

**Preliminary Findings of the Independent Review  
of the New Deal for Engagement in Fragile States**  
*Background document for discussion*  
*Document 03*

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# ***Preliminary Findings of the Independent Review of the New Deal for Engagement in Fragile States***

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## **I. Introduction**

The New Deal for Engagement in Fragile States (New Deal) was developed by the International Dialogue on Peacebuilding and Statebuilding (IDPS), with the g7+ in the driving seat. It was launched in 2011 at the Busan Fourth High Level Forum on Aid Effectiveness. Its premise is that fragile countries were being left behind by supply-driven aid geared towards the MDGs. Donors cannot build peace and states from the outside, thus the New Deal is predicated on the primacy of national ownership. Countries must first resolve conflict and start the long process of building institutions and trust between the state and society. Five Peacebuilding and Statebuilding Goals (PSGs) offer a framework for prioritisation. FOCUS and TRUST outline partnership principles. Fragility assessments are used to diagnose the root causes of conflict. One vision-one plan frameworks define nationally-owned and led priorities to exit fragility. Compacts outline mutually agreed results and accountability criteria between partners. Partners commit to transparency, harmonization and building country systems. The paradigm was launched with great fanfare as a means to strengthen aid effectiveness and replace the “failed states” security and foreign policy of old.

The Independent Review of the New Deal was commissioned by the IDPS in order to review the impact of the New Deal and to identify forward looking lessons and recommendations. The stock-take is timely because the pilot implementation phase for the New Deal, and the current mandate of the IDPS, come to a close in 2015. The Terms of Reference revolve around four questions:

1. The global normative and policy impact of the New Deal;
2. The impact of the New Deal on the ways development partners and governments are doing business and impact on implementation;
3. The contribution of the IDPS to the above;
4. Gaps, weaknesses and forward looking recommendations to give a renewed boost to the New Deal, and its relevance in recurrent and emerging crises.

A desk review and field research has been completed in DRC, Liberia, Sierra Leone, and work is ongoing in Somalia and Timor Leste. Mali has been studied as a “control” case outside the g7+ framework. Interviews with capitals and headquarters and desk studies for Afghanistan, CAR and South Sudan are on-going. In order to solicit feedback and guidance for the review, this room document summarizes the preliminary findings to date and poses key questions to stakeholders for discussion.

## **II. Preliminary findings**

### **Looking back...**

1. ***There is a difference between the normative/policy and implementation impact of the New Deal.*** To date, the New Deal has had a significant impact on global norms and policies, whereas implementation has been a more complex picture.

2. ***The New Deal has influenced international development and peacebuilding norms and policies.***

The New Deal was launched with an objective to influence the post-2015 development framework towards one that would recognize the specific needs of fragile and conflict-affected countries. The Sustainable Development Goals (launched in September 2015) and Financing for Development framework (July 2015), now recognize many of those specific needs. This is a far cry from the start of the MDG era, and all the more remarkable when acknowledging that the g7+ – many of whom are some of the poorest contexts in the world – led these global normative shifts:

- a. ***Sustainable Development Goals.*** The g7+ built negotiating coalitions with the African Union, LDCs and Small Island Developing States, that revolved around two main advocacy messages of the g7+: that there is no development without peace and no peace without development; and that “leaving no-one behind” on poverty in the SDGs requires efforts to resolve conflict and build institutions. The g7+ and its coalitions successfully negotiated the inclusion of a Sustainable Development Goal for peace and inclusive societies, access to justice for all and accountable, inclusive and effective institutions (SDG 16). Without the ownership of the g7+, it is unlikely that there would have been sufficient momentum within the G77 developing countries to agree the goal.
- b. ***Financing for Development.*** The g7+ mobilized to address the gap on the needs of fragile situations in early drafts of the Addis Ababa Financing for Development outcome document. The final Addis Ababa outcome recognizes “the principles of the g7+”, recognizes that peaceful and inclusive societies is a “cross-cutting” issue, and recognizes that there are ODA and foreign direct investment (FDI) financing gaps for peacebuilding and development in LDCs. This is a shift from the Monterrey Consensus, which gave no recognition to fragility. Although references are diluted, the text provides recognition of the need to make headway on addressing financing gaps in fragile situations.
- c. ***UN peace and security norms.*** The thinking of the New Deal has gone some way towards shaping multiple UN panel reports’ findings in 2015. The 2015 report of the High Level Panel on Peace Operations, *Uniting Our Strengths for Peace*, underscored the primacy of national politics in defining solutions to conflict, and underlined the need for inclusive partnerships for building and sustaining peace and institutions. The June 2015 report of the Advisory Group of Experts on UN peacebuilding, *The Challenge of Sustaining the Peace*, underlined the need for coherence across development, political and security actors to support nationally-owned and led plans for peacebuilding. Both reports recognized the low investment of ODA in the political, security and justice dimensions of the Peacebuilding and Statebuilding Goals (PSGs) and called for greater focus on these areas. Explicit references to the New Deal are, however, low. As an aid effectiveness framework, Southern political actors in New York have pushed back on what they perceive to be an OECD-driven agenda.

