

Donors and the ‘Fragile States’ Agenda: A Survey of Current Thinking and Practice

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**Diana Cammack
Dinah McLeod
Alina Rocha Menocal
with
Karin Christiansen**



Poverty and Public Policy Group
Overseas Development Institute
111 Westminster Bridge Road
London SE1 7JD
UK

America is now less threatened by conquering states than by failing ones. We are menaced less by fleets and armies than catastrophic technologies in the hands of an embittered few.
US National Security Strategy, September 2002

A more secure world is only possible if poor countries are given a real chance to develop... Even people in rich countries will be more secure if their Governments help poor countries to defeat poverty and diseases by meeting the Millennium Development Goals.
Report of the UN Secretary-General's High-Level Panel on Threats, Challenges and Change, 2004

Instability and poor governance directly threaten the prospects for growth, prosperity and development for many countries in our region and have the potential to undermine Australia's security.
AusAID, cited by Justin Lim, 'Australia-PNG: The Politics of Aid', 2005

The best protection for our security is a world of well-governed democratic states ... Trade and development policies can be powerful tools for promoting reform.
European Security Strategy, 2003

Development without security is impossible; security without development is only temporary.
Hillary Benn, UK Secretary for Development, 4 March 2004

If we fail to invest today in development and stability outside NATO and the European Union, in the Near and Middle East, the Caspian region, southern Asia, and parts of Africa, it will bounce back on us as a security problem in Europe and the US.
Peter Struck, German Defence Minister, 2004

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Acronyms

ACP	African, Caribbean and Pacific countries
ACTOR	Analyzing Complex Threats for Operations and Readiness (US Army)
ADB	Asian Development Bank
AFD	Agence Française de Développement (France)
AfDB	African Development Bank
ANDS	Afghan National Development Strategy
ARTF	Afghan Reconstruction Trust Fund
ASEAN	Association of Southeast Asian Nations
ASNF	Afghan Special Narcotics Force
AU	African Union
AusAID	Australian Agency for International Development
BCPR	Bureau for Crisis Prevention and Recovery (UN)
BMZ	Federal Ministry of Economic Cooperation and Development (Germany)
BOGs	Basic Operating Guidelines
CAF	Conflict Assessment Framework (USAID)
CAP	Country Assistance Plan
CARICOM	Caribbean Community and Common Market
CAS	Country Assistance Strategy
CAST	Conflict Assessment System Tool
CCF	Country Co-operation Framework (UNDP)
CDA	Conflict-related Development Analysis
CDC	Council for the Development of Cambodia
CERP	Commander's Emergency Response Program
CFSP	Common Foreign and Security Policy (EU)
CG	Consultative Group
CHAD	Conflict and Humanitarian Aid Department (DFID)
CIA	US Central Intelligence Agency
CIAA	Commission for the Investigation of Abuse of Authority (Nepal)
CIDA	Canadian International Development Agency
CIDCM	Center for International Development and Conflict Management, at the University of Maryland
CIMIC	Civil-military cooperation
CMM	Conflict Management and Mitigation Office (USAID)
CPIA	Country Policies and Institutional Performance Assessment (WB)
CRI	Countries at Risk of Instability (UK)
CRS	Congressional Research Service (US)
CSA	Country Social Analysis (WB)
CSCP	Clingendael Institute's Security and Conflict Programme
CSP	Country Strategy Paper (DFID)
CSP	Country Strategic Plan
DAC	Development Assistance Committee
DAC LAP	OECD-DAC's Learning and Advisory Process on Difficult Partnerships
Danida	Danish international development agency
DDR	Disarmament, demobilisation and reintegration
DED	German Volunteer Service
DFA	Director of Foreign Assistance
DFID	UK Department for International Development
DGCID	Direction Générale de la Coopération Internationale et du Développement (France)
DoC	Drivers of Change (DFID)
DoD	Department of Defence (US)
DRC	Democratic Republic of Congo
EC	European Commission
ECHO	European Community Humanitarian Office
ECOSOC	Economic and Social Council (UN)
ECOWAS	Economic Community of West African States
ECPS	Executive Committee on Peace and Security (UN)
EFA	Education for All
ERD	Emergency Response Division
ESDP	European Security and Defence Policy
EU	European Union
EUPM	European Union Police Mission
FAO	Food and Agriculture Organization (FAO)
FCO	UK Foreign and Commonwealth Office
FEWER	Forum on Early Warning and Early Response
FS	Fragile states
FSG	Fragile States Group

GAO	Government Accountability Office (US)
GDP	Gross domestic product
GTZ	Gesellschaft für Technische Zusammenarbeit (German development agency)
GWOT	Global War on Terror
HLP	High-Level Panel (UN)
HMGN	His Majesty's Government of Nepal
HPG	Humanitarian Policy Group (ODI)
IAI	International Affairs Institute (Italy)
IAP	Intermediate Action Plan (WB)
ICT	Information and communications technology
IDA	International Development Association (WB)
IDB	Inter-American Development Bank
IDP	Internally displaced person
IFI	International financial institution
IMF	International Monetary Fund
IMET	International Military Education and Training (USAID)
IMTF	Integrated Mission Task Force
INGO	International NGO
INSCR	Integrated Network for Societal Conflict Research
ISAF	International Security Assistance Force
ISDR	International Strategy for Disaster Reduction
JBIC	Japan Bank for International Cooperation
JDCC	Joint Doctrine and Concepts Centre (UK)
JICA	Japan International Cooperation Agency
JMI	Joint monitoring indicator
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
LDC	Least Developed Country
LICUS	Low-income Countries under Stress (WB)
LIN	Local Information Networks
LIPPS	Low-income Poorly Performing State
MCA	Millennium Challenge Account
MDGs	Millennium Development Goals
MoD	Ministry of Defence
MTEF	Medium Term Expenditure Framework
NATO	North Atlantic Treaty Organisation
NDF	Nepal Development Forum
NGO	Non-governmental organisation
NORAD	Norwegian Agency for Development Cooperation
NSP	National Solidarity Programme
OAS	Organization of American States
OCHA	UN Office of the Commissioner for Humanitarian Assistance
ODA	Official development assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD Development Assistance Committee
OEF	Operation Enduring Freedom
OHDACA	Overseas Humanitarian, Disaster, and Civic Aid
OIF	Operation Iraqi Freedom
ONE	Operation Noble Eagle
OSCE	Organization for Security and Cooperation in Europe
OTI	USAID Office of Transition Initiatives
PCRUI	UK Post-Conflict Reconstruction Unit
PMSU	Prime Minister's Strategy Unit (UK Cabinet Office)
PNG	Papua New Guinea
PRDE	Poverty Reduction in Difficult Environments (DFID)
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit (Nepal)
PRSP	Poverty Reduction Strategy Paper
PRT	Provincial reconstruction team
PSIA	Poverty and Social Impact Analysis
QIP	Quick-Impact Program
RAMSI	Regional Assistance Mission to Solomon Islands
R&S	Reconstruction and Stabilization (US DoS)
RMO	Risk management office
RNA	Royal National Army (Nepal)
RS	Rectangular Strategy (Cambodia)
S/CRS	Coordinator of Reconstruction and Stabilization at the State Department
SDC	Swiss Agency for Development Cooperation
SFOR	Stabilisation Force, Bosnia and Herzegovina
SNV	Netherlands Development Organisation

SPDI	Support for Peace and Development Initiatives (UNDP Nepal)
SSTR	Stability, Security, Transition and Reconstruction Operations
TA	Technical assistance
ToR	Terms of Reference
TWG	Thematic Working Group
UK	United Kingdom
UN	United Nations
UNDP	UN Development Program
UNDPA	UN Department of Political Affairs
UNHCR	UN High Commissioner for Refugees
UNAMA	UN peacekeeping mission (Afghanistan)
UNMEE	UN peacekeeping mission (Ethiopia and Eritrea)
UNMIK	UN peacekeeping mission (Kosovo)
UNOMIG	UN Peacekeeping mission (Georgia)
UNAMSIL	UN peacekeeping mission (Sierra Leone)
UNTAET	UN peacekeeping mission (East Timor)
UNSAS	UN Standby Arrangements System
US	United States
USAID	US Agency for International Development
USG	United States Government
WB	World Bank
WFP	World Food Programme (UN)
WMD	Weapons of mass destruction
WTO	World Trade Organization

Executive Summary

This report for JICA outlines the fragile states (FS) agenda as it relates to international development and aid. The agenda emerged during the 1990s, growing rapidly in the new millennium with the joining of development and governance goals on the one hand and peacemaking and global security concerns on the other. This report focuses on the experiences of three key donors: the United States (US), the United Kingdom (UK) and Germany. It also provides case studies showing the operationalisation of the agenda in three fragile states, namely, Afghanistan, Cambodia and Nepal. Because the FS agenda is relatively new, the policies, tools, and institutions to implement it are still being developed. To date, implementation efforts have remained largely uncoordinated and incomplete. Bringing coherence and ‘joined-up’ approaches to the operationalisation of fragile states programming is therefore a priority for the wide variety of actors involved.

Because the factors creating fragile states are diverse, because state fragility is manifested in a variety of forms, and because the international community’s responses are many, the fragile states agenda is broad and ill defined. Actors working on the agenda are involved in: peacekeeping and peacebuilding; disarmament, demobilisation and reintegration (DDR); post-conflict reconstruction; humanitarian aid; dealing with the proliferation of weapons of mass destruction (WMD); anti-terrorist activities; and combating organised crime (drug trafficking, money laundering, people trafficking, etc.). Additionally, there are fragile states programmes addressing poverty; weak state institutions and poor governance; service delivery; unregulated migration (including refugees); disease (HIV/AIDS and other epidemics, such as Avian flu); and environmental degradation, pollution and climate change.

