

# TABLE OF CONTENTS

<b>1.</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>2.</b>	<b>PROCEEDINGS OF THE CONFERENCE .....</b>	<b>1</b>
2.1	OPENING REMARKS .....	1
2.2	FOURTH HIGH-LEVEL FORUM ON AID EFFECTIVENESS AND THE INTERNATIONAL DIALOGUE ON PEACEBUILDING AND STATEBUILDING.....	2
2.3	CURRENT CHALLENGES OF PEACEBUILDING AND STATEBUILDING IN AFRICA .....	3
2.4	COUNTRY CASES: PEACEBUILDING AND STATEBUILDING EXPERIENCE AND LESSONS LEARNED .....	4
2.5.	KEY ISSUES EMERGING FROM THE BREAKOUT GROUPS.....	6
2.6	CONFLICT, SECURITY, DEVELOPMENT AND JOB CREATION AND THEIR IMPLICATIONS FOR AFRICA.....	6
2.7	ADDRESSING EMERGING ISSUES IN THE CONTEXT OF PEACEBUILDING AND STATEBUILDING .....	7
<b>3.</b>	<b>CONCLUSION .....</b>	<b>9</b>
<b>4.</b>	<b>RECOMMENDATIONS FROM THE CONFERENCE .....</b>	<b>9</b>

**Annex 1:** Agenda of the Meeting

**Annex 2:** List of Participants

## **Key Messages from the Conference**

- Aid effectiveness in post conflict countries continues to be an urgent priority for accelerated progress towards Peacebuilding and Statebuilding. Given that none of the fragile states will meet the MDGs, the conference called for African fragile and post conflict countries to have a strong voice in Busan to articulate their peacebuilding and statebuilding objectives in the Busan Outcome document.
- Country owned development prioritization and implementation instruments should continue to be the framework for sustainable Statebuilding process. Improved transparency and accountability mechanisms will further contribute to strengthening state legitimacy. Country experiences show that in the early stages of Statebuilding, improved transparency will also pose certain risks to the state. For well coordinated development planning there is a need to have good statistical data to facilitate the planning processes.
- The meeting acknowledged that short-term peace dividends, while difficult, will need to be demonstrated for continued confidence in the Statebuilding process; improved security remains a key element; increased transparency and accountability mechanisms will help strengthen state legitimacy; and the centrality of the role of civil society. Statebuilding is a deeply political process which would pave the way for further sectoral development programs. Existing lessons indicate the need to continue to pursue the road to governance and economic reforms led by a focused inclusive political process.
- Youth employment, development and security elicited some of the most active discussion, highlighting the significance and current relevance of youth and employment issues as a priority for inclusive growth and one that merits further attention by the Fragile States Unit and related AfDB programming.
- The African Development Bank will take the outcomes, as identified in the final communiqué and in the discussions, and transmit them to the AfDB task force on Busan and the Fragile States Unit task force on fragility. The messages will also be voiced through the International Dialogue process – not only in Busan, South Korea for the Fourth High Level Forum (HLF4) on Aid Effectiveness, but also in other international forums in which issues of Peacebuilding and Statebuilding in fragile and post conflict countries will be discussed.

## **1. INTRODUCTION**

1.1 The African Development Bank, in partnership with the International Dialogue on Peacebuilding and Statebuilding, organized the Africa Regional Meeting on Peacebuilding and Statebuilding under the theme “The Road to Busan”. The meeting was held in close collaboration with the UN Economic Commission for Africa and the African Union Commission in Addis Ababa, Ethiopia during 8<sup>th</sup> and 9<sup>th</sup> September 2011.

1.2 The meeting was a lead-up to the Fourth High Level Forum on Aid Effectiveness (HLF4) which will take place in Busan, Korea from 29<sup>th</sup> November to 1<sup>st</sup> December 2011. The overall goal of the Addis Regional meeting was to ensure that African Ministers of Finance and Planning from Fragile States provide a clear assessment of what progress has been made in their respective countries since the last High Level Forum (HLF3), held in Accra, Ghana in 2008. In addition, the forum enabled the Ministers to give clear guidance to the development partners, civil society, private sector development and the broader regional development community, on a new framework that will ensure that Peacebuilding and Statebuilding Goals become an integral part of the post MDG development framework beyond 2015 and that this framework becomes an efficient tool to transition their respective countries out of fragility and crises.

