



Finland's Development Policy and Development Cooperation in Fragile States

– Guidelines for Strengthening
Implementation of Development
Cooperation

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SUMMARY

Violent conflicts and fragile states, in which some 1.5 billion people live, are one of the major global development challenges. Fragility and poverty go hand in hand. Currently around one third of the world's poor live in fragile states, and it is probable that the UN Millennium Development Goals will remain partly unfulfilled in these states. It is estimated that by 2018 around half, and by 2030 most, of the world's poor will live in fragile states.

The development policy dialogue relating to fragile states has focused specifically on how the effectiveness and impact of development cooperation can be increased in them and in post-conflict transition stages. A common understanding exists on the fact that in fragile and conflict-affected states new approaches are needed which both the partner country and donors are committed to implement.

This guide is divided into three mutually complementary sections. The first section reviews the development policy dialogue relating to fragile states, and examines the specific needs of fragile states and international recommendations for engagement in fragile states. In addition, section one presents a major international commitment from 2011, *The New Deal for Engagement in Fragile States* (New Deal), which specifies measures and principles by which states can find a way out of their fragility. Peace-building and state-building play a central role. Finland signed the New Deal in 2012. Behind the New Deal is the *International Dialogue on Peace-building and State-building* - a forum whose mandate in 2011-2015 includes strengthening the implementation of the New Deal in eight pilot countries. Minister Haavisto was elected a co-chair of this forum in January 2014.

The second section examines Finland's thematic and regional priorities in fragile states in the light of Finland's Development Policy Programme (2012) and the peace- and state-building objectives of New Deal. Finland's thematic priorities are conflict prevention, a democratic and accountable society and development of rule of law, and participation of women. Steps must be taken to better predict the emergence of conflicts, interpret the underlying causes of instability and prevent in good time the possible collapse of a state and its entry into conflict.

The third section presents guidelines for Finland's development policy and development cooperation in fragile states. The goal of these guidelines is that Finland would be able in development policy and cooperation to respond better to the challenges that fragile states and states in transition present as an operating environment. The guidelines also outline the operating practices and measures that should be employed to strengthen the planning, implementation and monitoring of Finland's development cooperation. These approaches relate to conflict analyses and conflict sensitivity; enhancing cooperation, coordination and effectiveness; strengthening local ownership; risk management; and funding and support channels.

SECTION I

Development policy dialogue on fragile states

Problematics of fragile states in development and development policy

It is often typical of fragile states that they have gone through external or internal violent conflict or are currently in a post-conflict transition stage. The conflict may still be continuing in parts of the country or smouldering beneath the surface, and therefore having a destabilising impact on the state. Conventional weapons and small arms and their uncontrolled proliferation are without exception also a significant post-conflict problem. In the post-conflict transition stage, a state is unable to provide adequate security, justice, basic services or economic opportunities for its citizens. A significant proportion of countries that have undergone and are recovering from conflict sink back into conflict within five years.

Underlying fragility and instability, one often finds poor governance, corruption and lack of government credibility, human rights abuses and inequality, unemployment - particularly youth unemployment and consequent frustration and exclusion - limited economic activity, uneven distribution of natural resources, insecurity, impunity and crime. Conflicts and extreme poverty can also increase instability in areas surrounding a fragile state through proliferation of small arms. Fragile states therefore create fragile regions. At worst, the fragility of a state may expose the entire international community to the threat of organised crime and terrorism. In addition, fragile areas can arise within a country and these may contribute to creating instability more widely throughout the country.

Human suffering undermines people's confidence in the state and makes it more fragile. Moreover, the fragility of a state inflicts significant human suffering, distress and insecurity on the country's citizens: the weak position of women and girls is emphasised even more in fragile situations. Child and maternal mortality rates are high and the



Customers in the eye hospital supported by the International Assistance Mission (IAM) in Mazar-i-Sharif, Northern Afghanistan, in April 2013. IAM is also a partner of Finnish NGOs in Afghanistan. Photo: Laura Rantanen/ MFA

decline in child mortality has been slower than in other poor countries. Violence against women is more common in fragile states, and sexual violence in conflicts is a serious problem. About one-third of HIV infections occur in fragile states, and there are problems in obtaining clean water, in the basic education of children, particularly girls, and in providing necessary health care services for everyone. A child living in a fragile state is at double the risk of being undernourished than children in poor countries generally. Overall, one third of the population of fragile states is undernourished.

Fragile states are more dependent on development assistance than other developing countries, even though many of them are very rich in natural resources. In addition to Official Development Assistance (ODA), remittances sent home by migrants as well as foreign investments constitute a major source of income in fragile states. In 2011 OECD countries' support for fragile states was 38% of all ODA funding. A significant part of ODA directed to fragile states is, however, long-term humanitarian assistance.

The term fragile states is sensitive and multi-dimensional. No globally agreed or specific definition or unambiguous list of fragile states exists; different organisations approach fragility in different ways. Instead of the term *fragile states*, the term fragile situations might also be used, to emphasise the temporary nature of problems, or *fragile societies*, to reduce the centrality of government structure. Different levels and kinds of fragility exist, so the starting point for development cooperation always depends on the country in question, its context as well as needs and the priorities determined on the basis of

them. Finland does not have its own definition or list of *fragile states*. These guidelines speak generally of fragile states, while being aware, however, of the different degrees of fragility and the importance of context. The focus of Finland's development cooperation is on the least-developed countries.

Depending on the classifications used by different organisations (e.g. OECD, World Bank), around 30-50 states are considered to be fragile. A large proportion of these are also classified as least-developed countries (LDC).

According to the **OECD's** definition, a fragile region or state has a weak capacity to maintain the basic functions of government and to establish reciprocal and constructive relations with society and its citizens. Fragile states are vulnerable to internal or external stress factors such as financial crises and natural disasters. Countries that have a better capacity to respond to stress factors and have a stronger legitimacy are better able to take care of their citizens and territory. They are able to handle social situations, adapt to changing needs and expectations, changes in political agreements, and increasing institutional complexity. Fragility and, on the other hand, the capacity to respond to conditions of stress (resilience), should, according to the OECD, be seen as the extreme ends of the same scale.

According to the **World Bank**, fragile and conflict-affected states face major development challenges, which relate, among other things, to weak institutions, poor governance, political instability and violence. The World Bank is paying increasing attention to fragile states and in this respect its interventions focus on building legal and accountable state institutions, raising citizens' awareness of their own rights and responsibilities, and increasing inclusive growth and jobs. The High Level Panel established by the African **Development Bank** has stated that fragility should not be seen as a classification of states, but essentially as a risk relating to the development of states. In the UN context, the use of the term fragile states is to a large extent avoided due to the political sensitivity associated with it. The UN and its various organisations are key actors, however, in fragile and post-conflict states. The UN's peace-building capacity has been strengthened by, for example, creating a UN peace-building architecture. In addition, the UN's conflict prevention and peace mediation capacity has been enhanced. Through the term fragility, the European Commission refers to weak and inadequate structures and to situations in which the social contract has been broken due to a state's poor capability or unwillingness. As a result, the state does not attend to its basic obligations relating to services, public financial management, equal sharing of power, security of citizens, justice and freedoms. In recent years, the EU has also strengthened its approach to the problematics of fragile states.

A group of fragile states formed in 2010 a voluntary association, *g7+*, which views fragility as complex and dependent on context. As a result, the group's definition of fragility is a broad one. According to the group, which currently consists of 20 fragile states, fragility should be understood in a nation as a period when sustained socio-economic development requires greater emphasis on peace- and state-building measures. These include investment in inclusive political solutions, security, justice, job creation, good

management of natural resources, accountability and adequate delivery of services. The g7+ group has developed the Fragility Spectrum, which helps map the issues in which a state is to some extent fragile. Using the spectrum, the fragility level of a state can be determined at an early stage of engagement.

g7+ group

The g7+ group is a voluntary association of fragile states. The member states are affected or have been affected by conflicts and are now in a transition stage and moving towards sustainable development. The purpose of the g7+ group's activities is to share experiences of fragility, learn from each other, and influence the actions of the international community in conflict-affected countries. The goal of g7+ is to stop conflict, build nations and eradicate poverty through innovative development strategies harmonised to the country context, aligned to the national agenda and led by the state and its people. Currently, the g7+ member states are: Haiti, Guinea, Guinea-Bissau, Sierra Leone, Liberia, Ivory Coast, Togo, Chad, the Central African Republic, Democratic Republic of Congo, Somalia, Burundi, South Sudan, Comoros, Afghanistan, East Timor, Papua New Guinea, Solomon Islands, Yemen and Sao Tome & Principe.

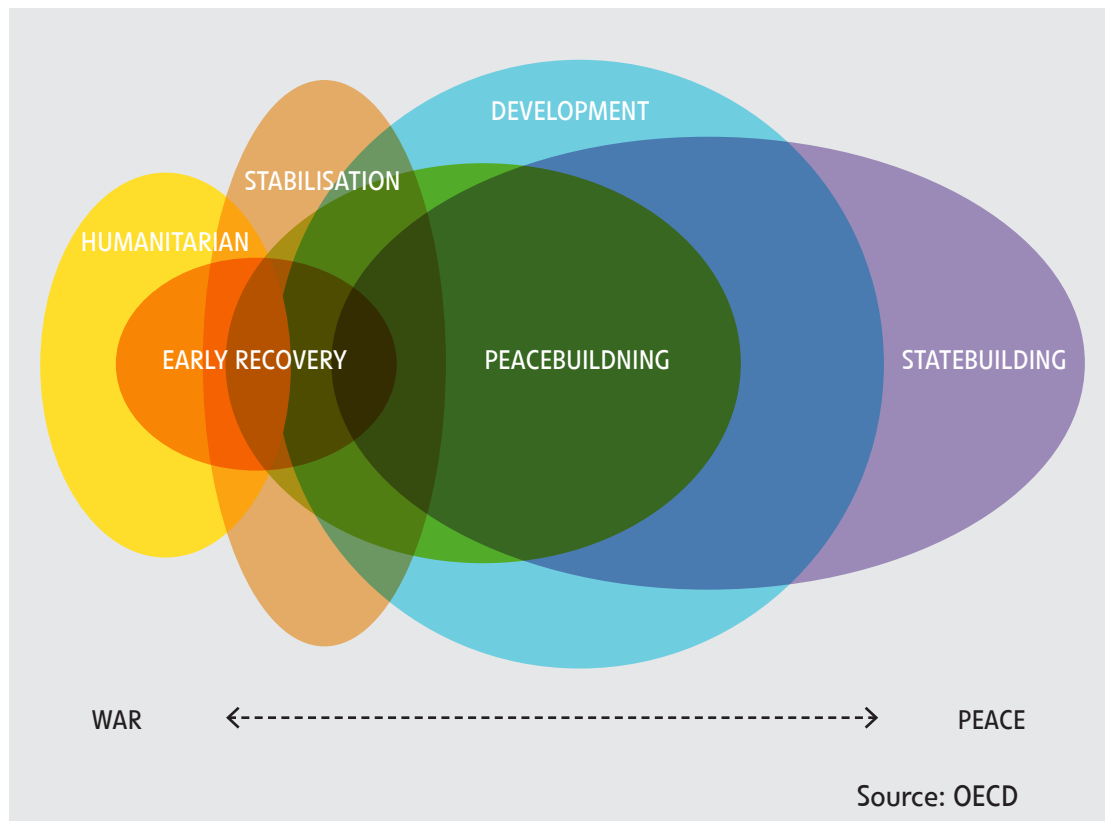
Key international recommendations, measures and commitments

Operational challenges in fragile states

Development cooperation has not achieved to the best effect the objectives set for it in fragile and conflict-affected states. Reconciliation of different actors, mandates and funding instruments, among other things, creates challenges. In the transition stage (see figure), the aim is to move gradually away from direct crisis or conflict towards sustainable development, national ownership and the growing capability of the state. This stage often simultaneously includes activities related to humanitarian assistance, early recovery and reconstruction, development cooperation, security, peace-building and state-building. It is also often preceded by peace mediation measures and a peace process, the success of which is a prerequisite and lays the foundation for the transition stage and the launch of longer-term development cooperation, peace-building and state-building.

