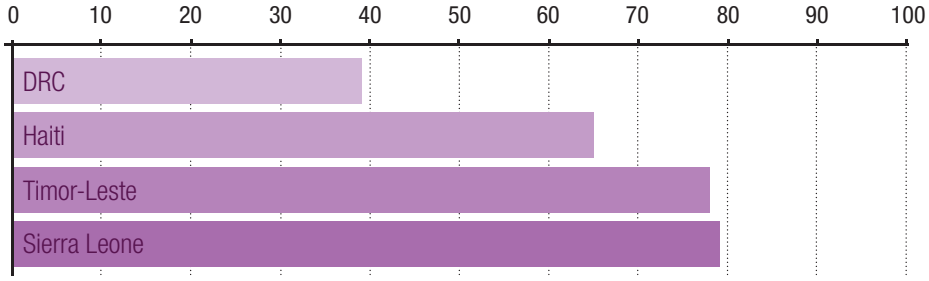
17. At the same time, all stakeholders, without exception, defined crisis prevention broadly, encompassing peacekeeping, security reform, reconciliation, employment generation and social inclusion. **If a clear focus on peacekeeping has been warranted so far *(see figure 3)*, several consultations called for analysis and rapid response capacity to recognise other challenges:**

- The lack of economic opportunities: in Afghanistan, *"when asked about national priorities, donors will almost systematically mention 'the fight against terrorism', 'internal security', 'counternarcotics', while Afghans identify employment and the economic situation as their first concern"*. In CAR, where the private sector has melted after the 1996 crisis, there was consensus that private sector development and economic growth should be at the center of the development strategy and a condition for statebuilding and domestic revenue mobilisation. CAR now ranks last of all 183 countries on the Ease of Doing Business ranking (table C8). A large part of the civil servant payroll is supported by the international community. A former UN Force Commander in Haiti recognises that *"security does not fill bellies nor generate jobs"*.
- Regional disparities, which sometimes coincide with social cleavages (*e.g.* Sierra Leone);
- Corruption and other forms of abuse of public office that undermine trust in government (Afghanistan, CAR, DRC);
- Competition for natural resources combined with weak governance in this sector (DRC);
- Youth unemployment and social exclusion (Haiti);
- Cross-border incursions and instability (CAR, DRC). In Sierra Leone, *"the external threat is bigger than the internal threat", but could easily translate into trouble at home: fighting the drug trafficking affecting all of West Africa and managing possible spillovers from the Guinea crisis were seen as priority areas".*

Most countries combine multiple sources of potential crisis, for example Haiti with food insecurity, risk of disasters, youth unemployment and social exclusion. These challenges should not be an afterthought, but should be front and centre as soon as the immediate post-crisis has passed. For several countries, the issues highlighted by participants were precisely those identified as having caused conflict and fragility in the first place: *e.g.* poor governance in natural resource management combined with a challenging neighbourhood in Sierra Leone and DRC; a *"weak social contract"* and risks linked to environment degradation and natural disasters (hurricanes and storms) in Haiti.

Figure 3. Resources spent on international peacekeeping sometimes near 80 percent of aid flows

Peacekeeping as % of ODA (2008)*



*Data not available for Afghanistan and Central African Republic.

Source: OECD (2008d).

18. There was little sense from the country consultations that international actors have developed comprehensive crisis prevention strategies centring on an analysis of all of these factors. However, the discussions did highlight a number of **specific initiatives** in the six countries, which were primarily aimed at reducing the risk of future conflict:

- **Security system reform** was emphasised as a key element of crisis prevention in most of the countries. The issues covered included ensuring equitable and ethnically balanced army recruitment (CAR), increasing security presence in insecure areas (CAR), dealing with abuses committed by security forces (DRC), police reform (Afghanistan, Haiti) and addressing rivalries within and between the police and army (Timor-Leste).
- **Disarmament, demobilisation and reintegration** (DDR) was highlighted in four countries (Afghanistan, CAR, DRC and Sierra Leone) as a means to reduce the security, political and social threat posed by ex-combatants. In CAR, consultation participants considered that DDR programmes had not worked well so far.
- **Electoral management and risk assessment**. Elections are intended to provide a peaceful mechanism for political competition ("ballots not bullets"), but in most of the countries it was acknowledged that elections can raise tensions and trigger conflict. Despite this there was little evidence of international actors undertaking electoral risk assessments.
- **International and regional peacekeeping**. International military forces and peacekeepers are active in all of the countries under review – except Sierra Leone where the UN peacekeeping mission has been replaced by an integrated peacebuilding office in 2005. While their contribution to bringing about improved security was frequently acknowledged, there was relatively little discussion of the appropriateness of their mandates and operational strategies. There was a general sense that international forces operate outside of national frameworks for security and development. In DRC the UN mission MONUC was described as *"a state within a state"*, and in CAR the UN office in the CAR/BONUCA; the Mission for the consolidation of peace in Central African Republic/ MICOPAX; and the United Nations Mission in the Central African Republic and Chad/MINUCAT (among others) were considered to be only loosely coordinated.
- **Reconciliation mechanisms.** Reconciliation mechanisms and transitional justice were discussed in several country consultations, and were considered to be an important means of restoring the social fabric and reducing the risk of past grievances fuelling future crisis. In CAR participants criticised the absence of such mechanisms stating that *"the truth has not yet been told"* on violence committed both in recent years and earlier under the Bokassa regime. Consultative dialogue between stakeholders, notably within the Inclusive Political Dialogue launched in December 2008, was viewed as being a critical part of the reconciliation and confidence-building process. The consultations in Afghanistan and DRC also noted the absence of a national reconciliation process as an impediment to peace.

19. A recurrent theme has been what is perceived as **a lack of dialogue among national stakeholders**, particularly in CAR and Haiti. As several of these countries are in post-crisis transition, this may signal the risk of a missed opportunity to rebuild a new, more inclusive society.

Illustrative Indicators

Indicator 4: Over the past five years, has the international community invested in preventing future conflict and fragility?

Afghanistan:	*Insufficiently or not effectively.*
CAR:	*Insufficiently or not effectively.*
DRC:	*No consensus: while the heavy investment in prevention has been recognised, especially in peacekeeping, much remains to be done, especially to restore the social fabric.*
Haiti:	*Sufficiently and effectively, although the need to now focus on fostering economic opportunities and social inclusion was strongly highlighted, along with investing in disaster risk reduction.*
Sierra Leone:	*Yes, sufficiently and effectively.*
Timor-Leste:	*Sufficiently and effectively, although the lack of early warning systems and limited rapid response capacity were highlighted.*

Principle 5: Recognise the links between political, security and development objectives

The implementation of this Principle by international actors varies between countries and is overall judged to be ***moderate and improving***. There is broad recognition of the need for a comprehensive and integrated approach, as reflected in the six countries' main strategic frameworks. However, in operational terms, a *modus operandi* has been hard to agree, and political, security and development objectives have often proven to be contradictory rather than complementary. Afghanistan, where the security agenda was deemed to dominate and undermine development objectives, is a case in point. Integrated, whole-of-government country strategies from donor countries are still an exception.

20. The need to recognise the links between political, security and development objectives was widely and strongly endorsed by those consulted for the Country Reports. In all six countries participants considered that **policy frameworks were a good reflection of the complex inter-relationships between political, security and development objectives**.

21. **However, there was active debate around the degree to which these three dimensions were all mutually consistent and reinforcing, and on the extent to which there were trade-offs** which needed to be recognised and managed – especially in Afghanistan and DRC.

- The many instances in which these three dimensions are mutually reinforcing are clear. A degree of security is required for sustained development, investment, growth, and poverty reduction to take place; conversely, meeting citizen's reasonable material expectations is necessary for security, as is a viable political settlement. There are several examples from the six countries of how this recognition influences the shape of intervention strategies. For example, investment in security system reform has received increasing priority because it is identified as a central means of bringing together and reconciling the complementary and competing demands of the security, development and political agendas.
- Yet there are also trade-offs, perhaps felt most acutely in Afghanistan, where there has been a major effort to develop an integrated approach through the Afghanistan National Development Strategy (ANDS), but major shortcomings have been experienced in practice. The Afghanistan Country Report refers to *"a range of frictions existing between the three policy communities (defence, diplomacy and development]), each shaping donor country responses depending on priorities established in the home countries."* The report points to the *"systematic prevalence of military objectives and strategies over development needs and practices"*, which affects the response of development actors, such as by restricting their presence in areas where the military operates.

22. **One of the main challenges in introducing an integrated approach has been to put in place effective co-ordination structures** linking the military, diplomatic and development corps. With the exception of Sierra Leone and Timor-Leste where the UN integrated office has replaced the peacekeeping mission, several Country Reports point to the absence or weakness of such structures. In Afghanistan various military-civilian platforms have been established, but have proven ineffective mainly because of the dominance of the military agenda, the failure of the various parties to understand each other, and the rapid turnover of staff (particularly among the military). In CAR the integrated peacebuilding office has just been set up (January 2010) and will have considerable responsibilities to coordinate political, security and development activities that are currently dis-jointed. In DRC and CAR the Country Reports single out security system reform as an area where international support has been insufficient, ineffective and poorly co-ordinated. While the Country Reports point to a large and unfinished agenda, they also note several noteworthy successes, such as the building of a professional army in Sierra Leone and police reform in Haiti.

23. There have been **no recorded occurrences of whole-of-government strategies** (*i.e.* one strategy for a given donor, integrating political, security and development goals) except for the United Nations' Joint Vision in Sierra Leone: United Nations, 2009).

Illustrative Indicators

Indicator 5: Percentage of assistance that aligns to an integrated multi-sector framework

Afghanistan:	*There are several multi-donor trust funds for multi-sector programmes, including the Afghanistan Reconstruction Trust Fund.*
CAR:	*The Common Humanitarian Fund in Central African Republic was established in July 2008.*
DRC:	*The DRC Pooled Fund was established in 2006 for humanitarian activities and the Stabilization and Recovery Fund in 2009.*
Haiti:	*No multi-sector trust funds are recorded.*
Sierra Leone:	*No multi-sector trust funds are recorded but a multi-donor trust fund is being set up to support the Agenda for Change (PRSP).*
Timor-Leste:	*No multi-sector trust funds are recorded.*

Principle 6: Promote non-discrimination as a basis for inclusive and stable societies

The implementation of this Principle by international actors is judged to be ***good***. International actors are usually highly aware of the importance of non-discrimination, and have been vocal in criticising discriminatory practices and encouraging more inclusive policies, particularly in the area of gender. However, many forms of discrimination are deep seated and difficult to tackle, and advocacy efforts have not always been translated into results.

24. **The country consultations noted some positive trends in advocacy and policies**, in part driven by international actors, who tend to be vocal advocates of non-discrimination, *i.e.* 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" (International Covenant on Civil and Political Rights, 1966).

25. However, the general sense provided by the country consultations is that discrimination and exclusion are often **highly ingrained, difficult to tackle and sometimes not well understood by international partners**. Social exclusion may also often be the consequence of stalled development, for example the marginalisation of youth that is mentioned in many countries is a direct consequence of the lack of employment (half or more of the population is under 18 years of age in all countries but Haiti: table 1 above). It was noted in Afghanistan that *"when positive discrimination was introduced without a proper understanding of cultural particularities, this sometimes backfired on the individuals and communities concerned, as well as on donors."* Moreover, there are varying results on the ground and gender discrimination was highlighted in particular. In Haiti, a general reduction in gender discrimination has been noted. In DRC, advocacy to combat gender-based violence and programmes for the victims of gender-based violence have been recognised, but this is a scourge that remains unabated.

26. A recurring theme throughout all of the country consultations is that **widening social divisions** can create grievances that become a threat to state legitimacy and stability, and that aid can exacerbate these. Such divisions may be the result of deliberate policies of discrimination which act to favour certain groups while disadvantaging others, or may be the unintended consequence of uneven patterns of development. As the Timor-Leste report notes, there is a distinction to be made between discrimination, which is lack of fairness in treatment of people and entails an element of deliberateness, and exclusion, which is the result of certain policies and programmes, voluntary or involuntary. However, in practice, national governments and their international partners need to be aware of the risks and put in place policies that promote both non-discrimination and inclusion. This depends in particular on defending human rights, rigorously enforcing the rule of law, avoiding a culture of impunity, steering clear of favouritism in public life and, importantly, monitoring trends (*e.g.* aid flows by region; development indicators by gender and by region) *(see also Principle 10)*.

Illustrative Indicators

Indicator 6: All things being equal, how does international engagement impact on social divides?

Afghanistan:	*Both positively and negatively.*
CAR:	*Neutral.*
DRC:	*This indicator has not been discussed.*
Haiti:	*Positive; but quantitative data would be useful.*
Sierra Leone:	*Overall positive.*
Timor-Leste:	*Overall neutral, but risks turning negative.*

Principle 7: Align with local priorities in different ways in different contexts

The implementation of this Principle was judged to be ***moderate and improving***. International actors have supported partner countries in developing national strategies, although many of these need further strengthening. Donor country strategies are aligned in all countries where national priorities are well defined – less so when strategies are insufficiently prioritised. However, efforts are needed to deepen alignment in operational terms: use of country systems; alignment on sector-wide approaches; alignment on sub-national priorities and planning. Too many parallel project implementation units (PIUs) continue to be set up and used for too long.

International actors align when they base their overall support on partner countries' national development priorities, strategies and systems. Alignment has been assessed in terms of: (1) strategic alignment, or aligning with the countries' priorities and strategies, and (2) operational alignment (use of country systems; sector-wide approaches and alignment with local priorities).

27. **The consultations noted a lot of progress in terms of aligning on broad strategic priorities set by national counterparts**: on the PRSP in Afghanistan; Haiti, Sierra Leone and CAR; on the Annual Priorities in Timor-Leste; on both the PRSP and *Plan d'Actions Prioritaires* in DRC. It is remarkable that some of the countries reviewed have been able to develop such a framework (starting with an Interim Poverty Reduction Strategy Paper), even though there are areas in which both content and buy-in need further strengthening: using the World Bank's five-point rating of the quality of national development strategies (from A, the best, to E), Sierra Leone rated C in 2007, and the remaining four that were assessed (Afghanistan, CAR, DRC and Haiti) rated D (OECD, 2008b). In Afghanistan, the ANDS is regarded as a coherent framework, but its development ultimately took six years, and implementation has been undermined by continuing instability and challenges to state legitimacy. In CAR and Haiti, consultation participants stated that the priorities of the PRSP are taken into account in international aid programming. In DRC, a multiplication of policy framework documents was a challenge to alignment until the negotiation of clear priorities in the *Plan d'Actions Prioritaires* (2006-2008) and Country Assistance Framework (2007-2010), subsets of the PRSP. In Sierra Leone, the PRSP "Agenda for Change", developed on the basis of widespread consultation, provides a sound basis for co-operation. In Timor-Leste, the absence of a medium- to long-term planning framework up to 2009 was identified as one of the most significant bottlenecks to improving alignment.

28. While strategic alignment is a major step forward, **current efforts are being undertaken to deepen alignment in operational terms**, chiefly use of country systems, sector alignment in sector-wide approaches and alignment on sub-national priorities and planning.

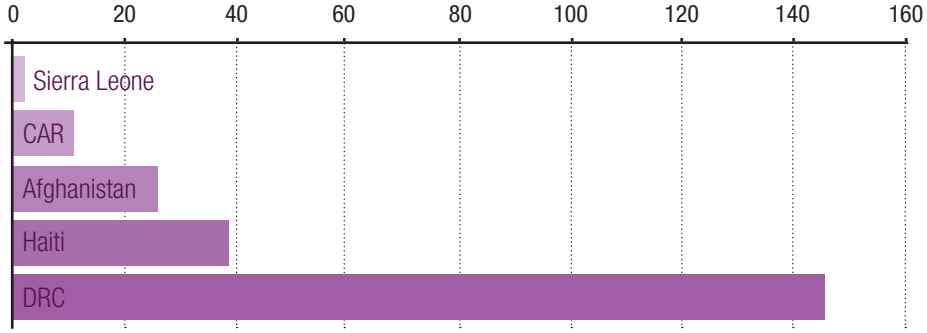
- General challenges to operational alignment: In CAR the greatest challenge is to secure the financial means to implement agreed strategies and building the necessary capabilities. Those consulted suggested that there is an excessive emphasis on planning *("enough papers")*; the need is rather more to focus more on implementation. In Afghanistan, implementation is constrained by the wider military and political context. Judgments on the circumstances in which international actors can realistically align behind country partners' priorities must reflect the stage that has been reached in the transition from emergency intervention to supporting longer-term development. This transition can be difficult to manage. As the Timor-Leste Report noted, international actors have *"found it difficult to shift gears between longer-term development and emergency response"*.
- **Country systems**: One of the most contentious questions that emerged is the extent to which international actors are able and willing to use national systems for the management of public finance, procurement, planning, statistics, monitoring and evaluation. Two sets of issues arose most commonly.
  - First is whether donors rely excessively on parallel Project Implementation Units (PIUs). Across the countries, those consulted appeared to recognise the pragmatic need for PIUs in early post-crisis periods at least, but there was widespread concern that relying on parallel structures to deliver aid is undermining on-going efforts to strengthen national capacities and systems, contributing to the vicious circle in which donors perceive the continuing need for PIUs. Institutional reforms are needed, but take time. A first step in progressing toward strengthening local capacity for planning, implementation, and ongoing accountability would be to look at ways to integrate PIUs so that they operate within country institutional and administrative structures. A second step would be to build in phasing out strategies alongside necessary institutional reforms. In DRC for instance, the consultation noted a persistent tendency for the international community to look for implementation short cuts, and bypass national administration: DRC has more PIUs than Afghanistan, CAR, Haiti and Sierra Leone combined, with 146 parallel PIUs *(see figure 4)*.

- Second, acute dilemmas arose in relation to the use of country systems for procurement and public financial management (PFM), areas that are sensitive because of the fiduciary and reputational risks that donors may run in using them. In the five of the six countries that were covered by the 2008 Paris Declaration Monitoring Survey (all but Timor-Leste), only modest proportions of aid used these systems: between 0% of aid (in DRC) to 48% (in **Afghanistan**) for PFM; and between 1% (in **DRC**) to 38% (in **Sierra Leone**) for procurement *(see table 5)*. In **DRC**, no donor apart from the Global Alliance for Vaccines and Immunisation (GAVI) uses government procurement systems, reflecting a lack of capacity and confidence in the Congolese state (2007). Those consulted in the six countries, especially host-country nationals, often took the view that donors are unduly reluctant to use such systems. This view is not restricted to fragile states: the 2008 Survey on Monitoring the Paris Declaration found that *"there is little evidence to suggest that donors make more use of country systems in countries where they are of good quality."* (OECD, 2008b).

- **Sector alignment**: In **Haiti**, where immediate (operational) priorities are not well defined, operational alignment is a huge challenge; but there has been some notable progress in some sectors. Progress in the education and health sectors has been highlighted in several countries.
- **Local priorities**: While alignment to sub-national priorities and planning can seem like a distant prospect in some countries, in **DRC**, **CAR**, **DRC** and **Haiti**, consultations expressed a need for development partners to align with provincial priorities and not just those articulated by central government. This is consistent with shadow alignment promoted by Principle 7 and with community-driven development initiatives that aim to connect promote local governance.[8]

Figure 4. Parallel project implementation units still the normal mode of aid delivery in several countries (2008)

How many PIUs are parallel to country structures?*



*Paris Declaration Monitoring Survey Indicator number 6.

Source: Paris Declaration Monitoring Survey 2008. Data not available for Timor-Leste.

