g7+ Statement on the New Deal

1st High Level Meeting of the Global Partnership for Effective Development Cooperation

We, the representatives (Ministers and officials) of the g7+ member countries, are pleased to make this Statement in this first High Level Meeting of the Global Partnership for Effective Development Cooperation in Mexico City, Mexico.

More than two years have now passed since the New Deal for Engagement in Fragile and Conflict-Affected States was agreed with key development partners. We take this opportunity to reflect on progress against the New Deal to date and the challenges we continue to face in achieving a genuine step change in development assistance in fragile contexts.

Progress

We, the g7+, recognise the achievements of our members over the past two years since the signing of the New Deal. Our progress as a group is clear testimony to what we can achieve together with a united voice, in spite of the challenges we face.

Six Fragility Assessments have now been conducted in Sierra Leone, Liberia, South Sudan, Timor-Leste, the Democratic Republic of the Congo and, most recently, Comoros. These Assessments represent the first country-owned and -led evaluations of country stage-by-stage transition to the next stage of resilience, setting out the nature of the challenges we have experienced, and the development stages we are aiming for in the future. The findings of these assessments will guide context specific, country-owned and sensitive development interventions.

Three New Deal compacts or mutual accountability frameworks have been developed and agreed with our development partners in Somalia, Afghanistan and, most recently, Sierra Leone. These represent important steps towards g7+ member Governments and development partners agreeing priority areas for support and country-led principles to guide this support.

Efforts have been redoubled on strengthening transparency through the establishment and improving of our aid management information systems. There have been even more robust initiatives taken to strengthen public finance management systems, in order to enable the use of country systems.

Challenges

Yet while the progress achieved in some areas of New Deal implementation so far has been notable, we have also faced challenges and there are many areas where there is significant room for improvement. The two years that have elapsed since Busan also offer us many good lessons to be considered while taking forward New Deal implementation in the future.

Fragility Assessments, while proving themselves to be useful and innovative tools for generating multi-stakeholder conversations around the causes and nature of fragility in our countries, have not been used systematically by development partners to inform in-country planning and programming. This underlines an ongoing challenge of translating the enthusiasm and support for the New Deal within donor Headquarters to country offices that fragile state Governments interact with on a regular basis. Similarly, g7+ governments must do more to ensure that when a fragility assessment is conducted, it is subsequently and systematically used in national planning processes.
Regarding the selection of context-relevant indicators to measure progress against the Peacebuilding and Statebuilding Goals, there has been a tendency to rely on existing indicators which we know to be potentially harmful, rather than putting forward new indicator areas where data collection is urgently needed. This is worrying to us given that one of the problems recognised in crafting the New Deal was that existing indicators are weak due to both the ‘data drought,’ with poor collection in fragile states, and to the irrelevance of many international indicators in fragile contexts.

The compacts are supposed to be tool to focus and harmonize development efforts around a country’s national development plan, and to support a one vision one plan. However, there has been a tendency for using the compacts as a bargaining tool, resulting in conditionalities being imposed by development partners in some cases. In addition, rather than acting as a single set of agreed, short-term priorities for building resilience, as was the original intention, the compacts have become vehicles for much broader agendas. The temptation to make the compacts ‘all things to all people’ has meant than some compacts are too ambitious and wide-ranging to effectively steer the joint efforts of government and development partners. In some cases we have also seen that the process of developing the compact itself has been dominated by development partners. These are matters of grave concern to us, as they imply that while words have changed a lot, behaviours have not.

There has also clearly been far more progress in implementing certain aspects of the New Deal than others, and we are at risk of preferring what is easy, rather than what is important. This is particularly true in relation to the TRUST principles. The New Deal is built on three foundations – the Peacebuilding and Statebuilding Goals and the FOCUS and TRUST principles. These cannot be disaggregated or engaged with discretely. Rather, the New Deal requires that all components be supported equally. The TRUST principles are important as they provide the ‘how’ of the New Deal – that is, the principles guiding the behaviour and actions of development partners and g7+ member Governments. Yet little change has been evident on the part of development partners in these areas. Development partners have often opted for process-oriented changes that are easier to make than fundamentally reorienting behaviours and approaches.