The term ‘fragile states’ has no precise meaning. Fragility is variously defined in terms of the **functionality** of states, of their **outputs** (including insecurity), or of their **relationship** with donors.

- **Functionality:** Donors define fragile states as those that lack the capacity and/or will to perform a set of functions necessary to the security and wellbeing of their citizens. In essence, this means that such states are unable to secure the rights and livelihoods of their members or to project administrative and regulatory power over their territory.
- **Outputs:** Fragile states are perceived as likely to generate (or not cope adequately with) poverty, violent conflict, terrorism, global security threats, refugees, organised crime, epidemic diseases, and/or environmental degradation.
- **Relationships:** There are also those donors who are mostly concerned with interstate relationships, defining difficult partners as fragile states.

Having no unambiguous working definition, however, does not mean that such states cannot be identified. Indeed, most agencies have lists of states they consider fragile, weak or failing, even if those lists are not always public.

The international development community came to the fragile states agenda from three different directions: (i) an emphasis on human security and peacebuilding; (ii) a concern with poor development performance and state effectiveness; and (iii) a belief that underdevelopment and insecurity (individual and international) are related. Crises arising in the 1990s led to conflict resolution, peacekeeping and post-conflict reconstruction programmes under a multilateral umbrella, which generally but not exclusively involved the United Nations (UN). Meanwhile, the failure to raise many countries out of poverty resulted in a new aid effectiveness agenda that highlighted governance and institutional reform and, in due course, led to donor harmonisation, alignment and increases in development assistance. The terrorist attacks on New York and Washington, DC on 11 September 2001 catalysed an already emerging international agenda. Thereafter, peacekeeping, containment of trans-border threats, and improvements in the delivery of development aid came together to reinforce the fragile states agenda. New ways of working emerged which attempted to bring diverse actors, goals, principles and programmes under one umbrella. The result was a paucity of ‘coherence’ or ‘joined-up’ programming, especially at the field level, although some donors have made progress, particularly during the analysis and planning stages.

As illustrated in the table below, the FS agenda may be divided into three basic objectives: (i) promoting human security, basic needs and peace in recipient countries (humanitarian aid and peacebuilding); (ii) improving development and governance in those countries; and (iii) ensuring global (especially donor countries') security. It is important to emphasise that these are often overlapping agendas; every actor has multiple aims and approaches.

Main components of the fragile states agenda

Focus/emphasis and goals	Underlying assumptions and views on causality	Types of 'external' actors and approaches	Donors emphasising a particular component of the FS agenda
Local peace, human security and basic needs	Politicisation of ethnic and religious divisions and of resource constraints causes conflict; conflict undermines development	Post-/conflict resolution specialists, peacekeeping agencies, CIMIC, agencies focusing on IDPs and refugees, security sector reform, DDR and development and humanitarian workers	DFID UN peacekeeping BMZ EU
Economic development and good governance	State failure, collapse, weakness, under-performance causes poor developmental outcomes and vice-versa. Differences in emphasis on: <ul style="list-style-type: none"> • Economic/political development • Governance as primary driver or consequence of economic growth • Short-term humanitarian needs or longer-term development aims 	Range of development and humanitarian professionals, donor agencies, including bilateral agencies, UN, IFIs, economic analysts, governance and human rights workers	DFID AusAID USAID UNDP IFIs OECD-DAC BMZ Netherlands agencies EC
Global security	The poor quality of governance and the economy in some weak states generates organised crime (e.g. drug trade), terrorism, immigration and social cohesion concerns, WMD threats, etc. Development and good governance in these countries are instrumental to reducing global security threats	Foreign policy/diplomacy, security and defence actors, police, anti-drug trafficking, money laundering, arms specialists	US (DoD, State Department and USAID) UK (FCO and MoD) AusAID UN Security Council OECD EC

Attempts to analyse state fragility scientifically began in earnest in the 1990s. Today, a number of assessment systems (Annex 2) are available and used to forecast, track and explain the various components of the (under)development-conflict nexus to determine 'risk'.

A review of the FS agenda of the US yields the following conclusions:

- The FS agenda came to the forefront of US policymaking after the terrorist attacks of 11 September 2001. President George W. Bush identified fragile states as perhaps the most pressing security threat

confronting not only the US but also the international community in general. US development assistance was elevated to become the ‘third pillar’ of US foreign policy, along with defence and diplomacy.

- The stated aim of the US FS strategy is twofold: it is intended both to strengthen fragile states and to promote democracy (Bush’s Freedom Agenda). The US government sees these two goals as complementary, even though in practice each of these objectives may be pulling in different/opposite directions.
- USAID adopts a dynamic approach to fragile states: while FS can be turned around, they can also get worse.
- The US government does not seem too concerned about coordinating/harmonising its FS approach with those of other donors.
- In practice, development assistance, and aid generally, has become increasingly militarised. The subsuming of US foreign assistance under a broader and more militarised approach towards fragile states is particularly evident in the restructuring of key components of USAID, the State Department, and the Department of Defence. This has been undertaken over the past few years, especially in response to lessons learned in Afghanistan and Iraq.
- The focus now is to improve the coordination and coherence of US efforts across all agencies to strengthen fragile states and promote democracy.
- Although in principle the idea of improving effectiveness and coherence is a good one, in practice USAID has found it difficult to lead and coordinate the government’s fragile states agenda because it lacks the necessary resources, capacity and influence to do so.
- Despite the rhetoric and the ambitious goals outlined in various US government documents and declarations, efforts to strengthen civilian capacity to lead on the FS agenda have remained chronically under-funded and under-staffed.

The findings of the review on the UK’s FS agenda include:

- In the UK, as elsewhere, ‘fragile states’ is not a universally agreed-upon term. It is a phrase around which many different constituencies have coalesced, but it has no one theoretical underpinning.
- The centre of activity is the Department for International Development (DFID), which sees fragile states primarily as a threat to poverty reduction goals and second as a security threat. The UK Foreign and Commonwealth Office (FCO) and Ministry of Defence (MoD) view fragile states as important, mostly because of the threat they pose to national and global security.
- State fragility is a term increasingly used across the UK government, although with different emphasis on meaning between departments.
- DFID’s aid priorities in the field remain much the same as before, with a pro-poor emphasis and a special concern for good governance.

The review of Germany’s FS agenda found that:

- Germany came to the FS agenda late, for historical and political reasons; the way the agenda has developed reflects debates held and progress made on fragile states in the European Union (EU)/European Commission (EC).
- Germany’s primary interest is in peacekeeping and conflict resolution; addressing poverty has historically been the focus of German aid. These two goals have been combined in a ‘whole of government’ approach. German development assistance is centralised in the Federal Ministry of Economic Cooperation and Development (BMZ) but is fragmented at the operational level. Its largest implementing agency is GTZ, which has historically supplied technical assistance. Other actors include military and civilian staff working in foreign affairs, the Ministry of Defence, and NGOs, often in post-conflict situations.
- This joined-up policy has not led to a conflating of security and development concepts, although the aim is to use complementary instruments to pursue a unified security-development programme. At this time, a new relationship among policymakers is emerging; new ways of working together are being explored and established.
- The foreign, defence and development cooperation ministries have all contributed staff, funds and equipment to FS programmes, which are concerned with state building and governance, humanitarian and development aid, and peacekeeping. Their combined action plan is not yet operational, owing to a lack of funds and staff. Joined-up policy and implementation are also slowed by fragmentation within the government’s development sector, and tensions remain between the different ministries.

The Afghanistan, Cambodia and Nepal country studies provide insights into how the FS agenda has been operationalised by different donors. Afghanistan and Cambodia are considered to be post-conflict programmes. Nepal, on the other hand, remains highly unstable: the programme is now being transformed from a development to a ‘development using a conflict lens’ programme. While the components of each country programme are context-specific, some common lessons about carrying out development work in fragile states emerge. More detailed surveys of donor engagement in each of these three countries are provided in Annexes 3, 4, and 5.

- Donors working in a fragile state context will be better prepared if they understand the root and immediate causes of tension and conflict, and the underlying generators of underdevelopment, weak institutions, and lack of state capacity and political will to reform. This means donors analysing the political economy of the country. Only then can they determine the likely impact of fragility on programming (and vice-versa) and establish the appropriate programme objectives and approaches. Continual monitoring of politics, state fragility, social conflict and their causes is needed. This requires both baselines and indicators to be established before work commences.
- ‘Stove-pipe’ programmes, each under a different donor, are common (e.g. Cambodia), partly because of the way interventions are started at various times (especially during emergencies) by donors who have reacted independently to perceived need. Instead, joined-up strategies among donors are necessary at the recipient-country level, in order to create programmes that have common goals, sequencing and timeframes, as well as synergistic ways of working. But even where joint programmes have been formed, such as in Afghanistan, they do not necessarily work well, owing to weaknesses within donor agencies. Ways of tackling such critical issues should be established by donors, in league with the recipient government, which has an interest in seeing programmes prosper.
- State building should be a primary objective, because the failure of a state to establish control throughout the country hampers the development process and reconstruction, and reduces public confidence in the state and regime. Efforts should therefore include support for institutions that extend the reach of the central government into the countryside. This should not, however, undermine humanitarian efforts to reach people at the margins of any state building enterprise.
- Even development in post-conflict situations is still development, and planning should be based on well considered approaches, principles and methods. Otherwise, the result is likely to be poorly conceived and disconnected projects with low levels of sustainability. Aid should not be ‘politically driven’, e.g. determined by the need to satisfy a donor country’s own political constituency, as this results in quick-fix projects that can neither provide long-term benefits nor be sustainable over time.
- Efforts should be made to ensure that donor approaches and aid modalities strengthen government capacity rather than undermine it – the possible exception being humanitarian aid modalities, delivered in extreme situations of zero, limited or malignant state capacity or where state capacity is unlikely to reach for the foreseeable future. This implies not building parallel systems but rather aligning programmes with government funding systems and its development priorities and strategies. This is essential to foster state building and policy coherence.
- It is important to disentangle war-fighting objectives/methods in a post-conflict programme from development/governance/peacebuilding goals, principles and approaches. Civil-military projects mix personnel, projects and aims, and this can lead to the securitisation of a development or humanitarian agenda and insecurity for aid personnel. Careful analysis of the different principles, methods, capacities and aims of peacekeepers, development/relief workers and security personnel is necessary.
- Strengthening fragile states is a complex endeavour that requires significant financial and human resources and long-term commitments. This is also true in more normal development settings, but in conflict and post-conflict situations state building is an even more arduous and resource-intensive task.
- Donors need to address the unintended causes and consequences of conflict, although this must be done sensitively. It may mean designing programmes that deal with warlords and criminals (e.g. Afghanistan), corrupt politicians (Cambodia), or despots (Nepal), as well as with their victims. Apolitical, transitional justice programming (truth and reconciliation commissions, reparations and the like) should be considered in post-conflict situations. Ways of dealing with war criminals, of barring the election of past rights-abusers, of promoting national reconciliation and of providing compensation should be organised by governance specialists within an access to justice framework. Other solutions may well be required, e.g. alternative livelihood programmes, extending health and education facilities, empowering women, establishing representative institutions, etc. This sort of overarching programming requires careful and coordinated strategic planning.

