



# Building Resilient Societies: Evolving Solutions

November 2013

People living in weak or fragile economies and societies and those who have experienced conflict have had to endure devastating poverty, disadvantage, and inequality. The rest of the world has struggled to assist.

Countries that may be considered fragile or that have experienced conflict, whether at a national or subnational level, are organizing to unify their voices on the global stage. High-level meetings have been held and declarations of intent have been issued, but this commitment needs to be translated into more effective action on the ground. A forum was held in Manila in June 2013 to translate international intent into in-country actions so that more resilient and more inclusive societies

may emerge. This note summarizes the complex story of exclusion and the recommendations for action that emerge from the Manila Forum,<sup>1</sup> the recent literature, and the latest international discussions.



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This publication is part of the regional technical assistance project Enhancing ADB’s Engagement in Fragile and Conflict-Affected Situations (TA 8065-REG). Consultant economist Stephen Pollard prepared this publication under the guidance of the ADB focal point for fragile situations, Patrick Safran, with editorial and design inputs from consultant Cyrel San Gabriel. A panel of reviewers, including Aaron Batten, Claudia Buentjen, and Emma Veve of ADB; Francisco Jota Lara of International Alert; and Senator Mattlan Zackhras of the Republic of the Marshall Islands, provided comments and technical inputs.

<sup>1</sup> ADB–Australian Aid Forum on Building Resilience to Fragility in Asia and the Pacific: Proceedings. Manila. 6–7 June 2013.

# Basics of Fragile Situations

- One in four people in the world, more than 1.5 billion, live in fragile and conflict-affected situations (FCAS). By 2015, half of the world's poor who live on less than \$1.25 a day will be in fragile states.<sup>2</sup>
- More conflicts are seen in Asia than elsewhere and their frequency has not declined. While devastating for individual countries or areas, these conflicts have not yet derailed economic development in Asia as a whole, but they remain a threat to growth and stability.<sup>3</sup>
- Fragility remains one of the biggest obstacles to peacebuilding and poverty reduction, making this a primary development challenge and priority for the international development community.<sup>4</sup>
- Low-income fragile and conflict-affected countries are off track in achieving the Millennium Development Goals by 2015 (footnote 2).
- Women and girls in FCAS fare notably worse than their counterparts in other developing countries on many human development indicators.<sup>5</sup>
- The small and geographically isolated island countries in the Pacific are especially vulnerable to internal and external shocks because of weaknesses in public governance, weak policies, underdeveloped domestic markets, limited economic opportunities, and the effects of climate change, including rising sea levels (footnote 3).
- Development partners are therefore increasingly focusing their assistance on the needs of countries with FCAS.<sup>6</sup>
- The *New Deal for Engagement in Fragile States* emphasizes that the current ways of working in FCAS need improvement.<sup>7</sup> Fragility and



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conflict are costly for a country and its citizens, for neighboring countries, and for the global community. In terms of development assistance, the policies, principles, and operational approaches that development agencies normally apply can be ineffective. They may even risk adding to the difficulties nations already face in establishing the effective and legitimate institutions and leadership needed to transition to stability and sustained development over the long term. Failure to engage in FCAS differently and better can incur human, social, economic, and security costs.

## Moving the International Agenda Forward

The international FCAS agenda has progressed from the Paris Declaration on Aid Effectiveness in 2005 to the OECD Principles for Good International Engagement in Fragile States and Situations (2007), the Accra Agenda for

<sup>2</sup> World Bank. 2011. *World Development Report 2011: Conflict, Security, and Development*. Washington, DC; and Organisation for Economic Co-operation and Development (OECD). 2013. *Fragile States 2013: Resource Flows and Trends in a Shifting World*. Paris.

<sup>3</sup> ADB. 2012. *Working Differently in Fragile and Conflict-Affected Situations: The ADB Experience*. Manila.

<sup>4</sup> OECD. 2012. *Fragile States 2013: Resource Flows and Trends in a Shifting World*. Paris; and footnote 3.

<sup>5</sup> ADB. 2013. *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations*. Manila; and footnote 4.

<sup>6</sup> The United Kingdom (UK) plans to provide 30% of its overseas development assistance to fragile and conflict-affected states by 2015, according to the Operational Plan 2011–2015 of the Department for International Development's (DFID) Governance and Fragile States Department. The *Independent Review of Aid Effectiveness* of 2011 called for 50% of Australia's bilateral and regional aid to be spent in fragile states.

<sup>7</sup> International Dialogue on Peacebuilding and Statebuilding. 2011. *New Deal for Engagement in Fragile States*. The New Deal was endorsed at the Fourth High Level Forum on Aid Effectiveness at Busan in the Republic of Korea, 29 November–1 December 2011.



