A basic guide to Compact implementation

This note presents a basic guide to support the implementation of country compacts, as defined in the New Deal.

The New Deal on Compacts: The New Deal commits partners to use country-specific compacts in support of country-owned and led pathways out of conflict and fragility. Compacts are flexible frameworks that “can take different forms at different points in transition out of fragility... ensure harmonization and donor coordination... guide the choice of aid modalities” and allow resources to be aligned to national priorities. In essence, a compact is a mechanism that allows national and international partners to focus on the most critical areas where joint effort is required whilst providing a mechanism that can build mutual trust. They should be designed and tailored to the respective country context and grounded in a commitment to deliver on the PSGs.

A mechanism to implement FOCUS and TRUST: A compact is a mechanism to implement and deliver on the FOCUS and TRUST commitments in the New Deal. It should be understood as a basic agreement between national and international partners on WHAT the main Peacebuilding and Statebuilding priorities are and HOW to deliver on these in ways that build mutual trust among partners.

WHAT?
Focus on the Peacebuilding and Statebuilding goals/ PSGs:
• Inclusive Politics
• Security
• Justice
• Economic Foundations
• Revenue and Services

HOW?
Build mutual TRUST with donors, through:
• Transparency
• Risk-sharing
• Use and strengthen country systems
• Strengthen capacities
• Timely and predictable Aid

What + How = New Deal Compact

Structure and participation: National and international partners need to agree on the most appropriate structure of a compact based on country-context, and how it can be used to deliver on other parts of the New Deal. Ideally a compact would not duplicate other aid coordination structures and mechanisms. To ensure continued relevance a compact will “draw upon a broad range of views from multiple stakeholders and the public, and be reviewed annually through a multi-stakeholder review”.3

1 This note draws on the recommendations of the Dialogue 2010-2011 working groups (i.e. the working group on planning and aid instruments), the work produced by the g7+ Secretariat, the OECD Guidance on transition financing, and the lessons identified in the IPI study on compacts.
2 See compact definition in New Deal, Section 2, paragraph 4
3 Ibid
**Steps to agree compacts:** Compacts should be designed to fit with specific contexts, but could be developed through the following steps:

1. Identify the “WHAT”: Identify and agree on the key peacebuilding and statebuilding priorities that require urgent and joint attention. *Elements of the New Deal that could be used for this purpose include the PSGs, fragility spectrum and assessments, one vision/one plan, and joint risk assessments.*

2. Agree on the “HOW”: Identify a strategy for how the peacebuilding and statebuilding priorities would be funded through a combination of national and international resources, and the specific instruments that could be used to deliver, build trust, and avoid duplication/fragmentation. *Elements of the New Deal that could be used for this purpose include fragility spectrum and assessments, strengthen transparency and predictability of resource flows, “national reporting and planning systems”*, “jointly identified oversight and accountability measures”, increasing the “proportion of funds for capacity development through jointly administered and funded pooled facilities”, use of “simplified...fast-track financial management and procurement procedures” and through “more effective use of global and country-elf level funds”.

3. Monitor to ensure relevance: The New Deal also stresses the need to monitor and review performance on an annual basis. This is important to ensure continued relevance of agreed priorities, assess progress and strengthen mutual accountability for results. Such reviews could importantly be used to track progress on using country systems and to assess the risks to development investments. Reviews should be based on a limited set of quantitative and qualitative indicators based on the FOCUS and TRUST commitments rather than a complex monitoring framework.

**Key lessons to keep in mind:** Recent reviews of international experiences with compacts suggest that the following factors have helped make compacts successful:

- **Timing**: Compacts are likely to be more effective if pursued when basic security is in place and when they operate on short timeframes.
- **Mutual commitment**: 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 and build trust.
- **Explicit prioritisation**: Agreement on a small number of key, high-level peacebuilding and statebuilding priorities allow more targeted focus and improve chances of success.
- **Link priorities to financing**: Through a transparent overview of resources, compacts have a better chance of identifying gaps and guiding the choice of delivery channels.
- **Focused participation**: A key factor will be to identify who should be involved from the outset, and who could be brought into the mix once the compact is already in place.
- **Flexibility**: Compacts should be light on formalistic agreements and up-front negotiations and should focus on main lines of accountability to allow them to evolve over time and develop with the context.

**For further reading:**
- IPI study on compacts
- OECD Guidance on transition financing
- PBSO study

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4 New Deal, section 3, paragraph 3  
5 New Deal, section 3, paragraph 5  
6 New Deal, section 3, paragraph 6  
7 New Deal section 3, paragraph 7  
8 New Deal section 3, paragraph 7