One challenge of engagement in fragile states is the fact that all of these forms of activity, and also donors, are driven by different objectives, principles, premises and motives, and no single truly objective view exists. This leads to fragmented assistance and un-prioritised actions. The transition stage is seldom linear. Tensions arise from the fact that, on the one hand, results should be achieved quickly - to save lives and reinforce peace - and, on the other hand, focused to create sustainable results in the long term. Interna-

tional actors often find it difficult to accept that the development of a fragile state into a strong, functional and accountable entity will happen slowly. For a state to be able to respond to the stress conditions directed at it requires years of systematic and stable political and economic development. In addition, it also requires donors to be aware that a state may inevitably take a step backwards now and then. It is estimated that post-conflict state-building takes 20-30 years.



A second challenge arises from the fact that even during conflict the aim is often to give support (for example protection, humanitarian assistance, delivery of services, peace mediation and dialogue) to local civil society actors or the aid is directly implemented by international organisations. In conflict situations, there is often no development cooperation directed at the state. Changing international aid in the transition stage to that which would in every way strengthen trust between the various groups and between people and state is challenging. When responsibility begins to be transferred to the state structure and the government, one must consider how to take into account those non-governmental actions and actors that operated during the conflict, which may often have better capacity and public confidence than the state structures.

A third key challenge is the fact that international actors' development cooperation policies, measures and risk management have not been adapted well enough to the reality and context of fragile states. International principles relating to aid effectiveness (Paris 2005, Accra 2008, Busan 2011) are based on the assumption that the partner country's

capability and institutional development are already on a certain level. This assumption, as a rule, is unrealistic in many fragile states and as a result international actors, on the one hand, might make too ambitious plans and, on the other hand, development funding might start to flow too slowly. In these situations, humanitarian assistance often operates at its extreme limits, both in terms of its capacity and its mandate.

Recommendations for engagement in fragile states

In 2007 the OECD Development Assistance Committee published *Principles for Good International Engagement in Fragile States and Situations* (see Appendix 1). According to an OECD assessment made in 2011, the international aid community still has much room for improvement in implementing these principles, despite the fact that their content is generally accepted.

According to the OECD and also the World Bank development report *Conflict, Security and Development*, published in 2011, development cooperation that takes place in fragile and conflict-affected states should pay particular attention to the following two aspects:

1. Issues should be engaged in a new way. Although development cooperation in fragile states should also aim, for example, to achieve the Millennium Goals, the approach should differ from that which is customary. More effective aid requires long-term and coordinated commitment so as to address at the same time the risks and vulnerabilities that are naturally associated with situations. Development aid should be planned and used in fragile situations strategically and as part of broader international support. Instead of single projects, an overall package should be considered and donors should concentrate their support on multi-donor funds or pools with the aim of strengthening the partner country's own structures. This would simultaneously strengthen the coordination and cooperation of donors. It should be possible to prioritise and sequence actions in order to avoid fragmentation of assistance - despite the fact that needs in fragile states are often considerable.
2. The focus should be on other *kinds of issues*. Primarily, actors should address the underlying causes of fragility and should focus on the typical weaknesses of fragile states related, for example, to credible governance and leadership, legitimacy and capability. Even when the creation of a safe operating environment enables long-term development, the ending of violence alone is not decisive. The local society's commitment and ownership are also essential, as is addressing the structural causes of conflicts, such as unemployment, poor management and misuse of natural resources, inequality or weak institutions. In order to break the cycle of poverty, violence and fragility, development policy also needs a broader approach centred on *development of society, peace- and state-building*. This includes strengthening legal institutions and governance, thereby creating for people security, justice, jobs and basic services. The credibility of the state in relation to its citizens is of prime importance for lasting peace and development.

In addition, it is important to pay attention to the fact that even before the transition stage, when conflict is under way, donors should support in a coordinated way peace processes that emphasise national ownership and participation. The aim should be to establish a common understanding among all actors on the course of peace and social development already during the peace process. This will create a good foundation for longer term, inclusive and sustainable peace- and state-building.

International measures and commitments **– The New Deal for Engagement in Fragile States**

The *International Dialogue on Peace-building and State-building* (IDPS) was founded in 2008 at the high-level meeting in Accra, which discussed the effectiveness of aid. The mandate of the IDPS was to specify peace- and state-building objectives and to prepare a plan for more effective engagement in fragile states to be built on the work of the OECD. In 2010 the fragile states formed the g7+ group. Their message and critique was that fragile states are characterised and classified through the lens of the developed countries rather than through the lens of the developing countries. The IDPS currently includes over 50 states and organisations (e.g. African Union, European Union, UN, OECD and international development finance institutions). In addition, non-governmental organisations have their own representatives in the IDPS. Finland is also a member of the IDPS. At the beginning of 2014, Minister for International Development Pekka Haavisto was selected as a co-chair of the IDPS. The other co-chair is Kaifala Marah, Minister of Finance of Sierra Leone, who represents the g7+ group.

The IDPS and the g7+ group presented a joint plan, the New Deal (*New Deal for Engagement in Fragile States*), in 2011 at the Busan high-level forum on aid effectiveness attended by donor countries, international organisations, developing countries, non-governmental organisations and the private sector. The New Deal was endorsed in the final document of the Busan forum. The New Deal takes into account the link between development and security and it offers a new approach and form of partnership for engagement in fragile and transition stage states. The New Deal is a response to how development cooperation should be done in new ways in fragile states and to which issues actors should focus on.

A key aspect of the New Deal is to focus on those issues that mean most to people affected by conflict and fragility in each country. Understanding the local operating environment is very important. The process also comprises the making of a comprehensive **fragility assessment** that includes citizens and, based on this, the specification of actions and priorities. In addition, the g7+ group has prepared a classification scale, the **fragility spectrum**, which is determined as part of the fragility assessment according to context. Based on the priorities, a **vision and plan** of the partner country and international actors, formulated around the five **Peace-building and State-building Goals** (PSG), are prepared. Through these goals, **indicators** are developed to measure the results of engagement. A **compact** is made on the implementation of the plan. The compact is an implementation tool that specifies the coordination of the various forms of assistance and funding instruments, taking into account, however, the impartiality of humanitari-



South Sudanese refugees in Uganda in January 2014. Photo: EC/ECHO/Malini Morzaria (CC BY-ND 2.0)

an assistance as well as joint allocation of donors' resources according to agreed priorities. It is important to take into account that as situations change and develop, priorities and the compact can also be modified by joint agreement at short notice.

The New Deal also recognises the political nature of peace- and state-building. The process aims to strengthen the legal status of the partner country in the eyes of citizens, accountable leadership, commitment and ownership. It is also characterised by strong political dialogue and inclusiveness in all stages of the process as well as building the capacity of government and civil society to lead their own peace-building, state-building and conflict resolution efforts. Partnership is considered multi-dimensional and it includes the partner country and its administrative system, citizens and communities, and international actors. Youth and women are also encouraged to participate. In addition, South-South cooperation and learning from the experiences of other fragile states is important in the New Deal.

In addition, building mutual trust with the aim of improving engagement and permanent results is central to the New Deal. The New Deal emphasises transparency of engagement and aid, mutual cooperation and accountability, and also better risk management in order to utilise the partner country's own structures as much as possible in the channelling of aid. For example, using joint donor funds (Multi-Donor Trust Funds) it is possible to reduce transaction costs, mitigate risk, and engage more comprehensively. Better risk management also allows reconstruction and development cooperation to start at an earlier stage. This means that humanitarian aid does not have to be stretched to fill gaps in development cooperation. In addition, it is important that donors attend to the timeliness and predictability of aid and to improving the speed and predictability of funding.

NEW DEAL (New Deal for Engagement in Fragile States):

- The New Deal builds on the vision and principles articulated from the Millennium Declaration to the Monrovia Roadmap (2011), which serve as a basis for the creation of the New Deal. Success is dependent on the leadership and commitment of the g7+ countries, the support of international actors and mutual accountability. In addition, the New Deal recognises the importance of state-society relations and the active role of women, youth and marginalised groups in peace- and state-building.
- The New Deal focuses on issues that mean most to people affected by conflict and fragility. Based on this, five **Peace-building and State-building Goals (PSG)** have been formulated to guide engagement:
 - PSG 1: Inclusive politics – Foster inclusive political settlements and conflict resolution
 - PSG 2: Security – Establish and strengthen people’s security
 - PSG 3: Justice – Address injustices and increase people’s access to justice
 - PSG 4: Economic foundations – Generate employment and improve livelihoods
 - PSG 5: Revenues and services - Manage revenue and build capacity for accountable and fair service delivery
- New Deal specifies the following five pathways out of fragility (**FOCUS**): **F**ragility assessment, **O**ne vision one plan, **C**ompact, **U**se PSGs to monitor and **S**upport political dialogue and leadership.
- New Deal specifies the following five commitments for providing aid and managing resources to achieve better results (**TRUST**): **T**ransparency, **R**isk sharing, **U**se and strengthen country systems, **S**trengthen capacities, **T**imely and predictable aid.

Through the New Deal, actors have begun to speak about peace- and state-building in the same breath and it has become the nucleus of development cooperation in fragile states and situations. The objective of both peace-building and state-building is to help societies over the longer term to create opportunities for sustainable development: to support effective, legitimate and accountable states where power is exercised non-violently and the internal and external relations of different communities are peaceful. Peace- and state-building are to a large extent activities financed by development cooperation funds. In addition, diplomacy and political dialogue also play a significant role.

Peace-building is often an important part of the dynamics of state-building and it provides tools for it. To ensure that peace- and state-building can be successfully reconciled, particular attention must be paid in peace-building to the legitimacy, credibility and capability of the state over the longer term. In state-building, on the other hand, actors must understand how actions influence factors shaping peace and conflict and ensure that the causes of conflict are taken into account as part of state-building.

In peace- and state-building processes, it is particularly important to take into account the fact that before institutional development in fragile and conflict-affected countries is at all possible, it is necessary to restore citizens' trust in the possibility of cooperation and to strengthen social cohesion within and between the various communities. The empowerment and active participation of civil society is therefore important for the success of peace- and state-building.