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Action (2008), the Dili Declaration of 2010, further g7+ Statements in 2011, the Busan New Deal for Engagement in Fragile States also in 2011, the Dili Consensus in February 2013, and the Washington Communiqué of April 2013. However, this agenda is not complete. The Washington Communiqué stresses “the value of a post-2015 development agenda that recognizes the universal importance of peacebuilding and statebuilding and that reflects the results and lessons of the New Deal.” Further, as the New Deal states, “The current ways of working in fragile states need serious improvement.... A New Deal for engagement in fragile states is necessary.”

The Asian Development Bank (ADB) and the Australian Agency for International Development (Australian Aid) jointly hosted a High-Level Forum on Building Resilience to Fragility in Asia and the Pacific from 6 to 7 June 2013 in Manila (the Manila Forum). The Manila forum was designed to exchange ideas on new ways of engagement and what constitutes “working differently” and working better in FCAS to help build resilience to fragility and conflict. In the forum workshop, participants were asked (i) how stronger partnerships for building resilience could be formed, (ii) how to encourage country ownership and leadership to build on the Dili Consensus and the Washington Communiqué, and (iii) how to contribute to New Deal implementation.

More than 60 participants, including high-ranking government officials and senior representatives from development partners and civil society organizations,

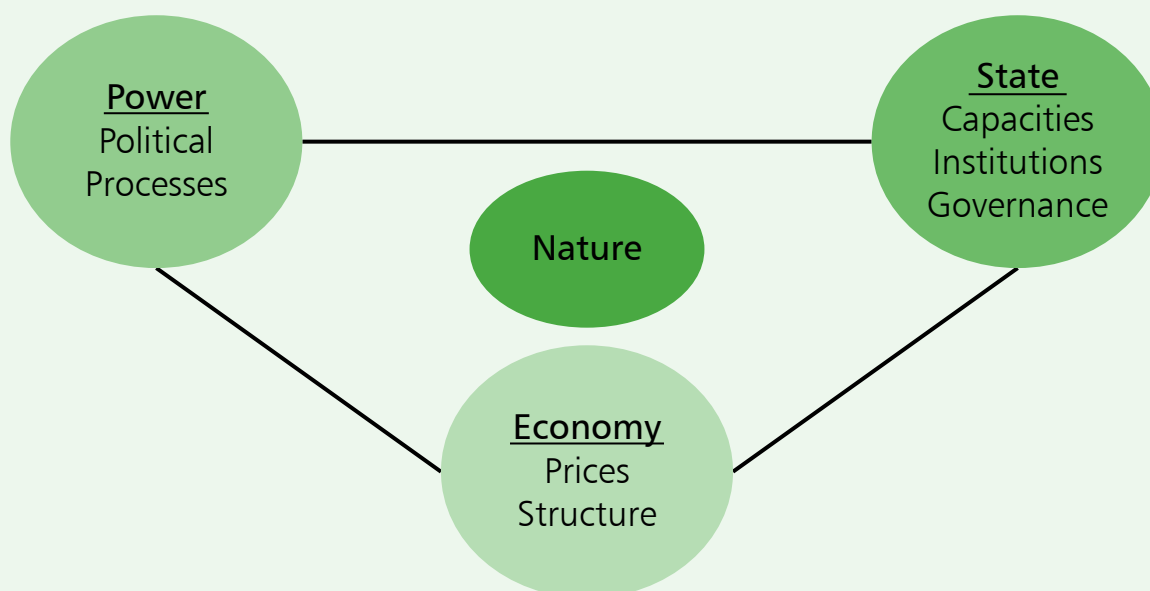
joined the forum.<sup>8</sup> This brief has been prepared to promote the adoption of the Manila Forum’s five priority recommendations. This set of recommendations, which is supported by recent literature, aims to guide all concerned parties as to how to work differently in FCAS. These recommendations can be immediately applied to build resilience to fragility and conflict. The structure of this note follows that of the Manila Forum agenda.

## A Complex Story of Exclusion

As described by the participants of the Manila Forum, key interrelated factors describe both fragile and conflict-affected situations. These are weak political relationships, if not outright capture of the political leadership under conflict; the imperfect functioning of the state and associated processes of governance; a weak economy; and for some countries, the impact of natural disasters and climate change. As a direct result of this complex situation, people can be marginalized and excluded from the development process (Figure 1). The excluded can comprise displaced ethnic minorities, those without security to land, the aged, youth, women, and the unemployed, as well as those who are geographically

<sup>8</sup> A full record of the forum proceedings has been published. See ADB. 2013. *Forum on Building Resilience to Fragility in Asia and the Pacific: Proceedings*. Manila.

Figure 1 Inclusion or Exclusion?



