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Framework for working in fragile and conflict-affected states

Guidance for staff

Cover: The National Solidarity Program, supported by Australia, is a flagship development program of the Government of Afghanistan and has had success delivering urgently needed services. It is an example that donors are there to support rather than lead statebuilding, even in the most fragile and complex situations. Photo: UNICEF/NYHQ2010-0792/ Kate Holt

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Australia's experience has shown the need for new approaches to working in areas affected by fragility and violent conflict. To support long-term peace and opportunities for development, our efforts will focus on building more responsive states, preventing violent conflict and building community resilience. Photo: RAMSI.

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Foreword

Fragility and conflict are priority issues for Australia's aid program. Within our region, twenty-two of twenty-four of our closest neighbours are developing countries though not all are considered fragile. The majority of Australia's aid goes towards helping fragile states. Of the top ten recipients of Australian aid, seven are considered fragile.

These are countries where the government has limited capacity or will to provide basic services and security to its citizens, and the relationship between the government and its citizens is weak. Fragile states often lack the institutions needed to resolve conflict peacefully. Many of the world's poorest and most vulnerable people live in fragile and conflict-affected states–more than 1.5 billion people. Few fragile or conflict-affected countries have achieved a single Millennium Development Goal (MDG) and many are unlikely to do so by 2015.

Promoting development is much harder in fragile states. Poverty rates are 20 per cent higher in countries affected by violence; economic performance is weak; there are high rates of criminal violence; and transnational threats like drug and arms trafficking are more likely. As a result, aid delivery is more costly and more complex in fragile settings.

We have developed innovative, practical approaches to get the best value for money for our aid program and make a real difference in reducing poverty on the ground. Our approach to aid in these countries is to help build states that are more responsive to their people, through providing opportunities for development and poverty reduction as well as support for long-term peace and stability.

We contribute to the development of fragile and conflict-affected states in different ways. For many of our closer neighbours where we have a long history of engagement, we support partner governments to achieve their national strategies through compacts with development partners.

Many of the world's poorest and most vulnerable people live in fragile and conflict-affected states—more than 1.5 billion people.

In other situations, where we have had less involvement, we work through trusted local and international non-governmental organisations (NGOs) and multilateral organisations including the World Bank and the United Nations. We support efforts to improve donor coordination including through multi-donor trust funds.

We have learnt much from our engagement. Lessons learned have included:

> development assistance alone cannot solve fragility and violent conflict, but it can play an important role in helping develop capable and accountable states

> fragility and violent conflict are closely linked—large-scale violence is more likely in fragile states and can be part of a cycle that is difficult to break

> development assistance will be more effective if part of a broader approach that includes security and diplomatic activities, and efforts to promote a thriving economy

> the risk of doing harm through poorly designed aid is high.

This document captures these lessons. It provides a framework for AusAID staff to continue to improve aid delivery in these challenging contexts.

Graffiti in the streets shows the long struggle for freedom for Timor-Leste. Justice is a critical issue for peacebuilding, statebuilding and development. Photo: David Haigh

Executive summary

Fragile and conflict affected-states present unique and complex challenges to achieving effective development. While the range of issues can vary greatly depending on the country or region of fragility, some key issues are common to all of them. These include: chronic poverty; government and state structures lacking the capacity or will to provide public safety and security, and basic services for their populations; low levels of state accountability to citizens; challenges relating to natural resource management; a private sector which may be largely informal and opportunistic; low levels of foreign direct investment; and a high risk of further state decline.

Fragility and violence add to the disadvantages already faced by the most vulnerable in the community, including women, people with disabilities and minority religious and ethnic groups. The possibility of a life free from fear and want eludes many women and children in conflict and post conflict situations, where lawlessness is often pervasive and targeted sexual violence is used as a weapon of war.

Progress in fragile states is vital to achieving greater global stability and enhancing the lives of the world's poorest people. Development assistance alone cannot solve the problems of fragility and conflict. Lasting solutions require a capable and responsive state underpinned by a cohesive society, with political competition conducted in non-violent ways. But development aid can play an important supporting role.

In response to these challenges, the primary goal of Australian aid is to build more responsive states and resilient communities in order to support long-term peace and stability, and create opportunities for development and poverty reduction to take place.

Fragility and violence add to the disadvantages already faced by the most vulnerable in the community, including women, the disabled and minority religious and ethnic groups.

1. Building more responsive states

Australia helps to improve the capacity of states to be responsive to the needs of citizens in diverse ways and to manage and resolve conflict without violence.

For long-term stability and progress, governments need to be able to provide security and justice, deliver services to all their citizens and allow the space for inclusive political debate. Australia helps to improve the capacity of states to be responsive to the needs of citizens. For example:

> Rebuilding infrastructure is a critical need in areas emerging from violent conflict. We aim to rehabilitate infrastructure, working closely with government and the private sector and ensure ongoing maintenance and economic benefits to local communities. In Bougainville, Australia's aid program supported the rebuilding of more than 600km of road. This delivered more than better roads—it created 200 permanent jobs and more than 10,000 contracts with community groups. In Timor Leste, AusAID's national infrastructure program provided short-term employment for 70,000 youths in all districts of the country.

> Supporting local actors design an impartial electoral framework which reflects local circumstances is a critical element in deepening democracy. In Burundi, consensus was reached on an Independent National Electoral Commission and a new electoral code. Australia supported strengthening the self-reliance of the Commission in conducting future elections. The project also included activities aimed at reinforcing civil society participation in the process.

2. Preventing violent conflict

Justice, security and governance need to be strengthened so governments and communities can manage and resolve conflict without violence. Fragile states often lack effective institutions to manage tensions peacefully. Outbreaks of violence undermine the ability of the state to perform core functions. Women, girls and boys are particularly vulnerable to sexual violence where social and legal systems have broken down. Examples of initiatives to prevent violent conflict include short-term peacekeeping and longer-term building of formal and traditional law and justice institutions.

Monitoring and understanding conflict and violence is also critical for conflict prevention.

AusAID and the Australian Federal Police (AFP) are the key Australian Government providers of development assistance in the law and justice sector. We work with partner countries to help keep communities safe and to improve the functioning of the formal and informal justice systems, police and prisons.

A good example of an AusAID-AFP joint approach to conflict prevention drawn from Cambodia is the following:

> AusAID and the AFP have brought together the Cambodian National Police, local community leaders and non-government organisations to prevent crime and improve community safety. This has improved relations between police and the community, increased community confidence in police, built the community's capacity to manage violent conflict and has reduced the severity of conflict.

3. Building resilient communities

Strong communities, with the capacity, skills and internal strength to cope with and recover from adversity are crucial to peacebuilding and statebuilding. Australia works directly with communities, the private sector and civil society organisations in fragile and conflict-affected states, to promote reconciliation, economic recovery and service delivery:

> Community driven development involving youth, women and groups from different sides of a conflict promotes reconciliation. Australia supports a program in Asia that has increased women's involvement in formal conflict resolution and mediation processes in several countries, including in Indonesia and Nepal.

> An innovative and vibrant private sector is critical for economic recovery, which also reinforces peacebuilding. In Iraq, Australia works to improve agricultural productivity, drawing on our expertise in dry-land farming.

> The Australia Awards provide long and short-term scholarships to help develop leaders capable of driving their own country's development. Scholarships address current and emerging challenges such as poverty reduction, infectious disease, climate change, transnational security, maternal and child health, gender equality, and good governance.

Strong communities, with the capacity, skills and internal strength to cope with and recover from adversity are crucial to peacebuilding and statebuilding.

The Framework will help AusAID make better strategic and programming decisions on development assistance in complex situations of fragility and conflict.

Whilst AusAID is already achieving results against its peace and stability objectives, there are opportunities to improve our approach. The Framework emphasises the following key areas where Australia will work to adapt and refine its approach. These include:

> *Managing risk*—continued investment in the development of good risk identification, mitigation and management strategies, including more frequent and regular monitoring

> *Increasing understanding*—understanding the context in which we are working. This includes building knowledge of whom to engage with and how, and assessing how best to balance risks with opportunities

> *Translating knowledge into practice*—promoting flexible AusAID processes and structures, appropriately skilled and trained staff, and ensuring local knowledge is captured within planning processes

> *Prioritising and sequencing*—making decisions about where to target Australian assistance based on good contextual analysis. Australia will continue to consolidate the aid program, with fewer, larger programs in fewer sectors

> *Building institutions and processes*—helping partner countries strengthen their institutions, through capacity development of both state institutions, and non-state organisations, and where possible working in areas where reform prospects are greatest.

This Framework will help AusAID make better strategic and programming decisions on where and how Australian assistance can be most effective in complex, fluid situations of fragility and conflict. It addresses how AusAID can work with a range of partners to address the sources and impacts of fragility and conflict. The approaches outlined provide ideas on new ways of working that can enhance development effectiveness. Sustainable transitions must be driven by fragile and conflict-affected countries themselves. Well-targeted development assistance based on rigorous analysis and understanding of the specific challenges in these contexts, can assist states and societies to escape from the traps of fragility and conflict and thereby contribute to greater global stability.

Introduction

Kids stand in front of a CARE AusAID sign advising them not to go near any metal devices they see on the ground. Battambang area, Cambodia. Photo: Kevin Evans for AusAID

Many of **the world's poorest and most vulnerable live in fragile states.** Fragile states face grave social and economic challenges and few fragile states have achieved a single MDG. Progress in fragile states is therefore vital to achieving greater global stability and enhancing the lives of the world's poorest people.

Fragility and violent conflict are key issues for Australia's development assistance. The majority of Australian development assistance goes to fragile states, many of which have also been affected by conflict. This may increase as the volume of Australian aid grows. In Australia's own region, eighteen of twenty of our closest neighbours are developing countries. Of these, twelve are currently considered fragile by the Organisation for Economic Cooperation and Development's Development Assistance Committee (OECD DAC) and the World Bank. Other more stable countries

Fragile states face grave social and economic challenges and few fragile states have achieved a single Millennium Development Goal.

Above: A man clears rubble from his home, in the southern city of Rafah. The house was damaged during a military incursion into the Gaza Strip. Photo: UNICEF/Iyad El Baba

Right: UN staff staff and local farmers meet to discuss alternatives to opium poppy cultivation in Pakistan. Photo: UN # 390824

where Australia provides aid often still struggle with pockets of sub-national fragility and conflict, for example Mindanao in the Philippines.

Issues of fragility and conflict **matter to the aid program because they present major poverty challenges and are powerful reversers of development gains.** Fragility and conflict can limit aid effectiveness and undermine social cohesion and human rights with particularly negative impacts on the most vulnerable in the community including women, children and those with disabilities.

There are also significant **negative regional spillover effects from states affected by fragility and conflict**, including small arms and light weapons proliferation, organised crime and drug and human trafficking. Citizens of fragile states are also more likely to demand asylum and refugee status in nearby developed countries. In countries affected by fragility and conflict, economic performance is undermined which ultimately impacts global economic wellbeing.

Conflict is expensive, not only for places and people directly affected, but also globally. As well as the human tragedy toll, armed conflict costs Africa approximately $18 billion per year. For Solomon Islands, the outbreak of violence during "the tensions" in the early 2000s is estimated to have cost the country around 30 years of GDP growth. And for those conflicts which require international interventions to restore and maintain peace, and assist with recovery, the cost to the global community is huge. Efforts to prevent and resolve conflict before widespread violence occurs have therefore increased, in recognition of the burden of violent conflict.

Supporting development in places affected by fragility or conflict requires different ways of working. Many of the challenges are inherently **complex, political and contested**. Effective responses must be long-term and underpinned by a deeper understanding of the needs and opportunities in different types of fragile and conflict-affected states and situations. Poorly planned or implemented assistance can inadvertently have negative impacts. Many of the solutions to problems of fragility and conflict have to be found by the affected countries themselves. Yet international development assistance can play a positive supporting role.

Effective responses must be long-term and underpinned by a deeper understanding of the needs and opportunities in different types of fragile and conflict-affected states and situations.

Effective strategies in places affected by fragility or violent conflict will be flexible, holistic and involve many different actors. AusAID is only one of many Australian agencies seeking to support peace and development. AusAID's deepening engagement with other development partners, Australian government departments, civil society and the private sector enhances the potential for effectiveness but also increases coordination challenges.

The Framework emphasises that **fragility and violent conflict are often closely linked.** The primary goal of Australian aid to fragile and conflict-affected situations is to support long-term peace and stability and to create opportunities for development and poverty reduction to take place**.** This requires support to three mutually reinforcing aims:

> Building more responsive states

> Preventing violent conflict

> Building resilient communities

State fragility has many faces and multiple underlying causes. Its consequences can include vulnerability to conflict, inability to cope with disaster and high risk of state collapse.

From left to right: Dhaka, Bangladesh. Photo: AusAID; Mandalay City, Burma. Photo: UN; Weathercoast village, Solomon Islands. Photo: Michael Cavanagh; Zam Zam IDF Camp, Darfur, Sudan. Photo: UN/Olivier Chassot.

The Framework provides a strategy for programming based on **six objectives linked to these three core aims (Figure 1**). How these aims and objectives are prioritised, and how they might be achieved, will depend on the nature of fragility and violence in each state and situation.

Part A of the Framework outlines why fragility and conflict matter. It summarises **evolving international understanding and approaches** on how development assistance can help address the causes and impacts of fragility and conflict. This builds on Australia's experience and prior work by the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) which Australia has supported. It sets out the rationale for a new approach that takes into account the vastly different contexts in which, globally, development assistance is provided. It provides a framework for understanding how different types of states and situations may require different types of support.

Part B provides **a framework for programming** for different contexts. It sets out objectives for AusAID in areas affected by fragility and conflict and shows how different approaches can be applied depending on where states and situations stand on a spectrum of fragility and conflict.

Part C outlines the **operational implications** for Australian development assistance. Particular changes are identified to enhance the effectiveness of AusAID's assistance to fragile and conflict-affected states.

What is the purpose of this Framework?

The purpose of the document is to provide a **principles-based framework** for AusAID staff, to guide strategy and program approaches in fragile and conflict-affected states. The Framework is **a reference document for AusAID staff**, providing information drawn from international research, analysis and experience, and AusAID's own experience.

The Framework will help AusAID staff to better understand how situations of fragility and conflict differ from contexts where traditional development processes apply and to understand how AusAID activities affect local social and political processes. It will improve the speed, flexibility and effectiveness of AusAID's responses while ensuring accountability. It discusses how best AusAID's work can be linked to and coordinated with that of other Australian government agencies and also other development partners.

While the Framework reflects Australia's whole-of-government approach and the critical role played by other Government departments in fragile state approaches, the Framework is focused primarily on the roles that AusAID can play in addressing the challenges of fragility and violent conflict. The Framework will be supplemented by a series of short, operational guidelines on topics of particular importance.[1]

International Women's Day 2011, Honiara. UN Security Council Resolutions 1325 and 1820 focus on women's equal participation in decisions concerning peace and war, and on the prevention of the systematic use of sexual violence in conflicts as a tactic of warfare. Women are often excluded from formal peace processes. AusAID is working to strengthen the role of women in the prevention and resolution of conflicts and in rebuilding their societies after conflict. Photo: Jeremy Miller/AusAID

AusAID is supporting UNICEF's child survival, nutrition and maternal health program in Nepal. The Government of Nepal is helping the effort by providing funds to cover the transportation costs of new mothers as they return home, having delivered their babies safely at a birthing centre. Photo: UNICEF Nepal/2010/UKhadka

Part A

Development assistance, fragility and conflict

A.1 What is fragility and conflict and how are they linked?

Fragile states lack the ability to effectively govern and to develop strong relations with communities. They may be affected by multiple forms of violence.

Fragile states lack the ability to effectively govern and to develop strong relations with communities.[2] Lack of state responsiveness can be a result of limitations in organisational **capacity.** This means that government structures that provide basic services may not be in place or do not function effectively. State fragility can also be the result of a lack of effective **leadership**. Fragile states are often patrimonial, with opportunities or access to services based on kinship or ethnicity rather than notions of citizenship.[3] In such places, there is often little sense of nationhood. State legitimacy often is lacking because the structure and actions of the state are not consistent with the values and beliefs of the population.[4]

Lack of state responsiveness can also be a result of a lack of a **political settlement.** This is an agreement between elites on the processes by which power and resources are shared and decisions made.[5] Where a political settlement exists it may be narrow and exclusionary, disregarding human rights, or may be unstable. Some states have strong and reasonably legitimate structures and settlements at the national level but may experience **sub-national fragility** in parts of the country where state reach is lacking or state legitimacy is contested.

Fragile states can be affected by multiple forms of violence. Conflict in itself is not necessarily harmful. When managed in peaceful ways, it creates opportunities for positive change. However, in many fragile situations, conflicts take violent form: wars (between or within states); other large-scale political conflicts within countries; or localised violent conflict and crime.

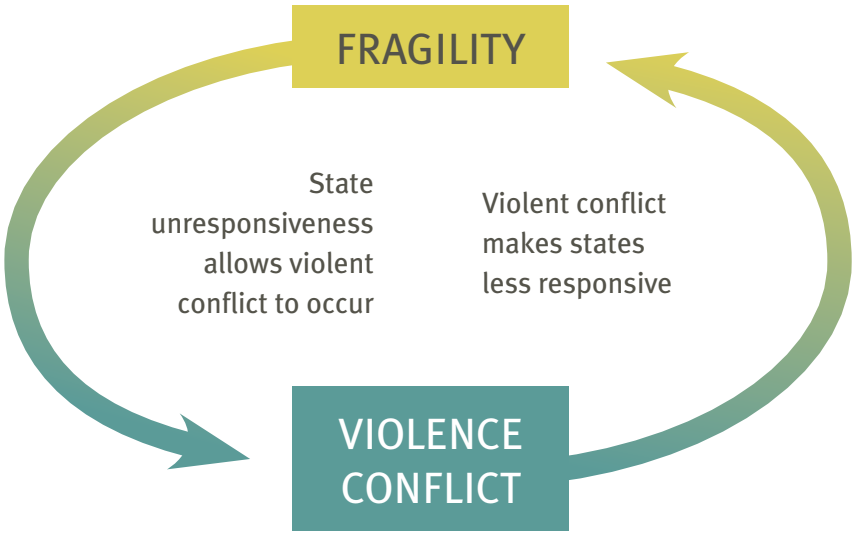
Somalia has been in the grip of a humanitarian crisis for almost two decades. Nearly half of the population is in need of humanitarian assistance due to a combination of conflict, drought and a worsening economic crisis. The International Committee of the Red Cross works to support medical facilities run by the Somali Red Crescent Society. Photo: B Schaeffer/ICRC

The main types of violent conflict in fragile states and situations are changing. The second half of the twentieth century saw a shift from inter-state conflicts to civil wars which claimed the lives of over 16 million people.[6] While the number of civil wars has declined slightly in recent years, in Asia and the Pacific, other forms of violence have been on the rise with deadly impacts.[7] Of the approximately 740,000 deaths from armed violence each year, 490,000—or nearly two in three—occur outside war zones.[8] Many of these deaths are in areas experiencing violence after civil wars have ended.[9]

Localised violent conflict may involve a diverse range of participants including ethnic and religious groups and gangs, and can raise the potential for escalation into larger unrest. New **violent conflicts often have transnational dimensions**, with insecurity spilling across borders. These different types of violence are often linked to each other, leading to increasingly complex security environments where political conflict mixes with local violence and criminality. New sources of stress, such as climate change and resulting resource scarcity, have the potential to increase levels of violent conflict.

Fragility and conflict are often closely linked. Large-scale violence is more likely in fragile states. Of seventeen countries that were fragile in the 1980s and which remained fragile between 1990 and 2008, sixteen experienced civil wars.[10] Violent conflict in fragile states may take other forms such as separatist uprisings (Mindanao and southern Thailand) or extended communal violence (such as inter-religious violence in Nigeria). In some fragile states, violent conflict is not present but a lack of state responsiveness and legitimacy raises the risk of future violence. Violent conflict in turn can solidify fragility, undercutting existing political settlements and reducing state capacity as resources are diverted to deal with security threats. The result can be a vicious cycle of fragility and violent conflict that is difficult to escape (Figure 2).

Figure 1. The cycle of violent conflict, state unresponsiveness and fragility



A.2 Why do fragility and conflict matter?

A.2.1 Fragility and conflict undermine human rights and development

The presence of fragility or conflict **undermines people's ability to claim core rights,** as articulated in the Universal Declaration of Human Rights which Australia endorses. The human impacts go beyond those killed. Violence increases the incidence of disability and psychosocial trauma, and can have negative impacts on trust and social cohesion.

Violent conflict undermines the right to life and security and freedom of movement. It can also destroy the institutions necessary for development and security.

