



Compacts Guidance Note (endorsed version)

Meeting of the
Working Group on New Deal Implementation

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GUIDANCE FOR DEVELOPING COMPACTS IN SITUATIONS OF TRANSITION

This guide aims to support the development and implementation of compacts, as defined in the New Deal. It is not meant to be a step-by-step guide, but rather to help policy makers and practitioners to consider key principles, issues, and design elements to consider when involved in a compact development process. They are drawn from past experiences, existing studies, and inputs from development partners and g7+ countries. They represent the general characteristics and transition compacts, as they have existed thus far, as well as some lessons learned and good practice.

This guidance note should serve to orient those involved in compact development process to seek out further sources of information and analysis, which are listed below. It is a living document to be revised in accordance with new and emerging partner country experiences in developing and implementing compacts.

A compact is both an instrument and a process enabling the host government and international partners to reach agreement on priority actions requiring collective action in a post-conflict situation.

There are five sections to this guidance note:

Section 1 explains what a compact is within the framework of the New Deal

Section 2 provides lessons learned from 1st generation compacts

Section 3 explains when a compact should be used

Section 4 outlines the steps of developing and reviewing a compact

Section 5 provides additional resources

This guidance draws on the recommendations of the International Dialogue's 2010-2011 working groups on planning and aid instruments, the work produced by the g7+ secretariat, including the g7+ document on using the New Deal elements to design and implement a strategy to transition out of conflict and fragility ("A Peacebuilding and Statebuilding Roadmap"), the OECD Guidance on transition financing, the lessons identified in the IPI study "Aid Effectiveness in Fragile States: Lessons from the 'First Generation' of Transition Compacts," and ODI's Country Learning Notes "South Sudan: the Juba Compact".

1. WHAT IS A COMPACT?

A compact is both an instrument and a process enabling a host government and international partners to reach agreement on priority actions requiring a collective effort in a post-conflict situation. This process is most valuable if it provides a light, over-arching framework for ongoing political dialogue and for coordinating the role and support of what could be a wide range of political, security and development actors in a given post-conflict country.

There is no blueprint for a compact; within the New Deal, it states that a compact “can take different forms at different points in transition out of fragility.” However, experience shows that compacts are most effective when they are highly focused and establish clear priorities that can be realistically implemented over a short time frame, as experienced in South Sudan with its Juba Compact. The term “short” may have different meanings in different contexts, but it is generally considered to be 3 to 5 years. That said, they may need to strike a balance between aspirations and achievable goals.

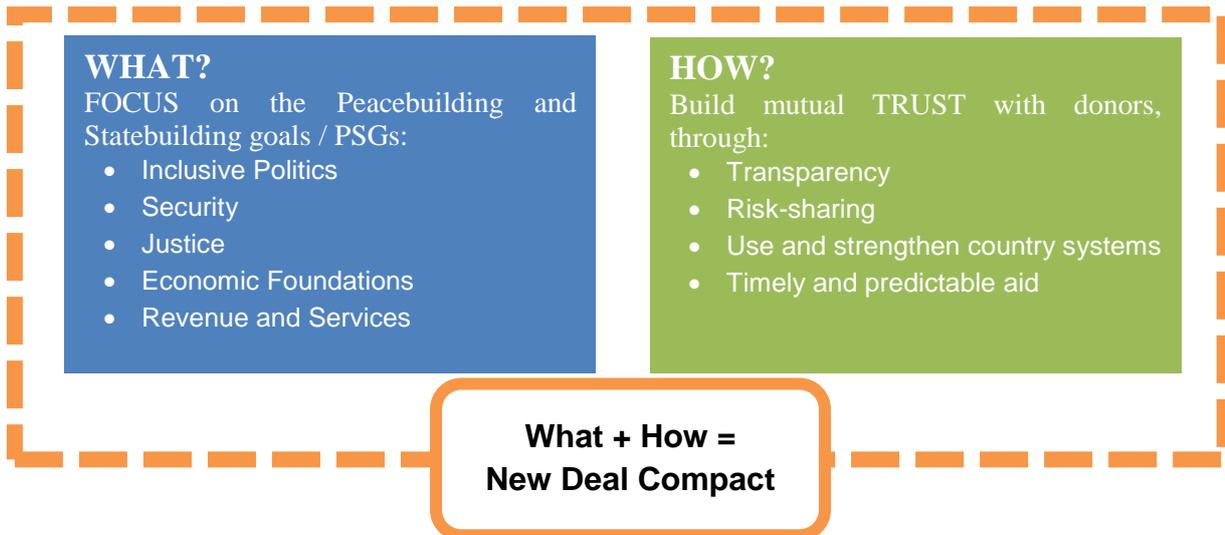
To be effective, compacts should enjoy broad political support, not only between the host government and its international partners, but also among civil society, political parties and those who hold power and influence over the development agenda in the host country. A compact may thus represent a consensus among key stakeholders on the core priorities for collection action without which the transition out of conflict and fragility is unlikely to succeed. The term “key stakeholders” is highly specific a country context and its political economy dynamics.