Source: ADB.

isolated. This exclusion may be enforced as a result of conflict or it can be far more indirect and less readily apparent, as in the case of weak governance or poor economic policy. This story of fragility and conflict has resulted in displacement of people, loss of livelihoods and lives, poor and sometimes tragic insecurity, injustice, and other problematic social and economic outcomes, including unemployment, inequality, and poverty. It is a story of exclusion.

## POWER

Fragility and conflict shape, and are shaped by, government decision making. In fragile Pacific countries, the political leadership, while commonly elected, can be subsequently guided by family and clan interests rather than national interests or the principles of sound governance. Because of the weak political party systems and frequent changes of government, politicians have struggled to develop and implement long-term policy priorities, focusing instead on short-term political survival. A political economy that can further protect existing vested interests of certain elite groups may also curtail, if not prevent, change or reform

in the greater public interest.<sup>9</sup> Control over government decision making can lead to some people being excluded from security, justice, and other essential public services and from economic opportunities.

## STATE

Limited government capacities to handle FCAS, underdeveloped and non-inclusive institutions, and poor understanding of the means to growth and to delivering better public services can combine to result in a lack of economic opportunity and access to public services. Weak governance processes compound this—that is, a lack of accountability, transparency, and participation. The failure of the state and governance can be particularly acute in the delivery of essential public services to more remote areas and to the poor. In other circumstances, too many organizations with uncoordinated and overlapping mandates can complicate and curtail service delivery. A few personal interests may also capture state functions. This may be particularly severe in oil, minerals, and other resource-rich economies. A weak state and weak governance can lead to exclusion.<sup>10</sup>

<sup>9</sup> An example here is the payment of board members of state-owned enterprises in the Republic of Kiribati preventing reform of ownership as cited in ADB. 2009. *Kiribati's Political Economy and Capacity Development*. Manila.

<sup>10</sup> OECD Fragile States Principle #2, Do No Harm, states: "International interventions can inadvertently create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards."

## ECONOMY

Some FCAS economies use hard foreign currencies as their own means of financial exchange and transaction and they may otherwise employ sound monetary policies that promote macroeconomic stability. Another set of FCAS economies have established sovereign trust funds and they, at least in some years, carefully managed their fiscal affairs. While some FCAS economies may at times be well managed for short-term price stabilization, they commonly remain price takers and their economies can be destabilized by fluctuations in world prices. The very fabric of the economy can also be much more difficult to fix, even in the long term.

As the ADB and World Bank annual country performance assessments have described for the past 12 years or more, growth and development in FCAS economies has been greatly constrained by poor policies and institutions.<sup>11</sup> This is most especially the case for a range of structural policies where, for example (i) a weak environment for business curtails private investment; (ii) inefficient state-owned enterprises fail to deliver services, crowd out private business, and debilitate government finances; and (iii) traditional systems of tenure and a shortage of secure title can prevent land from contributing to economic development.<sup>12</sup> Such structural impediments restrict investment, job creation, economic growth, and revenue generation for public infrastructure,



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<sup>11</sup> The system was adopted by ADB in 2001. The performance-based allocation system was revised in 2004, 2007, and 2008. ADB. 2004. *Review of the Asian Development Bank's Policy on the Performance-Based Allocation of Asian Development Fund Resources*. Manila; ADB. 2007. *Revising the Framework for Asian Development Fund Grants*. Manila; and ADB. 2008. *Refining the Performance-Based Allocation of Asian Development Fund Resources*. Manila.

<sup>12</sup> Land tenure was cited in the Manila Forum as a cause of conflict in Mindanao and the reason for a lack of growth in the Pacific.

welfare, and social growth. This is another way in which people are excluded.

Population growth that outpaces both economic growth and migration opportunities leads to increasing unemployment, with youth unemployment of particular concern today. Lack of domestic growth may in turn also lead to a continued overdependence on foreign assistance that may further diminish incentives for domestic reform. Public sector borrowing without growth eventually leads to fiscal difficulty and indebtedness, threatening the provision of public infrastructure and services as well as economic stability. Poor structural policies, a dependence on external assistance, and excessive borrowing may create or worsen fragility and exclude some of a country's citizens from the benefits of greater growth and development.

## NATURE

Natural disasters, including extreme weather conditions, and the impacts of climate change have already eroded, if not removed, peoples' livelihoods and supporting economic and social infrastructure. Climate change threatens food security, most especially in the fragile reefs and freshwater lenses of the atoll countries. The comparative isolation and inadequate transport and communication of many communities in the Pacific can also sustain a lack of information and understanding of the means to growth and development and therefore marginalize or exclude people.