The New Deal is based on the agreements and commitments of Paris and Accra, the OECD's 2007 principles for engagement in fragile states, and the groundwork done by the IDPS and G7+ between 2008 and 2011. The IDPS is monitoring the implementation of the pilot stage of the New Deal (2011-2015) in Afghanistan, Timor Leste, Liberia, Sierra Leone, Central African Republic, Democratic Republic of Congo and South Sudan. In addition, the first compact under the New Deal was prepared and agreed between Somalia and international partners in September 2013.

The international community is committed to implementing the New Deal

The New Deal has been endorsed by over 30 countries and six international organisations. Finland endorsed the New Deal in 2012 and is committed to its implementation. For example, the United Nations Development Group, the World Bank, the African Development Bank and the EU have endorsed the New Deal and have strengthened their peace- and state-building activities in fragile states by taking into account the framework provided by the New Deal. Finland participates in international dialogue on fragile states, particularly via the IDPS, and actively seeks to ensure that the valuable experiences learned from the implementation of the New Deal are also utilised more widely in peace- and state-building and are reflected in the discussion on the post-2015 development agenda currently under way. Finland considers it important that the themes of peace and non-violence be included in the post-2015 development agenda so that their promotion would become a natural part of global development policy.

SECTION II

Finland's development policy and development cooperation in fragile states

Frameworks created by Finland's development policy for engagement in fragile states

Finland's development policy is outlined in the Development Policy Programme, which was published in early 2012. Together with other key foreign and security policies and programmes such as the Action Plan for Mediation, the UN Strategy, the Democracy Support Policy, the Non-governmental Organisations Policy, the Civilian Crisis Management Strategy, the Comprehensive Crisis Management Strategy, the Humanitarian Assistance Policy, the Aid for Trade Action Plan, the Human Rights Strategy and the Human Rights Policy Action Plan implementing it, Finland's National 1325 Action Plan and long-term bilateral development cooperation country programmes relating to partner countries, the Development Policy Programme defines Finland's development cooperation, operational priorities and principles in fragile states.

Finland emphasises the UN's primary role in determining universal norms and standards and as an international cooperation forum. UN-led negotiations and the UN's different actors form the most important forum for Finland's participation in resolving global development and security issues. The UN's integrated approach to development, conflict prevention and peace building is in line with the Finland's development policy objectives. The UN's role is also emphasised in Finland's practical efforts to promote development and security in developing countries. The UN and its various actors are represented in nearly all developing countries, and its role as a partner of developing countries and as a neutral actor is widely recognised and accepted.

Finland's development policy objectives are promoted through funding and political influence. The development cooperation channels in terms of fragile states are bilater-



People in front of the mosque in Mazar-i-Sharif, Afghanistan. Mazar-i-Sharif, located in Balkh province in Northern Afghanistan, is considered a relatively calm city. Photo: Laura Rantanen/MFA

al long-term development cooperation, other bilateral country- and region-specific cooperation, multilateral cooperation via the UN, development funding institutions or other multilateral actors, development cooperation channelled via the European Commission, NGO cooperation, business cooperation and aid for trade, and humanitarian assistance. In addition, Finland may act through civil and military crisis management measures as well as foreign and security policy and trade policy means. For policy influence, the EU in particular is an important channel for Finland (for example Council working groups and the Foreign Affairs Council). Nordic cooperation is important for Finland in promoting the development of fragile states.

Finland emphasises that cooperation in fragile states should focus on long-term preventive measures as well as on peace- and state-building, as far as possible applying the framework provided by New Deal. Engagement requires from donors a comprehensive approach, in-depth knowledge and understanding of the context, customs, attitudes and the roles of people and groups of people. A common strategic analysis of the situation is necessary and a commitment to work together in implementation and monitoring and influence the agenda both in partner countries and internationally.

In all of its actions in relation to fragile states, Finland aims for coherence in decisions made in the various policy sectors. Achieving sustainable results in a crisis region requires the use of all available means, military and civilian crisis management, development cooperation, humanitarian assistance etc. as a mutually supportive way. The international and local private sector's role in economic development and job creation is important, as well as responsibility of the fulfilment of human rights, sustainable use of natural resources, and taxation and its transparency.

Finland's thematic priorities in peace-building and state-building

In fragile states, the important thematic priorities for Finland, based on Finland's Development Policy Programme, are:

- conflict prevention,
- a democratic and accountable society and the rule of law,
- participation of women

Addressing the root causes of conflicts and thereby minimising and preventing the emergence of new conflict or the return to conflict is crucial in fragile states. Often conflicts are motivated by inequality, injustice, human rights violations, discrimination, unemployment, scarcity of economic activity, resources and services, food shortages or the rise in prices, poor governance, lack of confidence in the parties exercising power or the illegal use of natural resources. Ownership and management of natural resources and land may be unclear or unjust. Moreover, in violent conflicts, the rights of ordinary people are systematically violated both by the warring parties and by those who benefit from conflict by pursuing their own financial and political interests. Reducing the instability caused by the proliferation and illicit trafficking of conventional weapons and small arms is a crucial factor both in conflict prevention and in the post-conflict stabilisation stage.

Development cooperation that promotes human rights emphasises participation and non-discrimination of citizens as well as the importance of increasing the capability and accountability of local officials. Supporting these principles through development cooperation helps strengthen a society's capacity to deal with future conflicts and disagreements in a non-violent way. Equality and non-discrimination promote and strengthen lasting peace. State-building in fragile states also provides a special opportunity to seek gender equality and to address the serious and special problems and human rights violations faced by women in fragile situations. These include (domestic) violence, economic marginalisation, and exclusion from decision-making mechanisms.

The thematic priorities of Finland's actions are more closely examined in the light of the Peace-building and State-building Goals (PSG) of the New Deal (see pages 11-12). The achievement of these goals can at best also prevent conflicts.

New Deal PSG 1: Legitimate and inclusive politics

Finland's development policy and cooperation in fragile states and situations focuses particularly on the support that is given for the pillars of democracy important for lasting peace - an independent judiciary, freedom of expression, association and assembly, organisation and monitoring of free and fair elections, democratic functioning of political parties, accountability of central and local government, and freedom of civil society. Finland also emphasises taking into account and enhancing the conflict resolution capacity of the partner country to support dialogue and mediation, conflict prevention and peace-building. These will contribute to ensuring that future disagreements and conflicts can be resolved without violence and use of force. Support for peace mediation and dialogue relating to fragile states from development cooperation funds can be increased on a case-by-case.

Peace mediation network of religious and traditional leaders

The important role of religious and traditional leaders in peace-making as well as the building of a more systematic partnership between the UN and religious peace actors has been highlighted as a focus area in the UN. Finn Church Aid (FCA) has been operating since 2007 in cooperation with religious and traditional leaders in peace-building and mediation issues. A peace mediation conference of religious and traditional leaders, arranged by Finn Church Aid in Helsinki in 2013 and supported by the UN, decided to establish a mediation network of religious and traditional leaders. Finn Church Aid has been nominated as the network's temporary secretariat. The network aims to, among other things, utilise concretely the potential of religious and traditional mediators, establish regular cooperation between religious and traditional leaders, the UN and other relevant actors, improve track-1 diplomats' and negotiators' understanding of the importance of religion and religious actors for mediation, improve local networks and coordination and share experiences, strengthen the role of women in peace processes at different levels of society, and empower female religious leaders in peace mediation. The mediation capacity of religious and traditional leaders will be developed. Activity of the network is based on conflict prevention. Finland will support the activity of the network's secretariat with EUR 540,000 in 2014.

ACCORD's African Peace-building Coordination Programme

Finland's support for ACCORD (The African Centre for the Constructive Resolution of Disputes) began in 2003. Currently the programme is supported by a total of EUR 1.9 million in 2014-2016. The programme is designed to produce information on peace-building for international organisations such as the UN and the African Union, as well as to educate and empower Africans to take responsibility for their own regions' peace-building processes, such as land divisions and intercultural dialogue, and to raise awareness of the position of minorities. The programme has led to the preparation of the Peace-building Handbook, which is already being widely used in Africa, including in ACCORD's own training activities. At this stage of the programme, the focus is on Liberia and South Sudan in particular.

Promoting gender equality and human rights, strengthening the influence and participation opportunities of women and girls, and increasing non-discrimination are the key priorities of Finland's interventions in fragile states. Finland promotes and supports the participation of women in decision-making and involves women in conflict prevention, peacekeeping and peace-building.

Finland pays particular attention to the rights and equal opportunities of vulnerable, easily marginalised and discriminated groups, including people with disabilities, LGBTI people, representatives of indigenous peoples, religious minorities and ethnic minority groups. Finland also supports defenders of human rights and other human rights actors. For lasting peace and internal stability, it is important that social cohesion, effective state-society relations and mutual trust are strengthened. It is therefore essential that women and men, girls and boys are committed to peace and stability and feel they are valued members of society. In fragile states, state-building, and related efforts to increase a state's credibility, responsibility and accountability, should take into account all citizens without discrimination. Finland is strongly committed to promoting the Women, Peace and Security Agenda in accordance with UN resolutions.

Finland's National Action Plan 2012-2016, "Women, Peace and Security" confirms, with the signatures of six ministries, that Finland is committed to implementing the United Nations Security Council Resolution 1325 with, for example, the following measures:

Finland will work actively to promote peace mediation and improve its quality, such that, among other things, women have a role at all levels and stages of peace processes, in accordance with the UN General Assembly Resolution on Mediation 65/283. Finland will seek to create practices that strengthen and facilitate participation of women and to ensure that a high level of gender expertise, utilising the expertise of civil society, is available in mediation and peace processes.

Finland will allocate political, financial and expert support to local-level civil society activities whose purpose is to encourage women to work in conflict prevention and as peace mediators and negotiators. Support will also be allocated to local women's organisations to increase their capacity.

Finland supports the inclusive preparation of national action plans in accordance with Resolution 1325 and the monitoring of the implementation of the plans. National action plans can contribute to increasing the host country's ownership and to promoting coordination between donor countries and other international actors.

New Deal PSG 2 and 3: Security and justice

Finland approaches state-building in fragile and post-conflict situations particularly through the development of the rule of law. When identifying the causes of conflict or the core issues of peace settlement and development, one must always consider whether human rights have been systematically violated. Addressing systematic violations requires a behavioural change in institutions responsible for internal security and justice (such as police, justice and correctional services), so that they are based on democratic standards and norms, the principle of the rule of law and respect for human rights. Civilian crisis management, in which Finland participates, particularly through the EU, often focuses specifically on supporting the development of the rule of law. The areas of engagement are generally fragile states. Such engagement is also associated with Security Sector Reform (SSR). In addition, the UN's peacekeeping and political operations have significant peace-building roles relating to SSR and the DDR (disarmament, demobilisation, reintegration) process.