3. ***Implementation is, however, a more mixed picture than first envisaged because the New Deal is one of multiple frameworks.***

Experience to date reveals that the New Deal is not generally rolled out as a template, with all elements of the PSGs and TRUST and FOCUS principles being implemented equally. Many g7+ pilot countries already had PRSPs and aid agreements, and some had compacts. Instead, actors have drawn more flexibly on elements of the framework and tailored them to context. Boxes 1 and 2 in the annex summarize experience in Liberia and Sierra Leone in further detail. Initial field research reveals that:

- a. *The New Deal appears to have had strongest resonance where it is the “only game in town.”* In Somalia, for example, the New Deal Compact is the government-donor-civil society framework for prioritization, sequencing, aid effectiveness and coordination. The Compact lists priorities based on the PSGs, and government and donor working groups have aligned to each of the five PSGs.
- b. *The New Deal appears to have weakest resonance in countries with multiple political priorities and frameworks,* such as the DRC, where the New Deal was not taken up within the political system and development partners thus adopted a “wait and see” policy.
- c. *In many g7+ contexts, actors have drawn on elements of the New Deal as it appears most relevant.* For example, actors have:
  - Drawn on the PSGs for their national plans (Liberia);
  - Drawn on the PSGs for their aid frameworks (the AfDB in Sierra Leone);
  - Drawn on the PSGs for conducting a fragility assessment and for developing a fragility matrix and for MDG monitoring (DRC);
  - Drawn on the New Deal as impetus to deal with crisis such as Ebola (Sierra Leone, Liberia);
  - Drawn on the New Deal to empower government and clarify roles and responsibilities (Liberia, Sierra Leone);
  - Drawn on the New Deal to develop innovative aid effectiveness tools, such as an Inventory on the Use of Country Systems and New Deal Dashboard for aid monitoring (Liberia), and the Somalia Special Finance Facility and Somalia Development and Reconstruction Facility (Somalia).

#### **4. And deeper New Deal implementation has been constrained by:**

- a. ***Political circumstances:*** the New Deal is most relevant where windows of opportunity open for reform – then coalitions of government reformers, civil society and development partners can champion and drive forward change. In some contexts, the timing was not yet right. South Sudan and Central African Republic, for example, both experienced political and security setbacks in this period.
- b. ***A need to build whole-of-government and society ownership:*** Actors beyond the g7+, INCAF and CSPPS focal points frequently report that they are aware of peacebuilding and statebuilding and the principles of aid effectiveness, although they usually do not attribute this to the New Deal itself. The policy structures that agreed the New Deal may not be the structures needed to implement the New Deal.
- c. ***Knowledge and awareness*** of what the New Deal is and its value added is low. Actors report using the Google search engine as a primary means to find out what the New Deal and the IDPS are, and they do not report receiving implementation assistance from the IDPS or much awareness of what it is.
- d. ***Disappointment and different expectations.*** Despite progress in some contexts in improving aid predictability, transparency and alignment to national priorities, many g7+ actors expected more significant behaviour change from donors. The key expectation revolves around greater levels of budget support and greater use of country systems. Many donors reported that they remain committed to the principle, but would need to see more significant changes in transparency. They reported that the financial crisis and greater pressure for results and value for money made the business case harder. There may not have been sufficient communication between partners.

