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**FRAGILE STATES: POLICY COMMITMENT AND PRINCIPLES FOR GOOD INTERNATIONAL  
ENGAGEMENT IN FRAGILE STATES AND SITUATIONS**

DAC High Level Meeting, 3-4 April 2007

*This paper is submitted to the High Level Meeting for ENDORSEMENT and DISCUSSION. Originally drawn up at the Senior Level Forum on Fragile States held in London in January 2005 and subsequently piloted in nine countries, the Principles reflect discussions at the Senior Level Meeting on 5-6 December 2006.*

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## **FRAGILE STATES: POLICY COMMITMENT AND PRINCIPLES FOR GOOD INTERNATIONAL ENGAGEMENT IN FRAGILE STATES AND SITUATIONS**

### **PREAMBLE**

The High Level Meeting is requested to endorse the *DAC Principles for Good International Engagement in Fragile States and Situations* and support their implementation. This paper is structured in two parts: (i) a policy commitment which the HLM is asked to sign-up to in support of further work to improve development effectiveness in fragile states; and (ii) the *Principles for Good International Engagement in Fragile States and Situations*.

The objective of the policy commitment is for the HLM to add political momentum to the further roll-out and implementation of the *DAC Principles for Good International Engagement in Fragile States and Situations* over the next two years. In addition, the policy commitment will generate incentives for, and support to, some of the organisational actions required at both headquarters and field level to translate the *Principles* into practice.

Within each donor agency, issues include:

- Getting the right staff working in fragile states.
- Speeding up the organisational response to opportunities in fragile states.

At the international level, collective efforts are required:

- To share experiences on whole-of-government approaches.
- To consider the allocation of aid to fragile states.

The *DAC Principles for Good International Engagement in Fragile States and Situations* form the second part of the paper. HLM Delegates may recall that draft *Principles* were drawn up at a Senior Level Forum on Fragile States held in London in January 2005. Since then, the *Principles* have been tested in nine countries and many of the lessons learned have been fed into subsequent refinements. Several of the DAC's subsidiary bodies have been involved in improving the *Principles*. Although the *Principles* will continue to evolve as experience is gained, the time is right for the HLM to endorse this iteration for further roll-out and implementation to all fragile states over the next two years.

### **QUESTIONS FOR DISCUSSION**

- Do Ministers and Heads of Agency agree to endorse the 'Policy Commitment to Improve Development Effectiveness in Fragile States' and the *DAC Principles for Good International Engagement in Fragile States and Situations*?
- What challenges do Ministers and Agency Heads face in implementing the 'Policy Commitment to Improve Development Effectiveness in Fragile States' and in rolling out the *DAC Principles for Good International Engagement in Fragile States and Situations* to all fragile states?

## **POLICY COMMITMENT TO IMPROVE DEVELOPMENT EFFECTIVENESS IN FRAGILE STATES**

### **State Fragility as a Key Development Challenge**

1. The international community is increasingly concerned with the implications for stability and progress towards the Millennium Development Goals (MDGs) resulting from state fragility. A third of the world's poor live in countries where the state lacks either the will or the capacity to engage productively with their citizens to ensure security, safeguard human rights and provide the basic functions for development. Fragile states are different from better performing countries in that they confront particularly severe development challenges such as weak governance, limited administrative capacity, chronic humanitarian crises, persistent social tensions, violence or the legacy of civil war. The spill over effects resulting from state fragility—violent conflict, organized crime, migration, drug trafficking—resonate with concerns about international stability and global development.

2. Over the last three years we have made it our priority to develop policy guidance to help improve our responses to, and chart results in, the most challenging development settings and circumstances. Fragile states are a significant part of our core business as development agencies, and we need approaches, instruments, skill-sets and international architecture that are different from those applied in better performing countries. Also, results will only be achieved through long-term investments. Our endorsement of the OECD DAC *Principles for Good International Engagement in Fragile States and Situations* signals a commitment towards such changes and a more effective and differentiated approach.

