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PILOTING THE PRINCIPLES FOR GOOD INTERNATIONAL ENGAGEMENT IN FRAGILE STATES

Draft Concept Note

A concept note on Piloting the Principles for Good International Engagement in Fragile States (DCD(2005)11) was originally presented for discussion at an informal LAP meeting on Piloting the Principles held at the OECD on 10 MAY which included participation from lead facilitators from both the field and headquarters.

This revised concept note DCD (2005)11 REV1 takes account of the main outcomes of this informal LAP meeting and is presented for APPROVAL at the 4th LAP meeting held on 27 MAY 2005.

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Background

1. A Senior Level Forum on Development Effectiveness in Fragile States (SLF) took place in London in January 2005, hosted by DFID and co-sponsored by the European Commission, OECD-DAC, UNDP and the World Bank. One of the outcomes of the Forum was a proposal that a set of Principles for good international engagement in fragile states be developed. The Principles (attached at Annex A) reflect lessons on aid effectiveness derived from recent experience in fragile states¹, covering issues including: priority interventions, alignment, donor coherence and coordination, aid instruments and aid allocations.

2. The Principles were drafted by the co-Chairs of the LAP and made available for discussion and consideration at the OECD's High Level Meeting (HLM) of Development Ministers and Heads of Agencies in March 2005 where the discussion on the Principles was positive. Moving towards implementation, it was agreed that the draft Principles should be piloted in a number of countries over the next 2 years. The DAC Chair has invited delegations to propose pilot country cases and volunteer to lead piloting. To date, DAC members have volunteered to pilot the Principles in ten countries. These include:

- Democratic Republic of Congo: facilitated by Belgium
- Guinea Bissau: facilitated by Portugal
- Haiti: facilitated by Canada
- Nepal: facilitated by the UK
- Palestine: facilitated by Austria and the UN
- Somalia: co-facilitated by the World Bank and the UK
- Solomon Islands: co-facilitated by Australia and New Zealand
- Sudan: facilitated by Norway
- Yemen: facilitated by the UN and the UK
- Zimbabwe: facilitated by the European Commission

3. Within the above group of suggested countries there is a broad geographical range, with varying dynamics of state fragility, and a mix of facilitators. This variety will be helpful in testing the validity of the Principles in a range of contexts.

4. This note outlines a way forward for piloting the Principles and lays out some elements of a common approach agreed to at an informal LAP meeting on Piloting the Principles with participation of facilitators from the field and headquarters, as well as other interested members, held at the OECD on 10 May. In order to achieve consistency and maximize lesson learning, it is advantageous that facilitators follow a common approach to implementing the pilots. Nevertheless it is recognized that the unpredictable and crisis prone nature of fragile states demands an iterative and flexible approach, and that country circumstances may make it hard for some country teams to follow a pre-determined plan or timeline.

¹ The DAC characterises difficult partnerships or fragile states as those countries where there is a lack of political commitment and/or weak capacity to develop and implement pro-poor policies, suffering from violent conflict and/or weak governance.

Purpose

5. The Principles recognize that 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 engagement will not by itself put an end to state fragility. The overall **purpose** of the implementing the Principles is to maximize the positive impact of such international engagement in the field and minimise unintentional harm.

6. The piloting exercise will have two phases, and two objectives.

Phase 1 (May 2005 to December 2005): The objective of Phase 1 is to secure buy-in at country level to the Principles and the piloting process and to outline actions that need to be taken to implement relevant Principles. At the end of this initial Phase, the draft Principles will be *fine-tuned*, reflecting feedback from pilot countries.

Phase 2 (from January 2006 to December 2006): The objective of Phase 2 is to implement the agreed actions outlined in Phase I. The overall goal for this Phase is to use the Principles to make real improvements in donor behavior—with the hope that this will lead to better results and outcomes in the partner country. At the end of this Phase the Principles will be finalized.