The aim is to create institutions that are not only effective, but also transparent and accountable and strengthen the legal protection of individuals. Corruption destroys the credibility of institutions, and therefore strengthening of good governance and anti-corruption measures are important elements in developing of the rule of law. In addition to developing institutions responsible for security and justice, attention must be given to developing democratic control (the role of parliament, political parties and civil society)

as well as the steering role of the civil service (ministries). The comprehensive development of the police and the judiciary into neutral protectors of justice and human rights who do not discriminate against any group of people is the only way to enhance public trust in them. Access to justice and preventing impunity are key issues for Finland. In post-conflict situations the peace agreements often outline the manner in which serious crimes of the past will be penalised.

Also important immediately after a conflict are DDR measures relating to disarmament that also take into account victims as well as the communities to which demobilised soldiers return. Outside official development assistance (ODA funding) are measures of partner countries' armed forces aimed at military reform. They are, however, a very important part of peace- and state-building. Problems that arise from illegal weapons in a country, informal armed groups and poorly resourced armed forces are a barrier to security and sustainable development.

Disarmament, demobilisation and reintegration of ex-combatants in Africa

World Bank support for the demobilisation and disarmament of ex-combatants has been under way since 2001. Currently, Finland is supporting the programme with a total of EUR 0.5 million in 2014–2015. The goal of the programme, which is administered by the World Bank, is to provide a comprehensive regional framework for the demobilisation and reintegration into society of around 415,000 ex-combatants. Within the framework of the programme, hundreds of thousands of soldiers and tens of thousands of child soldiers have been disarmed and more than 200,000 have been integrated back into society. The programme's particular strength is its regional aspect, which is not generally present in national DDR projects, as well as taking into account the communities to which ex-combatants return. In the final stage of the programme, the aim is to transfer DDR know-how to the African Union's Peace and Security Department.

From the perspective of the Responsibility to Protect, Finland emphasises the importance of preventive measures, such as promoting and strengthening national human rights and rule of law structures, enhancing the UN's early warning system, and taking into account analyses and advance warnings mediated by international human rights bodies.

AIHRC

The Afghanistan Independent Human Rights Commission (AIHRC) is the country's most important human rights actor. Its main tasks include promoting women's and children's rights, human rights education, monitoring and investigation work, transition-stage legal practice, and the rights of people with disabilities. One role of the AIHRC is to support the Government of Afghanistan as an advisory body, in an effort to raise human rights in government decision-making. The AIHRC provides support and advice to citizens whose human rights have been violated or who are vulnerable to abuse. Finland has funded the AIHRC in 2003–2013 with a total of EUR 7.4 million.

New Deal PSG 4 and PSG 5: Economic foundations and Revenues & services

Natural resources and the revenues ending up only in the hands of the elite is identified as a conflict-sustaining factor, particularly on the African continent. In addition, scarcity of vital natural resources such as water may trigger disputes and conflicts. In the management of natural resources, Finland advocates the strengthening of sustainable, resource-efficient, fair, equitable and democratic governance.

Finland advocates nationally and internationally for companies operating in natural resource sector in fragile states to act in a manner that is open and transparent, respects human rights and protects environment. The goal is for companies not to exploit a state's fragile stage of democracy, governance or legal system. In addition, Finland supports international initiatives aimed at regulating and supervising trade in sectors deemed to contributing to war economy, such as diamonds, and at curbing international capital flight.

As the resilience of fragile states is low, human and economic risks caused by natural disasters are also a major obstacle to development. Finland's objective is to combat the adverse effects of climate change also in fragile states, and over the longer term Finland supports measures to reduce the vulnerability of individuals and communities to natural disasters, including adjustment to climate change and precautionary measures.

Finland and UNEP: Environmental Cooperation for Peace-building (ECP) project

The United Nations Environment Programme (UNEP) has studied the relationship of natural resources and conflict since the 1990s. Finland is a long-term supporter of UNEP's ground-breaking work, which emphasises the link between conflicts and natural resources. From 2008 on, Finland has been a main contributor to phases I, II and III of UNEP's Environmental Cooperation for Peace Building project with a total of EUR 8 million. The starting point for all of the project's activities is that, specifically in fragile states, natural resources play a crucial role, on the one hand, as a trigger for conflicts and crises but, on the other hand, are also a facilitator of development if properly utilised.

One of the most important achievements of phase I of the project (2007–2009) was the production of the first comprehensive evaluation report shedding light on the link between the environment and conflicts. During the first phase of the project, a number of ground-breaking country surveys were conducted in, for example, Sierra Leone, Central African Republic, Democratic Republic of Congo and Gaza.

In the second phase of the project (2010–2011), important partnerships were created and understanding increased on the relationship of fragile states, natural resources and conflicts within the UN system.

In addition, concepts developed during phase I were tested in practice in Somalia, Sierra Leone, Democratic Republic of Congo, Central African Republic, Guinea and Rwanda. At the same time, educational modules and new cooperation programmes were developed with other UN organisations. Moreover, a database consisting of 150 case studies relating to best practices in managing natural resources in conflict-affected countries was established.

In phase III of the project (2012–2015), the resources are mainly directed to field-level activities by providing demand-driven assistance for the challenges created by natural resources and conflict, from pro-active action and technical support all the way to actual mediation. During 2014, the focus is on deepening cooperation between Finland and UNEP within the framework of the project, for example, by utilising Finland's expertise in mediation.

Finland upholds the right to food and clean drinking water and sanitation, and also supports the use of agriculture and forests as a source of food and income for local people. This is seen as a key instrument of both sustainable development and conflict prevention.

Finland also supports mobilisation of the partner country's own resources, such as natural resources and taxation, equitable distribution of the revenue obtained from them, curbing of capital flight and strengthening of transparent public financial management based on good governance. They are very important pillars of state-building. In addition, Finland seeks through its interventions to increase the partner country's capacity in the responsible and fair delivery of services and people's access to these services equally from all social groups and all geographical areas. Finland emphasises, for example, rights of children and youth and access to education and health. Sexual and reproductive health and rights as well as access to services relating to them, including maternity services, is particularly important in areas of conflict and one of Finland's priorities.

ARTF

The Afghanistan Reconstruction Trust Fund (ARTF), administered by the World Bank, is Afghanistan's main development instrument. The salaries of Afghanistan's civil servants are paid via the ARTF, it forms a significant part of the country's budget and supports the most important national reconstruction programs. To date, donor countries and organisations have contributed a total of around USD 7 billion to the fund. The ARTF is also Finland's most important channel for supporting the development of Afghanistan. Finland's support via the ARTF is focused on the education sector as well as on the socio-economic development of local government and rural areas. Finland will support the ARTF in 2014–2018 with a total of EUR 37.7 million.

For the development of fragile states, it is of the utmost importance that people's incomes improve and that employment is equitably distributed between different groups (such as different genders and age groups, ethnic, religious and vulnerable groups). In developing countries, the private sector creates most jobs, and in fragile and post-conflict countries almost all jobs. The biggest employer is the developing country's own micro, small and medium-sized enterprises, but large and multinational companies may also have a significant job-creating effect.

In fragile and unstable conditions, economic growth and policy must in particular reduce inequality and increase fairness, for example by creating jobs and entrepreneurship opportunities also for the poorest and most vulnerable people. In fragile states, Finland's particular attention is directed at the employment of women and young people, supporting the livelihoods of returning refugees and ex-combatants and their reintegration into their communities, entrepreneurship, and supporting states in their efforts to benefit from trade and investment, for example through aid for trade.

UN Global Compact (UNGC)

UN Global Compact (UNGC) is an initiative of international business leaders established under the auspices of the United Nations. The UNGC aims to encourage companies, in both industrialised and developing countries, to operate in a socially and environmentally responsible manner, and to further the achievement of global development goals. The UNGC promotes human rights, gender equality, good governance and environmental issues. Finland has given core funding to the UNGC from 2009.

The UNGC's interventions have significant indirect development effects, particularly in poor developing countries and emerging economies: business and economic growth; increase in jobs; business activity promoting human rights, the status of women, good governance and the environment; increased tax and export revenues; and more partnerships between businesses and the UN to promote sustainable development.

In 2013 the UNGC launched the Business for Peace initiative (B4P), through which it involves companies globally in promoting peace and security as well as responsible business in conflict/post-conflict and fragile states. Finland is also supporting the B4P initiative separately in 2013–2014.

Humanitarian assistance

A significant proportion of official development assistance (ODA) given in fragile states is humanitarian assistance. Although humanitarian assistance is generally meant to be short term, in fragile states humanitarian assistance is often a multi-annual aid instrument and might have to be provided long after the end of conflicts, for example in the case of de-mining operations. In contrast with development cooperation carried out in fragile states, humanitarian action is not aimed at peace- or state-building; its main objective is to save lives, alleviate suffering and maintain human dignity in crises through material assistance and protection measures. Humanitarian assistance can also be used to support early post-crisis recovery. Assistance is need-based and impartial humanitarian action does not favour any side in armed conflict. By applying international humanitarian law and humanitarian principles, the aim is to ensure that the parties to a conflict accept the delivery of assistance and that the assistance reaches the civilians who need it in politically charged and chaotic situations. Donors, in turn, are bound by the principles of Good Humanitarian Donorship (GHD) of the OECD and EU countries.

In addition to its goals and normative basis, humanitarian assistance differs from development cooperation with respect to its channels. Assistance is channelled via UN agencies, the Red Cross and Red Crescent Movement and NGOs, not via the partner country's own administrative structures.

Differences in relation to starting points, approaches and procedures may result in humanitarian assistance and development cooperation following two separate tracks in fragile states. With the addition of military crisis management and civilian crisis management support mechanisms, the coordination of aid instruments in fragile states often becomes a significant challenge. Productive and efficient assistance requires effective coordination and consistency. In line with the New Deal philosophy, humanitarian actors commit to the aid compact agreed in the country and to its strategic goals while avoiding institutional integration of humanitarian assistance with politico-military actors. Finland emphasises that the neutrality of humanitarian assistance must be maintained within the framework of comprehensive crisis management and the UN's Integrated Mission. Finland emphasises the clear division of responsibilities between civilian and military actors in humanitarian action and has undertaken to comply with the OCHA's guidelines on the use of military assets in humanitarian action.



South Sudanese mother and child in flight from conflict in Uganda. Photo: EC/ECHO/Malini Morzaria (CC BY-ND 2.0)

Finland's bilateral development cooperation in fragile states and general principles guiding interventions

In its development cooperation, Finland focuses on least-developed countries, and the geographical focus of its interventions is on Africa and Asia. Moreover, with respect to fragile states, Finland also focuses on least-developed countries and regions that are in transition following acute conflict and whose situation can still be described as unstable.

Finland decides on its bilateral development assistance to fragile states always on a case-by-case basis. Interventions are selected applying discretion and acting within the framework of existing funding and resources. The analysis also takes into account any additional costs that may arise from managing the operating environment's security risks, especially if they are not included in the budgets of interventions.

