

## Chapter 1

### Making strategic choices and defining overall objectives

*The top priority for development partners is to reconsider and reorient their broader strategies for engagement and define objectives that are consistent with statebuilding. To achieve this, the five main recommendations for development partners are: (i) understand the context and local statebuilding processes and dynamics; (ii) understand your own role and clarify your objectives in relation to statebuilding; (iii) consider who you can work with, and where to work; (iv) work towards greater coherence across your government or organisation; and (v) recognise the global and regional dimensions of statebuilding.*

## 1. Understand context and local statebuilding processes and dynamics

Because statebuilding is an endogenous political process, the first step must be an in-depth analysis of the political, historical, cultural, economic, institutional and social context to understand how it is shaping the incentives and interests of local actors, and the opportunities for statebuilding. The analysis should be undertaken in concert with the widest possible group of stakeholders (other government departments, other development partners and international actors, and country partners where feasible). However, there will clearly be trade-offs between speed, inclusiveness and the coherence and openness of the analysis. A common understanding of the problem among key stakeholders is essential and can help to identify, resolve and/or manage tensions between different objectives.

**A standard political economy analysis of structures, institutions and agents is a useful starting point**, used as appropriate alongside conflict assessment and other analytical frameworks. Such analysis is not easy in fragile situations where data are often lacking and the situation may be very fluid. But it provides essential insights into:

i) **Deep-rooted, cultural, historical and structural factors that have an impact on statebuilding** by shaping elite incentives and core processes of state-society interaction. These factors include the history of state formation, sources of revenue, the state's geostrategic position, and economic and social structures including horizontal inequalities. They are often long term and slow (though not impervious) to change.

ii) **The formal and informal institutions (or “rules of the game”) of the state, civil society and the private sector**, and how relations among them shape processes of statebuilding. In particular the relationship between people who hold political/military power and those who hold economic power is fundamental to creating and sustaining social order. Analysis should cover how political competition is conducted, how power is distributed and exercised, and the extent to which state-society interaction takes place according to public, transparent, predictable rules, or conversely through highly personalised, covert arrangements. These “rules of the game” are more likely than structural factors to be amenable to change in the short to medium term (for example, changes in formal political or market institutions can shift the incentives of politicians and investors). Informal “rules” that are widely accepted as legitimate are central to the processes of state-society interaction that underpin statebuilding (OECD, 2010c).

iii) **The current events and pressures** to which key stakeholders are responding, including for example economic or financial shocks and internal or external threats to security, as well as the capacity of the state to cope with those events and pressures. Understanding the history of any recent conflict – including how it was conducted, its impact on different groups within society and how it ended – will also be critical in identifying relevant actors and understanding their interests, incentives and potential contributions in relation to statebuilding processes.

The analysis can be conducted at different levels (national or sub-national), and focus on different problem areas (*e.g.* the narcotics trade). It can usefully be supplemented with conflict analysis to provide additional insights into structural and institutional factors or current trends and events likely to contribute to instability or violent conflict.

Political economy and conflict analysis do not lend themselves to being directly translated into policy recommendations for development partners. However, the analysis provides the essential starting point for framing a strategic approach to country programming, helping to identify:

i) **The core statebuilding challenges and priorities.** These will vary depending on the broad stage of statebuilding. Is there basic security? (If not, this will be a priority). Is there a political settlement? If so, how inclusive is it? Do all groups perceive the state as legitimate? Are structural factors fuelling conflict or undermining state legitimacy (e.g. long-standing exclusion or marginalisation of particular groups or regions)? Are illegal sources of revenue supporting political elites (e.g. from narcotics trading, smuggling, capture of aid)?

ii) **What sort of change is feasible?** Are the key statebuilding challenges susceptible to action in the short to medium term? Is there elite support for reform? Are there local pressures for change, or incentives for collective action by business or civil society groups? Is there potential to strengthen security and economic growth by building on common interests between politicians and investors? Is there scope to reduce horizontal inequalities? Are there any significant spoilers? Analysis should help to identify existing, local sources of capacity and energy rather than merely focusing on deficits.