## Working Better

Some, though noticeably not all, FCAS-affected governments and their development partners have either aligned with certain principles of engagement or have signed international agreements to help alleviate fragility and conflict.<sup>13</sup> Development partners have also

formulated their own approaches, strategies, plans, and assessment tools, and strengthened logistics planning and management to direct their assistance to FCAS. However, despite all the existing agreements, arrangements, and tailored approaches, fragility and conflict persist. As the UK's Department for International Development (DFID) states, "We will not achieve the Millennium Development Goals (MDGs) or eliminate global poverty if the international community does not address conflict and fragility more effectively. Simply increasing the volume of aid will not be enough without tackling the underlying causes directly. There is a tendency in development to work 'around' conflict and fragility. A step change in international approaches is required."<sup>14</sup> The *New Deal for Engagement in Fragile States* emphasizes that "the current ways of working in fragile states need serious improvement." The Manila Forum participants called for a "paradigm shift" in the way the international community helps to build the resilience of FCAS.

## Lessons and Directions

### AN INTEGRATED FRAMEWORK AND BROAD DEVELOPMENT AGENDA

If the complex web of marginalization and exclusion that was depicted by the Manila Forum is to be overcome, then FCAS-affected governments and their development partners will need to embrace an integrated framework that addresses all components: power (politics and political economy, safety, and security); economy (prices, policies, markets, structure, income, and opportunity); and the state (institutions, access to public services, law and justice, and governance processes).<sup>15</sup> More attention to climate adaptation, better risk assessment, and enhanced responses to natural disasters are also called for. Restoring or strengthening the capacities, institutions, and functions

<sup>13</sup> These principles and agreements include OECD. The Paris Declaration on Aid Effectiveness 2005 and the Accra Agenda for Action 2008 [www.oecd.org/development/effectiveness/34428351.pdf](http://www.oecd.org/development/effectiveness/34428351.pdf); OECD. 2007. *Principles for Fragile States and Situations*. Paris. [www.oecd.org/dac/fragilestates](http://www.oecd.org/dac/fragilestates); International Dialogue on Peacebuilding and Statebuilding. 2010. *Dili Declaration: A New Vision for Peacebuilding and Statebuilding*. Timor-Leste; *A New Deal for Engagement in Fragile States*. [www.pbsbdialogue.org/documentupload/49151944.pdf](http://www.pbsbdialogue.org/documentupload/49151944.pdf); International Dialogue on Peacebuilding and Statebuilding. Participating Countries and Organisations. [www.pbsbdialogue.org/documentupload/44788922.pdf](http://www.pbsbdialogue.org/documentupload/44788922.pdf); OECD. 2007. *Principles for Good International Engagement in Fragile States and Situations*. [www.oecd.org/dac/incaf/38368714.pdf](http://www.oecd.org/dac/incaf/38368714.pdf)

<sup>14</sup> DFID. 2010. *Building Peaceful States and Societies. A DFID Practice Paper*. London.

<sup>15</sup> This Manila Forum observation is supported by OECD Fragile States Principle #5, which notes that "the challenges faced by fragile states are multi-dimensional. The political, security, economic and social spheres are inter-dependent."



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of postconflict or fragile states is not enough. The processes of good governance, improved power relations between the state and its constituents, and economic reform are also required. Engagement with civil society and the private sector is essential, as is building trust and confidence, in order to establish legitimacy of the state. Opportunities to participate in building and rebuilding relations between the state and civil society, between the main urban center and the periphery, and between the formal and informal sectors are powerful tools for building a more inclusive society. Everybody needs to play a role in reconstructing the fabric of more inclusive politics, economy, state, and society.

### FIRST THINGS FIRST

In responding to the complex set of FCAS issues and challenges, there must first be a political settlement and political stability. This sets the stage for the reintegration, strengthened representation, and greater future inclusion of marginalized and excluded peoples. Once civil order has been restored, the next immediate step, in both post-conflict and fragile situations, is to build or rebuild the essential state institutions. Following the strengthening of institutions, the next step is to re-establish or improve good governance processes of participation, accountability, transparency, and predictability that enable state institutions to operate effectively and in an inclusive manner. Once the state institutions are rebuilt and/or strengthened, the incumbent government administration

can then prepare the national plans, policies, and legislation that support public service delivery, private markets, growth, and development.

### FROM PRIORITY AND SEQUENCE ...

All these reforms need to be sequenced and paced. The prioritization and sequencing of reforms should be in this order: (i) political stability and civil order; (ii) state institution and governance building; (iii) economic, fiscal, and price stabilization; and (iv) structural adjustment. This sequence of reforms takes many years and requires long-term support.<sup>16</sup> The sequence should not, however, preclude early restoration of security and justice, investment and reinvestment in building and rebuilding essential public infrastructure, and the creation of jobs, even if these are only temporary.