5. ***But don't lose perspective. By comparison, it is probably harder to build consensus about peacebuilding and statebuilding priorities and aid effectiveness in contexts outside the g7+ and New Deal framework.*** Our assessment of Mali as a “control” study outside the New Deal framework found that peacebuilding and statebuilding concepts are not well incorporated in most policies and programs in the country. Branding as a “fragile state” is not attractive to Mali and many of its partners, which creates a barrier to adopting all, or elements of, the New Deal. Thus, various conferences on Mali, such as the Brussels conference of May 2013, have missed opportunities to gain political impetus behind the principles within the New Deal.

### Looking forward...

6. ***If the New Deal did not already exist, it would need to be invented.*** The g7+ countries have emerged as the pre-eminent international coalition for leaving no-one behind on the SDGs. The New Deal offers a framework for advancing achievement of the SDGs in poor, fragile and conflict-affected countries through the identification of peacebuilding and statebuilding priorities, nationally-owned and led plans to exit fragility, and commitments to common results and to aid effectiveness agreed through compacts. More than ever, these elements will all remain essential for making headway on the more ambitious SDGs. The OECD 2015 States of Fragility Report noted that if fragile countries can make headway on resolving conflict, building institutions and delivering services and growth, the number of people in absolute poverty could be reduced from 1.5 billion now to 350 million by 2030. This historic advance against poverty will require accelerating the pace of institutional development by 2020 in fragile and conflict-affected countries, and this in turn will require continued ODA to the poorest and most fragile countries, including rectifying aid flows to “aid orphans.”
7. ***However, knowledge about peacebuilding and statebuilding has advanced*** since the New Deal was launched. A body of knowledge has grown about peacebuilding beyond statebuilding. For example:
- The g7+ secretariat has advanced work on the “do no harm” principle, on natural resources management, on fragile to fragile cooperation, and on a fragility spectrum for guiding and measuring change. And the OECD 2015 States of Fragility Report called for “a new package of smarter aid measures” that would help fragile countries to build greater self-reliance: building national revenues, attracting FDI and enabling innovation.
  - Fragility is also increasingly recognised as a universal phenomenon, and work is underway to define, monitor and reduce fragility on universal level within the SDGs framework. Across contexts:
    - a body of knowledge has grown around violence reduction, treating the problem as an epidemic with multi-sectoral responses to contain and solve the problem at its root;
    - the profile of gender and women’s empowerment has grown as a key enabler of peacebuilding;
    - it is recognised that youth employment and empowerment are major peacebuilding and development priorities, and when not addressed, pose major threats;
    - advances are being made in thinking on more risk-informed development, drawing on insurance and approaches to building social resilience against economic and environmental risks and disasters, such as economic shocks, pandemics or the effects of climate change;
    - global commitments have been made to building social protection and resilience, with a commitment in the FfD outcome document to spend \$300 per capita on social protection;

- new thinking is emerging in preparation for the World Humanitarian Summit in 2016 on better combining humanitarian and development assistance to build local services and economic self-reliance of communities affected by protracted crisis;
- capacity and mechanisms will be needed for the poorest and most fragile countries to draw on climate finance, depending on agreements made in Paris this year at COP 21.

8. ***Led by the g7+, a “New Deal 2.0” that focuses more on implementation may be needed for achieving the SDGs in fragile and conflict-affected situations.*** As countries start to consider how to implement the SDGs, *now* is the moment to draw on the lessons of New Deal implementation to date, as well as wider international progress and knowledge on development and peacebuilding and statebuilding, in order to map out a clear plan of actions and options for increasing the relevance and uptake of the New Deal on the ground. The priorities may be to update:

- a. *Frameworks:* Work out how the New Deal fits together with the SDGs. Do the PSGs need to remain the same, or be updated to reflect the SDGs, or be mainstreamed into national development frameworks that are based on the SDGs?
- b. *National priorities and plans:* Use the window of opportunity offered by the launch of the SDGs to advance national fragility assessments and dialogue on priorities for peacebuilding, statebuilding and the SDGs in fragile situations and partner countries.
- c. *Aid effectiveness:* Build on OECD commitments by developing a package of smarter aid measures that can be put at the disposal of fragile and conflict-affected countries, most especially aid orphans.
- d. *Enabling and measuring change:* Build on the work of the g7+’s “fragility spectrum” to enable and measure change.
- e. *Communicating and branding* what the New Deal is: as a way of working and creating change in fragile and conflict-affected environments.
- f. *Bring it all together in compacts:* Decide whether compacts are to be driven forward as the vehicles for bringing together peacebuilding and statebuilding and development priorities, shared results and shared financing and aid commitments.