Compacts are therefore inherently political and should be tailored to the country context and grounded in a commitment to deliver on the Peacebuilding and Statebuilding Goals (PSGs). To ensure such context specificity, it is essential that national actors take the lead. In some contexts, a compact will be formally endorsed by key stakeholders at an international conference. While formal endorsement by key stakeholders may enhance their mutual accountability, a compact may still be useful as a guiding instrument for partners engaging at a latter stage.

Since compacts are meant to be a context-specific instrument, they can be adapted to a *national* or *sector* level, as their purpose would remain the same: to promote agreement among key stakeholders on core priorities, funding envelopes and implementation modalities. Where a national and sector compact exist in the same country, it would be crucial for both to be closely aligned to avoid inconsistency and duplication. Basing compacts on the results of a fragility assessment can ensure that core priorities are properly identified at the national or sector level.

The New Deal commits partners to use compacts, where feasible, in support of country-owned and led pathways out of conflict and fragility. It also identifies the compact as a mechanism for delivering on the FOCUS and TRUST commitments of the New Deal. Compacts define collective priorities and delivery methods, respectively the “what” and “how” of New Deal implementation in a simplified, focused way adapted to the evolving needs of transitional situations (Figure 1).

Figure 1: A compact is a mechanism for delivering on FOCUS and TRUST



The New Deal monitoring framework should help governments, donors, and civil society to learn from new country experiences and report progress on compact development and implementation. These monitoring efforts will help to identify challenges and to promote ongoing political dialogue and joint learning on how best to advance compact development and implementation. The secretariats could provide technical support to such initiatives, on a demand basis.

Box 1. What can compacts achieve?

When planning a compact, it is important to have a clear idea of what can be realistically accomplished in the process.

With this in mind, the following list identifies potential areas of achievement for compacts in post-conflict situations:¹

- Strengthened country ownership and legitimacy of national actors
- Agreement amongst national and international actors on top priorities for collective action
- Progress on a limited set of priorities with realistic goals and timelines
- Improved harmonisation and donor co-ordination on identified priority areas
- Reduced duplication, fragmentation and programme proliferation
- Increased financial flows to country-identified priority areas
- Increased use of multilateral financial instruments (e.g. pooled funding)

¹ Drawn from Bennet, 2012 and the New Deal.

- Greater mutual accountability through regular monitoring and oversight
- Improved trust between national and international actors

Compacts should not be used to achieve broad, long-term or comprehensive lists of objectives.

2. WHAT CAN WE LEARN FROM FIRST GENERATION COMPACTS?

New Deal compacts are still in the development phase. Despite the potential benefits of a compact, they have a mixed track record, and thus have generated a number of lessons learned. The following section identifies success factors of first generation compacts:²

SUCCESS FACTORS

Strategic timing and political will: Political will amongst key stakeholders, especially at the national level, is essential for a compact to be successful. In cases where the impetus behind a compact is external, the momentum to implement a compact will quickly run out without national ownership.

Focused, but inclusive, participation: Finding the right balance of participants for negotiating a compact can be difficult, especially in contexts where institutional relationships are weak. Too many participants can make the process cumbersome. With too few, a compact lacks legitimacy and political momentum. The key is to focus first on achieving a critical mass of senior level participants that represent diverse interests and that are serious about making commitments.³ In addition to national government representatives and international partners, the following entities should be taken into consideration during the selection process: civil society, political parties, and the private sector. The door should always be left open to adding more participants, thereby increasing inclusivity, with time. With frequent reviews, a compact offers regular intervals for expanding participation.