For example, there is thus far little evidence of development partners accepting higher levels of risk. This is critical if donors are to remain committed for the long-term, non-linear transitions that we know characterise the path from fragility to resilience.

Aid continues to substitute rather than strengthen capacities in several countries of the g7+. Development partners must recognise that capacity building cannot simply be bolted on to other aspects of programming. Rather, it is a specific skill in itself that development partners need to invest in in order for their work to be sustainable upon their departure. Short term, ad-hoc technical assistance projects have rarely been able to strengthen state institutions, as is required by the New Deal. There is a need for long term planning, which requires investment in human capital while working on and through the core government institutions. This requires trust in the institutions and systems in place.

The crisis in the Central African Republic highlights the lack of timely and predictable aid, and the ongoing allocative issues around aid orphans. Support needs to go beyond rapid response humanitarian aid to support that can help to prevent conflict before it breaks out. Particularly worrying is the fact that aid to the most conflict-affected countries has actually decreased over the last two years for which data is available. Sustained support is critical to prevent conflict and is much more cost-effective than supporting conflict response. Yet several of our g7+ members remain aid orphans despite commitments by international partners to address discrepancies in aid allocations.

However the tragic recent experiences in CAR and in South Sudan reveals that the greatest challenge goes to the heart of the New Deal - the failure to prioritise the Peace and Statebuilding Goals. The
foundation of the New Deal – the key breakthrough in Busan - was the fundamental recognition that before we can start to deliver on the Millennium Development Goals in post conflict countries we need to deliver first on the five Peace and Statebuilding goals. The first Peace and Statebuilding Goal is an inclusive and legitimate political settlement. The second is security.

These challenges mean that while there has clearly been progress against New Deal commitments, there is also a sense in which development partners have maintained the status quo, with little behavioural change in their approaches to working in fragile states. In part, this may reflect efforts to let fragile states themselves take the driving seat – but country ownership cannot be an excuse for not living up to commitments to behaviour change. Development partners need to be ‘proactive followers’. In other words, recognising capacity gaps within their counterpart governments, country offices must take the initiative to make the New Deal come alive in their countries, but in a way that places national actors in the lead.

In addition, there is also a tendency to believe that the principles of the New Deal are relevant to only limited cluster of development actors, primarily traditional donors, which is not the case. The principles of the New Deal are universal and have universal implications in the context of the fragility and conflict, for all actors operating in these contexts.

Within the g7+, we too face challenges in implementing the New Deal. In particular, we face the challenge of getting broader, whole-of-government buy in to the New Deal. Some progress has now been made on this, particularly rolling out the discussion of the New Deal across Ministries and other state entities. But we must do more to ensure sufficient whole-of-government ownership. In addition, we must find ways of harmonising the New Deal with our existing planning tools and national development strategies. We must also continue to strive towards ensuring inclusiveness in national-level dialogue – which can be a logistical as much as a political challenge.

**Looking ahead**

In order to realise New Deal commitments, there is a need for real reforms within the aid strategies of the development partners, which in turn requires political will. The New Deal is a breakthrough development aid framework, but can only live up to its potential if it reflects political aspirations and a genuine change in behaviour.

We can’t deny the increasingly important role played by emerging economies in the development cooperation landscape. There is thus a great opportunity for emerging donors to become New Deal participants, and we strongly call upon them to adapt the principles of the New Deal to their own activities in Fragile States and support the peace and statebuilding agenda.

In order to recognise the importance of the five Peacebuilding and Statebuilding Goals, we implore our development partners to support the inclusion of a ‘peace and statebuilding goal’ in the post-2015 development framework. The Busan Partnership Agreement Commitment 26 states that: ‘Fragile states are for the large part off-track to meet the Millennium Development Goals’. In the spirit of ‘leaving no one behind,’ in the new development framework, we must recognise that the importance of peace to development progress is critical.

We conclude by recognising the progress achieved against the New Deal in its first two years, acknowledging the challenges we continue to face. We reiterate the importance of continued dialogue between fragile state Governments, development partners, the private sector and civil society in order to facilitate sustainable transitions from fragility to resilience.

_Mexico City, Mexico, 15-16 April 2014_