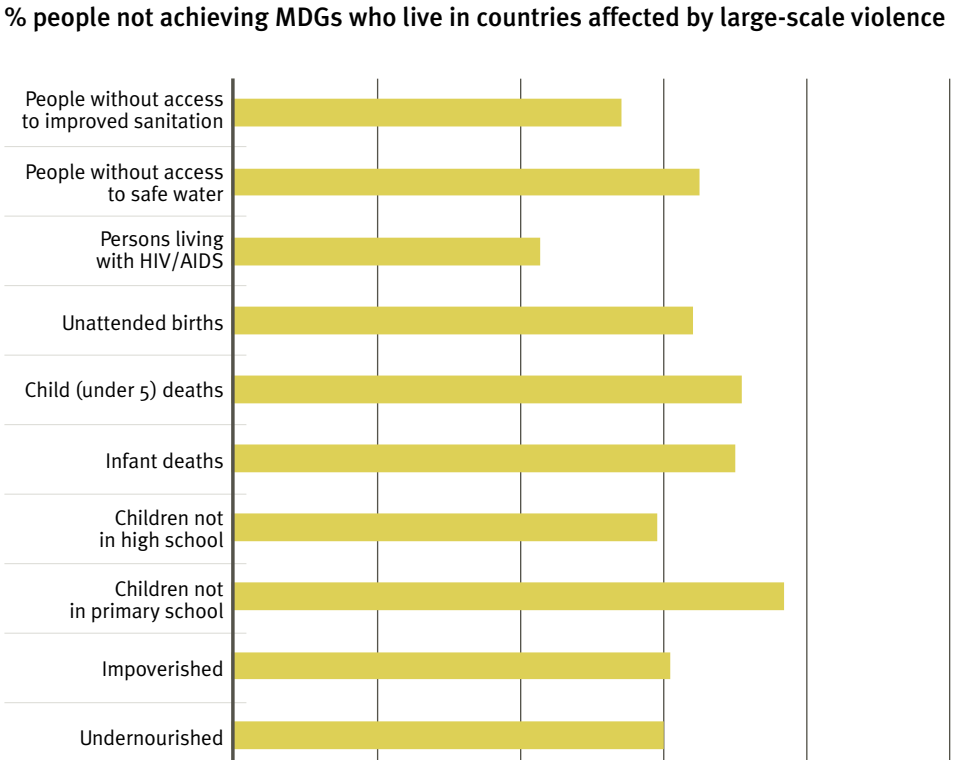
The problems encountered by those who live in fragile states are immense. While the range of issues can vary greatly depending on the country or region of fragility, there are some key issues which are common.

Fragile states are unable or unwilling to provide for basic social and economic rights. The problems encountered by those who live in fragile states are immense. While the range of issues can vary greatly depending on the country or region of fragility, there are some key issues which are common. These include: chronic poverty; government and state structures lacking the capacity or will to provide public safety and security and basic services for their populations; low levels of state accountability to citizens; challenges relating to natural resource management; a private sector which may be largely informal and opportunistic; low levels of foreign direct investment; and a high risk of further state decline.

Fragility and conflict can also lead to ongoing disadvantage of the most vulnerable in the community including women or minority ethnic groups. The lawlessness of many conflict and post-conflict situations, where the targeted use of sexual violence is used as a weapon of war or politics, means that the possibility of lives free from fear and want eludes many women and children.

Many of **the world's poorest and most vulnerable live in fragile states.** These countries are furthest from achieving the MDGs. The list of those countries lagging furthest behind largely consists of countries devastated by violent conflict over the last few decades, such as Afghanistan, Burundi and the Democratic Republic of Congo. In the Asia Pacific region, Papua New Guinea (PNG) is off-track in relation to most of the MDGs. Fragile states account for around half of the population of developing countries, but three-quarters of the total number of under-five deaths, births without medical attendance, and lack of secondary school access.[11] Countries affected by large-scale violence contain the majority of those not in school, undernourished, impoverished and without access to water and sanitation (Figure 3).

Figure 2. The impacts of violence on the MDGs



% people not achieving MDGs who live in countries affected by large-scale violence. *Source World Bank (2011)*[12]

Violent conflict operates as a powerful **reverser of development gains**. On average civil wars reduce national GDP by 2-3 percent, incomes in areas affected by large-scale violence are reduced by 15 percent, and the proportion of people living in poverty increases by 30 percent.

Within more effective and stable states, **regions affected by fragility and conflict** fall short. Aceh, in Indonesia, has one of the highest levels of poverty in Indonesia despite its large resource wealth. Poverty levels in Mindanao, in the Philippines, greatly exceed those of the rest of the country (see also Box 23 on aid to Mindanao).

A.2.2 Fragility and conflict have regional and global impacts

Stable, economically healthy countries bring benefits to the global community. In contrast, fragility and violent conflict undermine economic performance, which ultimately has an impact on **global economic stability**.

Afghanistan: Maslakh Internally Displaced Persons Camp near the western Afghan city of Herat. A number of international humanitarian organisations deliver food, blankets, clothing, stoves, and other items to Maslakh's desperately poor population. Photo: UN

Responding after the fact to extreme fragility and violent conflict is expensive for those directly affected and the costs of the global interventions required to restore order are huge. An average civil war lasts for seven years. At its end, the economy will be 15 percent smaller than if the war had not taken place. After wars end, countries take an average of 10 years to return to pre-war growth rates. Only 21 years after the start of the original war has GDP returned to the level it would have achieved if no war had occurred. The welfare of a country's population is further reduced because of increased military spending during and after the war, on average 18 percent of GDP. The growth rate and military expenditures of neighbouring countries are also affected during and after the war. The total national and regional cost of a single war on average is more than US$64 billion.[13] Given that many civil wars recur, the costs are often greater. Criminal armed violence results in economic effects larger than those of armed conflict, with losses in productivity of US$95–163.3 billion.[14] Fragility and violent conflict can also entrench inequality and reduce social cohesion with further negative impacts on prospects for growth and development.

Fragile and conflict-affected states present **security threats** to other countries including Australia. The proliferation of small arms, incubation of terrorist networks, organised crime and drug and human trafficking can have regional spillover effects. Fragility and violent conflict give rise to migration and increased demands for asylum and refugee status in stable developed countries. Fragile states and situations therefore have the potential to directly affect Australia's national security goal of an international environment, "particularly in the Asia Pacific region, that is stable, peaceful and prosperous."[15]

A.2.3 Improving development effectiveness requires addressing fragility and violent conflict

Addressing fragility and conflict requires support to statebuilding, building social resilience and peacebuilding.

Most Australian development assistance goes to fragile states, many of which have also been affected by violence, and this may increase as the volume of Australian assistance grows (Box 1). In many of these states, notable progress has been made, but many others are stagnating. Without addressing the sources and impacts of fragility and violent conflict, the effectiveness of Australian assistance will be limited. Delivering assistance in fragile and conflict-affected situations is challenging. Problems donors can face include weak contextual understanding based on a lack of data, widespread corruption, a difficult and high-risk environment, and low government capacity. But previous examples of successful engagement, discussed throughout this Framework, provide useful lessons.

Box 1. Fragility and Australian development assistance

Of the 48 states considered by the OECD DAC and the World Bank in 2011 to be fragile, 40 are recipients of bilateral Australian Official Development Assistance (ODA) including Afghanistan, Burma, Iraq, Sri Lanka, Nepal, Pakistan, Solomon Islands, East Timor and Zimbabwe.

In the 2011/12 financial year these fragile countries will receive A$1.74 billion in Australian development assistance or 53 percent of Australia's total bilateral and regional aid.

This figure excludes the significant assistance implemented in fragile areas of generally effective states, such as Aceh (Indonesia), Mindanao (Philippines), and southern Thailand. It also excludes large contributions to multilaterals including the World Bank and UN agencies working on issues of fragility and conflict.

Addressing fragility and conflict requires support to **statebuilding, building social resilience** and **peacebuilding**. Without a reasonably well functioning state, and the absence of widespread violence, development assistance will not result in sustainable gains.[16]

A.3 How can development assistance help? Changing approaches

Australia is seen as a major contributor to addressing issues of fragility and conflict through its aid program.

Experience over the past decade has shown the need for **new approaches** to working in areas affected by fragility and conflict. Through engagement with the international architecture, Australia is seen as a major contributor to addressing issues of fragility and conflict. Our unique experience within our own region, along with our extensive experience in whole-of-government approaches, means AusAID is seen as a global leader.
A number of lessons have been learned, many of which are summarised in the Principles for Good International Engagement in Fragile States and Situations (Box 2). The Principles resulted from the recognition by a group of donors that international engagement would not by itself put an end to state fragility. Donors recognised the adoption of shared principles could help maximise the positive impact of international engagement and minimise unintentional harm. The Principles are being used to monitor the performance of donor interventions in selected developing countries.

Box 2. OECD DAC's Principles for Good International Engagement in Fragile States and Situations

The OECD DAC Principles, which were formally adopted by OECD Ministers in April 2007, highlight the following agreed principles-based approaches in fragile states:

- Understanding context is the starting point for effective international engagement
- International interventions need to ensure that they 'do no harm'
- Statebuilding should be the primary objective of international support
- Prevention of violence and fragility should be prioritised
- The links between political, security and development objectives need to be recognised
- Non-discrimination should be promoted as a basis of inclusive and stable societies
- Aligning with local priorities can be done in different ways in different contexts
- Practical coordination mechanisms for international actors need to be agreed upon
- There is a need to act fast but stay engaged for a long time
- Internationally, there is a need to avoid pockets of exclusion

A.3.1 Local solutions, external support

Development assistance alone cannot solve the problems of fragility and violent conflict but it can play an important supporting role. Lasting solutions require a capable and responsive state underpinned by a cohesive society, with non-violent political competition. Historical experience shows that responsive states have emerged from long, largely domestic, processes of competition and change.[17] Improvements in state performance take decades; even the fastest-transforming countries have taken 15-30 years to raise their institutional performance from that of a fragile state to that of a functioning state.[18] Pushing too many reforms too quickly can overwhelm local capacities and lead to (sometimes violent) resistance.

Sustainable transitions must be driven by fragile and conflict-affected countries themselves. The Paris Declaration and Accra Agenda for Action encourage signatories to work towards aligning their programs with the policies and priorities of recipient states. Aligning with indigenous processes of reform can be challenging, especially where political leadership and consensus are still being built. Alignment is also challenging where strategic priorities are not clearly identified or where priorities are not focused on longer-term peace and development.

Local institutional capacity within diverse agencies is needed for the development of a responsive and capable state.

Above: Testing local food products at the National Analytical and Public Health Laboratory, Honiara, Solomon Islands. Photo: Rob Maccoll/AusAID

Left: People sit on a step above an open drain at the staff quarters of Kawempe Police Station in Kampala, Uganda. The Child and Family Protection Unit at the station is supported by AusAID through Plan International. Photo: Kate Holt/Africa Practice

Nevertheless, development agencies such as AusAID can play a role in helping governments formulate and articulate their priorities, and providing financial and technical support to implement them.

Where it is difficult to work directly with states because of widespread corruption, lack of accountability or a highly repressive government, development agencies can work towards change by engaging directly with societies. Assistance can protect and build human, institutional, social, environmental and physical capital. This may have direct immediate benefits, for example, in addressing extreme poverty, humanitarian needs or sources of violence. It can also have positive longer-term statebuilding impacts by building constituencies for progressive reform and enabling marginalised groups to participate in statebuilding efforts.

A.3.2 Complex problems, holistic responses

In fragile states, AusAID engages with whole-of-government partners in strategies that often combine military, policing, preventive diplomacy and development efforts.

The sources of fragility and conflict are complex and multi-faceted. In many places, **development assistance will be more effective if it is part of a broader approach that also includes security and diplomatic activities and efforts to ensure a thriving economy**. In fragile states, AusAID engages with whole-of-government partners in strategies that often combine military, policing, preventive diplomacy, and development efforts. For example, if a major crisis emerges, an Inter-Departmental Emergency Task Force is established and usually chaired by the Department of Foreign Affairs and Trade. On the ground in affected countries, Australian Heads of Mission operate under a whole-of-government Prime Minister's directive.

Whole-of-government strategies create powerful synergies that can help overcome complex problems. But perceptions of the 'securitisation' of development engagement can also create problems. Assistance is inevitably political but it may be viewed with greater suspicion where it is overtly linked to foreign policy goals. In such situations, it can be more difficult for development agencies to claim neutrality. Development goals, such as poverty reduction and building strong institutions may get traded-off against other objectives (Box 3).

The complexity is exacerbated by the growing array of development actors and the diversity of their approaches. These include new non-DAC donors such as China and India and major philanthropic organisations such as the Gates and Clinton Foundations, as well as other bodies providing

development assistance such as NGOs, educational organisations, churches and private companies.

Joint planning by Australian government partners and the development of **longer-term strategies**, which outline a clear division of responsibilities, can help reduce risks and enhance effectiveness. Adherence to the OECD DAC's Principles for Good Engagement in Fragile States and Situations, and transparent reporting of their ODA expenditure, is important for all Australian government agencies working in fragile settings. Close collaboration with other development actors is also necessary to ensure an appropriate division of tasks.

Box 3. Challenges and opportunities of stabilisation

In countries such as Afghanistan, development assistance is part of a stabilisation approach within a counter-insurgency strategy. Stabilisation is a transitional phase that requires transitional arrangements in terms of institutions, instruments and processes. During this period, which can often last for longer than initially envisioned, aid actors can find themselves pursuing parallel sets of objectives related to security and development. In theory these should later converge in a secure state that is able to promote development. Yet in practice aid programs often appear to be split between two different purposes.

This creates challenges. Actors in the security sector may engage in development in order to "win hearts and minds"; aid can become an instrument of military or police operations focused on security. In such environments, development assistance can be more easily viewed as serving a political agenda and aid workers and aid recipients may be targets of violence. Important goals—such as reducing poverty—can be sidelined. Security approaches may undermine the trust necessary to build strong and legitimate state institutions in the longer-run. And parallel service delivery may undercut the longer-run challenges of building state effectiveness. Managing the tensions is difficult and there are no simple answers.

The Framework takes as its premise that implementing development activities in stabilisation contexts requires close adherence to the Principles for Good Engagement in Fragile States (Box 2 above). The UK Stabilisation Unit Report (November 2010) notes that at the heart of successful stabilisation is the capacity to communicate with communities, establish the services and opportunities they need to achieve stability, and then to provide the framework in which they can build those services and opportunities.

In Uruzgan Province, Australia leads the multi-national Provincial Reconstruction Team, delivering roads, schools, health clinics and wells in local communities, enabling community demining and mine risk education and training interns in public financial management, computing, law and general administration.
Photo: Matt Schroff, US Navy, Uruzgan Provincial Reconstruction Team

A.3.3 Building common responses

The complex nature of the challenges requires **working closely with other development agencies**, including partner governments, bilaterals, multilaterals, foundations, international and local civil society, as well as other informal institutional structures (for example a council of tribal elders). Australia is signatory to many multilateral agreements which create obligations for aligning AusAID's assistance with that of other donors and recipient governments. This creates opportunities for Australia to play a positive leadership role in influencing the policies and approaches of other development agencies (Box 4).

Young girls pass a vehicle belonging to the United Nations-African Union Mission in Darfur, as they return from school inside Zam Zam Internally Displaced Persons (IDP) Camp in North Darfur, Sudan. Photo: UN Photo/Stuart Price

Box 4. Multilateral engagement

Enhanced multilateral engagement is a key pillar of the Australian Government's foreign policy. Australia had a seat on the UN Peacebuilding Commission in 2010, is on the Steering Committee for the International Dialogue on Peacebuilding and Statebuilding and is a participant in the DAC International Network on Conflict and Fragility. AusAID also works closely with multilaterals, like the World Bank and UNDP and through Multi Donor Trust Funds.

Australia's approach to situations of fragility and conflict is also informed by it being a signatory or supporter of a number of important international conventions and frameworks including:

- UNSCR 1325(2000) and 1889 (2009) which addresses the impact of war on women, and women's contributions to preventing conflict and promoting sustainable peace.
- UNSCR 1820(2008) which identifies sexual violence as a tactic of war that requires specialised military and police responses.
- Geneva Declaration on Armed Violence 2006
- UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons 2001
- UN Convention against Transnational Organised Crime 2000
- Convention on the Rights of the Child (1989) and on the Involvement of Children in Armed Conflict (2000)
- Paris Declaration on Aid Effectiveness (2005)
- Accra Agenda for Action (2008)
- OECD DAC Principles for Good International Engagement in Fragile States and Situations (2007)
- Good Humanitarian Donorship Principles (2003)
- Resolution on the Protection of Civilians (2006)
- Responsibility to Protect (2009)

These agreements create obligations for the way Australia engages with partner countries. They also create a responsibility for Australia's development program to assist developing countries to meet their obligations under these conventions.

A.3.4 Doing no harm

Development assistance can have positive impacts on fragility and violent conflict. But poorly designed or implemented assistance can be harmful. This is true everywhere but risks are particularly great in fragile and conflict-affected states and situations (Box 5).

Box 5. Making sure development assistance does no harm

Statebuilding. OECD guidelines provide advice on how to ensure development assistance does not undermine statebuilding processes.[19] Development assistance can do harm if it damages pre-existing state capacity by channelling large amounts of aid outside state structures thus undermining state legitimacy. Failure to focus on strengthening core state functions (such as to manage conflict peacefully, to raise revenues, and for planning expenditures) can undermine any nascent capacities. Holding unrealistic assumptions about the pace and direction of statebuilding can also be harmful. Advocating systematic governance reforms without analysing existing political settlements and state-society relations, and how reform might affect patterns of inclusion and exclusion may result in harmful advice. Advocating too much reform in a short period can be counter-productive. Assistance that supports predatory state practices can reduce the legitimacy of the state and make it more difficult for countries to move towards more inclusive political settlements.

Peacebuilding. Development assistance can lead to violence if it picks winners and losers in a highly contested environment. At the macro level, development assistance may lead to new, or increase existing sources of risk such as inter-group inequalities and competition over land and other productive resources. At the project level, assistance can lead to local tensions that have the potential to escalate into violence. Where assistance is perceived as not being allocated fairly or transparently, and where communities are not involved in deciding on how funds should be spent, such tensions are more likely. The absence of complaints mechanisms and systems of redress within projects can allow problems to grow and become violent.

To ensure development assistance does not negatively impact on statebuilding and peacebuilding, it is necessary to ensure that:

- The development of country strategies, programs and projects is **based on a solid understanding** of the distribution of power and resources within a country or area and the incentives of elites
- Programs are developed based on an understanding of local needs and a **realistic diagnosis of local capacities**, rather than transferring institutional models from a more developed context which may not be appropriate
- Development assistance does **not support corrupt or predatory practices**
- **Communities** and civil society groups, including people representing marginalised groups, are **involved in making decisions** on how development assistance is allocated
- Development projects are accompanied by **socialisation strategies** at multiple levels to explain the aims of projects and the rules governing processes and resource allocations
- **Complaints mechanisms and systems of redress** are in place to deal with problems as they arise

AusAID officer Amanda Aspden at a meeting to discuss the Education Quality Improvement Program funded through the Afghanistan Reconstruction Trust Fund,at the Malali girls school in Tarin Kowt in Uruzgan Province, Afghanistan with representatives of the Afghan Ministry of Education, the World Bank and teachers and children from the school. Photo: Matt Schroff, US Navy, Uruzgan Provincial Reconstruction Team

A.4 Types of fragile and conflict-affected states: a framework

Since the nature of fragility and the degree of violent conflict vary from place to place, needs and opportunities for providing assistance also differ.

A.4.1 Types and degrees of fragility

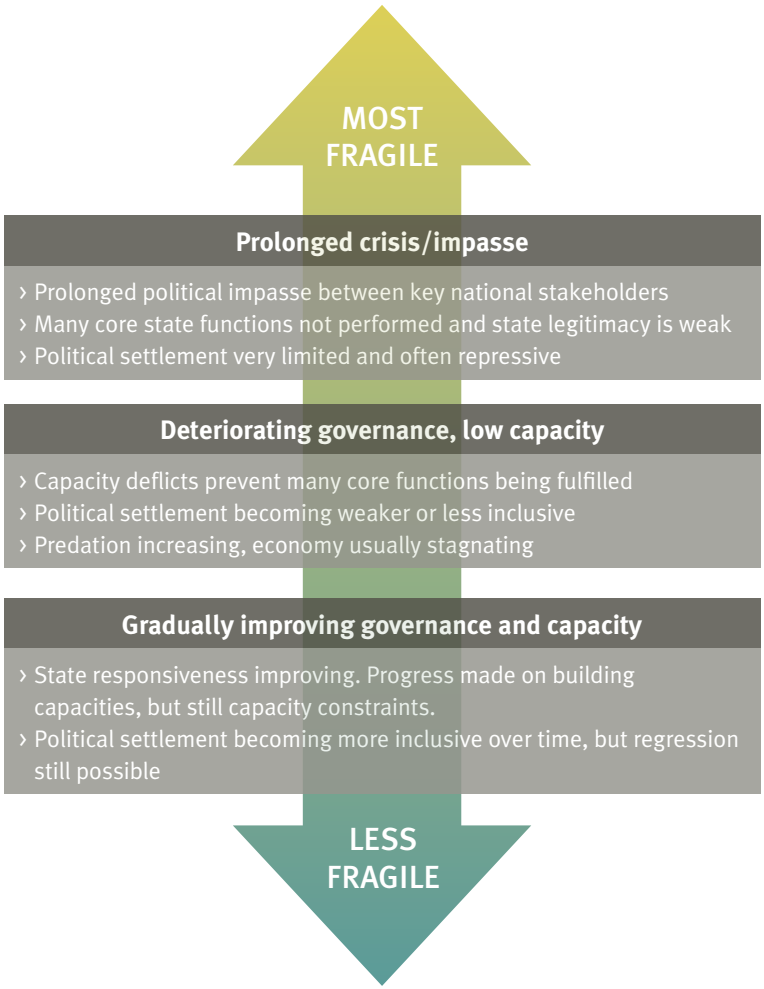
Fragile states can be differentiated by the extent to which they are responsive to the needs of the population. Lack of responsiveness may stem from a **lack of capacity or willingness** to perform core state functions. Responsive states are able to provide security, resolve conflicts, and enforce the rule of law; they are able to raise revenues and use them for the provision of services such as health and education; and they are able to facilitate economic development and job creation whilst ensuring the environment is not negatively affected. Many fragile states are unable to fulfil these functions because they do not have effective institutions and organisations.