Decisions are always based on a comprehensive analysis and study of the situation. It will be contemplated what the criteria and objectives of Finland's actions are in relation to the operating environment, why the intervention is taking place and with what kind of instruments, and what the operational risks and anticipated major problems are. Finland considers in each context the added value of its actions in relation to the plans of other donors and actors. An aid decision may be affected, for example, by the rise of a certain fragile state to the international, for example EU, agenda. Sometimes

support may also be linked to short-term action, such as to election support or dispute resolution, or to other support funded by non-development funds, such as political influence.

Finland's support for fragile states has grown in recent years. The country-specific priorities of Finland are currently in Afghanistan, Somalia and Myanmar. In addition, Finland has significant activities in South Sudan. In 2012 Finland's bilateral assistance to Afghanistan was EUR 24.5 million (including civilian crisis management, NGO support, humanitarian assistance, humanitarian de-mining operations and funds for local cooperation), to Myanmar EUR 0.6 million, to Somalia EUR 9.4 million (including humanitarian aid and NGO support), and to South Sudan EUR 7.5 million. Finland's assistance to Afghanistan is growing, and the assistance to Somalia and Myanmar will increase significantly in the coming years.

Somalia and Afghanistan are New Deal pilot countries, and have both defined a reference framework on mutual activity with donors. In Afghanistan, cooperation is guided by the Tokyo Mutual Accountability Framework, endorsed in Tokyo in 2012, and in Somalia by the Somali Compact, endorsed in Brussels in September 2013. Finland is committed to operating in Afghanistan and Somalia within these reference frameworks.

Somali Compact

Somalia's New Deal compact was signed in Brussels on 16 September 2013. The conference endorsed the compact, which specifies the main principles of support for the development of Somalia in 2014–2016. The compact is based on Somalia's own priorities (the President's Six Pillar Policy). At the conference, a total of EUR 1.8 billion was pledged to Somalia. The Somalia Compact incorporates a special arrangement on Somaliland. Corresponding arrangements were not made for Puntland and Jubaland; they are until further notice part of the "general" compact.

The preparation of a compact, according to New Deal, includes the making of a comprehensive fragility assessment and the setting of priorities based on it. In the case of Somalia, the compact was signed before the completion of a fragility assessment, and the intention is to continue this work later.

For the Somali Compact to achieve the objectives set for it, the inclusivity of political and social processes must be enhanced, the position of women and children improved, and the federal and democratic system developed alongside the making of the fragility assessment. The development of financial management systems must be a priority to achieve the mutual trust of partners.



Woman passes an armed guard in Somalia. Photo: EC/ECHO/Phillipe Royan (CC BY-SA 2.0)

Afghanistan TMAF

At the Tokyo International Conference on Afghanistan on 8 July 2012, the Afghan Government and the international community, including Finland, agreed on the basis for cooperation and partnership to ensure the sustainable development and economic growth of Afghanistan in the coming years through to 2024. The TMAF (Tokyo Mutual Accountability Framework) document agrees on the implementation of mutual commitments and associated monitoring mechanisms. The continuity of support is important for Afghanistan's stability and future prospects as political and security transition progresses.

Myanmar, although not part of the g7+ group, is in a situation where it has an opportunity via the peace process to move towards a participatory democracy and sustainable development. Finland is committed to supporting Myanmar in accordance with, and respecting, the country's own development plans and dialogue structures.

Finland has also engaged in significant long-term cooperation in countries and regions that are not g7+ countries, nor at the extreme end of the fragility scale, but which are, however, mentioned as fragile in OECD statistics, such as Nepal and the Occupied Palestinian Territory. Finland's bilateral assistance to Nepal has increased, and was EUR 18.5 million in 2012. The Palestinian territories were supported with EUR 9.1 million in 2012. The principles of engagement in fragile states and of peace- and state-building are also justified there.

The situation in Syria and its neighbouring areas and in Yemen is also monitored closely and opportunities for assistance evaluated. Finland allocates additional resources to fragile states depending on how the situations develop there. This can be done at short notice and flexibly.

Finnish non-governmental organisations are significant actors in fragile states. In addition, Finland supports international NGOs and peace mediation foundations such as the Common Space Initiative, Conciliation Resources and the Kofi Annan Foundation.

NGO assistance to fragile states

The Ministry for Foreign Affairs supports Finnish non-governmental organisations and their partners in over 90 countries. There are projects, for example, in Myanmar, Somalia, Afghanistan and the Middle East.

In fragile states, assistance is focused mainly in promoting basic services such as education and health, but also on developing peace mediation and good governance. Without the strengthening of civil society, the promotion of participatory democracy and the strengthening of central government will not succeed. Non-discrimination, participation and human rights are an essential part of performance-based NGO assistance. A number of organisations are able to operate at the grassroots level, even during conflict.

Five Finnish organisations also implement humanitarian projects according to international standards. A continuum of humanitarian and development cooperation activities is important.

Diaspora organisations have a special role to play in fragile states, because those living in exile have close links with their countries of origin and they have a good local knowledge of local development needs. In Somalia, for example, dozens of diaspora-implemented projects supported by Finland have operated throughout the duration of the conflict.

Finland's multilateral development cooperation and EU cooperation in fragile states

The key partners in Finland's multilateral development cooperation are the UN system, international development finance institutions and the European Union.

Finland considers the UN's integrated approach to be important both in development issues and in matters relating to peace and security. The UN system has at its disposal a very wide range of instruments to support countries emerging from conflict: peace-keeping operations, political missions, humanitarian assistance, peace-building architecture, development cooperation implemented by various operational organisations, peace mediation and political support. Finland emphasises the importance of coordination within the UN system in conflict prevention, conflict management, conflict resolution and post-conflict interventions. Finland supports UN reform and ground-level cooperation via UN country teams.

International development finance institutions have a significant role to play in post-conflict reconstruction. Finland provides substantial funding for fragile states via the World Bank's International Development Association (IDA). The IDA provides funding to the

world's poorest countries, and fragile states are a special focus of attention. In addition, Finland represents the group of Nordic and Baltic countries on the World Bank Board of Governors (2013–2016). The African Development Bank, of which Finland is a member, has also recently strengthened its expert role on the African continent, also in fragile state issues. Finland also channels support for fragile states via the African Development Fund (ADF). In addition, Finland represents the Nordic countries and India constituency in the African Development Bank (2013–2016).

The European Union is an important channel of funding and influence for Finland. Through the EU, Finland can also exert influence in areas for which Finland's resources are otherwise limited. The EU has at its disposal a number of instruments - from development cooperation to crisis management - through which it can act and influence in fragile states. Finland supports the strengthening of coordination within the EU, and in development cooperation participates in the EU's joint programming in those partner countries where it is active. In addition, Finland participates in developing various instruments and EU regional strategies, and promotes the EU's comprehensive approach, including the implementation of the joint communication of the High Representative and the Commission given in December 2013.

Regional organisations, such as the African Union and African regional actors, such as ECOWAS, IGAD, are also important actors in fragile states. They provide a good channel for Finland's participation in global cooperation and for the utilisation of Finnish expertise.

Cooperation between the UN system and other key players, such as the European Union and the World Bank, in fragile states should be further tightened. Particular attention needs to be paid to post-conflict peace-building and state-building with comprehensive support for developing the rule of law and good governance.

UNDP

Of the UN programmes and funds, the United Nations Development Programme (UNDP) operates rather extensively in fragile states and does significant political work, particularly in the areas of conflict prevention and good governance. Good governance is positively linked to peaceful development. Economic wellbeing and sustainable development cannot be achieved without healthy legal governance structures and an official system that serves citizens. The problems of fragile states can be solved only by improving the capability of state structures and by increasing accountability to citizens.

Finland supported the work of the UN organisations' conflict prevention teams with a total of EUR 4 million in 2010–2013. Funding is allocated to UN country teams, so they can better support target countries to resolve disputes peacefully before they escalate into open conflict. The programme also includes longer-term activities that support the strengthening of the fragile state and in particular the development of their own conflict and dispute resolution methods. UN development actors are present in most country situations both before and also after the ending of any peacekeeping operation mandate.

SECTION III

Strengthening the implementation of Finland's development cooperation in fragile states

Guidelines for Finland's development policy and development cooperation in fragile states

Finland's support for fragile states and transition situations as well as the administration of support is divided between a number of Ministry for Foreign Affairs' department and units. The Department for Development Policy administers development cooperation in multilateral organisations (such as the UN and development finance institutions), humanitarian assistance and support for the development cooperation of NGOs, and also monitors the implementation of the EU's development cooperation and policy. The Ministry for Foreign Affairs' regional departments, in turn, administer bilateral development cooperation, and the Political Department administers crisis management and small arms-related activities, peace mediation and the UN Peace-building Fund's support for fragile states.

Engaging with fragile states, monitoring the situation in the countries and managing of associated core tasks according to the principles of good administration, requires expertise and resources both in the ministry and in Finland's diplomatic missions. To ensure that Finland is able to respond in its development cooperation to the demands and challenges presented by engagement in fragile states, the Foreign Service pays particular attention to enhancing expertise and training personnel with respect to the issues in question. A tool-box is also presented at the end of this publication.

It is important that the Foreign Service internalises the international recommendations, actions and commitments for engagement in fragile states presented in section one of



South Sudanese refugees in Uganda in January 2014. Photo: EC/ECHO/Malini Morzaria (CC BY-ND 2.0)

this publication. The Foreign Service also seeks to ensure that in Finland's key diplomatic missions and the ministry, particularly in the regional departments and the Political Department, there is sufficient expertise, which includes comprehensive knowledge of conflict, development and political aspects. Such expertise serves both the diplomatic missions and also the whole administrative branch with respect to the issues involved in fragile states.

Attention should be paid to international recommendations and commitments relating to fragile states, taking into account in particular the following policies and measures. They are strongly linked to each other:

Conflict-sensitive approach and conflict analysis

Conflict-sensitivity will be taken into account more strongly in development cooperation in fragile states. Finland takes into consideration each operating environment, as well as the interaction of its own interventions and the operating environment, and avoids negative impacts caused by its interventions while strengthening instead positive impacts in the partner country.

The term **conflict-sensitive approach** means that steps are taken to ensure in development cooperation that the interventions have positive impact to peace and that no adverse impacts arise from interventions (“do no harm”). Conflict sensitivity, for example, takes into account the conflict and the causes of the conflict in anti-poverty work, and the economic dynamic that fuels violent conflict (inequality, war-time economy, political economy), and identifies the effects of development cooperation that may possibly result in conflict. In the area of humanitarian assistance, conflict sensitivity may help humanitarian organisations handle problems relating to politicisation. Although a significant proportion of humanitarian assistance is allocated to long-term humanitarian crises, organisations must also be prepared for unforeseen situations or the rapid escalation of crises. Conflict-sensitive contingency planning is a fundamental prerequisite for ensuring an effective response to rapidly changing situations.

Conflict analysis, in turn, is a tool for conflict sensitivity. It differs from context analysis in that it focuses on specific elements that might cause or trigger conflict or violence rather than understanding the broad political, economic and social field. Conflict analysis focuses on the political, economic, social, historical or other factors that directly influence the forms and dynamics of conflict or fragility.