Table 5. Use of country systems for aid delivery still limited in fragile states (Paris Declaration Monitoring Survey 2008)

	Use of PFM Systems	Use of procurement systems	Disbursements on schedule and recorded by government	Aid provided as part of a programme based approach
Afghanistan	48%	18%	70%	40%
Central African Rep.	24%	10%	45%	34%
Congo, Dem. Rep.	0%	1%	20%	21%
Haiti	46%	31%	67%	61%
Sierra Leone	20%	38%	30%	27%
Average for 43 countries in fragile situations	36%	28%	59%	39%
Average for non-fragile states	52%	51%	65%	47%
Paris 2010 Target	80%	80%	71%	65%

Source: Paris Declaration Monitoring Survey 2008, indicators 5a, 5b, 7 and 9.

8 Shadow alignment is 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. Community-driven development is an approach that empowers local community groups, including local government, by giving direct control to the community over planning and resource allocation decisions through a process that emphasizes participatory planning and accountability. In contexts where institutions are weak and societies divided, CDD has been used to help build bridges between the state and its citizens and between social groups.

29. The arguments reflect wider debates surrounding aid effectiveness going well beyond fragile states. However, the dilemma faced by donors is particularly acute because they must **balance pressures to get the job done and avoid fiduciary risk** with a longer-term plan for statebuilding and creating national capacity. On balance the country consultations suggest that donors may be overly risk averse. As the Sierra Leone Report noted: *"the time has now come to re-evaluate the level of risk donors are willing to accept and to understand that fully empowering [government] to manage its revenue, and to account for it to both donors and to the citizens of Sierra Leone, is an essential step that must inevitably be taken."*

Illustrative Indicators

Indicator 7: Percentage of aid flows to the government that is reported on the national budget

Afghanistan:	*70%.*
CAR:	*36% .*
DRC:	*58%.*
Haiti:	*95%, which exceeds the objective of the Paris Declaration (85%).*
Sierra Leone:	*54%.*
Timor-Leste:	*No data available.*

Principle 8: Agree on practical co-ordination mechanisms

Implementation of this Principle is ***moderate and improving***. Several countries report that fragmentation of donor activities (particularly in Afghanistan, DRC and Haiti) is a challenge, and actions that may be rational for individual donors can cause systemic harm. Most countries have active donor co-ordination arrangements that work reasonably well for the exchange of information and to some extent for harmonising activities – notably multi-donor trust funds (Afghanistan, DRC) and budget support donor groups (Sierra Leone). However, while sector-wide approaches exist (*e.g.* DRC and Haiti), in none of the countries are formal arrangements reported for dividing labour among donors.

30. In the absence of strong government leadership that is capable of providing an alignment framework for international actors, the latter have **a special responsibility for ensuring that their own plans and interventions are mutually consistent and reinforcing**. A lack of co-ordination often means that the aggregate effect of donors acting individually (*e.g.* providing salary top-ups) can result in a dysfunctional whole that causes systemic harm.

31. A widespread problem in some of the countries under review lies in the tendency towards **fragmentation of donor-funded activities** (table 6).[9] Fragmentation occurs and persists because of the absence of government leadership and a continued tendency of donors to seek to implement their own programmes. As the **Timor-Leste** report found: *"there is more urgency than ever to reduce the fragmentation of donor-funded activities. There are too many discrete aid-funded activities and these are placing a high burden on government which has limited capacity to respond."* Governments themselves have a responsibility to reduce the number of smaller donor funded projects, but there is sometimes a different perspective between central ministries of government, mainly finance and planning, and sector ministries and provincial authorities, with the latter groups often having more interest in maintaining a larger number of projects under their control.

Table 6. Aid concentration/fragmentation (based on disbursements of country programmable aid in 2008) [10]

	Afghanistan	Central African Rep.	Congo, Dem. Rep.	Haiti	Sierra Leone	Timor-Leste
Number of Donors	33	18	30	27	25	22
Number of Donors providing 90 percent or more of CPA	11	9	12	9	12	11
% of Donors providing 90 percent	33%	50%	40%	33%	48%	50%
% of CPA provided by Donor 1	United States (50.6)	EU Institutions (21.0)	IDA (24.9)	United States (26.7)	United Kingdom (31.1)	Australia (28.8)
% of CPA provided by Donor 2	United Kingdom (8.8)	IMF (14.6)	EU Institutions (12.3)	Canada (19.5)	IDA (15.2)	Portugal (15.4)
% of CPA provided by Donor 3	Germany (6.3)	Global Fund (12.0)	United Kingdom (12.0)	IDB Special Fund (16.8)	EU Institutions (11.4)	United States (10.8)
Top 3 Donors	66%	43%	49%	63%	58%	55%

Source: OECD (2010i) adapted from "2009 Report on Division of Labour: Addressing Global Fragmentation and Concentration" (working draft, November 2009).

32. **Some donor practices help counter fragmentation at the country or sector level**. These most commonly take the form of joint planning frameworks, joint country strategies, sector-wide approaches (SWAPs), and multi-donor trust funds. The promotion of "simple integrated planning tools, such as the transitional results matrix, to help set and monitor realistic priorities" by Principle 8 has largely been heeded. Most PRSPs are, to some extent a transition results matrix: integrating democratization, security and socioeconomic development, with time-bound benchmarks, although with varying degrees of priority-setting. In **DRC** there are some new models for co-ordination, involving clusters and pooled funding, that seem to be working well, although the consultation reports that (as in **CAR**), humanitarian and development aid work as parallel systems. Co-ordination is stronger in some sectors than others, and is generally weaker at the provincial level, though there are some good examples (*e.g.* the North Kivu provincial co-ordination committee). In CAR, the African Development Bank and the World Bank have adopted a joint country strategy (African Development

9 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. Fragmentation can be considered at the country level and at the sector level.

10 Country programmable aid (CPA) is 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).

Bank and World Bank, 2009). However, instances of delegated co-operation arrangements and common reporting requirements have been rare overall.

33. An important mechanism for donor co-ordination is to define **a division of labour** among donors. This may involve 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. However, the country consultations often showed limited enthusiasm for them. One argument put forward is that maintaining a flexible response is paramount. Another argument is that donor concentration (and the related risks associated with a possible change in policy or priority) is as much a problem as donor fragmentation in some contexts (CAR). A third argument points to instances of strong donor co-ordination happening with little formal division of labour. In Sierra Leone, the forthcoming Action Plan to operationalise Sierra Leone's Aid Policy *"will set out formal aid co-ordination mechanisms within a government-led framework."* However, because of strong leadership on both national and international fronts, donor co-ordination it said to work well, and there are doubts as to whether formalisation would not actually be a hurdle. In CAR, because of a limited number of international actors, co-ordination among donors is said to work rather well, citing for instance an efficient Development Assistance Database (DAD) within the Ministry of Planning on aid spending, and a national strategic and technical committee comprising government, donors, civil society and the private sector, as well as regional and sector committees. Nonetheless, there is a lack of coherence across programmes, particularly between the humanitarian and development policy communities and across regions. In Haiti, there is a good flow of information exchange between donors but formal co-ordination was thought to be impractical with 25 sector groups, which is considered excessive, and of which half are said to function well. However, despite this formal co-ordination, there are a diversity of views and conflicting policies (*e.g.* around cost recovery in seed distribution, and payment of labour for public works) that need to be managed. In DRC, discussions on division of labour between donors have started in the mid-2000s, but are not far advanced except in a limited number of sectors.

Illustrative Indicators

Indicator 8a: Is there an agreed division of labour?

Afghanistan:	*No, but effective co-ordination mechanisms exist through multi-donor trust funds.*
CAR:	*No, for the most part.*
DRC:	*No but there are a number of initiatives for cross-sector complementarity since the mid-2000s and a formal division of labour was decided at the National Forum on Aid Effectiveness (16 June 2009), to be reviewed in June 2010.*
Haiti:	*Variable by area of intervention.*
Sierra Leone:	*No consensus.*
Timor-Leste:	*No, for the most part.*

Indicato 8b: Percent of assistance channelled through multi-donor trust funds

Afghanistan:	*Donors contributed USD 627 million to the Afghanistan Reconstruction Trust Fund (16% of government budget) (2008-09)*
CAR:	*USD 22.1 million as commitment to the Common Humanitarian Fund in CAR.*
DRC:	*USD 512.6 million as commitments to the DRC Pooled Fund; USD 17.7million as commitments to the DRC Stabilisation and Reconstruction Fund.*
Haiti:	*Not available.*
Sierra Leone:	*Not available.*
Timor-Leste:	*10.3% in 2009 (4.3% in 2008).*

Principle 9: Act fast… but stay engaged

Implementation of this Principle is ***moderate and improving***. Several countries are perceived to have rapid response mechanisms that are in place and effective, especially for humanitarian action; while in others the rapid reaction capacity was considered low (see also Principle 4). As for staying engaged, the record is mixed. It is not enough to stay engaged: international actors need also to signal their intent to do so, including through improving the medium-term predictability of aid. There are examples of good practice, for example ten-year partnership agreements based on jointly agreed benchmarks. Except for CAR, where development does not compensate for a decline in humanitarian aid, trends since 2000 show signs of disengagement, but aid can be volatile (DRC, Timor-Leste), as can peacekeeping efforts (Timor-Leste). A premature shift away from security concerns is seen as a danger (Haiti, DRC), and the shift from emergency to longer-term development can be difficult (CAR).

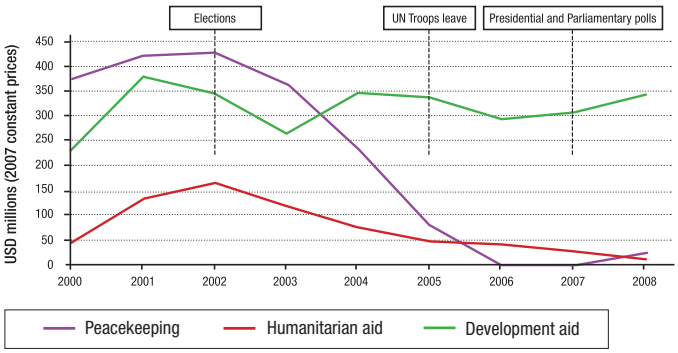
34. Assistance to fragile states must be flexible enough to take advantage of windows of opportunity and respond to changing conditions on the ground. **The importance of acting fast and adapting response as circumstances change was a consistent theme**, requiring (i) dynamic analysis; (ii) co-ordination with other international actors as there will be continuing differences of judgment as to what level of risk donors are willing to bear and to whether to stay the course or re-adjust programming; (iii) administrative processes that allow the organisations to re-allocate resources, restructure and re-staff themselves flexibly; and quick disbursement. The record in "acting fast" is moderate or good for all countries, except CAR.

- In Timor-Leste, there was a general view among those consulted that national actors had acted quickly in response to the April 2006 crisis, with support from international actors. In Haiti, the international community's investment in prevention through the UN stabilisation mission, MINUSTAH, was thought to be considerable and effective, although the investment in disaster risk reduction was deemed insufficient. New international instruments were found to demonstrate more responsiveness, notably multi donor funds, and labour-intensive works programmes. In Afghanistan, several rapid response mechanisms exist (*e.g.* UN CERF grants, discretionary funds through the PRTs, USAID Rapid Response Funds, and ECHO funds.)
- By contrast in CAR the rapid reaction capacity of both government and the international community was considered low (*e.g.* slowness of DDR efforts before the 2010 elections, due to political hurdles as much as technical constraints; no safety net to mitigate the food, fuel and financial crisis); and in DRC, outside of humanitarian aid, the international community does not act rapidly enough, with rapid response mechanisms either absent or weak.

35. **As for "staying engaged", several Country Reports noted the danger of turning off the aid tap too quickly** as security and political conditions improve. Given the extent of the challenges facing fragile states, combined with often limited capacity, 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. Tables C3 and C4 in annex C shows that country programmable aid flows are steady or increasing in all countries except in CAR, since 2008. A broader outlook including security and humanitarian flows show a more complete picture, though with similar trends (figures 5, 6, 7 and 8).

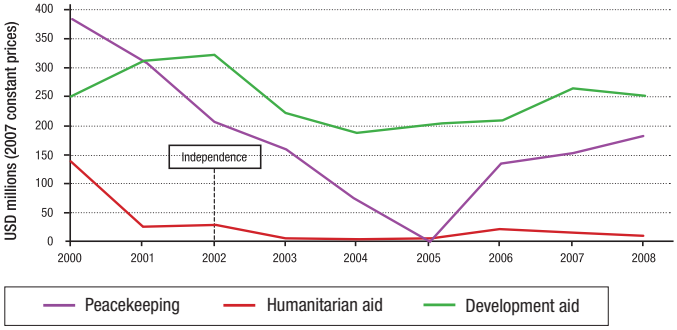
- Stakeholders in CAR were particularly concerned. In CAR, the decrease in humanitarian aid has not been matched by an increase in development aid, and transition plans from humanitarian to development aid are somewhere between absent and weak.
- In Sierra Leone and Timor-Leste there is evidence of sustained engagement by the international community, through phases from conflict through humanitarian relief into longer-term development and statebuilding. However, peacekeeping in Timor-Leste has been stop-and-go.
- Afghanistan, DRC and Haiti see an increase in international assistance over 2004-08. The increase in humanitarian and development aid and in peacekeeping is clear in Haiti, and the trend should be more pronounced post-earthquake.

Figure 5. Sierra Leone: development aid remains steady, seven years after the war was declared over (2000-08)



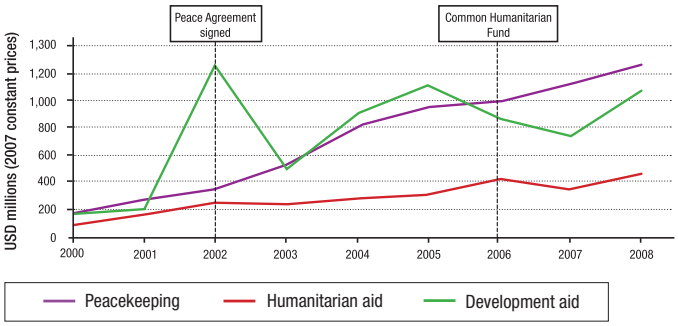
Source: OECD-DAC online database and "Annual Review of Global Peace Operations 2009".

Figure 6. Timor-Leste: peacekeeping has been stop-and-go, restarting after the crisis in April 2006, and aid is following a downward trend (2000-08)



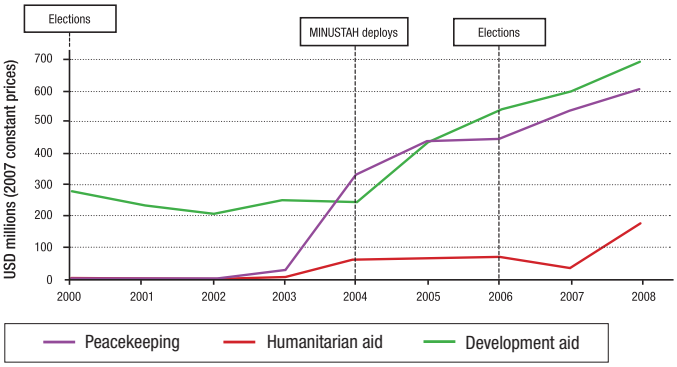
Source: OECD-DAC online database and "Annual Review of Global Peace Operations 2009".

Figure 7. DRC: while humanitarian assistance and peacekeeping remain steady, development aid is volatile, albeit with an upward trend (2000-08)



Source: OECD-DAC online database and "Annual Review of Global Peace Operations 2009".

Figure 8. DRC: while humanitarian assistance and peacekeeping remain steady, development aid is volatile, albeit with an upward trend (2000-08)

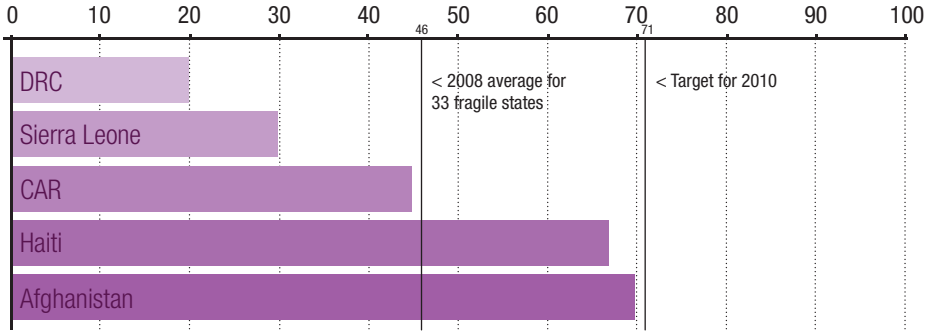


Source: OECD (2010i).

36. **It is not enough to stay engaged, but there is also a need to signal the intent to do so, in such a way that government and other stakeholders can plan strategically on the basis of a degree of assurance**. For instance, in **Timor-Leste** an International Stabilisation Force could help ensure peaceful elections in 2012; in **Haiti**, successful efforts at curbing crime in Port-au-Prince need to be consolidated by efforts to reform the justice sector. In **DRC** the stakeholder consultation called for a long-term perspective encompassing support for the 2011 local and general elections, debt relief, a sustained approach to security system reform and early planning for a hand-back of security functions from MONUC to the state. Long term aid commitments also need to be made in the form of predictable, multi-year financing of government budgets. 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. Yet, the record is uneven. In **Timor-Leste**, although most international actors appear to be committed to long term engagement, this is not always well reflected in forward budget and contractual commitments, partly due to the cyclical nature of programming. In **Haiti** too the report noted that some complications arise from the difference between donor and government budgetary cycles. In **CAR**, where some of the main donors have committed to five-year plans, only forty-five percent of disbursements are on schedule and recorded by government. In the **DRC** and **Sierra Leone**, the report noted a large gap between aid commitments and disbursements *(Figure 9)*.

Figure 9. **Aid disbursements are particularly unpredictable in DRC and Sierra Leone (2008)**

Aid predictability*



*Paris Declaration Monitoring Survey Indicator number 7.
(% of disbursements on schedule and recorded by government).

Source: Paris Declaration Monitoring Survey 2008. Data not available for Timor-Leste.

Illustrative Indicators

Indicator 9a. Are there rapid response mechanisms?

Afghanistan:	*Yes, several.*
CAR:	*No, or ineffective.*
DRC:	*No, or ineffective.*
Haiti:	*Yes, and effective in the field of security.*
Sierra Leone:	*There has been no consensus among participants as to whether existing rapid response mechanisms work effectively.*
Timor-Leste:	*Relatively limited (e.g. emergency).*

Indicato 9b. Amount of aid committed at a given time beyond a three-year timeframe

Afghanistan:	*No data available.*
CAR:	*No data available.*
DRC:	*10%.*
Haiti:	*No data available.*
Sierra Leone:	*All major aid commitments align to the four-year PRSP.*
Timor-Leste:	*USD 34 million or about 12%.*

Indicato 9c. Long-term aid predictability measured by aid commitments less disbursements, as percentage of GDP, 1990-2005

Afghanistan:	*6.8% (2002-2007).*
CAR:	*2.3% (2002-2007).*
DRC:	*8.2% (2002-2007).*
Haiti:	*3.7% (2002-2007).*
Sierra Leone:	*5.8% (2002-2007).*
Timor-Leste:	*2.9% (2002-2007).*

Principle 10: Avoid pockets of exclusion

The implementation of this Principle is judged to be ***weak – the poorest among all ten Principles***. The country consultations point to numerous imbalances in the provision of aid between countries (CAR was characterised as an "aid orphan"), between provinces (Afghanistan, DRC, Haiti) and between social groups (Haiti). International actors are not sufficiently attuned to the risk that the uneven provision of aid (DRC) or widely different modes of engagement (Afghanistan) could worsen existing pockets of exclusion, and have not developed strategies to address this risk.