3. While we commit to better align OECD member strategies and approaches to the *Principles* and to improve our collective responses, we also recognise the need to continue sharpening our strategies and programmes. As our experience deepens, the *Principles* should be reviewed periodically and adjusted as necessary.

4. We support future OECD work aimed at improving our engagement in fragile states, in particular the work of the DAC to offer more operational guidance consistent with the *Principles*. To support these efforts, we will strive to meet the following objectives:

### **Extending the Application and Implementation of *Principles* to all Fragile States**

5. In nine pilot countries<sup>1</sup> the *Principles* have started to catalyse behaviour change among donors, even in the most challenging contexts; further roll-out can make a significant difference on a larger scale. We confirm our commitment to apply the *Principles* across all fragile states, firstly by ensuring they are

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<sup>1</sup> Democratic Republic of Congo: facilitated by Belgium and the USA; Guinea Bissau: facilitated by Portugal; Haiti: facilitated by Canada; Nepal: facilitated by the UK; Somalia: facilitated by the World Bank and the UK; Solomon Islands: facilitated by Australia and New Zealand; Sudan: facilitated by Norway; Yemen: facilitated by the UN and the UK; Zimbabwe: facilitated by the European Commission.

integrated into donor discussions and into dialogue with partner countries. The *Principles* aim to complement the commitments set out in the 2005 *Paris Declaration on Aid Effectiveness*. We will strive to mainstream the *Principles* with efforts to implement the *Paris Declaration*.

### **Whole-of-Government Approaches**

6. Fragile situations require close collaboration between economic, development, diplomatic and security actors. We pledge to support, monitor and evaluate whole of government approaches and join up around research, analysis, planning, and programme implementation. Starting with a series of inter-linked working level thematic meetings, this could lead to a senior level meeting on whole-of-government approaches, hosted by the DAC with other partners.

### **Organisational Responses**

7. We will intensify our efforts to consider the organisational implications of applying the *Principles* within our agencies. This will require finding ways to be more responsive to changing circumstances—for instance, adapting our portfolios to fast moving situations. We will strive to ensure that our policies and strategies aimed at fragile states are consistent with the *Principles*. This will include reconsidering our field presence and skills inventory, the speed of our response, and whether we have the right incentives to attract people to work in fragile states. We resolve to find ways to increase our capacity, not only in post-conflict transitions, but also in situations of deteriorating performance. And where appropriate we will seek to invest in the work of regional organisations which have the potential to play a strong role in fragile states.

### **Resource Allocations**

8. We are still under-engaged in many countries. Our concerns are not just with volumes of assistance, but also with concerted efforts to get the collective response right in each context. We recognize the desirability of working towards increasing co-ordination and transparency around our resource allocations to fragile states. A DAC hosted meeting of senior operations officials will be convened to progress action on these allocation issues.

### **Measuring Results**

9. We resolve to set realistic, relevant and transparent international goals and objectives for assistance in fragile states and monitor progress against these goals, starting at the country level. For example, better indicators of progress against peace-building, state-building and stabilization objectives in the short-term can help us demonstrate results and lay the basis for long-term progress against the Millennium Development Goals. This will require working jointly to design robust measures of progress, including by co-operating with the Working Party on Aid-Effectiveness to adapt the *Paris Declaration* monitoring mechanism to take the specificities of fragile states better into account.

