



Implementing the new development framework in countries affected by conflict and fragility

Background briefing note for International Dialogue on Peacebuilding and Statebuilding UNGA side event

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Key messages

- A revolution in the rate of progress is needed if poor conflict affected states are to achieve the SDGs.
- The New Deal was on the right track, but implementation has only just started and the need for more effective engagement at country level is even greater.
- The New Deal needs to be complemented by reforms at the global level including a new focus of global resources on where they are needed the most and a new approach to climate change finance so it can support scaling up of public work programmes
- Looking ahead the UN Climate Change conference and the World Humanitarian Summit are key opportunities for ensuring faster progress

Acknowledgements

Preparation of this briefing paper was funded by the International Dialogue on Peacebuilding and Statebuilding through support from the European Union and BMZ. This briefing paper was prepared for a side event at UN General Assembly on 28 September 2015 hosted by the International Dialogue on Peacebuilding and Statebuilding. The paper draws on research conducted as part of ODI's Budget Strengthening Initiative through core funding provided by Sida. This paper also draws on a wide range of publications by ODI and others. Full details are available from the author Marcus Manuel m.manuel@odi.org. The views presented in this paper are those of the author and do not necessarily represent the views of ODI

1. Overview – a revolution is needed

Recent research by the Overseas Development Institute (ODI) shows that a revolution is required in the rate of progress if the new SDG development framework is to be achieved. For poor fragile and conflict affected states the challenge is especially acute. This paper reflects on what we have learnt and the scale of the challenge ahead and identifies some elements of a possible new platform for collective action that is required at global level if we are to ensure no country is left behind. The three key messages are

1. While the SDG framework shows the New Deal was on the right track, implementation has only just started and the need for more effective engagement is even greater. Since the first discussion on the New Deal started global concerns over conflict have increased.
2. The new SDG development framework offers great hope – and also offers great challenge, especially for poor conflict affected states. Looking ahead the UN Climate Change conference and the World Humanitarian Summit are key opportunities for ensuring faster progress.
3. The New Deal was about radical change in international engagement at a country level. In view of past performance and the challenges of the SDGs there is a need for a new platform to press for collective reforms at the global level. Such a platform could include:
 - New global agreement on who are the poorest most conflict affected countries
 - New compact to drive progress on four interlocking long term issues – inclusive politics, infrastructure, domestic resources and use of country systems
 - New focus of global resources on where they are needed the most
 - New approach to climate change finance and humanitarian aid – scaling up of national safety nets

2. Experience of New Deal in supporting conflict affected and fragile states

Four years ago, in the presence of the UN Secretary General, all 33 UN development agencies, all the main multilateral development agencies, over twenty bilateral development agencies and twenty of the world's poorest and most conflict affected states – the g7+ group - signed up to a new agreement to improve international engagement in fragile states. At the heart of this New Deal were two core ideas: prioritising peace and statebuilding goals (PSGs) and ensuring countries, and not external actors, were in the lead. The agreement thus reflected core UN principles that partners have to respect the sovereignty of member states and refrain from imposing models and institutional forms that often do not work in fragile contexts.

Four years on three key lessons stand out. **First this agreement was on the right track.** The importance of the first three PSGs – inclusive political settlements, security for all and justice for all - is now encapsulated in SDG16. The importance of the fourth – economic foundations– is now reflected in SDGs 7-9 that cover energy, growth and infrastructure. And the fifth – domestic revenues – was the foremost issue at the recent third *Financing for Development* conference in Addis. The recent high level reports commissioned for the forthcoming reviews of *UN Peace Operations* and *Peace Architecture* echo many of the New Deal concerns. The reports stress the need to bring conflict prevention back to the fore and to focus more on politics, especially “inclusive national owned” political settlements (the first PSG). At a country level the two conflicts that have reignited in g7+ countries have both been about lack

of progress on inclusive political settlement, the first PSG. And the Ebola crisis that hit three g7+ countries so severely has reminded us all of the vital importance of building and using countries' health systems.

The second lesson is the agreement has only just started to be implemented. Several countries have undertaken their first ever country led consultations around the causes of conflict and the way to exit from conflict. But getting the process right, ensuring there is wide consultation where everyone feels safe to speak out is hard. Some international partners have made pioneering progress with new instruments that enable greater use of country systems by being smarter about how to manage the risks. But only in a handful of countries has there been widespread progress on all the elements of the framework with the whole of government and all international partners fully engaged.

