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Sphere

FOREIGN AID PROGRAMMING IN “FRAGILE STATES”

A LOOK AT USAID’S NEW FOCUS

Even before “9/11”, the role played by development assistance in US foreign policy was being re-examined in light of the new geo-politics resulting from the fall of the Iron Curtain a decade earlier. Violent conflict in hot spots around the world in the late 1980s and 1990s, giving rise to repeated international military interventions (and subsequent reconstruction efforts in some places), generated urgent analyses at many levels inside and outside of the government of the root causes of conflict and possible ways to deal with the rise in complex emergencies.

Fragile states have weak capacity to manage political and social tensions or economic shocks. They are prone to suffering cycles of instability, violence, and insufficient recovery that generate further violence. Within this operating reality, USAID seeks to develop response mechanisms that link rapid post-crisis humanitarian/reconstruction activities with immediate planning for longer-term recovery. Setting the foundations for democratic practices and improved public sector governance is critical. In addition, security of borders and individuals is a major new element in this approach. The implication for effective use of U.S. government resources is far-reaching. First of all, it requires much closer coordination among USAID’s emergency relief and reconstruction providers and its long term development professionals. Second, and perhaps more dramatic, it requires a new level of collaboration between U.S. government agencies, in particular with the military.

In Congressional testimony in June 2005, James Kunder, USAID Assistant Administrator for Asia and the Near East, identified how experiences in Afghanistan, Iraq, and with the Asian tsunami are helping to formulate the new approach. In a seminal speech entitled *The Nine Principles of Recon-*

struction and Development¹, former USAID Administrator Andrew Natsios outlined the fundamental criteria underlying effective development assistance and explicitly identified the types of interventions where the military and USAID could work in concert to improve the effectiveness of a US government response to a crisis situation.

THE FRAGILE STATES CONCEPTUAL FRAMEWORK: LEGITIMACY AND EFFECTIVENESS

“The demise of the Soviet Union, the integration of global communications and markets, the growing menace of global terrorism, weapons of mass destruction and transnational crime, the surge of HIV/AIDS and other infectious diseases—all these are hallmarks of an altered 21st century landscape for development. Failed states and complex emergencies now occupy center screen among the nation’s foreign policy and national security officials.” (USAID, US Foreign Aid: Meeting the Challenges of the 21st Century – the White Paper, Jan. 2004)

USAID’s synthesis of the complex dynamics of fragile states in the Fragile States Strategy (FSS) assesses the strength or weakness of states on the basis of their **effectiveness** and **legitimacy**. “*Effectiveness* refers to the capability of the government to work with society to assure the provision or order and public goods and services. *Legitimacy* refers to the perception by important segments of society that the government is exercising state power in ways that are reasonably fair and in the interests of the nation as a whole” (FSS, p. 3).

Each of these concepts is manifested in four broad domains of state responsibility:

- political: assuring the adequate functioning of broadly acceptable political processes;
- economic: assuring transparent management of resources to support equitable economic growth and adapt to change
- social: respecting diversity and assuring basic services, including for minority and vulnerable groups
- security: assuring safety of all citizens

1. Presented at the February 2005 public meeting of the Advisory Committee on Voluntary Foreign Aid (ACVFA) and subsequently published in the Autumn 2005 issue of *Parameters*, the quarterly journal of the U.S. Army War College.

In *Measuring Fragility* (June 2005), USAID identifies and analyzes a series of indicators that could be used to set baselines and track changes in countries at risk. Work and refinement remains to be done before final decisions are reached on a workable system, however. For reference, broad tracking measures used to define eligibility for the Millennium Challenge Account did not predict that Bolivia, Kenya, or Nicaragua would face legitimacy crises.

Not surprisingly, failures in legitimacy present far thornier issues than failures in effectiveness. The latter could be seen as a problem common to most developing countries, which can be resolved in many cases through traditional foreign aid mechanisms. The former may not be so readily amenable to resolution with USAID tools, particularly when violent conflict is involved. Indeed, one of the hallmarks of fragile states is a tendency to verge in and out of violent situations because their governments are unable to establish sufficient stability for long enough to enable more legitimate and effective systems to take root.