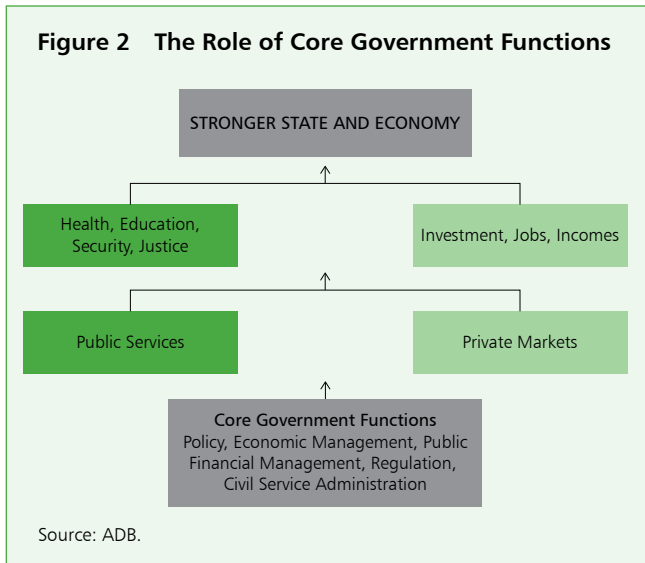
### ... TO STRENGTHENING CORE GOVERNMENT FUNCTIONS AND A SECURE PLATFORM OF ASSISTANCE

In FCAS, delivering early successes is considered very important for building support for the process of reform. Important areas for early intervention emphasized in the literature and in the latest international discussions are jobs, security, and justice.<sup>17</sup> Based on several fragile countries' experiences, strengthening local governance, leveraging traditional community justice and resolution

<sup>16</sup> The World Bank's *World Development Report 2011: Conflict, Security, and Development* argues in favor of sequencing of assistance.

<sup>17</sup> International Monetary Fund. 2011. *Macroeconomic and Operational Challenges in Countries in Fragile Situations*. Strategy, Policy and Review Department. Washington, DC.

**Figure 2 The Role of Core Government Functions**



processes, and building or rebuilding local community assets can be important places to start after conflict.

The story is much more complicated, however, when it comes to sustaining job creation, security, justice, and public investment. As the ADB capacity development study concluded, where the core functions of government are weak, as they have been in many Pacific island countries, the delivery of public services (such as security, justice, basic education, and basic health services) has also been weak.<sup>18</sup> Additional funds alone have rarely been able to strengthen and sustain that delivery. Strengthening core government functions is a prerequisite to strengthening state operations and to restoring and expanding private markets (Figure 2).<sup>19</sup> Both agents of peacebuilding and statebuilding are needed initially; and for peace to be sustained, statebuilding efforts will need to be continued into the long term. An annual minimum level, or a basic secure platform, of assistance that is focused on strengthening core government functions will be required for some decades if the marginalization and exclusion that results from fragility is to be lessened.<sup>20</sup>

## PARTICIPATE AND PACE TO RESTORE AND REFORM

In fragile and conflict-affected situations, coordination and participation both within government and between government and civil society and the private sector are likely to be essential.<sup>21</sup> In the immediate to short term in some countries, civil society and the private sector may be in a better position to supply some of the public services and jobs in FCAS. However, strengthening or reconstructing political relationships, state and governance processes, and the economy will all require a much longer time.

While fiscal and price stabilization may be restored within the short term, it is the longer-term needs of structural economic adjustment that present the greater social and political challenge in FCAS. In the longer term, land reform and reforming state-owned enterprises and the business environment in support of a stronger economy leading to economic growth and development will require the understanding and support of civil society and the private sector. Participation is essential to building this understanding and support and thereby to securing longer-term resilience.

Post-conflict reconstruction as well as state, governance, and economic reforms, especially structural reforms, will likely incur social and political trade-offs—that is, some social and political cost. The political leadership in FCAS is confronted with the great challenge of building alliances and otherwise managing the political economy of reform and of pacing economic reforms so that it may secure social and political accommodation for those reforms. As the International Monetary Fund (IMF) has stated, “The adoption of an overly ambitious reform strategy risks creating unrealistic expectations that could further damage the legitimacy of the state” (footnote 17). Sustaining reconstruction and state, governance, and economic reforms will likely require firm ownership, leadership, and broad commitment. It may require

<sup>18</sup> ADB. 2008. *Pacific Choice Learning from Success. Capacity Development Series*. Manila.

<sup>19</sup> DFID and others argue the three indispensable functions are security, law and justice, and financial and macroeconomic management. See DFID. 2010. *Building Peaceful States and Societies: A DFID Practice Paper*. OECD Fragile States Principle #3 argues that “strengthening the capability of states to fulfill their core functions is essential in order to reduce poverty. Priority functions include: ensuring security and justice; mobilizing revenue; establishing an enabling environment for basic service delivery, strong economic performance and employment generation.” ADB argues that certain core state functions need to be in place for public services and private markets to be sustained and to be improved. These are policy formulation (most especially structural policy), economic management, public financial management and procurement, revenue generation, and civil service administration. See ADB. 2008. *Learning from Success*. Manila.