37. **Uneven engagement across provinces and social groups are a cause for concern, as they risk aggravating existing divisions**. This is particularly problematic in post-crisis societies, where the opportunity to negotiate a renewed social contract is missed. In the immediate aftermath of conflict it may often make sense to first focus attention on the capital city: *"When Dili is fine, Timor-Leste is fine"*. However, country consultations reflect alarm about under-investment in secondary cities, certain regions and specific social groups; at the same time stabilisation in most of the six countries could free up resources and make access easier (security, infrastructure, human capacity).

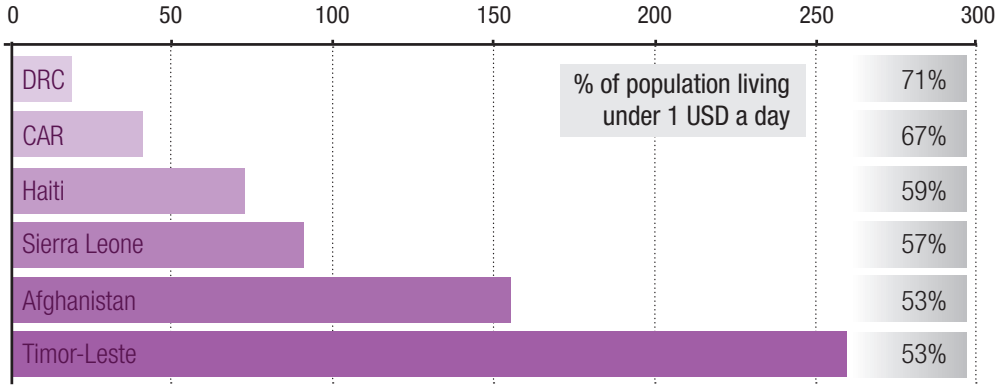
- Participants from the CAR hinterland say they simply feel *"abandoned"*. In Haiti, there is consensus that *"it is the [rural] majority that is excluded"*.
- There are strong concerns about whole regions being *"aid orphans"*, such as the provinces of Bandundu, Equateur and Kasai oriental in DRC; and the districts of Ghor, Daikundi, Bamyan, Sar-e-Pol and Badakhshan in Afghanistan.
- In most countries, jobless *"angry young men"* converging towards cities were deemed to represent *"a time bomb"* which must be defused. In all countries but Haiti, more than half the population is under 18 years old but young people are largely absent from priority programming.

38. The concerns about inadvertent creation or aggravation of pockets of exclusion centered on:

- **An excessively capital-centric approach in access to economic opportunities and public services**. Reflecting on this, Timor-Leste Prime Minister Xanana Gusmão remarked: *"Some two billion dollars has been spent in Timor-Leste over the last 10 years, but if you ask the people in the villages 'Where did they spend this money?', the reply is all too often 'Not in my village' "*. This was most extreme in CAR where Bangui receives 80% of government and donor resources – a classic post-conflict pattern. An excessive capital city focus was also noted in the Country Reports for CAR, Haiti and Timor-Leste. This contributes to a certain disconnect between the state and its citizens, as noted under Principle 3.
- In addition to the capital-centric approach, **some of the country consultations pointed to regional inequalities in donor spending *("it always rains in the same place first")*, sometimes (but not always) running the risk of aggravating social divides**. In CAR and DRC aid spending was considered to be allocated in favour of the most conflict-prone areas, at the expense of more stable regions, which still have substantial humanitarian and development needs. Such an approach was debated but not necessarily disputed. In DRC for example, the DRC government itself called for special international support to the Kivus (Stabilisation Plan for Eastern DRC, 2009). On the one hand focusing on conflict-prone regions may be contrary to the principle of avoiding pockets of exclusion, but on the other hand may be consistent with efforts to integrate a security and development agenda and to ensure a particular focus on those areas experiencing greatest fragility. In Haiti development agencies were reported to be concentrated in the south of the country, where infrastructure is better. In Afghanistan development programmes are often only able to operate in the presence of international forces which provide security. There was relatively little discussion in the country consultations about whether the geographical unevenness in the distribution of aid coincides with social divides, but it is clear that such tendencies have the potential to aggravate existing divides. In Sierra Leone there were debates as to whether there was a recent resurgence of identity politics or rather an enduring patron-client relations. In CAR it was reported that inter-ethnic strife has re-emerged as a risk in the north-east of the country. Overall, the clear sense gained from the consultations is that international actors are not sufficiently attuned to the risk that the uneven provision of aid could worsen existing or create new pockets of exclusion, and have not developed strategies to address this risk.
- **In CAR, the widely held view was that the country as a whole is a pocket of exclusion**. While aid per capita – at USD 41 – is a little over the sub-Saharan average (USD 35), CAR is under-funded in relation to its need *(figure 1)*. Ranked 178 out of 179 on the Human Development Index (2008), with two-thirds of the population living on less than one dollar a day (2007), CAR is unlikely to meet any of the MDGs by 2015. The country has been described as being *"stuck in the recovery gap"* as humanitarian aid has declined following the end of large-scale conflict, but levels of development spending remain low without a compensatory increase.

Figure 10. **Large disparities in aid provision not related to poverty levels**

Aid per capita (USD 2008)



Source: OECD statistics; UNDP HDI 2009.

Illustrative Indicators

Indicator 10. (all USD)

	Aid	Aid dependency	Need	Country performance		
	ODA	ODA per capita	ODA/GNI (PPP) in % [11]	GNI per capita (purchasing power parity)	Proportion of population living with less than USD 1 per day	World Bank Country Policy and Institutional Assessment (CPIA)
Afghanistan	4.9 billion (2008)	159 (2008)	13.07 (2007)	220 (2007)	53% (2003)	2.6
CAR	256 million (2008)	53 (2008)	8.41 (2008)	730 (2008)	67% (2007)	2.7
DRC	1.6 billion (2008)	25 (2008)	6.53 (2008)	290 (2008)	59% (2007)	2.7
Haiti	912 million (2008)	93 (2008)	6.08 (2008)	1 180 (2008)	54% (2007)	2.9
Sierra Leone	367 million (2008)	66 (2008)	8.61 (2008)	750 (2008)	53% (2007)	3.1
Timor-Leste	278 million (2007)	251 (2008)	5.40 (2008)	4 690 (2008)	53% (2007)	2.8

11 *Source:* OECD statistics (ODA); World Bank. World Development Indicators (GNI).

Part Two: Recommendations

What are the country consultations telling us that we don't already know? Do they confirm what we already knew in 2005, when the Principles were drafted? Do they nuance it? Do they bring new areas to the attention of policy-makers?

Overall, the Principles have stood the test of time. They have been thought as appropriately comprehensive and relevant, even if inevitably some are more useful than others. The priorities in the next section serve to reinforce the messages underlying the ten Principles, such as the need for a systemic approach to statebuilding encompassing all three branches of government; and the need to recognise that statebuilding goes well beyond capacity development.

At the same time, the Survey highlights areas requiring more emphasis, with important implications for how we think about and implement the Principles. Among these areas,

1. Some were well identified in 2005 but **still require more attention** *e.g.* risks of exclusion and the need for a more systemic and context-appropriate approach to statebuilding.
2. Some are challenges that the country consultations identified as critical but are **under-reflected in the Principles** (in future these areas could be reflected in a revised version of the Principles, *e.g.* economic opportunities, gender equality and regional approaches to strengthening the resilience of fragile states and societies.
3. Yet others are areas where there has been such progress that **new good practices have emerged** *e.g.* joint analysis, shared country strategies and identifying global drivers of conflict and fragility.

How were the following recommendations derived and what do they aim to do?

- In the spirit of mutual accountability that characterised the national consultations, the **recommendations in the Country Reports** are relevant for both national and international actors, and for international actors are specifically geared towards policy-makers and practitioners working in and on the countries in question: international actors in the field; country directors, desk officers, officials in charge of resource allocations, programme officers at headquarters.
- The **recommendations in the present Global Report** are for international actors. They are based on the country-specific recommendations and are meant to inform the global policy debates on how to achieve sustainable recovery and turn-around in fragile states. While they inevitably have a degree of generality, a second round of the Fragile States Monitoring Survey will allow tracking progress made against the 2009 baseline and make more specific recommendations.

Principle 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.

Recommendations from the Survey

1. **Invest in *joint* analysis across donors and across policy communities** to identify a shared vision of the path from fragility to resilience and agree common strategic objectives. This is essential if the efforts of the wide range of actors involved – each with different mandates, approaches and resources – are to converge and achieve lasting impact. The emerging practice of country strategies shared by two or three donors is to be encouraged.

2. **Whenever possible, this joint analysis should also be shared with government and non-governmental stakeholders** in a "twin pact" between the state and its citizens; between international actors and government counterparts.

3. **Exert leadership – or foster it.** Achieving greater consensus on the analysis of context and shared strategic objectives will almost always be difficult, and require consultation and negotiation between all stakeholders. This is an endeavour which requires strong leadership from either national or international actors.

4. **Analysis should be sustained, and linked to a capacity to respond.** Contexts in fragile settings often change fast and unpredictably, so there is a need for recurrent analysis and adaptation of response. Early warning is not enough and must be backed up by rapid response capacity, with devolved authority to adapt modalities of engagement and reorient spending. Increasingly over time, the analysis and rapid response capacity needs to include national expertise and systems.

Principle 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.

Recommendations from the Survey

1. **Review "do no harm" practices:** how do international actors ensure they do no harm?

2. **Assess risks** of undermining state capacity or legitimacy or widening social disparities; recognise and manage trade-offs; monitor impact by social group or region; prepare a co-ordinate response and engage in political dialogue with government counterparts to weigh the consequences of suspending aid.

3. **Analyse global drivers of conflict and fragility.**

4. **Provide guidance for private sector engagement** in fragile settings *e.g.* due diligence in the natural resource sector.

Principle 3:

Focus on statebuilding as the central objective. States are fragile when state 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.

Recommendations from the Survey

1. **Recognise that statebuilding is a fundamentally political process** which builds on a domestic political settlement as a necessary basis for a durable state. While the support external actors can provide in the negotiation of a political settlement can be limited, donors can contribute to securing and promoting space for state-society dialogue.

2. **Rather than focus only on support to the executive at central level, adopt a systemic approach to statebuilding,** promoting (i) checks and balances between the three arms of government; (ii) constructive state-society relations; and (iii) participation and accountability at the local level. Programmes will need to involve a range of national stakeholders (parliamentarians, audit institutions, judiciary, civil society, political parties) which can contribute to building more resilient states.

3. **Put into effect the lessons of the past in how best to support processes of political competition that foster national cohesion** rather than deepen divisions, especially in divided societies where identity politics play a large role.

4. **Support domestic revenue mobilisation,** as one of the main state-citizen accountability linkages; a vital element to improve the state's ability to fulfil its functions and derive legitimacy from it; and a way to lessen dependency to often volatile aid. Past efforts to do so have paid off but remain limited in both scope and scale.

5. **Political devolution and administrative deconcentration** can be an important part of statebuilding and peacebuilding, not just as a means of improving service delivery, but also as a means of involving citizens more closely with the functioning of the state. However, these processes should be supported carefully as they can have unintended effects, especially where central government is weak and politics fractured.

6. **Partner countries have made a strong call for country-appropriate governance:** appropriate to the political and administrative culture; and appropriate to the current capacity. International actors should aim for systems, structures and approaches that represent the basic set of conditions for a legitimate and functioning state. They should identify the strengths of a society, working with them and strengthening them, rather than trying to import foreign systems. Overall, international actors could be much more sensitive to the endogenous political and social processes in the countries where they work, and how their interventions may affect these.

7. **Move away from the current piecemeal approach to capacity development,** paying more attention to system strengthening than to capabilities of particular components, or of individuals. Jointly with national stakeholders, donors should invest in shared assessments of and response to needs, cutting across individual donor agendas and administrative cultures. The joined-up assessments should consider political economy realities, the right balance of basic, technical and leadership skills, and what are context-appropriate approaches. They should also be realistic and not under-underestimate the time and scope of the support needed, which can be sequenced in stages and should include phase-out strategies.

Principle 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.

Recommendations from the Survey

1. **The consultations highlighted the need to build bridges across groups** in divided societies, including between elites and ordinary citizens, between region-, clan-based or ethnically defined groups. An enduring culture of impunity, in some countries, was highlighted as being extremely damaging.

2. **Crisis prevention requires a global approach which includes creating economic opportunities, with a particular focus needed on youth.** Once security is restored, economic opportunities are among the top priorities of most national stakeholders, yet efforts in this area are extremely limited and fragile states rank lowest in ease of doing business. Investment in private sector development is an essential relay for the short-term labour intensive projects of the immediate post-crisis period. Analysis and programming for youth – often a fast-growing share of the population – could translate into pools of jobs such as the mobile communications industry and cross-border trade, benefitting youth in both in urban and rural areas.

3. **Most consultations also warned that the root causes of fragility were in many cases still intact.** Reconciliation needs to be taken more seriously. Countries endowed with natural resources should be further supported to turn this "curse" into a "blessing".

Principle 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.

Recommendations from the Survey

1. **When common objectives cannot be agreed between different policy communities on the international side,** including where development, security and diplomatic priorities diverge, or where short-term objectives may undermine longer-term goals, differences will need to be managed.

2. **Whole-of-government and "one UN" strategies** (*i.e.* one strategy for a given international actor, integrating political, security and development goals) and pooled funding across ministries/agencies are effective ways to promote policy coherence, programmatic coherence and improved impact.

Principle 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 statebuilding and service delivery strategies from the outset.

Recommendations from the Survey

1. **The good results obtained with advocacy for non-discrimination has to be backed up by programming to translate heightened awareness into development results.** For example, the role of women as "wagers of peace" has well been promoted by advocacy efforts but this has yet to translate into programming.

Principle 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.

Recommendations from the Survey

1. **While donor country strategies are increasingly aligned to integrated national strategies, alignment must be deepened in operational terms** *e.g.* sector-wide approaches and use of country systems. In most contexts, donors should be more robust in applying Paris Declaration and Accra Agenda for Action commitments, including by using proactive, phased strategies that should include a capacity development component and integrate parallel PIUs into national systems over time, and may initially involve ring fencing; shadow alignment and use of multi-donor trust funds for progressive alignment.

Principle 8:

Agree on practical co-ordination mechanisms. 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 co-ordination of political engagement. Practical initiatives can take the form of joint donor offices, an agreed division of labour among donors, 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.

Recommendations from the Survey

1. **When there is weak national leadership and capacity,** it is all the more reason for international actors to consolidate their approach among them.

2. **When needs are vast and donors few,** there is a tendency to think that "all good things go together" but it is all the more reason to join forces and aim for systemic change.

3. **Division of labour arrangements** among donors are notable by their absence, but should be much more widely put in place to help minimise gaps and overlaps, and reduce transaction costs, alongside simplifying sometimes cumbersome donor requirements, relieving a critical strain on already limited capacity.

Principle 9:

Act fast… but stay engaged. 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.

Recommendations from the Survey

1. **National consultations have highlighted the need for a long-term focus on statebuilding and peacebuilding** and warned against reverting to "business as usual" too soon after the immediate crisis has passed. Fragile states present specific and deeply ingrained problems that are not amenable to a quick fix, and, if unaddressed, create risks of future instability.

2. **Aid continues to be more volatile in fragile states than in more stable environments.** While it is understood that donors must themselves adapt to conditions beyond their control, there are cases in which they should consider signing 10-year partnership agreements with benchmarks for disbursement, and proactive dialogue when benchmarks are not being met. As part of the transition from emergency support to development, there is a need to monitor the risks of international support tailing off too soon, including in the security sector.

Principle 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, are therefore essential. In some instances, delegated assistance strategies and leadership arrangements among donors may help to address the problem of aid orphans.

Recommendations from the Survey

1. **Most national consultations have prominently raised exclusion of particular groups as a major threat to peace consolidation.** Recommendations include: (i) the need to move gradually away from a capital city-centric approach, even if it requires investment in local capacity and higher overhead costs; (ii) the need for much better monitoring of flows to provinces and for disaggregated data on development impact than currently available; (iii) in divided societies, it is vital to ensure that all voices are heard, particular those of marginalised groups. In this sense process matters as much the focus on results.

2. **Consider *global* aid allocations in resource allocation decisions.** In this respect, increased transparency in reporting forward spending commitments as well as stability in commitments are important steps being taken. Some countries risk being under-aided in relation to their needs. In the current food, fuel and financial crisis, new vulnerabilities emerge, for example in respect of food insecurity. In particular, some fragile states are dropping off donor priority lists and are becoming increasingly dependent on a handful of donors. At the other extreme in some fragile states the need is to reduce excessive fragmentation (too little aid from too many donors).

Mutual accountability. While the Principles were originally designed by international actors for international actors, all the national consultations fully adhered to a spirit of mutual accountability in which both international actors and national stakeholders recognised their responsibilities and the actions they needed to take to make progress on the issues raised. While all fragile settings may not be conducive to such a spirit, when mutual accountability exists it must be recognised, spelled out with jointly agreed benchmarks, and sustained through consultations.

Annexes

Annex A: 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 stake-holders 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 co-ordination 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 theare 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 countr es 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 state-building as the central objective. States are fragile when state [12] 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.

12 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.

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.

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 co-ordination of political engagement. Practical initiatives can take the form of joint donor offices, an agreed division of labour among donors, 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, co-ordination of field presence, determination of aid flows in relation to absorptive capacity and mechanisms to respond to positive developments in these countries, are therefore essential. In some instances, delegated assistance strategies and leadership arrangements among donors may help to address the problem of aid orphans.

Annex B: Indicators from the country reports

No.	Indicator	Afghanistan	CAR	DRC	Haiti	Sierra Leone	Timor-Leste
1	Are most international actors' engagement based on sound political and social analysis, taking into account the situation in terms of national capacity, state-society relations and societal divisions?	Not consistently.	Not consistently.	Not consistently.	Not consistently.	*No consensus.*	Yes, overall, but more analysis needed on rural/urban divide.
2	Does international engagement benefit one population group over another or contribute to social divisions?	Yes, in various ways over the past 8 years.	Sometimes. Aid is concentrated in some parts of the country.	In some significant cases.	Sometimes.	In no significant cases. A few participants differed.	In some significant cases (owing to focus on the capital, Dili).
3a	Is the army professional, balanced across social groups and does it have civilian oversight?	Army has best ethnic representation of government institutions.	No.	No.	Yes.	Not yet, but there have been improvements.	Yes, overall.
3b	Ratio of tax revenue to gross domestic product (2008)[13]	6.9%.	10.5%.	18.5%.	10.0%.	11.4%.	10.0%.
3c	Percent of aid disbursed focused on governance and security (average 2002-07)[14]	17.2%.	22%.	8.8%.	13.3%.	17.1%.	8.4%.
4	Over the past 5 years, has the international community invested in preventing future conflict and fragility?	Insufficiently or not effectively.	Insufficiently or not effectively.	*No consensus.*	Sufficiently and effectively, although need to focus now on economic opportunities, social inclusion and disaster risk reduction.	Yes, sufficiently and effectively.	Sufficiently and effectively, although the lack of early warning systems and limited rapid response capacity were highlighted.
5	Percentage of assistance that aligns to an integrated multi-sector framework	There are several multi-donor trust funds for multi-sector programmes, including the Afghanistan Reconstruction Trust Fund.	The Common Humanitarian Fund in Central African Republic was established in July 2008.	The DRC Pooled Fund was established in 2006 for humanitarian activities in the DRC. There also is the DRC Stabilization and Recovery Fund.	No multi-sector trust funds are recorded.	No multi-sector trust funds are recorded but one is being established to support implementation of the Agenda for Change (PRSP).	No multi-sector trust funds are recorded.
6	All things being equal, how does international engagement impact on social divides?	Both positively and negatively.	Neutral.	*n.a.*	Positive; but quantitative data would be useful.	Overall positive.	Overall neutral, but risks turning negative over time.
7	Percentage of aid flows to the government sector that is reported on partners' national budgets (Paris Declaration Monitoring Survey indicator 3, 2007)[15]	70%.	36%.	58%.	95%.	54%.	*n.a.*
8a	Is there an agreed division of labour?	No, but co-ordination mechanisms exist.	No, or only marginal.	*n.a.*	Variable by area of intervention.	*No consensus.*	No.
8b	Percent of assistance channelled through multi-donor trust funds[16]	Donors contributed USD 627 million to the ARTF (16% of government budget) (2008-09).	USD 22.1 million as commitment to the Common Humanitarian Fund in CAR.	USD 512.6 million as commitments to the DRC Pooled Fund; USD 17.7 million as commitments to the DRC Stabilisation and Reconstruction Fund.	*n.a.*	*n.a.*	4.3% in 2008; 10.3% in 2009.

n.a.: data not available.