## 2. Understand your own role and clarify your objectives in relation to statebuilding

In defining your objectives, bear in mind strategic statebuilding priorities, the interests of key local and regional actors, and the likely impact of external intervention on local processes of political bargaining. This has a number of implications.

**First, reassess your role as a development partner in contributing to statebuilding, and be realistic about what you can and cannot do.** Define the limits of your engagement as well as the goals, bearing in mind the following.

i) **The scope for external intervention** – There may be less opportunity than is often assumed for direct intervention to shape processes of statebuilding by planning and implementing projects, but more scope for indirect intervention and facilitation. Indirect action might include steps to curb international criminal activity, or otherwise reduce access of elites to non-transparent, external sources of revenue. External actors may have a role as mediators in brokering peace or as third party enforcers, but long-term consolidation of a political settlement involves a local political process. Development partners can often contribute directly to financing the negotiation of a constitution and providing access to international experience and expertise (but will need to avoid attempting to drive the process or creating the perception that such support privileges some groups over others). More generally, development partners can help to facilitate shared spaces for dialogue, participation and consensus building, and bring together coalitions of stakeholders – some new, some traditional – from across the state-society spectrum. This can be an important opportunity for voices that may previously have been marginalised or silenced – women, youth, ethnic minorities, etc. – to become engaged in the statebuilding process. Some of these activities might be informal, such as facilitating personal contacts and networking opportunities within and outside the immediate country context. Others might be more formal, such as roundtables, consultation processes, and working through multilateral organisations and multi-stakeholder initiatives. To understand such different roles, it is crucial for development partners to be able to step back, work in the background and, as appropriate, dilute their own role relative to domestic actors.

ii) **The context and resources available** – Think about what the analysis suggests about the feasibility of change in the short to medium term, and the extent of overlap between the incentives and interests of local actors and a statebuilding agenda. Do not underestimate the time and resources (financial and organisational) needed to design and implement effective

interventions in fragile situations. Given the endogenous nature of the statebuilding process, clarity in country strategies about the scope and limits of external action is key to managing expectations and ensuring continued political support in spite of the inherent risks, the inevitability of periods of stagnation, and the real possibility of failure.

**Second, clarify your strategic objectives taking into account your analysis of statebuilding challenges, priorities and opportunities, and your assessment of a realistic role for development partners.** Set strategic objectives with a view to supporting peacebuilding and statebuilding, and view all potential interventions through a statebuilding lens. Box 1.1 describes how the United Kingdom’s Department for International Development (DFID) took an integrated approach to supporting peacebuilding and statebuilding objectives in Nepal.

#### Box 1.1. Aligning statebuilding and peacebuilding objectives in Nepal

The United Kingdom’s approach in Nepal – following the country’s emergence from a 10-year conflict – was to support critical elements of a peacebuilding and statebuilding agenda in line with an integrated approach. These elements included:

- Support to the peace process through joint donor funds to implement the peace agreement, and through building domestic capacity to engage in the process.
- Work to foster an inclusive political settlement by: supporting poor and excluded groups in their efforts to articulate their needs and views; strengthening new political leaders and voices; supporting elections to the Constituent Assembly; and facilitating dialogue among the parties on the management of political tensions across the country.
- Support to strengthening key functions of the state – including public security, public financial management, more inclusive and accountable central and local state institutions, and planning and monitoring functions.
- Strengthening service delivery capacity and supporting growth and job creation.
- Producing up-to-date political economy and peace analysis to inform internal planning processes and debates on critical issues such as federalism and local governance.

The UK’s experience suggests that strategy choices must be informed by careful analysis of ongoing and emerging opportunities for sustaining peace and statebuilding efforts.

**Third, identify and manage discord between different objectives within your own government.** For example, there are often unavoidable tensions between foreign policy, security and development priorities (Box 1.2). Geopolitical concerns may trump development concerns in highly volatile fragile situations, while emergency humanitarian and security needs can often be so overwhelming that support to the longer and more complex process of statebuilding is given secondary importance. It is important to clarify how as a development partner you will interact with other parts of your own government and other external actors, and to develop agreed arrangements for setting strategic objectives and managing tensions between them (Chapter 1, p. 52 and Chapter 2, p. 61). This is essential for achieving an integrated approach at country level.

