

Sequencing Reforms in Fragile States

Topic Guide

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1. Executive summary

How can governments in fragile and conflict affected states (FCAS) plan and manage reforms when everything is urgent and important, and when capacity and resources are low? How can external actors strategically support the fulfilment of essential and expected state functions? What are the recurring challenges and trade-offs that face FCAS, and how do these affect state legitimacy, capacity and authority? And what processes and tools are available to help prioritise and sequence reforms?

This Topic Guide explores these questions. It provides an overview of the evidence that examines the sequencing of statebuilding and peacebuilding reforms in FCAS. The literature indicates there is no blueprint sequence. However, there are suggested, and contested, hierarchies of state functions. And there is evidence documenting how reforms in one area have had spillover effects in other areas of reform. Therefore, the literature suggests more focus on: (1) the common challenges and trade-offs of sequencing reforms; and (2) the *process* of prioritisation and sequencing.

1.1 There is no sequence

The literature widely suggests that better sequencing of reforms can improve resilience and development outcomes. But there is limited evidence on how sequencing has been done in practice, what sequences have been used, or how these have affected outcomes. The very idea that it is possible, or desirable, to sequence areas for reforms is contested. Most texts recommend that a context-specific sequence should be developed. Key themes from the literature include the following:

- **The importance of prioritisation and sequencing.** The literature widely claims that prioritisation and sequencing can support better: focus and timing of reforms; management of competing demands; understanding of needs, development trajectories, key actors and institutions, and pathways to exit fragility; agreements on common goals, roles and division of labour; value for money; and understanding of risk.
- **Statebuilding and peacebuilding objectives** have become the central objectives of international assistance to FCAS. While not uncontested, many authors assert that to be effective and resilient to crises, a state must develop or rebuild state capacity, legitimacy and authority. Peacebuilding and statebuilding is understood as a long-term process of rebuilding state-society relations.
- **Non-linear, complex development trajectories.** An increasing focus on complexity theory in development suggests that development: is non-linear; involves multiple interdependent dynamics and elements; is sensitive to initial conditions; is self-organised; is constantly evolving; and that results cannot be linked to specific causes.
- **Context-specific approaches.** Priorities and sequences are context-specific, as fragility comes in many forms. There are no blueprints, instead best-fit and good enough governance are the best that is possible. Applying lessons learned from one context to another context is risky. However, there are also many challenges in designing context-specific reforms.
- **The contested and limited roles of external actors.** Statebuilding is a broadly endogenous and iterative process. When external actors do engage, they are usually one actor among many. The choices available to them are country-specific and limited by internal and external factors. Donors are not homogeneous actors, and the different sections engaged (defence, development, humanitarian, and diplomatic) make different sequencing and prioritisation choices. External actor involvement is widely contested and considered fraught with tensions and contradictions. The literature contains many examples of unsuccessful reforms supported by external actors, and some argue that external actors should 'do nothing'. However, political and public pressure to 'do something' means that external actors usually do engage.

1.2 There are contested hierarchies of state functions

It is common to conceptualise FCAS according to the fulfilment (or not) of ‘survival’ and ‘expected’ functions of the state (See Box 3). There is much debate about what these functions should be, and whether it is possible to establish a hierarchy among them. It is often argued that survival functions should be the priority. Others argue that action in both areas is needed. But there is limited evidence to substantiate these debates. More evidence explores how reforms in one area affect reforms and outcomes in other areas, and the potential trade-offs. Key issues and challenges include:

- **Political settlement.** A political settlement is often considered a primary factor determining the success or failure of statebuilding and peacebuilding efforts. Many authors argue that it should precede progress in all other areas, and inform approaches to priorities and sequencing. However, in practice this is difficult as political settlements are constantly evolving and are often intractable. Common challenges include: how far security and development can proceed in the absence of a political settlement; whether donors should engage where there is an exclusive political settlement; and defining roles and limits for external actors.
- **Democratic reforms and political liberalisation.** There are mixed perspectives on whether, when and how to carry out democratic institutional reforms in FCAS. Some argue that promoting political liberalisation in countries that have experienced civil war creates the conditions for peace. However, others suggest that political and economic liberalisation can increase the likelihood of violence. Common challenges include: the relationships between elections and civil unrest, and elections and (exclusive or inclusive) political settlements; whether state capacity and authority is required before pluralistic political development; and whether there are preconditions for democratic reforms.
- **Security and justice.** Security, justice and the rule of law are ‘survival’ functions of the state, and frequently considered prerequisites for economic and social development. Common challenges include: how far security can be achieved without sacrificing justice and human rights; constitutional and legal reform; limited access to basic justice services; and understanding the role of informal systems of security and justice.
- **Economic foundations** are usually considered an ‘expected’ state function, but rebuilding the economy, employment and livelihood opportunities are thought to reduce the likelihood of a return to conflict, and to improve citizens’ well-being. Common challenges include: whether and when to promote economic reforms; whether reforms can be promoted in the absence of a stable political settlement; the influence of politics on the economic reform agenda; and understanding the role of actors in the informal economy.
- **Revenues.** Restoring basic administrative and fiscal capacity is considered a survival function. Reforming state revenues can improve the social contract between state and citizens; improve the transparency of public finances; pay essential public salaries and services; and help allocate resources to reconstruction priorities. It is often considered a precursor to policy implementation. Common challenges include: using windows of opportunity to introduce reforms that may be contested at another time; and introducing systemic reforms too quickly without supporting basic functionality.
- **Service delivery** is often considered an expected function, but people need basic services for survival. It is also considered a way to demonstrate visible ‘quick wins’ of a peacebuilding and statebuilding process. Common challenges include: understanding the relationship between service delivery and state legitimacy; ensuring non-state provision of services supports, rather than undermines, state capacity and legitimacy; limited state capacity to deliver services (especially geographically); the dilemma between pursuing short term, visible impacts versus slower, long term change; and the inclusivity of services.

Common cross-cutting trade-offs that apply to these reforms include:

- **Footprint trade-offs** – e.g. how large and intrusive the international presence is; the scope of reforms; and the assertiveness of local versus international actors.
- **Duration trade-offs** – e.g. long-term versus short-term engagement; too much, too soon; quick wins versus slow reforms; and speed versus quality.
- **Participation trade-offs** – e.g. who to engage with; who to listen to; broad versus limited inclusion; and focusing on state/formal or non-state/informal.
- **Dependency trade-offs** – e.g. tensions of externally-assisted (or driven) reforms.
- **Coherence trade-offs** – e.g. organisational coherence across different actors; coherence between the values of external and domestic actors; and need versus capacity.

1.3 More focus on the *process* of sequencing?

Much of the literature recommends more focus on the *process* of prioritisation and sequencing. This thinking has led to the development of a variety of frameworks, diagnostic tools, and guidance. While these have improved donor analysis, the application of these analyses in programming is often limited. Frameworks, tools and guidance include:

- **Statebuilding and peacebuilding frameworks.** Donors in FCAS and partner governments increasingly use ‘frameworks’ to coordinate aid, strategy, resource mobilisation, and programming with other actors. Examples include: joint assessments; compacts; peace agreements; and donor conferences.
- **Tools for assessing the causes of fragility and conflict, and peacebuilding and statebuilding policy responses.** Diagnostic tools typically focus on examining: regime characteristics, capacities and trajectory; the strengths and weaknesses of the state; and the actors, institutions and dynamics that affect instability. Examples include: fragility indexes and typologies; political economy analysis; conflict assessment frameworks; participatory approaches; political settlements analysis; dilemma analysis; country social analysis; needs assessments; and a state-society analytical framework.
- **Statebuilding and peacebuilding toolkits** (usually theoretical models) aim to shape donor thinking about the overarching approach to reforms, and about how different types of reform will affect dimensions of the state. Examples include: DFID’s integrated statebuilding and peacebuilding toolkit; and the authority, legitimacy and capacity framework.
- **Aid instruments.** Choosing aid instruments in FCAS is often based on a context-specific assessment of government capacity and the level of consensus on policy priorities. According to aid effectiveness principles, donors should aim to increase funds spent through government systems, but this can be challenging. Common aid instruments used in FCAS include: programme aid, budget support, project aid, global funds, technical cooperation, multi-donor trust funds, social funds, community driven development, humanitarian aid, and joint programmes.
- **Monitoring and evaluation** activities help facilitate feedback loops, continuous learning, and reprioritisation as needs and capacity change. Evaluation approaches are shaped by conflict analysis and conflict sensitivity. An example of a useful tool for monitoring and evaluation is Theories of Change.

2. Definitions and core concepts

All governments face tough decisions when deciding what reforms to prioritise, and in what sequence to carry them out. These challenges are even more acute in FCAS when everything is urgent and important, and when capacity and resources are low. Decisions about **sequencing reforms** make up an important **part of a wider process of prioritisation**. These decisions are made as part of a strategic planning process (when expected results, timeframes, strategies and resources are identified), and also during the subsequent period of implementation (Center on International Cooperation (CIC), 2011).

Prioritisation and sequencing choices can be analysed thematically (what sector to focus on), geographically (what country/region to focus on), and by actor (what actor to focus on). This Topic Guide concentrates on the issues and challenges surrounding sequencing decisions made thematically.

There is disagreement on definitions of state fragility, on the countries considered fragile, and on the relevant data to use to measure fragility. Most development agencies conceptualise fragility as a failure of the state to perform functions necessary to meet citizens' basic needs and expectations.¹ The OECD-DAC (2007, p.2) definition is: 'states are fragile when state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations'. DFID's list of fragile states is based on three different indices—the World Bank's Country Policy and Institutional Assessment (CPIA), the Failed States Index of the Fund for Peace, and the Uppsala Conflict Database (International Development Committee, 2011).

FCAS are often considered as the opposite of a resilient state (OECD, 2008). FCAS face challenges that differ in degree, and some argue in kind, to the challenges faced by other developing countries. Among other factors, FCAS are characterised as high-risk environments that have complex political economies and state-society relations, weak (or non-existent) national and local capacities and formal institutions, and internal and external stresses that heighten the risk of violent conflict and instability (e.g. OECD, 2012). These challenges suggest that different policy responses and reforms are needed in FCAS, compared to other developing countries.