<sup>20</sup> *The New Deal for Engagement in Fragile States* argues that “basic government transformations may take 20–40 years.”

<sup>21</sup> OECD Fragile States Principle #6 states that “Measures to promote the voice and participation of women, youth, minorities and other excluded groups should be included in state-building and service delivery strategies from the outset.”



consistently bringing local voice to the national stage as well as an adaptive program that identifies and builds on the demand for change in the local community that has been impacted by fragility and conflict. Again, processes of participation are essential to such reforms.

## DONOR HUMILITY

Given the likely significant involvement of foreign governments, the United Nations, development partners, and other international assistance in the processes of restoring peace and state operations after conflict, robust donor coordination is required to build resilience to fragility, to adapt to and mitigate climate change, and for recovery after natural disasters. It is important to note that different development partners have different roles to play during the different stages and processes of building resilience. However, resilience that is built to last can only come with local ownership, commitment, and leadership. As Kaplan (2009) records, there can be an enormous gap between local informal institutions that work in FCAS and the foreign-imposed central formal institutions that are commonly not accepted by society at large.<sup>22</sup> Processes of peace and statebuilding should therefore always be country-led and country-driven with any assistance tailored to the individual country context. As Deputy Minister Mohammad Mustafa Mastoor of the Afghanistan Ministry of Finance stated at the Manila Forum, “No one knows the priorities and needs of a FCAS country better than the country itself. Hence, any solution must be reached via a fully participatory mechanism and not be unilaterally imposed.”<sup>23</sup>

Too much assistance and its too-early provision can be detrimental, but this may not be felt by foreign entities. Overt foreign engagement can prevent local ownership, leadership, commitment, and sustainable local solutions.

Development partners are also unlikely to have intimate knowledge of the FCAS political economy and they will need to be informed by a critical knowledge of and attention to the political dynamics in each country or subnational situation. They will likely need to bring local expertise on board to guide their assistance. Development partners are therefore obliged to take a back seat, but their institutional management incentives and eager staff may not readily adopt the detachment and humility required.

Development risks are greater in FCAS than non-FCAS but the rewards from peace, stability, and resilience are greater still. These risks may still need to be better understood by peacebuilding and statebuilding agencies and factored into programs of assistance.

## A MORE HOPEFUL FUTURE

There are reasons to be optimistic.

- In some countries, peace has been restored, states have been strengthened, and, as the World Bank has recently noted, some FCAS countries have achieved some of the Millennium Development Goals.<sup>24</sup>
- FCAS countries are gaining a greater international voice through the g7+ group of countries.<sup>25</sup>
- While identity has been abused as a source of discrimination, it will remain key to social development.
- Climate change is the responsibility of all and not just those who are about to lose all. The funds for climate change are now becoming more available.
- Development partners are committing more staff on the ground in FCAS with more funds and staff training.
- Participation has led to growth and development.<sup>26</sup>
- Women have acted as change agents for peace, such as in Nepal.<sup>27</sup>

<sup>22</sup> Kaplan, S. 2009. Rethinking State Building: Fixing Fragile States. *The Broker Online*. [www.thebrokeronline.eu/Articles/Rethinking-state-building](http://www.thebrokeronline.eu/Articles/Rethinking-state-building) (05-09-2013)

<sup>23</sup> OECD Fragile States Principle #1 advocates taking context as the starting point.

<sup>24</sup> World Bank. *Global Monitoring Report 2013: Monitoring the MDGs*. Washington, DC.

<sup>25</sup> g7+ website. [www.g7plus.org](http://www.g7plus.org)

