



CGD Commissioned Papers on Fragile States June 2009

CGD's current work on fragile states consists of a series of papers commissioned by Vijaya Ramachandran and Satish Chand to (a) identify the three or four key questions that policymakers should ask at the start of a post-conflict assistance program and (b) to provide guidance on the issues that arise during the transition process from the immediate post-conflict situation to a more stable, longer-term development trajectory. The papers are being written by researchers, policymakers and staff of non-governmental organizations with substantial experience in the area of post-conflict interventions. A workshop will be held in September 2009 to discuss the papers with a view to publishing them in the CGD working paper series. The abstracts of the papers are described below.

Analysis of donor relationship with international military operations

Andy Bearpark, Penny Beels
Post Conflict People

Post-conflict assistance is often carried out alongside the efforts of military operations organized by the international community. We propose to examine how the behavior of donors and practitioners is affected by the presence of international military forces in two countries--Iraq and Bosnia. Strained civil-military relations in failed and fragile states are well documented, and there are clear problems with coordination of effort. The paper will be based on the assumption that there exists a cultural barrier preventing donors and practitioners working effectively with the military, thus reducing donor impact in post-conflict situations. Anecdotally, many members of the Post Conflict People network have reported strained civil-military relations that are characterized by poor coordination of effort and funds, as well as poor alignment of goals, both short-term and long-term. Where there is no international military presence, the donors, NGOs and IGOs can be likely to follow a poverty-alleviation (development assistance) agenda, even if the country is experiencing conflict. Conversely, where there is no military engagement, are donors wary of providing assistance for political reasons? We would like to research post-conflict and development assistance in both contexts, to identify how cultural reservations impact on post-conflict assistance, and whether or not this leads to long-term goals which may be unachievable and even undesirable. The paper will be fully comparative, based on relevant case-studies. By surveying multiple groups;

practitioners, donor representatives, military, journalists and so on, we will study how the donor plan is affected by the military operation, and whether or not donors make full use of the space left in the absence of military missions.

Sequencing and Donor Coordination in Private Sector Development

Naoise MacSweeney, Research Associate, University of Cambridge

It is important that donors harmonize their efforts in all developing countries, but the need for effective coordination becomes even more acute when working in a fragile state. Coordination is particularly important in the area of private-sector development (PSD), given the impact the private sector has on fragility; and is also particularly relevant to the sequencing of different types of programs. This paper will explore the issue of sequencing and donor coordination in PSD interventions in fragile states at a practical and operational level. It will: review what coordination and sequencing policies are currently in place; consider how these have been implemented in practice; and assess how effective these policies and practices have been. This work will involve an initial period of desk research, followed by a field study in a specified fragile state.

Revival of Basic Public Services in Post Conflict Zimbabwe

Albert Makochekanwa

Commonwealth Secretariat's "Hub & Spokes" Project Ministry of Trade and Industry

Among the host of problems Zimbabwe currently faces, in addition to hyperinflation, rampant unemployment, political instability and near collapse of the productive sector, basic public sector provisions are in complete disarray. Health care, education, and sanitation systems are crippled or already failed. The country's well being and hopes for the future depend on the resumption of adequate provision of public services by the government. This project seeks to study, through interviews and data review, the problems in each sector of public services provision (health care, education, water and sanitation). It will suggest a three-pillar strategy for the renovation, maintenance, and running of relevant infrastructure and facilities. The aforementioned interviews will also integrate suggestions from Zimbabwean government personnel, as well as private sector institutions and civil society. The

study will also suggest how best to encourage the return of the Zimbabwean diaspora. It will finally review relevant literature on post-conflict public services provision, to see how other post conflict countries accomplished these goals, so as to best manage donor funds during reconstruction.