**Fourth, acknowledging that not all objectives are compatible, identify and manage dilemmas and trade-offs between various objectives.** Working with multiple objectives – social, political and economic – is the reality in fragile contexts. Rather than ignoring tensions between these objectives, development partner strategies should acknowledge them and set out a process for managing them, over time and in relation to different actors, partners and stakeholder groups.

### Box 1.2. Conflicting strategic objectives in Afghanistan

The initial approach of key development partners in Afghanistan focused more on securing short-term stability than on longer-term statebuilding. This entailed the co-option of warlords, strongmen and tribal leaders into the government, and reluctance to attempt dislodging them for fear of “rocking the boat”. It also meant that essential work on building up Afghanistan’s security institutions was not carried out for fear of antagonising Pakistan or “sympathetic” factional leaders. Thus, an opportunity was missed at the vital moment when funds to Afghanistan could have made an impact, in the years directly following the 2001 invasion by the United States. It was only when the insurgency gathered momentum – fuelled by the booming opium crop – that the security requirements of the Afghan state and its populations started to be addressed seriously.

Source: OECD (2010a).

For example, supporting peacebuilding and statebuilding processes concurrently generates dilemmas that need to be carefully managed. The fundamental issue here is that what is required to end violence may be quite different from what is needed to lay the long-term foundations of peace and development. However, there may be options for pursuing concurrent or sequenced approaches that balance the interests of near and longer-term goals. Dilemmas include:

- *Brokering deals for peace versus statebuilding* – Getting the parties to lay down arms may require compromises that result in negative effects such as compromised or inefficient governance systems that undermine the rule of law or reinforce economic and social inequalities (e.g. Bosnia-Herzegovina, Liberia’s national transitional government from 2003 to 2006).
- *Peace versus the economic viability of the state* – Economic rents, including the allocation of natural resources for elites or belligerent groups secured through informal arrangements, ceasefires and peace agreements, may stabilise the political settlement initially, but may undermine the economic viability of the state in the longer term.
- *Providing services in the short run versus longer-term statebuilding* – Where state capacity is very weak there is often a strong impetus to deliver services quickly and through non-state mechanisms. While responding to immediate humanitarian needs is a duty and obligation of the international community, decisions on how such assistance is provided need to take into account the implications for long-term capacity development and state legitimacy. Destructive dynamics can be created or reinforced in the short term, and these are subsequently difficult to reverse.
- *Responding to the claims of ex-combatants versus equity and rights for all* – Where certain groups pose a threat to peace and security (e.g. political elites, rebel groups or unemployed youth), there is a tendency to prioritise them over other, excluded groups, or to overlook key groups such as female ex-combatants with the potential to have an impact (positive or negative) on prospects for peace and stability.<sup>1</sup> This can lead to inequalities that are of concern from both a statebuilding and a rights perspective.
- *Competing or different notions of justice* – Forms of justice that emphasise reconciliation are appealing to many, but victims may demand retribution. Conversely, the threat

of prosecution (e.g. by the International Criminal Court) can discourage military and political leaders from relinquishing power and negotiating peace. Yet political deals that effectively offer amnesties for various war crimes including gender-based violence may perpetuate impunity and undermine the rule of law in the long term.

**Fifth, be more honest about tensions and conflicts between local “ownership” and the normative values and interests of development partners** (e.g. in promoting liberal democratic governance or market institutions, or social and political rights including rights of women). Such tensions are inevitable, given that statebuilding is an endogenous political process. Development partners need to be realistic about the scope for reforming governance without the support of local political actors. Although formal democratic institutions may be the long-term goal, development partners should be open to ways of making progress in the short to medium term through less orthodox approaches that build on informal relationships or on pre-existing, informal (non-state) institutions that command some legitimacy and reflect societal values and norms. At the same time, development partners need to be alert to the way practices, whether formal or informal, can perpetuate discrimination based on gender, ethnicity, religion or cultural identity, and to identify where peacebuilding and statebuilding processes may provide opportunities for gradually addressing existing inequalities. Judgements should be made on the basis of how such arrangements actually function in a local context, the perceptions of those directly involved, and the realistic alternatives.