Given country contexts, it is important to emphasize that activities in Phase 1 and 2 may need to occur simultaneously. For example, international actors should not delay taking action against a specific Principle until January 2006 (Phase II), if action is needed or desirable sooner.

Methodology

7. The piloting process should, as far as possible, observe the following methodological suggestions:

- Use existing processes and avoid creating new structures. We must avoid generating a new layer of activity and requirements in country contexts where fragile governments and international actors are already stretched thin. This would be contrary to the aim of the Principles themselves, which, *inter alia*, seek to tackle inefficiencies of practices of international actors in fragile states. For instance, once international actors and government have agreed on which Principles are applicable/ priorities, these Principles could be incorporated in existing plans e.g. PRSP, PCNA, CCA/UNDAF, TRM, or an overarching transitional plan that may exist already.
- Be kept simple: minimize and harmonize reporting requirements and limit additional work.
- Aim for a sufficient level of comparability to draw lessons.
- Involve actions both in the field and at headquarters, across a range of agencies and ministries.
- Recognize that actions to adopt the Principles will vary by country, and that not all Principles will apply. What is important is to focus work on the Principles that would make the most positive impact for the given country.
- Encourage participation of 'national' government whenever possible. In countries where government participation is perceived to be problematic, the role of non-state actors, the UN and key civil society organisations and the private sector, are likely to be much more crucial.

- Involve all relevant international actors. At the core of the Principles is the need to involve all international actors, including non-DAC countries, in dialogue to improve engagement. Ensure appropriate participation of diplomatic, security (military, police, etc), finance and humanitarian ministries throughout the pilot process.
- Depending on the Principle, the facilitator could be represented by diplomatic, defence or other ministries. For instance, follow up on one Principle might be run through a security led committee, another through a gathering of ambassadors, and another through a partner government process.
- Recognize that the high risk environment in some pilot countries may make it difficult for international actors and governments to implement agreed actions.

Interpreting the Principles

8. The Principles are fairly high level statements and will need interpretation for each country situation. For example, political-security-development nexus in an in-conflict situation may relate to the need to make development activities conflict sensitive and supportive of peace-building. In a post-conflict situation it may imply the need to give weight to political developments or security sector reform in PRSPs. The focus on state-building in a post-conflict situation in particular may imply support to government budget and service delivery; in a situation of on-going conflict or prolonged crisis it may require planning support through non-government mechanisms to facilitate eventual transitions to government delivery.

Proposed Process

9. In practice, the implications of the Principles will be different for each country and may call for different piloting processes. In view of this, there was a strong consensus, at the informal LAP meeting on 10th May that the piloting process should be viewed as highly flexible and country determined. The steps outlined in this section should therefore be viewed as a suggested approach. However, in order to ensure that the overall exercise is consistent and meaningful, and that the piloting experiences can be compared, the completion of the Matrix of Agreed Actions is requested as an essential requirement of all the pilots.

Phase I

10. The Principles should be *introduced* at an in-country co-ordination meeting or equivalent to familiarize national government and international actors. Particular efforts should be made to include colleagues from the diplomatic, defense, humanitarian communities, civil society, and relevant international actors from non-DAC countries in this initial discussion and beyond. Prior consultation with national government—where the basic relationship makes this possible—is recommended. The discussion should include an explanation of the background to the Principles, their content, and the intention of DAC members to apply the Principles. An ideal outcome would be the adoption or endorsement of the Principles by the coordination body as a basis for strengthening collaboration and aid effectiveness, and volunteers to participate in a workshop to prepare a Matrix of Agreed Actions (see Annex C).