Kiribati. Many communities depend on the sea for a living but experts warn global warming may cause migratory patterns of fish to change as they seek cooler waters. Photo: Lorrie Graham

Lack of responsiveness can also be the result of the nature of the **political settlement**. Effective states have shared agreement on the rules by which political decision-making and competition is conducted. Such settlements are more or less inclusive. In many fragile states, however, the political settlement reflects the narrow interests of elites at the expense of the broader society, leading to a less responsive, accountable and legitimate state. In many cases limited capacity and a narrow or unstable political settlement occur together.

While lack of responsiveness is a defining feature of fragility, it exists to differing degrees (Figure 4).

Figure 3. Degrees of state responsiveness/fragility



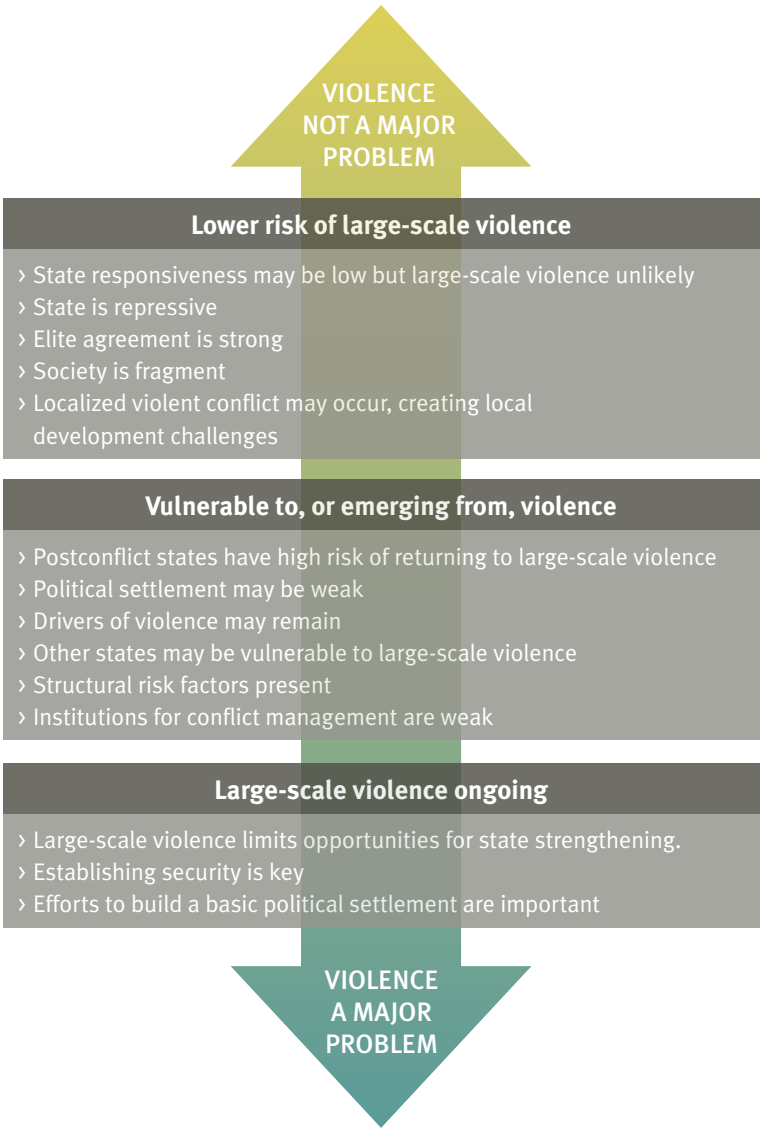
A.4.2 Patterns of Violent Conflict

Needs and opportunities for support will also vary depending on patterns of violent conflict. While fragile states have a higher risk of experiencing large-scale violent conflict than other countries, not all do experience violence. Within more effective states, violent conflict may affect some sub-national areas that are fragile.

While fragile states have a higher risk of experiencing large-scale violent conflict than other countries, not all do experience violence.

Appropriate support will differ depending on types of violence—whether it is state-sponsored violence, national and transnational criminal violence, or inter-communal violence (ethic, religious, clan-based)—and whether large-scale violent conflict is ongoing, whether a state or situation is vulnerable to violence, or whether there is a lower risk of large-scale violence emerging (Figure 5).

Figure 4. The presence of violence

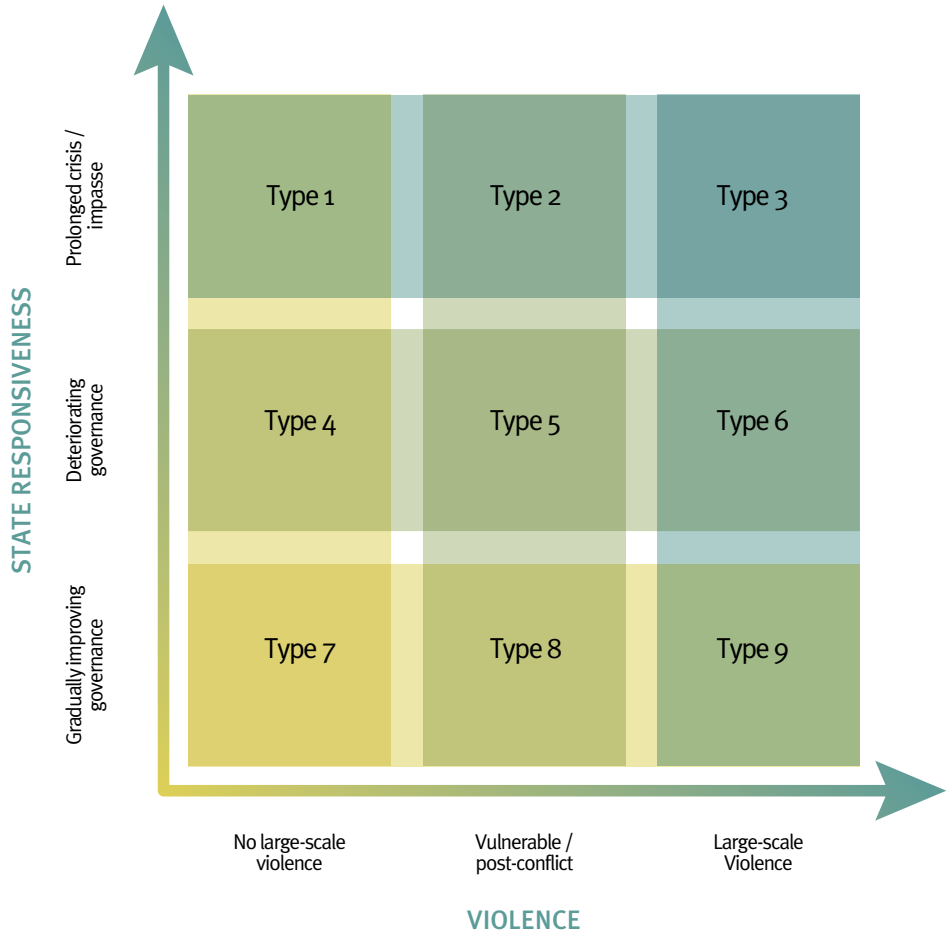


A.4.3 Different situations, different responses

States and situations can be classified by where they fall along the two dimensions of fragility and violence (Figure 6). Multiple scenarios may exist within one country—for example, violence may be present in some parts of the country but not in others. Parts B and C of the Framework discuss how different objectives may be more or less important for each type of state and situation, and how strategies to reach these objectives may differ from type to type.

States may be classified along two dimensions: state responsiveness and violence.

Figure 5. Types of fragility and violence



Police capacity development in Solomon Islands: The Australian Federal Police's International Deployment Group manages Australian overseas police deployment to capacity development missions, regional post-conflict reconstruction missions and UN peacekeeping missions. Photo: AFP

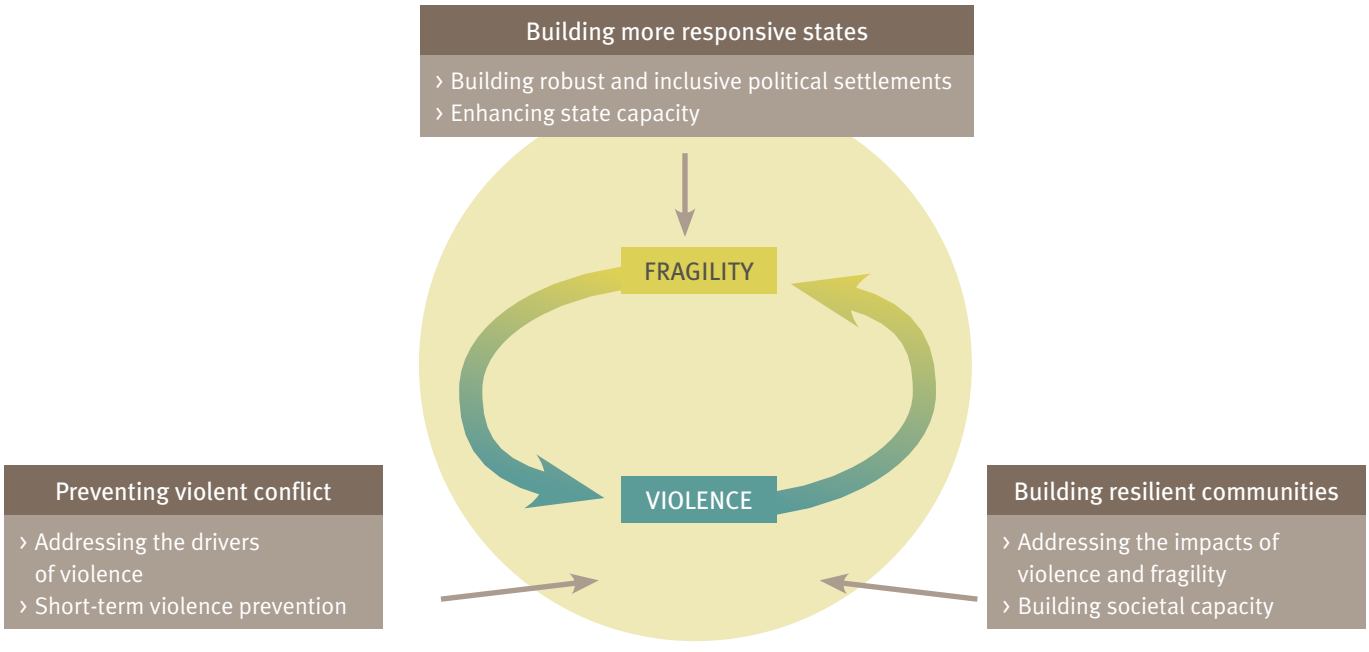
Part B

What Australia will do

The primary goal of Australian development assistance to fragile and conflict-affected states is to **support long-term peace and stability and create opportunities for development and poverty reduction to take place.**

This requires support to three mutually reinforcing aims: **building more responsive states; preventing violent conflict; and building resilient communities.** Six objectives are linked to these three core aims (Figure 7), and provide a basis for strategy and programming. Prioritisation of objectives and appropriate activities to achieve these will differ depending on local conditions.

Figure 6. Areas of support to fragile and violent conflict-affected states and situations



B.1 Building more responsive states

Robust political settlements require the inclusion of a wide spectrum of society.

More responsive states require **robust political settlements** where competition and disputes are channelled through non-violent political processes. Elite agreement can allow for security and development in the short-run but cannot guarantee long-term stability and progress. The political settlement will be strengthened if it is **broadened to include a wide spectrum of society**. Where society accepts the legitimacy of institutional arrangements, states will be stronger in the face of shocks and development opportunities increase.

In fragile states, improving responsiveness also requires enhancing the **capacity of the state** to perform core functions. These include the provision of security and justice, revenue and expenditure management, economic development, environmental management, employment generation, and service delivery.

Enhancing state capacities and supporting robust and inclusive political settlements require long-term programming responses.

In Timor Leste, the Australian Electoral Commission, with support from AusAID, works to enhance the ability of Timorese electoral staff to administer free and fair elections and increase public understanding of elections and democracy. Support provided by Australia contributed to successful local elections in all 432 sucos in October 2009. Photo: AusAID

B.1.1 Building robust and inclusive political settlements

Initial peace settlements in violent situations

In states where widespread national or sub-national violence is present, a first order goal for Australian assistance is to identify ways to **help different actors to reach a peace settlement**. Such settlements may take the form of **formal peace accords** or can be expressed through other agreements such as **informal elite pacts**. Table 1 outlines some areas that AusAID can support. In many areas, other Australian agencies, such as the Department of Foreign Affairs and Trade, will take the lead. However, efforts will be more effective if there is a common understanding from the beginning of the role of various Australian agencies and those of others such as the UN and international financial institutions.

Political conditions may not always allow for an immediate settlement but Australian development assistance can still work towards the goal of a future peace by supporting mediation and negotiation efforts. AusAID programs in the country should be developed with this in mind. Peace settlements require continuous management if they are to hold.[20] In areas emerging from violence, where formal or informal peace settlements are in place, Australian assistance can be directed at helping such settlements stick and reducing the risk of a return to violence.

In areas emerging from violence, where formal or informal peace settlements are in place, Australian assistance can be directed at reducing the risk of a return to violence.

While peace settlements are usually made by elites, it is important to ensure they reflect a wider range of perspectives and needs from the beginning. If certain groups (such as ethnic or religious minorities, women, youth and people with disabilities) are excluded from the initial settlement, it may be more difficult to address their needs and ensure their representation later on.

UN Security Council Resolution 1325 requires that member states ensure women's participation in all aspects of peacebuilding. Including a wide range of perspectives, including those of non-armed groups, can improve the quality of settlements. Women's and children's perspectives on conflict often differ from those of men. Engaging women and youth in the negotiation of peace settlements and post-conflict priority setting processes is thus key to accelerating recovery and contributing to the medium to long-term sustainability of peacebuilding and statebuilding efforts.

Table 1. Some options for supporting peace settlements

	Finding peace settlements	Supporting peace settlements
	Examples of options for programming	
Incentivising elites to find or stick to agreements	Supporting community development activities as a peace dividend Diplomatic engagement	Aid conditionality Diplomatic engagement Support consultation mechanisms
Technical support	Helping to draft peace settlements in areas where Australia has expertise Facilitating talks and mediation (formal or informal) Creating 'safe space' for marginalised groups to constructively engage	Support to drafting implementing legislation Support to programs which implement elements of peace settlement (e.g. DDR, security sector reform, police capacity development, monitoring, elections, internally displaced persons (IDP)/refugee return, reconstruction, transitional justice)[21] Capacity development for national/ sub-national institutions to mediate and resolve disputes peaceably
Creating constituencies for peace	Facilitating diverse coalitions of actors to pressure for peace	Facilitating diverse coalitions of actors (including civil society and the media) to push for accountable and transparent rules

Deeper political settlements

Peace settlements can help end violent conflict but **deeper political settlements** are necessary if peace is to be enduring and states are to emerge from fragility. AusAID, along with other partners, can support work on the rules by which political competition and decision-making is conducted. In most fragile states, the rules of the political settlement are dynamic and maintained through informal agreements that change over time. For this reason, it is important to be careful about locking in longer-term institutional arrangements into initial peace settlements. Australia can support **processes and spaces where ongoing adjustment of the political settlement is decided inclusively and peacefully.**

14 July 2011: Ceremony of the Signing of Agreement between The Government of the Republic of the Sudan and the Liberation and Justice Movement for the Adoption of the Doha Darfur Peace Document, at the Sheration Hotel, Doha, the state of Qatar. Photo: Olivier Chassot/UNAMID

In deciding what to do AusAID needs to understand the extent to which there is a shared understanding and acceptance of the rules of the game, and who is or should be engaged in determining the political settlement. This will differ from place to place, but international experience suggests focusing on two areas: the rules by which access to power is distributed; and the rules by which state resources are managed and distributed (Table 2).

Deeper political settlements require shared understanding and acceptance of the rules of the game.

Support to political system design should focus on facilitating or brokering discussions among diverse actors on the best form and structure of institutions including constitutions, judicial systems, electoral systems and accountability mechanisms. It is important that local actors have the chance to design institutional models that reflect local circumstances rather than import 'best practice' designs from elsewhere.

Table 2. Key elements of the political settlement

Area	Goal	Examples of types of assistance
Distributing access to power		
Political system design	Develop shared agreement on how political power is accessed	Support to the locally-led design of constitutions Support to the design, or build the capacity, of judicial institutions Support to the design of electoral systems Support to non-state accountability mechanisms (civil society capacity development)
Monopoly on the legitimate use of force	Develop shared agreement amongst elites on institutional mechanisms for using force	Police/military capacity development and security sector reform Support to strengthen the rule of law Support to non-state accountability mechanisms (civil society, the media, capacity development) Support to state accountability mechanisms (parliaments, ombudsman, auditor general)
Managing state resources		
Public finance	Developing an agreed-on and effective public finance system	Support to the development of an outputs-based national budget (short-term) moving towards the development of a multi-year national budget Develop national/local planning capacity Support to the development of efficient, effective and transparent systems for budget use (revenues and expenditures) Support to the development of a transparent macroeconomic framework (debt, trade, money supply) Support to non-state accountability mechanisms (civil society capacity development)
Economic policy	Develop economic reform policies	Support to the development of economic policies to correct policies that may have contributed to conflict Support to the development of state institutions which will create an enabling business environment Support prioritisation of economic activities that help to consolidate stability, provide tangible results and enhance income generation
Service delivery	Develop agreed-on and effective government service delivery programs	Support to the design and implementation of sectoral programs (health, education, public works, social protection) Support to non-state accountability mechanisms (civil society capacity development) and internal and external audit mechanisms

Area	Goal	Examples of types of assistance
Procurement and business regulatory environment	Develop agreed-on systems for transparent procurement and licensing regulations	Support to the design of procurement systems and capacity development in relevant ministries Support to drafting and implementation of investment law and systems for reviewing investment applications
Natural resource management	Develop shared framework for the management of key natural resources (minerals, forest, land).	Support to the design of licensing systems for managing resources in a transparent and sustainable way Support to the development of land titling systems

Broadening inclusion: helping build robust state-citizen compacts

Narrow political settlements between elites can play an effective role in maintaining stability and allowing for development in the short-run. However, political settlements that exclude sections of the population are fragile over the long-term. Excluded groups are unlikely to accept the legitimacy of the state if they feel they do not have access to political positions and benefits. **Marginalised groups need to be included in and have ownership of political settlements, where politically feasible.** Where citizens are able to properly engage and influence the direction of reform and development, they are more likely to support processes of statebuilding. Without the accountability that comes with broader participation, the performance of the state is likely to be lower.

Representatives from governments, non-government organisations, donors and regional organisations gathered in Noumea for a conference on Pacific Women, Pacific Plan: Stepping up the Pace to 2010. Photo: AusAID

Common groups that may be excluded include women, youth, ethnic, religious or political minorities, people with disabilities, and the losers of past civil wars and violent conflicts. Women face many challenges to their participation in governance and electoral processes, stemming from their differential access to resources, education and formal political parties, as well as discrimination for transgressing traditional gender roles.

Political settlements that exclude such groups can perpetuate forms of exclusion over the longer run that can give rise to future violence or fragility. Table 3 sets out potential programming approaches to help include marginalised groups.

Table 3. Including marginalised groups in political settlements

Goal	Examples of types of assistance
Increasing political participation (decision-making)	Support to design of electoral systems (seat allocations, candidate quotas) Support to locally-led constitution development Support to design of decentralisation
Increasing political participation (participation)	Support to media campaigns Training for political parties Support to voter education
Building the capacity to engage	Support to basic and tertiary education (girls to school, access to education in underserved areas) Capacity development and resource support for civil society organisations Economic empowerment for minority groups (savings and loans, reduced regulatory burden on small enterprises) Scholarships
Promoting inclusive practices	Support to civil service reform (hiring practices which open recruitment, promotion for women, excluded ethnic groups)

Real and sustained reform comes from within a country itself.

Supporting the broadening of political settlements is often not easy. Real and sustained reform comes from within a country itself. Elites may not find it in their interests to include others in political settlements, especially if their positions are secured by limiting access. Where an elite pact is still uncertain, efforts to broaden inclusion can be unsettling. Pushing rapid reform in too many areas can overwhelm local capacities. Strategies for promoting broader inclusion need to both understand the degree of pressure that systems can take and identify viable entry points. This requires a deeper understanding on AusAID's part of local culture, institutions and the political economy (see Part C). In many cases, 'inclusive enough' pacts may provide a middle ground between exclusionary pacts and completely broad-based engagements.