STRATEGIC PROGRAM PLANNING

Faced with operating increasingly in less stable environments, USAID is addressing this challenge in the following ways:

Understanding the risk factors. Various US government agencies, including USAID, have developed “watch lists” for states at risk. Through its work on *Measuring Fragility*, USAID is developing tools to enable ongoing monitoring of situations in priority countries and to develop a sharper focus on sources of fragility and recovery. The West Africa Regional Program already implements a strategic objective aimed at identifying early signs of potential conflict, and improving the conditions for peace and stability, in collaboration with

local and regional organizations. A Conflict and Fragility Alert, Consultation and Tracking System (C/FACTS) is being developed by DCHA/CMM.

Adapting “traditional” programming tools. The establishment and strengthening of participatory and transparent political processes, rule of law, good governance, free and objective media, combined with economic and social programs aimed at enhancing stability through providing improved opportunities, livelihoods, and basic services—including reform where necessary—remain essential. Lessons learned and best practices can help identify how various interventions might be sequenced in specific cases. USAID aims to incorporate the “conflict analysis lens” more systematically in all aspects of program design and implementation, in order to anticipate and address possible sources of instability. In addition, USAID is putting new emphasis on building the capacity of institutions that are “fundamental to lasting recovery and transformational development”, such as health care, education, and financial services. Issues of citizen participation in and access to government, inclusiveness of ethnic or religious groups, and youth concerns, are likely to receive enhanced attention. The Fragile States strategy identifies a range of priority programmatic interventions for vulnerable and crisis or post-conflict states.

Strengthening linkages between relief, reconstruction, and development. USAID has unquestioned expertise in dealing with complex emergencies and post-conflict reconstruction. Nevertheless, as a civilian agency, its ability to engage in such efforts in the midst of violence is limited. Establishing closer operational collaboration with the military in planning and implementing relief and reconstruction activities could have an impact on ensuring that early crisis response lays strong foundations for future development.

Addressing security issues. This may be the biggest change for USAID

programs in fragile states. As more and more vulnerable countries have taken the difficult road to democracy in recent years, it has become evident that the ability to provide for the security of citizens now ranks as a key factor influencing government stability. This includes maintaining the security of borders (frequently at risk due to regional or international unrest), the province of military forces, as well as protecting human rights and ensuring community policing and administration of justice. Civil authorities, civil society watchdogs groups, and the media all have a role in maintaining public order in a manner “consistent with democratic norms and sound principles of good governance.” (FSS, p. 6). Is there a tradeoff between adopting democracy and the ability to manage internal security? How much can USAID do in terms of “establishing the conditions under which serious outbreaks of generalized violence are averted”, and how much will it need to collaborate with the U.S. military and other government organizations in this effort? These are major questions that will only be resolved through learning from experience.

Improving speed and flexibility of response. A premise of the Fragile States strategy is that vulnerable countries exist in a very fluid environment where crisis can recur at any moment. Thus, in addition to heightened understanding of the risk factors, USAID wants to be able to respond swiftly and adequately to changing environments. Shorter planning horizons and quick response to targets of opportunity—ideally, linked to longer term development—will be in order. The ability to draw on sources of funding that carry minimal restrictions is also crucial. USAID is working to negotiate this with Congress, in line with the White Paper’s premise that funding authorities should be consistent with the type of country (transformational, fragile, etc...) being assisted.

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UNITY OF EFFORT/INTER-AND INTRA-AGENCY COORDINATION

“Unity of effort”, a military principle of war, is increasingly coming into State Department and USAID parlance as these agencies develop closer ties to military planners, and between each other. Essentially it means that all agencies involved in an effort focus on common priorities. In the fragile states context, it implies recognition that the effectiveness of the US government response to countries coming out of crisis will depend on much closer coordination between all agencies involved, including the US military to the extent they are involved.