Narrow, realistic prioritisation and short timelines: A compact is designed to address a limited number of urgent priorities requiring collective action within short but realistic time lines; it is not a comprehensive planning tool. The prioritisation process should focus on a small number of well-defined PSGs, striking a balance between aspiration and achievability. The compact is more likely to succeed if it is grounded in a national understanding of the most urgent needs and prioritises action accordingly.

Mutual commitments and accountability for results: Both national and international partners must make realistic commitments with clear timelines and funding mechanisms. When national and international partners are committed to achieving shared goals there will likely be more understanding of risks and challenges and a more honest dialogue about how to overcome these

² The lessons learned are drawn in part from Bennet, Christina (2012).

³ To ensure continued relevance, the New Deal states that a compact should: “draw upon a broad range of views from multiple stakeholders and the public, and be reviewed annually through a multi-stakeholder review.”

and build trust and accountability. A compact should include clear provisions for implementation and oversight that put the national government in the lead. To ensure that government institutions to implement and sustain reforms, the compact should also include provisions for strengthening government capacity.

Explicit linkages between priorities and financing: For collective prioritisation to have an impact, it must be linked to financing. Donor financing of a compact should be predictable and transparent, as well as be matching by a suite of program instruments that will enable swift implementation of compact objectives. Priorities and budgets should ideally be determined simultaneously to ensure that priorities are realistic and based on available resources. Pooled-funding instruments can empower host governments to formulate plans and budgets, and thus take control of post-conflict recovery.

Flexible agreements and non-bureaucratic language: A compact should be light on formalistic agreements and bureaucratic language. This does not mean that commitments should not be serious or that partners should not be held accountable. Rather, this success factor emphasises the importance of frank discussion and realistic priority-setting for delivering rapid results. When faced with urgent needs, partners cannot afford to get bogged down in legalistic debates and parsing of language, especially when agreement has not yet been reached around the basic tenants of a compact. Compacts need to be able to evolve rapidly with the context. Therefore, agreements should concentrate primarily on main lines of accountability and allow for flexibility and revision.

HOW AND WHEN SHOULD A COMPACT BE USED?

... AS A COMPONENT WITHIN THE NEW DEAL IMPLEMENTATION CYCLE

Within the context of the New Deal implementation cycle, compacts can be used at different ways to address urgent needs that require collective action. There are four iterative phases within the New Deal implementation cycle: assessment; planning, prioritisation and allocation of resources; and implementation. The order in which these phases occur varies according to the context.

In a context with limited aid architecture, a compact could be used to help fill gaps and jumpstart work following the assessment phase while more elaborate planning processes take place, such as a country-led “one vision, one plan” to transition out of fragility. When more complex aid architecture already exists, a compact may be used to help bring focus to specific areas that require urgent collective action. In this case, the national vision may already be defined, but a compact helps national actors more narrowly prioritise and allocate resources.

Prior to developing a compact, the host government may consider carrying out a fragility assessment, if they have not already, as it provides a helpful framework for identifying and ranking priorities in order of importance together with partners. A fragility assessment is a country-led evaluation of the causes and features of fragility and sources of resilience associated with the assessment phase of New Deal implementation.

... AS AN OVERARCHING TOOL TO ORIENT AND WORK WITH EXISTING AID ARCHITECTURE

A compact should not duplicate other aid co-ordination structures and mechanisms. Rather, it should serve to steer existing resources and instruments toward agreed priorities over a short timeframe, and where needed, restructure existing coordination processes. A compact should not be confused with medium or longer-term development strategies, which are often more elaborate and comprehensive in scope.

According to the IPI study on first generation compacts, successful and coherent implementation of compacts with existing planning processes and co-ordination mechanisms depends on “the strength of the existing mechanisms, level of government involvement, and alignment of interests.”⁴

Liberia’s Governance and Economic Management Assistance Programme (GEMAP) provides a good example of how a compact can work with existing aid architecture. The GEMAP “did not replace, but sought to reaffirm, the existing transitional framework—the Results-Focused Transition Framework (RFTF)—as the overarching framework for national prioritisation and donor co-ordination, and made explicit links between its own executive oversight mechanism (the Economic Governance Steering Commission) and RFTF institutions.”⁵

3. WHAT ARE KEY ELEMENTS TO CONSIDER BEFORE DEVELOPING A COMPACT?

When exploring the possibility of a compact, partners should first ask the following questions:

- What can a compact help to achieve within this context?
- Is there a need for a compact?
- Who should be involved in developing the compact?
- Is there a commitment to New Deal implementation?
- Is there political will to develop and implement a compact, especially amongst national stakeholders?
- Are development partners willing to align behavior and spending with the national government’s priorities?
- Does the national government have the capacity to manage and implement the compact?
- How would the compact link to other initiatives?