FCAS are home to an estimated 1.5 billion people, and an increasing proportion of the world's poor. They are the countries that are furthest from achieving the Millennium Development Goals (MDGs),² and they receive around 30% of Official Development Assistance.³

Statebuilding and peacebuilding models conceptualise FCAS according to the fulfilment (or not) of 'survival' and 'expected' functions of the state (see Box 3), and the effects of different dimensions of statehood (or their absence) on peace and stability (Grävingholt, Ziaja & Kreibaum, 2012). While the terms are contested⁴, the literature (e.g. Carment, Samy & Landry, 2013; UNDP, 2012; World Bank, 2012a) asserts that to be effective and resilient to crises, a state must develop or rebuild the following:

- **Capacity** to secure the safety and wellbeing of its population
- **Legitimacy**⁵ so that citizens accept the state's basic right to rule over them
- **Authority** over its citizens and territory (i.e. monopoly on the legitimate use of force and the ability of the laws of the state to supersede other loyalties).

¹ See the GSDRC Topic Guide on Fragile States: <http://www.gsdr.org/docs/open/CON86.pdf>

² See <http://www.g7plus.org/new-deal-document/> and <http://www.worldbank.org/en/news/press-release/2013/05/01/twenty-fragile-states-make-progress-on-millennium-development-goals>

³ See <http://www.g7plus.org/dialogue-state-peace-building/>

⁴ It is outside of the scope of this topic guide to explore the extensive academic and practitioner literature that evaluates and contests these terms. For a critique see Grimm, Lemay-Hébert and Nay (2014).

⁵ Four general sources of state legitimacy have been identified by Bellina, Darbon, Eiksen and Sending (2009, p.15): (1) input legitimacy (how the state functions); (2) output legitimacy (what the state does); (3) shared beliefs (the beliefs people have about the state); and (4) international legitimacy.

A peacebuilding and statebuilding approach is a **long-term process of rebuilding state-society relations** whereby improvements to accountability, transparency and oversight mechanisms strengthen the underlying contract between the citizen and the state. This long-term vision underpins sequencing and prioritisation decisions.

Statebuilding and peacebuilding have become the central objectives of international assistance to FCAS. Practitioners and academics often used to separate statebuilding from peacebuilding objectives and reforms. However, actors increasingly identify the need to have one integrated approach (e.g. DFID, 2010a). The g7+’s⁶ New Deal proposes **five core Peacebuilding and Statebuilding Goals**:⁷ legitimate politics (inclusive political settlements and conflict resolution); security; justice; economic foundations (employment and livelihoods); and revenues and services.

Why does sequencing in FCAS matter?

FCAS often have significant state- and peace (re)building needs, and low capacity and resources to address these needs. A prioritisation and sequencing of reforms is necessary as not all reforms can be carried out at once.

The literature widely claims that prioritisation and sequencing have **significant implications** for fragility, resilience, conflict and development **outcomes** in a country. It suggests that planned prioritisation and sequencing can support better:

- focus and timing of state-(re)building reforms
- management of competing demands
- understanding of needs, development trajectories, key actors and institutions, and pathways to exit fragility (see Box 1)
- agreements on common goals, roles and division of labour
- value for money
- understanding of risk.

Box 1: Case study – Missed opportunities through misdiagnosis of role of local actors in Afghanistan

Informal money service providers (*hawaladars*) have historically been an important informal institution and key economic agents in Afghanistan. They fully replaced the formal banking system during decades of conflicts, and especially under the Taliban, and provided the only facility to transfer money in and out of the country. Donors’ difficulty in engaging with informal economy actors meant that they did not understand the importance of the *hawala* (the informal banking system) and, in fact, sought to disband it. This led to missed opportunities in engaging with people central to building peace and restoring normalcy post-conflict.

Sources: Thompson (2011; 2006)

What is the state of the evidence?

In spite of the potential benefits of improving the prioritisation and sequencing of statebuilding and peacebuilding reforms, there is **little evidence** on how this has been done, the sequence followed, or its effects on outcomes. Most of the literature is qualitative, theoretical, and policy oriented, with the majority of texts published (or funded) by donors. While almost all of the literature asserts that sequencing is important, there is little evidence to support this assertion. Most texts recommend a context specific sequence be developed, so the literature increasingly focuses on the *process* of prioritisation and sequencing (see Section 4).

Sequencing is acknowledged as a significant research gap, and as receiving **inadequate attention from development agencies** (Grindle, 2005; McLean Hilker, Garrasi & Griffith, 2008). Analysis of the impact of choosing one sequence of reforms over another in FCAS is complicated by the multitude of actors involved and of factors that make it difficult to attribute influence, such as the lack of a counterfactual. While monitoring and evaluation might be expected to provide information on sequencing, it is often the ‘weakest link’ in strategic planning in FCAS, according to CIC (2011, p.4).

⁶ The g7+ is an association of countries that are, or have been, affected by conflict. It aims to share experiences and advocate for reforms to international community engagement (see <http://www.g7plus.org/>)

⁷ See <http://www.g7plus.org/dialogue-state-peace-building/>

The literature that is available on sequencing is fragmented, as sequencing itself is rarely the focus of research. Further, '**sequencing**' is interpreted in different ways, to mean either (a) the sequence of state-(re)building reforms enacted by the government or other actors; and/or (b) how a state has developed (i.e. analysis of the actual sequence in which a state has developed).⁸

2.1 Core concepts

The very idea that it is possible, and preferential, to sequence reform areas is controversial.

Non-linear, complex development trajectories

The literature increasingly notes that development is non-linear and complex (e.g. Rihani, 2002). Recurring civil wars have also undermined the idea that movement from violence to sustained security is linear (World Bank, 2011b). Despite this, the World Bank (2011a, p.6) notes that 'the international development community has been handicapped by a somewhat linear view of the state-building process'.

The idea of linear development⁹ trajectories supports top-down, technocratic, management structures. Within the practitioner literature, stabilisation theory has been critiqued for assuming interventions can be implemented in a linear way (Dennys & Fitz-Gerald, 2011). The IMF and World Bank's structural adjustment programmes were based on a linear development model (Rihani, 2002). This thinking is also evident in the popular distilling of lessons learned from one experience, to inform other decisions (ibid.), and in the use of inflexible project frameworks.

While the application and adaptation of the scientific understanding of complexity has been controversial, it is an increasing area of focus in development thinking (Ramalingam, Jones, Reba & Young, 2009). Complexity theory suggests that development is non-linear and constantly evolving, involves many interdependent dynamics and elements, is sensitive to initial conditions, is self-organised, results cannot be linked to specific causes, and feedback processes within systems promote and inhibit change (Ramalingam et al., 2009, p.viii).¹⁰

Ideal-type state models versus context-specific models

Debates about sequencing and prioritising reforms have been criticised because of the limited feasibility of implementing **ideal-type state models** in situations where state institutions are weak. Organisational systems and incentives mean that donors still often approach statebuilding and peacebuilding as a technocratic process with standard principles and targets.

Principles-based approaches tend to be used because no one-size-fits-all. However, principles-based approaches can lack appropriateness to local contexts and be too inflexible. Pritchett and de Weijer (2010, p.2) warn of 'isomorphic mimicry' – when organisations pretend to reform by changing appearances rather than actions. They argue that this can lead to 'capability traps' – when state capability stagnates or deteriorates, despite development funds and policies (ibid.; Andrews, Pritchett & Woolcock, 2012).

The literature highlights the importance of **context-specific priorities and sequencing** (Grindle, 2004), and of holistic assessment of needs and context that link to the specific capacities and needs of the end user. Some authors argue that it is more relevant to support flexibility, participation, evaluation and adjustment of country transitions than a best-practice set of sequences (Bellina et al., 2009). Others highlight the strengths of working iteratively (Andrews, et al., 2012). The WDR 2011 underlines that while 'copying does not work' there is still value in understanding and learning from other countries' experiences (World Bank, 2011b, p.146).

⁸ This report focuses on (a) the sequence of state-(re)building reforms, particularly on those supported by donors.

⁹ The idea of linear country development suggests that a development trajectory is ordered and predictable, that known results can be obtained from the input of certain variables, and that the process has a beginning and an end (Rihani, 2002). Key works in this area include Rostow in 1960 and Toye in 1987.

¹⁰ See also a Development Drums podcast and presentation by Barder in 2012: <http://developmentdrums.org/627>

The roles of external actors

There is consensus in the literature that **statebuilding is a broadly endogenous** and iterative process, therefore sequencing and prioritisation decisions should be led by the host country (OECD, 2008; OECD, 2012b). In some cases the international community has played significant roles in reconstruction efforts (e.g. Sierra Leone, Mozambique, Cambodia and Bosnia), and in other countries statebuilding has been more internally driven (e.g. Uganda, Ethiopia and Eritrea) (Ottaway, 2002). External actors can also indirectly influence statebuilding processes, for example, through foreign policy or trade decisions (Whaites, 2008).

When a donor is involved in peacebuilding and statebuilding activities, they are usually just **one actor among many**. The **choices** available to donors are often **very limited**. For example, as Fukuyama notes (2004, pp.120-123): 'If the state lacks popular legitimacy and the population are not engaged and actively supporting state capacity-building measures then there is only a limited amount that can be achieved by external technical advisors'. Donors' choices are shaped by a mix of contextual and external factors. Among these are the domestic politics and priorities of their own countries as well as those of the host government.

In practice, donors rarely have enough **time or financial resources** to implement peacebuilding and statebuilding activities to the levels initially envisaged. And as FCAS are complex and changeable environments, decisions are often made opportunistically as events occur and as opportunities arise.

The different sections of a donor government working in FCAS (e.g. defence, development, humanitarian, and diplomatic) may have different approaches, priorities, staff, and understanding of the challenges. This can affect choices over sequencing, prioritisation, timelines, allocation of funding and roles among the sections.¹¹

The role of external actors in influencing the capability, authority, and legitimacy of the state is widely contested (Paris & Sisk, 2007). Strategic planning and decisions about national priorities are inherently political. Paris and Sisk (2007, p.4) identify **tensions and contradictions** of external involvement in statebuilding, including: using intervention to foster self-government; the promotion of universal values for local problems; external actors defining legitimate leaders; and short-term imperatives versus long-term objectives.

Some argue that external actors should '**do nothing**'. The literature contains many examples of statebuilding and peacebuilding reforms that have not achieved their goals, or that have led to unintended consequences. There is evidence of successful statebuilding processes where donors have not intervened (see Box 2). However, there is often political **pressure for donors to be seen to be 'doing something'** in response to media coverage and public demand. Therefore, 'do nothing' is rarely considered feasible.

¹¹ For example, in the UK, the Foreign and Commonwealth Office works on the immediate, day to day political issues, and tends to think of change as influencing individuals (reformers). The Ministry of Defence has more medium-term priorities, and tends to work on stabilisation, security sector reform, and capacity building/training. Meanwhile DFID has more long-term priorities, and tends to work on more structural development issues.

Box 2: Doing nothing in Somaliland

Phillips (2013) argues that the lack of external assistance in Somaliland was beneficial to the emergence of the political settlement, the maintenance of peace, and other political and developmental achievements. Somaliland's success is compared to the continued fragility in neighbouring Somalia, where much external assistance was provided.