11. *Facilitate* an informal workshop for the in-depth discussion of the Principles on the basis of the template proposed in Annex C soon after the meeting above. This workshop should ideally be held between early June and late September 2005. A minimum of a half day workshop would seem necessary to enable a full discussion. The agenda for the workshop should aim to include discussion of (a) which Principles were not applicable and why?; (b) which Principles would have the most positive impact on the country situation?; (c) what is the current status regarding these Principles?; (d) what would be realistic

targets for progress for each i.e. where do we want to be in a year?; (e) what indicators could be used to track progress?; (f) what actions should be taken (and by whom) to apply the selected Principles; (g) what obstacles and risks are anticipated?; (h) and what progress has been achieved on actions thus far? The outcome of the workshop would be agreement on a short **Matrix of Agreed Actions based on the annexed template**. Regardless of other steps chosen for the pilot process, completion of this simple matrix and updating to reflect progress in mid-2006 is requested as a minimum.

12. In addition to developing a Matrix of Agreed Actions, workshop participants should consider the most appropriate mechanism for tracking progress against a Matrix of Agreed Actions. To avoid creating parallel mechanisms, one option would be to present the Matrix of Agreed Actions to Facilitators and government at the main coordination forum, and propose using established coordination arrangements / meetings to review progress against agreed actions.

13. For the piloting process to have broad-based support and ownership facilitators should aim to secure participation in the workshop by the main actors in country including diplomatic, defense, and humanitarian communities² bilateral and multilateral donors involved in the DAC / LAP are likely to be supportive given involvement of their HQ's in the SLF and HLM discussions.³ The need for coherence between donor government aid, diplomatic and defense agencies is a central premise of the Principles. Facilitators should consider options for promoting greater policy coherence as part of the Matrix of Agreed Actions' preparation. It would therefore be imperative that bilateral partners consult with the diplomatic, defense, and humanitarian communities in preparation for this workshop⁴.

14. Partner government representation should be sought wherever feasible at the workshop (and in the pilot process overall), but it is recognized that the degree of government engagement will vary according to country context and should be considered in early discussions among international partners. Other major stakeholders, not represented in the DAC/LAP should also be invited to participate, including key civil society actors. In some countries, the private sector may be an important player and source of knowledge. Where relations are particularly difficult, managing expectations will be the highest priority. For example, being clear that being a pilot country does necessarily imply additional aid resources may be worthwhile.

15. Care should be taken that broad representation does not result in a workshop that is too formal or large. The workshop might best be organised as an informal brainstorm by those strongly interested in testing and applying to the Principles, and could be followed up with subsequent meetings to refine a Matrix of Agreed Actions.

16. Matrix of Agreed Actions could include helping government to develop, implement and monitor a plan which integrates political, security, economic and social issues (such as the transitional results matrix); piloting more joint analysis or interventions between donors; studying the effectiveness of new aid instruments such as coordinated multi-donor budget support or support to the social services, advancing

² The piloting of the Principles will draw on the experience of the Good Humanitarian Donorship Principles endorsed in Stockholm (June 2003). Specifically, it is hoped that humanitarian actors will bring lessons enshrined in the Principles of good humanitarian donorship, into the discussion of the fragile states Principles, so that actions taken reflect the best from both initiatives.

³ The purpose of the DAC Learning and Advisory Process on Difficult Partnerships (LAP) is to facilitate coordination among bilateral and multilateral donors to improve aid effectiveness in difficult partnerships or fragile states. The work of the LAP currently focuses on three broad areas which include donor coordination, aid allocations and service delivery.

⁴ At the informal LAP meeting of 10th May, DAC members were encouraged to arrange meetings with their defence and diplomatic counterparts to discuss the Principles and piloting process.

new initiatives such as agreed salary scales for local staff. This Matrix, in particular **the sections on current status and indicators, will serve as a baseline against which progress will be reviewed periodically during the following year.**

17. A progress report for Phase I of this exercise and revised Principles will be presented to the DAC Senior Level Meeting (SLM) in early December 2005. In preparation for this, facilitators are expected to provide input on progress achieved thus far; which Principles were selected for piloting and why; as well as feedback on the content of the Principles themselves, to the DAC Secretariat by mid-October 2005.

Phase II

18. Continued implementation of agreed actions in the Matrix, and any new initiatives consistent with Principles. In the second half of 2006, a short report drawing together the key lessons from the exercise will be drawn up by each lead international actor.