If the necessity of a compact has been determined and key participants have been identified, partners can proceed with compact development planning, taking into account a number of considerations (Figure 2) and tailoring them to the context.

There are five basic elements involved when developing a compact. The first two – agreeing priorities and establishing the budget envelope – should ideally be done at the same time. This

⁴ Bennet, 2012.

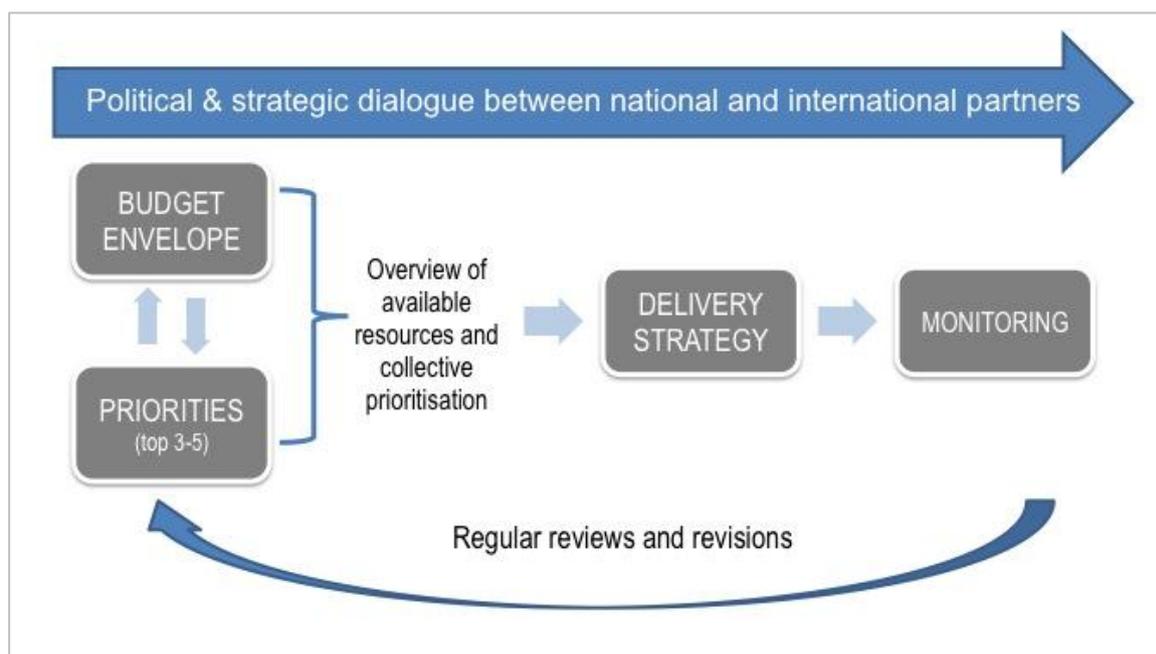
⁵ *Ibid.*

ensures priorities are realistic based on available priorities. Good prioritisation could also trigger additional resources. Next partners should agree on a delivery strategy and accountability arrangements. The final element – review and revision – should be iterative, as compacts are living documents that should be updated to meet the needs of the context for which it is designed.

Planning and implementation of all five elements requires a well-resourced compact secretariat to support the process. The UN and national governments have worked together to staff and manage compact secretariats in the past, which has proven extremely useful to the process. The secretariat should be staffed with individuals with relevant sectoral expertise and a firm understanding of aid effectiveness modalities. It should be based in a relevant ministry or development agency office in the country of operation.

FIGURE 2: THE BASIC PROCESS OF COMPACT DEVELOPMENT

Keep in mind that this process is a political and strategic dialogue that should always be adapted to the local context. These elements are merely a guide to help partners understand and plan compacts.