In many fragile states, including post-conflict situations, humanitarian and development workers will be found side-by-side. This is because development staff are more likely nowadays to begin work earlier (or to have continued working) in conflict states whereas humanitarian agencies will provide assistance for long periods of time in 'protracted relief operations'. Nonetheless, the goals and methods of these actors, as well as those charged with peacemaking/peacekeeping, will be quite different.

The operational environment also takes a toll on attempts to coordinate planning and implementation. The urgency of the situation on the ground, local politics and incapacity, and the ongoing root causes of underdevelopment and conflict all affect the process and the success of programmes and of collaboration. In other words, where planning for FS has advanced considerably in some agencies, field-level implementation has lagged behind. This is partly because the joined-up agenda is relatively new, but mostly because the work is difficult. After all, fragile states are just that: the least developed, poorest and most conflictive, with the weakest and often most repressive governments in the world.

Any donor now wishing to enter into the fragile state debate, or develop its own fragile states agenda, will first have to determine what it believes causes state fragility. This determination will be different for each agency, as the analysis will be based on how its own policymakers answer a number of big questions, such as: What is the role of politics in development? What causes poverty? What is the nature of change and does it normally generate conflict? Does aid make the situation better or worse? How does violent conflict affect development and vice-versa? Once fragility is defined, lists of states considered to be fragile might be developed, and the appropriate methods of analysis selected or designed to measure their fragility and monitor any changes. From this analysis will then emerge interventions to tackle the perceived causes of fragility and its consequences. Of course, not all interventions are possible, as conditions on the ground in difficult working environments can undermine any policy design. As a result, a fragile states programme must remain flexible and responsive to the country context.

The report is organised in five parts. Part I provides a background on FS in five sections. Section 1 introduces; Section 2 focuses on what donors understand by fragile states and outlines donor definitions of the term. Section 3 then explains how donors came to these definitions by outlining the antecedents and genesis of the FS agenda as it has come to be understood by different actors in the new millennium. The variety of definitions and antecedents demonstrate how diverse the thinking is and how FS programme goals and priorities cannot be reduced to a single agenda that is universally accepted and applied. On the other hand, there are some common threads that run through all programmes (Annex 1 reviews the fragile states agendas of several other development agencies that have articulated and implemented FS programmes, and Annex 6 provides two lists of poorly performing and fragile states). Section 4 outlines the main components of the FS agenda before turning to the methods used by the international community to measure and track state fragility in its various forms in Section 5 (Annex 2 explains more fully the methodologies and goals of these assessment frameworks). Part II consists of the donor case studies, analysing how the US, the UK and Germany have defined and implemented their FS agendas. The report turns to the case studies on Afghanistan, Nepal and Cambodia in Part III. Part IV offers some conclusions and next steps for JICA. Finally, a variety of annexes that may be of interest for further reading are included in Part V.

PART I: Background

1: Introduction

This report for JICA outlines the fragile states (FS) agenda as it relates to international development and aid.¹ The agenda emerged during the 1990s, growing rapidly in the new millennium with the joining of development and governance goals on the one hand and peacemaking and global security concerns on the other. Actors who once occupied different fields found themselves working together, often undertaking similar tasks in related programmes, funded by different ministries but under the same policy umbrella. Many actors, including soldiers, became the providers of development assistance, while development workers were increasingly involved in conflict prevention, peacemaking and nation building.

It is not surprising that one major thrust has been to bring some coherence to these multifaceted operations, both at policy and field levels, through ‘joined-up’ analysis, improved planning and coordinated implementation. However, because of the diversity of operations, it is no surprise that in the field, coordination among programmes and donors, and between donors and host governments, has been inconsistent. Programmes in the various types of fragile states have been complex and resource-intensive and, as a result, individual project goals, which are always disparate and sometimes at odds, have frequently gone unmet.

This report analyses the fragile states agenda as discussed and operationalised by donors in recent years. In particular, as stipulated in the Terms of Reference (ToR) prepared by JICA, it focuses on the experiences of three key donors: the United States (US), the United Kingdom (UK) and Germany. It also provides case studies showing the operationalisation of the agenda in three fragile states, namely, Afghanistan, Cambodia and Nepal. The report finds that in Germany, the fragile states programme is still under construction, in that tools are being developed and institutions created. In the US and the UK, planning and operations are more advanced, although their goals and methods are quite different from one another. In all three aid-recipient states under study, implementation of the FS agenda has been uncoordinated, incomplete and sometimes chaotic.

The report is organised in five parts. Part I provides a background on FS in five sections. Section 1 introduces; Section 2 focuses on what donors understand by fragile states and outlines donor definitions of the term.² Section 3 then explains how donors came to these definitions by outlining the antecedents and genesis of the FS agenda as it has come to be understood by different actors in the new millennium. The variety of definitions and antecedents demonstrate how diverse the thinking is and how FS programme goals and priorities cannot be reduced to a single agenda that is universally accepted and applied. On the other hand, there are some common threads that run through all programmes (Annex 1 reviews the fragile states agendas of several other development agencies that have articulated and implemented FS programmes, and Annex 6 provides two lists of poorly performing and fragile states). Section 4 outlines the main components of the FS agenda before turning to the methods used by the international community to measure and track state fragility in its various forms in Section 5 (Annex 2 explains more fully the methodologies and goals of these assessment frameworks). Part II consists of the donor case studies, analysing how the US, the UK and Germany have defined and implemented their FS agendas. Section 6 is dedicated to the US, Section 7 focuses on the UK and Section 8 looks at Germany. The report turns to the case studies on Afghanistan, Nepal and Cambodia in Part III. Part IV offers some conclusions and next steps for JICA. Finally, a variety of annexes that may be of interest for further reading are included in Part V.

¹ We are grateful for the information supplied by a number of specialists at ODI who work on various aspects of the fragile states agenda, including Sue Graves, Clare Lockhart, Nicolas Waddell, Tom Slaymaker, Victoria Wheeler and Sven Grimm; and to Roo Griffiths for editing.

² The ToR is to survey donor definitions and the FS agendas they have inspired; definitions do not necessarily reflect the authors’ opinions.

2: Fragile States: Donor Definitions

Because the factors creating fragile states are diverse, because state fragility is manifested in a variety of forms, and because the international community's responses are many, the fragile states agenda is broad and ill defined. Actors working on the agenda are involved in: peacekeeping and peacebuilding; disarmament, demobilisation and reintegration (DDR); post-conflict reconstruction; humanitarian aid; dealing with the proliferation of weapons of mass destruction (WMD); anti-terrorist activities; and combating organised crime (drug trafficking, money laundering, people trafficking, etc.). Additionally, there are fragile states programmes addressing poverty; weak state institutions and poor governance; service delivery; unregulated migration (including refugees); disease (HIV/AIDS and other epidemics, such as Avian flu); and environmental degradation, pollution and climate change.

'Fragile states' is a label currently in use by the international community to identify a particular class of states. Actors conceptualise the FS agenda differently according to their concerns and goals. The word 'fragile' is often substituted without a precise change in meaning by 'failed', 'failing', 'crisis', 'weak', 'rogue', 'collapsed', 'poorly performing', 'ineffective', or 'shadow'; a fragile state may also be called a 'country at risk of instability' or 'under stress', or even a 'difficult partner'. In most cases, these labels do not have a meaning that is clearly understood far beyond the author who has used them.

Moreover, many of the FS definitions mix up the meaning of the word fragility with propositions about correlates and causal relations. Further complicating the matter, donor definitions appear to fall into three general but overlapping types: where fragility is defined in terms of the **functionality** of states, of their **outputs** (including insecurity), or of their **relationship** with donors.

In the first instance, donors define fragile states as those states that lack the capacity and/or will (the policies, governance and institutions) to perform a set of functions³ that are necessary to the security and wellbeing of their citizens. In essence, this means such states are unable to secure the rights and livelihoods of their members or to project administrative and regulatory power over their territory. The 'social contract' between state and citizens is poorly articulated, the population has little voice or right to participate in decision making, and the state's weakness means it is unable to resolve tensions arising over resources. Such states – because of their institutional weaknesses and their lack the political will to reform – are considered 'difficult partners' in country-led development processes. They are also likely to fall within the lowest ranking on the World Bank's (WB) Country Policies and Institutional Performance Assessment (CPIA), which ranks countries in terms of their economic management, structural policies, policies for social inclusion and public sector management and institutions.⁴ The simplest definition – that 'fragile states ... are states that are prone to failure in the future' (François and Sud, 2006), provides a sense of dynamism often lacking in other definitions. Broadly, then, many analysts highlight the relationship between a state's weak institutions, capacities, political will and policies on the one hand, and its poverty, poor governance and ineffective use of development assistance on the other. Taken together, these create fragility and instability.