### Box 1.3. Do no harm

*Do No Harm – International Support to Statebuilding* (OECD, 2010a) identifies the ways in which international interventions can inadvertently undermine statebuilding processes, in particular by:

- Failing to prioritise the consolidation of state security and to engage with state officials to transform political settlements when they embody incentives for violence and warfare.
- Advocating systemic governance reform (constitutional change, initiation of competitive elections, power-sharing arrangements or political devolution) without analysing existing political settlements, state-society relations or how reform might affect patterns of inclusivity, exclusion, elite buy-in and conflict in the future.
- Damaging or pre-empting the creation of state capacity by channelling large amounts of aid outside state systems and implementation structures.
- Delivering aid without ensuring incentives for local revenue raising.
- Not providing accurate and timely information on aid disbursements which prevents them from being reported on budget and weakens accountability mechanisms and the political processes that underpin budgetary bargaining.
- Failing to provide support for the creation of capacity within states to analyse, plan and implement the expansion of basic production activities in the formal and informal agriculture and manufacturing sectors of their economies.
- Channelling aid to civil society organisations with no regard to the legal or regulatory framework governing associations or how they interact with prevailing economic, political and social trends.
- Undermining state legitimacy by creating strong forms of accountability between governments and development partners while neglecting domestic accountability.
- Holding unrealistic assumptions about the pace and direction of statebuilding.

Source: OECD (2010a).

There are no standard responses to these dilemmas. The key is to ensure that they are understood and accommodated rather than brushed aside to meet other, less complex objectives. Identification and exploration of alternative courses of action can help to isolate risks and opportunities. By exposing these dilemmas to solid analysis, evidence, and assessment, greater precision and clarity can be brought to structure the timing and scope of action and align this to what is feasible and appropriate for the country context.

Finally, however else you proceed, **commit to doing no harm to positive statebuilding processes.** The *Principles of Good International Engagement in Fragile States and Situations* state that “do no harm” should be a key principle for development partner engagement. From a statebuilding perspective, this means ensuring development partner-supported programmes do not impact negatively on key dimensions of statebuilding (OECD, 2010a). Doing no harm obviously requires sensitivity and knowledge of context, including the system of power relations and incentive structures that motivate the behaviour of local state and non-state actors. Doing no harm may mean refraining from intervention if there is a risk of aggravating fragility or conflict, or of having a negative impact on local political processes. Conversely, in some cases, it may mean recognising that the lack of intervention will make things worse. There are no clear guidelines, and difficult judgements need to be made in each case. But the perception of legitimacy of development partner actions among governments or citizens will depend crucially on sensitivity to the local political context and the development partners’ own role within it (Box 1.3).

### 3. Consider whom you can work with, and where to work

**First, think about which actors you can work with in relation to your analysis of context and political settlement,** as this will influence the *way* you support statebuilding. When making choices about whether to work with state or non-state actors, and with which ones, you will need to take into account whether there is an inclusive political settlement, as well as the perceived legitimacy of the state or government and its competence. But in fragile situations it can be very hard for outsiders to assess whether an effective, inclusive political settlement is in fact in place, or whether apparent stability and elite consensus masks a very successful exclusionary regime (OECD, 2010c). Such judgements require a solid understanding of local political dynamics. Development partners also need to be alert to local perceptions of their own legitimacy: development partner support for a government could weaken its legitimacy, if this is seen as a foreign imposition. In cases where elite interests are fragmented, looking for ways to support coalitions and alliances among key reformers within both state and society may be the best way forward.