13 IMF (2009), Regional Economic Outlook (various); Heritage Foundation (2009), Index of Economic Freedom.

14 OECD statistics, codes for governance and security; OECD (2009b), Annual OECD report on resource flows to fragile states.

15 OECD (2008), 2008 Survey on Monitoring the Paris Declaration, Making Aid More Effective by 2010.

16 UNDP, Multi-donor trust funds and joint programmes, available at www.undp.org/mdtf/overview.shtm (for CAR and DRC); Ministry of Finance for Timor-Leste; Ministry of Finance for Afghanistan.

No.	Indicator	Afghanistan	CAR	DRC	Haiti	Sierra Leone	Timor-Leste
9a	Are there rapid response mechanisms?	Yes, several, and they are effective.	No, or ineffective.	No, or ineffective.	Yes, and they are effective.	*There has been no consensus among participants.*	Relatively limited (*e.g.* emergency).
9b	Amount of aid committed at a given time beyond a three-year timeframe	*Not available.*	*Not available.*	10%.	*Not available.*	All major commitments align to or exceed the current PRSP timeframe of four years.	USD 34 million.
9c	Aid fluctuations to GDP (1990-2005) (average of commitments less disbursements as % of GDP)[17]	6.8%.	2.3%.	8.2%.	3.7%.	5.8%.	2.9%.
10a	Aid[18], revenue (GNI)[19] and CPIA[20]	ODA: USD 4.9 billion (2008) GNI (PPP): USD 30.6 billion (2007) CPIA: 2.6	ODA: USD 256 million (2008) GNI (PPP): USD 3.2 billion (2008) CPIA: 2.7	ODA: USD 1.6 billion (2008) GNI (PPP): USD 18.38 billion (2008) CPIA: 2.7	ODA: USD 912 million (2008) GNI (PPP): USD 11.53 billion (2007) CPIA 2.9	ODA: USD 367 million (2008) GNI (PPP): USD 4.17 billion (2008) CPIA: 3.1	ODA: USD 278 million (2008) GNI (PPP): USD 5.15 billion (2008) CPIA: 2.8
10b	Proportion of population living with less than USD1 per day[21]	53% (2003).	66.6% (2007).	59.2% (2007).	54% (2007).	53.4% (2007).	52.9% (2007).

17 Based on OECD statistics and United Nations. http://data.un.org/CountryProfile.aspx.; Celasun, O. et J. Walliser (2008), Predictability of aid, Economic Policy, Vol. 23, p. 545-594.

18 OECD statistics.

19 Word Bank (2009), World Development Indicators; OECD (2008). African Economic Outlook (DRC).

20 Country Policy and Institutional Assessment (CPIA) 2008, measured on a scale of 1 (lowest) to 6 (highest).

21 UNDP. Human Development Report 2009.

Annex C: Statistical annex

Table C1. Likelihood of meeting the MDGs in 2015

	Afghanistan	CAR	DRC	Haiti	Sierra Leone	Timor-Leste
Extreme Poverty and Hunger	not available	unlikely	low	low	unlikely	not available.
Education	unlikely	unlikely	low	low	medium	
Gender Equality	unlikely	unlikely	medium	low	unlikely	
Child Mortality	not available	unlikely	low	low	unlikely	
Maternal Mortality	not available	unlikely	low	medium	unlikely	
HIV/AIDS & Malaria	potentially	unlikely	medium	medium	unlikely	
Environmental Sustainability	potentially	unlikely	medium	medium	unlikely	

Source: UNICEF (2007) except Sierra Leone (UNECA 2009, available at www.uneca.org and DfID, 2008, available at www.dfid.gov.uk/Documents/publications/PSA/E_SierraLeone.pdf) and CAR (UNECA 2009, available at www.uneca.org).

Table C2. ODA excluding debt relief (USD 2007 prices)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Afghanistan	218	680	1 825	1 922	2 386	2 964	3 073	3 773	4 477
Central African Republic	96	110	81	63	125	100	138	171	223
Congo, Dem. Rep.	269	378	1 496	730	1 193	1 423	1 283	1 094	1 526
Haiti	282	238	210	258	301	495	605	634	864
Sierra Leone	280	511	507	381	423	389	337	335	359
Timor-Leste	387	339	347	231	190	205	230	277	260
Total	**12 231**	**16 112**	**19 251**	**18 835**	**24 331**	**30 470**	**28 486**	**30 526**	**33 185**

Source: OECD-DAC online database.

Table C3. Country programmable aid, 2004-08 (USD 2007 prices)

	Country Programmable Aid (USD Millions, 2007 constant prices)					Gross Disbursement (USD Millions, 2007 constant prices)					CPA as a proportion of Total Gross Disbursements				
	DAC Bilateral and Multilateral Donors					DAC Bilateral and Multilateral Donors									
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Afghanistan	1 863.94	2 538.39	2 684.03	3 398.90	3 592.69	2 388.47	2 951.73	3 062.66	3 848.27	4 492.69	78%	86%	88%	88%	80%
CAR	110.03	87.89	173.20	156.74	150.31	137.22	111.69	208.94	232.10	268.38	80%	79%	83%	68%	56%
Congo, Dem. Rep.	896.84	1 099.64	860.22	749.12	1 108.25	2 194.66	1 989.62	2 249.44	1 362.87	1 708.79	41%	55%	38%	55%	65%
Haiti	124.04	408.96	506.97	572.02	646.16	369.73	533.45	664.36	762.05	900.98	34%	77%	76%	75%	72%
Sierra Leone	337.88	321.43	294.71	288.49	318.59	484.00	408.37	571.68	1 115.65	361.56	70%	79%	52%	26%	88%
Timor-Leste	181.57	193.25	202.10	233.34	232.87	190.42	204.65	229.46	276.88	259.67	95%	94%	88%	84%	90%
TOTAL FRAGILE STATES	19 332.46	25 197.48	24 533.21	26 643.25	25 897.63	29 766.05	56 782.49	62 443.11	41 338.41	44 532.15	65%	44%	39%	64%	58%
ALL DEVELOPING COUNTRIES	65 849.53	70 851.87	72 664.14	76 104.38	76 214.37	104 074.36	131 488.66	170 259.76	123 412.36	131 934.05	63%	54%	43%	62%	58%

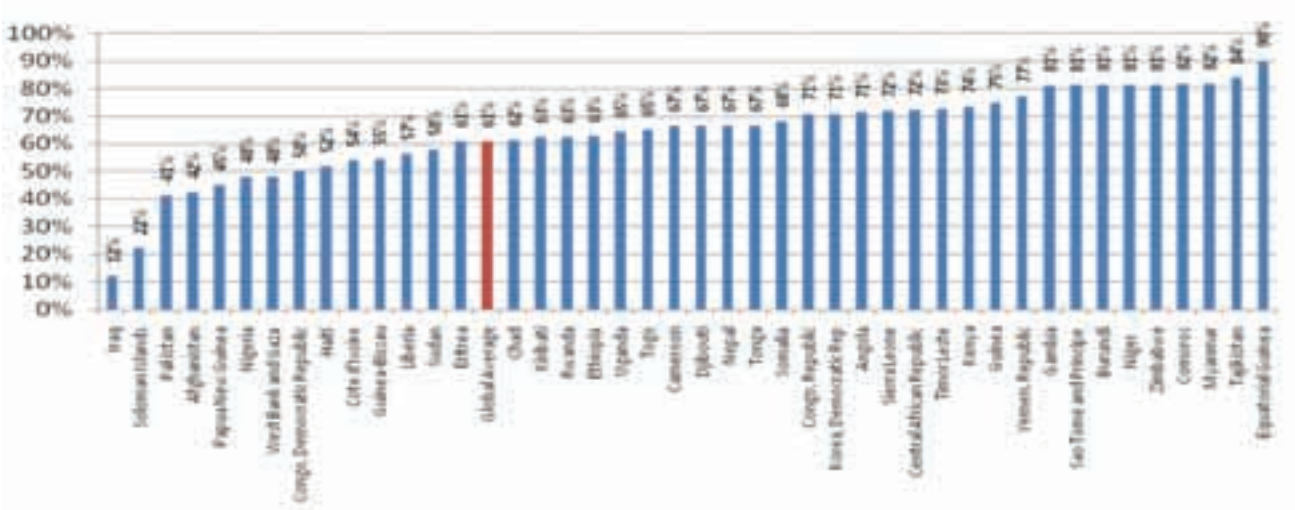
Source: OECD-DAC online database.

Table C4. **Country programmable aid projections, 2008-11 (USD 2008 prices)**

	CPA Actual	CPA Planned			Change		CPA/ GNI			CPA per capita		
	2008	2009	2010	2011	2008-11		2008	2010	2011	2008	2010	2011
	2008 USD million				USD	% change	%			2008 USD million		
Afghanistan	3 527	3 563	3 497	3 393	-134	-4%	37.3	31.6	28.4	125	118	111
CAR	193	144	156	160	-33	-17%	12.4	9.4	9.3	44	35	35
Congo, Dem. Rep.	1 021	1 229	1 324	1 380	359	35%	10.9	13	12.5	16	20	20
Haiti	625	615	692	703	78	12%	13.6	14.4	14.2	71	76	77
Sierra Leone	293	295	324	307	14	5%	16.9	16.7	14.8	50	52	48
Timor-Leste	216	234	253	236	20	9%	20.7	20.6	18	203	229	209

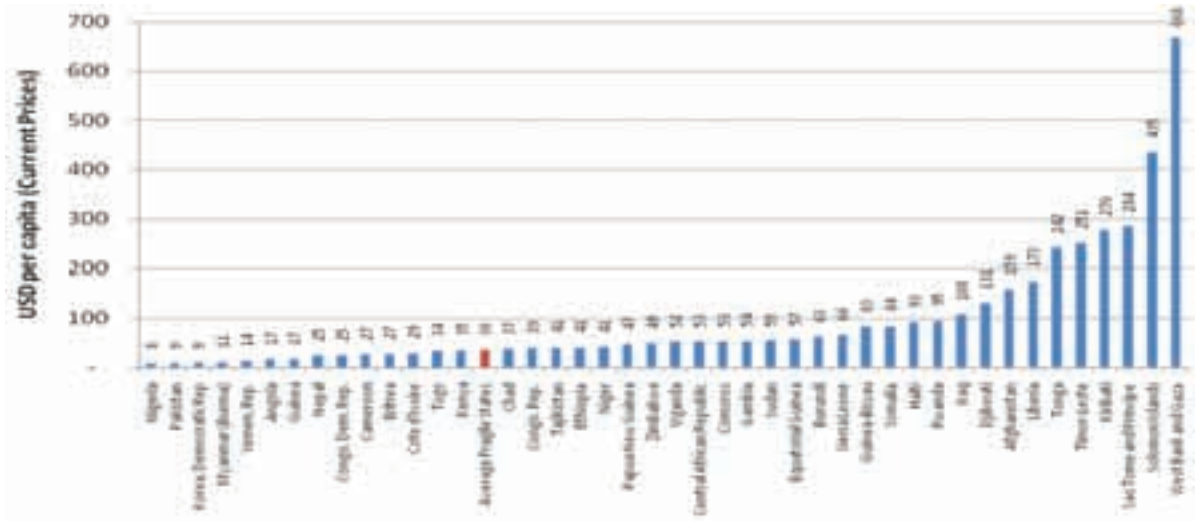
Source: OECD (2009c).

Figure C1. **Aid concentration /fragmentation for 43 fragile states (2008)**



Source: OECD (2009b).

Figure C2. **ODA per capita in fragile states, 2008**



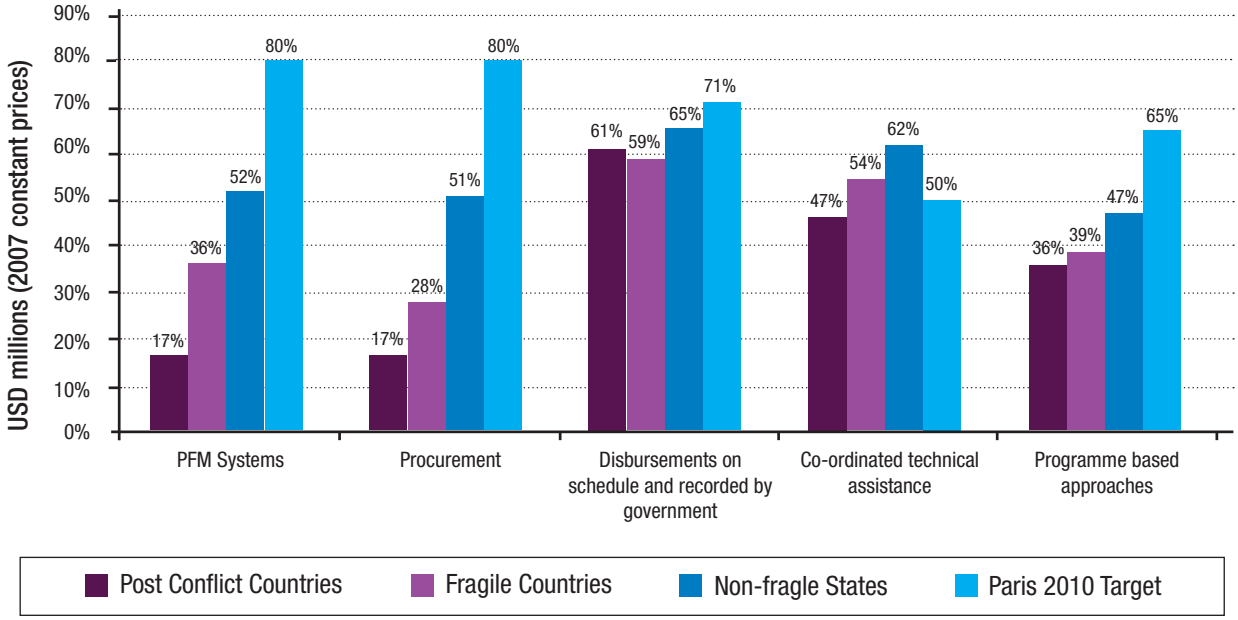
Source: OECD-DAC online database; World Bank World Development Indicators (WDI) database.

Table C5. Priority countries for European donors (fragile states)

	Austria	Belgium	Denmark	Finland	France	Germany	Greece	Ireland	Italy	Luxembourg	Netherlands	Portugal	Spain	Sweden	United King-dom	Core Priority Country (CPC)	Other Priority Country (OPC)	Total
Afghanistan	OPC					CPC	CPC				OPC		OPC	CPC	OPC	3	4	7
CAR					CPC											1	0	1
Congo, Dem. Rep.		CPC			CPC										CPC	3	0	3
Haiti					CPC							CPC				2	0	2
Sierra Leone					CPC										CPC	2	0	2
Timor-Leste						OPC		CPC				CPC	OPC		OPC	2	3	5

Source: Mürle (2007).

Figure C3. Aid effectiveness is lower in fragile states than in more stable environments (2008)



Source: OECD (2008b).

Table C6. Inward foreign direct investment to fragile states 2000-08 (USD millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Afghanistan	0.17	0.68	50.00	57.80	186.90	271.00	238.00	243.00	300.00
Central African Republic	0.84	5.18	5.60	22.20	28.58	32.42	34.62	56.75	121.11
Congo, Dem. Rep.	23.35	82.00	117.00	158.00	9.92	-76.03	-107.72	720.00	1 000.00
Haiti	13.25	4.40	5.70	13.80	5.90	26.00	160.00	74.50	29.80
Sierra Leone	38.88	9.84	10.41	8.62	61.15	83.18	58.62	94.49	29.60
Timor-Leste	-	-	-	4.72	2.93	0.06	0.48	0.28	0.34

Source: UNCTAD Foreign Direct Investment database.

Table C7. Exports and imports of fragile states (2008 and 2009 estimates)

	2008			2009 (estimate)		
	Exports (% of GDP)	Imports (% of GDP)	Exports minus Imports (% of GDP)	Exports (% of GDP)	Imports (% of GDP)	Exports minus Imports (% of GDP)
Afghanistan	20.5	80.3	-59.8	18.8	73.7	-54.9
Central African Republic	10.8	22.1	-11.3	9.1	20.0	-10.9
Congo, Democratic Republic of	61.3	76.4	-15.1	31.9	61.5	-29.6
Sierra Leone	17.0	27.8	-10.8	15.9	23.4	-7.5

Source: IMF Regional Economic Outlook (various).

Table C8. Ease of doing business 2010 (June 2008-May 2009, on a scale of 1: easiest to 183: hardest)

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Sierra Leone	**148**	58	171	166	175	127	27	161	137	144	147
Haiti	**151**	180	126	28	129	135	165	99	144	92	155
Afghanistan	**160**	23	149	69	164	127	183	55	183	164	183
Timor-Leste	**164**	150	87	89	183	181	132	19	85	183	183
Congo, Dem. Rep.	**182**	154	146	174	157	167	154	157	165	172	152
CAR	**183**	159	147	144	138	135	132	179	181	171	183

Source: World Bank (2009).

Table C9. Government revenues of fragile states 2005-10 (% GDP)

Country	2005	2006	2007	2008	2009	2010
Afghanistan	6.4	7.5	6.9	6.9	7.7	8.2
CAR	8.2	9.5	10.3	10.5	11.6	12.2
Congo Dem. Rep.	11.3	12.9	14.8	18.5	16.5	16.4
Sierra Leone	11.9	11.8	10.8	11.4	12.2	13.2

Source: IMF Regional Economic Outlook (various).

Table C10. Peacekeeping expenditures, 2000-08 (USD millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	% of ODA 2008
CAR and Chad	-	-	-	-	-	-	-	182	301	46%
Congo, Dem. Rep.	246	389	480	636	901	1 055	1 085	1 116	1 191	75%
Haiti	-	-	-	35	377	480	484	535	575	63%
Sierra Leone	521	618	603	449	265	86	-	-	24	7%
Timor-Leste	528	454	288	196	82	2	147	153	173	63%

Source: Center on International Co-operation, 2009.