Fragile states are also defined by their outputs: i.e., they are likely to generate poverty, violent conflict, terrorism, global security threats, refugees, organised crime, epidemic diseases, and/or environmental degradation.⁵ And because these states fail to regulate these outputs, disorder and illegality 'spill over' into neighbouring countries and beyond. Moreover, because such states fall in and out of crises, they are unable

³ For instance, Ghani et al (2005) identify a long list of necessary state functions for a fully sovereign state: a legitimate monopoly on the means of violence, and providing administrative control, management of public finances, investment in human capital, delineation of citizenship rights and duties, provision of infrastructure services, formation of the market, management of state assets and resources, international relations, and the rule of law. Other lists of state functions performed by non-fragile states are shorter, such as the provision of essential services (e.g. health, education) and economic opportunity; or territorial control, safety and security, capacity to manage public resources, delivery of basic services, and the ability to protect and support the ways in which the poorest people sustain themselves.

⁴ This is the WB Fragile States: Low Income Countries under Stress (LICUS) Initiative. The CPIA is meant to measure a country's policy and institutional development framework for poverty reduction, sustainable growth and effective use of development assistance (Alexander, 2004). For details of the CPIA framework, see <http://siteresources.worldbank.org/IDA/Resources/CPIA2003.pdf>. CPIA country scores have recently been made public: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,contentMDK:20933600~menuPK:2626968~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>

⁵ For environment-related security issues, see Brown (2006).

to play a full role in the international system. Post-conflict states are generally labelled as fragile, and attract a great deal of attention because they continue to export disorder. Some donor countries, with the US as a leading example, seem more interested in the terrorist, WMD and criminal threats posed by these states; other characteristics (e.g. poverty, rights abuse) appear to concern them only in so far as these problems must be addressed to reduce the security threat.

Box 1: Working definitions of fragile states

ADB *Since governments in weakly performing countries either have weak capacities and/or they are not committed to reform, key initial conditions under which aid conditionality can be effective are likely to be missing.*

Australia (AusAID) *Poorly performing countries are those with weak policies and institutions and where there is little chance of sustainable development.*

EU (EC) *Difficult partnerships are characterised by a lack of commitment to good governance. They differ from weak governance cases, where the government makes efforts and is committed, but capacity is weak and outcomes are limited.*

EU (European Council) *In many parts of the world bad governance, civil conflict, and the easy availability of small arms have led to a weakening of state and social structures. In some cases, this has brought about something close to the collapse of state institutions.*

France *'The situation of a "fragile state" is assessed in negative terms... poor economic performance ... [and] the effective impotence of government ... Another approach ... is to use the ...MDGs ... to underscore the fact that "fragile states" are in fact where the MDGs will not be achieved ... The degree of "fragility" is defined according to a few simple criteria (the rule of law, control over the country's territory, respect for minorities, delivery of basic services) ... Such definitions pay little attention to the country's external vulnerability or the harmful consequences of certain policies of the developed countries or large private sector forms. The "fragile states" approach does, however, allow for the inclusion of the notion of preventative action ...'*

Germany *Fragile and failed states are characterised by a 'gradual collapse of state structures and a lack of good governance'.*

OECD-DAC *Difficult partnerships where the usual DAC country-led model does not apply; difficult partnerships should be differentiated from cases where the partner government is making its best efforts but performance, in the sense of outcomes, is weak.*

UK (DFID) *DFID does not limit its definition of fragile states to those affected by conflict. Fragile states include those where the government cannot or will not deliver core functions to the majority of its people, including the poor. The most important functions of the state for poverty reduction are territorial control, safety and security, capacity to manage public resources, delivery of basic services, and the ability to protect and support the ways in which the poorest people sustain themselves.*

UK (FCO) *Focuses on the security agenda and the threats that fragile states pose to the UK, including drug trafficking, illegal immigration, terrorism, proliferation of WMD and international crime. Development assistance is understood as one weapon in the fight against instability.*

UN (UNDP) *WB LICUS definition, with outcomes measured in terms of human development indicators and MDGs.*

US (USAID) *Failed states are characterised by a growing inability or unwillingness to assure provision of even basic services and security to their populations.*

WB LICUS *are characterised by very weak policies, institutions and governance. Aid does not work well in these environments because governments lack the capacity or inclination to use finance effectively for poverty reduction. The WB's CPIA ranks countries in terms of their economic management, structural policies, policies for social inclusion and public sector management and institutions.*

Source: Moreno Torres and Anderson (2004) and Prest et al. (2005).

There are also those donors who are mostly concerned with interstate relationships and define difficult partners as fragile states. Interestingly, some donors have a difficult relationship with one country whereas other donors may not, making the fragile states category dependent on factors that have more to do with the relationship (e.g. a particular shared history) than with the nature of the state itself. Thus, the fragile states label may say as much about donor approaches in certain country contexts as it does about the fragile countries themselves.

Finally, the use of the phrase 'fragile states' varies according to the speaker. For instance, those analysts who think primarily in terms of insecurity tend to use words such as 'state failure' and 'collapsed states', whereas development agencies more often speak of fragility in terms of 'difficult (aid) partnerships' or 'poor performers'. Humanitarian and peace workers are mostly concerned with 'post-conflict' states under reconstruction or 'failed' states. For diplomatic reasons, there is also a reluctance among some donors to use uncomplimentary terms such as 'fragile' to define aid-recipient states and may instead place their emphasis on the aid partnership and process (e.g. 'non-performing'). In other cases, it is a matter of ensuring that the

term 'fragile' retains some meaning: as one practitioner noted about Africa, fragile states should be defined as those emerging from conflict, otherwise 'we'd have to define the whole African continent as fragile'. Another disagreed: indeed, the whole continent is fragile! Thus, the term 'fragile states' as used by donors has no precise meaning, although a consensus seems to be emerging among some of them.⁶

Having no unambiguous definition does not mean that such states cannot be identified; indeed, most agencies have lists of states (see Annex 6) they consider fragile, weak or failing.⁷ Generally, they include the Democratic Republic of the Congo (DRC) and Somalia, where state failure has resulted in conflict, famine, refugees, etc. Instability (warlords, drug mafias, chronic warfare) is evident in a quite a few states, ranging from Colombia to the Philippines. In others, state collapse may be slow (Zimbabwe and Haiti) or fast (Ivory Coast and Liberia). States at war, post-conflict states and states undergoing reconstruction (such as Cambodia, the Solomons and Rwanda, as well as Iraq and Afghanistan) are also defined as fragile. And countries such as Guatemala, Belize, Malawi, Nepal and Papua New Guinea are each considered fragile by some agencies (but not others), for very different reasons. The definition, then, is essentially 'all things to all people' but individual to agencies depending on their analysis of the causes, characteristics and consequences of state fragility.

⁶ 'Following the WB, OECD-DAC and EC Senior Level Forum on Development Effectiveness in Fragile States – hosted by the UK's Department for International Development in January 2005, some consensus appears to have been developed on a broad definition to capture all of these terms. Fragile states are those where the state power is unable and/or unwilling to deliver core functions to the majority of its people: security, protection of property, basic public services and essential infrastructure. This broad definition allows for a wide scope of fragile states, including those states in pre- and post-conflict phases, and does not limit it to those countries actually experiencing conflict.' See *Saferworld, International Alert* (2005).

⁷ How many states are at serious risk of state failure? The WB LICUS has identified about 30, whereas DFID has named 46 'fragile' states of concern (DFID, 2005). A report commissioned by the US Central Intelligence Agency (CIA) has put the number of failing states at about 20. See Foreign Policy and the Fund for Peace (2005). Branchflower (2005) lists countries with 'difficult environments' resulting in insecurity, poor governance and low social indicators. The Center for Global Development's Commission for Weak States and US National Security estimates 50 fragile states. The US State Department also maintains a list, but does not publish it. See François and Sud (2006) for a composite list, as well as Joanna Macrae et al. (2004), Annex 3.

3: Antecedents of the Fragile States Agenda

The international development community came to the fragile states agenda from three different directions – (i) an emphasis on human security⁸ and peacebuilding; (ii) a concern with poor development performance and state effectiveness; and (iii) a belief that underdevelopment and insecurity (individual and international) are related. The FS agenda emerged with the new century from preoccupations associated with the work that international actors had been doing in each of these areas. The international community had also become increasingly concerned about adopting ‘joined-up’ approaches to better integrate these three different strands into the FS agenda and thereby make aid more effective in fragile settings. After providing a brief summary on how the nexus between security and development evolved within the international aid community from the end of World War II to the terrorist attacks on the US on 11 September 2001 (henceforth referred to as 9/11), each of these categories is analysed in turn. Recent attempts at bringing coherence to the FS agenda are then summarised.

From World War II to 9/11

After World War II, three international regimes emerged to foster economic development, provide emergency assistance, and promote peace and security, respectively. These regimes were predicated on the principle of state sovereignty: in the end, it was the responsibility of each sovereign state to create an environment where all of these public goods could be attained internally by their citizens. Various international organisations were established to assist states in performing these sovereign tasks, ranging from the UN and the Bretton Woods institutions to NATO and the Warsaw Pact. In most cases, the institutions working in the fields of development, relief and security had separate funds, agendas and responsibilities. Moreover, they were governed by different principles.