1.3 The specific objectives of the conference were to (i) look at the trends and specific challenges posed by conflict and fragility on the African continent; (ii) discuss the emerging consensus on Peacebuilding and Statebuilding priorities; (iii) explore what changes are required to make aid more effective in conflict-affected and fragile countries, based on existing evidence and policy discussions.

1.4 The meeting brought together 150 participants, representing governments, international organizations, donors, embassies, civil society, and academia, participated in the meeting. Ten ministers of finance and planning participated actively in the discussions throughout the two days. These included Chad, Comoros, Djibouti, Guinea, Guinea Bissau, Sierra Leone, Somalia, South Sudan, Timor-Leste, and Zimbabwe (see annex 1 for list of participants)

## **2. PROCEEDINGS OF THE CONFERENCE**

### **2.1 Opening Remarks**

2.1.1 The meeting was opened by AfDB Vice President, Dr. Kamal Elkheshen, the Deputy Executive Secretary of the ECA, Ms. Jennifer Kargbo, and the Chief of Staff of the African Union Commission, Ambassador Shinkaya. In his opening remarks, Dr. Elkheshen explained the importance of having a frank and meaningful dialogue amongst the fragile and conflict affected countries and their partners. Such a dialogue would be critical to achieving the Peacebuilding objectives and also to support Statebuilding at all levels. The Vice President focused on the themes of leadership, accountability, and commitment to promote aid effectiveness and broader collaboration among fragile and conflict-affected countries. He invited participants to embody those principles and join together in carrying priorities for fragile states forward.

2.1.2 The Deputy Executive Secretary of the UN Economic Commission for Africa, Ms. Jennifer Kargbo, stressed the importance of good governance and emphasised the need to focus on long-term Peacebuilding goals. She noted the transition from previous work, which looked at

issues such as short-term disarmament, rehabilitation and reintegration, to the UN Durable Peace Initiative, which has longer-term institution and infrastructure building goals.

2.1.3 The African Union Commission (AUC) Chief of Staff, Ambassador Shinkaya, focused on long-term sustainable development, underpinned by an African vision of regeneration and growth. He cited the new AUC policy framework, which includes policies that address economic and social development, and the importance of regional coordination.

## 2.2 Fourth High-Level Forum on Aid Effectiveness and the International Dialogue on Peacebuilding and Statebuilding

2.2.1 This first session of the meeting aimed to bring out the key areas related to aid effectiveness in fragile states and share country experiences since the HLF 3. It set the stage for the meeting and its participants for further focused and forward looking discussions.

2.2.2 H. E. Minister Emilia Pires, Minister of Finance, Timor Leste, led these discussions with powerful analysis and observations from her own experience during the immediate post crisis and rebuilding stages. She further explained the



H.E. Mrs. Emilia Pires, Co-Chair International Dialogue, Minister of Finance, Timor-Leste

objectives of the International Dialogue on Peacebuilding and Statebuilding (the Dialogue) chaired by Timor Leste and the United Kingdom which currently brings together a set of countries under fragility and post crises which are now known as the **g7+<sup>1</sup>** members. The Minister mentioned the five Peacebuilding and Statebuilding objectives adopted in Monrovia in June 2011 as a major achievement, since the attainment of these objectives is necessary to reach the MDGs in situations of fragility and conflict. The g7+ will solicit support for these five Peacebuilding and Statebuilding objectives at the highest level in their governments and from other stakeholders, and will present them for endorsement at the Fourth High Level Forum in Busan as well as promote their uptake in the longer term.