The unrecognised status of the Government of Somaliland made it broadly ineligible for official international grants and loans. Virtually no foreign funding was used to finance the peace conferences in Somaliland between 1991 and 1997. Instead, funding was provided by the domestic population and the diaspora.

This paper finds that it was not simply the lack of direct external assistance that mattered, but the fact that Somalilanders were not pressured to accept 'template' political institutions from outside and could negotiate their own locally devised, and locally legitimate, institutional arrangements. There was sufficient time and political space for solutions to evolve, rather than an attempt to impose predetermined institutional end points. Other influential factors included Somalilanders' conscious desire for an enclave of peace within the surrounding turmoil; and the quality secondary education received by a disproportionate number of the politicians, activists and technocrats who helped establish Somaliland's stability.

Somaliland's emergence from civil conflict and formation of a political settlement also involved struggles to control the means of legitimate coercion, and a high degree of collusion between the political and economic elites. This contrasts with conventional conflict prevention programmes that emphasise grassroots consensus and inclusion.

Finally, the lack of external assistance meant that the incentives for elites to cooperate with one another were primarily local. This was at odds with how peace was being pursued in the rest of Somalia, where external actors were spending substantial sums to bring political competitors to the negotiating table.

Source: Phillips (2013)

3. Reforms, sequencing challenges and trade-offs in FCAS

There is consensus in the literature that a resilient state must be able to deliver certain functions which meet citizens' needs and expectations. But there is much debate about what these functions should be, and whether it is possible to establish a hierarchy among them.

3.1 What comes first? Competing perspectives on prioritising state functions

State 'survival' and 'expected' functions

DFID and other donors distinguish between state 'survival' functions and 'expected' functions (see Box 3). A literature review by Meagher (2011) observes a consensus in the literature favouring survival functions as the priority. For example, Whaites (2008, p.6) proposes the following order of state functions: (1) political settlement; (2) survival functions; and (3) expected functions.

Box 3: State survival and expected functions

The **'survival functions'** (also known as the **'constitutive domains'** or 'core' state functions) of the state include: the political settlement; security – monopoly of violence, justice, and the rule of law; and basic administrative and fiscal capacity. Survival functions help to consolidate the authority of the state (DFID, 2009).

The **'expected functions'** (also known as the **'output domains'**) are public services that the state can provide. The expected functions could include: economic management; service delivery (health, education, water) and infrastructure; employment programmes and job creation; personal safety and access to justice (beyond the basic level provided in state survival); social protection/safety nets; anti-corruption measures; and voice and accountability (e.g. fair elections, free media). Expected functions relate to the legitimacy of the state.

Sources: DFID, 2009; Fritz & Rocha Menocal, 2007, p.5; Whaites, 2008; Haider, 2012.

Regarding survival functions, the literature is divided over whether political governance or security should be prioritised. There is also disagreement on the ordering of reforms related to expected state functions (e.g. economic reform, service delivery, democratic reform, and public financial management). DFID does not propose a hierarchy of functions, arguing that action in both areas is required to generate a positive statebuilding dynamic.¹²

However, there are **criticisms of this conceptualisation** and a **limited literature base** to substantiate the arguments about which survival functions states should perform or prioritise. In a scoping study for DFID, interviewees questioned whether it was helpful to analytically split the survival and expected functions of the state (McLean Hilker, Garrasi & Griffith, 2008). The functions that a state is expected to perform differ according to the historical and cultural factors that shape state-society relations in different contexts. Many view these discussions as essentially political, since they relate to the role and size of the state in relation to other authorities and groups in society.¹³

¹² See GSDRC Topic Guide on Fragile States: <http://www.gsdr.org/docs/open/CON86.pdf>

¹³ Ibid.

Debates about the sequencing of state functions¹⁴

Legitimate politics

*Political settlement*¹⁵

A political settlement can be understood as: ‘the forging of a common understanding, usually among elites, that their interests or beliefs are served by a particular way of organising political power’ (Whaites 2008, p4). It is a process – and not necessarily formally agreed, or even discussed. Political settlements often extend beyond elites and act to bind together state and society, and provide legitimacy for political leadership.

Parks and Cole (2010) argue that the political settlement can often be the primary factor determining the success or failure of peacebuilding and statebuilding efforts, and a key underlying determinant of state fragility or resilience. A frequently held view is that the political settlement must precede reforms in all other areas, and should inform approaches to priorities and sequencing (e.g. Whaites, 2008). The OECD (2008) argues that the priority of statebuilding and peacebuilding should be to address political governance to enable the state and society to reconcile their expectations of one another and determine whether security provision meets citizens’ needs.

However, as political settlements are constantly evolving, and are often intractable, there is generally no clear point when all actors would agree one has been established. This complicates the idea that a political settlement should precede progress in other areas. In practice, external actors often do not wait for a political settlement – e.g. in Afghanistan.

Analysis of political settlements tends to focus on the national level (Golooba-Mutebi & Hickey, 2013). But it is considered important to pay more attention to ideas and transnational factors (ibid.), and to the subnational level to understand possible regional tensions (Parks & Cole, 2010).

Key challenges, trade-offs and relationship with other state functions

Political settlements and security are closely linked. In conflict-affected situations, a key question is **how far security and development can proceed in the absence of a political settlement**. In these contexts, achieving a political settlement may be a long-term and elusive goal. Where agreement on the organisation of political power is achieved, it may be exclusive, which may undermine its long-term stability.

Evidence is mixed on whether donors should engage where there is an **exclusive political settlement**. Research emphasises that the inclusiveness of the political settlement can affect the potential for political stability (DFID, 2010a).¹⁶ Exclusive political settlements may be unstable in the long term, but may bring short-term peace and developmental gains. Conversely, attempts to challenge an exclusionary political settlement can lead to short-term instability or conflict. Lindemann (2008, p.1) argues that the ability of post-colonial states in Sub-Saharan Africa to maintain political stability depends on whether, and to what extent, ruling political parties can overcome legacies of social fragmentation and establish ‘inclusive elite bargains’. However, there are examples of successful exclusive political settlements (e.g. Somaliland – see Box 2). Supporting exclusive political settlements may contradict the values of development agencies and lead to ‘coherence dilemmas’ (see Section 3.2).

The **role of external donors** in political settlements requires clear definitions and limits, to protect the sovereignty of partner countries (Parks & Cole, 2010). Parks & Cole (2010) suggest that a key challenge for donors in

¹⁴ Note – this section is not exhaustive but covers the main arguments made in the literature. Although this section presents the reform areas separately, it is assumed that multisectoral approaches would be used. For an overview of suggested reforms within the areas of security, justice, and jobs and associated services, see the WDR 2011 (World Bank, 2011b).

¹⁵ For a useful summary of key texts on political settlements see Routley, L. (n.d.) *Annotated bibliography on developmental states, political settlements and citizenship formation*. Manchester: ESID: http://www.effective-states.org/wp-content/uploads/working_papers/final-pdfs/esid-annotated-biblio.pdf

¹⁶ See GSDRC Topic Guide on Fragile States: <http://www.gsdr.org/docs/open/CON86.pdf>

influencing political settlements is to prioritise among four interrelated and sometimes contradictory goals: stability, conduciveness to development, inclusiveness, and reduced elite predation (ibid). External engagement in political settlements has in some cases led to donors almost becoming part of the political settlement (e.g. Nepal). However, donors usually play a small role at the margins of political settlements.

Democratic reforms and political liberalisation

There are **mixed perspectives** on whether, when and how and to carry out institutional reforms to promote democratisation in FCAS. The extensive literature on this issue tends to focus on elections. Political liberalisation activities also relate to: constitutional and law reform; rights and inclusion of minority and marginalised groups; accountability mechanisms; and media and civil society activities (Timilsina, 2007).

Some (generally older, peacebuilding) literature argues that promoting **political liberalisation** in countries that have experienced civil war **creates the conditions for peace**, as democratisation is expected to shift societal conflicts away from war to electoral politics. However, **evidence** from peacebuilding operations **suggests that political and economic liberalisation can increase the likelihood of violence** (Paris, 2004).

There is a lively debate between democratic ‘sequentialists’ (who argue that democratic reforms should follow progress on rule of law and state effectiveness) and ‘gradualists’ (who advocate small simultaneous reforms in multiple state functions) (Carothers, 2007). Carothers (2007) suggests that statebuilding should not indefinitely postpone core democratisation activities.

Key challenges, trade-offs and relationship with other state functions

The focus on early democracy promotion has dwindled in light of evidence of the **relationship between elections and civil unrest** (e.g. Collier, Hoeffler, & Söderbom, 2007). Some authors identify democratic reforms and political liberalisation as high-risk activities that can produce unintended effects (see Box 4) (Branch & Cheeseman, 2008; Carothers, 2007).

Parks and Cole (2010) note that holding elections rarely results in a more inclusive **political settlement**, and instead can lead to more unstable and exclusive political settlements.

Carothers (2007) argues that a state needs a minimal **functional capacity** and a **monopoly of force** before being able to pursue sustainable, pluralistic political development. He argues against democratic sequentialists who claim that a ‘well-functioning state’ (rather than a minimally functioning state) is needed first (Carothers, 2007, p.19).

While Carothers denies there are preconditions for democratisation reforms, he identifies ‘**core facilitators**’ (2007, p.24). These include: level of economic development; concentration of national wealth; identity-based divisions; historical experience with political pluralism; and whether neighbouring countries are democratic.

Box 4: Case study – 2007 Kenyan elections and the ensuing crisis

Branch and Cheeseman (2008) suggest that political liberalisation in Kenya, combined with elite fragmentation and state informalisation, contributed to the 2007 post-election crisis. They argue the climate of multi-party politics created opportunities for leaders to abandon the ruling party, and this contributed to elite fragmentation. The elections increased the incentives for corruption, fuelling state informalisation (including theft of state funds, elite patronage and the funding of gangs). This all combined to reduce citizen trust in state institutions.

Source: Branch & Cheeseman (2008)

Security and justice¹⁷

Security, justice and the rule of law are survival functions of the state, and frequently considered prerequisites for economic and social development (World Bank, 2011b; Meagher, 2011; Timilsina, 2007). Restoring or building a minimum level of security is often a priority for international support to FCAS,¹⁸ but actors' understandings of security vary significantly. Typical areas for reform include: security sector reform; constitutional and legal reform; legal aid and assistance; transitional justice mechanisms; and addressing corruption.