As part of a Security Sector Reform project in Timor-Leste, 30 officers from the Forças de Defesa de Timor Leste (FDTL), Polícia Nacional de Timor-Leste (PNTL) together with firefighters, civil security and government officers, participate in a training session on repair and maintainance of radio equipment. 10 February 2009. Photo: UN # 325501.

B.1.2 Enhancing state capacity

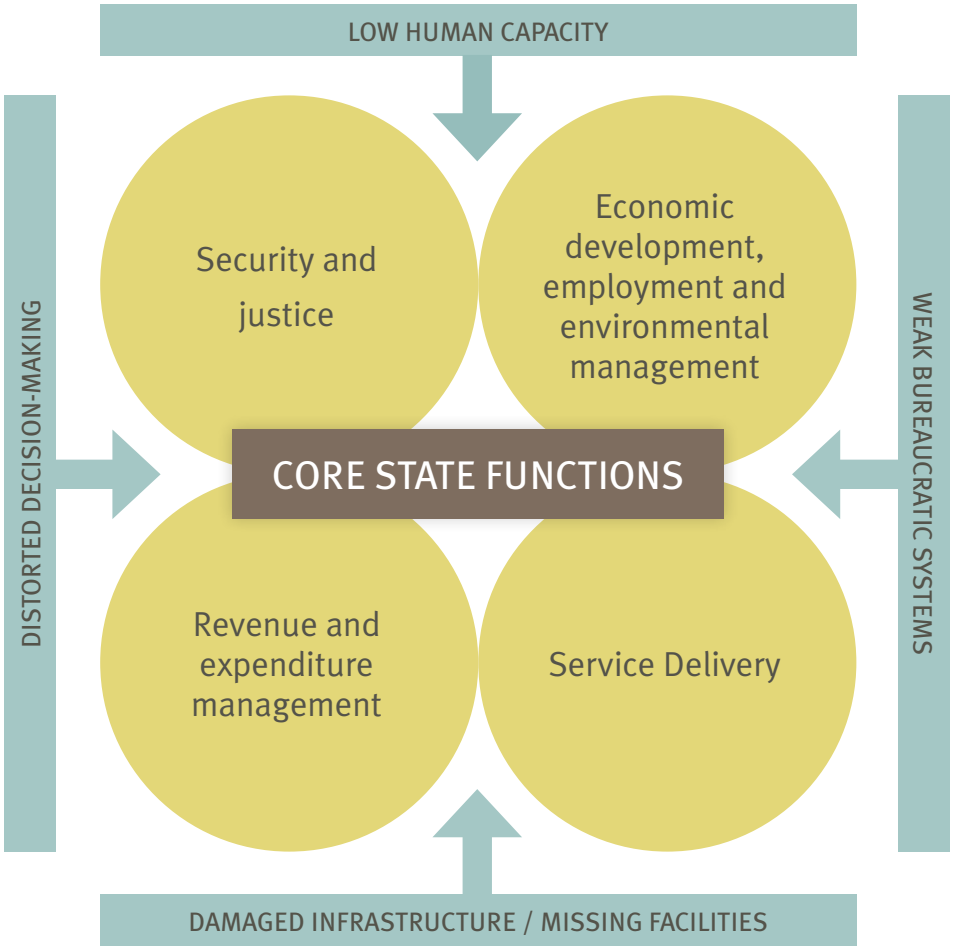
Fragile states have limited capacity to perform core state functions, but are rarely completely lacking in capacity. Weaknesses may include a lack of **capabilities among public sector workers, underdeveloped bureaucratic systems, non-payment of salaries to staff, a high proportion of unfilled positions and damaged or missing facilities.**

Often gaps in state capacity are not solely sustained by 'technical' issues but also by **distorted incentives** that shape decision-making. Where patronage systems are strong, as is the case in many fragile states, poorly qualified people may be recruited for the civil service at the expense of others with higher qualifications. Policy choices may also be determined more by the goal of elites to sustain power than by their expected development outcomes. Deciding how to develop capacity thus requires a strong understanding of the country's decision-making processes as well as analysis of where capacity already exists and where the gaps are.

Deciding how to develop capacity requires analysis of where capacity exists and where the gaps are.

AusAID support can help address each of these in relation to core areas of service provision (Figure 8).

Figure 7. Capacity deficits and core state functions



Security and justice

Many fragile states struggle to provide **security** within their country. In states with ongoing large-scale violence at the national or sub-national level, or those that have just emerged from extended violence, ensuring basic security takes priority over other areas of support. Focusing on providing the security needed for economic activities to take place, such as ensuring key transport links remain open and safe, can be useful. Further ideas on how AusAID can support the capacity of fragile and conflict-affected states to provide security are discussed below.

Fragile and conflict-affected states also often have difficulties providing **access to justice and dispute resolution.** Ensuring systems are in place for this is extremely important. Many large-scale violent conflicts have their roots in unaddressed local tensions. Having local dispute mechanisms to impartially settle disputes over contracts, and over access to and ownership of resources such as land and water, is vital for investment, economic growth and security.

Where the state justice system is weak, efforts to strengthen access to informal systems of justice may be appropriate (Box 6). However, in most cases efforts to strengthen both formal and informal justice mechanisms will be necessary. Informal systems have a critical role to play even where there is a functioning formal system, but can also reinforce long-standing sources of inequality, such as gender inequality and divisions between majority and minority ethnic and religious groups.

Informal systems can never completely fill the role of a formal system in all areas. Establishing **functioning legal systems** is also necessary to prevent state corruption, which can undermine longer-run statebuilding, peacebuilding, and development.

A village court in operation in Papua New Guinea's Eastern Highlands province. Access to justice and gender equality are closely linked development issues. Australia's assistance to the law and justice sector has seen a significant increase in the number of new women village court magistrates recruited and trained across the country, up from 10 in 2004 to 500 in 2010. Australia also assists police to respond to family and sexual violence. Photo: Roger Wheatley/AusAID

At times there will be difficult decisions to make on whether or not to support systems of informal justice. These systems may play effective roles but elements may not fit with international human rights standards. Sharia law, for example, governs many interactions in Islamic societies (such as Aceh, Southern Thailand and Mindanao). Efforts by local NGOs in building the awareness of Sharia courts and police of human rights and gender issues have had some success.

A two-person team, comprised of a UN Police officer (left, with children) and an officer from the Vulnerable Persons Unit of the Polícia Nacional de Timor-Leste (PNTL), makes house calls where there are reports of abuse against women and children. Here they travel on foot along an unpaved road inaccessible to cars. Photo: UN

Box 6. Providing access to justice in the Asia Pacific

Australia's engagement in the law and justice sector is increasingly linked to broader security-related cooperation in our region. This is particularly the case for PNG and the Pacific, with additional impetus provided by broader Australian Government commitments under the Cairns Compact and Pacific Partnerships for Development and Security. The increasing scale and profile of international development assistance in the law and justice sector reflects the widespread recognition that functioning and effective state and non-state justice systems play an integral role in state-building and stability, both in contributing to the enabling environment for growth and as a fundamental area of service delivery in their own right.[23]

In 2008-09, the Australian Federal Police (AFP) delivered A$ 175 million (60 percent) of Australian law and justice assistance, with over half being for the AFP's contribution to the Regional Assistance Mission to Solomon Islands (RAMSI). AusAID administered A$ 114 million (40 percent) of assistance in this sector. The Attorney-General's department and various courts are also significant players in the sector. More than 60 percent of Australia's law and justice assistance is delivered in the Pacific region.

AusAID also supports the World Bank's Justice for the Poor program which conducts community level research and pilot activities in Indonesia, Timor-Leste, Vanuatu, the Solomon Islands and Papua New Guinea. Research aims to understand how formal and informal dispute resolution works and how they can be better linked. In Indonesia, this resulted in the government preparing their first ever National Strategy on Access to Justice, which was launched in October 2009.

Australia announced a new initiative for bilateral Partnerships for Security at the 40th Pacific Islands Forum in Cairns in 2009. The Security Partnerships will complement the Partnerships for Development by consolidating and strengthening existing bilateral security cooperation between Australia and Pacific island nations. This framework supports the implementation of both the Security and Development Partnerships, recognising the interdependent nature of law, justice and security challenges.

Economic development, employment generation and the environment

Citizen trust in the state is likely to be weaker where the economy is stagnating or is highly skewed with large disparities between rich and poor. The absence of formal or informal **employment opportunities** increases the risk of individuals or groups using violent means to pursue their goals, in particular if some groups are seen to be getting ahead while others are not.

In the long run, only a vibrant **private sector** will create sustainable jobs, grow the economy and contribute to the revenue necessary to underwrite a country's budget. Support to market building may be necessary. Attracting investment usually requires state involvement, since it is necessary to develop a **regulatory and licensing framework** as well as strengthen **guarantees of property rights and contract enforcement**, and **systems of redress** through the legal system. In some fragile states, there may not be a **functioning banking and financial system** that provides for financial intermediation, currency conversion and movements, and secure systems for payment.

These institutions have taken centuries to establish in the developed world. As such, developing locally appropriate and feasible systems in a limited number of sectors of the economy will be more effective than seeking to import 'best practice' comprehensive western systems. AusAID and other donors can work with those in power to help develop an appropriate regulatory environment for local conditions and a system of basic contract enforcement, which allows for increased investment. Such a regulatory framework might include streamlining the remittance economy, which in many countries is a major source of foreign exchange and which can be used to create local employment and reduce poverty.

AusAID and other donors can work with those in power to help develop an appropriate regulatory environment for local conditions and a system of basic contract enforcement which allows for increased investment.

AusAID can also **work with local private sector firms to develop their capacity**. For example, the development assistance program in Vanuatu spends around 40 percent of its annual budget on building incentives for foreign and local investors to create jobs and make Vanuatu a more attractive and secure place to invest. It does this directly through increasing opportunities for the private sector (including local small scale contractors) to engage in the provision of services (such as road building) or indirectly through provision of supporting infrastructure, both hard (roads or ports) and soft (competition reforms in telecommunications, energy, agriculture).

Mobile phone technology is helping farmers in the Pacific to access financial services so they can concentrate on getting their fresh produce to market. Photo: AusAID

Microfinance (which is particularly useful for women in the informal sector), **support to value chains** and **adjusting Australia's own procurement practices** to maximise the opportunities for local products and services are all important.

Australia has expertise in areas such as **natural resource extraction and management, agri-business, and construction**, which can be utilised as part of assistance packages. Big business often has an interest in fragile and conflict-affected areas rich in natural resources, and has the potential to bring many benefits—but also the potential to do harm. AusAID can increase its engagement with the Australian private sector to generate employment, deliver skills training and facilitate interaction between business and the state to ensure transparent and equitable practices. The Extractive Industries Transparency Initiative (EITI) is an example of a model that engages national governments, the private sector, communities and donors.[24]

Often the most binding constraints to private investment in fragile settings are among the most basic. **Infrastructure investments**, including at the local level, are important for job creation and offer opportunities for skills development. Building farm to market roads, processing facilities, ports, irrigation systems, power facilities and telecommunication systems can all boost productivity (Box 7). Supporting **political risk insurance mechanisms**, such as those provided by the Multilateral Investment Guarantee Agency (MIGA), providing **tax incentives** and **special economic zones** can be important in stimulating outside investment.

Box 7. Infrastructure and peacebuilding

Infrastructure construction can play a powerful role in building peace in post-conflict environments. The provision of basic infrastructure services provides a tangible way for governments to demonstrate to their people that they are back in business. It can also provide quick employment to youth and former combatants. Improving roads can have flow-on effects on other areas of the economy, with produce reaching markets more efficiently. Re-establishing water supply and sanitation improves health and the general quality of life. Repairing and expanding access to electricity facilitates commercial activity and makes life safer through street lighting. Infrastructure also enables other basic services such as health clinics, schools and law and justice facilities to function.

AusAID has extensive experience providing infrastructure in areas emerging from violent conflict. A A$ 45 million program to rehabilitate over 600 km of roads in Bougainville, Papua New Guinea, following a decade of conflict, had significant impacts. Two hundred permanent jobs were created in the local road construction industry and the program included more than 10,000 minor road network contracts with community groups, injecting over A$7 million into the rural economy. In Timor-Leste, AusAID's national infrastructure program incorporated a US$16.5 million Youth Employment Promotion program which provides short-term employment for 70,000 youths in all districts of Timor. A road improvements program in Malaita, Solomon Islands, resulted in improvements in the production of goods for sale at markets, prices received, and general economic well-being.

Roads projects can bring a community together to accomplish a goal for the common good, and also provide an opportunity for people to earn wages. In the Philippines, the worst roads are found in the southern part of the country where the poorest provinces are located. Australia has been assisting the Government of the Philippines, to manage and maintain a core network of provincial roads in conflict-affected Mindanao and the Visayas. Photo: AusAID

Capitalising on synergies between different investments improves effectiveness. For example, investments in improved irrigation may lead to higher crop yields but the benefits of this are reduced if roads are not there to bring the crops to market. More targeted regional approaches, where investment is coordinated and focused in areas that are more populated or poorer, may bring greater benefits.

Economic development and employment creation needs to take place in ways that are **environmentally sustainable**. Unchecked growth can create environmental issues (such as deforestation, pollution of water resources, and land erosion), which in the longer-run can undermine development and livelihoods. This in turn may increase conflict risks and fragility.

Service delivery

The **delivery of core services**—such as education, health, water and sanitation, and public infrastructure—is an important means by which citizen trust in the state can be enhanced. Fragile or conflict-affected states will rarely have the capacity to deliver a full range of services at the same time. In deciding which areas to prioritise, it is important to understand which types of services are deemed most important by citizens.

Where state capacity is low, service provision may best be contracted out to the private sector or non-governmental organisations though, to enhance state legitimacy, the state should have some visibility (Box 8).[25] A **small number of visible government programs**, which are transparent and involve the substantive participation of the community, can play a powerful role in changing expectations and building legitimacy.

Former Australian Ambassador to Zimbabwe John Courtney helps a young boy pump water at one of 22 boreholes in the Budiriro District of Harare, Zimbabwe made possible with funding from Australia in partnership with UNICEF. The district was badly affected by cholera in 2009. Photo: Kate Holt/Africa Practice

Education initiatives in the Philippines help cultivate values and attitudes in the school community that encourages individual and social action for building more peaceful families, communities, and ultimately a more peaceful Mindanao. Photo: Jing Damaso, AusAID

Box 8. Service provision in low capacity environments: Afghanistan

The National Solidarity Program (NSP) is a flagship program of the Government of Afghanistan, helping the government to deliver urgently needed services to its rural population. NSP provides block grants of on average US$32,000 to communities, with community members deciding on how the money should be used. From its inception in 2003 until the end of 2010, NSP delivered over US$786 million to almost 25,000 communities including over 70 percent of the country's rural population. In each community, a community development council (CDC) is formed, elected by community members. In consultation with the community, the CDC decides what the money should be used for and oversees project implementation. A series of evaluations have shown that the program has had significant impacts, including in areas where violence has been ongoing. Economic rates of return on projects—which include water and sanitation, rural roads, irrigation, village electrification, and social infrastructure such as schools, health facilities and livelihood projects—average 26.3-60.8 percent. The evaluations also found that NSP creates avenues for women's participation and involvement in economic activities and increases participation by men in local governance.

These successes have been achieved despite limitations in the capacity of the Afghan government. While the Ministry of Rural Rehabilitation and Development oversees implementation at the national level, project implementation is outsourced to Facilitating Partners, normally national or international NGOs. The Facilitating Partners then mobilise CDCs to manage block grants and to oversee planning and implementation of subprojects at the village level. This model has allowed for funds to be largely delivered effectively and transparently, although weaknesses in the capacity of state institutions has at time led to delays despite heavy investments in technical assistance and training to Afghan state institutions. It has also had positive impacts on communities' perceptions of the government, which have improved in areas where NSP is implemented.

A farmer weeds his vegetable field in Nangahar Province as part of the AusAID supported National Solidarity Program. Photo: Afghanistan Reconstruction Trust Fund

Revenue and expenditure management

Public finance is fundamental because it underpins the ability of states to fulfil the core functions discussed above. If states are to escape fragility, they need to be able to develop systems to collect revenues and spend them in effective and transparent ways on public goods that benefit the population. Where revenues are derived illicitly (for example, through smuggling, illegal forestry, or trade in narcotics), it not only undermines the government's capacity to capture revenue, but also corrupts the political system itself. A focus on reducing corruption within the public financial management system is crucial. AusAID has particular expertise

UNDP Anti-Corruption poster

in providing advice on public financial management, which can be utilised in a wider range of fragile and conflict-affected states.

Development assistance can inadvertently undermine government systems of managing expenditures, in particular if it by-passes the state budget. The **budget** is the main mechanism through which transparent decisions can be made on how to allocate resources across sectors and programs. Where government systems are relatively strong, assistance may best be channelled through the government budget, although direct budget support will generally not be possible.[26] Where systems are weaker, there may still be opportunities to register donor money within the budget, thus ensuring it reflects government priorities, whilst using parallel delivery mechanisms.

Developing civil service capacity

In order for the state to perform these different functions, there is a need to **build a professional and impartial civil service**. This may require both individual and organizational capacity development.

Individual capacity development may involve the use of on-the-job training and the provision of scholarships and internships. Over the longer run, enhancing administrative training establishments and tertiary education in areas such as accounting, law, information technology and public management can all play a role. Training in non-technical areas, such as leadership, may be important. Learning by doing will usually be more effective than more isolated training.

A professional and impartial civil service is needed for the state to perform its core functions.

Organisational capacity development may involve initiatives such as twinning, administrative training centres, establishing or supporting centres for good governance, and support to developing organisational rules and codes of practice. Developing systems to reduce patronage in appointments, for example, may play an important role in slowly changing organisational cultures. Providing exposure to more effective bureaucracies elsewhere may contribute to change within a fragile state.

Efforts to develop individual and organisational capacity can occur along a continuum. In the short term, a level of capacity substitution or supplementation may be necessary. This could include providing technical specialists to help perform key government functions. Such specialists can provide on-the-job training while performing their roles. Efforts to

support structural changes such as enhancing the supply of indigenous human resources, improving organisational capacity and changing organisational culture should run in parallel. Where missions, such as RAMSI in the Solomon Islands, provide significant capacity substitution or supplementation, it is particularly vital to develop **exit strategies** far in advance, which work on building up indigenous capacity.

PNG electrician Danny Virobo and Australian trainer Roderick Elliot with fellow classmates in the background at the Australia-Pacific Technical College workshop on the outskirts of Port Moresby. The College is providing internationally recognised qualifications for local tradespeople in courses from plumbing through to construction and hairdressing. Photo: Jacqueline Smart/AusAID

B.2 Preventing violent conflict

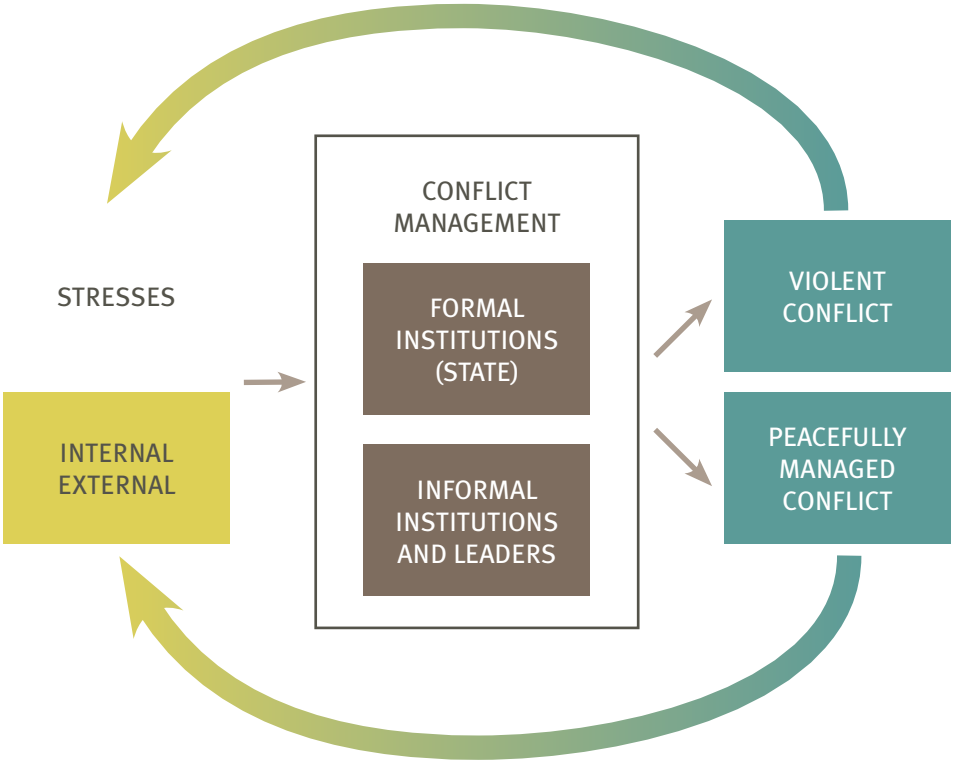
The prevention of violence and the peaceful resolution of conflict and disputes are priorities in all statebuilding efforts. Forging and implementing robust and inclusive political settlements takes a long time and external actors have limited influence over these processes. Outbreaks of violence, which are common in fragile states and situations, undermine the ability of the state to perform core functions, resulting in fewer opportunities for development and poverty reduction.