During the Cold War, Western governments often saw their own national security linked to trends and events in the developing world (e.g. Angola and Vietnam). Perceptions changed somewhat after the demise of the Soviet Union, when Western analysts wrote optimistically about a ‘new world order’ that would generate a ‘peace dividend’ to be used for Southern development. Instead, the 1990s presented the world with a set of problems that had been largely unanticipated on such a scale: state failure, civil and sectarian intrastate wars, small arms proliferation, increase in mercenary armies, civilian victims, genocide, natural resource conflict, complex humanitarian crises, deepening inter-generational poverty, droughts and famine, HIV/AIDS, global criminal networks and violent non-state actors. The unevenness of global integration became more apparent; poverty, inequality and environmental degradation deepened; well organised, though sporadic, terrorist attacks unsettled nations; and attempts to structurally adjust developing states’ economies and to consolidate their democracies largely failed. Catastrophes in Somalia, Rwanda, Yugoslavia and elsewhere highlighted at the very least the need for improved planning and operations by the international community (as have post-conflict failures in Afghanistan and Iraq more recently). Peace missions became costly in human and financial terms and donors were being asked to support ever more conflict prevention, peacekeeping and post-conflict reconstruction operations.

The international system was clearly not equipped to respond to such crises, and the global community reacted with a series of major international conferences and reports exploring the links between sustainable development, humanitarian assistance, human rights, good governance and international and human security.⁹ These emphasised multilateralism, a larger role for the UN, and a new normative framework linking governance, human rights and security with humanitarian and development efforts.

⁸ In the political sphere, the concept of human security was first introduced to the security agenda by Scandinavian and Canadian countries during their membership of the UN Security Council in the mid-1990s. The UN Secretary-General has also supported a human security approach (Address to 54th Session of the UN General Assembly). Japan has been one of the concept’s broadest supporters since establishing the Independent Commission on Human Security in 2000, which delivered its report to the UN Secretary-General in May 2003, and founding the Human Security Trust Fund.

⁹ An Agenda for Peace (1992), Rio Declaration on Environment and Development (1992), The Supplement to An Agenda for Peace (1995), Report on the Panel on UN Peace Operations (2000), Prevention of Armed Conflict, (2001), Responsibility to Protect – Report of the International Commission on Intervention and State Sovereignty (2001), Human Security Now (2003), etc.

Events on 9/11 in the US catalysed an already emerging international agenda. Governments in the North/West were already trying to figure out how to strengthen weak states and how to defend themselves against threats originating there. The example of Afghanistan providing a haven for Al Qaeda made the need to develop a strategy to deal with such states all the more pressing. The fragile states agenda – with its multiple definitions, aims, policies, activities and actors – was the result.

Humanitarian aid and peacemaking

As the number of emergencies increased, the demand for humanitarian assistance escalated,¹⁰ as did concern about its effectiveness. With the UN Secretary-General arguing that emergency relief was instrumental in promoting peace and security,¹¹ ‘aid as peace-maker’ was written into donor policy (e.g. UK’s DFID¹²) by the mid-1990s (although research soon showed that aid alone had little impact on whether or not peace was restored in conflict situations; see Unwin, 1999). In some emergencies, relief workers replaced diplomats, as aid was presumed to have a conflict-reducing role and because the latter were unsure how to work with repressive regimes.¹³

As the scale and scope of humanitarian assistance grew over time, donors and NGOs began to express concern about the role that politics played in creating and solving crises, and increasingly worried about the damaging impact that their assistance could have in some situations. The complex and protracted crises of the 1990s required actors to take on new functions beyond pacification, such as restoring statehood, ‘nation building’, and embarking on economic and social reconstruction. Such tasks necessitated closer coordination among various actors – to avoid contradicting and undermining each other, if nothing else – as well as a shift in emphasis from emergency to longer-term (‘protracted’) programmes, which often blurred the differences between emergency humanitarian and development assistance. Humanitarian workers found themselves in conflict situations delivering assistance, increasing the potential for warring factions to exploit their aid. Warriors proliferated, which made it harder for agencies to identify and engage individuals with leverage over conflict dynamics. As civilians (e.g. UN and NGO humanitarian actors and peace negotiators) and military personnel found themselves working as peacemakers, peacekeepers and in reconstruction operations in the same arenas in an unsynchronised manner, the need for a broad and better coordinated effort was identified by UN and member states.¹⁴ ‘Softer’ military activity and civil-military cooperation (CIMIC) emerged to deal with the problems inherent in crises and post-conflict situations.¹⁵ By the new millennium, field workers and academics had firmly linked economic development, humanitarian assistance, and national and international security in theory, policy and practice (Tschirgi, 2003).

Thus, before the war on terror became fully fledged, the commingling of humanitarian and military aims and operations had already begun. At that stage, the idea of using ‘soft’ approaches such as humanitarian and development assistance (as well as trade and diplomacy) to address conflict was generally welcomed by the aid community, which recognised the need to bring a coherence of response to complex emergencies (see the section on ‘Coherence’ below). But the war on terror after 9/11 led to the further militarisation of the humanitarian-political agenda (and further ‘civilianisation’ of the military agenda). That and events in Afghanistan and Iraq gave humanitarian workers (and military personnel) reasons to question the linkages. Did embedding humanitarian action in a political-military agenda undermine emergency aid workers’ independence as well as other humanitarian principles (impartiality and neutrality)? Did it politicise the aid

¹⁰ Official humanitarian aid rose from US\$2.1bn to US\$5.9bn between 1990 and 2000. This discussion is adapted from Macrae (2002) and Macrae and Leader (2000a, 2000b).

¹¹ In *The Agenda for Peace* (1992) the UN Secretary-General urged the integration of aid and political responses to crises.

¹² As UK Minister for Development Clare Short noted in May 1998, ‘people who are interested in security should be passionately interested in development’ just as ‘those who are committed to development need to engage with the security agenda’. Quote provided by Nicholas Waddell, 11 May 2006.

¹³ For a detailed discussion of the politicisation of the humanitarian agenda and changes in operations, see Macrae and Leader (2000c).

¹⁴ Klingebiel and Roehder (2003) provide a summary of the concerns aid and military actors have about CIMIC. For instance, reconstruction projects run jointly by civilians and military forces worry some military actors who ‘see the risk of watering down their military mandate (so-called mission creep)’. Also see Wheeler and Harmer (2006).

¹⁵ Nicholas Waddell, Email 11 May 2006, citing Terry (2002). Also see Fitz-Gerald (2006). For more information on CIMIC, see Peabody (2005).

agenda and reduce humanitarian access, as it introduced ‘for-profit’ service-delivery actors? Questions were also raised about the ability of the military to provide aid efficiently and impartially.¹⁶

Concerns were also expressed that the military taking over the delivery of aid in ‘hearts and minds’ operations not only was inefficient and expensive but also compromised principles and reduced the autonomy and the ‘protective patina of neutrality’ of the humanitarian workers who deliver aid to people based on need. Military activities in close proximity with humanitarian programmes were (and are) also thought to undermine humanitarians’ claims of impartiality and neutrality. At the same time, the military said that they did not have the expertise to take on policing and civilian tasks. Nor were their goals the same as those of humanitarian, human rights, development and political workers, and they argued that each set of actors was unlikely to have a shared understanding of how to reach a goal or perform a task. (For instance, each group in the field may have very different views about what ‘civilian protection’ means, when operations are to be carried out to achieve this aim, and what methods should be used – Hold, 2006). In other words, philosophical concerns as well as field-level problems have plagued the relationship between civilian and military actors in humanitarian operations since their inception.

To conclude, then: it is now accepted that there may be advantages for beneficiaries in conflict situations if humanitarian and military actors work together, but only if coordination, dialogue, ground-rules and interactions are well thought out. Assistance approaches, principles, field-level operations and coordination, and the distinction between humanitarian operations and goals and military practices and aims therefore remain on the table for discussion (Wheeler and Harmer, 2006).

Development and fragile states

Since the 1970s, donors have adopted a series of programmatic approaches to address the issues and challenges confronting what the UN has identified as Least Developed Countries (LDCs).¹⁷ Projects and programmes have focused on infrastructure, integrated rural development schemes, the provision of ‘basic needs’ and, later, structural adjustment, poverty reduction strategies and ‘good governance’ to foster the creation of markets and good economic environments, as well as rights-based and participatory approaches to development. From the 1980s onwards, the role of the state as facilitator of national economic development was reduced, and more attention was paid to non-state actors and the market as a mechanism for growth. Now the aid community argues that the aid mechanisms used in the last two decades were ineffectual, partly because the state was too weak to undertake the core functions required to provide an enabling environment for non-state actors to flourish.¹⁸

From the late 1980s, the shift in the aim of development assistance to poverty reduction led to what became an aid effectiveness agenda. Specifically, ideas promulgated in the 1990 World Development Report and refined during the decade changed the way poverty was to be addressed. Structural adjustment and conditionality were critiqued, the aid-receiving countries’ policy environments were analysed more thoroughly, aid financing mechanisms and public expenditure management were evaluated, and improvements in aid modalities were recommended. Poverty and service delivery were prioritised with the adoption of the Millennium Development Goals (MDGs) in 2000. General budget support became more common, as did an emphasis on transparency and accountability. And because concerns about aid effectiveness focus on the role of donors as well as recipient states, the international aid community began reforming itself and its aid partnerships. A series of donor meetings (Monterrey, Rome, Paris) in the last decade resulted in international agreements on financing aid, harmonisation and alignment (Christiansen, 2003). Development reached the top of the international agenda in 2005, with the G-8 Gleneagles Summit, the UN World Summit, the Make Poverty History campaign and the Africa Commission.

¹⁶ This section adapts Harmer and Macrae (2003).