Often conflict analysis will contribute important depth, particularly to understanding a fragile context, and will help to maximise the positive and minimise the negative effects of actions. **Fragility assessment in accordance with the New Deal is to a large extent based on conflict analysis.** At best, fragility assessment should be based on strong ownership and on a joint assessment of the partner country and its citizens as to which issues national strategic plans and priorities should primarily focus on. A key aspect of fragility assessment is constructive and forward-looking dialogue, in particular, between the state and civil society.

- Finland ensures that its operations in a fragile state are based on a **comprehensive understanding of the operating context**. Conflict analysis supports operational planning, monitoring and evaluation.
- Finland is seeking to **strengthen its capacity in conflict analysis**. At the same time, however, there is an awareness that making an adequate conflict analysis may be difficult due to, among other things, the poor security situation in the partner country or limited human resources. In fragile states, it is sometimes also difficult to acquire the information that would allow a full understanding of the complexity of the local situation. It is therefore important to support research institutions operating in countries, free media and civil society, and in particular to strengthen cooperation in this respect with other donors and actors, particularly the EU, and the partner country.
- Finland aims in its development cooperation to **enhance awareness of conflict sensitivity as well as the principles of engagement in fragile states**. In addition, when the manual for bilateral cooperation is updated, guidelines on conflict-sensitive programming will be added to it.



Schoolchildren in Mazar-i-Sharif in Northern Afghanistan. Photo: Laura Rantanen/MFA

Cooperation, coordination and influence

Finland emphasises strong cooperation and supports coordination with other actors operating in fragile states. In addition, Finland promotes the issues and principles related to fragile states in the international arena and in bilateral cooperation as well as in multilateral organisations, as part of the board level work and advocacy plans. The Foreign Service's internal cooperation, statistics and expertise will be strengthened.

Post-conflict activities are not generally linear. In most cases, the international activities are divided into separate operational segments, such as humanitarian assistance, diplomacy, development policy and crisis management, whose activities and funding are directed by different objectives, principles, legislation and schedules. With respect to bilateral cooperation it is important to boost coordination in the country level with key actors, including the partner country's government and structures. However, a large part of Finland's funding allocated to fragile states goes to multilateral organisations such as the UN and its agencies and via international development finance institutions and the European Union.

- Finland participates in the international work on fragile states, especially through the *International Dialogue on Peace-building and State-building*, and actively seeks to ensure that the experiences learned from **the implementation of the New Deal are also utilised more widely in peace- and state-building and are reflected in the discussions on the post-2015 development agenda currently under way**. Finland considers it important that the themes of peace and non-violence be included in the post-2015 development agenda so that their promotion would be a natural part of global development policy.
- Finland applies a **comprehensive approach** and aims to promote the coordination of mutually complementary interventions, such as humanitarian assistance, early recovery and reconstruction, peace- and state-building and other development cooperation as well as crisis management and other security measures.
- Finland **promotes cooperation** both within the UN system and among various international actors.
- Finland participates in and contributes to the strengthening of multilateral organisations' conflict prevention as well as peace- and state-building thematics with respect to fragile states, for example at board level and via advocacy plans. Finland influences the **work of multilateral organisations** with the aim of ensuring that they operate **coherently** and that their different instruments are mutually supportive.
- Finland supports the **strengthening of coordination within the EU**, and participates in the **EU's joint programming in those partner countries where it is active**. The EU has at its disposal many different instruments through which it can operate and exert an influence in fragile states. **Finland participates in the development of these instruments as well as EU regional strategies and promotes the EU's comprehensive approach to external crises and conflicts**.
- The Foreign Service's internal **coordination will be strengthened**. For the reconciliation of different aid instruments and for operational effectiveness, **efficient coordination and exchange of information between departments, units and diplomatic missions is important**. The Ministry for Foreign Affairs is responsible for the Foreign Service's internal communications, so that **work done at the country level can be utilised in advocacy measures at the headquarters- and board-level of multilateral organisations and in pursuing Finland's goals**.
- **Country teams are responsible for coordinating Finland's bilateral assistance** directed at fragile states. They work closely with thematic experts and other relevant units, for example in connection with the policy and support of multilateral organisations. Coordination also takes into account diplomatic missions that are located in/responsible of fragile states, or are otherwise significant for the work on fragile states, in respect of both multilateral and bilateral aid.



Women with their children hurrying into the food distribution center in Badbaado refugee camp outside Mogadishu in July 2011. Photo: UN Photo/Stuart Price (CC BY-NC-SA 2.0)

- In the Foreign Service, under the comprehensive crisis management framework, **development and security thematics will be reinforced by enhancing the complementarity and coordination of crisis management and development aid.** With regard to the fragile states, the goal is to look at issues in a comprehensive way and to reflect the interaction of activities in each context.
- The Ministry for Foreign Affairs contemplates possible conflict situations and seeks to prevent them from becoming violent, for example through **mediation and national dialogue.** In mediation, the aim is to take into account longer-term peace- and state-building goals.
- In the Ministry for Foreign Affairs, the Department for Development Policy is focusing on **streamlining the development assistance statistics relating to fragile states,** both country-specifically and thematically, in order to improve the overall picture of how development cooperation funds are distributed in this sector.

Strengthening local ownership

Finland supports with concrete means the partner country's lead responsibility for its own development, requires the strengthening of trust between the country's citizens and the state to be a goal of all activity, and supports the participation of local civil society in the country's development.

Finland considers it important that partner countries suffering from fragility are **themselves responsible for their own path towards peace and sustainable development**. Increasing ownership and the partner country's capability is important in this respect, as is the partner country's commitment to the implementation of joint plans. The partner country's ownership is also essential in terms of the effectiveness and accountability of the security sector and the development of the rule of law.

Finland emphasises in its cooperation that **local ownership be viewed more widely than the government and the state administration**. The participation and dialogue of civil society are important at all stages of conflict and in the transition period.

Finland supports the implementation of this:

- in bilateral co-operation as part of the donor community, and by influencing and funding in particular measures that support this;
- by influencing the policies and actions of multilateral (UN, international development finance institutions, EU) actors in relation to support for fragile states generally and to support for Finland's bilateral cooperation countries in particular;
- by supporting the civil society, including the women organizations, in networking, mutual dialogue, dialogue with state actors and participation in peace mediation, peace negotiations and peace- and state-building, either directly or by supporting the work of Finnish or other international non-governmental organisations;
- by influencing the government of the country in question in order to secure conditions for the operation of civil society and by supporting efforts to strengthen its capability in implementing civil and political rights;
- by recognising the role of local civil society, for example in the protection of people, in humanitarian assistance, in conflict resolution and in development cooperation as well as the role of diaspora and international non-governmental organisations in supporting local civil society and often as significant providers of basic services;
- by supporting the continuity of work undertaken by civil society actors, including diaspora, and the gradual transfer of responsibility to the state for the services implemented by them.
- for example, by requiring equal participation of the local civil society, emphasising, among other things, the inclusion of people outside the capital city area, women, youth, ethnic or religious minorities or people with disabilities, for example with the aid of quotas or by funding their participation.
- by strengthening human rights with the aim of increasing the awareness of citizens and the authorities of their rights and obligations.

Finland emphasises the fact that knowing the context is the key to all activities that aim to strengthen ownership. The background to the conflict, the role and power relationships of the different actors, as well as opportunities and obstacles must be identified.

- Finland strengthens local ownership by, for example, **supporting New Deal consultation processes relating to fragility assessment**, which are the basis for a joint plan and compact.
- Finland also supports the **implementation of partner countries' own development plans and strategies**, and follows in the implementation of development cooperation the framework of a New Deal compact or some other corresponding agreement jointly prepared with the partner country and donors.

Risk management

In the implementation of Finland's development cooperation, there is a recognition that there are greater risks involved in engagement with fragile states than in engagement with other developing countries. Finland is focusing on better management of risks.

Engagement and operating conditions in fragile countries are difficult, as is achieving lasting results. Donors must be committed to engagement over the long term and **sometimes the steps can also be taken backwards**. There are also greater risks associated with engagement than in other developing countries.

Risks can be classified, for example, as follows:

- **Country-specific risks**, which affect the wider operating environment. These will be affected by the partner country's internal and external political context, the level of security and violence, events and processes (such as elections or peace negotiations). Risks may be, for example, state breakdown, escalation of conflict, or a humanitarian crisis, where the local population is at risk. Donors have limited ability to influence country-specific risks, and also their own safety might be jeopardised.
- **Programmatic risks**, whereby interventions do not achieve the objectives set for them, and there is a risk that, contrary to intentions, one's own actions may cause harm. Programmatic risks may be affected by the security situation (e.g. restricted access to a certain area), poor infrastructure or shortage of materials, deliveries or other elements that do not depend of donors.
- **Risks connected with the effectiveness of the partner country's government**, which are usually linked to the government's capacity and political will to take development forward. This also includes possible corruption and risks relating to the misuse of funds and aid. The risks may have a negative impact on donor safety or on loss of property and reputation. In fragile states, these risks are generally pronounced.



South Sudanese refugee in a Ugandan refugee camp. Photo: EC/ECHO/Malini Morzaria (CC BY-ND 2.0)

- Finland **recognises the higher operational risks in fragile states and the fact that donors' failure to act might even constitute a higher risk.** If conflicts are allowed to escalate, they will also cause humanitarian crises. In such cases, the ethical starting point for engagement is the humanitarian imperative, by which humanitarian assistance must be provided where it is needed.
- When Finland plans its development cooperation in fragile states outside humanitarian assistance, it makes **a comprehensive analysis and study of the situation, which acts as the basis of decision-making.** This report also includes an analysis of what the operational objectives are in relation to risks.
- Finland is focusing on **better management of risks.** By risk management is meant primarily the recognition and analysis of existing risks. Secondly, **a determination is made of the measures that can be taken to reduce and mitigate risks.** Thirdly, risks that have been identified but for which there is limited scope to intervene or influence are **actively monitored.** Fourthly, the operating environment is **analysed constantly and new potential risks identified.** Risk management focuses on the measures by which risks can be minimised and at the same time the chances of achieving the desired results maximised.

In risk identification and analysis, good knowledge of the operating context is paramount. In this, conflict analysis is a useful tool. Conflict-sensitive engagement in itself also mitigates risks.

Risk management and risk sharing with other donors, operational flexibility, and enhanced coordination are very important. In risk management, Finland stresses the importance of cooperation, particularly as a part of the EU. Also, multi-donor funds and funding pools can be used to reduce the exposure to risk of any single donor. Through such partnerships, it is possible to share operational risks, reduce transaction costs and develop joint risk management mechanisms between the partner country and donors, which will also increase the partner country's responsibility, operational transparency, good governance, while at the same time reducing corruption. Developing the partner country's domestic revenue collection, public financial management (PFM) and public institutions and enhancing capability are also extremely important in terms of risk reduction, and the most effective means in the mid- and longer term.