<sup>26</sup> Examples of policies and projects where participation has led to sustainable development include the following ADB participatory projects: (i) Abbott, D. and S. Pollard. 2004. *Hardship and Poverty in the Pacific*. ADB. [www.adb.org/sites/default/files/pub/2004/hardship-poverty.pdf](http://www.adb.org/sites/default/files/pub/2004/hardship-poverty.pdf); (ii) ADB. 2009. Strengthening Pacific Fragile States. The Marshall Islands Example. *ADB Pacific Studies Series*. [www.adb.org/sites/default/files/pub/2009/strengthening-pacific-fragile-states.pdf](http://www.adb.org/sites/default/files/pub/2009/strengthening-pacific-fragile-states.pdf); (iii) Graham, B. 2008. *Fishing for Development*. Manila: ADB. [www.adb.org/sites/default/files/rmi-fishing-development.pdf](http://www.adb.org/sites/default/files/rmi-fishing-development.pdf); (iv) Graham, B. 2008. *Responding to the Youth Crisis*. Manila: ADB. [www.adb.org/sites/default/files/responding-youth-crisis.pdf](http://www.adb.org/sites/default/files/responding-youth-crisis.pdf); (v) Mackenzie, U. 2008. *A Tale of Two CDs: Capacity Development and Community Development in the Waste, Water, and Sanitation Sector in Kiribati*. Manila: ADB. [www.adb.org/sites/default/files/tale-of-2-cds.pdf](http://www.adb.org/sites/default/files/tale-of-2-cds.pdf); (vi) Government of Nauru. *National Sustainable Development Strategy 2005–2025. Partnership for Quality of Life*. See also ADB. 2008. *Pacific Choice. Building Capacity through Participation. Nauru National Sustainable Development Strategy*. Manila. [www.adb.org/sites/default/files/nnsds-building-capacity.pdf](http://www.adb.org/sites/default/files/nnsds-building-capacity.pdf); and (vii) Yala, C.A. 2011. Political Economy Analysis of the Customary Land Tenure Reforms in Papua New Guinea. In Duncan, R. ed. *The Political Economy of Economic Reform in the Pacific*. Manila: ADB. [www.adb.org/sites/default/files/political-economy-economic-reform-pac.pdf](http://www.adb.org/sites/default/files/political-economy-economic-reform-pac.pdf)

<sup>27</sup> ADB. 2013. *The Role of Women in Peacebuilding in Nepal*. Manila. [www.adb.org/publications/role-women-peacebuilding-nepal](http://www.adb.org/publications/role-women-peacebuilding-nepal)

# What Next to Overcome Exclusion?

How can the marginalization and exclusion of people in FCAS that result from the composite abuse of power, weak governance, inadequate state and economic policies, as well as from the impact of natural and environmental conditions, be lessened if not overcome? Many principles and much guidance have already been established. The means to sharing power, good governance, economic reform, insuring and preparing for disasters, and adapting to climate change are largely known. But how can the international community further embed this existing knowledge in future efforts in each FCAS to overcome marginalization and exclusion and thereby strengthen the affected country? The Manila Forum recommended the following five priority actions: participation, voice, funding, mapping, and measurement. These actions are supported by the

recommendations of recent literature as well as the latest international discussions.

## RECOMMENDATION 1. INCREASE PARTICIPATION OF ALL STAKEHOLDERS

“It is important to make sure that no one is left out, to keep talking, to stay the course, to be honest, earnest, frank and fair,” said Secretary Teresita Quintos Deles, Philippines’ Presidential Adviser on the Peace Process, in the Manila Forum closing address.

Whether the threat of marginalization and exclusion is political, economic, or state-based, or due to isolation, climate impact, or natural hazards, participation is key to providing for inclusion. Processes of participation should therefore be near the top of the list of considerations when designing a FCAS intervention. “ADB’s long-term strategic framework Strategy 2020 underscores the importance of participation in ADB operations and emphasizes that partnerships in general are a key driver of change in development.”<sup>28</sup>



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<sup>28</sup> ADB. 2012. *Strengthening Participation for Development Results: An Asian Development Bank Guide to Participation*. Manila.

## RECOMMENDATION 2. GIVE GREATER VOICE TO FRAGILE AND CONFLICT-AFFECTED STATES

All recent international meetings including the Manila Forum have agreed that it is important for the international community to continue to raise the concerns of FCAS. As the deputy minister of finance of the Government of Afghanistan stated, "... the majority of the people affected live within the borders of countries that are not part of this g7+... This has hindered the inclusivity of the g7+ and will have to be addressed to include all the people affected by conflict, regardless of their countries." The Manila Forum was also instrumental in bringing new voice from the Pacific islands to the g7+ group of countries. ADB is well placed to continue to help in deepening and enriching this expanded voice given its developing country membership.

## RECOMMENDATION 3. IMPROVE FUNDING

Aid provided to FCAS countries is typically more volatile than aid to other countries, and less aid may be provided due to these countries' relatively poor policy and institutional performance. ADB and World Bank policies to allocate grant and concessional funds to developing member countries based on country policy and institutional performance can put poorly performing FCAS countries at a disadvantage. This allocation policy conflicts with the long-term prerequisite to restore and build state operations including a priority focus on core government functions.<sup>29</sup> The international community needs to agree on a minimum base level or platform of assistance to FCAS to build core government functions over the long term.<sup>30</sup> ADB has already committed to preparing a draft paper for enhancing financial resources for FCAS.<sup>31</sup>

As Senator Mattlan Zackhras from the Republic of the Marshall Islands stated, "confronted by climate change the time has come for the Pacific islands to consider whether to invest in their future or retreat." Most islanders have no immediate option but to continue to invest in a future in their home islands. This will require further assistance to secure food, shelter, and livelihoods.