19. Co-Chairs of the LAP and the DAC Secretariat will coordinate the production of a synthesis of good practice emerging from the Pilots which will focus on (i) the applicability of each of the principles, (ii) any additions or changes to the Principles and (iii) implementation experience based on country case studies. The report should be put together by the end of 2006 with a view to being presented at the DAC High Level Meeting of 2007. The Secretariat will also work to finalise the Principles, for endorsement at the HLM, and ensure their wide dissemination.

20. One of the outputs of Phase II will be to ensure that this work and the implementation of the Principles are carried forward beyond the end of this current initiative.

Roles and Responsibilities:

The following summarizes the main responsibilities for the field, headquarters and the DAC Secretariat for Phases I and II.

21. **Field (Facilitators):** Responsibility to (i) disseminate and introduce the Principles at an aid co-ordination meeting; (ii) facilitation of workshop; (iii) develop Matrix of Agreed Actions; (iv) implement and monitor agreed actions; (v) and report back on lessons learned to DAC Secretariat (mid October 2005 and mid 2006). Terms of Reference for the **Facilitators** are attached at Annex B.

22. **Headquarters:** Responsibility to (i) communicate on pilot process to all pilot countries; (ii) lead discussions in capitals on whole of government approaches and involvement of different ministers. To minimize the gap between headquarters and the field it was suggested that Headquarters staff might attend the Workshops and participate in relevant briefings. For their part, multilateral organisations will inform partner international organisations such as OCHA (humanitarian affairs) and DPKO (peace-keeping).

23. **DAC Secretariat:** The DAC Secretariat, and specifically the LAP, will support the piloting process and facilitate the inclusion of key lessons and messages from the exercise into appropriate DAC forums. In particular the Secretariat will: (i) report, synthesize commonalities and assimilate lessons; (ii) disseminate lessons between pilots; (iii) provide advisory role on DAC policy discussions to pilots; (iv) support in-country meetings where requested; (v) convene and organise meetings with all Facilitators (if necessary) (vi) provide recommendations for continued efforts to improve strategy and practice beyond 2007.

Communications

24. One of the key lessons learnt from the Good Humanitarian Donorship pilot exercise was the importance of ensuring that the lessons from pilots be disseminated regularly during the exercise. Different options will be explored by the DAC Secretariat to ensure that information is adequately disseminated including: quarterly updates; tele-conference meetings; and a virtual network of practitioners. A contact list of focal points at headquarters and the field will be created and distributed among participants.

Critical Path

2005 (Phase I)

- 27 May: Revised Concept Note for approval and launch of Pilot phase
- Early June-End of September: Holding field level discussions; Launch Workshops; complete Matrix.
- Late September: Possibility of having another meeting with field representation similar to the 10 May meeting which would have a focus on next steps regarding Phase II.
- 10 October: Deadline for input for progress report and comments on Principles.
- 17 October: Draft Progress report and revised Principles sent to LAP.
- 31 October: Draft Progress report and revised Principles sent to DAC.
- 15 November: DAC meeting: Discussion on Progress Report and Principles.
- 6 December: DAC SLM Meeting: Presentation of revised Principles and Progress Report.

2006 (Phase II)

- January-June: Continued implementation of agreed actions in the Matrix.
- July: Short report from facilitators to DAC Secretariat drawing key lessons from exercise.
- September-November: Co-Chairs of the LAP and the DAC Secretariat begin the coordination of a synthesis of good practice and the finalization of the Principles to be presented to the DAC High Level Meeting in early 2007.

* Critical Path for Phase II will be revised at a later date.