Sequencing and Timing Issues in Fragile States: Concepts, Arguments and Evidence for Effective Engagement Based on Empirical Analysis

David Carment, Professor

Yiagadeesen Samy, Assistant Professor

Norman Paterson School of International Affairs

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The purpose of this research is to bring conceptual clarity to the issue of sequencing and timing in fragile states in order to provide guidance to policymakers for effective engagement. A challenging and controversial issue regarding engagement in failed and fragile states is the question of timing and sequencing of interventions, and its relationship to donor effectiveness. Does sequencing matter? If so, what are the implications of sequencing for preventive as well as post conflict engagements? How can operational and structural engagements be matched so as to render more effective sequencing strategies? The intention of this study is to address these questions through a large sample empirical analysis that examines how the core components of fragility change over time and lead fragile states to become failed ones and enter into conflict. In operationalizing fragility, we combine concepts of legitimacy (L) and authority (A), with the concept of capacity (C), which is the ability of a state to mobilize resources for the provision of public goods (Carment et al 2008a). This ALC framework has been used to identify risk factors and their sequencing (Carment et al 2008a). Implicitly, in doing so we will investigate the extent to which fragility and conflict are distinct analytical concepts, with different symptoms and causes. The empirical analysis will then be complemented by a few structured focus case studies to provide context, nuance and a basis for identifying risk factors in individual countries. In particular, a key element of the case studies will be the use of event monitoring data over the short to medium term. The events will be quantitatively evaluated and systematically assessed to identify general trends of relevance to fragility; highly significant events will also be qualitatively analyzed to highlight their specific causes and consequences. Overall, the results of our analysis will inform policymakers and practitioners working in difficult fragile state environments for purposes of recovery as well as prevention.

Fragile States - State Building and Economic Conditionality

Xavier Devictor, World Bank Country Program Coordinator for Egypt, Djibouti, and Yemen

John Stephenson, Dalberg Global Development Advisors

Many academics and policymakers highlight the distinct characteristics of fragile / post-conflict states and call for different approaches to development aid. Much of this aid has conditions placed on it in with the purpose of influencing and improving the country and, as with other non-fragile but low income countries, these conditions can vary considerably across state-building, macro-economic stability, private sector growth, and other efforts. It is the initial hypothesis of this research effort that the conditionality placed on aid to fragile / post-conflict countries does not significantly differ from those placed on non-fragile but low income countries. This would suggest that development agencies are not "walking the talk" to approach these countries differently and innovatively. To determine if the approach to fragile / post-conflict countries differs, this paper will look at the conditionality placed on aid to fragile / post-conflict states and compare it with conditionality placed on 50+ other non-fragile but low income IDA-borrowing countries (International Development Association). The types of conditionality will be placed into four key categories: (i) state-building; (ii) macro-economic stability; (iii) private sector growth; and (iv) other. In addition to these categories, indicators for the 'intensity' of the conditionality will be developed and applied to ensure that there is an appropriate weighting. Also, depending on the levels of variation within the four categories, further segmentation may be done to generate useful insights and with a particular focus on innovative approaches (i.e. across the different types of state-building conditionality, etc.). Key World Bank, International Monetary Fund, and other development agency documents will be reviewed and assessed over a 10-year period, from 1997-2007. By covering all key fragile / post-conflict countries over a 10 year period and comparing them to a control of 50+ other non-fragile but low income IDA-countries, this research study aims to produce meaningful statistics for evaluating the development approaches taken for fragile / post-conflict countries.

Based on the assessment, the study will seek to determine whether there is a significantly different approach to addressing the development needs of fragile / post-conflict countries. The findings will then be compared to the prevalent academic research on the topic about what the approach to fragile & post-conflict

should be. In light of the research findings, policy recommendations will be developed about whether conditionality should be re-thought and adjusted to improve the effectiveness of aid given to fragile / post-conflict states.

The European Community's Instrument for Stability and the Transition to Development Assistance in Post-Conflict States

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In its European Security Strategy of 2003, the European Union identifies 'state failure' and, subsequently, 'state fragility' as one of the key threats facing Europe - along with the proliferation of weapons of mass destruction (WMD), terrorism, organised crime and regional conflicts. Yet while the EU has developed a considerable focus on addressing WMD and terrorism, it has paid less attention to state fragility, which ultimately underpins all of these other threats. Despite a widely shared understanding of the problems that state fragility generates, there is no international consensus on the appropriate policy response. Following this line of thinking, EU development and defence ministers have acknowledged that this relationship between development and security should inform EU strategies and policies with the aim of increasing coherence of EU external action. To achieve this goal, the EU launched the EC Instrument for Stability (IfS) in 2007, and this instrument now constitutes the main tool for providing development cooperation in fragile countries emerging from conflict and crisis situations. The IfS explicitly seeks to bridge post-conflict and development assistance as well as to better integrate NGOs and other stake-holders into peace-building processes. The IfS also provides for legal clarity about the relationship between EU actors (in particular the Council and the Commission) as well as member states and EU institutions and ultimately aspires for increased coordination and collaboration within the multilateral and multi-cephalous foreign policy actor that is the EU. This paper will examine recent developments within the EU concerning conflict prevention and crisis management and assess the Instrument for Stability as a mechanism for dealing with the challenge of state fragility - and assess its implementation in and one of its main target countries, Chad. What measures does this instrument provide for assisting the process of transition from post-conflict to development assistance and how well are these measures adapted to the problem at hand? While there is no shortage of EU policy claims to have identified effective instruments, much remains to be done to verify these claims and to demonstrate that the EU can live up to its ambition to effectively flesh out policies to project stability beyond its borders.