Third the need for more effective international engagement is even greater. In recent years global concerns over conflict have increased. After a period of decline the number of major civil wars has tripled from 4 in 2007 to 11 in 2014. The numbers forcibly displaced has reached a record high of 59 million. In the last ten years the costs of UN peacekeeping have doubled and the demands on humanitarian financing have increased four-fold. The crisis in Syria has starkly reminded the world of the devastating impact of conflict both in the country, the region and in the wider world.

3. Challenges by SDG new development framework and upcoming UN conferences

The *new SDG development framework* offers great hope but also great challenge. ODI research suggests that to achieve most of the SDGs there needs to be a revolution in the rate of progress compared to current trends. The challenge in poor fragile and conflict affected countries will be even more acute. Many have struggled to deliver the MDGs. Many have seen an increase in numbers in poverty including in 10 of the 20 g7+ countries. Only 2 of these 20 g7+ countries are on track to meet the under- five mortality rate MDG and hence will struggle to meet the SDG target of under-five mortality rates of 25 per 1,000. The broader progress on gender hoped for will also be difficult as conflict tends to increase inequalities. The new infrastructure and energy goals will be particularly challenging given the destruction during past conflicts, low starting base and the past inadequate international efforts.

Looking ahead the outcomes of the next UN *Climate Change Conference (COP21)* in Paris in December will be critical for conflict affected countries. Climate change is increasing the risk of conflict. According to Notre Dame Global Adaptation Index, Somalia is the most vulnerable country to climate change, and seven of the ten most vulnerable are g7+ members. An agreement on limiting future climate change is therefore of vital interest. So too is the issue of financial support for adaptation. To date g7+ members have on average received 7 cents per person per year in adaptation finance. This is not a problem of absorption. The same countries received 1,000 times more in development and humanitarian aid.

As humanitarian aid accounts for a quarter of total aid flows to g7+ countries the *World Humanitarian Summit* in Istanbul next May is also critical. One key issue is the number of recurrent and protracted crises. Two thirds of humanitarian financing now goes to thirty countries that have received it for eight years or more. This is sparking interest in more coherent integrated approaches to humanitarian and development assistance and building shock responsive elements to existing social protection mechanisms such as the Risk Financing Mechanism in Ethiopia's Productive Safety Net Programme.

4. Developing a new platform to press for changes at global level to ensure poor conflict affected countries do not get left behind

The New Deal was about radical change in international engagement at a country level. In view of past performance and the challenges of the SDGs there is a need for a new platform to press for collective reforms at the global level. Any such platform would need to be developed over some months. What follows are some concrete examples of the kind of new approaches and the new building blocks that are needed to avoid the risk that poor conflict affected countries end up being left behind.

i) New global agreement on who are the poorest most conflict affected countries

Current global efforts to support poor conflict affected countries are fragmented and hindered by lack of agreement on where international support needs to be focused. The lists that do exist tend to be so large – often a third of all UN members – that the focus on those in most need is often lost. The long standing debate as to how to define fragility and whether to use the term makes it harder to develop a unified global coalition founded on a whole of government approach. The new SDG framework provides a possible way forward to break through this logjam. The outcome document identifies five categories of countries needed special attention: Least Developed Countries (LDCs), Small Island Developing States (SIDS), Landlocked Least Developed Countries (LLDCs), African states and conflict affected states. In total over 80 countries are covered under the first four categories. The last category is currently undefined. One way to create a common approach would be to draw on pre-existing UN definitions. For example taking the presence of an UN Peacekeeping operation within the last five years, a UN Peace Operations Assistance Mission and the inclusion on the UN Peace Building Commission's agenda would yield a set of 19 countries. Focusing on the poorest – the LDCs - highlights 14 poor conflict affected countries (PCAS). All of these also members of at least one of the other three groups – SIDS, LLDCS and African states. On average, 60% of the population in these countries is living in extreme poverty. At least half these of these countries have seen numbers in poverty rise in last ten years. This group includes thirteen g7+ members, including all eight countries that volunteered to be New Deal pilots, and all the three severely affected Ebola countries.

ii) New compact to drive progress on four interlocking long term issues – inclusive politics, infrastructure, domestic resources and use of country systems

- **Securing adequate financing for developing inclusive political settlements**

Such settlements are the foundation of progress. To date financial support has been limited and piecemeal. A blind trust fund would make such support easier to access and would facilitate peer learning from other fragile and conflict affected countries. Such support would help refine and expand pilot fragility assessments (including possibly women only assessments to ensure their voice is not lost).