Table C11. Troop contributing countries (UN and NATO, 2009)

Troop contributing country	MINURCAT	MINUSTAH	MONUC	UNMIT	NATO KFOR	NATO ISAF	UN Total	NATO Total	GRAND TOTAL
Albania						140	3	140	143
Algeria			6				7	0	7
Argentina		562	3				892	0	892
Armenia					70		0	70	70
Australia				54		1 090	113	1 090	1 203
Austria					447	1	421	448	869
Azerbaijan						45		45	45
Bangladesh	2		1 607	196			9 159	0	9 159
Belgium			7		219	400	498	619	1 117
Benin	27	40	799				1 363	0	1363
Bolivia	1	217	207				457	0	457
Bosnia & Herzegovina			5				24	0	24
Botswana							13	0	13
Brazil	3	1,216		10			1 284	0	1 284
Bulgaria					47	460	49	507	556
Burkina Faso	16	15					46	0	46
Burundi	10						33	0	33
Cambodia							143	0	143
Cameroon	11	7	16				164	0	164
Canada		83	10	5	6	2 750	161	2 756	2 917
CAR		7	11				27	0	27
Chad		1	6				27	0	27
Chile		511					518	0	518
China		145	234	23			2 167	0	2 167
Côte d'Ivoire	38	55					95	0	95
Croatia		4		5	20	300	155	320	475
Cyprus							2	0	2
Czech Rep.			3		393	415	38	808	846
Denmark			2		242	700	56	942	998
Djibouti							53	0	53
DRC		2					22	0	22
Ecuador	2	67					95	0	95
Egypt	13	24	22	22			1 760	0	1 760
El Salvador		4		11			128	0	128
Estonia					31	130	2	161	163
Ethiopia							2 200	0	2 200
Fiji				2			252	0	252
Finland		1			405	80	42	485	527
France	18	61	15		1 294	2 785	2 522	4 079	6 601
FYR of Macedonia						135		135	135
Gabon	1						17	0	17
Gambia	2			31			386	0	386
Georgia						1		1	1
Germany					2 486	3 600	425	6 086	6 511
Ghana	4		485				3 235	0	3 235
Greece					588	130	203	718	921
Grenada		3					3	0	3
Guinea	3	78					92	0	92

Troop contributing country	MINURCAT	MINUSTAH	MONUC	UNMIT	NATO KFOR	NATO ISAF	UN Total	NATO Total	GRAND TOTAL
Guatemala		118	110				247	0	247
Honduras							6	0	6
Hungary					243	240	112	483	595
Iceland						8	2	8	10
India			4 646	13			8 833	0	8 833
Indonesia			191				1 108	0	1 108
Ireland			4		233	7	50	240	290
Israel							1	0	1
Italy		4	1		1 819	2 350	2 492	4 169	6 661
Jamaica				4			16	0	16
Japan							35	0	35
Jordan	6	1 062	92	21			3 098	0	3 098
Kazakhstan							1	0	1
Kenya			21				1 011	0	1 011
Kyrgyzstan	3			2			33	0	33
Latvia						70		70	70
Libya							11	0	11
Lithuania					36	200	8	236	244
Luxembourg					23	9	1	32	33
Madagascar	12	1	3				37	0	37
Malawi			134				178	0	178
Malaysia			17	210			717	0	717
Mali	8	46					78	0	78
Mauritania							14	0	14
Moldova							10	0	10
Mongolia			2				259	0	259
Montenegro							2	0	2
Morocco			835		222		1 559	222	1 781
Mozambique			2				3	0	3
Namibia				13			38	0	38
Nepal	2	1 234	1 056	85			3 708	0	3 708
Netherlands					8	1770	52	1778	1830
New Zealand				25		150	38	150	188
Niger	12	71	24				574	0	574
Nigeria	3	128	23	53			5 287	0	5 287
Norway				2	6	455	68	461	529
Pakistan	2	250	3 641	181			10 595	0	10 595
Paraguay		31	11				74	0	74
Peru		205	4				236	0	236
Philippines		169		152			621	0	621
Poland	1		3		226	1 130	981	1 356	2 337
Portugal	6			199	295	70	354	365	719
Qatar							3	0	3
Republic of Korea				6			400	0	400
Romania		21		7	145	740	246	885	1 131
Russia		7		5			254	0	254
Rwanda	11	11					2 968	0	2 968
Samoa				6			24	0	24
Senegal	26	146	741	1			1 918	0	1 918

Troop contributing country	MINURCAT	MINUSTAH	MONUC	UNMIT	NATO KFOR	NATO ISAF	UN Total	NATO Total	GRAND TOTAL
Serbia		5	6				24	0	24
Sierra Leone				1			23	0	23
Singapore				23			23	0	23
Slovakia					145	180	199	325	524
Slovenia					389	70	23	459	482
South Africa			1 173				1 934	0	1 934
Spain	2	36	6	9		780	1 211	780	1 991
Sri Lanka		972	4	55			1 068	0	1 068
Sweden			11	4	245	400	87	645	732
Switzerland			3		207		29	207	236
Tanzania							126	0	126
Thailand				13			33	0	33
Togo	6		8				357	0	357
Turkey		59	1	13	509	860	793	1 369	2 162
Tunisia			497				512	0	512
Uganda	2			7			147	0	147
Ukraine			13	2	180	10	547	190	737
United Kingdom			6		8	8 745	328	8 753	9 081
United States		50			1 475	19 950	315	21 425	21 740
Uruguay		1 149	1 371	3			2 589	0	2 589
Vanuatu				14			14	0	14
Yemen	16	1	7	21			154	0	154
Zambia	2		19	19			524	0	524
Zimbabwe				48			158	0	158
TOTAL	**271**	**8 879**	**18 124**	**1 576**	**12 662**	**51 356**	**88 932**	**64 018**	**152 950**

Source: OECD 2010i, adapted from Center on International Co-operation (2009), *Annual Review of Global Peace Operations* 2009, Center on International Co-operation, New York.

Annex D: Executive summary of the Afghanistan country report

The Afghanistan country report is not an experts' report but rather reflects the findings from dialogue among 50 stakeholders representing both national and international institutions, complemented by interviews and data collection (www.oecd.org/fsprinciples). It aims to review the implementation of the *Principles on Good International Engagement in Fragile States and Situations*, two years after the *Principles* were endorsed by ministers of the OECD Development Assistance Committee's 23 member countries, and to identify priority areas to improve the collective impact of international engagement. Implementation of the Principles will be reviewed again in 2011.

Afghanistan fits in just about every category of the fragile states classification:

- Deep structural poverty coupled with difficult access to many regions in the country.
- A dysfunctional state compounded by thirty years of war, resulting in a deep disconnection between the state and the population.
- A growing insurgency fuelled by external elements and insufficient economic and employment opportunities.
- An illicit economy that thrives under the various regime changes (reaching about 50% of the GNP at its peak in 2006: United Nations Office on Drugs and Crime, 2008) and fuels local and regional conflicts.
- A high dependency on international aid, in both the development and the security sectors: 65% of recurrent government expenditures are financed from domestic revenue, while 35% comes from foreign aid.

1. Main issues

In the review of the Principles, both Afghan and international participants raised three main issues:

- **Should statebuilding be at the centre of all peacebuilding and development efforts** to ensure the overall improvement of the country? Statebuilding was often stressed by the Afghans as a means to reach a better state of development, rather than an objective in itself. Several participants were of the opinion that a lot more attention should be paid to the non executive branches of government, to state/societies relations,[22] to strengthening civil society, and to improving the connection between top-down and bottom-up approaches.[23]
- **What is the impact of foreign military intervention (the coalition forces and the NATO/PRT units) and international development and humanitarian assistance:** Supporting or weakening statebuilding (Principle 3)? Contributing to defusing local tension or to deepening conflict (Principle 4), and to regional discrimination or to strengthening sub national governance (Principles 6 and 10)? Do they favour short term actions at the expense of coherent long term sustainable engagement (Principle 9)?
- **Which clear and coherent criteria need to be developed for a phased exit strategy**, particularly in the security arena? This question was raised several times by government and non-government actors, as a significant obstacle to a normalisation of the situation. Participants have highlighted the need to establish and to enforce clearer boundaries for military engagement, as well as proper sequencing between a military-backed "aid package" and government led "development activities". Participants from the Afghan military and security establishment have repeatedly asserted the need to increase training support to the Afghan National Army and the Afghan National Police, rather than increase foreign presence.[24]

2. Overall results

Application of the *Principles* has been relatively poor in Afghanistan. While the challenging situation faced on the ground partly explains why this is the case, there is significant room to improve the collective impact of international engagement.

The *Principles* touch on a wide range of sensitive issues related to the reconstruction in Afghanistan. These include the capacity and reach of the state institutions which remains limited, alignment of donors to local priorities which remains a constant challenge, co-ordination of aid which is slowly improving and the impact of the foreign military presence which is both positive and negative at the same time. This latter point represents the crux of the challenge in Afghanistan. The foreign military presence has helped restore

22 "There is an urgency to reconnect the government with the people", Minister of Rural Rehabilitation and Development (MRRD) - Interview, May 09.

23 Consistent with OECD definitions, statebuilding is defined here as encompassing both the capacity of the state (executive branch of central and local governments, legislative and judiciary) and its accountability and legitimacy (state-society relations).

24 Interviews (May-June 2009, Kabul): Ministry of Defence, Afghan NGOs.

order and stabilisation. At the same time it creates strong tension at the local level and local militia present themselves as freedom fighters.

It is well recognised that Afghanistan presents one of the most complex environments for the delivery of short term and long term aid, as the country engages in a massive combined (re)construction of infrastructure, institutions, and capacity. Much of the Southern and South Eastern part of the country is engulfed in what many call an open conflict, where delivery of humanitarian aid and basic services is strongly restricted by insecurity, threats on local population and operators, and vast military operations. Afghanistan, in contrast with many other countries in fragile situations, has been the focus of intense strategic interest since 2001. The increase in, and diversity of, national and international actors,[25] both at the strategic and operational level, the multiplication of co-ordination and consultation mechanisms and platforms, and the rapidity at which they succeed one another, continue to make Afghanistan one of the most challenging contexts to understand and to operate in. The rapid change-over in international staff is one area where donors can and need to do better and contracts of less than one year should not be encouraged.

Specifically, the role of the military as an element of the international engagement influences the response to a wide range of the *Principles*, due both to its involvement in the counter-insurgency campaign and related security activities, as well as in the delivery of humanitarian and development assistance. It could be considered that the scope and scale of this engagement plays a significant role in how donor nations perceive and respond to the *Principles*, particularly those with respect to issues such as local context, Do No Harm, and the recognition of the links between political, security and development objectives. In reality, the Do No Harm principle has been violated repeatedly. However, it is equally true that more harm would have taken place had the international military forces not been present. This leads to a deeper question on how the Do No Harm principle should be applied in an area experiencing combat.

Afghanistan has seen a wide range of experimental approaches supported by international assistance, and many have succeeded in moving the reconstruction agenda forward. It took six years and several interim processes and documents[26] to develop a comprehensive development framework such as the Afghanistan National Development Strategy (ANDS), which is receiving increasing support from the donors. Central budget systems are still used cautiously by a limited number of donors, but the share of the World Bank managed Afghanistan Reconstruction Trust Fund (ARTF) in the national recurrent budget is diminishing every year, with an increasing reliability on internal revenue collection.[27] The government institutions, despite slow buy-in into the reform that started in 2003, and recurrent limitations in management practice, are constantly adjusting and seeking to improve their structure and delivery channels, through a slow but steady process of building institutional and individual capacity. That being said, the government faces an endemic corruption challenge, which it now must take on systematically if the fragile peace in Afghanistan is to be sustained.

3. Five key principles

During the monitoring exercise, five Principles were pre-eminent, often encapsulating others.

"Take Context as the Starting Point" (Principle 1) is considered by all as the most central principle, but also crystallised the most divergent perceptions and opinions, some seeing Afghanistan as a country at war and others seeing the country in post-conflict terms. A unified understanding of context will need to be developed, as without a common understanding of context the approach taken by donors and government can be less than coherent.

The application of "Do No Harm" (Principle 2) has been violated repeatedly: in terms of security and loss of life and in terms of corruption and the perception of the state. The need to "Do No Harm" has an impact on all aspects of the reconstruction process: *Security* (reform and training of security forces, long lasting impact of foreign military intervention), *Governance* (support – or lack of it – to national systems, parallel implementation units, and corruption), *Economic* (market distortions on salaries and imports, misguided economic strategies), *Social* (discrimination /exclusion).

"Statebuilding as the Central Objective" (Principle 3) is generally supported by all participants, but state-society relations are still regarded as the biggest missing link in the reconstruction process. The international intervention of the past eight years has created both weaknesses and strengths in the legitimacy of the state: *e.g.* shifting or un-coordinated policies;ambivalent

25 More than 60 donor countries engaged with the government through a range of funding and technical assistance mechanisms.

26 The Afghan Development Forum, the Afghanistan Compact, the Interim-Afghanistan National Development Strategy.

27 However, the investment window of ARTF is increasing.

impact of the military intervention. The unpredictability of aid, which fluctuates widely from one year to the other, and the limited discretionary funds available to government, contribute to uncertainties in funding the development part of the national budget, and affect the consolidation of the government priorities and reach.

The Integrated Approach promoted by Principle 5 is an acutely complex issue in Afghanistan, with a range of frictions existing between the three policy communities at the international level.

- The international response in Afghanistan seems largely to depend on priorities established by donors at HQ, with some donors giving priority to stabilisation, others governance and others humanitarian assistance.
- It is felt by some that the overarching political and development agenda is overly influenced by security and stabilisation objectives in the field, resulting in development actors having to adjust their initiatives based on evolving political agendas (often focusing on anti-terrorism and counter narcotics priorities) rather than a need based development agenda (as outlined in the "whole-of-government" approach of the ANDS). In other words, there is a perception that the 3Ds are n t on equal footing, with the political/diplomatic perspective often lacking depth and influence to fill the gap between military activities and development assistance. Participants have highlighted the need to establish and to enforce clearer boundaries for military engagement, as well as proper sequencing between the military-backed "aid package" and government-led "development activities".

"Align to Local Priorities" (Principle 7) is increasingly being applied. There appears to be increasing awareness of the need to support and use the national frameworks such as the ANDS more extensively in order to understand needs and assess priorities; and use national systems to channel funds, and allocate funding according to national priorities. Concern remains however as to the degree to which PRTs are aligning their civilian activities to local development plans.

4. Recommendations

For the international community:

- Engage more directly with Afghan actors – be they government, communities, political and/or non political representatives of society – and lessen the dominance of the security paradigm; assess the positive and negative impacts of military intervention more realistically; and give a real chance to the integrated approach, with more balanced support between security objectives and development needs, while developing a genuine diplomatic/political alternative which would not be subordinated to the security agenda.
- Prioritise economic objectives (the number one priority for the majority of Afghans); support private sector initiatives and favour local procurement; support programmes and technologies that foster employment creation.
- Support and use the national frameworks such as the ANDS more extensively in order to understand needs and assess priorities; and use national systems to channel funds, and allocate funding according to national priorities.
- Build on existing systems. Participants made the point that not all existing systems need restructuring.

For the government:

- Identify the right level of engagement between the Afghan government and the international community, and determine under which framework the Principles will be reviewed and "negotiated" with donors. This could be through the Ministry of Finance, under the Development Co-operation Framework, or the Donor Financial Review. It could also involve high-level parliamentary representatives.
- Continue to review and adjust the ANDS priorities through the results-based framework, to strengthen and streamline the impact of the process.
- Communicate widely and coherently to donors on needs and progress, particularly on the ANDS.
- Communicate widely to the Afghan people on positive outcomes and changes, but also on realistic expectations and a time-frame for overall socio-economic development.
- Continue to address corruption at all levels, particularly at the provincial and district levels, in order to rally the population and build up confidence.
- Review the modalities for a strong reconciliation programme, find the right champions, involve all levels of the population, and link reconciliation to peace-building and economic development.

Summary table

PRINCIPLES	FINDINGS	PRIORITIES
Take context as the starting point	Considered as the "mother" principle but least consensus on whether Afghanistan is a country in conflict or post-conflict. Limited access to the local context and lack of a comprehensive understanding of the political and socio-economic dynamics, compounded by high turnover of civil and military foreigners and weak institutionalization of experiences and lessons learned.	Donors to give the Afghans the lead in developing strategies and programmes. Donors to develop a higher level of direct engagement with the government and with local communities, and develop a framework for continuous evaluation.
Do no harm	Problematic politicisation and militarisation of development activities and blurring of both roles. Very uneven distribution of assistance to different regions depending on security objectives. High rate of corruption.	Assess more carefully the positive and negative impacts of strategies and programmes on security, governance, economic and social issues in an integrated manner. "Afghanize" the process further and align PRTs on the Government's development strategy.
Focus on statebuilding as the central objective	Remains one of the biggest challenges. Predictability of funding remains insufficient. Decreasing state legitimacy due to lack of security and economic improvement and increase in insurgency activities.	Have a more holistic approach to statebuilding, with a stronger focus on economic development, job creation and job provision. Integrate the concept of "state legitimacy" in all processes of strategic programming.
Prioritise prevention	Stakeholders felt that stabilisation objectives prevail over conflict prevention. Traditional justice mechanisms remain underestimated. In spite of an explicit reference to reconciliation in the preamble of the 2001, Bonn agreement, participants have noted little or no progress on that front, while the objective of reconciliation with the "neo-Taliban" is the subject of much debate. It was also noted that local conflicts feed into a larger context of national and regional instability.	Review and develop conflict sensitivity assessment. Link conflict prevention to reconciliation, through justice and governance processes. Suggestions were made to start a real community based reconciliation process, with a strong commitment from the top leadership, and the involvement, if necessary, of experienced international mediators from Southern countries. Support flexible mechanisms within the donor community and the government system to re-assess local and national situations and develop robust contingency plans independent from any military support.
Recognise the links between political, security and development objectives	Systematic prevalence of military objectives and strategies. Poor sequencing across the 3Ds and delayed power transfer to local authorities.	Identify and focus on the right development priorities rather than ideological priorities. Ensure that Afghan rule of law and security institutions take over sooner than later. Integrate development projects into a long term framework.
Promote non-discrimination as a basis for inclusive and stable societies	Inclusion of women, youth, minorities and the disabled is promoted, but national stakeholders felt there is a a risk that western concepts on non-discrimination are applied "indiscriminately" to a society with very different values.	Consider local customs before setting up programmes, and the need to be inclusive of communities when dealing with specific groups. Accelerate the provision of long term education for women. Continue to support a strong independent civil society.
Align with local priorities in different ways in different contexts	High complexity of ANDS. Alignment is very difficult in practice on the ground due to a wide spectrum of initiatives and fragmented actors.	Set up more realistic timelines, benchmarks and indicators. Extend the support and facilitation to the private sector and identify the right pace of devolution to the sub-national level. Use national systems to channel funds.
Practical co-ordination mechanisms	In spite of several co-ordination mechanisms, there is a high degree of fragmentation of military and developmental structures and actions, and at the same time a risk of co-ordination fatigue.	Streamline (possibly reduce) the engagement under a limited number of co-ordination mechanisms through the strengthening of the Joint Co-ordination and Monitoring Board (JCMB) platform, technical standing committees and UNAMA. Foreign military to increase the co-ordination with the ANA.
Act fast… but stay engaged long enough to give success a chance	There are several rapid response mechanisms (e.g. UN CERF grants, discretionary funds available through the PRTs, USAID Rapid Response Funds, ECHO funds). The impact of PRT Quick Impact Projects (QIPs) remains very limited and they often do not align with national priorities. On "staying engaged", there is a high turnover of civil and military foreigners which undermines long-term engagement and funding.	International actors (military and civilian) to ensure staff minimum stay. Invest more systematically in local capacity building. Limit the use of PRT Quick Impact Projects.
Avoid pockets of exclusion	A large majority of the public perceive the allocation of resources as having been driven by security considerations, although this is not always supported by facts. Highly uneven PRT capacities and impact in different regions, contributing in some instance to the perceived exclusion of certain provinces, have been highlighted.	Boost support for National Programmes which have a countrywide coverage and a connecting objective. Communicate with excluded populations through traditional means. Continue to support provincial development plans within national programmes and priorities.