Box 5: Case study: Sierra Leone – security first, service delivery later

From 2001, DFID was the dominant donor in post-conflict Sierra Leone and played 'the key role in defining political priorities for the country' (LSE & PwC, 2009, p.7). From 2001 to 2005 DFID interventions **prioritised the survival functions** of the state, particularly **basic security** (under a short-term stabilisation initiative) and **rule of law** (Chapman & Vaillant, 2010). The focus was on building key state capacities. Progress in these functions was seen to be a precondition for interventions and progress in other functions, and essential to sustain peace. These decisions were informed by political economy and conflict analysis (DFID, 2010a).

DFID viewed **expected functions** as **secondary reform areas** that would receive attention from other donors (ibid). However, it was later discovered that other donors had not provided support to service delivery as expected, and a DFID Country Programme Evaluation highlighted it as a new priority area that DFID should address (ibid). DFID interventions after 2005 targeted pro-poor service delivery and economic growth promotion (ibid). This highlights the need for effective donor coordination and division of labour.

Sources: DFID (2010a); LSE & PWC (2009)

Key challenges, trade-offs and relationship with other state functions

Policymakers are acutely interested in the degree to which **security can be achieved without sacrificing justice and human rights**. FCAS are often characterised by a critical lack of security and justice and, in many cases, the state itself is the primary perpetrator of violence and insecurity.¹⁹ Coordination across justice agencies is important to reduce impunity (World Bank, 2011b). A comprehensive approach - combining security and justice sector reforms (military, police, judicial and penal systems) - has increased in popularity since the 1990s (e.g. see Box 6) (Denney, 2013; Timilsina, 2007).

Box 6: Case study – Sequencing between security/policing and justice reforms in Haiti

Case study analysis of statebuilding in Haiti in the 1990s and 2000s (Timilsina, 2007) identifies that police reforms were undermined as they were not enacted with reforms in related judicial and penal sectors. This contributed to reduced general security in the country. Problems with the justice system meant insufficient prosecution of criminals. Also, the inability of courts to settle land and property disputes meant that these disputes were increasingly resolved through violence. Timilsina (2007) argues this occurred because early reconstruction activities focused too much on the military and police, without taking a comprehensive approach that included judicial and penal reform.

Source: Timilsina (2007)

¹⁷ See also GSDRC Topic Guide on Safety, Security and Justice http://www.gsdr.org/docs/open/GSDRC_SSJ.pdf

¹⁸ See GSDRC Topic Guide on Fragile States <http://www.gsdr.org/docs/open/CON86.pdf>

¹⁹ Ibid.

Many FCAS have **laws** that **discriminate** against the poor and violate international human rights standards. They may also be outdated and therefore lack certain provisions that are key to protecting the safety and security of the population (e.g. definitions of organised crime or people trafficking; witness protection provisions). In many instances, small-scale law reforms have been done in the interim period after conflict, pending broader reforms that significantly amend the entire legal framework - from criminal law to civil law to public administration law.²⁰ International IDEA (2011) warns that external support to constitution building can be both constructive and problematic, and calls for a restrained approach where external actors engage only when specifically asked to.

Limited access to basic justice services is a key problem in FCAS. Formal legal aid schemes are often established in FCAS, but are limited by the lack of lawyers in the country and may not be affordable. Maru (2006) suggests they should be supplemented by initiatives involving civil society (e.g. in 'paralegal aid schemes' non-lawyers provide advice even though they cannot represent clients in court).²¹

Informal systems of security and justice often exist alongside, or instead of, formal systems. They can facilitate participation and access to justice for those who are excluded from formal systems; they are familiar to local populations; and can be quick and convenient. Such systems can also be problematic, however, as they can be discriminatory against certain groups – in particular, women or those not from the locality. In addition, there may be little oversight or referral to judicial and other formal institutions. Donors' generally 'state-centric approach' to statebuilding and peacebuilding means they often find it challenging to engage with informal actors (see Box 7) (Denney, 2013; Thompson, 2011).

Box 7: Case study – Ignoring informal institutions in Sierra Leone

Drawing on interviews from across three provinces of Sierra Leone, Denney (2013) found that after 15 years of security and justice reform in Sierra Leone, DFID still overwhelmingly focuses on state systems. This is despite the fact that the majority of the population access security and justice through informal means. The book notes that by not engaging with informal actors, DFID's activities have had only a limited impact on the quality of security and justice provided, and have not addressed one of the contributing causes of the war.

Source: Denney (2013)

Economic foundations

Rebuilding the economy, employment and livelihood opportunities are considered central to statebuilding and peacebuilding activities. Some donors – e.g. USAID (2009) – support starting economic programmes early on in post-conflict reconstruction, emphasising the likelihood of a return to conflict if the economy does not grow and sustain itself. The WDR 2011 suggests prioritising jobs, alongside basic security and justice. The report notes that people highlighted economic survival as third top priority in research from Voices of the Poor and country-level surveys.

Reforms in this area include: private sector participation in relief programmes; employment generation; reducing restrictions on movement and business; and macroeconomic reforms. Market-enhancing reforms focus on reducing transaction costs and making markets more efficient (Khan, 2007, p.1). Growth-enhancing reforms address market failures in asset allocation, technology to boost productivity, and political stability (ibid).

²⁰ See GSDRC Topic Guide on Justice: <http://www.gsdr.org/docs/open/justice.pdf>

²¹ Ibid.

Key challenges, trade-offs and relationship with other state functions

Economists argue that security is a prerequisite for economic growth, while growth in turn enhances security (Lewarne & Snelbecker, 2004). A key question for policymakers is whether and when to promote economic reforms, and whether these can be promoted in the absence of a stable **political settlement**. Decisions over which economic reforms, and which economic sectors, to prioritise are **highly political**, and need to consider potential impacts on different conflict actors and dynamics.

Collier, Hoeffler and Söderbom (2007) argue that the two main challenges post-conflict countries face are economic recovery and **risk of reversion to conflict**. Based on statistical analysis of 74 post-conflict countries, they conclude that economic development (both growth and higher income levels) substantially reduces the risk of reversion to conflict, but that economic growth can take a decade. They also find that economic policy reform does not have adverse direct effects on risk of reversion to conflict. Moreover, they find that **growth promoting reforms** reduce this risk (ibid.; Lewarne & Snelbecker, 2004). They argue therefore that state-(re)building efforts should focus on a ‘politics +’ strategy rather than a ‘politics alone’ strategy’ (ibid., p.3). Here the ‘+’ means promoting economic development through **aid and a rapid reform programme** (ibid., p.3).

Thompson (2011) notes that insufficient understanding of **informal economy actors** can lead to policies that attempt to regulate, disrupt, or replace them with ‘formal’ structures. This can exacerbate missed opportunities in engaging with actors that are central to building peace and restoring normalcy after conflict (ibid.) (See Box 1).

Revenues and services

Managing revenues and building capacity for accountable and fair service delivery are key areas of statebuilding and peacebuilding reforms. The literature makes a distinction between two **types of public administration activities**: basic activities, and service delivery activities (UNDP, 2013a).

Public financial management (PFM)

Public financial management (PFM) is considered a ‘basic’ public administration activity (also called ‘core’ or ‘upstream activities’).²² It includes reforms to budgeting, the treasury, accounting, financial reporting, or audit. PFM reforms are considered key to statebuilding and peacebuilding as they can: improve the social contract between state and citizen; improve the transparency of public finances; pay essential public salaries and services; and process and allocate resources to reconstruction priorities (World Bank, 2012b).

Public administration activities – including PFM reforms – are often considered a precursor to policy implementation: a government can contract out some service delivery activities, but not budgeting or policy planning. Better PFM data can inform the design of more realistic policies and priorities (Agborsangaya-Fiteu, 2009). There are debates about preferable sequences of the different PFM reforms – with World Bank (2012b) analysis arguing there is not one sequence or best practice.²³

Developing the state’s **capacity for taxation** is considered vital for the development of state capacity and to underpin the formation of the social contract (Fritz & Rocha Menocal, 2007; Whaites, 2008). A widely argued point is that revenues raised through taxation, rather than through aid, arguably better support state accountability to its citizens and, in turn, state legitimacy.

Taxation and public expenditure are also important **redistributive mechanisms**. They can allow the state to correct horizontal and vertical inequalities – issues that may have contributed to conflict.²⁴ A paper synthesising the findings from ten years of DFID-funded research on governance and FCAS (from 2001 to 2010), finds that wars

²² Other ‘basic’ public administration activities include: policy formulation; managing the centre of government; civil service management; local governance; and aid coordination (UNDP, 2013a).

²³ As summarised in a blog by ODI’s Philip Krause:

<http://www.beyondbudgets.org/blog/2012/7/19/why-most-publications-about-pfm-sequencing-are-missing-the-p.html>

²⁴ See GSDRC Topic Guide on Fragile States: <http://www.gsdr.org/docs/open/CON86.pdf>

are more likely in countries where cultural or ethnic groups feel there is economic, political and social inequality (DFID, 2010c).

Key challenges, trade-offs and relationship with other state functions

A UNDP (2013a) report based on seven FCAS case studies and a literature review argues that the **inclusiveness** of public administration – including PFM – can deepen the **political settlement** and reduce risks of conflict. It posits functioning ‘basic’ public administration activities as key mechanisms to ensure national ownership of statebuilding and peacebuilding processes (ibid).

The early stages of post-conflict reconstruction present **windows of opportunity** to introduce reforms that may be contested at other times (e.g. in areas like tax reform, and transparency). However, trade-offs identified include: pushing a reform agenda that could potentially destabilise the political settlement; initiating reforms that are not locally appropriate; and focusing on policy reform to the detriment of other urgent needs (e.g. relief activities) (Meagher, 2011). There is little evidence or guidance on how to prioritise or sequence reforms, or how to take advantage of these windows of opportunity (World Bank, 2012b). UNDP (2013a) criticises donors for pushing for **systemic reforms** too quickly in post-conflict countries, before supporting basic functionality.

Service delivery

Service delivery typically refers to the provision of water, health, education and sanitation services. Although often considered an expected function, providing services is critical in FCAS as people need basic services for survival, and also as it is considered a way to demonstrate quick and visible results to populations. It can do harm to delay investing in services.

Key challenges, trade-offs and relationship with other state functions

The relationship between **service delivery and state legitimacy** is a key emerging area of focus in the literature. A state’s service delivery performance had been thought to have a direct relationship with state legitimacy. However, recent research suggests that this is a non-linear relationship and state legitimacy is ‘conditioned by expectations of what the state should provide, subjective assessments of impartiality and distributive justice, the relational aspects of provision, how easy it is to attribute (credit or blame) performance to the state, and the characteristics of the service’ (McCloughlin, 2014, p.1; Parks, Colletta & Oppenheim, 2013).