AusAID support can help states and societies address the **drivers of conflict** and the ability of institutions to manage these so they do not turn violent. In states or situations experiencing or emerging from instability, AusAID can support **short-term violence prevention**, by helping to provide the safe space needed for national actors to develop and start to implement their own longer-term solutions.

B.2.1 Addressing the drivers of conflict and violence

Violent internal conflict results from stresses in a society and an inability of the state or informal institutions to manage these in peaceful ways. Support to the prevention of violent conflict thus needs to focus both on alleviating stresses and building institutions to manage them peaceably (Figure 9).

Figure 8. Drivers of conflict and violence



Addressing stresses

Stresses that lead to conflict differ from society to society. Stresses may be related to economic, political or security issues. They may be internal to countries, or the result of external pressures.

Common internal **economic stresses** that can lead to violent conflict or crime include competition over natural resources and land, low incomes and youth unemployment, the consequences of natural disaster, and high levels of inequality between individuals or groups. Rising economic prosperity can heighten risks of violence if it is inequitable or if growth results in environmental degradation.

Internal **political stresses** include elite competition resulting in the mobilisation of geographic, ethnic or religious differences as a means of achieving political power, identity-based exclusion and discrimination, and the presence of corruption and state predation. Where perceptions of injustice are high, there are abuses of power and there is a lack of opportunities or loss of dignity, the legitimacy of the state is likely to be lower. All of these can lead to acts of violent resistance, and reinforce the fragility-violent conflict cycle.

Internal **security-related stresses** may arise from feelings of insecurity amongst sections of the population leading them to organise to defend themselves, resort to force to address unmet needs or by attempts by non-state groups to use force for the purpose of control in the absence of state-provided security.

By helping to shape the social and economic structures that often underpin unrest, development programs can contribute towards addressing the stresses that may lead to conflict.

Stresses can also come from beyond countries' borders. These include external sources of financing of armed groups and provision of small arms, incursions by international criminal groups, often related to drugs or other illicit trade, economic pressures such as global price shocks, transnational terrorism, cross-border conflict spillovers, and negative impacts of climate change.

While international action can alleviate external stresses, ultimately lasting solutions have to be locally owned. Nevertheless, development assistance can contribute towards addressing many of the stresses that result in conflict. Development programs can help shape the social and economic structures (such as poverty, inter- and intra-group inequality, and unemployment) that often underpin unrest; and resources can be channelled to sub-national areas experiencing particular stresses.

Development assistance can also play a role in addressing external stresses, for example by working with international partners in support of small arms control,[27] dealing with drugs and transnational crime, and supporting responsible transnational commercial activity, particularly in the areas of agro-business and extractive industries. Generally other Australian government agencies will take the lead role in such initiatives. However, AusAID is well placed to inform the development of effective whole-of-government strategies to engage with these issues. Efforts will be more successful if they are part of broader country and regional strategies that include the use of aid for dealing with the drivers of conflict.

Solomon Islands. Photo: AusAID

Box 9. Armed violence

Armed violence is a significant issue in over three-quarters of the countries where Australia delivers aid. Armed violence includes *armed conflict*, *chronic violent crime*, *interpersonal violence,* including gender-based violence, and *security threats* such as terrorism and transnational organised crime. The OECD defines armed violence as "the use or threatened use of weapons to inflict injury, death or psychosocial harm, which undermines development."

Armed violence, including death and intimidation by armed groups, erodes governance norms and legitimacy, fractures societies and leads to population displacement in developing countries. Armed violence undermines development programs, diminishes aid effectiveness and has a particularly harsh impact on women, children and people with disabilities. This combines to put the achievement of progress against basic poverty indicators out of reach for countries and societies affected by armed violence. Recognising the significant relationship between conflicts, criminal violence, transnational crime, youth bulge, urbanisation, the proliferation of illicit firearms and achieving basic human security, the Australian aid program supports initiatives aimed at Armed Violence Reduction.

Institutions for conflict management

Stresses do not alone lead to violence. Violent conflict emerges when effective institutions are not present to manage tensions. AusAID can play a role in strengthening institutions for conflict management.

Conflict management and prevention institutions may be formal or informal. **Formal state institutions** for conflict management include a functioning justice system, political systems that allow for conflicts to be worked out through debate and peaceful resolution rather than violence. Ideas on how to enhance the state's capacity to maintain security and address conflict are discussed above.

In many fragile and conflict-affected situations **informal institutions** (such as traditional law) and **informal leaders** (such as ethnic, religious and youth leaders) will play a more important role in resolving problems than formal institutions. Informal leaders may be more accessible and trusted by large proportions of the population. Australia has some experience with supporting informal institutions in the Pacific (Box 10).

Box 10. Customary Governance: Vanuatu Kastom Governance Partnership

Vanuatu has a unique history of kastom governance and since Independence in 1980 has operated with two co-existent systems of governance. In partnership with the Malvatumauri Vanuatu National Council of Chiefs and the Australian Centre for Peace and Conflict Studies, AusAID is helping to strengthen and extend the contribution of kastom leadership to change and development processes, with particular focus on community governance, community development, and the prevention of conflict. The Partnership involves of range of activities, including: research on kastom governance and its contribution to national and community governance; workshops on the role of kastom governance and leadership in community development and conflict resolution; and, annual forums to enable national level discussion of kastom governance and development issues with government, churches and civil society. In a country where kastom governance significantly affects the daily lives of the majority of the population, the Partnership is helping to explore the value of kastom governance in maintaining peace and community stability and in contributing to Vanuatu's development.

Transitional justice in post-conflict situations is often a difficult issue for donors to engage with. Transitional justice refers to short-term judicial and non-judicial mechanisms that address the legacy of human rights abuses and violence during a society's transition away from conflict or authoritarian rule. There are two underlying values involved: justice and reconciliation. At times the imperatives associated with each may clash. In determining how to balance these, it is necessary to have a deep understanding of societal norms and the priorities of those who have been negatively affected by violence.[28]

B.2.2 Short-term violence prevention and stabilisation

Ensuring stability lasts requires addressing the underlying drivers of violent conflict. This is a lengthy and continual process. Every society experiences conflict; managing associated tensions in ways that do not result in violence is a constant challenge. In the short-term providing basic security and re-establishing simple dispute resolution processes will be key in many fragile and conflict-affected situations, especially those enduring or emerging from protracted violence.

Royal Solomon Islands Police Force female officers march down the main street of Honiara on International Women's Day, 2010. Although Solomon Islands women's capacity for leadership is strong, there are few women in decision-making positions. By supporting women's leadership potential and removing barriers through legislative reform, the Regional Assistance Mission to Solomon Islands (RAMSI) helps Solomon Islands to establish gender equality for all it citizens. Many Australian Government agencies contribute to the Pacific-wide RAMSI, including AusAID, the Department of Foreign Affairs and the Australian Federal Police. Photo: RAMSI

Ideally, security will be provided by the state. But in many places where large-scale violence is ongoing, or where the terms of a political settlement are still being defined, there may be a security vacuum. Australia may be able to help stabilise such places in order to provide a safe space for people to pursue livelihoods, while at the same time starting a national discourse for determining more enduring development solutions.

Peacekeeping and peace monitoring

Security sector reform and capacity development need to start early so that indigenous capacity exists when peacekeeping is phased out.

In a limited number of fragile states, Australia may **provide troops or police forces** to help ensure basic security. This role should be temporary with the focus changing over time to building the capacity of the state's security apparatus. Peacekeeping missions that fail to invest in local capacity for security provision may leave a gap when they leave. The parallel provision of security services can undermine local capacity. Security sector reform and capacity development needs to start early so that indigenous capacity exists when peacekeeping is phased out.

Australia, through its experiences in the Pacific region, has considerable experience in police capacity development programs (Box 11).

Box 11. The Australian Federal Police International Deployment Group

AusAID and the Australian Federal Police (AFP) are the most significant Australian Government providers of development assistance in the law and justice sector.

The AFP's International Deployment Group manages Australian overseas police deployments to capacity development missions, regional post-conflict reconstruction missions and UN peacekeeping missions, with approximately 350 staff deployed offshore at times. In addition, assistance through the AFP's International Network is focused on building local policing capacities to combat transnational crime, including support for police-to-police collaboration, intelligence gathering in support of international law enforcement efforts and the provision of training and other technical assistance.[29] On a smaller scale, the AFP's Forensic and Data Centre provides a range of specialised assistance.

In the Solomon Islands, RAMSI generated important lessons about the role of the police (traditionally responsible for internal security) and the military (traditionally responsible for protecting states from external threats) in post-conflict and fragile contexts. A key feature—driven by good context analysis—was the decision to give the Participating Police Force lead responsibility for restoring stability, with the military tasked with a supporting role. In the second phase of the mission, the Participating Police Force will move away from an active law enforcement role to supporting reform and capacity development for the Royal Solomon Islands Police.

Disarming, demobilising and reintegrating combatants

In areas emerging from long-term and widespread violence, ex-combatants can become a problem. Providing economic and social support to such groups, and physical and psychosocial support to ex-combatants with disabilities, can help increase adherence to newly negotiated peace agreements.[30] Support to the private sector can help generate employment.[31] Combatant-focused reintegration programs should be accompanied by other support to those affected by conflict, including host communities and should rely on an analysis of broader employment opportunities (Box 12).

Burning a stockpile of weapons at the launch of a Disarmament, Demobilisation and Reintegration (DDR) program. Photo: UN

Box 12. Disarmament, Demobilisation and Reintegration in Aceh

Aceh's post-conflict programs drew on conventional Disarmament, Demobilisation and Reintegration (DDR) orthodoxy.[32] In recent decades, investments in such programs have increased. The DDR model is based on a number of assumptions. Former combatants face unique economic challenges after war that cannot be overcome by the market or general programs (such as public sector job creation or training). In providing assistance, security is prioritised over development with funds provided to potential 'spoilers'. The importance of reintegration assistance means that separate implementation structures, usually outside of the state, are preferred.

This model informed the development of the reintegration program in Aceh after the 2005 Helsinki peace agreement. While the Aceh post-war story is broadly a positive one, the experience of delivering reintegration assistance is not. There was widespread disillusionment with how assistance was delivered and its lack of impact. The post-conflict period saw a rise in localised violent conflict and crime, often involving former combatants. The problems stemmed from a lack of understanding that the Aceh context was different from that in many other places where the DDR programs had been applied.

First, there were few tensions between former combatants and civilians. The latter saw combatants as part of their community. The provision of cash to some segments of the population at the expense of others instead served to increase tensions. Conflict over development assistance became far and away the largest source of conflict in the province.

Second, the assumption that former combatants would have fewer opportunities in post-conflict Aceh than others, and that direct targeting of combatants was the best way to assist them, were wrong. Former combatants were more likely to have full-time employment than those who did not receive support. Having won the local elections that followed the peace deal, patronage funds and work opportunities started to flow, especially for more senior combatants.

Third, the assumption that transitional support focusing on combatants was necessary before larger efforts aimed at wider job creation was misplaced. Job creation was certainly important, both for combatants and others. Yet targeted assistance was not effective and meant that many missed out. Efforts to rebuild the economy, including revitalising infrastructure and providing credit, would have been more effective. And channelling money in non-transparent ways through combatant structures only served to reduce confidence in local government. A more effective approach would have focused on supporting line ministry programs rather than developing short-term unaligned projects.

The Aceh experience shows the need to understand local conditions before deciding on instruments to be used.

B.3 Building resilient communities and cohesion

A third focus of AusAID's work in fragile and conflict-affected states is building social resilience and cohesion. This means strengthening the community's ability to cope with adversity including through increased ability and confidence to negotiate with government around services. It also means having skills and access to employment opportunities. Creating social cohesion allows communities to work together to overcome fragmentation between groups (eg. ethnic, religious groups) and to speak with a more united voice.

Strong and cohesive societies are crucial to **effective peacebuilding, statebuilding, development and poverty reduction**. In countries where there is little sense of nation, states are less likely to impartially provide services to all groups. In the absence of such nationhood, it is difficult for a durable social compact between states and citizens to emerge. Where a shared identity exists, social pressure can change the incentives of elites in ways that make the state more responsive.

Strong cohesive societies also play a vital **peacebuilding** role—informal institutions, such as systems of traditional dispute resolution, can help ensure security and stability at a local level. These institutions can then be linked to the state over time, for example by introducing mechanisms to link societal decision-making with political decision-making at higher levels.

Resilient communities are also important for other, more **fundamental reasons**. While escaping fragility ultimately requires strong and responsive state institutions, these can take generations to take root. This process is not linear—many fragile and conflict-affected states see sustained periods of regression or of the maintenance of the status quo rather than progress. Fragile states are also unlikely to have the capacity to deliver the full range of services to their populations.

AusAID Program Officer Pedro Aquino with farmers in T-Bar, Timor-Leste. The farmers' cooperative received a grant from the AusAID small grants scheme. Photo: Arlindo Soares

Direct support to social groups, in particular when there is protracted crisis or a prolonged impasse, may be necessary to provide communities with the skills and equipment to sustain livelihoods. For communities and individuals, job creation and regular income can provide the means for survival and recovery and engender hope for a better future for themselves, their families and their communities. Critical to such support is a good understanding of the structure of the society, ensuring that programs form a bridge between different groups. Gender is a key linkage across other more socially constructed groupings.

B.3.1 Addressing the social impacts of violence and fragility

Humanitarian assistance and early recovery

Following the 2010 Pakistan floods, the Australian Government sent a 180-strong civilian and military medical and emergency response team. Photo: Australian Defence Force

In areas experiencing or emerging from large-scale violent conflict, a priority area of focus for AusAID is **addressing the basic needs of the population.** Particular care is required to ensure the safety and security of vulnerable women and children and marginalised groups, who are usually disproportionally affected by conflict.

Appropriate mechanisms for providing humanitarian and early recovery assistance will vary depending on the strength and responsiveness of the state. Where these mechanisms are weak, delivery through **non-governmental organisations**, such as civil society or the private sector, will be necessary. The NSP in Afghanistan shows (Box 8) funding can still flow through the state budget. Where the state is stronger and more responsive, there will be greater opportunity to use **state structures for delivery** or **coordination under a state-led strategy.** Providing opportunities to establish the foundations for long-term social development, including investments in education and training, should be maintained. Table 4 summarises some of the areas of humanitarian and early recovery assistance that Australia provides and how strategies differ depending on the strength of the state.

Table 4. Humanitarian assistance and early recovery

Area	Type of Programming			
	State Weak/Unresponsive		State Stronger/More Responsive	
	Short-term	Medium to longer-term	Short-term	Medium to longer-term
Addressing basic needs (provision of food, water and temporary shelter)	Emergency programming through NGOs or private sector (preferably local firms)	Funding through NGOs/private sector of housing reconstruction, social safety net programming, (preferably trough a jointly agreed policy framework)	Emergency programming through NGOs or private sector (preferably local firms) under state-led strategy	Funding through state budget of housing reconstruction, social safety net programming.[33]
Supporting IDPs/ refugees and protecting vulnerable groups	Building and supporting camps or temporary housing through NGOs or private sector (preferably local firms). Provision of lifesaving assistance, including shelter, water and food, and work	Planned return programs, if security situation holds, through NGOs/private sector. Restoring basic services, livelihoods, shelter, governance, security and rule of law, and reintegrating displaced populations	Building and supporting camps or temporary housing through NGOs or private sector under state-led or state-agreed strategy. Provision of lifesaving assistance, including shelter, water and food, and work	Planned return programs, if security situation holds, under state-led strategy
Dealing with immediate health impacts of violence	Emergency programs to deal with conflict injuries and outbreaks of infectious diseases, through NGOs/firms	Support to the development of NGO programs for dealing with ongoing health issues, including psycho-social trauma	Emergency programs to deal with conflict injuries and outbreaks of infectious diseases, through state (if capacity exists), or under state-led strategy through NGOs/firms	Support to government strategy and systems for dealing with health issues (including psycho-social trauma) in affected areas

The move to 'regular' development

Humanitarian relief can create aid dependency suppressing the incentives to transition to regular livelihood activities.

Humanitarian and early recovery programs need to be designed in such a way that allows for a **smooth transition to longer-run development approaches.** In theory the crisis phase is supposed to be short but often in practice it creates its own set of **institutional incentives to prolong crisis procedures and practices** which are not always conducive to sound and longer-term development practice.[34] Humanitarian relief can create **aid dependency** suppressing the incentives to transition to regular livelihood activities. In areas like power, water and health, which in normal circumstances usually involve some level of user fees, the provision of free services can create problems for governments later on when they seek to normalise service delivery.

Early response mechanisms need to have clearly **defined exit strategies** and to recognise that the move from humanitarian relief and disaster response to the early recovery phase tends to bring out more complex and politically sensitive issues of governance and state function.[35] Australia has established the Australian Civilian Corps to help manage these transitions (Box 13).

Jean-Marie Guéhenno, Chair of the Secretary-General's Senior Advisory Group for the Review of International Civilian Capacities and former Under-Secretary-General for Peacekeeping Operations, presents the Group's report, "Civilian Capacity in the Aftermath of Conflict", to the Security Council. May 2011. Photo: UN

Box 13. The Australian Civilian Corps

The Australian Government established the Australian Civilian Corps in late 2009 as a 'deployable public service'. It provides a mechanism to enable the rapid deployment of civilian specialists, generally for periods of three to nine months, to countries experiencing or emerging from natural disasters or conflict where capacity is weak. Members essentially function as development reservists, remaining in their regular employment until needed for deployment.

AusAID will build a register of 500 trained personnel by 2014 through a series of open recruitment rounds, which commenced in January 2011.

Australian Civilian Corps members will act as a much-needed bridge between emergency humanitarian response measures and longer-term development programs, ensuring basic state functions are maintained while more comprehensive assistance strategies are developed. They will be drawn from a wide range of specialisations including public sector management, electoral administration, budget strategy and implementation, aid coordination, law and justice, essential services administration, agriculture, and community development.

Reconciliation and peacebuilding

Violent conflict can fracture societies and entrench inequality, leaving a legacy of trauma and distrust. Fractured social relations raise the risk of **the recurrence of violence** and negatively impact community resilience. AusAID thus supports efforts at reconciliation and local peacebuilding in places emerging from violence.

Fractured social relations raise the risk of the recurrence of violence and negatively impact community resilience.

What works in one place might not necessarily be useful in another. Transitional justice mechanisms, such as **truth and reconciliation commissions**, have played an important role in divided societies such as South Africa. Other societies have placed less importance on finding the 'truth', preferring culturally-rooted efforts to support 'reconciliation'. Reconciliation activities, such as holding **peace ceremonies**, have proven successful in many places and the **media** and the **arts** can be used to help cement peace. Women's groups can play an important role in peacebuilding (Box 14).

Box 14. Women and Peacebuilding in Bougainville

Bougainville is a largely matrilineal society, with women having considerable cultural power and influence. During the civil war which began in 1989 and ended in 1998 with a formal ceasefire, Bougainvillean women played a major peacebuilding role. They used their social networks, especially their church groups, to mobilise others to work together to influence the leaders of the armed factions involved in the conflict, and they used their roles as mothers and custodians of the culture to persuade militants to engage in dialogue that eventually lead to a peaceful resolution.

However, despite their diplomatic and political influence, women experienced exclusion and marginalisation from the formal peace process. Their social status as matrilineal leaders and consequent unique peacebuilding role was not enough to sustain their presence throughout the peace negotiations.

Post-conflict, while women in civil society continue to mobilise other women and give them a political voice, women's representation at the political and senior administrative levels of the Autonomous Bougainville Government is low.[36]

Reconciliation can be supported through development projects that involve inter-group participation. **Community-driven development** projects in a range of conflict-affected societies, such as Afghanistan, Liberia, the Philippines and Indonesia, have been able to improve inter-group relations by intentionally bringing people from different communities and groups together to make decisions on how assistance is spent.[37]

Engaging the private sector

The 2004 UN Secretary General's Commission on Private Sector and Development report, *Unleashing Entrepreneurship*, emphasised the potential of the private sector in fragile and post-conflict settings to jump start economic recovery and reinforce peacebuilding.[38]

An innovative and vibrant private sector, whether predominantly local or multi-national, can find ways to deliver low-cost goods and services to consumers across all income groups. It can develop distribution links to the consumer in the village and, in doing so, can better harness knowledge about local needs. And it can create **jobs**.

Above: Managing director of NBC, Joseph Ealedona, Secretary, Department of Communications and Information, Iduru Henao and former Australian High Commissioner to PNG, His Excellency Chris Moraitis marking the installation of the first satellite dish that will bring a clearer, more reliable radio signal to PNG. Photo: Francina Thompson

Right: PNG. Micky Puritau, Paradise Spices Managing Director and Jane Jason, Mainland Holdings Vanilla Extension Officer—AusAID funding means that the businesses can grow along with the income of the small farmers supplying them. Photo: AusAID

Supply chain strengthening, **support for local entrepreneurship**, **microfinance**, particularly for women entrepreneurs, and support for **secure transport routes**, focusing on **enabling services** such as power and telecommunication—each make important contributions to revitalising the private sector.