Annex E: Executive summary of the Central African Republic country report

The Central African Republic (CAR) Country Report reflects the findings from a national consultation that took place the 21 and 22 July 2009 among 90 stakeholders representing both national and international institutions, complemented by interviews and data collection (www.oecd.org/fsprinciples).

It aims to review the implementation of the *Principles on Good International Engagement in Fragile States and Situations*, two years after the Principles were endorsed by ministers of the OECD Development Assistance Committee's 23 member countries, and to identify priority areas to improve the collective impact of international engagement. The implementation of the Principles will be reviewed again in 2011.

1. Main findings

Principle 1: Take context as the starting point. The Central African Republic (CAR) is a fragile state at the heart of an unstable region. All of CAR's neighbours are on the OECD list of fragile states, and several regional conflicts have spread across CAR's borders. While there was broad consensus on the principle of taking context as the starting point for designing intervention strategies, the consultation also revealed that there are competing interpretations of the extent and nature of fragility in CAR. ***Three alternative depictions of CAR*** emerged from the national consultation, each with different implications for international engagement:

- **CAR is a post-conflict state** as evidenced by the return to constitutional order through the 2005 Presidential elections, an inclusive political dialogue bringing in rebel groups, peace agreements linked to a process for Disarmament, Demobilisation and Reintegration (DDR), progress in security sector reform (SSR), and the granting of debt relief eligibility in 2009.
- **CAR is in the early recovery phase**, but with significant risks of renewed conflict. This interpretation points to a gradual consolidation of peace and stability, but highlights the geographically uneven progress in development and security, and the risk of reversion to conflict.
- **CAR remains mired in a state of crisis**. This outlook stems from those parts of the country still experiencing conflict and insecurity, including rebel held parts of the North. The frequency of illegal road blocks was cited as an important indicator of the chronic insecurity faced by CAR.

These divergent interpretations reflect the complex reality of CAR where different parts of the country face different challenges and require a differentiated response. ***The consultation identified three distinct geographical zones***: (1) stable regions that can act as centres of development, (2) sparsely populated areas affected by conflict and criminality, and (3) resource producing regions (in the South) affected by the global economic crisis. The national consultation generated a great deal of debate, but little consensus, on the question of what should be the strategic priorities for the consolidation of CAR's recovery as whole, given these differences and an unstable neighbourhood, and the appropriate intervention strategy in the different zones.

The lack of consensus on these fundamental questions appears to be a major obstacle for effective international engagement, and supports the general conclusion of the national consultation that international intervention has not been sufficiently based on systematic and solid political and social analysis *(indicator 1)*.

Principle 2: Do no harm. The consultation raised two main concerns about the undesirable effects of international intervention in CAR. The first concern relates to the ***unpredictability of aid*** f ***ows***, which have been marked by considerable volatility and a significant gap between commitments and disbursements. When expected aid flows do not arrive this can weaken the credibility of the state in the eyes of citizens, and undermine efforts to build its legitimacy. An example was cited of the DDR programme in Bouar. The second concern relates to ***DDR and SSR programmes***. There are persistent perceptions that DDR rewards the perpetrators of violence while failing to compensate the victims. In the case of security sector reform, concerns were raised that certain groups benefit disproportionately from retirement payments, and that the restructuring of the army could worsen ethnic imbalances in the military.

Principle 3: Focus on state-building as the central objective. Much of the discussion on this principle centred on the ***very limited capacity and presence of the state outside of Bangui***. Large swathes of the country are not provided with basic services and infrastructure. This failure reflects insufficient capacity to operate an effective public sector, and the scarcity of financial resources resulting from low domestic revenue mobilisation and limited international aid. However, in the view of some participants the focus on capacity and financial constraints disguises the real issue, which is the ***lack of public but also international confidence and legitimacy of the state***. Three main priorities were identified to overcome these obstacles and begin a sustained process of statebuilding. First, considerable emphasis was given to need to ***mobilise domestic revenues*** by fostering economic growth and attending to the severe weaknesses in the investment climate. Second, the state must ***establish its presence across the country*** by providing basic services, ensuring its visibility and actively communicating with citizens. Third, ***local governance needs to be re-established*** by instituting local democracy and ending the practice of appointing unelected mayors.

Principle 4: Prioritise prevention. The national consultation considered that over the past 4-5 years the ***international community has not invested sufficiently in conflict prevention***, and its approach has been ineffective *(indicator 4)*. Civil society participants emphasised the importance of ***inclusive national stakeholder dialogue*** as a basic requirement to address tensions in society, build trust and stem the flow of misinformation. They argued that the government still tends to "hide the truth from the population", for example by failing to investigate abuses committed by security forces between 2005-07. This points to the need to establish mechanisms for transitional justice along the lines, for example, of the Truth and Reconciliation Commission in Sierra Leone.

Principle 5: Recognise the links between political, security and development objectives. The main policy documents in CAR including the PRSP and the Strategic Framework for the Consolidation of Peace set out an integrated approach based on three pillars: reconstruction, peace and security, and governance and the rule of law. Participants considered that the ***links between these agendas are well articulated in the policy documents***. However, they ***lack sufficient prioritisation*** and are not well advanced in implementation. There are also ***strong differences of opinion*** on the relative priority attached to different parts of the agenda. While Central African participants tended to emphasise the importance of ***restarting economic growth***, international actors remain particularly concerned by the security situation and give ***priority to security sector reform***. Relatively few Central African participants discussed the security agenda. However, some attention was given to the need for decentralised army recruitment in order to ensure greater balance between prefectures. The interviews also revealed that the co-ordination between different ministries has to be improved to ensure a coherent planning and expenditure.

Principle 6: Promote non-discrimination as a basis for inclusive and stable societies. The main theme discussed under this principle is the ***mismatch between the distribution of aid resources and the pattern of poverty across the country***. While poverty rates are most severe in the north-west (in terms of absolute numbers of poor) and north-east (in terms of the percentage of the population that is poor), development aid (excluding humanitarian aid) is overwhelming directed at Bangui. In 2008 only 23% of development aid was spent outside of Bangui, but this represents an increase from the year before (15%). Humanitarian aid on the other hand is mainly spent in conflict-affected areas that are not always the poorest regions. This was described as a classic post-conflict strategy where the international community has focussed efforts on reinforcing national structures based in the capital city and improving security there. While the national consultation called for a more equitable and less Bangui-centric allocation of resources as the essential basis for an inclusive and stable society, it was notable that participants did not believe that international action had in practice acted to widen or lessen social divisions *(indicator 6)*.

Rather limited attention was given to the issue of ***gender discrimination and youth exclusion***, problems that were clearly reflected in very limited participation of these groups in the national consultation.

Principle 7: Align with local priorities in different ways in different contexts. There has generally been ***some improvement in the alignment of international assistance*** towards national priorities. In 2008 36% of aid destined for the public sector was incorporated into the government's budget and procurement system, a significant increase from 2007 (24%). However, this is well short of the 2010 target of 85% agreed in the Paris Declaration. The consultation concluded that the main international programmes generally take into account the main priorities expressed in the PRSP, but there are ***gaps between locally identified priorities and the mobilisation of international funds***. It also was noted that there is a gap between notable advances in the elaboration of texts and documents and the lack of visibility on the ground.

Principle 8: Agree on practical co-ordination mechanisms. Because there are relatively few aid donors in CAR (the three largest donors provide 70% of aid) the problem of aid fragmentation and the need for co-ordination is less pressing than in other countries. Co-ordination has also been helped by the creation of an effective information system on international assistance to CAR by the Ministry of Planning. Both formal and informal structures for aid co-ordination are reported to work well for development aid and humanitarian aid, as well as the international NGOs. However, several problems were identified preventing the optimal use of resources. There is a lack of co-ordination in the provision of development and humanitarian aid, the division of labour between donors is unclear, there are some neglected sectors (*e.g.* the investment climate), a strong spending bias towards Bangui, and a lack of coherence in the planning for the reintegration of ex-combatants.

Principle 9: Act fast… but stay engaged long enough to give success a chance. According to the Ministry of Planning, aid mechanisms are not well adapted to enable a rapid response to needs and emergencies arising in CAR. Most importantly there is a too long delay between the commitment of aid and its actual disbursement. However, there are examples of the use of rapid disbursing instruments in CAR, for example the provision of debt relief in June 2009. In relation to long-term engagement there is a concern about how to manage the transition from humanitarian to development aid. Over the past two years humanitarian aid has declined rapidly, and development aid has not increased to fill the gap.

Principle 10: Avoid pockets of exclusion. The majority of Central African participants considered that the whole country is a pocket of exclusion in the international aid system. While aid per capita in CAR (USD 41 in 2007) is slightly higher than the Sub-Saharan African average (USD 39 in 2007), there is a strong feeling that CAR has been relatively ignored by the international community in spite of its enormous needs and the alarming risks posed by its fragility. Development aid to CAR has fallen by 49% between 1985 and 2006.

Summary table

PRINCIPLES	FINDINGS	PRIORITIES
Take context as the starting point	Differing interpretations of the situation in the CAR are resulting in fragmentation of the priorities.	Support the dialogue mechanisms put in place by the inclusive political dialogue.
Do no harm	Poor predictability of aid flows undermines the credibility of aid programmes.	Strengthen aid flow predictability and the co-ordination of international aid.
Focus on statebuilding as the central objective	Lack of public and international confidence in the capacities of the state and little legitimacy at local level.	Prioritise economic growth and facilitate international investment. Invest in local governance.
Prioritise prevention	The international community has not invested sufficiently in prevention. Importance of an inclusive political dialogue and transitional justice mechanisms.	Support the training of opinion leaders for the 2010 election process to proceed in an atmosphere of calm. Develop a risks observatory and a rapid response mechanism.
Recognise the links between political, security and development objectives	The Poverty Reduction Strategy Paper integrates the different priorities well. But, while the international actors give priority to security sector reforms, the national actors see the priority as economic development.	Clarify priority sectors. Clarify the security sector reform (SSR) process in order to secure a stable environment for the 2010 elections.
Promote non-discrimination as a basis for inclusive and stable societies	Concentration of development aid in the capital. There are major disparities in humanitarian aid between conflict-affected areas and impoverished but conflict-free areas.	Set up a rapid disbursement fund to enable a better response to the needs of the regions.
Align with local priorities in different ways in different contexts	The priorities of the Poverty Reduction Strategy Paper are taken into account in international programmes, but only 36 per cent of public sector aid is accounted for in the national budget.	Streamline the mechanisms for project validation at sectoral round tables and strengthen the sectoral approach.
Practical co-ordination mechanisms	The limited number of donors makes co-ordination among them easier.	Strengthen existing co-ordination structures and instruments, particularly the Ministry of Planning's co-ordination unit.
Act fast… but stay engaged long enough to give success a chance	Poor responsiveness of emergency instruments. Lack of transition between humanitarian aid and development aid. Delays in aid disbursement.	Facilitate disbursement of aid through streamlined project validation processes.
Avoid pockets of exclusion	The CAR is itself a pocket of exclusion, with very low rates of aid given its needs.	Analyse resource allocation criteria. Set up rapid response mechanisms.

Annex F: Executive summary of the Democratic Republic of Congo country report

Representatives of the DRC Government, the Parliament, the Senate, Congolese civil society and the international community took part in a national consultation on the implementation of the *Principles for Good International Engagement in Fragile States and Situations* and the *International Dialogue on the Consolidation of Peace and Statebuilding*. These are two initiatives stemming from the High Level Forum on Aid Effectiveness (Accra, September 2008), and are chaired by the Democratic Republic of Congo (DRC).[28]

This report is the outcome of this national consultation organised by the DRC Government and supported by the UN in DRC and the OECD, complemented by interviews and data collection. It aims (i) to review the implementation of the Principles, two years after the Principles were endorsed by ministers of the OECD Development Assistance Committee's 23 member countries, and (ii) to identify priority areas to improve the collective impact of international engagement. Implementation of the Principles will be reviewed again in 2011.

1. Main findings

Principle 1: Take context as the starting point. The majority of participants agreed that ***international partners have begun to take greater account of the country context***, and have engaged with government in the preparation of several policy documents, *e.g.* the Poverty Reduction and Growth Strategy Paper (DSCRP), Country Assistance Framework (CAF) and Priority Action Plan (PAP) that are based on a common understanding of the Congolese context. However, in general terms, ***analyses of the DRC context remain multiple and fragmented, information is lacking and is inadequately shared***. The 2008 evaluation of the implementation of the Paris Declaration found that only 23% of studies undertaken by international partners are carried out jointly (less than half the Paris Declaration target of 66%). There are ***multiple readings of the DRC context*** reflecting the complex set of factors that have destabilised the country, and debates about the relative importance of conflict triggers *vs.* deeper causes of conflicts and of domestic tensions vs. foreign interference. There is limited understanding of socio-cultural factors on the part of international actors, while on the Congolese side there is an acute lack of capacity for data collection and analysis. In relation to political and security analysis undertaken by international staff, documentation can be rare or confidential, but there are some useful reference reports in the public domain such as UN Secretary General Reports on MONUC, reports from the UN Panel of Experts on resource exploitation in DRC, and the bulletins prepared by the International Crisis Group and Human Rights Watch.

Principle 2: Do no harm. There are some ***examples of good practices*** in relation to this Principle, particularly in the ***humanitarian field*** where agencies working in the east of the country have been highly conscious of the risk of exacerbating social divisions and generating conditions for renewed conflict. In some cases humanitarian groups have decided not to provide assistance for these reasons. However, in other respects, the ***international community has had difficulty implementing the principle of "do no harm"***. A point of particular sensitivity is the ***role of international peacekeepers*** (MONUC) working with the national army (FARDC) in campaigns against the *Forces démocratique de libération du Rwanda* (FDLR). Many considered that recent events demonstrate that MONUC does not have the resources to fulfil its mandate, and that reprisals exacted by the FDLR against the local population have been too costly. The ***natural resource sector*** was also highlighted as an area where the international community needs to pay more attention to the role and transparency of foreign mining companies operating in DRC.

Principle 3: Focus on statebuilding as the central objective. This principle appears to be well reflected in the intervention strategy of the international community, which has ***invested massively in statebuilding programmes***, in particular by supporting elections, Congolese civil society, institution building in the fields of democracy, rule of law and affairs of state, as well as service provision. A recent mapping of aid spent in DRC showed that good governance is the largest sector for international assistance. In spite of this focus, there is a common perception that international ***assistance for statebuilding in DRC has not delivered sufficient visible results***. This results in part from the long-term nature of the statebuilding agenda and the lack of visibility of most international programmes in areas such as governance and institutional reform. However, some participants have deplored the excessive visibility of certain international actors and their tendency to bypass the DRC government in project implementation *(see Principle 7)*.

Principle 4: Prioritise prevention. The consultation recognised the ***positive role of the international community in the prevention and management of crises in DRC***, in particular in relation to the deployment of MONUC, electoral support, financing of Disarmament, Demobilisation and Reintegration (DDR) programmes, security system reform, diplomatic efforts in peace negotiations and the normalisation of relations between DRC and Rwanda. However, there was a view that international assistance has tended to focus on mediation and crisis response, and ***has neglected the longer-term causes of conflict.*** Local development, national dialogue and reconciliation, the fight against impunity and land reform are essential aspects of conflict prevention that have tended to be neglected by international partners. There is a particular need to rebuild the social fabric in war torn parts of DRC.

28 www.oecd.org/fsprinciples and www.oecd.org/pbsbdialogue. The International Dialogue is also co-chaired by the UK.

Principle 5: Recognise the links between political, security and development objectives. These links have been well taken into account in government policy and programmes. There are also some examples of good practice at the regional level. However, ***the international community has not been particularly effective in its support for security sector reform***. While there have been some recent advances in this field, there is a need to renew support for the professionalization of the national army and its increased accountability.

Principle 6: Promote non-discrimination as a basis for inclusive and stable societies. Some participants considered that DRC is discriminated against in relation to other countries by the international community in relation to aid provision. The principal evidence cited was that aid *per capita* in DRC, at USD 19 is well below the Sub-Saharan African average of USD 44 (2007). However, others argued that DRC's rich endowment in natural resources needs to be taken into account in ***considerations about whether the country is under-aided***.

In relation to promoting non-discrimination within DRC, the international community was said to have ***played a positive role in promoting women's rights***. However, its influence on the fight against impunity, corruption and human rights abuses was regarded as being weak.

Principle 7: Align with local priorities in different ways in different contexts. A degree of alignment has been achieved through the strategic frameworks mentioned earlier. However, ***international partners have avoided using national systems for procurement and public financial management***, which are considered too weak to guarantee accountability for donor funds. Development partners have instead tended to work through project implementation units operating in parallel to regular government structures, a practice that was considered to be particularly harmful to government capacity. A recent count identified 146 project implementation units in 2008. In general terms, the international community has shown ***a tendency to look for short-cuts in aid delivery, and has not sufficiently engaged with the national administration***. However, it was also recognised that this tendency reflects the lack of capacity within the Congolese administration and the problem of corruption. Breaking this vicious circle will depend on international support for capacity development and institutional reform.

The consultation also highlighted the need for greater international alignment with sub-national priorities, in particular in the context of constitutional provisions for decentralisation. However, this remains difficult in the absence of clear development policies and plans at provincial and lower levels.

Principle 8: Agree on practical co-ordination mechanisms. Participants recognised the efforts of international partners over the past few years to improve co-ordination. There has been particular progress in ***humanitarian aid*** through the annual preparation of Humanitarian Action Plans (PAH), the use of pooled funds and a provincial co-ordination initiative in North Kivu. However, there was also criticism of the tendency of humanitarian aid agencies and development agencies to work in parallel with limited co-ordination and a degree of overlap.

The consultation noted the recent establishment of ***tripartite thematic groups*** as an important instrument, but suggested that progress has been more apparent in some sectors than others. Police reform and health were cited as two areas of progress. In addition, multi-donor programmes, such as the World Bank-DFID *Pro-Routes* infrastructure initiative have begun to establish an international division of labour.

However, there are several areas of weakness in donor co-ordination. Two areas identified by the consultation include army reform and operational coordination at the provincial level.

Principle 9: Act fast… but stay engaged long enough to give success a chance. The international community in DRC has ***not been able to ensure a sufficiently rapid response***. Outside of humanitarian action, rapid response mechanisms are few and far between. The design and implementation of development projects is often delayed by administrative obstacles created by government and the donors.

The meeting considered that the international community recognises the importance of a long-term and multifaceted engagement in DRC. Factors mentioned as being key to success of this engagement include robust monitoring and evaluation, support for the next elections, the provision of debt relief and the management of the withdrawal of MONUC.

Principle 10: Avoid pockets of exclusion. A major point of debate was the question of the geographical distribution of aid resources. Many participants argued that international assistance has been distributed disproportionately in favour of the eastern provinces at the expense of the west, which also has enormous humanitarian and development needs. Such an imbalance threatens to create tensions within Congolese society, reinforce social divisions and create pockets of exclusion. However, it was also argued that a focus on the east reflects the government's own stabilisation and peacebuilding objectives. In addition, it was noted that assistance to the eastern provinces is mainly in the form of humanitarian aid.