There are ongoing debates about how to ensure that **non-state provision of services** supports rather than undermines the development of state **capacity and legitimacy**. In states with weak capacity it may not be possible or efficient to deliver services through state structures, and there may be limited state capacity in certain geographic areas. Donors may decide to set up parallel mechanisms to deliver services. There are many examples of donors not doing this effectively, and parallel systems risk undermining the state’s long-term capacity. However, there are also examples that indicate that if managed well, non-state provision of services can both fill a capacity gap and develop state capacity – see Box 8 (OECD, 2010a).

Another key trade-off is pursuing **short-term, visible impacts versus long-term change**. This dilemma is found across different thematic areas, but is particularly relevant to service delivery due to its relationship with societal expectations (see Box 9). The **inclusivity of services** is considered important for preventing conflict and managing expectations. Services provided inequitably can aggravate horizontal inequalities and risk undermining stability (McLean Hilker, Garrasi & Griffith, 2008).

Box 8: Case study – Contracting out customs operations and reform in Mozambique

In the 1990s, as part of wide-ranging reforms, post-conflict Mozambique contracted an international firm to manage its customs operations. The firm was also responsible for training new national customs officers, and for a gradual transfer of responsibilities back to the government. The contract had three phases with clear targets for transferring responsibilities, combining external management services with internal capacity building.

Source: OECD (2010a, p.79)

Box 9: Case study – Speed of delivery versus capacity building in Timor-Leste

In a World Bank working paper, Rohland and Cliffe (2002) examine state-(re)building activities in Timor-Leste post-1999 and highlight as a key lesson the trade-off between speed of delivery and capacity building.

The first set of activities under the Trust Fund for East Timor in 2000 primarily used community, NGO and private sector implementation mechanisms – facilitating rapid local reconstruction, with visible results on the ground (including providing community-based irrigation, and lines of credit for the private sector) (ibid). The successful provision of services, and the community-driven reconstruction programme, are credited as key to maintaining early support and confidence in reconstruction efforts. The activities also ‘instilled from the beginning a sense of the importance of participatory reconstruction planning and democratic local institutions’ (p.15).

However, as international efforts were reduced, extensive capacity gaps emerged in domestic technical and management systems and skills. Subsequently it was identified that capacity-building should have been prioritised earlier in the reconstruction process (ibid; Lewarne & Snelbecker, 2004).

Sources: Rohland and Cliffe (2002); Lewarne and Snelbecker, 2004, p.79-88

3.2 Cross-cutting trade-offs

Prioritisation in FCAS involves difficult trade-offs (also called dilemmas), which are often tough to measure, predict, and assess against each other. Paris and Sisk (2007, p.5-7) identify five overlapping categories of dilemmas for external actors in statebuilding: footprint (how intrusive an activity is); duration (short versus long term activities); participation (what actors to engage with); dependency; and coherence. Paris and Sisk (2007, p.7) emphasise there are no ‘solutions’ to dilemmas.

Footprint dilemmas

Paris and Sisk (2007, p.5) explain that the level of intrusiveness of external actors is affected by: the size of the international presence (e.g. number of people, budget); the scope of tasks undertaken; and assertiveness in pursuing the tasks.

More versus less. Some reforms may require a large number of people to manage and a security presence to oversee – e.g. reform of the security sector, or overseeing a peace process. On the other hand, local actors and practices may be crowded out by such a large presence, which could delegitimise the reforms, or lead to changes that do not reflect national needs or values.

Duration dilemmas

Long-term versus short-term engagement. Statebuilding and peacebuilding are long-term processes, but a long-term presence of external actors can foster disillusionment, hostility, or passivity within the host country (Paris & Sisk, 2007). Additionally, donor countries are often not willing to commit the resources for a long-term engagement, despite frequently not having an exit or transition strategy (Commins, et al., 2013). Therefore, while the goals may be long-term, the tools may only be available in the short or medium term.

Box 10: Delivering services versus building national capacity in South Sudan

In case study analysis of 16 Multi-Donor Trust Funds (MDTFs), Commins et al. (2013) acknowledge a trade-off between delivering services quickly and efficiently and building national capacity. They suggest using separate aid instruments (even two MDTFs) to perform each task to avoid conflict between objectives. In Southern Sudan, for example, the Capacity Building Trust Fund and the Basic Services Fund were more effective than the MDTF-SS, which tried to do both tasks simultaneously.

Source: Commins, Davies, Gordon, Hodson, Hughes & Lister (2013).

Too much, too soon. The WDR 2011 notes that a reform process that is ‘too slow’ prolongs vulnerability to violence (World Bank, 2011b, p.139). However, it also notes that ‘lessons from the history of institutional transformation provide cautionary evidence that going “too fast” creates other risks of backlash. Countries that have addressed violence have sequenced reforms, frequently over a generational time period, to develop social consensus, and to allow their societies to absorb change and to develop their institutional capacities’ (ibid).

Quick wins versus slow reforms. Reforms which lead to quick and visible benefits (known as ‘quick wins’ or ‘peace dividends’) are considered to be a way to foster confidence in, and the legitimacy of, the statebuilding and peacebuilding process. Service delivery is sometimes prioritised for this purpose. With limited resources, there is tension between focusing on short-term gains, to the detriment of longer-term reforms (e.g. security sector reform), which may take a long time to show results and may be harder to achieve. Therefore, in terms of sequencing, it is important to prioritise the delivery of visible state recovery, while simultaneously planning for the longer-term change required to build peace (see Box 10).

Speed versus quality. When need is great, actors can be incentivised to act fast and enact deep and broadly changing interventions – but the WDR 2011 identifies the scope and speed of reforms as risk factors (World Bank, 2011b, p.145). Fast, broad reform initiatives can lead to: overuse and exhaustion of capacity; the transplantation of lessons not appropriate to needs and context; the setting up of parallel systems rather than using (and potentially strengthening) state systems; a focus on outputs rather than outcomes; lower quality or unsustainable reforms; and the exclusion of stakeholders in the decision making processes (ibid).

Participation dilemmas

Who to engage with? Who to listen to? National or factional leaders are not necessarily representative of the people or interests within a country – yet these people are often those making statebuilding and peacebuilding priority decisions (Paris & Sisk, 2007). Key dilemmas include: engaging spoilers in the processes; including other stakeholders; ensuring people and groups are represented in new power structures; not pushing externally-defined objectives (ibid). Decisions about who to engage with, and who to listen to, are further complicated if external actors lack understanding of national, regional and local power dynamics. Other dilemmas include how to balance local versus national needs and demands, or those of the centre versus those of the periphery; and how to hear and understand what people really mean (Anderson, Brown & Jean, 2012).

Inclusion versus non-inclusion. Inequalities, discrimination, exclusion and the denial of human rights are often directly related to state fragility and conflict (DFID, 2010b). A dilemma for donors is whether and how to design inclusive statebuilding and peacebuilding processes that address inequalities, which may not be considered a priority by domestic actors. Some view a rights-based approach to programming as crucial in the achievement of long term and sustainable empowerment of marginalised groups.²⁵ For example, gender is rarely built in as a cross-cutting issue from the beginning of a reform process – particularly as it is often not identified as a priority, and not considered fundamental to fostering survival state functions. As a result, donors and governments miss opportunities to promote gender equality within political, social, economic and institutional change processes (Castillejo, 2011).

State/formal versus non-state/informal. In FCAS, informal non-state actors fulfil functions that formal state actors fulfil in other countries – e.g. in the economic or justice sectors. A dilemma for donors is whether and how to engage and/or use informal systems, which may not always align with their values (see Boxes 1 and 7).

²⁵ See GSDRC Topic Guide on Fragile States: <http://www.gsdr.org/docs/open/CON86.pdf>

Dependency dilemmas

Sustained international presence and funds in a country can create a host country dependence on international actors. The underlying dilemma here is linked to the contradictions of externally-assisted (or driven) statebuilding and peacebuilding (see Section 2.1) (Paris & Sisk, 2007).

Coherence dilemmas

Paris and Sisk (2007, p.6) identify two types of coherence dilemmas. 'Organisational coherence' highlights the difficulty of coordinating the many different actors' objectives, policies and funds in a country. 'Normative coherence' dilemmas arise where the values of external actors (e.g. self-determination, democratic accountability, gender rights) are not fully shared by domestic actors (ibid).

Need versus capacity. The key message of the WDR 1997 is that states should match their policy ambitions and practices to their capacity (World Bank, 1997). However, Thomas (2012) notes that many governments have adopted unaffordable policies and institutions, sometimes encouraged and (often) funded by donors.

Box 11: Dilemmas facing the UK aid programme in Afghanistan

Thompson (2012) evaluates Afghan perceptions of UK aid, drawing on interviews and workshops with 100 people in Afghanistan during 2011. The paper identifies the following key dilemmas facing the UK Government's aid programme:

- Prioritise security or poverty reduction? What about human rights?
- Focus on the poorest or on the ones who will indirectly support the poor?
- Focus on business or the government?
- Fund projects that are able to be monitored?
- Who do you listen to?
- How do you listen?
- More aid money on-budget, or off-budget?
- Aim for short-term results or invest in the long-term?
- Build on what's there or start with a blank slate?
- Centralise governance and impose systems or build from the bottom-up?
- More or less money on aid in the future?

The paper identifies thematic trade-offs: cultural sensitivities, sustainability, monitoring, inclusion of Afghan voices, engagement with the Afghan Government, and the approach to informal systems.

Source: Thompson (2012)

4. Frameworks, tools and aid instruments

Much of the literature advises that more focus should be given to the *process* of sequencing. Sequencing is part of the wider *process* of prioritisation of reforms. This thinking has led to the development of a variety of frameworks to structure strategic planning and coordination, diagnostic tools to identify and monitor need and capacity, and donor toolkits to guide overall approaches.

Despite the many frameworks and tools that have been developed, choices over sequencing and prioritising are still highly complex. As there is no one sequence that a country should follow, there is also no one definition of what ‘successful sequencing’ or ‘successful prioritisation’ would be, or how it could be measured. While donors have become increasingly effective at producing cogent analyses, they are often less effective at applying these analyses to their programmes (CIC, 2011; Yanguas & Hulme, 2014).

4.1 Statebuilding and peacebuilding frameworks

Donors in FCAS are increasingly using ‘frameworks’ to coordinate aid, strategies (e.g. linking national development plans, aid, political and military strategies), resource mobilisation, and programming with other actors (e.g. the national government and other donors) (Leader & Colenso, 2005). These frameworks tend to support sequencing decisions by aligning all actors behind one peacebuilding and statebuilding plan, and by dividing up tasks.

Examples of different types of frameworks are provided below.