The Africa Enterprise Challenge Fund is a US$50–100m private sector fund, supported by a number of donors including AusAID. It promotes pro-poor growth in Africa by encouraging private sector entrepreneurs in Africa to find innovative, profitable ways of improving market access and functioning for the poor, especially in rural areas.

The private sector can also play a role in conflict resolution. The Nepal Business Initiative and Nepal Chamber of Commerce, for example, have both played an active role in conflict resolution and peace advocacy in the business sector.

Successful cases of nationbuilding have been driven by local leaders and have involved efforts such as promoting a national language, a national education curriculum and national sports teams.

B.3.2 Building capacity within societies

AusAID can assist in building capacities within society for statebuilding, peacebuilding, development and poverty reduction.

Nationbuilding

It is difficult to build an effective state where there is not a strong, shared sense of national collective identity. In the absence of this, violence between groups is more likely, state institutions are less likely to be seen as legitimate, and development is more difficult.

Donors and development agencies typically have relatively little scope to promote nation building. Historically, national identities have been forged over generations. Successful cases of nationbuilding have been driven by local leaders and have involved efforts such as promoting a national language, a national education curriculum, and national sports teams. Media, arts and culture can also be influential in generating a sense of national identity (Box 15). While outside development agencies cannot dictate the direction of processes of nationbuilding, they may be able to support such efforts through financing and technical assistance.

Teachers and students outside a school in Aceh, Indonesia. Aceh endured 30 years of internal fighting and the worst natural disaster in living memory. AusAID not only assisted in rebuilding schools but also helped build positive working relationships between ex-combatants, government officials and community leaders by supporting training of school committee members. Photo: AusAID

Peter Walker directs a theatrical production at Wan Smolbag, Vanuatu, highlighting the dangers of HIV/AIDS. Photo: Rob Maccoll

Box 15. Media and the Arts in Nation-building and State-building: Wan Smolbag Theatre, Vanuatu

Since 2005, AusAID has supported the Wan Smolbag Theatre in Vanuatu. Wan Smolbag is a civil society organisation that produces quality theatre, film and radio to encourage community discussion of issues ranging from domestic violence, substance abuse, and reproductive health to good governance, corruption and environmental conservation. It produces the television series 'Love Patrol' which has screened across the Pacific to raise awareness on sexual health issues. Wan Smolbag's work has been highly successful, and demonstrates the effective role that media and the arts can play in nation-building and state-building. 'Love Patrol' has become a vehicle for the expression of Vanuatu's emerging national identity. The Theater provides for youth participation in social and political life where they were once excluded by the male-dominated structures of the churches, chiefly systems and the introduced Western political institutions. The participatory and inclusive techniques used by Wan Smolbag have also assisted community members, including women, in raising and discussing controversial topics in a constructive fashion. Chiefs who have been exposed to Wan Smolbag initiatives have demonstrated a greater understanding of human rights and their incorporation into village decision making. Election awareness activities have also helped to increase understanding of the electoral system and the work of Members of Parliament in villages.

Supporting civil society

Strong civil society organisations can help societies move on from violence by supporting local peacebuilding and conflict resolution activities. Civil society can also help make elites more responsive by building constituencies for reform.

Strong civil society organisations can be an important source of ideas, data and innovation, and can help to deliver services where state capacity is lacking. They can help societies move on from violence by supporting local peacebuilding and conflict resolution activities. Civil society can also help make elites more responsive by building constituencies for reform and provide an important watchdog role over government action.

Support to civil society can take a number of forms. It can include core funding to organisations working on research, training, advocacy activities and support to the media. Core funding to civil society organisations reduces the risk that capable people will leave to work for international agencies and allows organisations to take risks and pursue longer-term agendas.

Building human capacity

Building human capacity is key. Experience shows that a systematic approach for improving education is necessary for longer-term statebuilding. Such a strategy focuses not only on primary education but on building up secondary and tertiary education, matching skills provision with employment needs in the public and private sectors.

Australia provides **scholarships** to civil society leaders from fragile and conflict-affected states around the world. Leaders are trained in areas such as accounting and financial management, leadership and organisational development (Box 16). Supporting **exchange visits** with civil society organisations from other countries can help spread lessons learned and can build useful networks.

Working with the **diaspora** from fragile and violent conflict-affected areas can also be fruitful. Many have skills that can be utilised for training others. Investing in their capacity can also help them play a role in the public or private sector if they return to their home country.

Box 16. Australian Scholarships for civil society

Australia Awards, through both long and short-term scholarships, develop leaders who are capable of driving their own community's and country's development. Scholarships are available to applicants from civil society who are working towards meeting current and emerging challenges such as poverty reduction, infectious disease, climate change, transnational security, maternal and child health, gender equality, and good governance. Fields of study range from public health, engineering, journalism and economic management through to law and justice. Australia's scholarships support the development of civil society leaders who are able to work with their governments and communities, with each other, and with Australia to meet emerging regional and global challenges.

A meeting of the Bangladesh Rural Advancement Committee (BRAC) community group in Rangpur, Bangladesh. Australia contributes approx. $50 million to the Challenging the Frontiers of Poverty Reduction Program run by BRAC. Photo: Leda Tyrrel/AusAID

Part C

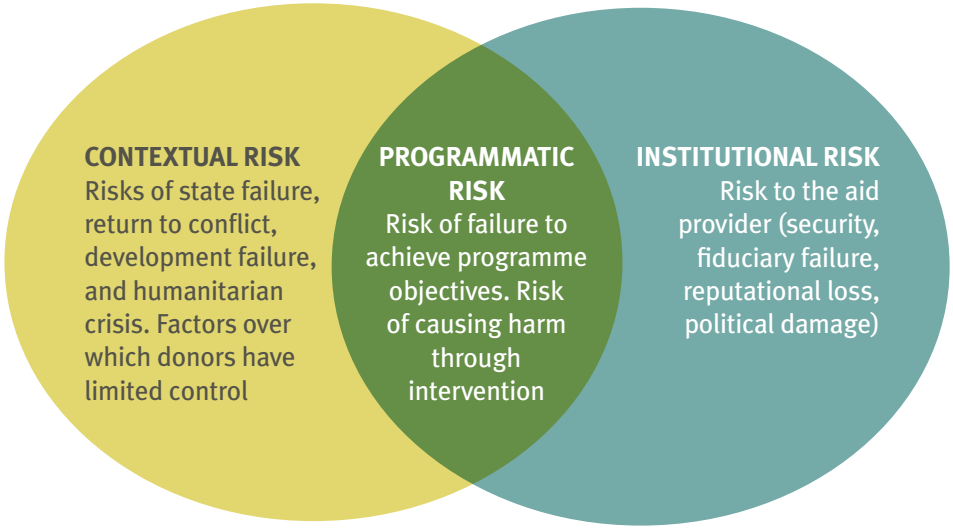
Implications for Australian assistance

AusAID has significant experience working in fragile and conflict-affected states and much has been learned internationally over the past decade. To increase the effectiveness of AusAID assistance in fragile and conflict-affected states some changes are required in the way AusAID works.

C.1 Assessing and managing risk

Working in fragile and violent conflict-affected countries and situations requires accepting that risk is inevitable and that more frequent and regular monitoring is critical. Rather than seeking to avoid risk, AusAID needs to **improve its capabilities to mitigate and manage risk, and to decide how to differentiate and balance risks**. OECD DAC identifies three different types of risk (Figure 10).[39]

Figure 9. Spheres of risk



Development agencies have typically aimed to minimise **institutional risks**. Funds channelled through weak state systems may be corrupted. Budget support for social service delivery may allow for other government funds to be diverted to areas that Australia does not support (for example military build-up). Working in the most fragile or conflict-affected states may lead to security risks for development personnel. These can all have political impacts at home.

However, minimising institutional risks may mean increasing **contextual risks.** Development needs are greatest in fragile and conflict-affected states. At an extreme, minimising institutional risk means doing nothing at all; it can also mean picking the 'easy option', such as delivering assistance directly rather than engaging the state. These choices may increase the risk of state failure, a return to or continuation of violent conflict, and can contribute to humanitarian crises. This can lead to **programmatic risks** with objectives (such as those outlined in this Framework) not achieved and assistance causing harm.

Better risk management requires understanding the potential implications of different programming choices.

Better risk management requires understanding the potential implications of different programming choices. **Scenario planning** (at the country and sector levels) can be a useful tool for this.

AusAID staff need to invest in the development of good risk identification, mitigation and management strategies (Box 17). Being clear early on in the development of country strategies or projects on what the risks of action are, and what the risks of inaction might be, can help generate wider buy-in on courses of action.

It is important that **volumes of development assistance** do not rapidly change if levels of institutional risk increase. Instead, changed risk profiles may mean that alternative delivery modalities with more oversight are required. Simply cutting assistance flows may have negative impacts.

Box 17. Establishing a more appropriate and creative risk culture for fragile and conflict-affected situations

Risk is inherent in engagement in fragile and conflict-affected situations. But the risks are largely outweighed by the risks of not engaging. **The issue is not whether to engage but how to do so most effectively, in ways that minimise harm and that involve acceptable levels of risk.**

Establishing a more appropriate risk culture is essential to progress, in particular in contexts that require shared space between humanitarian, stabilisation and development actors. An international conference, "Risks and results management in development cooperation—towards a common approach", hosted by the Ministry of Foreign Affairs in Denmark in November 2010, proposed some new approaches:

Explore options for differentiated approaches to risk management that are adaptable to individual contexts and are complementary to the approaches of other development actors.

Communicate the case for engagement and risks involved. Greater honesty about risk and the political challenges of development engagement is required in public communication by donor governments. It is essential that the case for engagement is clearly formulated and communicated, including the anticipated consequences of not engaging.

Make clear that accepting risks does not imply tolerance for risk outcomes. Exposure to corruption and fiduciary risk is an inevitable part of engagement in fragile states—but that does not mean that it has to be tolerated, or cannot be managed.

Be context-specific and in particular identify the risks faced by affected populations. It is this that justifies the cost and risks of engagement.

Manage risks at the country-level through appropriate engagement with a clear political mandate. Maintaining sufficient presence on the ground and engaging consistently over time is critical to effective engagement with contextual risks. Engagement has to be political as well as technical. Bilateral donor governments should stay politically engaged and aid approaches require a clear political mandate.

Identify appropriate results. Greater realism is required in setting targets and reporting results. The timeframes within which strategic objectives can be expected to be achieved may run to decades but it is important to be able to demonstrate interim results and establish milestones for progress. The high risk of failure to achieve objectives and the need for flexibility in relation to changing circumstances has to be recognised from the outset.

Be realistic about the level of ownership required to achieve these results. Full implementation of the Paris Principles takes time in these contexts and may require a gradual approach. This in itself should not be an excuse for non-engagement with national actors or for delaying the implementation of critical development programs.

Adopt appropriate accountability standards. The accountability standards that are applied in more stable development environments may not be appropriate to transition contexts. Accountability frameworks have to be realistic, tailored to the demands of high risk environments, and designed to facilitate delivery in such contexts. The cost of controlling assistance must be kept in proportion to the scale of the intervention.

Focus on prevention. The best risk management approaches involve preventive action. This is partly a question of efficiency—the cost of preventing problems is much less than that of fixing them when they arise. In particular, more needs to be done to articulate the case for disaster risk reduction and conflict prevention.

Share information and analysis. Information sharing, joint risk analysis and more effective coordination at global and field levels between different actors is needed.

C.2 Increasing our understanding

Making smart choices requires improving our understanding of context and the highly political nature of development in fragile and conflict-affected states. Greater knowledge will not alone prevent conflict or hold the key to lasting development in fragile situations. Yet deeper understanding can help avert counterproductive or harmful interventions based on simplistic formulas and faulty analysis.

The strategy outlined in this Framework requires rigorous diagnosis of problems, an understanding of who to engage and how, and a good assessment of how to balance and differentiate risks and opportunities. It also requires knowledge that allows for adjustments in approaches to be made in response to changes in the political economy.

C.2.1 Analysing political economy and political settlements

Development assistance to fragile and violent conflict-affected states has to be built upon an **understanding** of **the incentives** of key actors. Such analysis should identify the power and interests of key political, economic and security actors. Many tools exist for such assessments, which include political economy analysis, and have the potential to provide useful information to guide the development of country strategies and program design (Box 18).

Sudanese take part in "Citizen Hearings" in Musfa, Blue Nile State, on the border between northern and southern Sudan in January 2011. The hearings were part of a 21-day process of popular consultations where residents could express whether the 2005 Comprehensive Peace Agreement (CPA) had met their expectations. Photo: UN

Box 18. Political settlement mapping

The Asia Foundation has pioneered work on providing tools for development agencies to analyse the nature of the political settlement in different fragile and conflict-affected situations.[40] Such analyses aim to provide baseline information that helps development agencies identify options for engagement that can contribute towards the generation of more inclusive settlements, whilst maintaining stability and promoting development. Elements include:

- **Actors.** Who are the key actors holding power and resources? What is their basis for influence and legitimacy? Who benefits from the status quo distribution of power and resources? Who is excluded and how to they respond? Are there alternatives to the dominant elite coalition?
- **Interests.** What are the primary interests of elites in the dominant coalition? Are there competing interests? Where are the openings for forming alliances between dominant elites and excluded groups?
- **Institutions.** What institutions sustain the current political settlement? What are the accepted rules for economic activity and political competition? What limits are there on elite behaviour? How are challengers to the political settlement addressed? How robust is the current settlement?

Political settlement mapping is difficult to conduct. Interests exist at multiple levels and the understanding of outsiders of how power is structured and deployed will always be incomplete. Yet generating better knowledge is vital to develop effective strategies.

Political settlement mapping is difficult to conduct. Interests exist at multiple levels and the understanding of outsiders of how power is structured and deployed will always be incomplete.

C.2.2 Understanding history and culture

Effective development programs build on a solid understanding of local culture and forms of social organisation. This requires understanding of **how institutions have evolved historically** within countries. In addition to good political economy analysis, much can be learned by commissioning analyses of the social anthropology of partner countries, particularly in countries or regions where traditional societies and power relationships have a major influence over formal institutions.

Afghanistan: A woman and her child attend a clinic in Ali Chopan. Photo: Tim Dirven/AusAID

C.2.3 Monitoring and understanding conflict and violence

Collecting real-time data on incidents of conflict and violence can be a useful tool for project planning and strategy development. Approaches have been piloted in Indonesia and the Philippines that may provide a model for other areas (Box 19).

Mindanao, Philippines. Former Moro National Liberation Front combatants process sugarcane. As members of one of the peace and development communities they've turned away from fighting and are now involved in successful agricultural production. Photo: Rolly Inciong/AusAID

Box 19. Violence monitoring in the Philippines and Indonesia

In Indonesia and the Philippines national violence monitoring systems are being developed with World Bank support. Both systems use multiple provincial and local-level newspapers to ensure accuracy. Incidents of violence reported in the local press are clipped and a number of variables are coded including: where the incident took place, when, what the incident's impacts were (deaths, injuries, buildings destroyed), what the incident was about and the form violence took, weapons used, who was involved, who tried to stop the violence, and how successful this was. These incidents are then entered into a database that allows for analysis of trends in violence over time and across areas. The database is supplemented by ongoing qualitative research to help explain the causal processes behind trends. Both criminal and political violence is included because the two are often related.

The data has a number of uses. It can allow for quick responses from the government to address patterns of increasing violence. It can help in the development of longer-term planning, by assessing which areas of the country and which types of violence require particular attention. It can inform local governments and civil society of conditions in their areas. It can also be used to track the impacts of development projects on violence.

In other countries where the press is less free or has limited reach other data sources can be used for similar systems. In Timor-Leste, NGOs collate data on incidents of violence collected by locally-stationed facilitators. NGO 'early warning systems' have been developed in many countries, although the data they collect does not always lead itself to systematic analysis or is not connected to response mechanisms. There may be scope to expand the Indonesia and Philippines model to other fragile and conflict-affected situations.

Violence monitoring should be accompanied by more in-depth diagnostic work on the drivers of conflict and fragility. These will differ from place to place and may vary over time. It is important to understand the different stresses (such as competition over natural resources) and the capacities and limitations of different institutions for conflict management.

C.2.4 Learning from successes and failures

Working in fragile and conflict-affected states and situations is difficult and high risk, and not all projects and programs will have the intended impacts. It is necessary to consistently and rigorously assess Australian support to determine what is working and what needs to be changed. Changing course or adjusting approaches midway can sometimes transform failing projects into success stories. Analyses of impacts, including why projects and programs succeeded or failed, is also important for planning new strategies.

To do this, it is necessary to invest heavily in monitoring and evaluation (M&E) work. Effective M&E will track changes at the country, sectoral, program and project levels over multiple time periods. At the project level, evaluations can seek to isolate impacts through strategies such as randomised designs and use of quantitative methods.[41] However it may take many years before results are seen, particularly in relation to capacity development efforts. The most transformative development interventions may be those that are most difficult to measure. This points to the need for program designers to develop a theory of change that articulates how a given intervention, or set of interventions, is likely to impact on fragility and conflict, the measures and methods that can be used to track processes and outcomes, and the time period in which predicted impacts will eventuate.[42]

Sri Lanka: Children learn the dangers of landmines at school as part of Mine Risk Education activities. Photo: Peter Davis

C.3 Translating knowledge into practice

Translating deeper knowledge into the development of better strategies and projects is challenging but vital. Operational changes have the potential to enhance the ability of AusAID and its whole-of-government partners to respond more effectively. Forthcoming operational Guidelines from AusAID's Fragility and Conflict Section will provide more ideas on ways to improve development programming in specific areas.

The most transformative development interventions may be those that are most difficult to measure.

C.3.1 Engaging with partners

In fragile and conflict-affected states AusAID often works within a complicated landscape populated by many other bilateral agencies (often also deploying assistance under whole-of-government arrangements), multilateral agencies, international and national

non-government agencies, research and analytical partners, philanthropic organisations and the private sector.

Research partnerships

AusAID derives substantial benefits from partnerships with a wide range of research organisations, development partners, diplomatic and security communities, academia, and networks such as the OECD DAC's International Network on Conflict and Fragility. These relationships provide AusAID with access to international analysis and intellectual policy expertise on fragility, peace, conflict and development which enhance the effectiveness of the agency's own strategies. Using the information provided by research partners enables AusAID to abide by the first DAC Principle of understanding context while also being able to act fast (Principle 9).

Working with Australian government partners

Development assistance is just one instrument for building responsive states and societies to prevent violent conflict and promote development. In many places aid will be more effective if it is accompanied by parallel diplomatic and security efforts.

Achieving the objectives outlined in this Framework requires close collaboration between AusAID and its whole-of-government partners. Development assistance is just one instrument for building responsive states and societies to prevent violent conflict and promote development. In many places aid will be more effective if it is accompanied by parallel diplomatic efforts and in some cases security agencies will also be involved. This creates major challenges but also opportunities for effective responses. AusAID's approach to engagement must be directed at overcoming these challenges while leveraging the opportunities presented by partnership.

Developing **joint inter-departmental strategies**, which outline different interventions for different time periods, and divisions of responsibilities, can help improve coordination.

Conducting **joint analytic work and training** can build common understanding of problems and potential solutions. In particular, joint scenario planning exercises can be useful.

Developing mechanisms for **continual sharing of information** and regular briefing both in the field and at headquarters is important. The whole of government coordination in Australia's contribution to the Regional Assistance Mission to the Solomon Islands is considered best practice. Formal institutional arrangements that facilitate information sharing within government continue to evolve.

AusAID staff member Garry Dunbar at training for Australian Defence Force deployees to Afghanistan on Safe and Effective Development in Conflict. Photo: Marcus Khan/AusAID

Working with external partners

In environments where multiple actors are engaged, effective partnership is critical to ensure coherence, complementarity and coordination. It is even more important where low capacity hampers effective national leadership.

Rigorous prioritisation raises the importance of **strong coordination.** It is particularly important that strategies for statebuilding are developed in coordination with other key donors, otherwise approaches risk under-cutting each other. **Ideally coordination will be led by the national government.** In most fragile or conflict-affected states, indigenous capacity for coordinating the often vast array of international development agencies will be absent. AusAID can **help governments build the capacity to coordinate others.** Well-placed technical assistance and analytic work can map who is working in which areas and translate government priorities into measures by which programs can be mapped and progress assessed.

Mechanisms for supporting coordination include **joint assessments**, support to **national strategies**, **sector-wide approaches** and channelling funds through **Multi Donor Trust Funds (MDTFs).** Australia also has a role to play in working with **emerging donors** (at the global and bilateral levels and in-country) to help develop shared standards and strategies for engagement.

AusAID can help ensure others coordinate. Through its seat on MDTFs and the boards of multilateral organisations, and its close engagement with the International Network on Conflict and Fragility, it can hold other agencies accountable. AusAID staff also have a role to play in encouraging external partners to adhere to international principles of good engagement. One mechanism is for AusAID to support civil society organisations monitoring of international assistance, including Australia's.

Australia is a strong supporter of the UN system and believes the UN has a vital role to play in conflict prevention and mediation, and in peacebuilding.

Australia is a strong supporter of the UN system and believes the UN has a vital role to play in conflict prevention and mediation, and in peacebuilding. The UN has a comparative advantage in bridging humanitarian, peacekeeping and long-term development efforts and often has a solid presence of staff on the ground. The UN can play a 'brokering' role when direct bilateral cooperation between donors and recipient governments is not an option.