Lessons learned from experiences with disaster relief and responses to conflict include:

- the need for civilian involvement from the start of military planning for the reconstruction or post-conflict period;
- the importance of clearly delineating and respecting the roles and responsibilities of each group; and
- the imperative, to the extent possible, of minimizing decisions that would undermine sustainable development opportunities – for example by failing to foster a culture of local ownership of reconstruction and development based on clear understanding of existing social and political relationships. Both within military commands and civilian agencies (led by the State Department’s Coordinator for Reconstruction and Stabilization), planning exercises incorporating these lessons are ongoing.

USAID is working on improving internal coordination in several ways within the Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA).

First, USAID has created a “dedicated” Foreign Service personnel backstop that covers all DCHA functions. New personnel are expected to become proficient in at least two

areas of the Bureau’s portfolio. A vigorous cross-training program for staff in all DCHA offices is also being implemented. The objective is to promote understanding between the functional areas and to help bridge the current gap between short and long term foreign aid responses.

Second, the Democracy and Governance office now contains a new unit that will look explicitly at ways of mobilizing the “traditional” tools of democracy assistance more rapidly and flexibly and in closer coordination with relief and reconstruction efforts.

Finally, the establishment of the Office of Military Affairs is part and parcel of implementing the closer working relationship that is expected to result in more efficient use of US government military and civilian capabilities in crisis and post-crisis situations.

CONCLUSION

Not long after its creation, USAID realized that providing loans to newly independent, poor, developing countries was not an effective foreign assistance tool. In seeking to improve its effectiveness and efficiency, USAID shifted to grant aid to governments and public sector policy reform before focusing on the role of the private sector, civil society, and democracy and governance in addressing pervasive poverty and promoting broad-based development. The transition to fragile states programming is yet another adaptation to a changed development environment, albeit one that responds to threats that have never before been so palpable. Combined with judicious initiatives in defense and diplomacy, USAID professionals and their implementing partners will continue to play a critical role in addressing these threats

*Colette Cowey
Senior Development Specialist
DevTech Systems, Inc*

One of the obstacles to implementing recovery and reform programs through democratic governance for countries in crisis is the inability of transition governments to put together an effective management system, while at the same time dealing with the multiple challenges that arise every day as a result of the interplay of diverse, even antagonistic, political and social forces. DevTech has experience implementing a comprehensive approach to strengthening national institutions in order to ensure stability. In Panama, following the Noriega crisis of 1989, the firm provided simultaneous technical assistance to an inexperienced government team, including the Presidency, Cabinet, and individual ministries, as well as to other institutions of Panamanian society, such as labor unions, industry syndicates, and the media. One of the most important lessons learned from this experience was that achieving a high level of consensus among the different government ministries and agencies was a sine qua non condition of political stability. Based on this experience and on lessons learned by the development community from the transition of the states of Eastern Europe and the former Soviet Union, DevTech has recently been developing strategy options for providing effective technical assistance and general support to a transition government in Cuba once the country is ready to undertake democratic and economic reforms. The proposed approaches highlight the importance of building understanding and consensus among the Cuban population about democratic and market-oriented reforms, in order to foster political stability while the country undertakes profound changes.

Assessment Calculator, enables the analyst to compare any given country's performance to that of another country, or to the average performance of a region. A country's performance can also be compared to its own performance 10 years ago. The results highlight the areas where continued efforts are required, where progress has been made, or in which areas a country is lagging regionally.

For more information about the analytic framework that underpins the Calculator, please visit the GED calculator website (<http://qesdb.usaid.gov/ged/tools.htm>). Briefly, the Calculator:

- Builds on techniques such as the “development diamond” and similar graphing tools used by the World Bank and other international agencies.
- Uses a limited number of quantitative indicators, most of them composite indices. [Relationships between the components of the indicators and between the indicators themselves articulated in background documents are available on the website].
- Displays data graphically to illustrate the constraints and tradeoffs that are faced in the attempt to deal with one facet – education – of the complex system that constitutes human capacity.