Multilateral joint assessment: Post-Conflict (or Crisis) Needs Assessment (PCNA)

The PCNA is a multilateral needs assessment that creates a platform for national and international partners to conceptualise, negotiate, agree on, and finance a shared strategy for recovery and development in FCAS. The PCNA includes a needs assessment, a process of prioritisation, and the costing of needs in a Transitional Results Matrix. PCNAs are the most commonly known tool, and assess post-conflict restructure needs. PCNAs have been undertaken in: Timor-Leste (not formally a PCNA), Afghanistan (not formally a PCNA), Iraq, Liberia, Haiti, Sudan (North/South), Somalia, Sudan (Darfur), Pakistan, Georgia, Zimbabwe (only preparation) and Yemen.²⁶

UK Government: Joint Assessment of Conflict and Stability (JACS)

The JACS is a UK government cross-departmental strategic conflict assessment tool. It aims to build an analytical framework, based on analysis of existing primary and secondary data, to help develop an integrated approach both to understanding the conflict and stability challenges in FCAS, and to planning the calibration of diplomatic, development and defence tools. It includes a focus on the processes of joint working. The exercise therefore models how the relevant government departments should come together in the operational phase, once the analysis is complete.

Compacts

A ‘compact’ is a framework that brings together statebuilding and peacebuilding actors to agree on: priorities that require a collective effort; implementation methods (who and how); mutual accountability; and funding commitments (Bennett, 2012). There is no blueprint, instead compacts are country designed and should be led by a national vision (IDPS, 2013). More comprehensive compacts have seen compacts try to align and coordinate statebuilding and peacebuilding reforms of different actors behind a set of priorities. In the latter type of compact, the UN has played an important role in developing and implementing the compacts (ibid). Compacts

²⁶ See [http://www.undg.org/content/post-crisis_transition/post-conflict_needs_assessments_\(pcna\)](http://www.undg.org/content/post-crisis_transition/post-conflict_needs_assessments_(pcna))

have been signed in: Liberia, Afghanistan, Iraq, the Democratic Republic of the Congo (DRC), Sierra Leone, and Timor-Leste (ibid).

Mutual accountability frameworks

Mutual Accountability Frameworks work much like compacts (and are sometimes called compacts).²⁷ They aim to bring together actors around one development plan, with shared objectives. They emphasise the delivery of objectives of both the host country and the donor (e.g. with a host country responsible for specific policy reforms, and the donor responsible for providing funding) (Byrd, 2012). This type of framework can also be called conditionality. Mutual accountability frameworks have been signed in Afghanistan and Sierra Leone (ibid).

Strengths and weaknesses

IDPS (n.d.) suggests these frameworks have produced useful experiences in integrating conflict and fragility issues and **aligning donor support**. They also aim to help **build national consensus** on, and ownership of, the framework and plan. Based on analysis of five FCAS, Bennett (2012) concludes that some compacts have been 'instrumental' in focusing reform agendas and resources on a few select goals. However, case study analysis of 16 MDTFs in FCAS by Commins et al. (2013) found that host governments may also engage bilaterally with donors, in addition to MDTFs, in politically important instances.

IDPS (2013, p.5-6) identifies **success factors** of the first generation of compacts as: strategic timing and political will; focused, but inclusive, participation; narrow, realistic prioritisation and short timelines; mutual commitments and accountability for results; explicit links between priorities and financing; and flexible agreements and non-bureaucratic language. Bennett (2012) also finds that compacts are most useful when they are focused and prioritised, include mechanisms for implementation, and when they consider national capacity and public appetite for the reforms.

Lessons from using **conditionality** in peacebuilding and statebuilding suggest that plans should have: a reform constituency in country to provide support; achievable and realistic objectives; a limited number of essential targets/benchmarks; flexibility and responsiveness; a medium-term perspective; and a collaborative design process (Byrd, 2012, p.2). Byrd identifies technical design issues including: 'ex-ante versus ex-post provision of funding, how to balance incentives for reform actions with predictability of financing, whether to do a series of separate operations or a single multi-tranche operation' (ibid).

In terms of **sequencing**, the PCNA recognises that not all needs can be addressed immediately and simultaneously, and establishes mechanisms to prioritise and sequence. Its Transitional Results Matrix can help identify timelines and inform expectations of what can be achieved and when. However, Commins et al. (2013) found that donors are frequently over-optimistic about time-scales.

Some compacts are thought to have **diverted time and resources** from more critical concerns – due to high transaction costs, and often overly bureaucratic implementation and monitoring mechanisms (Bennett, 2012). With all of these frameworks, which bring together international partners with different mandates and priorities, there are risks that each actor pushes their own perspective (deliberately or through bias).

²⁷ For example, the Mutual Accountability Framework for Sierra Leone signed in 2014 has also been called a New Deal Compact: <http://www.g7plus.org/news-feed/2014/2/20/mutual-accountability-framework-signed-in-sierra-leone>

4.2 Tools for assessing the causes of fragility and conflict, and peacebuilding and statebuilding policy responses

Donors have developed many diagnostic tools to understand the causes of conflict and fragility. These support donor decisions in sequencing as they help diagnose what peacebuilding and statebuilding activities are urgent and/or important, how reforms in one area might impact on other areas, and how reforms might affect state authority, capacity, and legitimacy. Typically recommended diagnostic tools focus on examining the characteristics of the regime, its capacities and trajectory; the strengths and weaknesses of the state; and the actors, institutions and dynamics that affect instability (DFID, 2009; McLean Hilker, Garrasi & Griffith, 2008).

There are few comprehensive analytical tools that assess peacebuilding and statebuilding responses per se, although most conflict analyses include statebuilding diagnosis questions or can be adapted to include them (Schnell, n.d., p.6). Experts comment that there is often inadequate integration of priorities identified at the initial assessment level in the subsequent strategic plan (CIC, 2011).

Despite the many diagnostic tools, there is a **limited evidence base** evaluating the impacts of these tools on the process of prioritisation and sequencing, and on outcomes in FCAS (Mata & Ziaja, 2009; UNDP, 2012). UNDP (2012, p.16) identifies this as ‘a new area of focus’ that ‘needs more development’.

A few examples of the different types of tools are provided below.

Box 12: Locating states on a fragility spectrum

g7+’s New Deal ‘fragility spectrum’ is a self-assessment diagnostic tool. It analyses and describes the nature of fragility, diagnoses context-specific needs and indicators; tracks progress against specific indicators; and increases understanding of the links between different dimensions of fragility. It was developed through ‘bottom up’ consultations in pilot countries.²⁸

It is based on five stages of transition (crisis; rebuild and reform; transition; transformation; and resilience), across the five ‘Peacebuilding and Statebuilding Goal’ areas.²⁹ It has a menu of 300 indicators to measure progress. The list of indicators will continue to grow as more fragility assessments are carried out in g7+ member countries.

Source: g7+ (2013)

Fragility indexes and typologies³⁰

Numerous fragility indexes³¹ have been developed by think tanks, donors and academics to help identify, measure and monitor state fragility. These usually cover a combination of state domains: security, political, economic and social (Mata & Ziaja, 2009). Proposed uses include to inform early warning systems, evaluations, policy decisions, public awareness, research, and risk analysis (Mata & Ziaja, 2009).

Political economy analysis³²

Political economy analysis (PEA) in FCAS focuses on understanding the political and economic drivers of conflict, and the relative power, exclusion and vulnerability of different groups over time. It can highlight competing rules of the game in (and between) formal and informal institutions. It can help identify shifting coalitions that contribute to or prevent state collapse; the nature and sources of state capacity, authority and legitimacy; and

²⁸ Sierra Leone, DRC, South Sudan, Liberia, and Timor-Leste.

²⁹ See <http://www.g7plus.org/dialogue-state-peace-building/>

³⁰ For further analysis of the comparative strengths of different conflict and fragility diagnostic tools see DFID’s 2010 briefing paper at <http://www.gsdr.org/docs/open/CON76.pdf> and the UNDP’s 2013 publication

http://www.undp.org/content/dam/undp/library/Democratic%20Governance/OGC/Discussion%20Paper_Assessing%20Transitions.pdf

³¹ For example – g7+ Fragility Spectrum; World Governance Indicators; Country Policy and Institutional Assessment (CPIA); Failed States Index; Country Indicators for Foreign Policy (CIFP); Global Peace Index; Bertelsmann Transformation Index State Weakness Index; Global Peace Index; etc.

³² See <http://www.gsdr.org/go/topic-guides/political-economy-analysis/political-economy-analysis-in-fragile-and-conflict-affected-states>

how and why rent seeking and patrimonial political systems can either contribute to, or undermine, state stability (McCloughlin, 2012b).

Whaites (2008) notes that in this context, PEA should use a statebuilding lens to understand the sustainability of the political settlement, its statebuilding agenda, the strength of survival functions and the ability to progress on expected functions (See Box 3). There are many types of PEA; currently popular are sectoral PEA, and problem-driven PEA.³³

Participatory methods and tools

Social exclusion is a key cause and characteristic of state fragility. Supporting opportunities to improve the rights – and the participation – of excluded groups is therefore viewed by donors as an important aspect of statebuilding and peacebuilding. In addition to informing priorities and sequencing decisions, participatory methods can also be used to manage societal expectations, to build inclusive and participatory processes, to strengthen state-society relations, and to include the views of marginalised groups (e.g. ethnic minorities, women, young people, elderly, disabled, etc.) (UN, 2012, p.57; CIC, 2011). Despite this, stakeholder engagement often receives insufficient attention (CIC, 2011).

It is widely argued that participatory methods should be country led. UNDP (2012, p.12) argues country led governance assessments should ideally involve a wide range of local actors and stakeholders in all stages – designing the methodology, data collection, analysis, dissemination and use.

Box 13: Examples of participatory methods and tools

Participatory methods and tools typically include: strategic stakeholder engagement approaches; opinion polls; community level consultations; interviews; and perception surveys.³⁴

UNDP's Crisis and Recovery Mapping and Analysis (CRMA)

This project in Sudan and South Sudan builds government capacity to undertake crisis and recovery mapping, conflict analysis and strategic planning. The CRMA includes mapping workshops with community and other groups to help identify perceptions of human security. This information is added to a geo-referenced digital atlas. The data is then used as part of a participatory analysis process with government and civil society organisations. The resulting analysis is published by UNDP (UN, 2012, p.51).

The EU's People's Peace-making Perspectives (PPP)

This project was implemented by NGOs Conciliation Resources, Saferworld, and local actors. The methods used varied by country. They included focus discussions; key informant interviews, desk research, perception surveys, and the production of participatory reports (Conciliation Resources, 2012).