Australia provides support to the UN's Peacebuilding Commission, and the Department of Political Affairs, which has a niche role in conflict mediation and resolution. Australia is actively involved in the negotiation of the Arms Trade Treaty. Working through the UN can help Australia meet its broad peacebuilding objectives.

Former Secretary-General Kofi Annan rings the Peace Bell at a ceremony in commemoration of the International Day of Peace, held at UN Headquarters in New York. Photo: UN # 126115

Australia **partners with the private sector** to increase growth in fragile and conflict-affected states. Large multinational companies can be instrumental in supporting growth and generating employment and domestic revenues. However, governments need to ensure appropriate checks and balances are in place. Consortia, such as the Extractive Industries Transparency Initiative (EITI), with whom AusAID works closely, can play an important role.

Working with a diverse set of local partners

Working effectively in fragile and violent conflict-affected states and situations requires developing relations with local partners. Australia's support to the g7+ grouping of fragile states has the potential to identify new ways for developing more effective partnerships (Box 20).

Box 20. Australia's support of g7+

AusAID provides support to the g7+, a grouping of 17 countries which are experiencing fragility and/or conflict.

The g7+ group of fragile states (at the time of writing, these were Afghanistan, Burundi, Central African Republic, Chad, Côte d'Ivoire, Ethiopia, Guinea- Bissau, Haiti, Liberia, Nepal, Papua New Guinea, Sierra Leone, Somalia, Southern Sudan, The Democratic Republic of Congo, The Solomon Islands, and Timor-Leste) was established in Dili, Timor-Leste, at a meeting on the sidelines of the International Dialogue on Peacebuilding and Statebuilding. The g7+ has since met in Accra in July 2010, New York in September 2010, and in Monrovia in June 2011.

The g7+ provides an opportunity for fragile states to engage collectively with development partner countries and international organisations, and to debate shared experiences and challenges with each other.

Australia initiated the 'Friends of g7+' mechanism to support the g7+ to engage constructively with the international community ahead of the MDG summit in New York in September 2010 and the International High Level Forum in South Korea in November/December 2011.

Australia is a key member of the International Dialogue on Peacebuilding and Statebuilding. The Dialogue brings together international donors and the g7+ group of fragile states to identify priorities for peacebuilding and statebuilding in fragile and conflict-affected states. Five objectives have been identified—security, justice, jobs, political settlements, and revenues and services. These objectives have been agreed as prerequisites to achieving the Millennium Development Goals. Photo: OECD

While statebuilding is at the heart of Australia's engagement, this does not only mean working with government bodies. Building stronger states also requires working with societies more broadly, including civil society organisations, the local private sector and the informal economy.

Civil society organisations can help hold their governments accountable, broaden the political settlement and, in cases, can be used to deliver state services. They are also a potential source of information and analysis that can help AusAID better assess risks and develop more effective strategies and programs in complex environments.

C.3.2 Staffing

Enhancing flexibility in assignments is important if aid is to be more effective. Whilst AusAID postings are generally three years (or longer in

some cases) they are often one to two years in fragile and conflict affected states. An implication of short postings is that staff finish their posting at the point when their knowledge of the country and their networks with local actors are growing rapidly. Tapping this knowledge can have major benefits in developing assistance strategies that are in tune with local needs and political realities. Mechanisms that allow those who have moved on to maintain an advisory or support role can enhance strategy and program development.

Participants in AusAID training on Fragility and Conflict try to work out, through a Venn diagram exercise, the multiple and overlapping areas of intervention and assistance in stabilisation, peacemaking, peacebuilding, peace enforcement, statebuilding, human development and humanitarian action. The overlaps are often characterised by competing objectives, priorities, timeframes and principles. Photo: AusAID

Box 21. Training on working in situations of fragility and violence

AusAID provides training to its own and whole-of-government staff, including AusAID and Australian Defence Force deployees to Afghanistan, on how to work in situations of fragility and violent conflict.[43] By mid-2011, over 200 participants had been through training.

AusAID's peace, conflict and fragility training is comprised of three workshops which draw on country-specific scenarios and examples.

1. The **Core Course on Fragility and Conflict**, based on the World Bank's Core Operational Policy Course on Fragility and Conflict, aims to enhance staff's capacity to understand how development needs differ from 'regular' development contexts and to help them develop more effective responses by equipping them with specific tools. The course includes an innovative approach to learning via a simulation exercise based on a fictional country. This allows participants to test what they have learned and to see how it might be applied in practice.
2. The **Peace, Conflict and Development training** brings together AusAID staff, Australian Government partners, host governments, implementing partners, other donors and local stakeholders. Stage One of the training provides a broad introduction to key peace and conflict concepts and terminology, conflict analysis and mapping country/regional contexts. Stage Two provides participants with skills to design, plan, implement, monitor and evaluate programs that contribute to peace and security across all sectors of development engagement in a country program.
3. The **Do No Harm (DNH) training** provides broad exposure to the concepts and elements of the DNH Framework and key lessons learned in the application of DNH. It raises awareness that humanitarian and development assistance provided within fragile and conflict-affected environments has the potential to exacerbate existing conflict. Assistance can also help local people disengage from fighting and develop systems for settling the problems which prompt conflict within their societies. The workshops address the challenges and opportunities surrounding the use of the DNH framework in specific environments (such as Afghanistan and Timor-Leste).

In addition to advocating longer staff postings, international evidence also suggests that development agencies should send their best staff to fragile and conflict-affected countries. In such places, counterparts tend to be weaker, risks are higher, partnerships can be complicated, and deep understanding is necessary if aid is to be effective. Providing extra **incentives** for those working in hardship postings can help attract the highest quality staff to countries where the development challenges, and the potential rewards of success, are the greatest.

Steps to better equip staff to understand the places they are working in, such as providing longer pre-assignment **language training,** can help staff engage more easily with local counterparts and enrich their understanding of the local context. Training staff in how to work in fragile and conflict-affected states is essential for aid effectiveness (Box 21). Secondments can also play an important role in building knowledge and capacity.

C.3.3 Feeding knowledge into planning

Incorporating knowledge of local conditions into program development and strategy planning is critical. New AusAID corporate guidelines require that country strategies draw on the in-depth analysis and views of other government agencies, and that they are informed by the policies, plans, strategies and budgets of the partner government. They should also take into account the priorities and activities of other development partners.

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Some donors have incorporated a review of the potential impacts on stability and the political settlement in fragile and conflict-affected situations into the **review process** for each new program.

More can be done to tap the knowledge of local staff in program and country strategy formulation and implementation. **Hiring national staff for higher-level positions** may be appropriate in many fragile and conflict-affected states.

C.3.4 Flexibility

Fragile states tend to be more volatile than other developing countries. Outbreaks of violence, rapid and unanticipated political change and low capacity to respond to natural disasters can make even the best-designed strategies for development assistance redundant. Development programs

must be flexible enough to adjust quickly and coherently to unexpected changes in country conditions. Opportunities for supporting progressive change may arise unexpectedly.

Country strategies need to be flexible in fragile and conflict-affected states, allowing for quick changes in approach to capitalise on emerging opportunities and to protect investments in response to deteriorating governance. AusAID country programs conduct an annual assessment through the Annual Program Performance Report. This provides some flexibility to adjust strategies and programs. Other donors, such as Irish Aid, have introduced 2+2 country strategies for fragile states that allow for changes of course halfway through the country strategy cycle, while the World Bank uses One- and Two-year Interim Strategy Notes. Frequent strategy reviews can place significant burden on partner governments and so processes need to be managed carefully.

Support to a limited number of large-scale programs will usually be more effective than supporting a wider array of smaller projects.

AusAID is also increasing flexibility in programming through managing sets of related activities, rather than individual activities. This allows resources to be allocated flexibly across a portfolio, while maintaining the overall funding commitment.

C.4 Prioritisation and sequencing

Rigorous prioritisation is key to effective assistance in fragile and conflict-affected states**.** This is widely accepted but in practice Australia and other donors have found it difficult to prioritise between competing needs. Efforts have been spread across too many sectoral areas and projects (Box 22). This has often placed burdens both on the governments of recipient countries and on the ability of Australia to effectively deliver. **Support to a limited number of large-scale programs** will usually be more effective than supporting a wider array of smaller projects.

Priorities for programming will differ depending on where a state or situation lies on the fragility and violence spectrum (see Figure 6). Making the right choices requires a combination of strategic thinking and opportunistic decision-making. It also requires the use of a mix of instruments to manage trade-offs between speed and sustainability.

Afghanistan. AusAID staff officer James O'Brien, part of the AusAID Provincial Reconstruction Team based at Tarin Kowt in Uruzgan province, at a meeting with Afghan elders. The PRT combines security, diplomacy, and development resources, and includes other supporting country governments. Photo: Matt Schroff/US Navy, Uruzgan Reconstruction Team

Box 22. Trying to do too much in Timor-Leste

Australia has played a major role in Timor-Leste since it voted for independence in 1999. AusAID, the Australian Federal Police and the Department of Foreign Affairs and Trade have all been actively working to improve stability and development. Needs were immense in the aftermath of Indonesia's withdrawal: violence around the 1999 referendum destroyed 70 percent of public buildings and many of Timor's institutional structures were crippled. However, along with other donors, AusAID has sometimes found it difficult to prioritise between competing needs. By 2009, Australia's development assistance expanded to almost every sector, reflecting to some extent the problem of short-term responses to specific policy or project needs, without an overall strategic framework. This both placed a burden on the Government of Timor-Leste and undermined the effectiveness of Australia's assistance.

AusAID's current five-year country strategy (2009 to 2014) has been informed by a better situation and political economy analysis. It commits to Australia-Timor agreement on core priorities. It rigorously refocuses AusAID's efforts on a small number of activities and results in areas of particular importance for a fragile, post-conflict setting, such as basic services, livelihoods and increased engagement with civil society.

Dili, Timor Leste. Fragility and conflict have a devastating impact on human and economic development. Given the huge extent of needs in most fragile and conflict states, it will seldom be possible to prioritise based simply on need. Sound analysis of context must inform prioritisation. Photo: Neil Huxley

C.4.1 Where widespread violence is ongoing

Little can be done to reduce fragility and encourage development where widespread violence is ongoing. In such environments, Australian assistance should focus on finding **ways to support efforts to end the violence** whilst also **supporting affected societies**. The balance between these two aims will differ depending on an assessment of the viability of ending widespread violence and the seriousness and urgency of humanitarian needs.

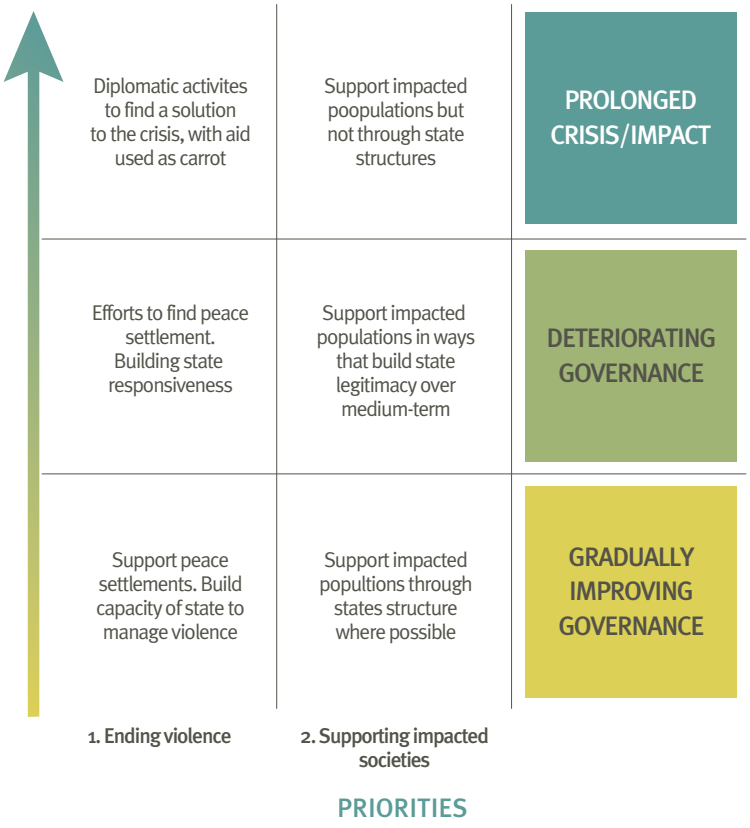
The fundamental aim is to use Australian assistance to help change decisions of elites in ways that make them favour using non-violent strategies for pursuing their goals. At the same time the strategy aims to build the capacity of the state or society to manage conflict and promote development. It is important to take into account the potential negative effects of appearing to take sides.

Programs aimed at other objectives should only be prioritised where either they are likely to contribute to changing elite incentives to pursue peace

or where fundamental needs (famine, drought, outbreaks of disease, refugee flows) justify humanitarian or development assistance.

Decisions on activities to finance need to flow from a rigorous political economy diagnostic of what the barriers to peace are, where the institutional spaces are for elite settlements to be forged, the existing capacities of the state, and the nature of societal needs. These will differ depending on the type of fragility present (Figure 11).

Figure 10. Short-term programming in violent states with different types of fragility



In fragile situations, where large-scale **sub-national violence** is ongoing, aid activities need to be underpinned by a thorough analysis of why violence is taking place, including an analysis of centre-periphery relations. Where violence is driven by political exclusion, the focus should be on broadening the terms of inclusion in the political settlement. Where violence is driven by lagging or inequitable growth, the focus should be on improving local service delivery and improving the local economy. Where the violence is driven by local intergroup tensions, local peacebuilding programs will be more effective, but this should usually happen in parallel with efforts to strengthen the ability of the state to provide security and rule of law in areas of unrest.

Violence is usually multi-causal in origin, which increases the complexity of determining appropriate responses. Donors have often made the mistake of looking solely towards local causes of unrest at the expense of understanding how national factors (elite settlements at that level, and the terms of inclusion) and global factors (including the influence of diaspora) contribute to sub-national violence and fragility (Box 23).

Where violence is driven by political exclusion, the focus should be on broadening the terms of inclusion in the political settlement.

Dili, Timor Leste, 2007. Stabilisation is a major priority in post-conflict states. Stabilisation can be understood to extend beyond short-term objectives of stabilising situations of acute crisis to a range of actions that aim to reduce violence and establish conditions necessary for recovery, reconstruction, development and a lasting peace. Photo: Neil Huxley

Box 23. Working at multiple levels in the Philippines

The Philippines is not classified as a fragile state but significant vulnerabilities exist. Economic growth has faltered and the security environment has generally deteriorated. In particular, violence in the south of the country, including Mindanao, has resulted in over 120,000 deaths since the 1970s. There is a perception that political institutions have grown weaker over the past five to seven years and the bureaucracy is highly politicised.

Australia's approach has focused on dealing with the drivers of instability and conflict. The overarching objective is to improve the prospects for economic growth, poverty reduction and national stability. More than half of Australia's development assistance is directed to conflict-affected Mindanao where AusAID's approach encompasses direct peacebuilding activities and initiatives to strengthen institutions and build a constituency for peace at the community level. Examples of direct peacebuilding initiatives include: supporting former Moro rebels and their families to return and contribute to mainstream society; support to communities linked to the MILF break-away group through a Multi Donor Trust Fund managed by the World Bank; support to education systems that promote tolerance; support to the Mindanao Commission on Women; and help to build the capacity of government agencies leading Mindanao peace and development efforts.

While many of these efforts have had positive impacts, the program has had limited impacts in shaping the macro-level drivers of conflict and violence. Many of the roots of the Mindanao conflict lie in the nature of the elite political settlement at the national level and the terms of inclusion of the Mindanao population in the country. National stability has been achieved at the expense of dealing with drivers of violence such as contested land, the patrimonial nature of the political system, and the proliferation of small arms. Solutions to many of these issues lie in Manila but AusAID (and other donors) have focused largely on Mindanao. Many of these issues were highlighted in a Peace, Conflict and Development Analysis for Mindanao (published in 2006 and updated in 2007) but this did not link well with and inform the broader Philippines country program. The Philippines experience thus shows the importance of working at multiple levels in situations of fragility and conflict, and of finding ways to better link diagnostic activities with strategy and program development work.

C.4.2 In states and situations emerging from violence

The goal in states and situations emerging from violence is to get the peace settlement to hold while at the same time to strengthen the institutions necessary for the transition to peaceful development over the medium term. Restoring citizens' confidence and trust is an important prerequisite

for longer-term institutional change.[44] Working in partnerships (for example through UNDP), particularly where bilateral relationships are sensitive, is often a good option.

In such environments, sequencing matters. Short-term support may best focus on activities to encourage elite adherence to the **peace settlement** while addressing **immediate post-conflict needs**, such as providing visible services. Australia has expertise in responding quickly after natural disasters and many of these modalities may be applied to post-conflict situations. Where state capacity is lacking, services may be delivered through NGOs (see Box 8 above).

Experience shows that where state capacity is weak, it is useful to work simultaneously at two levels.[45] National level efforts should focus on **strengthening institutions,** for example by moving towards government control over the budget for recovery and development efforts in the short run and building broader public finance systems and delivering basic services in the longer term. Where the state is not predatory, efforts should also bolster the capacity of the state to ensure security. Investment in building the capacity of civil society organisations, and using community-driven development to continue to deliver assistance, are valuable initiatives.

Where state capacity is weak, national level efforts to get the peace settlement to hold should focus on strengthening institutions.

C.4.3 In situations of protracted crisis

Where there is protracted crisis or impasse, investment in state structures or long-run development activities may be counterproductive. In addition to **diplomatic efforts** aimed at finding a solution to the crisis and promoting political reforms, development assistance can be used to help protect and **preserve human, institutional, environmental and physical capital** so that it can be leveraged for recovery once the crisis passes. Within governments and states, there may be islands of competence and integrity. Nuanced approaches to nurturing potential reforms in such situations may involve identifying and supporting potential allies in the civil service who can implement change when the political opportunity arises.

Support to private sector development may be important although this needs to be undertaken with caution and after rigorous analysis, as it can help prop up illegitimate states. The private sector can provide jobs,

improving the welfare of the population. It can also be a force for peace and political reform. Support to local businesses may also be useful.

Humanitarian activities to address urgent livelihood needs in the face of state unresponsiveness should also be prioritised. Humanitarian assistance in such contexts often goes beyond the more narrow scope of aid provided in areas that have experienced natural disasters (Box 24).

AusAID staff and NGO partners meet in a schoolroom in Binga, Zimbabwe to discuss the community interventions they have observed in the field and to assess strengths and weaknesses of the Protracted Relief Program. Photo: Phoebe Anderson/AusAID

Box 24. Protracted crisis responses in Zimbabwe

Following the formation of Zimbabwe's Inclusive Government in February 2009, Australia was one of the first donors to go beyond emergency relief and provide 'humanitarian plus' assistance to help restore basic services.

The two priority sectors for Australia's aid are food security and agriculture, and water and sanitation. Australia has considerable experience and expertise in these areas and can make a real difference to the people of Zimbabwe. Other areas of Australian engagement include health and education, where assistance is generally delivered through multi-donor programs. Australia also provides targeted assistance that seeks to have a direct impact on policy making and implementation. This includes support for the Zimbabwe Revenue Authority to improve domestic tax administration.

Australian aid to Zimbabwe is channeled through established aid delivery partners to minimise the risk of the misuse or diversion of aid. Partners include the World Bank, the African Development Bank, UN agencies, UK Aid, and NGOs accredited by the Australian Government. All these partners have robust accountability mechanisms in place to ensure that aid delivery accurately targets those most in need.

Working at the local level is particularly important. AusAID and other development agencies can **help communities make their environments less fragile**, for example through support to smallholder agriculture, micro-finance (in particular for women's groups), small-scale infrastructure repair or non-state conflict resolution mechanisms.

C.5 Building institutions and supporting processes

To emerge from fragility and violent conflict, states and societies need a strong and inclusive political settlement that provides stability, allows for the provision of core services, and that is deemed legitimate by the

population. Such political settlements develop over long periods of time and are underpinned by strong state and societal institutions.

This requires a different model of development assistance than one that focuses solely on addressing poverty and human needs through projects. The medium-term focus is on supporting spaces for agreement and building systems for delivery. The ultimate aim is to **build responsive and effective state and societal institutions with appropriately skilled staff**.

C.5.1 Doing no harm in institution building

Donors must ensure development assistance does not do harm by undermining statebuilding and peacebuilding processes. With regard to local capacity and institution building, in many countries, and in particular in those experiencing crises or emerging from protracted violence, **donor programs have often inadvertently undermined local capacity and institutions**. Higher wages lead many of the best government staff and civil society workers to leave their jobs to work for donors or international NGOs. Development projects are also sometimes designed in ways that lead government or civil society staff to leave their positions, for example to work in international project implementation units. AusAID needs to ensure that its projects do not have a negative impact on the local organisational capacity and institutional strength that is necessary for the development of an effective state and resilient society (see Box 5, above). Technical assistance, where provided, should be part of a long-term strategy that sets realistic timelines for the handover of tasks to local counterparts.

AusAID needs to ensure that its projects do not have a negative impact on the local organisational capacity and institutional strength that is necessary for the development of an effective state and resilient society.