## PRINCIPLES FOR GOOD INTERNATIONAL ENGAGEMENT IN FRAGILE STATES AND SITUATIONS

### Preamble

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

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

### The basics

1. **Take context as the starting point.** It is essential for international actors to understand the specific context in each country, and develop a shared view of the strategic response that is required. It is particularly important to recognise the different constraints of *capacity, political will and legitimacy*, and the differences between: (i) *post-conflict/crisis or political transition situations*; (ii) *deteriorating governance environments*, (iii) *gradual improvement*, and; (iv) *prolonged crisis or impasse*. Sound political analysis is needed to adapt international responses to country and regional context, beyond quantitative indicators of conflict, governance or institutional strength. International actors should mix and sequence their aid instruments according to context, and avoid blue-print approaches.
2. **Do no harm.** International interventions can inadvertently create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards. In each case, international decisions to suspend or continue aid-financed activities following serious cases of corruption or human rights violations must be carefully judged for their impact on domestic reform, conflict, poverty and insecurity. Harmonised and graduated responses should be agreed, taking into account overall governance trends and the potential to adjust aid modalities as well as levels of aid. Aid budget cuts in-year should only be considered as a last resort for the most serious situations. Donor countries also have specific responsibilities at home in addressing corruption, in areas such as asset recovery, anti-money laundering measures and banking transparency. Increased transparency concerning

transactions between partner governments and companies, often based in OECD countries, in the extractive industries sector is a priority.

### **The role of state-building and peacebuilding**

3. **Focus on state-building as the central objective.** States are fragile when state<sup>2</sup> structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations. International engagement will need to be concerted, sustained, and focused on building the relationship between state and society, through engagement in two main areas. Firstly, supporting the *legitimacy and accountability* of states by addressing issues of democratic governance, human rights, civil society engagement and peacebuilding. Secondly, strengthening the *capability* of states to fulfil their core functions is essential in order to reduce poverty. Priority functions include: ensuring security and justice; mobilizing revenue; establishing an enabling environment for basic service delivery, strong economic performance and employment generation. Support to these areas will in turn strengthen citizens' confidence, trust and engagement with state institutions. Civil society has a key role both in demanding good governance and in service delivery.
4. **Prioritise prevention.** Action today can reduce fragility, lower the risk of future conflict and other types of crises, and contribute to long-term global development and security. International actors must be prepared to take rapid action where the risk of conflict and instability is highest. A greater emphasis on prevention will also include sharing risk analyses; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening indigenous capacities, especially those of women, to prevent and resolve conflicts; supporting the peacebuilding capabilities of regional organisations, and undertaking joint missions to consider measures to help avert crises.
5. **Recognise the links between political, security and development objectives.** The challenges faced by fragile states are multi-dimensional. The political, security, economic and social spheres are inter-dependent. Importantly, there may be tensions and trade-offs between objectives, particularly in the short-term, which must be addressed when reaching consensus on strategy and priorities. For example, international objectives in some fragile states may need to focus on peacebuilding in the short-term, to lay the foundations for progress against the MDGs in the longer-term. This underlines the need for international actors to set clear measures of progress in fragile states. Within donor governments, a "whole of government" approach is needed, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance. This should aim for policy coherence and joined-up strategies where possible, while preserving the independence, neutrality and impartiality of humanitarian aid. Partner governments also need to ensure coherence between ministries in the priorities they convey to the international community.
6. **Promote non-discrimination as a basis for inclusive and stable societies.** Real or perceived discrimination is associated with fragility and conflict, and can lead to service delivery failures. International interventions in fragile states should consistently promote gender equity, social inclusion and human rights. These are important elements that underpin the relationship between state and citizen, and form part of long-term strategies to prevent fragility. Measures to promote

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<sup>2</sup> 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.

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.

### The practicalities

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 coordination mechanisms between international actors.** This can happen even in the absence of strong government leadership. Where possible, it is important to work together on: upstream analysis; joint assessments; shared strategies; and coordination of political engagement. Practical initiatives can take the form of joint donor offices, an agreed division of labour among 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 coordination prior to any significant changes to aid programming.
10. **Avoid pockets of exclusion.** International actors need to address the problem of “**aid orphans**” – states where there are no significant political barriers to engagement, but few international actors are engaged and aid volumes are low. This also applies to neglected geographical regions within a country, as well as neglected sectors and groups within societies. When international actors make resource allocation decisions about the partner countries and focus areas for their aid programs, they should seek to avoid unintentional exclusionary effects. In this respect, coordination of field presence, determination of aid flows in relation to absorptive capacity and mechanisms to respond to positive developments in these countries, are therefore essential. In some instances, delegated assistance strategies and leadership arrangements among donors may help to address the problem of aid orphans.