¹⁷ In 1971, the UN identified 15 LDCs; since then, only one has moved up and out of the category (Botswana) while the total number has risen to about 50. In 1990, UNDP began ranking countries according to their Human Development Index, and later according to their incidence of poverty. Donors attempting to explain long-term underdevelopment began to analyse the causes (e.g. WB’s LICUS project) and, in doing this, generated further lists of poorly performing states. Something between 30 and 60 countries are now included in this ‘poor performers’ category, depending on which definition is used. On the MDG index, over 30 countries are considered ‘top priority’ for support in reaching the MDGs.

¹⁸ Thus the state is now back at the centre of development. So, too, are ‘good enough governance’ and creating the political will and capacity to reform. See Grindle (2002), and also Tschirgi (2003).

Yet, the long-term failure of development to demonstrate wide-ranging and positive impacts on poverty in some states, particularly in Africa – either because of problems with the way aid is delivered or owing to recipient states’ incapacities – has generated concern regarding poor aid performance and weak governance, a concern expressed in the fragile states agenda.

Global and Third World security

The linkages between Western national security and Third World development were made explicit during the Cold War,¹⁹ and strategic concerns were an important determinant for both Western and Communist states when distributing funds. In many cases, states were not particularly worried about whether their money was used well, so long as it maintained a friendly government in power. After the Cold War, official development assistance to many states dropped off, as poor countries generally held little strategic interest and because donors increasingly targeted their aid at states that had the capacity (governance and institutions) to use it well. ‘Aid orphans’ – those weak states that were not consistently assisted by donors – were among the poorest and most in need.

There was an increase in violent conflict in the 1990s, and the nature of war changed. Terror attacks in the US, Tanzania, Kenya, Yemen and elsewhere; the human cost of crises in Somalia, Rwanda, Yugoslavia, DRC/Zaire, etc.; and the expense of military, peace and reconstruction operations globally inspired the international community’s growing commitment to addressing insecurity earlier and more effectively. Conflict, crime, lawlessness and forced migration were seen as bad for human development in insecure states and costly for their neighbours,²⁰ while perceptions of insecurity changed as these threats became global. Similarly, security was being redefined by activists and scholars: it was given a broader – down to an individual level and up to global level – and a more ‘human’ meaning. Indeed, UNDP defined human security as straddling ‘freedom from want’ and ‘freedom from fear’ or ‘safety from such chronic threats as hunger, disease and repression’ and ‘protection from sudden and hurtful disruptions in daily life’. This humanisation of security, transforming it from its traditional military-defence meaning, made it easier for development and security to be seen by aid agencies as co-dependent and programmable (Klingebiel, 2006b).²¹ Finally, there was a practical side to this commingling of agendas: linking development to the security agenda made it easier for aid agencies to be heard by governments and for them to raise funds for their work (Waddell, 2006).

Events on 9/11 in the US reinforced the traditional meaning of security, and raised it to a state of emergency. As the US produced its new militaristic and unilateralist foreign policy, other Northern governments began to consider which distant threats to their own national security existed. Globalisation played a role in bringing this agenda to completion by making the Northern public more aware of global threats and crises and by politicising the fight against Southern poverty. After 9/11, disengagement from fragile states seemed a short-sighted and dangerous course of action. Since then, only in special cases has the international community been willing to address instability by containment, as in the case of Myanmar.

In most cases, donors began to design development policies that were meant to address insecurity and conflict at the same time as poverty in the South – or to ‘see development through a conflict lens’. This necessitated development actors thinking in terms of joined-up and coherent policy, as their counterparts working on humanitarian aid were doing. Meanwhile, the security establishment – police, immigration, customs and tax officials, as well as the military and intelligence forces – developed its own agenda to tackle state fragility. For these actors, development assistance was only one weapon in the arsenal, which more regularly includes intelligence gathering, military action and the training/supplying of military forces,

¹⁹ For example, Harold Lasswell wrote in 1950 about national security being addressed by arms, diplomacy, information and economics (cited in Baldwin, 1995) while Ullman (1983) highlighted the linkages between national security and natural resource (especially oil) constraints, population growth and environmental degradation, natural disasters, and support for repressive regimes. He called for efficient non-military initiatives to address these problems.

²⁰ Chauvet and Collier (2004) estimate that two-thirds of the economic damage done by a fragile state are costs imposed on its neighbours and that FS lose their neighbours 1.6% of their GDP every year.

²¹ This new emphasis on the individual was important regardless of whether threats to human security were defined narrowly, in terms of war and violence, or broadly in terms of famine and similar disasters.

criminal investigations and collaborations (e.g. against money laundering and drug trafficking), reducing refugee and illegal immigrant flows, etc.

Coherence

After the Cold War, humanitarian, security and political actors were increasingly aware of the need to bring coherence in some form to their operations. Multilateral responses were more possible after the Cold War, but institutional systems and structures to regulate, recruit and fund²² multinational forces still had to be (re)formed.²³ The need for a set of principles to govern aid provisioning was identified,²⁴ as was the necessity of improvements in the coordination and predictability of aid flows (see Reindorp and Schmidt, 2002 and Jones, 2004).

Increased dialogue and planning were necessary to reach consensus about how to implement different programmes through joined-up policymaking and about how to take into account humanitarian principles, state building goals and security needs in a way that met all those objectives (see Box 2 below). The linkages between relief and development assistance were explored and changes in programming resulted. Sometimes, development programmes had to ramp-up to become emergency operations, and this also required significant coordination. Similarly, there has been an ongoing dialogue, which has become more intense in recent years, between development actors and the military, peace/conflict and security people, who share common concerns about operationalising peace operations and conflict-resolution programmes with development objectives or, alternatively, about implementing development programmes in conflict-prone areas. State building, such as in Afghanistan and Cambodia, has required the creation of special organisations at all levels for planning, coordinating and implementing the joined-up security-development-governance programmes.

Box 2: Joined-up planning

Improved delivery mechanisms for international assistance require well informed funders who can think strategically, and who are willing to draw on regional capacity in order to support a regional solution to a regional problem. These strategies will help to close the gap between the approaches of external and internal actors, as well as provide better suited policy instruments to address wider governance issues. In order to build an international consensus to support broader thinking and joined-up resources, bilateral actors should develop more effective strategies to influence and consult with partners whose national security interests are broadly similar in certain parts of the world. Moreover, they must do more to empower the regional and sub-regional organisations which have specific peace and security mechanisms and agendas that serve the needs of each area. Where resources remain a problem, donors should balance their contribution of overseas aid between empowering regional capacity to respond to regional problems (by developing closer links with organisations like the AU and CARICOM), and providing a more comprehensive effort where no regional capacity exists. This comprehensive effort should support institutional development and good governance, as well as training and technical assistance. Moreover, it should promote more ‘staying power’ and focus in future multilateral engagements.

Source: Fitz-Gerald (2006).

Attempts to bring coherence to the varied activities under the fragile states umbrella have been evident largely at the supply-side level and between bilateral donor-government departments (across ministries, between actors, in terms of planning and operations, the creation of teams, etc.) rather than between all actors within a specific arena or at the country level.

In the UK, a joined-up approach to complex political emergencies evolved, including mobilising political, military and economic ‘assets’ to address humanitarian emergencies (including palliative relief and conflict

²² ‘While international responses to conflict seek to address both pre- and post-conflict situations, up to now the international community has clearly directed the bulk of its resources toward post-conflict reconstruction ... [also called] “post-conflict peacebuilding” [or] ... “stabilization and reconstruction”’ Klotzle (2006).

²³ The limits of sovereignty and intervention were being reconsidered; globalisation made it difficult to separate domestic and foreign policy; security was being redefined to include economic, social and environmental factors; new patterns of conflict had emerged where civilians had become targets; aid actors played dominant roles where foreign officers were absent; the causes of conflict were now assumed to include poverty, environmental decline and population growth, while development assistance was thought to prevent conflict and relief aid, to reduce it. See Macrae and Leader (2000a).

²⁴ Aid should be provided according to need, not political criteria. See, for instance, Sphere project and Humanitarian Accountability Partnership, <http://www.sphereproject.org/> and <http://www.hapinternational.org/en/>.

reduction). In 1995, the UK created the Conflict and Humanitarian Aid Department (CHAD), with the aim of channelling funding and liaising with political bodies (e.g. the UN Secretary-General's office).²⁵ In the Netherlands, the humanitarian aid department took on rehabilitation and peacebuilding, whereas in the UN various cross-departmental and cross-agency initiatives were started. The UN Office for the Coordination of Humanitarian Affairs (OCHA) was created in 1998. How to improve the joint operation of development and relief operations was on the aid agenda in the early 1990s, where later in the decade more energy was put into determining how best to begin development work earlier in 'protracted crises' in order to address insecurity and to help non-performing and conflictive states reach the MDGs (Harmer and Macrae, 2004).

To operationalise the joined-up military and aid agenda, specialist bodies were created. The UN Consolidated Appeals Process and donors' 'framework agreements' with NGOs emerged at this time, while donors began earmarking a greater proportion of their aid – with the bulk of it going to 'political hotspots' (Iraq, Balkans and Israel). At the same time, NGOs became more active and donors took a more prominent role in the field and as designers, coordinators and monitors of programmes. Donor states set about improving their methods of assessing need, responding to emergencies, monitoring the use of aid, and coordinating responses (e.g. creating special groups, such as the Somalia Aid Coordination Body).