In addition

- Finland emphasises that it is important to **inform and communicate openly, clearly and in a timely manner** about the development cooperation taking place in fragile states.
- Finland takes into account in the overall assessment, and particularly when launching new interventions, the **higher costs of personnel security and care for property** required in fragile states.
- In conflict situations and humanitarian crises, Finnish uses **as aid channels organisations with solid experience of achieving results in high-risk environments**, such as the UN's humanitarian and development organisations, the Red Cross or Red Crescent Movement or non-governmental organisations. Moreover, many non-governmental organisations and multilateral organisations have great experience of development cooperation in challenging conditions.
- There are also risks relating to Finns and Finnish organisations working in fragile states. If the security of Finns is threatened, Finland seeks to act in accordance with the **Consular Services Act** to protect the people in question and support the capacity of organisations to protect people in acute crises.

The appendices to these guidelines include a list, prepared on the basis of OECD recommendations, on how donors should respond to risks in fragile states, and what will help in risk analysis and operational planning. The Anti-corruption Handbook for Development Practitioners (2012), published by the Ministry for Foreign Affairs, provides tools for anti-corruption work, specifically by increasing the capability of government and through political dialogue and operational measures. The Guidelines for Finland's Budget Support Cooperation (2014), published by the Ministry for Foreign Affairs, and the EU's Budget Support Guidelines (2012) also provide guidelines for activities and risk management in fragile states. In the event of any cases of corruption involving development cooperation funds coming to light, the Ministry for Foreign Affairs adheres to the

ministry's internal guidelines in investigating cases and in taking further measures. In addition, the Ministry for Foreign Affairs is developing a form available on its website by which third parties may report suspicions of wrongdoing relating to development cooperation funding.

Funding and support channels

Finland focuses its assistance in fragile states, and favours in channelling its assistance through multi-donor funds, multilateral organisations and civil society actors. Finland also pays close attention to the flexibility, transparency and predictability of funding.

In its bilateral cooperation, Finland is committed to channelling funding, as a rule and when the situation permits, **via country systems and taking into account national development strategies** or other such arrangements, so that assistance strengthens the partner country's ownership as well as its institutions and capability.

- Finland aims to reduce small- and short-term bilateral operations, and in partner countries favours channelling its assistance via multi-donor funds. In fragile states, the focusing of assistance on priority areas jointly prepared and agreed by the partner country as well as a related joint funding strategy is a very important part of the peace- and state-building. In the use of funds, Finland emphasises good governance, human rights, gender equality, reduction of inequalities, and democratic values.
- Finland seeks to ensure that, in implementing development cooperation in fragile states, an effort is made, depending on the context, to **comply with the commitments of the New Deal and generally the international principles of engagement in fragile states**.

As the governance of fragile states is often only at an early stage of development, it cannot be expected to fulfil all of the internationally specified criteria for assistance. As a result, interventions in fragile states will focus particularly on strengthening local capability, on emphasising operational transparency and openness, and on strong partnerships. The openness and transparency of interventions is also enhanced through effective risk management with the partner country and other donors.

The administration of multi-donor funds in the partner countries is often the responsibility of multilateral organisations, like the World Bank in Afghanistan (ARTF, Afghanistan Reconstruction Trust Fund). Moreover, in bilateral programme activity, Finland's aid is often channelled, for example, via the UN organisation operating in the country (so-called multi-bi support).



Only one classroom exists in the village school of Too Chaung Lay in Southern Myanmar. The youngest are being taught in one end of the room, the older in the other end. Photo: Hanna Öunap/MFA

- Within the constraints of its resources, in partner countries Finland participates in and influences the activities of funds' steering boards, coordination structures etc. and through them pursues issues it considers important, such as women's participation in peace- and state-building.

Finland's bilateral support is limited, and a significant amount of Finland's aid to fragile states is also channelled through core funding given to multilateral organisations. The UN is a cornerstone of the multilateral system and it plays an important role in promoting human rights as well as peace and stability around the world. Finland channels a substantial part of its multilateral development aid via the UN and its programmes and funds, such as the UNDP, UNFPA, UNICEF and UN Women. The UNDP and UNICEF in particular are key actors in fragile states via their extensive country network. In addition to the UN and its organisations, Finland provides significant amounts of core funding to, for example, development finance institutions (such as the World Bank and the African and Asian Development Banks) and the European Commission.



The West Bank is divided by the Israeli-built security barrier. The concrete barrier is replaced by a double metal fence in less populated areas, with a guardway in the middle. Photo: Laura Rantanen/MFA

- Finland seeks for its part to influence and ensure that, in the strategies and practical work of these multilateral actors, **an effort is made to take into account the special characteristics of fragile states and international principles, and to comply, depending on the context, with the framework of the New Deal.** It is also important for Finland that the interventions of **multilateral organisations strengthen the partner country's own structures and capability, and respect its ownership.**

Finland also channels its assistance to fragile states via Finnish and international NGOs. Owing to the governance problems and poor capability of fragile states, non-governmental organisations often take care of the basic needs of citizens, and Finland supports them in this work. Finland, however, emphasises the temporary nature of such assistance. Support is also directed to non-governmental organisations for implement-

ing dialogue and conciliation among civil society actors and between them and the government, as an important part of peace- and state-building. By emphasising the participation of local civil society and, in particular, marginalised groups, Finland brings added value to donor community cooperation.

In addition

- Finland recognises that in fragile states **measurable results are achieved slowly** and achieving lasting results require **long-term commitment**.
- Finland seeks to **enhance the transparency and predictability** of assistance. Aid information management is a focus of attention. Predictability of assistance is also a feature of the New Deal and Accra Agenda for Action framework, and it means that donors give the partner government an advance estimate of assistance for the next 3-5 years. This facilitates the **long-term planning** of peace- and state-building.
- Finland pays attention on the **flexibility of development cooperation funding within the framework of available appropriations**. When the situation so requires, an **accelerated and flexible procedure** may be used in order to respond to situations that cannot necessarily be taken into account in advance in the long-term planning of assistance.

Situations requiring rapid reaction may include, for example, the restoration of stability after unexpected events, crises or conflicts, or preventing emerging crises or conflicts in order to create favourable conditions for the country's sustainable development and peace- and state-building (e.g. increasing the capacity of local actors and organisations to settle disputes peacefully, support for a post-conflict transitional government and democratic institutions, electoral support, support for truth and reconciliation commissions, support for implementation of peace agreements, empowerment of civil society, and support for independent media or for measures relating to disarmament and reduction of instability caused by small arms). This kind of support always qualifies as official development assistance (ODA), which complies with the OECD Development Assistance Committee guidelines. Funding for peace mediation is to a large extent activity that qualifies as ODA. A separate appropriation for mediation has been reserved for activities that do not qualify as ODA. Core support given by Finland to multilateral organisations also facilitates flexibility.

In addition, attention is paid to ensuring that no gap remains between humanitarian assistance and development cooperation, but rather when the humanitarian assistance mandate comes to an end, longer-lasting development cooperation and peace- and state-building are ready to continue efforts to achieve lasting peace. UN organisations in particular have an important role in this work. Early recovery and reconstruction measures of this kind may include the strengthening of infrastructure and the restoration of services.

APPENDICES

APPENDIX 1

Summary of principles for good engagement in fragile states and situations (see OECD 2007: Principles for Good International Engagement in Fragile States and Situations)

1. Take context as the starting point

It is essential to understand the context, each on its own terms, and to develop and agree with the partner country and donors a common understanding of what the strategic plan and operational priorities are in each context. It is particularly important to recognise the different constraints on the partner country's capability, political will and legitimacy. International actors should mix and sequence their aid instruments according to context.

2. Do no harm

International interventions can inadvertently create societal divisions or worsen corruption and abuse if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards. It is important that donors use compatible methods, for example, when deciding to start, suspend or continue to assistance in the partner country.

3. Focus on state-building is the central objective

States are fragile when their structures lack political will and/or capacity to provide basic state functions (such as poverty reduction, development, human security, safeguarding the security and human rights of their populations). In fragile states, international actors need to focus on building the relationship between state and society in two main areas: (1) Supporting the legitimacy and accountability of states by addressing issues of democratic governance, human rights, civil society engagement and peace-building and (2) Strengthening the capability of states to fulfil their core functions, which has a direct impact on reducing poverty. Priority functions include, for example, ensuring security and justice, collecting taxes, delivering basic services and increasing employment. Support in these areas will strengthen citizens' trust in state institutions. Civil society has a key role, both in demanding good governance and equitable delivery of services.

4. Prioritise prevention

Action today can reduce fragility, lower the risk of future conflict and other types of crises, and promote long-term global development and security. International actors must be prepared to make quick decisions where the risk of conflict and instability is highest. Conflict prevention also includes sharing risk analysis, looking beyond quick-fix solutions to address the root causes of state fragility, strengthening indigenous capacities, particularly those of women, to prevent and resolve conflicts, supporting the peace-building capabilities of regional organisations, and increasing cooperation.

5. Recognise the links between political, security and development objectives

The problems faced by fragile states are multi-dimensional. The political, security, economic and social spheres are inter-dependent. There may be tensions and trade-offs between objectives, particularly in the short-term, which must be addressed when reaching consensus on strategy and priorities. This underlines the need for a comprehensive approach and for international actors to set clear measures of progress in fragile states. With donor countries, a “whole of government” approach is needed, involving those responsible for security, political and economic affairs. This should aim for policy coherence and joined-up strategies where possible while preserving the independence, neutrality and impartiality of humanitarian aid. Partner countries also need to ensure coherence between ministries.

6. Promote non-discrimination as a basis for inclusive and stable societies

Real or perceived discrimination is associated with fragility and conflict, and can lead to service delivery failures. International interventions in fragile states should consistently promote gender equality, non-discrimination, social inclusion and human rights. Measures to promote the voice and participation of women, young people, minorities and other excluded groups should be included in state-building and service delivery strategies from the outset.

7. Align with local priorities in different ways in different contexts

Where the partner country’s government demonstrates political will to foster development, but lacks the capacity to do so, international actors should seek to align assistance behind the government’s own structures and strategies. When capacity is limited, the use of alternative instruments, such as joint funding pools, should be encouraged. Such instruments can facilitate shared priorities and responsibility for execution between national and international institutions. Where alignment behind government-led strategies is not possible due to particularly weak governance or violent conflict, international actors should consult with a range of national stakeholders in the partner country, and seek opportunities for partial alignment at the sectoral or regional level.

8. Agree on coordination mechanisms between international actors

Where possible, it is important to work together on: upstream analysis and joint assessments, shared strategies and coordination of political engagement. Practical initiatives can take the form of joint donor offices, an agreed division of labour among donors, delegated cooperation arrangements, multi-donor trust funds, and common reporting and financial requirements. Cooperation should also be strengthened with local institutions and civil society.

9. Act fast... but stay engaged long enough to give success a chance

Assistance to fragile states must be flexible enough to take advantage of windows of opportunity and respond to changing conditions on the ground. At the same time, international engagement in fragile states may need to be of longer duration than in low-income developing countries. Donors must improve the predictability of aid in fragile states, and ensure mutual consultation and coordination prior to any significant changes to aid programming.

10. Avoid pockets of exclusion

International actors need to address the problem of “aid orphans” – states where there are no significant barriers to engagement, but few international actors are engaged and aid volumes are low. This applies to neglected geographical regions within a country as well as neglected sectors and groups within societies.