***“Donors should not hassle fragile states about agreements when the paperwork is more than the country can handle”.***

*Her Excellency Emilia Pires, Minister of Finance, Timor Leste.*

<sup>1</sup> The g7+ (**not to be confused with the G7**) is an open grouping of countries experiencing conflict and fragility. It was established in 2008 and comprises the following countries: Afghanistan, Burundi, Central African Republic, Chad, Cote d'Ivoire, the Democratic Republic of Congo, Haiti, Liberia, Nepal, the Solomon Islands, Sierra Leone, South Sudan and Timor-Leste.

2.2.3 Learning from the Timor Leste's experience, it was highlighted that during the state building process it could be critically important to have a clear and transparent framework for managing the national natural resources. Such a framework would support mobilisation of domestic resources which would further support the country to prioritize nationally driven development programs that can be complemented by development partners.

2.2.4 The second presentation during this session was by Mr Koen Davidse of the Netherlands Ministry of Foreign Affairs. He emphasized the importance of transparency and using country systems while specifically acknowledging the inherent high risks to public resources, while acknowledging the huge gains to the country's development impact. All the respective Ministers of Finance and Economic Planning present in the room agreed that development partners could do more to use their national systems. They agreed that their systems are not perfect but a broader and coordinated effort to use country systems would in the long run add greatly to building state legitimacy. The country representatives unanimously agreed that development partners should accept the risk of engaging during transition out of crises and/ or conflict while recognising that the risk of non engagement could be extremely brutal to the fragile state building process.

2.2.5 The session reemphasized the following issues:

- The countries and donors need to promote global Peacebuilding and Statebuilding goals in partnership;
- Need to urgently improve focus and mutual accountability for results through the use of country compacts;
- Amend donor procedures to allow more rapid, flexible and predictable delivery of aid based on a higher tolerance of risks.

### 2.3 Current Challenges of Peacebuilding and Statebuilding in Africa

This session aimed at driving the discussions to enable a common definition of Peacebuilding and Statebuilding, taking into account the diversity of objectives and frames of reference.

2.3.1 The session began with a presentation from the UN-ECA which highlighted three fundamental questions in the dialogue on peacebuilding and the process to building state legitimacy: 1) How has the post-conflict settlement (to end the conflict) been arranged? 2) What is the level of international involvement in the conflict or in the peace process? and 3) What are the elements in the peace accords?

2.3.2 The UN-ECA argued that currently there is no regional instrument to address regional peace dividends. There is also a need for stronger analytical work to shape the peace process. The existing arrangement in development assistance is a joint assessment, including detailed costing. But in the immediate aftermath of a conflict, all the numbers are wrong in most cases because there is lack of reliable and accurate statistics. The critical question of an active civil society and the need to rebuild citizen-state relationships to jump-start service delivery was discussed during this session.

2.3.3 The African Union spoke about the elements of statebuilding from the AU's perspective. These included the historical context for international provisional administration, the fact that solutions are fundamentally political and there is superficiality in approach with a ready eye on

the exit strategy in these very complex social situations. To respond to these political dimensions, the AU proposes to use methods related to structural prevention to reduce the risk of falling back into conflict and the need for a comprehensive index on fragility as defined by the fragile states. This would provide a proper assessment on where a state stands on the continuum of fragility as well as provide a better understanding on the depth of the reconstruction necessary and the related resource mobilization and expertise to be sought, at the level of the African continent.

2.3.4 This was followed by a presentation from the OECD-DAC which shared with the meeting the results of the Second Monitoring Survey on the implementation of the Fragile States Principles (FSP). The FSPs were designed to improve development efforts in fragile and conflict-affected countries, which are home to more than 1.5 billion people and farthest away from achieving the Millennium Development Goals (MDGs). The report contains a number of important findings that should serve as a wake-up call to development partners to shift their level of understanding and engagement by seizing the unique opportunities that today's changing international context provides.

2.3.5 The evidence presented showed that progress in fully implementing the Fragile States Principles remains partly off-track and will require a concerted effort over a number of years to achieve the expected results and impact. Development partners have not sufficiently engaged with fragile states in maintaining the FSPs and as such there continues to be a widening gap in many countries.