Aid Provision through Public-Private Partnerships for Postwar Reconstruction: Lessons from the Liberian Experience

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While many factors influence the provision of aid, institutional weaknesses of receiving governments as well as unresolved debt problems have tended to undermine the flow of official development assistance (ODA) in postwar environments. Given this dilemma, what alternative mechanisms could be effective in quickly providing adequate levels of ODA to postwar economies facing significant institutional and external debt problems? To explore this question, this study will examine the experience of the Liberian Enterprise Development Fund (LEDF), a public-private partnership that provides short to medium term loans to small and medium-sized enterprises in Liberia. While the LEDF has been successful in a number of areas, it has also encountered a number of challenges tied to institutional weaknesses in the public sector, limited entrepreneurial capacity relative to the fund's requirements and the absence of complementary projects to support the fund's efforts. It draws on this field research and additional data (to be collected in Liberia) to discuss the effectiveness of such a partnership in addressing critical post war reconstruction needs and identify lessons that could be useful to efforts in other similar postwar environments. In particular, it will address the following questions: How effective has the partnership been in financing small and medium-sized enterprises in different sectors and regions of the postwar economy and why? What are the advantages and disadvantages of using such a partnership in a postwar context facing major institutional and infrastructural problems and limited entrepreneurial capacity? What effects could such an approach have on short term reconstruction goals (such as the employment of ex-combatants) as well as long term development goals (such as reducing income inequality and the development of a 'middle class' representative of the ethnic composition of the country)? A study of the LEDF is likely to generate useful insights for donor engagement in post war fragile states because Liberia faces many of the problems that are likely to exist in other underdeveloped postwar contexts. Liberia's significant external debt problems, major institutional weaknesses and inadequate entrepreneurial capacity reflect conditions in many underdeveloped postwar economies.

Lessons on Endogenous Institutional Development and Foreign Aid from Somaliland

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There is a large body of literature that examines specific ways in which foreign resources are manipulated for political purposes or have been used to sustain military conflicts. However, research into how foreign aid affects political decision-making is sorely lacking. One reason for this is that there is not a great deal of variation in aid provision that can be studied. With one exception, the international community has been significantly involved in all modern African conflicts - at the very least with the promise of major involvement in a post-conflict state. This pattern, however, does not hold true for the East-African nation of Somaliland, formed after secession from Somalia in 1991. Due to exogenous international norms against secession,

Somaliland was not deemed eligible for international aid. As such, political actors within Somaliland have never received development assistance or had any expectations of international financial support. This makes Somaliland an ideal environment to examine how a lack of external financial support shapes the development of endogenous political institutions. My initial research suggests the lack of external financial assistance to Somaliland shaped political incentives in three distinct ways. First, with a large number of players with relative parity in terms of resources, a lack of outside support forced compromise and co-optation of opposition groups. Many times during Somaliland's formation, groups have tried to form a government and found themselves incapable of maintaining it because of a lack of revenues - forcing the groups to expand their coalition at the cost of their own influence. Second, the lack of government resources meant that the government could not rely on patronage to "buy off" support. Rather, political compromise and power sharing was required. And third and most importantly, these political promises were made credible by the fact that the government did not have an independent revenue base, making it dependent upon the continued support of its constituents.

These findings would have clear implications for debate over the political economy of foreign aid. The idea that foreign financial resources can have negative impacts on conflicts has been well documented, but events in Somaliland suggest that even the promise of foreign aid can impact the calculations of political actors, impacting the feasibility of political reconciliation in conflicts.