In some contexts, such as those with authoritarian and militarised political regimes, it may not be possible to channel direct financial support through formal state structures, although it may still be possible to find other ways of engaging – for example, through dialogue or planning in areas of common interest. It is important to remember that governments are not monolithic. Where state capacity is weak, development partners face difficult choices about whether to pursue service delivery through non-state channels, with the risk of further impeding capacity development within the state, undermining government legitimacy, and creating competing sources of authority and resources. Such judgements must be context-specific, and made with a view to their impact on statebuilding, not just efficient delivery.

There can also be difficult choices about which non-state actors to work with. For example customary leaders, religious authorities, or ex-warlords may all be influential,

but may also support policies or practices that are exclusionary and/or problematic from the perspective of international norms or human rights. Careful political judgements are needed about the interests and legitimacy of such actors in contributing to statebuilding. In most cases development partners will need to work with both state and non-state actors, and be alert to the need to avoid further undermining weak political authority while seeking to enhance inclusiveness. Development partners often limit their support to an overly narrow range of state and non-state actors, notably leading political figures (who are often part of the problem development partners seek to solve) and a few NGOs. Development partners need a better understanding of how these individuals and groups are linked to political networks, and should also undertake a broader mapping of non-state actors and associations, including private sector, religious, customary and women's organisations<sup>2</sup> (OECD, 2010c). Even if such groups are not channels for financial support, development partners need to understand their roles, interests, perceived legitimacy, and capacity to contribute to or undermine peacebuilding and statebuilding. Moreover, even when working with groups that claim to represent “marginalised” populations, it is important to consider who those representatives are, and whose interests they really represent, and what legitimacy they enjoy in the eyes of their constituents

**Second, when selecting partnerships, make strategic decisions about where to work.** This includes difficult choices about how far to operate in areas not under central government control, and hence with non-state actors. Even where government control extends across the territory, decisions about where to work will be significant for statebuilding. They will affect the distribution of resources and may reinforce or help to lessen horizontal inequalities between regions and groups. They may have a bearing on the extent of decentralisation and devolution of political, financial and administrative authority – all of which are highly political (Box 1.4).

Working at village and community level can be important in helping to rebuild trust and the legitimacy of the state through face-to-face contact between citizens and officials; however, this can also give rise to tensions with customary authorities and non-state actors. In practice, development partners will need to try to work with multiple partners and at multiple levels of government. Understanding the interface between different levels of government and between formal (state) and informal (non-state) actors and practices is fundamental to building more effective state-society interaction.

#### 4. Work towards greater coherence throughout your government/organisation

The *Principles for Good International Engagement in Fragile States and Situations* – or Fragile States Principles – highlight the interdependence of political, security, economic and social priorities in fragile situations. Failure to address one priority area can lead to failure in all others. Hence whole-of-system and whole-of-government<sup>3</sup> approaches that build on an understanding of interdependence provide a better chance of success and a better use of international resources. Such approaches need to be considered at the very start of strategy and related planning processes.

Experience suggests, however, that common, government- or system-wide strategic visions on priority objectives in conflict-affected and fragile states are still relatively rare. Individual development partner governments and international organisations often avoid frank debate over the goals of policy coherence in fragile and conflict-affected states, in part because they are reluctant to confront the divergent motives or goals of their efforts, a problem that can be magnified by the restrictions of mandate and funding. More open



and candid dialogue, both internally among national agencies and with other development partner governments, about how to balance the multiple goals and objectives involved in working in fragile states is therefore critical as a first step (Stewart and Brown, 2006).

Making whole-of-government and whole-of-system approaches work in practice requires development partners (donor governments and international organisations) to create appropriate instruments and mechanisms in line with the 3C Roadmap.<sup>4</sup> Recent evaluations of experience suggest that six elements stand out.

**First, identify the role of other policy communities** covering politics/diplomacy and military/security as well as humanitarian response and development. Recognising the interconnections between these communities, their perspectives and approaches, as well as potential tensions and conflicts of interest, is an essential part of creating relevant and strategically focused development partner strategies.

**Second, clear political guidance and a lead co-ordinating role at HQ and in the field are critical.** Ensuring a civilian lead in co-ordination efforts and clear political guidance on a common strategic vision is vital to effective whole-of-government approaches. Over time the role and involvement of different diplomatic, security and development actors is likely to change, and leadership and co-ordination should change accordingly.