C.5.2 Different strategies for different places

How to support institutional development will differ depending on the nature of fragility. Both the locus of institution building, and the approaches used, will differ from place to place.

Ways to build institutions

Capacity development initiatives (as outlined in Section B.1.2) are an important component of institution building, but these alone will not transform institutions. In fragile and violent conflict-affected situations, there is often an overreliance on international capacity for service delivery, driven by a desire for results and concerns about fiduciary risks. This may

be counter-productive in the longer-run, for it limits opportunities for organisations and individuals to learn by doing.

One implication is that there is a need to **work to the extent possible through partner government systems, even where risks exist in doing so.** This may require trade-offs and careful risk assessment is necessary (Box 25).

Box 25. Working with partner government systems

AusAID guidance on working in partner systems recommends that **general budget support** and **sectoral budget support** should not normally be provided in countries affected by, or emerging from, violent conflict or fragility because of fiduciary risks.[46] It also notes, however, that donors need to avoid imposing parallel systems and processes which can create a burden on strained partner government capacity.

Various options exist for working through partner government systems that do not involve direct budget support. **Pooled funding arrangements**, such as multi-donor trust funds, can involve the financing of activities prioritised by the partner government, sometimes with co-financing arrangements. **Projects** may be administered by the partner government, with funding channelled through their budget but AusAID (or other donor) financial management and procurement systems utilised. Projects which are managed by contractors or NGOs can also be registered in the government budget, to ensure that they fit with broader government decisions on priorities. **Technical assistance** and **advisory work** may focus on strengthening government systems in areas such as budget management, procurement and institutional development.

It may also be necessary to support **recurrent budgetary costs**, in particular in transitional periods where state revenue generation systems are not functioning. If salaries are delayed or not paid, it will be impossible for state capacity to be built.

Developing capacity: state or society focus?

Decisions on which institutions to support should depend on an assessment of the nature of the state. Where there is good leadership, and indications of positive reform, capacity development may be focused on the state. In many places, capacity and leadership may exist in certain ministries or sectors but will be absent in others. **Working in areas where reform prospects are greater** may be more effective and may have positive signalling effects over the longer-run.

Where there is **protracted crisis** or **governance has deteriorated sharply**, state capacity development may be inefficient or harmful. It will not be possible to channel funds directly through partner government systems. In such contexts, AusAID should work more extensively with non-state partners.

Even where governance is improving, support to capacity development for **non-state organisations** will usually provide benefits for aid program engagement and the partner country itself. Non-state organisations can promote accountability, help reduce poverty and address other MDGs. Protecting and preserving human, institutional, environmental and physical capital can also help in the development of stronger state institutions down the line when opportunities arise.

C.5.3 Time horizons

A focus on institution building means that **longer-term planning and commitment** is required. Historically, strong and legitimate states have emerged over centuries. Failures may be as likely as successes in many places and results may be hard to measure and may take a long time to manifest. It is necessary to develop long-run strategies and to revise strategies and expectations at regular time periods. Long-term reliable funding commitments are necessary. Unpredictable donor funding can have negative impacts on the ground. However, funding must be flexible enough to respond to changing needs.

Small island states in the Pacific such as Kiribati are highly vulnerable to climate change. Their remoteness, and additional challenges such as small but growing populations, limited resources and vulnerability to external shocks, increase their fragility. AusAID is helping the people of Kiribati prepare for the effects of climate change. Photo: Lorrie Graham

Glossary

Aid Effectiveness	The effectiveness of development aid in achieving economic or human development. In fragile or violent conflict-affected environments, this may be undermined by a lack of capacity, political settlement or insecurity.
Civil Society	The civil and social organisations and institutions that form the basis of a functioning society. Civil society is distinct from the structures of the state and the institutions of the market.
Community-Driven Development	Development programs that afford significant choice to communities in deciding how funds should be used and in implementing projects. Usually involves the provision of block grants to the local level.
Conflict	A process during which two or more parties become engaged in a disagreement about different or differently perceived positions, interests, values or needs. It can be violent or non-violent. Conflict is an opportunity for change. However, if not managed correctly, it can escalate into violence.
Conflict Sensitivity	The extent to which an organisation/program is alert to the ways that it can influence the drivers of conflict. Conflict sensitivity requires: (a) understanding the context in which the organisation/program is operating; (b) understanding the interaction between the intervention and that context; and (c) acting upon that understanding in order to avoid negative impacts and to maximise positive impacts on the conflict. Related to the concept of Doing No Harm. It is not the same as peacebuilding.
Core State Functions	The basic functions that the state should perform. These include ensuring the provision of security and dispute resolution, the rule of law, revenue generation, the provision of social services such as health and education, and the facilitation of economic development and job creation in ways that avoid environmental degredation. The state may or may not directly provide these services.
Demobilisation, Disarmament and Reintegration (DDR)	A process that contributes to security and stability in a post-conflict recovery context by removing weapons from the hands of combatants, taking the combatants out of military structures, and helping them to integrate socially and economically into society by finding civilian livelihoods (*UN IDDRS*).
Do No Harm	Approach to development that aims to ensure that interventions do not have inadvertent negative effects by leading to (violent) conflict or by undermining statebuilding processes.

Early Recovery	Early recovery is a phase that aims to build on humanitarian assistance, support spontaneous community recovery initiatives, and lay the foundations for longer-term recovery (*UNDP Cluster Working Group on Early Recovery*). It encompasses efforts to secure stability and establish peace, early efforts to resuscitate markets, livelihoods and services, and early efforts to build core state capacity to manage political, security and development processes.
Elites	Elites are the powerful actors (individuals or social groups) who have extraordinary influence on political and economic outcomes and who control violence. They may be within the state (e.g. politicians, bureaucrats), or formally outside of it (e.g. businessmen, religious or traditional leaders).
Fragile States and Situations	Fragile states have weak capacity to carry out basic functions of governing a population and its territory and lack the ability to develop mutually constructive and reinforcing relations with society. As a consequence, trust and mutual obligations between the state and its citizen become weak (*OECD DAC*). Fragile situations are areas within countries that experience fragility.
Governance	The rules, institutions, and processes that form the nexus of state-society relations where government and citizens interact. This domain combines public administration and state structures, politics and the exercise of power and authority, and policy-making and implementation.
Institutions	The rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction. Institutions reduce uncertainty by providing a structure to life and a guide to human interaction (*Douglass North*).
Millennium Development Goals (MDGs)	Eight international development goals that all UN members states and at least 23 international organisations have agreed to achieve by 2015. They include eradicating extreme poverty, reducing child mortality rates, fighting disease epidemics such as AIDS, and developing a global partnership for development.
Nationbuilding	The process of constructing or promoting a collective national identity using the power and instruments of the state. Nationbuilding will usually be driven by national actors. Nation-building is distinct from statebuilding, focusing more on developing identity norms rather than organizational structures.
Peace	Negative peace is defined as the absence of violent conflict in a society. Most often used as the benchmark for the transition back to normalcy, e.g. holding of elections, withdrawal of international forces. Positive peace can be defined as the existence of socially cohesive communities that are able to broker disagreements without recourse to violence.

Peacebuilding	Peacebuilding involves a range of measures targeted to reduce the risk of lapsing or relapsing into conflict by strengthening capacities at all levels for conflict management, and to lay the foundations for sustainable peace and development (*OECD DAC*). Peace-building consists of two inseparable parts: (i) the construction of the structures of peace; and (ii) the deconstruction of the structures of violence. Solutions should not be imposed; rather space should be created that allow for indigenous actors to identify problems and formulate solutions (K Bush (2003) *Hands-on PCIA: A Handbook for Peace and Conflict Impact Assessment*). The emerging UN consensus is that peacebuilding involves a range of measures aimed at reducing the risk of lapsing or relapsing into conflict, by strengthening national capacities for conflict management and laying the foundations for sustainable peace. It is a complex, long-term process aimed at creating the necessary conditions for positive and sustainable peace by addressing the deep-rooted structural causes of violent conflict in a comprehensive manner. Peacebuilding measures address core issues that affect the functioning of society and the state (*UNDPKO 2008*)
Peace Settlement	Action or agreement taken to end a violent conflict. It can take a number of forms including a peace agreement or an informal elite pact.
Political Economy	A social science dealing with how economic incentives, political interests and concentrations and networks of power—as shaped by institutional structures and norms (both formal and informal)—influence development outcomes.
Political Settlement	How power is organised and exercised in a country. Political settlements often incorporate features that are central to peacebuilding, including peace agreements and constitution-making processes. However, they are much deeper and broader. Political settlements include not only formal institutions but also, crucially, the often informal and unarticulated political arrangements and understandings that underpin a political system. Political settlements evolve over time as different needs, demands and tensions arise.
Protracted Crisis / Impasse	Situations of protracted crisis and impasse can involve countries where national governments may exert a high level of effective control over their territories, but which are at odds with the international community and are not seen as responsive to shared international goals, particularly in relation to respect for human rights. Entrenched situations are characterised by violent repression, instability, and/or weak state legitimacy. There are usually limited or no opportunities for the international community to work with government on development strategy.
Social Capacity	The ability of civil society groups and citizens to play a role in statebuilding, peacebuilding, and development.

Social Cohesion	Social cohesion refers to three things: (a) the presence of strong social bonds—trust, reciprocity, associational relations—across social divisions in society; (b) the relative absence of structural divisions—such as wealth inequalities, racial and ethnic divisions, disparities in political participation—that have the potential to cause conflict; and (c) the presence of institutional mechanisms for managing tensions and conflict (*Berkman and Kawachi*).
Resilient Communities	The capacity of individuals and communities to overcome adversity and to respond to risk in a positive fashion that allows positive patterns of development and social, political or economic interaction to thrive.
Stabilisation	The process of establishing peace and security in areas effected by conflict and instability (*DFID—old*). The promotion of peaceful political settlement to produce a legitimate indigenous government which can better serve its people (*DFID—new*). Powerful states seeking to forge, secure or support a particular 'stable' political order, in line with particular strategic objectives (*ODI*).
Statebuilding	Statebuilding is an endogenous process to enhance capacity, institutions and legitimacy of the state driven by state-society relations. Positive statebuilding processes involve reciprocal relations between a state that delivers services for its people and social and political groups who constructively engage with their state (*OECD DAC*).
State Capacity	The ability and willingness of the state to perform core state functions. Lack of capacity may be a result of poor human capacity, weak bureaucratic structures, incentives that negate against responsiveness, or a mix of the three.
State Legitimacy	States are legitimate when elites and the public accept the rules regulating the exercise of power and the distribution of wealth as proper and binding. States can rely on a combination of different methods to establish their legitimacy, including international recognition, performance (e.g. economic growth, service delivery), ideology, procedural forms (e.g. democratic procedures), or traditional authority and popular support. Building legitimacy is a primary requirement for peace, security and resilience over the long term.[47]
State Responsiveness	The extent to which the state responds to the needs and priorities of citizens. Lack of state responsiveness may be due to a lack of capacity or willingness. Responsive states can manage and adapt to changing social needs and expectations, shifts in elite and other political agreements, and growing institutional complexity. Responsiveness increases when expectations, institutions, and the political settlement interact in ways that are mutually reinforcing (*OECD DAC*).

Stresses	The pressures on a state or society that can lead to conflict. These may be economic, political or security-related. They may turn violent or not depending on the presence and effectiveness of institutions to manage tensions.
Risk	The possibility of future harm, where harm is taken to mean any undesired event or outcome. All statements about risk involve propositions about the uncertain future. Saying a venture is 'risky' can mean that there is a risk it may fail, cause harm to those who engage in it, cause harm to others, and so on. Key aspects of risk include the likelihood of an event or outcome occurring and the likely severity of its impact. Risk management is the attempt to reduce exposure to the most serious risk by identifying, monitoring and talking key risk factors. It also involves balancing risk and opportunity, or one set of risks against another (*OECD DAC*).
Violence	The use of physical force in destructive ways. Includes violent conflict and violent crime.
Whole-of-Government	Where a government actively uses formal and/or informal networks across the different agencies within that government to coordinate the design and implementation of the range of interventions that the government's agencies will be making in order to increase the effectiveness of those interventions in achieving the desired objectives" (*OECD 2006*).

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Endnotes

1. Planned notes include: Early recovery—transitioning from humanitarian assistance to peacebuilding and development; Elections in fragile and conflict-affected situations; Promoting human development in fragile and conflict-affected situations; Private sector development in fragile and conflict-affected situations; Natural resource management; How to do political economy analysis; and Monitoring and Evaluation in fragile and conflict-affected situations.
2. OECD DAC (2010a). *International Support to Statebuilding in Situations of Fragility and Conflict*. Paris: OECD DAC.
3. Some of Australia's major aid recipients are among the last places in the world to come into contact with European and developed Asian socio-political systems. In such societies, loyalties to kinship groups and the obligations these impose dwarf loyalties to the state and the rights and responsibilities of being a citizen or a public official. As a result, the provision of opportunities (such as access to state positions or to money-making opportunities) and services (such as security or social protection) may be contingent on patron-client relationships. Notions of how a bureaucracy should function and what constitutes corruption may differ from more modern conceptions. See Douglass North, John J. Wallis, and Barry R. Weingast (2009). *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History.* New York: Cambridge University Press; Francis Fukuyama (2011). *The Origins of Political Order: Prehuman Times to the French Revolution.* London: Profile.
4. OECD DAC (2010b). *Conflict and Fragility. The State's Legitimacy in Fragile Situations: Unpacking Complexity.* Paris: OECD DAC.
5. Elites are the powerful actors (individuals or social groups) who have extraordinary influence on political and economic outcomes and who control violence. They may be within the state (e.g. politicians, bureaucrats), or formally outside of it (e.g. businessmen, religious or traditional leaders). See Thomas Parks and William Cole (2010). *Political Settlements: Implications for International Development Policy and Practice.* San Francisco, CA.: The Asia Foundation.
6. James D. Fearon and David D. Laitin (2003). "Ethnicity, Insurgency, and Civil War." *American Political Science Review* 97(1): 75-90.
7. World Bank (2011). *World Development Report 2011: Conflict, Security and Development*. Washington, D.C.: World Bank.
8. Geneva Declaration Secretariat (2008). *The Global Burden of Armed Violence.* Geneva: Geneva Declaration Secretariat.
9. Countries emerging from civil war have a 40 percent chance of seeing war recur within ten years. Paul Collier, Anke Hoeffler and Mans Soderbom (2008). "Post-Conflict Risks," *Journal of Peace Research* 45(4): 461-478. Rising violent crime in post-conflict countries is also often an issue. In El Salvador, Guatemala and Nicaragua, the number of homicides in the post-conflict period has been greater than wartime death rates. Robert Muggah (2009). "Securing the Peace: Post-Conflict Security Promotion", in Small Arms Survey (ed.), *Small Arms Survey 2009: Shadows of War.* Cambridge: Cambridge University Press.
10. World Bank (2011).

11. International Network on Conflict and Fragility (INCAF) (2010). *Report on accelerating progress towards the MDGs in countries affected by violence*. Paris: OECD DAC.
12. Fragile and conflict-affected states account for 47 percent of the population considered here.
13. Paul Collier (2005). "Development and Security". 7th Annual Bank Conference on Development Economics (ABCDE Amsterdam, May 23-24).
14. This estimate is for just 90 countries. Geneva Declaration Secretariat (2008).
15. Australia's National Security Statement, December 2008.
16. OECD DAC (2010c). *"Dili Declaration": Dili International Dialogue on Statebuilding and Peacebuilding*. Dili, Timor-Leste, April 9-10 2010.
17. See North, Wallis, and Weingast (2009); Fukuyama (2011); Robert H. Bates (2001). *Prosperity and Violence: The Political Economy of Development*. New York: W.W. Norton.
18. In some areas, such as rule of law, institutional improvements take even longer. The fastest 20 former fragile states took on average 41 years to achieve a basic level of rule of law. World Bank (2011).
19. OECD DAC (2010d). *Do No Harm: International Support for Statebuilding.* Paris: OECD DAC.
20. For useful materials on the stewardship of peace agreements, see: Stephen John Stedman, Donald S. Rothchild, and Elizabeth M Cousens (eds.) (2002) *Ending Civil Wars: The Implementation of Peace Agreements*. Boulder, CO.: Lynne Rienner; Charles T. Call with Vanessa Wyeth (eds.) (2008). *Building States to Build Peace*. Boulder, CO.: Lynne Rienner.
21. A fuller list of potential areas of support is given in DFID (2010). *Building Peaceful States and Societies: A DFID Practice Paper.* London: DFID, Table 3, p. 25.
22. OECD DAC (2010a).
23. See, for example, DFID (2009). *Eliminating World Poverty: Building our Common Future*. London: DFID; Chapter 4; Olowake Ismail and Dylan Hendrickson (2009). *What is the case for a security and justice focus in development assistance programming? An assessment of existing literature and evidence*. Global Facilitation Network for Security Sector Reform Literature Review. The existence and nature of any direct causal link between justice and development remains contested, such that it might be more accurate to view the relationship as one of interdependence, the characteristics of which vary over time and according to country context. See, Marcus Cox (2008). *Security and justice: measuring the development returns* (2008), available at http://www.agulhas.co.uk/cms_files/14/Agulhas_S&J_Development_Returns_Aug_08.pdf; and Governance and Social Development Resource Centre (2008). *Helpdesk Research Report: Organised Crime and Development*.
24. More information is available at http://eiti.org/
25. OECD DAC (2010e). *Handbook on Contracting Out Government Functions in Post-Conflict and Fragile Situations*. Paris: OECD DAC.
26. Michael Carnahan and Clare Lockhart (2008), "Peacebuilding and Public Finance," in Charles T. Call with Vanessa Wyeth, *Building States to Build Peace*. Boulder, CO.: Lynne Rienner. The AusAID guideline, 'Choosing approaches and types of aid for working in partner systems' (AusAID 2011), provides ideas on when and how partner systems can be used for Australian development aid. It recommends that budget support is not provided in countries affected by, or emerging from, fragility and violence. However, other mechanisms such as pooled funding, and projects managed by government, can support host government priorities and decisions on resource allocations.
27. AusAID, in close cooperation with other Australian government agencies, is engaged in negotiation of the Arms Trade Treaty, which seeks to deter or prevent illicit arms trafficking globally through better regulation.

28. The work of the International Centre for Transitional Justice (ICTJ) provides guidance: http://ictj.org/
29. AFP, internal reporting.
30. Guidance is provided in the Cartagena Contribution to Disarmament, Demobilisation and Reintegration (http://cartagenaddr.org/) and the Stockholm Initiative on Disarmament Demobilisation Reintegration (http://www.regeringen.se/sb/d/4890)
31. Useful guidance is provided in the International Labour Organisation's Post-Conflict Employment and Reintegration Policy. See http://www.ilo.org/global/publications/lang--en/index.htm
32. MSR (2010). *Multi-Stakeholder Review of Post-Conflict Programming in Aceh.* Banda Aceh and Jakarta: MSR.
33. Funds should only be put through state budgets after an assessment of fidicuary and other risks. See AusAID (2011) for guidance.
34. Sarah Cliffe, Scott Guggenheim, and Markus Kostner (2003). *Community-Driven Reconstruction as an Instrument in War-to-Peace Transitions.* CPR Working Paper No. 7. Washington, D.C.: World Bank.
35. A forthcoming operational guidance note will provide more advice on how strategies can support the effective move from humanitarian support to statebuilding and development.
36. Barbara King (2009). "Women and Peacebuilding: A Feminist Study of Contemporary Bougainville" (PhD thesis).
37. Patrick Barron (2010). "CDD in Postconflict and Conflict-Affected Areas: Experiences from East Asia and the Pacific." Washington, D.C.: World Bank; James D. Fearon, Macartan Humphreys and Jeremy Weinstein (2009). "Can Development Aid Contribute to Social Cohesion after Civil War? Evidence from a Field Experiment in Post-Conflict Liberia," *American Economic Review: Papers & Proceedings* 99(2): 287-291.
38. United Nations (2004). *Unleashing Entrepreneurship: Making Business Work for the Poor.* UN Commission on Private Sector and Development Report. New York: UN., 2004
39. OECD DAC (2011). *Aid Risks in Fragile and Transitional Contexts: Improving Donor Behaviour.* Paris: OECD DAC.
40. Thomas Parks and William Cole (2010).
41. See, for example, Abjijit V. Banerjee and Esther Duflo (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty.* New York: Public Affairs.
42. See Michael Woolcock (2009). "Toward a plurality of methods in project evaluation: a contextualised approach to understanding impact trajectories and efficacy," *Journal of Development Effectiveness* 1: 1-14.
43. See OECD DAC (2010a).
44. See World Bank (2011).
45. Ashraf Ghani and Clare Lockhart (2008). *Fixing Failed States: A Framework for Rebuilding a Fractured World*. Oxford: Oxford University Press.
46. AusAID (2011). General budget support involved un-earmarked contributions to the government budget, whereas sectoral budget supports government financing of a particular sector (such as health or education).
47. Katia Papagianni (2008). "Participation and State Legitimation", in Charles T. Call with Vanessa Wyeth, *Building States to Build Peace*. Boulder, CO.: Lynne Rienner; and OECD DAC (2010b); DFID (2010).

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