The international community including the Manila Forum supports the provision of more development partner staff and staff training to assist FCAS. A move toward coordinated development partner funding of joint policy action matrices such as in the cases of Samoa, Solomon Islands, and Tonga will reduce the proliferation of development partner funding arrangements and therefore lessen the stress on limited coordination capacities of FCAS.<sup>32</sup>

## RECOMMENDATION 4. MAP FRAGILITY TO BETTER UNDERSTAND AND WORK IN THE LOCAL CONTEXT

As Kaplan states, "International action should focus on facilitating local processes, leveraging local capacities and complementing local actions, so that local citizens can create governance systems appropriate to their surroundings" (footnote 23). In line with the New Deal, the international



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<sup>29</sup> OECD Fragile States Principle #10 states, "International actors need to address the problem of 'aid orphans'—states where there are no significant political barriers to engagement, but few international actors are engaged and aid volumes are low."

<sup>30</sup> OECD Fragile States Principle #9 states, "Since volatility of engagement (not only aid volumes, but also diplomatic engagement and field presence) is potentially destabilising for fragile states, international actors must improve aid predictability in these countries."

<sup>31</sup> Page 30, Timeline for Implementing ADB's Operational Plan for FCAS. ADB. 2013. *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations*. Manila.

<sup>32</sup> See for example, Government of Samoa. 2010. *Evaluation of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action Samoa. Country Report*. 28 December. Annex 4.

community has already agreed to conduct joint government and development partner exercises to map a common understanding of the local context of each FCAS. This would include mapping the current capacities of core government functions and the political economy. This in turn would enable FCAS governments to prepare long-term programs of resilience building with sequenced and prioritized actions for development partner support.<sup>33</sup> Ideally this would be followed up by regular peace and conflict impact assessments. ADB has already committed to processing a regional technical assistance paper and mobilizing a resource group that could support in-country mapping.<sup>34</sup>

## RECOMMENDATION 5. MEASURE FRAGILITY

As DFID has stated, the methods for defining and classifying fragility are contested.<sup>35</sup> The Manila Forum reiterated the need to support the undertaking of research to establish how government and development partners may better measure FCAS progress or deterioration in building resilience. ADB's Economics and Research Department has already embarked on research to contribute to FCAS measurement.

## CONCRETE AND CONSTRUCTIVE DIRECTIONS

At the outset of the Manila Forum, the ADB President asked that the meeting provide concrete and constructive directions. The five priority recommendations further the New Deal and the Washington Communiqué in a practical way that will assist operations in fragile and conflict-affected countries.<sup>36</sup> Greater participation and voice will advance all the commitments of the New Deal. A secure platform of funding to build core government functions and funding for climate change adaptation will assist two of the New Deal's Peacebuilding and Revenues and Services. A secure platform of funding will also support the New Deal's commitment to timely and predictable aid. Mapping will further the New Deal's call for fragility assessment, a one vision, one plan and the compact. Measurement will support the use of PSGs to monitor progress.<sup>37</sup>



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“If you have 64 donors all with different ideas and solutions you have a mess. If you have 64 donors all supporting your vision and plan you have a recipe for success,” concluded Emilia Pires, governor for the Democratic Republic of Timor-Leste in ADB; minister of finance and chair of the g7+; and cochair of the International Dialogue on Peacebuilding and Statebuilding.

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[www.adb.org/Pacific](http://www.adb.org/Pacific) and [www.adb.org/fragile-situations](http://www.adb.org/fragile-situations)

<sup>33</sup> This decision supports OECD Fragile States Principle #8 to agree on practical co-ordination mechanisms between international actors.

<sup>34</sup> Footnote 31.

<sup>35</sup> DFID. 2012. *Results in Fragile and Conflict-Affected States and Situations: How to Note*. London.

<sup>36</sup> Peacebuilding and Statebuilding Goals (PSGs) of legitimate politics, security, justice, economic foundations, and revenue and services. *FOCUS: Fragility assessment, One vision, one plan, Compact, Use PSGs to monitor, Support political dialogue and leadership TRUST: Transparency, Risk-sharing, Use and strengthen country systems, Strengthen capacities, and Timely and predictable aid*. The Washington Communiqué on Peacebuilding and Statebuilding. 2013. Third International Dialogue Global Meeting “The New Deal: Achieving Better Results and Shaping the Global Agenda.” 19 April 2013. Washington, DC.

<sup>37</sup> See A New Deal for Engagement in Fragile States. [www.g7plus.org/storage/New%20Deal%20English.pdf](http://www.g7plus.org/storage/New%20Deal%20English.pdf)