9. ***IDPS structures may need to be reconsidered in order that the g7+ receive sufficient support, and in order to ensure that efforts are pursued soon enough to address fragility on a universal level.*** Four main factors could be taken into consideration when deciding on the purpose and configuration of future partnership structures:

- a. The g7+ are ready and willing to drive policies and demand-driven solutions. It has become the leading coalition for ‘leaving no-one behind’ on the SDGs. When considering how to drive forward SDGs and New Deal implementation, development partners may need more direct and regular interaction with the g7+ and vice-versa; the g7+ itself may also need to build up drawing upon the g7+ Charter.
- b. A number of g7+ countries are “aid orphans”, including Guinea, Sierra Leone and Togo, and other countries may be at risk of declining support as political interest declines. Sustained dialogue and solutions are still required for addressing imbalances in aid.
- c. The coalitions needed to agree policies and structures, and coalitions may be different from the coalitions needed to drive forward implementation. Given that the New Deal has not permeated far beyond New Deal focal points in many g7+, INCAF and CSPPS members, New Deal implementation structures are likely to require greater involvement of a wider range of actors.
- d. The new SDG 16 now enshrines international recognition that there is no development without peace and no peace without development. Achieving the SDGs and reducing

fragility on a universal level may involve finding ways to engage a wider range of LDCs and MICs in international dialogue on peacebuilding and statebuilding.

### **III. Options and questions for stakeholders**

The above analysis suggests the following options for open debate and consideration. They are *not* mutually exclusive of one-another and are only presented as a basis for brainstorming and discussion in order to inform the findings of the independent review.

**Policy options** include whether to:

- Update the New Deal to a version 2.0 for SDGs implementation, led by the g7+.
- Sustain donor and g7+ dialogue on aid and policy priorities for achieving the SDGs.
- Consider expanding the policy dialogue on addressing fragility to a wider range of LDCs and MICs.

**Implementation options** include whether to:

- Develop New Deal 2.0 and create dedicated implementation structures at the country level;
- Develop New Deal 2.0 and mainstream implementation at the country level through measures to build whole-of-government ownership;

**Structural options** include whether to:

Focus on implementation at the country level and:

- Define a discrete set of timebound policy priorities for the IDPS that are tied to g7+, donor and civil society aid and policy priorities;
- Transform the IDPS into a wider membership body for dialogue on peacebuilding, statebuilding and fragility that resonates with a wider range of actors outside the aid effectiveness policy community;
- Identify new or different fora for global policy dialogue on peacebuilding, statebuilding and fragility.

### **Questions for discussion**

For the IDPS Steering Group:

1. Is it useful to you to update the New Deal to version 2.0 for the SDGs?
2. What is the best way to build whole-of-government ownership and drive forward implementation at the country level? Who needs to be involved?
3. Do you have on-going policy priorities for dialogue?
4. Would it be necessary to transform the IDPS to these ends?

For the g7+:

1. Is it useful to you to update the New Deal to version 2.0 for the SDGs?
2. What is the best way to build whole-of-government ownership and drive forward implementation at the country level? Who needs to be involved?
3. Do you have on-going policy priorities for dialogue with development partners and civil society? Others?

For INCAE:

1. Is it useful to you to update the New Deal to version 2.0 for the SDGs?
2. What is the best way to build whole of government ownership in your capitals and drive forward implementation at the country level? Who needs to be involved?
3. Do you have on-going policy priorities for dialogue with the g7+ and civil society? Others?

For the CSPPS:

1. Is it useful to you to update the New Deal to version 2.0 for the SDGs?
2. What is the best way to build civil society ownership and awareness and drive forward implementation at the country level? Who needs to be involved?
3. Do you have on-going policy priorities for dialogue with the g7+ and development partners? Others?



## Annex: A sample of country case study findings

### In Liberia, the New Deal has...

#### **The New Deal has led to greater country ownership of Liberia's development agenda.**

The New Deal has enabled greater country ownership of the development agenda with adherence to country policies such as the Agenda for Transformation (PRSP II), which specifies socio-economic development priorities, and the National Aid Policy, which mandates increased use of country systems through budget support.