2. Main recommendations

Participants identified six main priorities for consolidating peace and statebuilding in DRC: (1) security (army reform and professionalisation), (2) judicial strengthening (judicial independence, fight against impunity and sexual violence), (3) decentralisation (local elections and development), 4) stakeholder dialogue (including public-private partnership), (5) strengthening public administration (training and organisational reform), and (6) regional approaches (political dialogue with neighbours and joint projects).

Summary table

PRINCIPLES	FINDINGS	PRIORITIES
Take context as the starting point	There are multiple fragmented analyses of the context in the DRC and where information exists, it does not circulate. There is a lack of information sharing and Congolese expertise.	Fill in the gaps in information and avoid duplication of information. Put in place efficient national mechanisms for data collection and project monitoring and evaluation.
Do no harm	Good practice does exist in the humanitarian sector, but implementation of the principle is poor in the development sector. MONUC lacks capacity to carry out its mandate. Doubts with regard to hidden interests in the mining sector.	Allocate aid so as not to neglect disadvantaged regions, some of which (Bandundu, Equateur, Kasaï-Orientale) are "aid orphans". Develop strategies at province level for poverty reduction.
Focus on statebuilding as the central objective	The objective is well integrated into aid programming, but the lack of visible results and involvement of the public administration and, sometimes, the unduly high profile of the international actors are harming the legitimacy of the state.	Contribute to national cohesion impartially. Help the Congolese government to mobilise its own resources. For the government, accelerate implementation of the Governance contract.
Prioritise prevention	The international community is playing a positive role in prevention, but little support is given to long-term programmes touching on the root causes of the conflict. Rebuilding the social fabric has been identified as a priority. As matters stand, local development, dialogue and reconciliation, action to prevent impunity and the land issue too often tend to be left aside.	Apply pressure to neighbouring countries to find internal and regional political solutions. Focus more on the traditional aspects of peace-building, particularly transitional justice.
Recognise the links between political, security and development objectives	The three Ds (Diplomacy, Defence and Development) have been well integrated into the programmes, but the results of support for the security sector remain limited. Support for the security sector has not been adequate, co-ordinated or efficient.	Renew support for the training of a professional army for the Republic and step up action to prevent impunity.
Promote non-discrimination as a basis for inclusive and stable societies	Low ratio of aid per capita. Little influence on action to prevent impunity, corruption and human rights violations.	
Align with local priorities in different ways in different contexts	No alignment with national systems for letting contracts and management of public finances is considered too weak. Mechanisms for alignment with national priorities are in place but have not been made operational.	Reduce the number of parallel units and secure greater involvement of the public administration. Set up a joint fund to support state capacity building.
Practical co-ordination mechanisms	Progress has been made on the co-ordination of humanitarian aid, but there is a tendency to set up parallel structures for humanitarian aid and development aid. Lack of co-operation on the ground and in reform of the army.	Establish a smoother transition from humanitarian initiatives to longer-term development aid. Review the work of the three thematic co-ordination groups.
Act fast… but stay engaged long enough to give success a chance	There was agreement that the international community does not take action quickly enough. Rapid response mechanisms remained thin on the ground, outside of humanitarian initiatives. Project implementation is held up by red tape.	Put in place more flexible and faster funding procedures. Re-organise the activities of the United Nations integrated mission in conjunction with the Integrated Strategic Framework. Reallocate funds to strengthening state and army reforms.
Avoid pockets of exclusion	Development aid and humanitarian aid are unevenly distributed over the territory. Aid for the East is primarily humanitarian.	Support the government in its decentralisation programme.

Annex G: Executive summary of the Haiti country report

The Haiti Country Report reflects the findings from dialogue among 90 stakeholders representing both national and international institutions, complemented by interviews and data collection (www.oecd.org/fsprinciples). It aims to review the implementation of the *Principles on Good International Engagement in Fragile States and Situations*, two years after the Principles were endorsed by ministers of the OECD Development Assistance Committee's 23 member countries, and to identify priority areas to improve the collective impact of international engagement. Implementation of the Principles will be reviewed again in 2011.

1. Main findings

Principle 1: Take context as the starting point. Haiti presents a complex set of problems relating to its context and history, which must be taken into account in the design of international interventions and development programmes. While there was agreement on the importance of contextual understanding, ***different stakeholders have interpreted the Haitian context in different ways***. There are important differences of opinion within Haitian society (reflecting a legacy of divisions and exclusion), and between Haitian and international actors, which have so far prevented the emergence of a common vision of Haiti's development priorities, and the direction and pace of change. These multiple readings of context, combined with a general failure to take contextual analysis onboard in the programme design and implementation (*e.g.* on youth employment and regional disparities), has led to a lack of coherence in intervention strategies. This is evident in the Haitian Poverty Reduction Strategy, the DSNCRP, which provides a common vision for Haiti's long-term development, but does not highlight what are the immediate priorities. Stakeholders agreed on two main points: (1) the need for a more joined-up understanding of the Haitian context, including its changing character, and (2) the need to take greater account of the local context in the definition of programmes and projects, in particular in relation to the security agenda and democratic transition.

Principle 2 : Do no harm. The consultation recognised the role of international assistance in stabilising the country, but also pointed to several perverse effects of international intervention. These were grouped into three main areas:

- **Aid delivery and modalities.** There was a concern that the heavy international presence may be acting to weaken the capacity and legitimacy of the state, for example where international agencies seek to intervene too heavily in domestic policy debates or establish parallel implementation structures outside of regular government control. In addition, the major disparity in salary levels between government and international actors has drawn skilled labour out of government.
- **Widening disparities.** There is some evidence that development aid has been overly concentrated in certain geographical areas (the Cité Soleil slum was mentioned as being a particular focus of donor attention due to media interest and proximity to the airport, and most rural areas were thought to be under-aided) and in certain sectors (the social sectors tend to be favoured over the productive sectors).
- **Food aid.** A debate took place as to whether the provision of food aid has diverted attention from tackling the longer term causes of food insecurity by investing in agricultural development.

Principle 3: Focus on state-building as the central objective. The consultation revealed a firm consensus on the importance of statebuilding, but also a level of disagreement on how to put this principle into practice. It was noted that ***international support for institution building has focussed only on selected parts of the executive without taking a government-wide view***. There has been a tendency to ignore broader questions of public service reform (the legacy of clientelism from the Duvalier era was emphasised as being an obstacle to establishing a modern civil service) and fiscal reform which will be required to ensure that government capacity can be enhanced and sustained.

The ***reform of the National Police*** (PNH) was cited as an example of successful statebuilding that has resulted in significant improvements in security. According to a recent opinion poll 70% of Haitians view the police as the most reputable government institution. However, there were concerns that such improvements have not benefited all parts of the country, and that improvements in policing have not been matched by a strengthening of the judicial system. International agencies have been working with the police for 14 years, while support for the justice system began only in the past year.

The consultation revealed other examples of ***a lack of a joined-up approach to statebuilding***. Some of the main gaps appear to be a lack of interest in supporting political parties (despite large-scale international support for parliament as a whole), a tendency to focus on central rather than local government, and the limited connection between Haitian civil society and government in terms of ensuring oversight and accountability and partnership in service delivery: there is "a weak social contract".

The ***proliferation of project implementation units*** (PIUs) operating outside of regular government structures was viewed as being a major hindrance to building government capacity, ownership and legitimacy. However, in practice the reduction in the number of PIUs will depend on international actors seeing progress in tackling corruption.

Principle 4: Prioritise prevention. There was broad agreement on the importance of this principle, and recognitionof the positive role of international support in stabilising the country over the past five years. However, the situation remains precarious as a result of dire poverty, the weakness of the social contract and the risk of further political instability. Hence, it will be important to ***maintain focus on conf ict prevention even as security conditions improve***. Particular emphasis was placed on the need for a more ***holistic approach to conf ict prevention*** encompassing social, economic and environmental dimensions. This should be based on an integrated approach recognising the links between good governance and security, tackling the problem of youth unemployment, and limiting the social and humanitarian impacts of natural disasters. A key element in the conflict prevention strategy will be to ***strengthen national stakeholder dialogue*** as a means to improve communication and mediate between interest groups.

Principle 5: Recognise the links between political, security and development objectives. There was consensus around the importance of the principle. Many of the points raised reinforced the messages put forward under the first four principles. There was particular agreement on the ***need for greater focus on inter-sector approaches*** linking different ministries, to achieve greater impact.

Principle 6: Promote non-discrimination as a basis for inclusive and stable societies. The consultation concluded that international actors have actively ***promoted measures to promote gender equity*** by encouraging the development of women's organisations and a trend towards greater representation of women in positions of power. However, ***international action has generally failed to address other forms of social exclusion that are deeply rooted in Haitian society***. This includes the rural/urban divide, large scale unemployment and the disillusionment of youth exclusion.

Principle 7: Align with local priorities in different ways in different contexts. There has been some progress in strengthening alignment at the national level. 95% of development aid provided to the public sector is now accounted for in the national budget, a figure that exceeds the Paris Declaration target (85%). The DSNCRP also provides a common point of reference for international support, in spite of a lack of prioritisation in certain areas. While recognising the progress in alignment at the national level, the consultation suggested that there has been a lack of engagement between international and sub-national actors at the départmental and communal level. There has been a lack of attention to the specific needs at the local level, and international actors have become part of a system where planning is essentially top down. Moving towards more bottom-up processes will be a major challenge in Haiti because of the weakness of representative and judicial structures at the local level.

Principle 8: Agree on practical co-ordination mechanisms There are several mechanisms in place in Haiti for co-ordination between international actors which ***in terms of their design generally satisfy the principles of the Paris Declaration. However, in practice there have been weaknesses in co-ordination*** resulting from the diversity of actors and ways of working, duplication of effort by donors and international NGOs, the non-participation of Southern providers of co-operation from formal co-ordination structures and the multiplication of co-ordination mechanisms, including the 22 sectoral working groups that some judge to be excessive in number.

Several examples were cited of how inadequate coordination has led to contradictory policies and aid delivery mechanisms: one case relating to seed distribution where two NGOs had simultaneously operated cost recovery and free distribution programmes in the same place, another case relating to small scale infrastructure works where different agencies had sought local labour contributions on a paid and unpaid basis.

Principle 9: Act fast… but stay engaged long enough to give success a chance. The events of Haiti's recentpast and its continued fragility emphasise ***the need for rapid international response***. The international community has played a positive role in this regard, but in ensuring a rapid response there has been a tendency to engage in short-term "fire fighting" measures and to lose sight of long-term development goals. To date there has not been any 10-year partnership agreements signed, as is emerging practice in fragile states which most need long-term engagement.

Principle 10: Avoid pockets of exclusion. The geographical concentration of aid was a recurring point of debate throughout the consultation. International agencies have tended to operate in the south of the country where infrastructure is better. Many consider that this has widened disparities between different parts of Haiti. However, there are counter arguments that this strategy has been consistent with the immediate need to promote stabilisation and economic development, and is also reflective of the pattern of population density in Haiti.

Summary table

PRINCIPLES	FINDINGS	PRIORITIES
Take context as the starting point	There is no consensus between local and international actors on the state of development or the priorities the country should pursue. There is a risk that this will lead to a lack of coherence between the local context and the choice of intervention. A static interpretation of the context is blocking a more flexible vision of its changing nature.	Agree on a high-level mechanism to improve co-ordination among the international actors and dialogue with Haitian stakeholders, taking the Poverty Reduction Strategy, the DSNCRP as a model.
Do no harm	Risk of weakening the state through parallel implementation structures and the concentration of aid in certain geographical areas and sectors. Major disparities between local employees and international employees.	Establish a mechanism for evaluating the immediate results of the DSNCRP and its impact on social, economic and governance dynamics.
Focus on statebuilding as the central objective	While an improvement in the operation and image of the national police, the PNH, was stressed, absorption capacity and ability to provide services remained limited. Recognition of the DSNCRP as a necessary framework for implementing and improving the services provided to the population. Support was concentrated in certain branches of the executive and a sectoral approach was lacking.	Develop a strategic statebuilding plan. Reduce the number of project implementation units. Make a start on the public sector reforms needed, particularly the prevention of corruption and the mobilisation of national resources.
Prioritise prevention	The situation had improved, but little account was taken of the socioeconomic aspects of prevention. There was consensus on the need for a holistic approach to this principle (youth unemployment, education, etc.).	Invest and facilitate investment in the social field. Need to strengthen contingency planning and rapid response capacity as concerns both government and international actors (with respect to food security for example). Need to maintain the focus on security even if the situation improves.
Recognise the links between political, security and development objectives	The situation had improved, but an interministerial and intersectoral approach was lacking.	Facilitate exchanges between the executive, legislators and civil society and strengthen interministerial coherence, using existing interministerial co-ordination structures.
Promote non-discrimination as a basis for inclusive and stable societies	Positive progress on gender issues, but insufficient attention to the rural population, the unemployed and young people.	Identify elements of the DSNCRP that support disadvantaged groups. Develop communication oriented to the various segments of Haitian society.
Align with local priorities in different ways in different contexts	The target set by the Paris Declaration has been reached: 95 percent of aid provided to the public sector is accounted for in the national budget. Lack of attention to the priorities of local-level bodies.	Support a deeper level of sectoral alignment and alignment with local authorities.
Practical co-ordination mechanisms	The Principles of the Paris Declaration are being met, but the disparity between aid actors and sectoral groups makes co-ordination difficult.	Promote co-ordination between international actors through joint missions, joint offices, common reporting formats and the use of multi-donor trust funds.
Act fast… but stay engaged long enough to give success a chance	Absorption capacity problems. The focus on rapid response has led to a lack of long-term engagement in certain sectors and to inconsistencies with the local context.	Add a bottom-up, participative process at commune level to the current approach, which is mainly top down.
Avoid pockets of exclusion	Concentration of aid in the south of the country, where infrastructure is better.	Strengthen standardisation of data collection. Aim to build up an understanding of the respective constraints and promote the use of common standards by international and local actors.

Annex H: Executive summary of the Sierra Leone country report

This Sierra Leone Country Report reviews the implementation of the *Principles for Good International Engagement in Fragile States and Situations*, two years after the Principles were endorsed by ministers of the OECD Development Assistance Committee's 23 member countries in 2007. It also aims to identify priority areas to improve the collective impact of international engagement. Implementation of the Principles will be reviewed again in 2011.

The consultative meeting to monitor the application of the *Principles for Good International Engagement in Fragile States and Situations* in Sierra Leone was held in Freetown on 19 October 2009, organised and co-hosted by the Sierra Leonean Ministry of Finance and Economic Development (MOFED) with support from the OECD Development Assistance Committee's (DAC) International Network on Conflict and Fragility (INCAF). The meeting was attended by a broad cross section of senior representatives from the international community, civil society and national government, including the Minister of Finance and Economic Development, His Excellency Samura Kamara; the Minister of Defence, H.E. Major Rtd. Alfred Paolo Conteh; and the Minister of Information and Communications, H.E. Alhaji Ibrahim Ben Kargbo (see Annex B for the list of participating institutions).

1. Overall findings

It became clear during the consultation and accompanying interviews that the Sierra Leone aid dynamics align well with the OECD *Principles for Good International Engagement in Fragile States and Situations* (listed in Annex A). Between 2001 and 2006 the country was the largest per capita recipient of foreign aid in the world, and continues to benefit from relatively generous assistance channelled through a small number of major donors. In addition, the country has been the object of UN Peacebuilding Commission attention for several years and has benefitted both from the application of the Peacebuilding Fund and from a Peacebuilding Co-operation Framework that has been in place since December 2007. However, it also became clear that the progress made in drafting strategy papers has not yet generated a feeling of progress on the ground. It has also not led to the establishment of solid implementation arrangements – such as the sectoral working groups named in the government's guiding document *Agenda for Change*, the Second Poverty Reduction Strategy (PRSP-II).

Knowledge of the OECD Principles is relatively well developed, particularly among major donors, and both government and donor strategy documents suggest a nuanced grasp of key concepts and their interrelationships. Perhaps because intervention to end the civil war began with decisive military and political action, major donors have from the beginning addressed themselves to the task of creating a viable state in Sierra Leone. They may have been largely responsible for demonstrating the usefulness of practices that have since formed the foundation of the Principles. In addition, the public's vivid memory of how bad things can get if governance fails creates a civic complement to the strong will among both donors and the government to deliver on the promises made in such key documents as the PRSP-II, the Aid Policy and the National Anti-Corruption Strategy.

The consultation on 19 October 2009 in Freetown offered a significant opportunity for civil society inclusion, and may have helped develop a national consensus on the priority of issues to be resolved in consolidating peace and building a viable state structure in Sierra Leone. It provided an important opportunity for direct feedback from civil society and district governments to their national executive. The consultation fit within a well-established international framework that includes the first ever United Nations Peacebuilding Mission (United Nations Integrated Peacebuilding Office in Sierra Leone, UNIPSIL) and a constructive climate of co-operation between government and donors that would be the envy of other fragile states.

2. Seven key Principles

The following seven Principles were given greatest emphasis during the consultations and are therefore highlighted particularly in the following, though this report discusses all ten in its Part I.

The donor community is well aware of Sierra Leone's historical and present "context as the starting point" (Principle 1), and is sensitive to the challenges raised by this still fragile situation. Most donors use the government's PRSP-II to guide their own assistance strategies. Furthermore, there are clear indications that donors are taking major steps to make better use of aid modalities designed to give more control to the Government of Sierra Leone (GoSL). The Joint Vision for Sierra Leone by the United Nations Family; the Joint Assistance Strategy of the European Commission and the United Kingdom's (UK) Department for International Development; and the World Bank/African Development Bank Joint Assistance Strategy all reflect a rising level of donor confidence as Sierra Leone develops. Initiatives like the EC Fragility Piloting, carried out in 2009, further improve understanding and sensitivity in this specific country context. At the same time, the gap between planning and implementation is still wide – carefully considered action will be required to realise the many goals in the PRSP-II.

The donor community acts responsibly in "doing no harm" (Principle 2), except when it comes to distorting local labour markets. GoSL's lack of capacity to absorb aid effectively immediately after the conflict forced major donors to assume a significant share of the human resources costs of establishing a functioning bureaucracy. Though gross domestic product (GDP) has risen at an average rate of approximately 5% a year since the end of hostilities, the tax base is still too low to allow the GoSL to cover the full cost of its human resources bill. As time passes, government efforts to wean itself off international aid will be complicated by the existence of large numbers of employees in key positions who benefit from salary top-ups. The disparities created by salary top-ups and parallel implementation units (PIU), also donor-created, complicate civil service reform and may leave a new legacy of public servants who believe themselves to be specially entitled.

Most donors "focus on statebuilding as the central objective" (Principle 3) by supporting the government in its statebuilding efforts. However, they could further strengthen government capacity by reducing incoherent independent operations and the time needed by government to navigate different donor organisations' administrative systems. At the same time, a more strategic and sustained approach is also needed to strengthen parliament's capacities to assume its constitutional role. Ties between government and society need to be strengthened, and there is a desire by civil society to engage in more sustained political dialogue with government.