ANNEX A

PRINCIPLES FOR GOOD INTERNATIONAL ENGAGEMENT IN FRAGILE STATES

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 maximize the positive impact of engagement and minimise unintentional harm.⁵

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

1. Take context as the starting point. All fragile states require sustained international engagement, but analysis and action must be calibrated to particular country circumstances. It is particularly important to recognize different constraints of *capacity* and *political will* and the different needs of: (i) countries *recovering* from conflict, political crisis or poor governance; (ii) those facing *declining* governance environments, and; (iii) those where the state has partially or wholly *collapsed*. Sound political analysis is needed to adapt international responses to country context, above and beyond quantitative indicators of conflict, governance or institutional strength.

2. Move from reaction to prevention. Action today can reduce the risk of future outbreaks of conflict and other types of crises, and contribute to long-term global development and security. A shift from reaction to prevention should include sharing risk analyses; acting rapidly where risk is high; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening the capacity of regional organizations to prevent and resolve conflicts; and helping fragile states themselves to establish resilient institutions which can withstand political and economic pressures.

3. Focus on state-building as the central objective. States are fragile when governments and state structures lack capacity – or in some cases, political will - to deliver public safety and security, good governance and poverty reduction to their citizens. The long-term vision for international engagement in these situations must focus on supporting viable sovereign states. State-building rests on three pillars: the capacity of state structures to perform core functions; their legitimacy and accountability; and ability to provide an enabling environment for strong economic performance to generate incomes, employment and domestic revenues. Demand for good governance from civil society is a vital component of a healthy state. State-building in the most fragile countries is about depth, not breadth – international engagement should maintain a tight focus on improving governance and capacity in the most basic security, justice, economic and service delivery functions.⁶

⁴ The piloting of the Principles will draw on the experience of the Good Humanitarian Donorship Principles endorsed in Stockholm (June 2003).

⁵ For governments where political will exists and capacity is the main constraint, supporting state-building means direct support for government plans, budgets, decision-making processes and implementing structures. In countries where political will is the main constraint, support for long-term state-building does not necessarily imply short-term support for government - but it does mean moving beyond repeated waves of humanitarian responses to a focus on how to support and strengthen viable national institutions which will be resilient in the longer-term. A vibrant civil society is also important for healthy government and may play a critical transitional role in providing services, particularly when government lacks will and/or capacity.

4. Align with local priorities and/or systems. Where governments demonstrate political will to foster their countries' development but lack capacity, international actors should fully align assistance behind government strategies. Where alignment behind government-led strategies is not possible due to particularly weak governance, international actors should nevertheless consult with a range of national stakeholders in the partner country, and seek opportunities for partial alignment at the sectoral or regional level. Another approach is to use 'shadow alignment' – which helps to build the base for fuller government ownership and alignment in the future - by ensuring that donor programs comply as far as possible with government procedures and systems. This can be done for example by providing information in appropriate budget years and classifications, or by operating within existing administrative boundaries.

5. Recognise the political-security-development nexus. The political, security, economic and social spheres are interdependent: failure in one risks failure in all others. International actors should move to support national reformers in developing unified planning frameworks for political, security, humanitarian, economic and development activities at a country level. The use of simple integrated planning tools in fragile states, such as the transitional results matrix, can help set and monitor realistic priorities and improve the coherence of international support across the political, security, economic, development and humanitarian arenas.

6. Promote coherence between donor government agencies. Close links on the ground between the political, security, economic and social spheres also require policy coherence within the administration of each international actor. What is necessary is a whole of government approach, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance. Recipient governments too need to ensure coherence between different government ministries in the priorities they convey to the international community.

7. Agree on practical coordination mechanisms between international actors. This can happen even in the absence of strong government leadership. In these fragile contexts, it is important to work together on upstream analysis; joint assessments; shared strategies; coordination of political engagement; multi-donor trust funds; and practical initiatives such as the establishment of joint donor offices 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.

8. Do no harm. International actors should especially seek to avoid activities which undermine national institution-building, such as bypassing national budget processes⁷ or setting high salaries for local staff which undermine recruitment and retention in national institutions. Donors should work out cost norms for local staff remuneration in consultation with government and other national stakeholders.