2.3.6 Building on the evidence gathered, this report provides development partners with a unique set of recommendations that will allow for more targeted and country-led change, alongside broader policy reforms by international actors, in order to foster better engagement in countries in situations of fragility. This report will further help fragile and conflict affected states to express a common position at the fourth High Level Forum on Aid Effectiveness in Busan.

2.3.7 A key issue that dominated the discussions on this session was that fragility assessments should be nationally led and conducted with the participation of civil society and other partners based on a commonly understood methodology.

## 2.4 Country Cases: Peacebuilding and Statebuilding Experience and Lessons Learned

2.4.1 This session was an excellent forum for the respective fragile and conflict affected countries to share in depth, some of the challenges they are facing in Peacebuilding and Statebuilding with a particular focus on aid effectiveness and working with development partners.

2.4.2 His Excellency, Mr. Samuel Kamara, Minister of Finance, Sierra Leone and Her Excellency, Ms. Helen Embalo, Minister of Economic Planning, Guinea Bissau reflected on country specific challenges. The country case studies provided a more in-depth look at country specific Peacebuilding and



H.E. Dr. Samura Mattew Kamara, Minister of Finance and Planning, Sierra Leone, and H.E. Mr. Ali Dirir Farah, Deputy Minister of Finance and Treasury, Somalia

Statebuilding challenges. The respective Ministers reflected upon what approaches they have tried, what worked, what didn't and recommendations based on their experiences.

2.4.3 Minister Kamara shared Sierra Leone's experience after the war of defining the economic causes of conflict, including disempowerment, weak social safety nets, poor delivery of services, and exclusion that are difficult to bring back on track afterwards. The Government of Sierra Leone worked diligently to re-establish state authority and local governance. He raised concerns that development partners tend to focus much more on humanitarian and short term assistance while the government is more focused on longer-term Statebuilding objectives. As a government, their priority was on the drivers of economic growth and human development with the goal of institutionalising transparent systems in managing their natural resources. He identified youth unemployment as one of the big risk that can threaten consolidating peacebuilding.

***“The situation in a post-conflict country resembles a construction site. Everything is critical, and one must prioritize. In a weak state, that is facing questions of legitimacy, the peace agreement is only the beginning”.***

*His Excellency, Mr. Samuel Kamara, Minister of Finance, Sierra Leone*

2.4.4 Minister Embalo of Guinea Bissau gave an overview of how conflict had weakened Guinea Bissau's state institutions. This weakness was at the root of

the increase in drug trafficking and organized crime, among other security related issues. The country is now, however, on the road to stability with an ambitious strategy to consolidate peace and expand their internal capacity. Support from the international community, especially long term, is crucial for Guinea Bissau to transition out of fragility and achieve the Peacebuilding and Statebuilding goals which is directly related to their national development framework and priorities.

2.4.5 The presentation by the Ministers was followed by the presentation of a political analysis on South Sudan, by Dr. El Wathig Kameir. The presentation indicated that Africa's newest nation faces many of the same challenges as other fragile states. The top five challenges are the following:

- Building peace after decades of inter-regional and inter-ethnic conflict;
- Statebuilding, including creating a shared identity;
- Urgently building the systems of governance; and
- Providing peace dividends and fulfilling state functions.
- Resolving the nationality and citizenship issues;

2.4.6 Lessons learned include the need for the design of peace agreements to consider all options and consequences. They must be comprehensive and inclusive. Implementation must avoid selectivity. Interdependence of border areas, must be taken into account. Security arrangements should be more detailed. Global players should be more proactive. Peace dividends must be immediately disbursed, and agreements should not raise expectations during interim periods. There must be a considered balance between justice, security and development in the aftermath of conflicts, including the prioritization of disarmament and reintegration. The

2.2.7 Last but not least, both H. E. Mr. Kamara and H. E. Mme Embalo stressed the importance of engaging civil society in Peacebuilding and Statebuilding as a key priority in their respective countries.

## 2.5. Key Issues emerging from the Breakout Groups.

2.5.1 Enhanced donor trust by delivering better aid for better results by strengthening mutual trust and improve the delivery of aid in support to peacebuilding and statebuildingThe ‘crisis of confidence’ could finally be overcome by strengthening national system’s capacity (ability to manage domestic revenue, develop an internal audit system, integrate civil society actors, and fully accept the transparency and aid according to results system favored by donors).