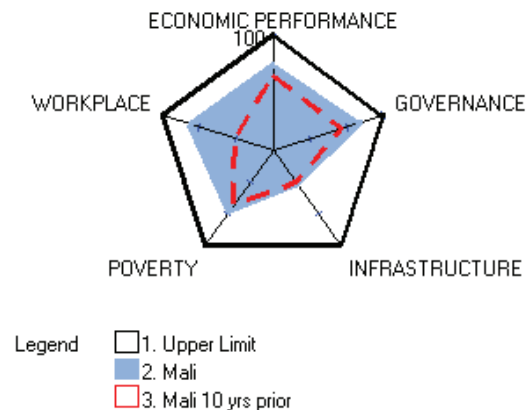
With respect to **generation** of human capacity through education, for example, an index of socio-economic context (availability of potable water, health as represented by the adult female HIV/AIDS prevalence rate and “aid independence”) is a critical variable with a major impact on the ability of children to attend school. Other indicators used in the generation of human capacity analysis include: access, quality of education, education system performance, and investment in education. These five data points are plotted on a radial graph (spider graph) and the country's achievement tracked along axes radiating from the center. By connecting the end-points on each axis, the “shape” of a country's performance is revealed, as well as its performance relative to comparator-country averages.

Similarly, analysis of the **use** of human capacity includes: economic performance, governance, poverty and deprivation, workplace characteristics (such as number of children outside the labor force – meaning they should be able to go to school) and infrastructure. Based on the underlying analysis of the linkages between them, these indicators frame a country's ability to generate productive private sector employment and to absorb new workers.

Analysis for a country like Mali, using data for 2003, is revealing, and shows that “boosting the generation and use of human capacity... face formidable barriers.”¹ The problems

of poverty and large numbers of working and unhealthy children cannot be solved by improving education systems alone. They must be matched by efforts to implement policies that stimulate the kind of private sector-led growth that will improve both well-being and investment opportunities, to create a “virtuous circle of improved growth prospects that leads to further education and training that, in their turn, add to growth.”² A graphical depiction of changes in some components of human capacity between 1990 and 2003 shows a large jump in primary enrollment but very little change in other components such as under-five mortality, well-fed children, secondary/tertiary enrollment, children not working, and adult female literacy. This suggests an unbalanced effort, where lack of sufficient attention to health, food insecurity and other poverty issues undermine the progress made in primary enrollment. For Mali, focusing on this goal may require many other supporting initiatives, within as well as outside of the education sector. It may even entail a re-ordering of development priorities.

Figure 2: Use of Human Capacity



By enabling the kind of inquiry that looks in detail at the underpinnings of the Universal Primary Education goal, the Rapid Education Assessment Calculator assists the analyst in identifying constraints and tradeoffs that might otherwise have been overlooked. This information can help clarify what additional actions might be needed, not only to help achieve this goal but also to ensure that its achievement contributes in a sustainable fashion to the broader goal of improving society's well-being.

The Calculator may be accessed on the web at: <http://qesdb.usaid.gov/ged/tools.htm>, and click on the “tools” box.

*Colette Cowey, Senior Development Specialist
Supported by Frank Martin, Senior Economist
and Kevin Weed, Economic Analyst
DevTech Systems, Inc.*

¹ McPherson, Malcolm, *Developing Human Capacities in Poor Countries*, USAID and Harvard University, final revision draft February 16, 2005.

² Ibid.

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1700 N. Moore Street, Suite 1720
 Arlington, VA 22209
 Tel: 703/312-6038
 Fax: 703/312-6039

9350 S. Dixie Hwy., Suite PH-1
 Miami, FL 33156
 Tel: 305/666-5150
 Fax: 305/666-5165

<http://www.devtechsys.com>
 Email: devtech@devtechsys.com

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