Political settlements analysis

A political settlements analytical framework aims to improve understanding of a country's political settlement. The framework brings together other analytical tools (e.g. actor mapping, conflict audits, and political economy analysis) and includes extra specific questions (Parks & Cole, 2010). The framework focuses on issues including: how settlements are maintained; how they change; their historical evolution; settlements at subnational levels; the contending interests that constrain/facilitate change; and how the state is linked to society (Parks & Cole, 2010; Di John & Putzel, 2009).

³³ See <http://www.gsdr.org/go/topic-guides/political-economy-analysis/tools-for-political-economy-analysis#key>

³⁴ For a review of the strengths and limitations of using perception surveys in FCAS, see <http://www.gsdr.org/docs/open/HDQ910.pdf>

Dilemma analysis

Dilemma analysis is a specific statebuilding diagnostic tool that examines donor objectives, contradictions between objectives, competing objectives, and trade-offs in prioritisation and sequencing decisions (Paris & Sisk, 2007). It is recommended in the OECD (2010b) publication 'Do no Harm'. Questions explored in dilemma analysis include (Paris & Sisk, 2007, p.8):

- How could statebuilding dilemmas affect development activities and objectives?
- What environmental characteristics influence the likelihood that dilemmas will be problematic?
- What are the drivers of dilemmas?
- How could the dilemmas interact?
- Which dilemmas could be most problematic and why?

Strengths and weaknesses

Limitations and challenges in using these diagnostic tools to inform sequencing and prioritisation decisions in FCAS include the following:

- Donor programming often does not adequately integrate the findings from fragility indicator tools, and statebuilding and peacebuilding tools, into coherent strategic plans (CIC, 2011)
- Although PEA is used extensively by donors, not even two of its biggest proponents – DFID and the World Bank – have been able to institutionalise it in programming or management (Yanguas & Hulme, 2014)
- Integrated or joint assessments are needed to reduce the number of assessments suggesting different priorities (OECD, 2008)
- The large number and variability of tools complicates the comparability of findings (g7+, 2013, p.5)
- Data collection difficulties in FCAS (g7+, 2013)
- In urgent situations, there may be a trade-off between quality, completeness and time
- Many fragility indexes use standardised indicators across situations that are not similar, and unrealistic donor targets can 'set countries up to fail' (g7+, 2013, p.5)
- Many governance assessments are not explicitly sensitive to, or inclusive of, marginalised groups
- Background concepts and assumptions in the design of assessments may not be clearly articulated – therefore risking misinterpretation
- Data processing decisions (standardisation, aggregation, weighting, and categorisation) influence the outcomes of data collection, but they also may not be clearly articulated (UNDP, 2012; Mata & Ziaja, 2009)
- When trade-offs are unacknowledged and unreported, this can impact on the perceived legitimacy of the process (CIC, 2011).

4.3 Statebuilding and peacebuilding toolkits

There has been a proliferation of statebuilding and peacebuilding toolkits. These (usually theoretical models) aim to shape thinking about the overarching approach donors should take when enacting statebuilding and peacebuilding reforms, and about how the types of reforms will affect dimensions of the state. These toolkits guide strategic decisions over which state functions to prioritise, and can guide thinking on how to sequence them. These toolkits tend to: integrate statebuilding and peacebuilding objectives (if they have been formerly separated); refer to the types of diagnostic tools necessary to apply the toolkit; and tend to refer to survival and expected state functions (see Section 3). The frameworks reflect the characteristics of the authoring agency, such as its worldview, interests, and comparative role. Examples of two donor toolkits are provided below.³⁵

³⁵ Of the many toolkits, these two examples have been selected because they are authored by key donors operating in FCAS, provide different perspectives, and are referenced in the wider literature.

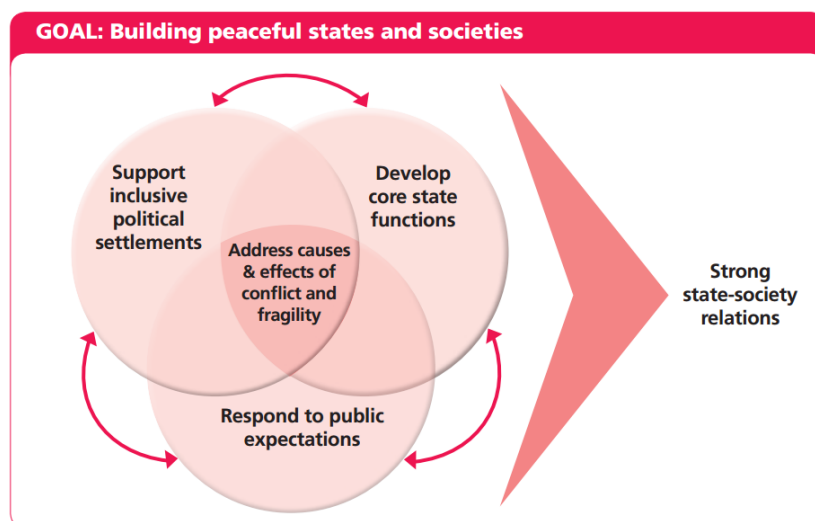
DFID's integrated statebuilding and peacebuilding toolkit

DFID's (2010, p.6) integrated statebuilding and peacebuilding model aims to strengthen state-society relations, and brings together four interrelated objectives:

- 'Address the causes and effects of conflict and fragility, and build conflict resolution mechanisms
- Support inclusive political settlements and processes
- Develop core state functions³⁶
- Respond to public expectations'.

Figure 1 depicts DFID's toolkit as an overlapping and 'virtuous circle' of objectives, which are not sequential (DFID, 2010a, p.17). DFID explains that the objective placed at the centre – 'address causes of conflict and build resolution mechanisms' – provides a lens to understand the context, and prioritise activities, related to the other objective areas (ibid). DFID's Capable, Accountable and Responsive states model (CAR) provides the basis for this framework (DFID, 2006, p.20; DFID, 2007, pp.15-17).

Figure 1: DFID's integrated statebuilding and peacebuilding toolkit



Source: DFID, 2010a, p.17

The authority, legitimacy and capacity framework (ALC)

The authority, legitimacy and capacity model (also known as 'ALC') stems from the Country Indicators for Foreign Policy (CIFP) project.³⁷ It brings together three overarching areas: conflict (measured through indicators of authority); security (legitimacy); and development (capacity) (Carment, et al., 2013, p.129). The World Bank has developed a multi-level diagnostic framework, based on the ALC model, which comparatively analyses the following issues (see Table 1) (Teskey, et al., 2012; World Bank, 2012a):

- The three state dimensions: authority, legitimacy and capacity;
- The three state domains: the political settlement; survival functions (focusing on security and political functions); and expected functions (focusing on economic functions and service delivery) (see Box 3 in Section 3); and
- The institutions and organisations that determine outcomes in each area.

³⁶ Also known as survival functions – see Box 3.

³⁷ See www.carleton.ca/cifp

Table 1: Questions for assessing state authority, legitimacy and capacity performance by domain

		Authority	Capacity/ Effectiveness	Legitimacy
Constitutive domains/ survival functions	Security	Does the state's monopoly of force extend over the entire territory/ all people living within its borders?	Does the state have a monopoly of force to the extent that there is limited crime or armed conflict?	Is the way in which the state delivers security perceived as legitimate? Is the state perceived as the only legitimate source of security?
	Political/ Govt	Are people loyal to the state over other groups? Is this loyalty based on a shared sense of national identity? Do people recognize the authority of the government currently in power?	How effective are core government systems (executive/ the legislative or similar/ the judiciary) at making and enforcing decisions?	Is the way government makes and enforces decisions perceived as legitimate?
Output domains/ expected functions	Economic	Is there a de facto framework for a market-based economy? Is there a substantial illicit and/or informal economy that is beyond the legal market framework?	Does economic policy deliver economic growth, macro-economic stability, and job-creation?	Are the economic outcomes and their distribution perceived as legitimate? Is the nature and the degree of state intervention in the economy perceived as legitimate?
	Social/ Service delivery domain	Is the government/ state responsible for service delivery (even if these services are delivered by other actors – e.g. NGOs, churches etc.)?	How effective is the state at delivering services or ensuring that these are delivered to the population?	How is the performance of the state with regard to service delivery perceived by the population both in terms of level and of distribution of services?

Source: World Bank, 2012a, p.22

4.4 Choosing aid instruments

The choice of aid instrument in FCAS is often based on assessment of: country need and capacity; the perceived urgency of the activity; evaluation of existing delivery channels; the level of consensus on policy priorities (between the donor and the host government); and donor preference and capacity. The choice of aid modality both affects, and is affected by, sequencing and prioritisation decisions. For example, if the delivery of basic health services is considered a priority and the donor generally prefers to use budget support, it may decide to invest in reforming the government's health department rather than in the direct delivery of health services. Or the donor may decide to set up its own parallel delivery of the health services, if it believes they are urgently needed and the government is unable to deliver.

Common aid instruments used in FCAS include: programme aid, budget support, project aid, global funds, technical cooperation, multi-donor trust funds, social funds, community driven development, humanitarian aid, and joint programmes. One example is expanded on below.

Multi-Donor Trust Fund (MDTFs)

Multi-Donor Trust Funds (also known as 'pooled funds') are funding mechanisms which pool and disburse aid through one administrative structure (Barakat, Rzeszut & Martin, 2012). To increase income revenues, funds can also be reinvested. They aim to provide a predictable and stable funding source, and to manage risk (Commins, Davies, Gordon, Hodson, Hughes & Lister, 2013). There are many types of MDTFs. They have commonly been used for: post-conflict reconstruction, humanitarian action, and security sector reform. They are often administered by a multilateral body (e.g. the World Bank, or a UN agency) and are overseen by a council of donors. They have been used in Afghanistan, South Sudan, Iraq, Indonesia, West Bank and Gaza, and Haiti (Commins et al., 2013).