9. Mix and sequence aid instruments to fit the context. Fragile states require a mix of aid instruments, including, in particular for countries in promising but high risk transitions, support to recurrent financing. Instruments to provide long-term support to health, education and other basic services are needed in countries facing stalled or deteriorating governance – but careful consideration must be given to how service delivery channels are designed to avoid long-term dependence on parallel, unsustainable structures while at the same time providing sufficient scaling up to meet urgent basic and humanitarian

⁶ The Addis Ababa principle developed in November 2001 as part of the Strategic Partnership for Africa Initiative states: "All donor assistance should be delivered through government systems unless there are compelling reasons to the contrary; where this is not possible, any alternative mechanisms or safeguards must be time-limited and develop and build, rather than undermine or bypass, governmental systems."

needs. A vibrant civil society is important for healthy government and may also play a critical transitional role in providing services, particularly when the government lacks will and/or capacity.

10. Act fast... Assistance to fragile states needs to be capable of flexibility at short notice to take advantage of windows of opportunity and respond to changing conditions on the ground.

11. ...but stay engaged long enough to give success a chance. Given low capacity and the extent of the challenges facing fragile states, investments in development, diplomatic and security 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 destabilizing for fragile states, international actors commit to improving aid predictability in these countries, by developing a system of mutual consultation and coordination prior to a significant reduction in programming.

12. Avoid pockets of exclusion. International engagement in fragile states needs to address the problems of “**aid orphans**” - states where there are no significant political barriers to engagement but few donors are now engaged and aid volumes are low. To avoid an unintentional exclusionary effect of moves by many donors to be more selective in the partner countries for their aid programs, coordination on field presence and aid flows, and mechanisms to finance promising developments in these countries are essential.

ANNEX B

TERMS OF REFERENCE FOR FACILITATORS

Facilitators that have volunteered to lead a pilot are invited to consider the following as a minimum requirement for their leadership role:

1. Facilitate dialogue on how the Principles can be applied in the pilot countries.
2. To act as the contact point with the DAC LAP on agreed approaches to pilot implementation, for example attending LAP informal meetings such as the 10th May meeting and the possible follow up meeting in September 2005.
3. Arrange to introduce the Principles at an aid co-ordination meeting or equivalent to familiarize government and donor stake-holders in-country.
4. Organize and facilitate an informal workshop on the piloting approach at country level, and taking whatever steps are needed (contracting consultants, communicating with donor and government parties) to ensure an effective meeting.
5. Pull together the outcome of the workshop and complete the Matrix of Agreed Actions (Annex C) agreed by participants.
6. Act as focal point for international actors and government on the piloting process as it unfolds.
7. Feed in findings and lessons from the pilot process in two stages:
 - *Phase I*) By mid October 2005, organizing feedback from country experience on the usefulness of the Principles, for input into the progress report to be presented in advance of the DAC SLM.
 - *Phase II*) Coordinating comprehensive feedback on the piloting experience and providing a report on progress on Matrix of Agreed Actions by October 2006. This report will be necessary as an input to the DAC Secretariat commissioned independent evaluation of the pilot exercise.

All / any of these functions **may be delegated to other donor partners and government** representatives if they are willing as broad ownership of the Piloting process is considered desirable. Having been put forward at the January Senior Level Forum and then adopted at the DAC's HLM in March, the Principles can to some extent be regarded as the collective view of DAC member countries. It is hoped that this might translate into commitments and action towards implementing the pilots at country level, allowing for burden sharing between the lead international actor and other agencies committed to the implementation of the Principles.

Facilitators may also want to consider using **consultants** to assist with managing the above tasks. While this may be very helpful for certain tasks – e.g. facilitation of workshops or supporting implementation of specific element of the implementation plan, assisting with writing up findings in October of 2005(Phase I) and October 2006 (Phase II), it is imperative that the lead international actor remains active as the focal point for the piloting process. Contracting out the entire pilot process would be considered inappropriate.