The formation of a UN Peacebuilding Commission was approved at the UN World Summit in September 2005 and by the Security Council and General Assembly in December 2005. This is meant to be an intergovernmental advisory body bringing together actors and resources to implement post-conflict peacebuilding and recovery programmes, and to promote 'best practices and [ensure] sustained international attention to countries undergoing transitions from post-conflict recovery to long-term economic and political development'. After failures in Somalia, Haiti and Iraq, the US government (USG) created (2004) an Office of the Coordinator for Reconstruction and Stabilization within the State Department to improve cross-government planning and operations in post-conflict societies. Meanwhile, USAID has established an Office of Military Affairs (in its Office for Foreign Disaster Assistance), and both USAID and DoD are pursuing cross postings (Wheeler and Harmer, 2006). In Britain, the government formed a Cabinet Group on post-conflict reconstruction and a cross-departmental Post Conflict Reconstruction Unit (FCO, DFID and MoD), while DFID has created its own emergency response team (Klotzle, 2006).

How civilian concerns are integrated into a military agenda varies by country. For instance, the US military has not been overly involved in peacekeeping or using the military for humanitarian objectives (although this is changing somewhat); the UK more willingly embraces peace-support and humanitarian goals. Importantly, too, the US states that humanitarian assistance and the NGO community are tools that US forces might use to establish stability in post-conflict states. The UK emphasises civilian leadership in the provision of aid and the view that the military should only deliver humanitarian assistance in exceptional circumstances.

While such initiatives demonstrate recent donor efforts at improving policy coherence through a joined-up approach, the process remains far from complete. Indeed, several donors are currently still determining policies, designing tools and piloting approaches. Those joined-up programmes that are being implemented seem to be less than successful at field level. Evidence (e.g. Cambodia, Nepal and Afghanistan) suggests that donor coordination – problematic in many developmental contexts – is especially difficult in fragile states, where urgency, donors' political aims, ongoing insecurity, and the multitude of actors and mandates make it very hard but vital to collaborate effectively. Lack of coordination wastes time and resources in situations where peacebuilding, state (re)construction, development and security are desperately required. As a result, already weak and conflicted states are becoming more fragile.

To conclude, then: it is now accepted that there may be advantages for beneficiaries in conflict situations if humanitarian, development and military actors work together, but only if coordination, dialogue, ground-rules and interactions are well thought out. Assistance approaches, principles, field-level operations and coordination, and the distinction between humanitarian operations and goals, development methods and objectives, and military practices and aims therefore remain on the table for discussion.²⁶

²⁵ Differences between humanitarian and conflict-management objectives were acknowledged by 1999, and a new policy emerged that took into account these differences in addition to the view that sometimes the most humane action is not to provide assistance (Macrae and Leader, 2000b).

²⁶ Victoria Wheeler and Adele Harmer, eds., *HPG Research Report*, 21, ODI, March 2006, 'Resetting the rules of engagement: Trends and issues in military-humanitarian relations,' chapter 1.

4: Main Components of the FS Agenda

Based on the antecedents analysed in the sections above and for the purposes of this study, the FS agenda may be divided into three basic objectives: (i) promoting human security, basic needs and peace in recipient countries (humanitarian aid and peacebuilding); (ii) improving development and governance in those countries; and (iii) ensuring global (especially donor countries') security. It is important to emphasise that these are often overlapping agendas; every actor has multiple aims and approaches. In particular, objectives (ii) and (iii) share a preoccupation with improving good governance in aid recipient countries, even if their motivations are not entirely the same (a concern about internal/domestic processes in the former and a concern about international security in the latter). Nonetheless, each agency tends to prioritise one set of objectives over the others, and to make assumptions about correlation and causality that drive its programming.

- **Local peace, basic needs, and human security** are objectives of peacemakers, peacekeepers, conflict resolution specialists, and others working in pre- and post-war situations or where there is open or simmering conflict. Agencies are concerned with disarmament, demobilisation and reintegration (DDR), mass migration (internally displaced persons – IDPs – and refugees) as well as human rights abuse, the manipulation of ethnic or religious differences, and small-arms transfers think of peace and security as central to FS. Competition for resources (land, water, etc.), as well as population issues (e.g. youth unemployment) that generate conflict, motivate those agencies promoting economic development and other interventions (e.g. mediation) aimed at reducing tensions. Relief workers ensure basic needs are met. Development is assumed to diminish the likelihood or contain the emergence of conflict; humanitarian aid is thought to help make peace during or after conflict.
- **Development/governance** as the objective of the FS agenda is not unlike the old 'poor performance' agenda, in that state fragility and potential state failure is linked to poor governance, poverty and human rights abuses. Donors concerned with aid effectiveness (creating new development aid modalities and improving the delivery of development aid) are also included here. Development is assumed to be more likely in countries with good governance, although a number of analysts assume that good governance, especially democracy, is unlikely to emerge until a certain stage of economic development has been achieved. Today, most donors involved in development work measure pro-poor outcomes in terms of a country's progress in reaching the MDGs. To some extent, this set of objectives is linked to the humanitarian agenda, for humanitarian and development goals are either the same (e.g. service delivery and meeting basic needs) or closely related (e.g. emergency food provision, food security and agricultural development as part of a human welfare agenda). That said, state- and nation building are high on the agenda of development workers, although incidental to humanitarian aid workers.
- **International insecurity** in its broadest form (e.g. organised crime, weapons of mass destruction – WMD – and terrorism) motivates a third set of actors, whose objectives are to stop these threats at their source, well before they reach the donors' national borders. This group, including the military and police as well legal and weapons specialists, uses a number of methods besides combat to tackle state fragility and violent conflict, including the delivery of development and humanitarian assistance to encourage populations in war zones to help the military, diplomacy, finance in the forms of grants and loans, technical advice, etc. The assumption made by agencies is that economic development and better governance (including 'regime change') in fragile states will improve the security of Northern states.

Table 1 below maps out these three different components of the FS agenda and locates the types of external actors and approaches that focus on each. It also attempts to place donors roughly in the most suitable box depending on what aspects of their FS agenda they emphasise the most. Please note that this classification of donors is intended to be schematic, as most donors tend to include elements of all three strands of the FS agenda (peacebuilding, development and good governance, and global security) in their FS work.

Table 1: Three main components of the fragile states agenda

Focus/emphasis and goals	Underlying assumptions and views on causality	Types of ‘external’ actors and approaches	Donors emphasising a particular component of the FS agenda
Local peace, human security and basic needs	Politicisation of ethnic and religious divisions and of resource constraints causes conflict; conflict undermines development	Post-/conflict resolution specialists, peacekeeping agencies, CIMIC, agencies focusing on IDPs and refugees, security sector reform, DDR and development and humanitarian workers	DFID UN peacekeeping BMZ EU
Economic development and good governance	State failure, collapse, weakness, under-performance cause poor developmental outcomes and vice-versa. Differences in emphasis on: <ul style="list-style-type: none"> • Economic/political development • Governance as primary driver or consequence of economic growth • Short-term humanitarian needs or longer-term development aims 	Range of development and humanitarian professionals, donor agencies, including bilateral agencies, UN, IFIs, economic analysts, governance and human rights workers	DFID AusAID USAID UNDP IFIs OECD-DAC BMZ Netherlands agencies EC
Global security	The poor quality of governance and the economy in some weak states generates organised crime (e.g. drug trade), terrorism, immigration and social cohesion concerns, WMD threats, etc. Development and good governance in these countries are instrumental to reducing global security threats	Foreign policy/diplomacy, security and defence actors, police, anti-drug trafficking, money laundering, arms specialists	US (DoD, State Department and USAID) UK (FCO and MoD) AusAID UN Security Council OECD EC

There is, then, an underlying linkage between a donor’s view of the causes and consequences of poverty, insecurity and poor governance on the one hand, and the types of interventions it designs on the other. This is reflected in the fragile states agenda (as well as in regular development programmes), and generates each agency’s and department’s special emphasis.

5: Measuring and Monitoring State Fragility

Attempts to analyse state fragility scientifically began in earnest in the 1990s, and today a number of assessment systems (Annex 2) are available and used by governments and agencies (as well as investment banks and transnational companies) to forecast, track and explain the various components of the (under)development-governance-conflict nexus to determine ‘risk’. Some systems analyse previous incidents of instability to identify the historical causes of poor performance and conflict in order to predict future instability in other countries. These generally require a large dataset (available online) and analytical power, and are managed centrally by agencies and/or universities.

Some agencies use statistical analysis (such as LICUS or the Low-income Poorly Performing States – LIPPS – see Macrae et al., 2004) to quantify the conditions prevailing in different aid recipient countries. Some of these analytical frameworks are quite general and difficult to use in designing specific interventions. Some concentrate on tracking and explaining the root causes of violent conflict, terrorism and low-intensity warfare. Others are early warning systems mostly concerned with humanitarian crises, but since the capacity of a state to cope with natural disasters is one indicator of its fragility, these systems remain valuable to a wider range of analysts. Some assessment systems or ‘toolkits’ can be used in-country by trained staff to collect and analyse the appropriate data, whereas others are managed centrally by units devoted to monitoring and evaluation the effectiveness of projects and programmes.

Some analysts collect information on human rights and politics, political instability, elite factions, corruption and criminality, population movements, inequality, persecution, etc. in addition to poverty indicators. Others focus on particular forms of conflict, such as genocide, and attempt to identify windows of opportunity and key institutions for peacebuilding. Others are more concerned with economic inequalities that generate instability and so collect material on these. Finally, yet others, such as the Jordanian Centre, concern themselves with particular areas and conflicts and options for prevention. The method and indicators that an agency chooses will depend on how it analyses conflict in the broadest sense – e.g. the differential role of politics or economics, of actors, of donors etc. A summary of the most frequently used methods is included below (Table 2).