**Third, joint analysis and planning is needed** to confront different institutional cultures and languages across different policy communities. Political, security and development actors all need to be involved in the preparatory stages where joint analysis can help to get everyone on the same page and reveal different perceptions and approaches before strategy formulation begins. Box 1.4 contains an example of an interagency conflict assessment framework that supports integrated strategy and decision making between government departments. Other recent examples from multilateral organisations include the UN/World Bank Post Conflict Needs Assessment and the UN Strategic Assessment and Integrated Strategy Framework.

#### Box 1.4. The US Interagency Conflict Assessment Framework\*

A first step toward a more effective and co-ordinated response to help states prevent, mitigate and recover from violent conflict is the development of shared understanding among US Government agencies about the sources of violent conflict or civil strife. Achieving this shared understanding of the dynamics of a particular crisis requires both a joint interagency process for conducting the assessment and a common conceptual framework to guide the collection and analysis of information.

The Interagency Conflict Assessment Framework (ICAF) is a tool that enables a team comprised of a variety of US Government agency representatives (“interagency”) to assess conflict situations systematically and collaboratively and prepare for interagency planning for conflict prevention, mitigation and stabilisation. The purpose of the ICAF is to develop a commonly held understanding, across relevant government departments and agencies, of the dynamics driving and mitigating violent conflict within a country that informs US policy and planning decisions. It may also include steps to establish a strategic baseline against which US Government engagement can be evaluated. It is a process and a tool available for use by any government agency to supplement interagency planning.

*Source:* Website of the US Department of State Secretary’s Office of the Coordinator for Reconstruction and Stabilization.

\* For more information about the ICAF, including reports and lessons learned, see: [www.crs.state.gov/index.cfm?fuseaction=public.display&shortcut=CJ22](http://www.crs.state.gov/index.cfm?fuseaction=public.display&shortcut=CJ22).

**Fourth, joint objectives and joint country-specific operational priorities help build coherence.** There is no simple way to balance strategic or geo-political objectives with statebuilding and development objectives (Chapter 1, p. 47). While the strategic dilemmas confronting development partners will not disappear if government departments join up, identifying these dilemmas and managing their impact is clearly a first step. In practice, development partners need to find a balance between aligning their strategies with those of other international actors and partner countries, and achieving coherence within their own governments (Chapter 2, p. 61).

**Fifth, joint financing instruments and joint staffing mechanisms can reduce the problems of fragmentation and duplication.** Pooled arrangements can support integrated planning as can joint staffing arrangements and inter-ministerial working groups. Several development partner governments have put in place cross-departmental mechanisms to support joined up resourcing and staffing (Box 1.5), in order to build coherence between diplomatic, development, humanitarian and security activities in fragile contexts.

**Box 1.5. Putting a whole-of-government approach into practice – the Stabilisation Unit in the United Kingdom**

The Stabilisation Unit (SU) is a UK Government inter-departmental unit that strives to improve the United Kingdom's ability to support countries affected by violent conflict. It is jointly run by the Department for International Development (DFID), the Foreign and Commonwealth Office (FCO) and the Ministry of Defence (MOD).

In its engagement in countries that are affected by violent conflict the SU ensures that close co-operation between the military and civilian agencies is upheld, which is essential to achieving greater stability in violent contexts. The SU also has a policy role and facilitation role in taking forward UK foreign policy priorities, where it designs policy and acts as a hub to facilitate the interests of the three departments. The result is the emergence of joint plans and strategies between the three departments.

**Sixth, support to statebuilding is a knowledge-intensive enterprise, requiring adequate numbers of properly informed and adequately trained staff not only in the departments that lead on the work but also across government.** The simplified notion that low head counts lead to low transaction costs, greater efficiency in delivery and thus impact does not hold up for supporting high-risk, often low-cost statebuilding processes in complex environments. Low head counts can lead to deficiencies in networking, research and analysis, producing hasty decisions that will ultimately increase transaction costs, undermine efficiency and weaken impact. Numbers matter and so does proper training; cross-governmental approaches depend on adequate knowledge and training across government.