- **Accelerating rehabilitation of infrastructure**

In many post conflict countries infrastructure is the most pressing priority as it unlocks the potential for the private sector. Yet in the past fragmented and limited donor resources have taken 10 years to deliver simple changes such as the rehabilitation of Sierra Leonean and Liberian hydro power generation stations. We need to see how international public finance can support private investment in infrastructure through

public-private partnerships and in providing political risk guarantees that can unlock the surplus capital in industrialised countries and provide long-term finance that matches the cash flows of infrastructure investments. The third *Financing for Development* outcome document recognised the need to mobilise additional resources for infrastructure for various groups of countries needing special attention but surprisingly omitted any reference to conflict affected states.

- **Mobilising more domestic resources**

Many conflict affected countries are not intrinsically poor. As g7+ countries noted at third *Financing for Development* conference their first and overarching priority is for more support for mobilising domestic resources and managing their natural resources. To do this they need much more consistent and larger scale support, particularly to facilitate new social contracts that mobilise taxes and payments for adequate public services. The accelerated rehabilitation of infrastructure will help by increasing their tax bases.

- **Increasing use of country systems by rebalancing risks**

International partners have given greater attention to the risk that money will go astray than to the risks that programmes will fail or countries will succumb to conflict and chaos. Partners have been too ready to waste money through inefficient delivery channels than to secure peace-building and development results. The creation of parallel systems delays the development of the country's own systems and therefore extends the time the country will be dependent on aid. And more fundamentally it impacts on domestic taxes. So long as donors are reluctant to use country systems so too will domestic tax payers be reluctant to pay taxes to finance them. Use of country systems has been the key request from g7+ countries. There is evidence that fiduciary risks can be managed and that country systems lead to greater aid effectiveness.

iii) New focus of global resources on where they are needed the most

Despite the recognition of the special needs of poor conflict affected states they get less funding than richer more stable countries when considering aid per person living in extreme poverty. The Advisory Group for the *review of the UN Peacebuilding Architecture* set out in detail the devastating impact on Central Africa Republic of insufficient and inconsistent international support. Without a global change in aid allocation patterns such countries risk becoming not just aid orphans but SDG orphans. But the issue is not just about aid. Remittances are now worth more than aid. Yet concerns over international financial regulations are inhibiting remittances from reaching poor conflict affected countries where they are needed the most – such as Somalia.

iv) New approach to climate change finance and humanitarian aid – scaling up of national safety nets

Cash transfers are becoming the first option of humanitarian support as the evidence of their effectiveness accumulates and the technology improves to allow this to happen cheaply. Mobile money provision is about to become available in South Sudan. At the same time safety nets and national social protection systems are being used to great effect in MICS – Brazil, China, South Africa, Indonesia and India. In Ethiopia productive safety nets programme are credited with restoring local ecosystems, developing local infrastructure as well as providing a safety net in the event of adverse weather shocks. This development programme was also effectively scaled up in 2011 as part of a humanitarian response to Horn of Africa drought. But in most of the poor conflict affected states national systems are not yet in place and on average just 25% of those living in extreme poverty are covered. Scaling up safety nets in these

countries would allow climate adaptation finance to be used effectively to support millions of subsistence farmers and would also help bridge the humanitarian and development divide.

5. Country example of South Sudan – the costs of not investing in infrastructure

South Sudan provides a powerful illustration of the challenges. At the time of the Comprehensive Peace Agreement in 2005 Southern Sudan had just 1 kilometre of paved road. It had a plan to build a national network which included joining up state capitals. This amounted to 5,000 kilometres of paved road and would have still left the country with the lowest road density in the world. But in a tragic example of collective action failure between development and humanitarian partners and the government nothing happened in the first four years. In 2010 a joint donor-government review slammed the international community for failing to address the key conflict issue – the wide spread sense of marginalisation. Yet by end of 2013 when conflict broke out again not one state capital was yet linked by a paved road. Thousands of people had remained underemployed. And in 2015 the transport costs of humanitarian aid are many multiples the value of the food being delivered.

6. Questions for discussion

1. What are the key changes needed at global level to ensure poor conflict affected states are not left behind in the implementation of SDGs?
2. In particular what are the key changes needed for at the Climate Change Conference, the World Humanitarian Summit and from the reviews of the UN Peace Operations and Peace Architecture?
3. Should a common New Platform be developed to collectively press for such changes?



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ISSN: 2052-7209

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