STEP 1: AGREEMENT ON PRIORITIES WHILE CONSIDERING AVAILABLE FUNDING

A compact should focus on a limited number of priorities that require collective action. This list should not be comprehensive, as not all priorities require collective engagement. The PSGs, as an internationally agreed framework, can help partners to discuss and agree priorities. Fragility assessments or conflict assessments play a critical role in helping stakeholders identify and rank priorities in order of importance. If such an assessment has not already been conducted, these priorities could be identified through a light planning process and workshop, using the fragility assessment model as a guide. They can also be drawn from existing plans or strategies where

they exist, including National Visions and/or Development Strategies, Peace agreements and Sector plans.

Following an agreement of the prioritisation, the budget should be revisited and fine-tuned. If priorities are determined independently of the budget envelope, the result is likely to be an unfocused “wish list”. This can do more harm than good, as it raises expectations beyond what is realistic based on available resources. Partners should start small, keeping in mind that priorities can be modified over time. Compacts are designed to allow for regular revision of priorities.

STEP 2: ESTABLISH THE BUDGET ENVELOPE

Good planning and prioritisation depends on establishing a transparent overview of likely resources available. To do so, partners need to:

- Determine available resources: Partners should share information tracking overall planned development spending from the national budget and international sources and identify how much is available for peacebuilding and statebuilding from non-ODA sources (if relevant).
- Agree on total funds for collective prioritisation: With a clear picture of the flows and available resources, partners should agree on how much of these funds will be made available for collective prioritisation through the compact.
- Select mechanism for tracking flows: Partners must agree on how to track and record the agreed flows, for example through the national budget or aid information management systems (AIMS).

STEP 3: AGREEMENT/COMMITMENTS ON DELIVERY STRATEGY AND INSTRUMENTS

Once the budget and priorities are aligned, partners should agree a delivery strategy addressing:

- Division of labour: Which partners will do what?
- Delivery Instruments: Which existing instruments can be used for delivery? Are new instruments necessary?
- Risks involved: What are the major contextual risks involved? How can they be managed and mitigated through joint approaches?
- Transition towards country systems: What will the likely transition look like? How can it be supported through different aid delivery?
- Capacities required: What are the most critical capacities required for government to take the lead? How can these be supported?

The delivery strategy needs to be focused and light, in order to adapt to the fast-evolving context; however, it should not be vague. The compact should specify how international partners plan to deliver on TRUST commitments. The Mutual Accountability Framework established between the Afghan government and international community in 2012 illustrates

this lesson. While the framework has many compact-like features (e.g. less legalistic/bureaucratic, focused on key priorities), it does not specify the instruments and funding streams through which pledged funding will be channelled, representing a key weakness of the tool.

The characteristics of compacts favour the use of instruments that enable greater co-ordination and joint risk management and/or build the national capacity for service delivery. Such instruments include financial tools, such as jointly managed pooled funds implemented through country systems, and information management tools, such as donor assistance databases.

STEP 4: MECHANISMS FOR MONITORING IMPLEMENTATION

Although past compacts often listed mutual accountability as an objective, the assertion has unfortunately had little impact on donor behaviour.⁶ Specific measures for monitoring implementation need to be identified in the compact, in addition to the delivery strategy specifications. Keeping specificity in mind, monitoring arrangements should strive to be light and non-intrusive. The appropriate mechanisms will depend on the delivery strategies and instruments selected in the previous step. When discussing mutual accountability, partners should consider the following:

- Select a few appropriate indicators and tools for rapid assessment of progress and compliance within compacts
- Determine appropriate intervals to revisit budgets and priorities (e.g. annual reviews)
- Select governance arrangements that are the best fit for the context and designate an institutional home for them
- Discuss options to use country accountability systems from the outset
- Outline basic operating principles to ensure collective responses to a changing context

The compact components should be revisited at each review period to ensure their relevance. Agreed priorities, delivery methods and accountability arrangements should be updated to better meet the needs of the evolving context and build upon progress achieved.

ADDITIONAL RESOURCES

The g7+ Peer Learning Note #4 [“Implementing the New Deal: Lessons Learned from the Juba Compact”](#)

International Peace Institute’s [Aid Effectiveness in Fragile States: Lessons from the “First Generation” of Transition Compacts](#)

International Dialogue’s [The Road to the New Deal: Working Group Background Papers](#)

OECD-DAC Guidelines on Transition Financing: [International Support to Post-Conflict Transition](#)

⁶ Bennet, 2012.