2.5.2 Risk-sharing by conducting joint assessments of the specific risks associated with working in fragile situations and identify and use joint mechanisms to reduce and better manage risks so as to enhance the use of country systems, step up investments for peacebuilding and statebuilding priorities, and reduce aid volatility.

2.5.3 Increase the proportion of funds for capacity development allocated through jointly administered and funded pooled facilities to ensure co-ordinated, fast and flexible support to build critical capacities of institutions and the state. Development partners should limit the use of parallel systems and external technical assistance and where they are necessary, to ensure they work under the authority of the relevant national institution.

2.5.4 Job creation should be looked at from both a short-term and medium- to long-term perspectives. In the short-term, social protection programs like public works could be easily implemented by partners and the government. In the medium to long-term, the private sector should take the lead in creating employment and providing good and decent jobs.

## 2.6 Conflict, Security, Development and Job Creation and their Implications for Africa

2.6.1 This session aimed to discuss the challenges and opportunities for employment creation/ income generation and youth employment initiatives in fragile settings. What are the initiatives that have worked out, what are the main lessons learned and what is the way ahead?

***“Creating employment, especially for young people, in a situation of fragility is difficult but necessary”.***

*Mr. Siafa Kpowor Hage, Special Assistant to the Minister of Policy and Aid Coordination. Liberia*

2.6.2 The findings of the World Development Report (WDR) 2011 on Conflict, Security and Development were presented by Mr. Ndegwa from the World Bank. The full WDR report goes to some length in its discussions related to job creation and employment in fragile states and the presentation focused on five key messages: (i) the centrality of legitimacy - need for States to be seen as providing opportunities to everyone in society and securing people’s investments; (ii) violence is cyclical and mutates over time - from political to criminal - which means engagements must be long-term, not just in the flare up of violence; (iii) speed and results - governments must provide peace dividends quickly, but donor systems tend not to be able to

support that type of speed; (iv) different pathways to deliver results - what kind of flexible arrangements can be put into place; (v) violence and fragility are not just national events - they can be driven by others in the neighbourhood and around the globe.

2.6.3 Mr. Jurgen Schwettman of the ILO highlighted the trends between local economic recovery and longer-term, more stable enterprise creation programs. The ILO has responded with the decent work agenda, including labour standards; the triangle of empowerment, protection and opportunity; road construction and other labour-intensive employment schemes; skills development and distance learning options; strengthening social dialogue; and organizational development and delivery of services.



Mr. Siafa Kpowor Hage, Liberia

2.6.4 Ms. Ginette Nzau and Ms. Cristina Hoyos of the African Development Bank provided an overview of the unemployment situation on the continent

noting that the overall lack of meaningful and decent jobs is something to be closely monitored in light of a sustainable statebuilding framework. The presentation highlighted some of the challenges such as inadequate regulatory framework and policies that are not adapted to local needs; the lack of data on labour markets and the tendency of repeating the same programs without examining what has been successful and what has not, as well as poor private sector investment climate and weak preparedness for promotion of SMEs.

2.6.5 The team mentioned the existence of a taskforce on youth employment which included AfDB, AU, World Bank and several UN agencies. The task force aims to bring different donors on board to create a shared framework on job creation and to further harmonise efforts towards this end.

2.6.6 The session emphasised that Creating employment in countries affected by conflict and fragility is a major challenge. These countries are often defined by instability, a weak institutional capacity, dysfunctional education systems, lack of control of economic resources and often armed conflicts and violence, some of the factors that causes high unemployment in fragile states.

2.6.7. Participants emphasised that employment is, in their experience, the missing link in the chain that connects growth to poverty reduction in low-income countries. In other words, policies that aim at stimulating growth and reducing poverty often do not include employment generation as an explicit goal. Addressing the immediate and pressing economic needs of the population is critical particularly in the post conflict recovery phase where the risk of conflict relapse is high.