## 5. Recognise the global and regional dimension of statebuilding

The global and regional political and economic context has a powerful influence on statebuilding at country level. Such influence may be positive (*e.g.* an incentive for greater regional co-operation on security), or negative (*e.g.* offering opportunities for personal enrichment of elites through legal and illegal activities, and wide-scale misuse of resources). Development partner strategies must acknowledge that the global context (which they actively help to shape) has a significant impact on the incentives for political and economic elites in poor countries. In particular, access to very large, non-transparent sources of revenue undermines incentives for bargaining with citizens and nurturing economic growth. The following should be taken into account as country strategies are prepared.

**First, combine support to statebuilding at country level with action at the regional or global level to counter global disincentives for statebuilding**, because those disincentives are very powerful, and are issues that international actors can influence directly. Action should include direct measures to curb corrupt practices by governments and businesses of OECD member countries, reduce opportunities for tax evasion and money laundering, and change the national and international regimes governing narcotics as well as other forms of illicit trade such as trafficking in persons and small arms and light weapons (SALW). Development partners could also help build partnerships with a broad range of public and private stakeholders at national and international levels to tackle issues that require wider buy-in (Box 1.6). At the same time, action at country level can include support to partner country governments to encourage their participation in international initiatives and to comply with international codes of conduct and regulation. However, such initiatives need to take account of country context: they may have little impact on their own if more fundamental aspects of statebuilding are not being addressed.

### Box 1.6. Confronting global challenges in fragile states

- *Resource issues* – (i) The rough diamond trade has financed armed conflict in several African states. The Kimberley Process Certification Scheme – established to prevent the trade of conflict diamonds in 2003 – is a global, UN-endorsed certification scheme, incorporated into domestic law in participating countries. (ii) Export of oil, gas and minerals provides important sources of revenue (both legal and illegal), much of which is unproductive or can fuel repression or violent conflict. The Extractive Industries Transparency Initiative (EITI) launched in 2002 by the United Kingdom is a voluntary, multi-stakeholder attempt to promote transparency in revenues paid to governments by extractive industry companies. (iii) Illegal logging can also contribute to the “resource curse” as well as having significant social and environmental implications. The EU’s Forest Law Enforcement, Governance and Trade (FLEGT) action plan seeks to curb illegal logging through use of EU market power to negotiate voluntary partnership agreements on verification with timber producing countries.
- *Financial regulation* – Action on international tax evasion, stolen assets and criminally acquired assets is critical to curbing revenue sources that create perverse incentives that undermine statebuilding. Incipient efforts to combat these problems include: the Stolen Asset Recovery Initiative (StAR); the International Centre for Asset Recovery (ICAR) and the private sector organisation tentatively titled the Global Corrupt Asset Recovery Initiative.
- *Illicit trade* – International (and wholly illegal) trade in narcotics provides huge rents generated by international smuggling. Illicit trade in small arms and light weapons (SALW) and human trafficking also fuel conflict and create large sources of revenue. Action to reform national and international regulation of illicit trade is urgently needed.
- *Private military and security service providers* – The implementation of international standards and national regulation of commercial military and security services is often weak or completely absent. Efforts to address the problem include the Montreux Document on private military and security companies (PMSCs) signed by 17 states, expressing a consensus that international law, in particular international humanitarian law and human rights law, does have a bearing on PMSCs and that there is no legal vacuum for their activities. On a parallel basis, the Swiss Government encourages a follow-up by the PMSC industry to the Montreux Document, such as an industry-wide code of conduct that includes effective accountability mechanisms. The UN Commission on Crime Prevention and Criminal Justice in April 2009 called for common standards of private law enforcement services.

*Source:* adapted from Moore, Schmidt and Unsworth (2009).