APPENDIX 2

Conflict Analysis Tool (Source: 2004, APFO, CECORE, CHA, FEWER, International Alert, Saferworld)

Conflict analysis focuses on the conflict’s (a) profile, (b) causes (c) actors and (d) dynamics, which are the key elements of the analysis. Conflict analysis helps actors to gain a better understanding of the context in which they work and their role in that context. It can also help actors to learn from failures and successes. Conflict analysis can be carried out at all levels (local, regional, national) and seeks to establish linkages between these levels. The issues and dynamics at the national level may be different from those at the grassroots. All these different levels influence each other. The conflicts are complex and potentially destructive; the requirement is to make a “good enough” conflict analysis while at the same time recognising that the analysis can never be all-inclusive nor provide absolute certainty about the situation. The key questions for each key element of conflict analysis are described below:

a) Profile: Characterisation of the context

What is the political, economic and socio-cultural context? (e.g. physical geography, population make-up, recent history, political, economic and social structure, environment, geo-strategic position)

What are the emerging political, economic, ecological and social issues? (e.g. elections, reform processes, infrastructure, mistrust, the situation and return of refugees and internally displaced persons, military and civilian deaths, the presence of armed forces, mined areas, HIV/AIDS)

What specific conflict-prone and conflict-affected areas can be situated within this context? (e.g. areas of influence of specific actors, frontlines around the location of natural resources, important infrastructure and lines of communication, pockets of socially marginalised or excluded populations)

Is there a history of conflict? (e.g. critical events, mediation efforts, external intervention)

b) Causes: The causes of conflict, and potential factors contributing to peace. The causes may be structural (pervasive factors built into the fabric of society), proximate (factors contributing to a climate conducive to violent conflict and which are often symptomatic of a deeper problem) or triggers (single key acts, events or their anticipation).

What are the structural causes of conflict? (e.g. poor governance, lack of political participation, lack of equal economic and social opportunities, unequal distribution of resources)

What other issues can be considered as proximate causes of conflict? (e.g. uncontrolled security sector, small arms proliferation, human rights violations, destabilising role of neighbouring countries, role of the diasporas)

What factors may trigger conflict (again) or escalate violence? (e.g. elections, assassination of key leader, drought, sudden collapse of local currency and growth of unemployment, military coup, flood, capital flight, increased prices)

What new factors may contribute to prolonging conflict dynamics? (e.g. radicalisation of the parties to the conflict, emergence of paramilitary groups, development of a war economy, increase in human rights violations, weapons availability, development of a culture of fear)

What factors can contribute to peace? (e.g. opening communication channels between opposing parties, reform programmes, disarmament process, DDR, civil society commitment to peace, anti-discrimination policies)

c) **Actors:** All those engaged in or being affected by conflict. This includes individuals, groups and institutions.

Who are the main actors? (e.g. national government, security sector, local leaders and armed groups, combatants, private sector, donor organisations and embassies, multilateral organisations, regional organisations, religious or political networks, independent mediators, civil society, trade unions, neighbouring states, traditional authorities, diaspora groups, refugees, children, women, men)

What are their main interests, goals, positions, capacities and relationships? (e.g. religious values, political ideologies, need for farmland or grazing, need for political participation, economic resources, access to information, political ties, global networks)

What institutional capacities for peace can be identified? (e.g. civil society, informal approaches to conflict resolution, political institutions, judiciary, regional and multilateral bodies)

Which actors can be identified as “spoilers” and why? (e.g. groups benefiting from the war economy, smugglers and other organised criminal groups)

d) **Dynamics:** The result of interaction between the conflict profile, causes and actors. Understanding conflict dynamics will help identifying windows of opportunity, assess different development paths and think through appropriate responses.

What are the current conflict trends? (e.g. acceleration or slowdown, important changes in framework conditions)

What are the windows of opportunity? (e.g. positive developments and the factors supporting them, and how they can be strengthened)

What scenarios can be developed from the conflict analysis (e.g. best case, medium case, worst case scenarios)

APPENDIX 3

OECD Lessons learnt about risks in fragile states

1. Find a balance between risks and opportunities

- Donors should change their approach to risks and allow greater flexibility in the implementation of aid in fragile states. There should be a move from risk avoidance to better risk management.
- Depending on the context, fragile states require different risk management frameworks.
- Currently, donors focus most on institutional risks, particularly the risks to property. However, current reporting requirements are too onerous and poorly adaptable to fragile and transitional contexts.
- Shared conflict, context and risk analyses among donors should be encouraged. This would also support the strengthening of harmonised approaches.

2. Adapt anti-corruption measures

- Many donors have zero tolerance with respect to corruption; however in fragile states engagement is inevitably associated with a high risk of corruption and malpractice.
- This higher risk must be accepted, however, while at the same time focusing on more effective anti-corruption measures, programme monitoring, and investigation and punishment of malpractice.
- Donors should agree on common positions to property risks, depending on the context.

3. Agree on realistic priorities

- Prioritisation of activities is very important in fragile and transitional states. Priorities should be based on internationally agreed goals and on a common vision led by the partner country.

4. 4. Identify the best ways of funding during the transition stage

- Mix different types of assistance, targeted at jointly agreed priorities.
- Risk management must be taken into account in all of these different types of assistance, but donors should also be jointly consider greater opportunities for coordination and harmonisation, institution-building, speed and flexibility.
- Using the partner country's own structures strengthens its credibility, administrative capability and ownership, provided that sufficient control exists.
- Donors' joint funding pools and multi-donor funds are a practical mechanism in fragile states. They provide an opportunity for risk sharing and control. It is beneficial if funding pools are in accord with the partner country government's own strategies.
- Types of assistance that seem safer in terms of risk may result in other risks. They are not, for example, generally able to increase the capability required to develop institutions.

APPENDIX 4

Concepts

State-building

State-building is an internal process aimed at strengthening a state's capability, institutions and credibility - to make it a stronger, more effective entity. From the development cooperation perspective, the relationship between state and society is particularly important in this process. A positive state-building process like this requires reciprocity: the state delivers services, security, justice, economic opportunities; the people and different political groups, in turn, respond constructively to the state and accept its role as the party exercising political power. Participation in the political processes where the relationship of state and society is discussed is important. It is also expected that state will respect human rights - social, political and economic - that governance will be accountable to citizens and function transparently. The people, in turn, pay taxes to the state, and accept the state's monopoly on the exercise of power and laws that restrict the freedom of the individual.

Peace-building

The goal of peace-building is to consolidate peaceful relations, to help people overcome violence, and to prevent and reduce violence so that conflict no longer arises in the

state in future, and a transition to lasting peace follows. Peace-building is an activity used to identify and support structures that strengthen and consolidate peace. Today, peace-building has become an umbrella term under which social and economic development, good governance, justice and security sector reform and reconciliation and truth commissions, for example, can be defined. Peace-building is characterised by its long-term nature, large field of actors and dependency between actors, a multi-dimensional process and focus on reinforcing peace. Effective peace-building is anchored in a thorough conflict analysis and it includes a clear strategy on how to influence the drivers of conflict and factors promoting peace.

Conflict prevention

Conflict prevention refers to actions intended to anticipate or prevent the outbreak of conflict. Conflict prevention can be linked to any structural or mediation means employed to prevent tensions and disputes within and between states escalating into violence and armed conflict. Conflict prevention may also refer to measures aimed at the ability of local communities to increase their own conflict resolution capacity, so that negative tensions can be peacefully resolved locally, and problems that cause these tensions and disputes gradually reduced. Conflict prevention can be divided into two categories: (1) direct prevention, which is short-term and directed at the looming escalation of potential conflict - in this, an external mediator has a role, or (2) structural prevention, which aims at long-term measures - attention is directed at the fundamental, underlying causes of conflict that have the potential to escalate tensions (such as inequality, unemployment, lack of economy activity or basic services).

Mediation

Most of the definitions of mediation include the concepts of maintaining peace, achieving peace and preventing conflict. All these include the idea of the suspension of conflict. In addition to different types of mediation methods, the concept also covers the different stages of the mediation cycle, from conflict prevention to peace-building. It can also include other than normal conflict situations in which mediation may be needed; for example, mediation is increasingly required in disputes relating to management of natural resources.

Comprehensive approach

A comprehensive approach is a good operational basis for all interventions in fragile states. Comprehensiveness can be approached from different starting points. It can refer to the fact that the fragile state's needs are comprehensively recognised taking all policy segments - security, diplomacy, development - into account, as well as to taking into account of cross-cutting-themes such as gender equality, reduction of inequality, human rights and climate sustainability in all activities. There are also a various levels of comprehensiveness: actors within Finland - humanitarian aid, military and civilian crisis management, development cooperation, diplomacy - the participants in a broader international context (other donor countries, the EU, UN, NATO, AU, etc.), as well as partner country actors - public authorities and civil society. With all of these actors and at all levels the activities should support the common objectives in the best possible way, yet taking into account the neutrality, independence and autonomy of humanitarian assistance.

Military and civilian crisis management

Military crisis management is primarily aimed at restoring and/or maintaining stability in the crisis area. Military crisis management creates, above all, conditions for starting up the longer term development. Civilian crisis management supports through expert assistance and other means the development of crisis areas towards democracy, promotion and respect for the rule of law and human rights, good governance and an active civil society, for example by supporting the development of the state's judiciary, police and border functions. Crisis management is developed in accordance with the comprehensive approach, and nowadays in many crisis management operations military and civilian activities are combined. In the UN, crisis management refers to peacekeeping, which is comprehensively developed combining military, police and extensive civilian action.

Community-driven development

The starting points for community-driven development are the communities and groups whose lives and livelihoods one seeks to improve. Communities consist of active people who alone and together are able to determine their social, societal and economic needs. Communities themselves actively plan and implement projects and programmes, and take responsibility for monitoring and controlling them. Democratic ownership and trust are emphasised in community-driven development cooperation. A community-driven approach is particularly beneficial to groups that are poor, discriminated against and vulnerable.

Early Recovery and Reconstruction

By early recovery is meant direct crisis and post-conflict actions aimed at moving to the reconstruction stage. In the international assistance architecture, early recovery is included in humanitarian assistance, while reconstruction refers to longer-term development measures. In terms of funding, the early recovery stage is often critical, when fragile institutions need support and expertise to launch the actual reconstruction phase.

Meaningful and mutually supportive linking of the different stages of humanitarian assistance, reconstruction and development (LRRD, Linking Relief, Recovery and Development)

The LRRD concept refers to the actions by which humanitarian assistance, reconstruction and longer-term development cooperation are linked in the post-crisis transition stage so that any repeat of the crisis is avoided in the best way possible and developmentally sustainable investments are achieved. The challenge in LRRD implementation remains that the division of labour between the different actors is not always clear, and humanitarian assistance and development cooperation operate on different principles and in assistance architecture frameworks that differ from each other. In implementing LRRD, it is important to understand that it is not necessarily a linear aid continuum; in post-conflict transition situations different aid instruments are often simultaneously in use. For example, the need for humanitarian assistance does not necessarily end after the crisis is over; it might continue in the reconstruction and development stages.

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