## 2.7 Addressing Emerging Issues in the Context of Peacebuilding and Statebuilding

2.7.1 This last session aimed to explore measures which can improve aid effectiveness and allow for harmonised approaches amongst the development partners within the framework of changing circumstances with changing priorities in fragile and conflict affected countries.

2.7.2 His Excellency, Minister Tendai Biti chaired the session and placed Zimbabwe’s current development situation in context, noting the political disharmony and economic mismanagement between 1999 and 2008 that took its toll on the country. As a result, Zimbabwe lost 40 percent of its GDP in those years. The Minister mentioned that post-crisis and post-conflict countries share similar challenges, including continued violence and pockets of conflict, absence of fiscal space and alternate financing instruments, lack of implementation capacity, slow pace of reforms, and unsustainable debts. He mentioned that since 2009 Zimbabwe has made progress in bringing hyper inflation under control.



His Excellency Mr. Tendai Biti, Minister of Finance, Zimbabwe

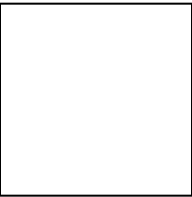
2.7.3 Based on his experience, Minister Biti explained that fragile and conflict affected countries in Africa need a clear national vision as well mitigation mechanisms against cyclical political behaviour. This would enable peace and stability to become drivers of transformation and equality while ensuring inclusive growth.

***“Africa does not need strongmen. It needs strong institutions.”***

*His Excellency, Mr. Tendai Biti, Minister of Finance, Zimbabwe.*

2.7.4 The g7+ secretariat presented The New Deal for Fragile and Conflict-Affected countries that the International Dialogue is putting forward in Busan at the HLF4. The New Deal lays emphasis on changing the way we do business in fragile states. The New Deal calls for development partners and the respective countries to: (i) use peacebuilding and statebuilding goals as overarching framework for development impact; (ii) support country ownership in leading transition out of fragility; and (ii) deliver and use aid effectively to build peaceful states. The meeting agreed that building capable States requires long-term efforts and incremental approaches. The New Deal will be implemented between 2012-2015, on a pilot basis, and the g7+ will monitor compliance, implementation and results at country level so as to adapt approaches and joint commitments.

2.7.5 The debate on fragile states paid close attention to some of the world’s most vulnerable countries. It has also raised awareness of the complex web of factors that may contribute to state fragility and the importance of understanding the complicated contexts in which external actors try to intervene. The linkages between poverty, economic and political governance, security and conflict, and the need for mutually-supportive policies and approaches were extensively



discussed by the participants. The contribution of the international actors to the emerging issues on Peacebuilding and Statebuilding and the way forward in terms of getting a better understanding on how development partners are changing their approach in the context of emerging issues in fragile environments and what more needs to be done was extensively debated by the participants.

### **3. CONCLUSION**

3.1 The Bank was able to demonstrate leadership in issues of state fragility in Africa. Management will take the outcomes, as identified in the final communiqué and in the discussions, and transmit them to the AfDB task force on Busan and the OSFU task force on fragility.

3.2 The outcome of the conference will be channelled through the International Dialogue process building upon the relationship developed with the International Dialogue to ensure they help carry these messages forward – not only to Busan but also to the other international forums in which issues of Peacebuilding and Statebuilding are discussed.

### **4. RECOMMENDATIONS FROM THE CONFERENCE**

4.1 The International Dialogue on Peacebuilding and Statebuilding led by Ms. Emilia Pires, Co-chair and Minister of Finance, Timor-Leste will be presenting the New Deal in Busan to influence the global aid effectiveness agenda. She and the other leaders of the International Dialogue process will work with the Bank in making sure the priorities from the meeting are transmitted to the Busan discussions and other international forums.

4.2 The final communiqué built on the Monrovia Roadmap and was approved by all present. The communiqué reiterated the need for interim goals that contribute towards the MDGs, stronger country ownership in assessing their situation of fragility; delivery of aid that is better tailored to fragile states; shared assessments and management of risks; and country-level compacts.