**Second, remember that neighbourhood matters in fragile and conflict-affected states, and consider regional approaches to support statebuilding.** Regional and global factors interact with domestic factors to create a complex web of destabilising influences affecting governments and communities faced with fragility and violent conflict. Regional approaches to statebuilding can play an important role in countering some of these destabilising effects while capitalising on the positive effects of regional capacity and co-operation (Box 1.7). International agencies need to ensure that they have policies, financing and programming instruments that support regional approaches, while including strategies that allow for constructive engagement with non-traditional aid partners that have an increasingly influential presence in many fragile and conflict-affected environments.

#### Box 1.7. A regional approach to support statebuilding in Armenia, Azerbaijan and Georgia

Since independence, all three countries of the South Caucasus region – Armenia, Azerbaijan and Georgia – have undergone a difficult process of transformation. In 2001, German Development Cooperation adopted its “Caucasus Initiative” – a regional approach to support the countries’ statebuilding processes. In light of previous (and partly still ongoing) conflicts between the three countries, the initiative aims to promote co-operation between them. It includes measures in five sectors with an emphasis on democracy, transparency and legal certainty to improve the region’s governance and prevent further deterioration in state fragility.

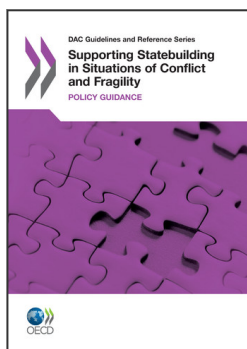
The approach has proved to bring a range of added-value elements. Above all, it opens up the opportunity to bring representatives of the region together and engage them in dialogue in order to identify common ground and interests, thus contributing to confidence building and crisis prevention. The German experience in the South Caucasus shows that a regional approach also provides the opportunity for peer learning and for sharing specific regional experience of reform processes within a similar context. However, the German experience also indicates that although reform processes may be brought forward on a regional level, in order to address the specific requirements of each country comprehensively, additional bilateral components must also be agreed. Moreover, confidence building at a bilateral level is a necessary prerequisite in order to implement a regional approach successfully.

*Source:* GTZ (2008).

**Third, consider the role that regional institutions can play in supporting statebuilding processes at country level.** Regional institutions have an important contribution to make in efforts to counter the impact of negative externalities, and can help reinforce country capacity to respond to destabilising activity within and beyond their borders. Regional institutions have a number of potential roles in support of statebuilding, including: political mediation; supporting co-operation through security, justice, finance and currency; trade and/or customs unions; infrastructure; inter-country lesson learning; and peer support. Supporting regional institutions may therefore be a strategic use of aid and an effective way to strengthen statebuilding at the country level.

## Notes

1. Even within groups that are accorded priority, inequities may exist. For instance, unemployed young men may be viewed as a greater security threat, and may therefore be prioritised over unemployed young women. Male ex-combatants may be widely assumed to be potentially violent, while females are often presumed to have served only as unwilling spouses of soldiers and not as combatants, and frequently receive insufficient and/or inappropriate support.
2. As is highlighted in UN SCR 1325 – which calls for the increased participation of women in preventing, managing and resolving conflict – women can be active agents of conflict management and stability in their country. Especially in post-conflict situations, there may be opportunities to encourage the engagement of women and others who may previously have been marginalised.
3. The term whole-of-government approach refers to external assistance that is designed and implemented in a coherent, co-ordinated and complementary manner across different government actors within an assisting country (most critically security, diplomatic and development agencies). The term whole-of-system approach refers to the joint efforts of national and international organisations.
4. The 3C Roadmap was agreed at the 3C Conference on 19-20 March 2009 in Geneva, a dialogue across different policy communities to achieve coherence, co-ordination and complementarity. The 3C Roadmap can be found here: [www.3c-conference2009.ch/en/Home/media/3C%20Roadmap.pdf](http://www.3c-conference2009.ch/en/Home/media/3C%20Roadmap.pdf).



**From:**  
**Supporting Statebuilding in Situations of Conflict  
and Fragility**  
Policy Guidance

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264074989-en>

**Please cite this chapter as:**

OECD (2011), "Making strategic choices and defining overall objectives", in *Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264074989-8-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).