Strengths and weaknesses

Table 2: Pros and cons of using different aid instruments in FCAS

Source: Adapted from Leader & Colenso, 2005, p.46-47

		Immediate needs/service delivery	Building sustainable systems	Political reform	Good donorship
Programme aid, budget support	Pro	Government has quick access to un-earmarked funds, which it may channel to meet immediate needs, dependent on policy choices and capacity.	More predictable revenue helps government control fiscal policy better; can build capacity and insulate fiduciary risk when channelled through Trust Fund.	Can help legitimise state and political process; better macroeconomic stability can lead to better social and political stability	Strong on alignment; potentially strong on harmonisation
	Con	Can be slow, blunt instruments; unlikely to provide quick, targeted, flexible responses to urgent needs; capacity problems.	No guarantee that it will lead to improvements in policies & institutions; fiduciary risk	Government determines use of funds, so unlikely to support other reformers; fungibility (military spending may make conflict worse)	Predictability depends on use of conditionality (e.g. DFID budget support to Rwanda)
Projects	Pro	Can be quick, targeted and flexible.	Can support systems development, particularly when linked to technical cooperation (TC)	Can help catalyse reform directly; or indirectly through demonstration effects of alternative ways of working	Project aid can be aligned and harmonised, but it may be harder due to excessive external management control
	Con	May be driven by external and national, rather than local, interests	May rely on external management agents; can focus on delivery, rather than long-term institution building	Excessive external influence and control may negatively impact on domestic reform processes	Much project aid is not well aligned or harmonised or long-term
Global Funds (GFP)	Pro	Can provide additional finance for a range of instruments, including service delivery instruments	Research, advocacy, TC functions may help build systems and capacity; potentially useful demonstration effects of alternative service delivery	Potential to influence political/ institutional reform through policy dialogue, advocacy	Some GFPs are being oriented to support country-led approaches
	Con	Many GFPs not designed for this; earmarking limits flexibility	Risk of creating parallel structures and high transaction costs	Little evidence on supporting political change; most GFPs not designed for this	Risk of creating parallel structures and high transaction costs

		Immediate needs/service delivery	Building sustainable systems	Political reform	Good donorship
Technical cooperation (TC)	Pro	May be useful if used with other instruments.	May be very useful to support policies and systems development post 'turnaround'; can help avert 'relapse'.	TC to agencies outside government may support domestic reform.	TC can be provided on budget, aligned or shadow aligned; pooled TC funds support harmonisation.
	Con	Designed for advisory services, rather than service delivery.	Recent evidence suggests not effective without government will and commitment; diminishing returns in the mid- to long-term.	Unlikely to help catalyse change within government; not effective without government will and commitment	Frequently donor-driven; may be unpredictable.
Multi-donor trust funds	Pro	Could be used to promote rapid, more coordinated response	Can be focus for direct budget support, with supervision and TC to reduce risk and promote capacity building	Widely used for disarmament, demobilisation and reintegration.	Promotes harmonisation, and maybe alignment or shadow alignment
	Con	Fear that too slow and cumbersome			
Social funds, community driven dev'tment (CDD)	Pro	Demand driven means meet community needs	Can strengthen local participation and planning	Can promote local accountability	Pooled funding promotes harmonisation. If outcomes government priority can promote alignment.
	Con	Can be slow, requires facilitation, and an existing community	Can lead to parallel structures	Elite capture could reinforce local power holders	
Humanitarian aid	Pro	Rapid, good access, can work around state, can secure 'neutral' space	Can support state institutions	Not usually relevant	Pooled fund under OCHA could enhance harmonisation
	Con	Short-term focus, commodity-driven	Often parallel structures, un-strategic, uncoordinated, not sustainable	Not usually relevant	Project focus and competitive fund-raising can encourage or justify lack of harmonisation
Joint programmes	Pro	National and strategic approach more possible	Can engage with government, or be led by government		Promotes harmonisation, and maybe alignment or shadow alignment
	Con	Many stakeholders			

For further analysis of strengths and weaknesses, see the 2012 OECD publication *Getting the mix of aid instruments right*: <http://dx.doi.org/10.1787/9789264168336-7-en>.

More pros and cons of MDTFs can be found in Commins, et al., 2013, p.6: http://r4d.dfid.gov.uk/pdf/outputs/misc_Gov/61050-PFs-Full_Volume%28May2013%29.pdf

There is much debate about the conditions under which the conventional aid instruments of general budget support and Poverty Reduction Strategy Papers can work in FCAS. A critical concern for donors is how to manage fiduciary risks whilst wherever possible channelling funds through government. According to aid effectiveness principles, donors should aim to increase funds spent through government systems, but this can be difficult in situations where government capacity is very low. FCAS are often rapidly changing environments, therefore aid modalities need to be flexible, and trade-offs between speed and quality will emerge (See Box 10) (World Bank, 2011b).

Recently there has been some success with multi-donor trust funds, national programmes, social funds community driven development, and the formation of national compacts. These are all viewed as ways to align donor funds behind national and community priorities.³⁸ An OECD (2010c) report on transition financing suggests that the increase in types of funding instruments, lack of harmonisation among donors, and low effectiveness of pooled funding instruments are bottlenecks to effective aid.

DFID (2010a) highlights three key issues in adapting delivery mechanisms in FCAS:

- Ensuring that choices about aid instruments are politically informed
- Ensuring a rigorous risk management system³⁹
- Developing a results framework based on statebuilding and peacebuilding objectives.

Box 14: Case studies of aid modality decisions

A lack of joined-up governance in Haiti's pooled fund

Based on case study analysis of 16 pooled funds in FCAS, Commins, et al. (2013) note that interviewees often identify as one of the key strengths of pooled funds the forum it provides to bring all parties together for discussion and the forming of a joint strategy. However, this depends on the governance structure in place.

The governance structure in Haiti did not enable this. The Interim Haiti Reconstruction Commission (IHRF) decided the priorities, and this was done with a very political focus. Because the IHRF and the Steering Committee of the pooled fund were completely separate, serious discussions or strategy planning failed to happen.

Source: Commins, S., Davies, F., Gordon, A., Hodson, E., Hughes, J., & Lister, S. (2013).

DFID's early decision to provide budget support in Sierra Leone

In an evaluation, LSE and PwC (2009) found that DFID's early decision to provide budget support to post-conflict Sierra Leone was 'bold and effective in providing resources to a weak government in a post-conflict situation', and perhaps without this the government would not have been able to pay returning civil servants (p.13, 23). It also reports that DFID's use of pooled funding, in seven of 30 projects, to strengthen harmonisation, led to positive influencing of the government and increased aid effectiveness (p.15).

Source: LSE and PWC (2009)

³⁸ See GSDRC Topic Guide on Fragile States <http://www.gsdr.org/docs/open/CON86.pdf>

³⁹ For further analysis of risk management in FCAS see DFID's 2010 briefing paper:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67697/building-peaceful-states-H.pdf

4.5 Monitoring and evaluating statebuilding and peacebuilding

The literature widely notes the importance of setting up monitoring and evaluation systems to facilitate feedback loops and continuous learning to enable reprioritisation and revision of the sequence of activities (World Bank, 2011b). The prioritisation and sequencing of activities often happens during the implementation phase, rather than in the prior planning phase, so the literature suggests continuous analysis and flexible programming (CIC, 2011). Typically in FCAS, there is monitoring and evaluation of frameworks (see Box 15), the donor's country engagement and sector-level engagement, and individual projects and programmes (DFID, 2010d).

Box 15: Example of a monitoring tool

Iraq - Joint Monitoring Matrix (JMM) (2006)

The government of Iraq and the UN launched the International Compact with Iraq in 2006. A Joint Monitoring Matrix (JMM) detailed and sequenced goals with timelines. After one year, an annual review of the compact led to a significant reduction to the number of priorities to reflect a revision of what was seen as achievable in the timeframe. The content of the compact was also adjusted. One of the lessons to emerge from this experience was that 'compacts should be tangible, implementable, focused, and based on government capacity to deliver'.

Source: Bennett, C. (2012).

Theories of Change

Theories of Change (ToCs)⁴⁰ are important to programming in FCAS because of the political dynamics and risks involved in bringing about change. ToCs provide a testable hypothesis, can help make theories explicit, and articulate assumptions about how change can occur and the impacts that certain actions will have (Woodrow, 2013). ToCs are widely viewed as essential elements of the design phase, and the monitoring and evaluation phase.

ToCs are important for monitoring and evaluation processes as they can provide feedback on whether programmes are on track to achieve desired changes, and whether the context is evolving as anticipated. ToCs are also useful for monitoring assumptions to help determine if the right factors and dynamics were considered in the initial design, if unforeseen changes have occurred in the environment, or if there are gaps in the strategy to bring about change (Corlazzoli & White, 2013a).

Strengths and weaknesses

Despite the importance of monitoring and evaluation, CIC (2011, p.4) identifies it as the 'weakest link' in strategic planning in FCAS. Key **challenges** include: political will; capacity; data collection; attribution; methodologies (e.g. weak theoretical foundations and evidence base); the high risk of violence; complex and unpredictable contexts and interventions; politicisation and multiple actors (ibid.; OECD, 2012b, p.27). Bakrania (2014, p.36) identifies the following challenges specific to using ToCs: ToCs can encourage oversimplification; gathering evidence to test ToCs is difficult; and programme designers often have implicit or explicit ToCs in mind that are not communicated.

As there is no one sequence that a country should follow, there is also no one definition of what 'successful sequencing' or 'successful prioritisation' would be, or how it could be measured. While donors have become

⁴⁰ See GSDRC Topic Guide on Safety, Security and Justice, p.34-36: http://www.gsdr.org/docs/open/GSDRC_SSJ.pdf

increasingly effective at producing cogent analyses, donors are frequently weak at **applying** these **analyses to their programmes** (CIC, 2011; Yanguas & Hulme, 2014). Issues to consider in monitoring and evaluation include: how diagnostic tools have been used to inform the design and adaptation of activities; how frequently the analyses have been updated; how much buy in/participation analyses garnered across all actors involved (including the different donors, and the different sections within each donor).

OECD (2012a, p.29-31) suggests the following core **principles for evaluation in FCAS**:

- **Context as the starting point / conflict analysis:** Conflict analysis is central to evaluation of donor engagement in FCAS as it can be used to assess whether activities have been adequately sensitive to the conflict setting, determine the scope of the evaluation (what will be evaluated), and identify evaluation questions.
- **Conflict sensitivity:**⁴¹ Conflict sensitivity is the ability of an organisation to: (1) understand the context it is operating in; (2) understand the interaction between the intervention and that context; and (3) act on that understanding to avoid negative impacts and maximise positive impacts on the conflict (CDA, 2009 in OECD, 2012a, p.29). The paper recommends that evaluators should be aware of the impact the evaluation could have on the conflict, and on the safety of the people involved (e.g. interviewees, interpreters, staff in country). They also emphasise that conflict sensitivity does not automatically deliver an effective peace programme or policy, and that the next step is evaluating conflict sensitivity (and its effectiveness).

⁴¹ For more information about conflict sensitivity see the GSDRC Topic Guide on the subject at www.gsdr.org/go/cs and Saferworld's Toolkit: *Conflict-sensitive approaches to development, humanitarian assistance and peace building: tools for peace and conflict impact assessment* http://toolkit.ineesite.org/toolkit/INEEcms/uploads/1053/Conflict_Sensitive_Approaches_complete.pdf

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