#### **The New Deal and International Dialogue have caused the PSGs to be explicitly included in national peacebuilding and statebuilding and/or development plans.**

Liberia completed its "one vision one plan" through the comprehensive National Vision (Liberia RISING) process in 2012, which examined national peacebuilding and statebuilding goals. Such goals were also included in the Agenda for Transformation (PRSP II), a medium term implementation document of the Vision. The New Deal and International Dialogue have also led to deliberative inclusive processes of political dialogue exemplified in local and diaspora consultation on the National Policy on Decentralisation and Local Governance, the constitutional review, and the National Vision.

#### **The New Deal has caused greater transparency in aid flows supporting PSGs.**

Since 2013, Liberia has used PSGs to monitor interventions via the New Deal Dashboard. An annex to the aid management platform; donor and government projects are aligned to goals from both the Agenda for Transformation (PRSP II) the New Deal (PSGs). This has improved predictability and transparency of aid flows.

#### **The contribution of the International Dialogue to how development partners and fragile states governments are doing business.**

PSGs permeate both donor and government-led activities with proven outcomes. Most donors operating within Liberia address aspects of fragility within their programming, primarily through the language of "inclusive growth". Within the donor community, there is understanding, communication on and explicit inclusion of fragility in programming. Donors are now seeking strategic coordination for stronger alignment regarding peacebuilding and statebuilding.

### In Sierra Leone, the New Deal has...

#### **Led some development partners to change their internal priorities:**

The African Development Bank in Sierra Leone and in other countries has mainstreamed the use of the Peace- and Statebuilding Goals, tells the principal country economist: *"The PSGs have become more prominent. Even in the way we work internally in the bank, we apply the*

*fragility lens*". For the Country Strategy Paper (2013-2017) *"we looked at the five Peace- and Statebuilding Goals to see where the country was on the transition spectrum [...] Headquarters encouraged us to apply the fragility lens in all Country Strategy Paper. It is the general practice in the bank for all fragile states."*

**Given an impetus for a new normative framework to deal with crises such as Ebola:**

*"When Ebola broke out, the three countries affected were all New Deal countries. We tried to make sure that the New Deal principles were embedded in all the meetings we had and in the documents we prepared"* notes Abie Kamara, Deputy Director of the Development Assistance Coordination Office in the Ministry of Finance.

The country director of the World Bank in Sierra Leone, notes how DEPAC – a coordination forum as envisioned in the Mutual Accountability Framework – played an important role in the Ebola crises: *"Ebola presented an aberration but also an opportunity, DEPAC became a way to coordinate the strategy for Ebola"*. In the background: *"The DEPAC principle became the rallying force, [even to] mobilize resources for the Ebola response and accountability."*

**Empowered government to take stronger control and clarify respective responsibilities:**

On July 3, 2015, the President of Sierra Leone launched the Service Level Agreement (SLA) after Ebola had exposed gaps. He said: *"One question I have always asked myself is with so much investment and so many players in the health sector, why is it that we are still struggling to get the desired health outcomes for our people?"*

*The lack of coordination and misalignment with priorities of the Ministry of Health and Sanitation is one of the main reasons we are not making significant progress [...] The Service Level Agreement we are launching today should help resolve these issues [and is] consonant with [...] the New Deal."*

Abdul Kareem Jalloh, director of the local NGO Medical Research Centre applauded the effort: *"To me the Service Level Agreement really comes handy. [...] Above all the SLA ensures that NGOs that may be laid back will [have to] ensure that the resources that come are really delivered. [...] But it is also a wake-up call for the Ministry. Because if you say you are going to monitor us and call the President to come, you will really have to do it."*

**The New Deal is making a difference in clarifying roles and responsibilities of donors, government and Civil Society.**

The New Deal supported the norm and practice of government-led development:

In Sierra Leone one donor changed his evaluation of aid aligning due to the New Deal: *"When I first heard about the New Deal, my first thought was: is it actually possible for donors to align their resources to that of the government? [...]"*

*But over time I learned that you cannot impose, it should be demand driven. [...] Before each had own activities, now we align more with government priorities."*