The international community has invested in "prioritising prevention" (Principle 4) effectively. Determined UK engagement in the direct aftermath of the conflict has allowed security sector reform to have great impact. Further to this, activities to prevent structural conflict have focused on governance reforms, such as judicial reform and parliamentary assistance, and most importantly, decentralisation. Preventing conflict in Sierra Leone requires a priority focus on dealing with the traditional regional rivalries that have undermined the public's trust in their central government for many decades. Another focus of donors' conflict prevention efforts is youth unemployment, which poses a major threat to stability and sustainable development in Sierra Leone. Finally, there are new challenges on the horizon with the emerging international drug trafficking throughout West Africa.

The PRSP-II and its related policy directives and plans suggest that the importance of an integrated approach – defence, diplomacy, development – (Principle 5) for peacebuilding and statebuilding dynamics are well understood within the GoSL as well as by international representatives. Sierra Leone is one of only a few developing countries to have such a set of coherent and well thought-out policy documents addressing the complex inter-relationships between political, security and development imperatives. However, the proof of an effective policy is in the implementation – and in this respect many challenges remain.

The significant progress made by donors towards better "aligning with local priorities" (Principle 7) is very promising but remains insufficient. The efforts mentioned under Principle 1 above are groundbreaking. However, the time has now come to re-evaluate the level of risk donors are willing to accept and to understand that fully empowering the GoSL to manage its revenue, and to account for it to both donors and to the citizens of Sierra Leone, is an essential step that must inevitably be taken.

Despite the relatively small number of international actors in Sierra Leone, "agreeing on formal co-ordination mechanisms" (Principle 8) has been a challenge. There is a healthy appetite by donors for more institutionalised donor co-ordination under the leadership of GoSL, for which the GoSL's Aid Policy document offers a good entry point. With joint UNIPSIL and World Bank leadership, donors are also making serious efforts to institutionalise better inter-donor co-ordination mechanisms, and to make the existing ones more effective. An example is the Joint UN Strategic Planning Unit based at UNIPSIL and serving the UN Country Team and Resident Coordinator. Aside from the formal mechanisms, well-established informal networks have emerged which continue to facilitate co-ordination and information-sharing.

3. General recommendations

Based on the consultative meeting and interviews, several general recommendations can be made to the donors in Sierra Leone as well as to the GoSL. Of these, the most important message is to *stay the course*. The general recommendations are complemented by detailed priority actions for each Principle (See also Part II).

- **Stay the course and sustain support during what is inevitably a long process of statebuilding.** Time and perseverance are required to develop a citizenry capable of acting as guarantor of its own government's performance; to establish enough economic growth to cover the costs of government service delivery; and to reform a civil service mired in patronage systems.
- Build on the good work that has been done in preparing the foundations of the new state. Work should continue to develop a **better system of capacity development** that is less donor-dependent.
- **Sustain the impressive leadership dynamics** in place today among the international actors in Sierra Leone. However, some agencies need to give more attention to their human resources management.

- **Conduct a full review of the modalities of external support involving salary top-ups and the use of PIUs. Topping-up salaries and establishing PIUs** to assure the quality of government operations are short-term solutions that cannot be sustained without long-term guarantees. They also create pockets of exclusion within the civil service.
- **Increase the proportion of donor revenues handled by GoSL departments in ways that enhance the growing government capacity.** This may entail higher risk for donors but is the only way for the GoSL to demonstrate its ability to correct endemic flaws in Sierra Leone's political and governance culture.
- **Match government efforts to strengthen core state functions in service delivery with donor efforts to simplify their support,** *e.g.* through greater use of grants, multi-donor trust funds (MDTF) and sector wide approaches (SWAps). The recent trend among donors to use joint mechanisms and delegated co-operation arrangements is promising but needs to be developed further in order to simplify collaboration between donors and GoSL.
- **Sustain decentralisation and devolution,** which are important peacebuilding and statebuilding activities in Sierra Leone, while avoiding creating parallel structures at local level or undermining the central state. Donor support has been essential to the progress made so far but it must be appreciated that changing existing power relationships is a delicate process that requires patience and time-consuming negotiations.

Summary table

PRINCIPLES	FINDINGS	PRIORITIES
Take context as the starting point	Two successful elections and better governance are increasing donor confidence in Sierra Leone's capacity to progress. Today, the donor community appears well informed about Sierra Leone's historical and present context. However, there is still a large gap between planning and implementation.	Donors need to close the gap between planning and implementation through carefully considered action to achieve the many goals described in the PRSP-II and donor assistance documents. Donors should prioritise support to GoSL initiatives aimed at creating viable government institutions. Revise aid modalities to reflect significant increases in GoSL capacity and to empower the government to move to the next level.
Do no harm	A move to reduce aid dependence and to revise aid modalities is necessary to prevent the state from being unable to sustain civil servants' wages.	Donors should review the aid modalities of PIUs and salary top-ups to assess the best way for external support to strengthen capacity.
Focus on statebuilding as the central objective	Statebuilding appears to be the central objective of both the GoSL and donors. While the foundations for a viable state are well laid, statebuilding should remain the focus of donor engagement in the coming years.	Donors need to develop a more joined-up approach towards enhancing executive and legislative capacity. Donors need to reduce the complexity of their requirements, which in aggregate are a huge capacity drain on GoSL. There is a need for more sustained political dialogue and information sharing between government and society.
Prioritise prevention	Party politics continue to play a destabilising role. Donor efforts to support decentralisation have helped but more needs to be done to support government processes. Young people are also a key prevention factor targeted by donor initiatives.	Sustain support for the reform of the security institutions. Government and donors need to take preventive action over drug-trafficking, such as supporting improved border control. Remain committed to structural governance reforms, in particular to decentralisation, and engage in the long political process of effective devolution rather than engaging at a purely administrative level. Donors and government need to make concerted efforts to reduce youth unemployment.
Recognise the links between political, security and development objectives	Political security and development linkages are well understood by both the GoSL and donor community. However, there is still a gap between analysis and implementation.	Pay greater attention to supporting policing training and judicial capacity building. Government and donors need to strengthen public trust in the security institutions.
Promote non-discrimination as a basis for inclusive and stable societies	Policy both directly and indirectly reflects principles of non-discrimination; donor efforts have improved the judiciary system. Problems still exist, however, in conflict with traditional court systems and behavioural change with regard to discrimination practices.	Donors need to provide more, but cautious, support to the reconciliation between different systems of justice and land tenure in the Western Area and the districts. Government and donors need to sustain support to decentralisation without creating parallel structures that undermine central state authority.
Align with local priorities in different ways in different contexts	Steps have been taken to increase alignment; however, these need to go further to empower the GoSL and allow it to be accountable to both donor and citizens.	Donors need to ensure further alignment in order to devolve power to the GoSL and allow accountability to run to both donors and citizens.
Practical co-ordination mechanisms	Over the past two years, there has been a lack of sustained and institutionalised dialogue between the donor community on and government. The Aid Policy and Action Plan provide good entry point for better donor co-ordination under the leadership of the GoSL. Inter-donor co-ordination has been a challenge in the past, but is improving under World Bank and UNIPSIL leadership. Meanwhile, good informal working relationships between donors facilitate information sharing.	Use the GoSL Aid Policy as a good starting point for institutionalising dialogue with government under GoSL leadership. Donors need to institutionalise inter-donor co-ordination mechanisms under World Bank and UNIPSIL leadership. Make real progress in simplifying and harmonising donor support. More work needs to be done to co-ordinate aid modalities to support alignment and ownership under GoSL. There needs to be greater use of MDTFs, grants and SWAps to support GoSL in improving service delivery.
Act fast… but stay engaged long enough to give success a chance	Donors are committed to long-term engagement following rapid intervention by the UK which precipitated the end of the civil war. But there is uncertainty over overall levels of aid flows in the current economic crisis.	Donors need to commit support over longer periods. Make essential efforts to streamline HR processes, to anticipate gaps effectively and ensure that learning is transferred to new staff.
Avoid pockets of exclusion	Policies targeting vulnerable and marginalised populations exist. However, implementing these policies has lagged. There is a risk of social unrest unless exclusion is better addressed.	Government, with support from donors, needs to resolve land tenure and youth unemployment, which are the most pressing issues.

Annex I: Executive summary of the Timor-Leste country report

The Timor Leste Country Report reflects the findings from dialogue among 90 stakeholders representing both national and international institutions, complemented by interviews and data collection (www.oecd.org/fsprinciples). It aims to review the implementation of the Principles on Good International Engagement in Fragile States and Situations, two years after the Principles were endorsed by ministers of the OECD Development Assistance Committee's 23 member countries, and to identify priority areas to improve the collective impact of international engagement. Implementation of the Principles will be reviewed again in 2011. During the consultations the full range of Principles, and their inter-linkages, were discussed.

1. Main findings

Principle 1: Take context as the starting point.

- A constantly evolving context has been a defining feature of Timor-Leste. The need to shift between crisis and development response, the transition to a medium- to long-term national planning framework and a "donor heavy" operating environment have presented various challenges to developing a shared vision and coherent path towards sustainable development.
- Accordingly, participants identified the need for greater sharing of analysis among international actors,[29] with the aim of agreeing on a common analysis of context. The adoption of an agreed ongoing consultation process that maps changes in context was identified as another strategy to support improved co-ordination (Principle 8). The government also emphasised the need for development assistance to be appropriately sequenced and phased, taking into account the current context, capacity and pace of reform.

Principle 2: Do no harm. While international actors do not deliberately aim to cause harm, several significant challenges were identified:

- International actors inevitably compete with the government in the small market of skilled and experienced personnel to attract the best and brightest Timorese staff. This has exacerbated capacity constraints, distorted local wages and ultimately undermines broader statebuilding efforts.
- International actors may be encouraging Timor-Leste to develop a system of governance that is beyond its sustainable means.
- The *"Dili-centric"* focus of development efforts may have been justified in early days but may now be widening the rural-urban divide. The need to address disparities between rural and urban areas also emerged as a central and unifying theme across many of the other Principles, including prioritising prevention, promoting non-discrimination and avoiding pockets of exclusion (Principles 4, 6 and 10): Participants identified the need for both government and international actors to increase their investment in rural areas, with a focus on improving service delivery. Developing an agreed division of labour among international actors on a sectoral or geographic basis was identified as a possible strategy to achieve this end.
- Many observers also felt that international actors have focused too heavily on building up the central institutions of government, and that a more inclusive approach to development would see greater support and engagement with civil society. This was viewed as important given the role that civil society plays in terms of both accountability and service delivery.

Principle 3: Focus on statebuilding as the central objective. Statebuilding was identified as the most important of all the Principles. The main challenge for Timor-Leste is to build an effective and accountable state, and capacity development was seen as the main challenge in doing so:

- While there is general agreement that international actors have invested heavily in developing the institutions central to building state and human resource capacity, the effectiveness of capacity development efforts and the extent to which development assistance is reinforcing state-society relations remain areas of much debate. There is a general view that the way international technical assistance is currently provided sometimes undermines broader capacity development aims.
- The need to strengthen all state institutions – not just the executive, but also oversight and accountability institutions such as the parliament and the judiciary – was seen as fundamental to building an effective and accountable state. Participants also highlighted the importance of nation-building alongside statebuilding, together with measures to reinforce healthy and positive state-society relations (*e.g.* accountability of the state to its citizens, adequate consultation, and engaging Timorese citizens as active partners in development and not just as targets or beneficiaries).
- Participants reiterated the importance of government transparency, accountability and eradication of corruption, which were seen as fundamental to state legitimacy.

29 The *Principles* are meant to apply to international actors as a whole and not only to donors. International actors include diplomats, humanitarians, security actors, development agencies, international NGOs and foundations, investors, *etc.*

- Participants also highlighted the need for mutual commitment, consistent engagement and better sequencing of capacity development efforts. A shared assessment of capacity needs was identified as a necessary first step in this process.

Principle 4: Prioritise prevention

- There was a general view that instability could be triggered by a range of factors rather than just one source. Accordingly, participants viewed peacebuilding as requiring an integrated approach – not just the cessation of violence and security – but also improved service delivery, reform of the security and justice sectors, investment in non-oil growth and employment opportunities, and addressing the needs of women and youth.
- An inclusive peace process, together with appropriate conflict resolution mechanisms (including both formal and informal justice) were identified as key strategies.
- The individual and collective responsibility of the Timorese people, centred on respect for others and human rights, were also seen as integral to long-term peace and stability.

Principle 5: Recognise the links between political, security and development objectives

- Participants generally agreed that international engagement and national priority-setting recognised the links between political, security and development objectives, and that trade-offs were well identified and managed.
- However, there were mixed views on the concept of short-term "buying peace" (*i.e.* government provision of cash transfers to help internally displaced people and petitioners reintegrate into the community following the crisis). It was suggested that "buying peace" was like "buying time". While there was general agreement that this was a successful short term intervention and a likely long-term investment in peace, participants also highlighted the importance of respect for human rights and justice in order to build lasting peace. There was general agreement that the transition to more equal and sustainable distribution of economic growth and service delivery programs will help support these efforts.
- There were equally mixed views among international and government observers on the effectiveness of co-operation between development, diplomacy and defence ("the 3Ds"). Some felt that it had been effective during times of crisis, but could be further strengthened in the post-conflict period.
- Good progress has been made on security sector reform, although it was also acknowledged that much remains to be done.

Principle 6: Promote non-discrimination as a basis for inclusive and stable societies

- There was a widespread view that insufficient attention is paid to the needs of youths, women, and other vulnerable groups. Youth unemployment was seen as serious, and potential threat to sustainable social peace.

Principle 7: Align with local priorities in different ways according to context. The absence of a medium to longer term planning framework and insufficient development partner flexibility were identified as two of the most significant bottlenecks to improving alignment:

- International actors have found it difficult to fully align their programmes on national priorities and systems in an environment where national plans and priorities have been annually adjusted to meet what have often been rapidly changing contexts.
- They have also found it difficult to shift gears between longer term development and emergency response.

Principle 8: Agree on practical co-ordination mechanisms. While there has been progress towards establishing co-ordination mechanisms (*e.g.* planning frameworks, sector-wide approaches, multi-donor trust funds), the main stumbling block appears to be the lack of a clear division of labour among international actors.

- There was general agreement that international actors must do more to identify areas of comparative advantage, pool resources and reduce the administrative burden on the government.
- Overall, the evidence suggests there is more urgency than ever to reduce the fragmentation of donor-funded activities. There are too many discrete aid-funded activities and these are placing a high burden on a government which has limited capacity to respond. The government has a role to play too, in managing the number of requests for small scale assistance.

Principle 9: Act fast… but stay engaged.

- There was a general view that international actors had acted quickly in response to crisis. Flexibility was a key determining factor in how effectively international actors were able to respond to changing circumstances.
- Although most international actors appear to be committed to long-term engagement in Timor-Leste, this is not always well reflected in forward budget planning and contractual commitments due to the cyclical nature of programming.

Principle 10: Avoid pockets of exclusion.

- There was general agreement that most international engagement is concentrated in the capital. There has been a strong emphasis on investment and service provision in the capital (the *"Dili-centric"* approach), exacerbating the rural-urban divide.

2. Mutual accountability

- While the *Principles for Good International Engagement in Fragile States and Situations* are intended to guide how international actors engage, development partners repeatedly stressed the importance of effective government leadership, transparency and accountability, noting that "engagement is a two-way street". Thus, a key overall finding is that the *Principles* cannot be assessed without taking into account the broader Paris Declaration principle of mutual accountability.[30]

30 In keeping with this notion, some development partners highlighted that the OECD indicators to monitor progress against the *Principles* are mutual ones (*i.e.* reflect the responsibilities of the partner government as well as development partners). Others suggested that Timor-Leste consider participating in the Paris Declaration Monitoring Survey.

Summary table

PRINCIPLES	FINDINGS	PRIORITIES
Take context as the starting point	International engagement is based on sound political and social analysis. The ever evolving context creates a lack of a shared vision and a coherent path towards sustainable development due to project fragmentation and *"Dili-centric"* focus.	• Make improvements to sharing the analyses of context through a common diagnostic with national stakeholders • Adopt an agreed ongoing consultation process to map changes in context
Do no harm	There is competition for staff between donors and the government. Risk to develop a governance system beyond sustainable means. The risk of a rural-urban divide in aid and a too narrow focus on central institutions leaving aside a more inclusive approach to development was highlighted.	• Increase investment in rural areas, and develop "Timor-appropriate" systems of governance • Reduce salary differentials between international organisations and government • Support credible research on the impact of the international community on the local economy.
Focus on statebuilding as the central objective	There is a risk of undermining broader capacity development through narrow international technical assistance and aneed for better sequencing of capacity development and support to not only the executive but also oversight and accountability institutions.	• Strengthening the focus of line ministries on improving service delivery • Develop a national capacity-strengthenin strategy. Strengthen the roles of the Parliament, civil society and the media as checks and balances • Focus not only on statebuilding but also nation-building.
Prioritise prevention	Prevention is part of most of the programming. However, long-term support for peacebuilding an integrated approach going beyond security is needed.	• Promote an integrated approach to peace • Support the Government's decentralisation process.
Recognise the links between political, security and development objectives	Donors recognise the links, but mixed views about the effectiveness of the linkages between the 3D's. While "buying peace" in the short run was judged effective, long-term engagement in human rights and justice questions is necessary for sustainable peace.	• Sustain efforts to maintain dialogue and improve co-ordination between diplomatic, development and security actors, even in times of relative stability
Promote non-discrimination as a basis for inclusive and stable societies	Low attention to needs of youths, women, and other vulnerable groups. *"Dili-centric"* approach enhances rural-urban divide.	• Agree a greater division of labour by sector and/or region to avoid being overly "Dili-centric". Systematise and deepen the dialogue with civil society through the National Priorities process.
Align with local priorities in different ways in different contexts	Efforts are hampered by the fluidity of the security situation, the absence of a mid- and long-term planning framework and missing flexibility of international actors. Competing donor interests and supply-driven approaches are a challenge.	• Put in place a multi-year, medium-term development framework. Share data on aid programs with development partners and line ministries. Commit to aligning on sector strategies and move over time towards budget support.
Practical co-ordination mechanisms	Despite improvements, there could be more co-ordination. Donors need to define their comparative advantage, pool resources and reduce administrative burdens.	• Clarify the pathway for development partner engagement. Identify mechanisms for better high level co-ordination and dialogue. Appoint focal point organisations or countries by sector.
Act fast… but stay engaged long enough to give success a chance	Short-term budget commitments undermine long-term engagement. Donors have reacted rapidly to crisis, but results depend on flexibility.	• Improve rapid response capacity. Move towards longer-term development, but caution against moving towards "development as usual" too fast.
Avoid pockets of exclusion	There is a high rural-urban divide in international engagement and low focus on the delivery of critical services outside the capital.	• Support further analysis to understand the root causes of pockets of exclusion and develop appropriate actions.

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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.

Capacity development is 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.

Community-driven development (CDD) is an approach that empowers local community groups, including local government, by giving direct control to the community over planning and resource allocation decisions through a process that emphasizes participatory planning and accountability. In contexts where institutions are weak and societies divided, CDD has been used to help build bridges between the state and its citizens and between social groups.

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) is 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 is 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.

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.

Peacebuilding is 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.

Programme based approaches are 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.

Political settlements are the deep, sometimes unarticulated, understandings between elites that bring about the conditions to end conflict, but which also in most states prevent violent conflict from occurring. For a political settlement to endure it must absorb social change (Whaites, 2008).

Security system refers to core security actors (*e.g.* armed forces, police, gendarmerie, border guards, customs and immigration, intelligence); security management and oversight bodies (*e.g.* ministries of defence and internal affairs, financial management bodies and public complaints commissions); justice and law enforcement institutions; and non-statutory security forces (*e.g.* private security companies, guerillas and militias).

Shadow alignment is 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 is 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.