Table 2: Summary of major assessment tools

Name	Goals	Method	Data type	Assumptions	Outputs
Stability Assessment Framework (Netherlands)	Identify structural problems causing instability and policies and actors’ capacity to deliver solutions	Trace ‘trend’ lines for 12 indicators leading to degree and nature of instability and identify policies and capacities of actors	Structural constraints, capacities, intentions and policies of actors	Terrorism and conflict are caused by weak economy and governance, poor security systems and inability of actors to address	Long-term quantitative and qualitative analysis of deep structures, actors and immediate pressure points
Political Instability (State Failure) Task Force (US)	Explain instability to predict state failure, and to explore state capacity and democratic transitions	Collect and correlate extensive data on all post-1950s state failures (coups, wars, etc.)	Political and social-economic indicators, ethnic and environmental factors, military issues, elections, etc.	Transitional politics and unresolved socio-economic issues create instability	Reports predicting individual countries’ instability, and on factors causing instability across many countries
Country Indicators for Foreign Policy (Canada)	Identify key features of political, economic, social and cultural environments and country performance	Tracks 100+ indicators for 196 countries since 1985	Measuring conflict, governance, ethnicity, instability, demographics, environment, economics, etc.	Structural issues (environment, demographics, etc.) impact politics and stability	Reports on countries, issues, and early warning of conflict

Name	Goals	Method	Data type	Assumptions	Outputs
Conflict Assessment System Tool and Failed States Index (US)	Identify, measure and monitor countries vulnerable to conflict and causes	Trend analysis of 12 indicators, capabilities of 5 key institutions, history and idiosyncratic factors causing instability	Social, political and economic data, and identification of stages of conflict (root causes, immediate causes, etc.)	Structural causes of instability can be arrested through careful institution building and interventions	Qualitative and quantitative analyses of trends in states and remedial strategies to reduce instability.
Strategic Conflict Assessment (UK)	Identify causes and consequences of conflict, and responses to prevent or reduce it	Identify causes, best responses and policy options	Historical causes, conflict structures, actors and dynamics, resolution processes and actors	Conflict integral to change, but violent conflict is destabilising	Peacebuilding framework and strategies to reduce conflict
Countries at Risk of Instability framework (UK)	Develop statistical foundation to judge fragility and assess risk	Identify external and internal risk and stabilising factors and country resilience	External risks, internal factor, 'shocks', feedback loops, and stabilising factors	Global, regional and national factors can generate (and feed back into) instability	Country risk reports, statistical analysis, interventions proposed
Conflict Assessment Framework (US)	Identify causes and consequences of conflict, how development aid interacts with conflict, and role of aid to support peace	Context-driven assessment of factors and interventions, with toolkits for identifying which data to collect	Map institutional factors and local risks and opportunities for conflict, the capacity to manage conflict, regional dynamics, critical events	Contextual factors are important determinants, some actors have interest in promoting conflict	Assessments of how aid programmes impact conflict and its causes, reports identifying peace interventions
Conflict-related Development Analysis (UN)	Assess economic and social as well as political causes of conflict	User-friendly, non-expert tool assessing long-term and immediate causes, symptoms and responses	Security and political-economic-social situations at international, regional, national and local levels	Conflict is contextual and specific, development actors and programmes affect conflict, some actors promote it	Multiple, long-term assessments of conflict and responses by aid community

Those assessment systems with the most explanatory power have the following characteristics:

- They analyse long-term (historical) correlations.
- Their predictive power can be demonstrated or proven.
- They collect data on many variables across several sectors, and can explain correlations.
- They can be adapted to particular country contexts.
- They can chart changes and trends over time.
- They differentiate hidden root/structural causes from more visible factors that spark conflict.
- They measure both the nature and the degree (level and intensity) of instability.
- They explain the role and interests of institutions and individual actors.
- They explore the capacity and will of institutions (external and internal), and of governments to address the causes of fragility and conflict.
- They are able to link long-term causes of tension (e.g. poverty) and shorter term 'shocks' and their impact.
- They are easy to use and affordable, e.g. brief risk-screening is undertaken to determine whether more in-depth analysis is necessary.
- They accept conflict as an integral part of policymaking at all levels, and differentiate it from the causes of violent conflict.
- They take into account feedback loops and multiple (internal/external) causes of conflict.

- They help determine strategies and identify interventions and stakeholders, and can assess the likelihood of their success.
- They can be used for projects, programmes, country, or regional-level analyses.

None of the frameworks of analysis outlined in Table 2 or Annex 2 has all of these capacities. Therefore, in adopting or creating an instability-assessment system an agency should consider

- How it will be used – to understand conflicts? To select (or avoid) countries for giving aid? To design interventions?
- Whether it tracks the causes of fragility (and correlations) that the agency considers critical.
- Whether it produces outputs that meet the agency's specific needs – to design development interventions, peacekeeping, to understand the causes of conflict, etc.
- Whether the framework is easily used – by experts? By field staff? By laymen?
- Whether the system is cost effective – already available and used? Needing modification? Are outputs sufficiently detailed? etc.

When adopting any one of the existing assessment methodologies, an agency should remember that the variety of systems available demonstrates both donors' shared interest in a set of core issues relating to fragility and the divergent concerns that individual agencies have. These similarities and differences reflect donors' underlying analyses about the causes and consequences of fragility, and they affect the design of their aid interventions.

PART II: Donor Case Studies

6: United States²⁷

Antecedents of the US FS agenda

The US has rarely divorced its own security from its foreign aid policy, and is one of the donors that most explicitly links foreign state fragility with domestic concerns. Thus, the intent of the current fragile states agenda is not unlike some of the policies the USG produced during the Cold War – such as the Mutual Security Act (1951), which sought ‘to unite military and economic problems with technical assistance’ – or the programmes spearheaded by the military to ‘win hearts and minds’ in Vietnam in the 1960s and Central America in the 1980s.²⁸ The work of USAID and its predecessor agencies has always been justified in part by its support of US security objectives (Beall et al., 2006).

After the fall of the Berlin Wall, President George H.W. Bush spoke about a ‘new world order’. For a few years, American aid was less focused on meeting the US’s immediate strategic needs and placed much more emphasis on promoting local democracy and lifting people out of poverty. Admittedly, some regions of the developing world (e.g. the Horn of Africa and Cuba) remained high on the US foreign policy and security agenda. Former USAID Administrator Andrew Natsios describes (2006) USAID in the 1990s as taking a ‘vacation from history’ – US official development assistance (ODA) declined and the institution itself was ‘damaged’.²⁹

The terrorist attacks carried out against the US on 9/11 marked a reversion to Cold War development priorities and rhetoric as well as the militarisation of the US aid agenda. The linking of homeland security to Southern development – in, for example, President George W. Bush’s 2002 National Security Strategy, as will be explained later – was encouraged by US analysts, who argued that social and economic development in LDCs could reduce terrorism.³⁰ This concern with terrorism, global and organised criminality and WMD typifies the US FS agenda, where development has been subordinated to those security/foreign policy goals in policy and practice.

Evolution of the fragile states agenda under President George W. Bush (2000-present)

Emergence of a fragile states agenda

President George W. Bush has come a long way in embracing the state building agenda he once disdained: ‘We should not send our troops to stop ethnic cleansing and genocide in nations outside our strategic interest’, he said while he was campaigning in January 2000. But, as noted above, the attacks of 9/11 radically altered perceptions about what the US should do to address the challenges associated with fragile states. FS were fully brought into US policy as a matter of ‘strategic interest’.

Much of the thinking on fragile states within the US Government (USG) derives from the notion that states where institutions are too weak and governance too poor for the government to control the country’s territory and adequately provide for its people can have great destabilising effects both within and outside their borders. Chief among these is the threat that these states can become havens for terrorists. Other potential problems and security risks associated with fragile states include violent conflict, genocide, ethnic cleansing, refugee flows, the proliferation of weapons (including WMD), human trafficking, organised crime, regional instability, food shortages, the spread of diseases such as HIV/AIDS and other pandemics, energy insecurity, and environmental crises. In the view of the USG, poverty and lack of development tend to exacerbate these

²⁷ This overview of the FS work undertaken by the US is based on an extensive literature review of key USG documents and pronouncements as well as scholarly articles.

²⁸ See Center for International Policy, www.ciponline.org/facts/soa.htm.

²⁹ This conforms to the view that Clinton ‘governed at a time when foreign policy was for the most part peripheral to American politics’; see New York Times, 30 April 2006 (‘The Rehabilitation of the Cold-War Liberal’). There were dissenters such as Robert Kaplan, who pointed out in *The Atlantic Monthly* in 1994 that population growth and weak state capacity would result in ‘the coming anarchy’ in Africa.

³⁰ For instance, Rand Corporation: see Craigin and Chalk (2002) and Putzel (2006).

problems and are therefore seen as a fundamental cause of instability and a security threat.³¹ Thus, the thinking goes, if development can be promoted, the threats posed by these fragile states to the US can be significantly diminished.

National Security Strategy Paper

This understanding of development is at the core of the National Security Strategy Paper issued by President Bush in September 2002. In this paper, updated in 2006, Bush identified weak and failed states as the central threat to global security emanating from the developing world: 'the United States is now more threatened by weak and failing states than we are by conquering ones'. Pointing to research findings of different scholarly studies which establish a strong relationship between poverty and state failure (see USAID, 2004), the paper also identified poverty, weak institutions and corruption as key characteristics of failing or failed states. Thus, development is perceived as an essential component in the struggle to strengthen fragile states, and in this document it becomes the 'third pillar' of US foreign policy – along with defence and diplomacy.

According to Andrew Natsios, development had never before ranked so high on the US foreign policy agenda. Bush's National Security Strategy Paper also emphasises another key element of the USG foreign assistance strategy: Bush's Freedom Agenda, or the promotion of democracy. For the Bush administration, the spreading of democracy is part and parcel of its fragile states agenda, at least in principle. As Bush stated in the 2002 Strategy Paper: 'The events of September 11, 2001 taught us that weak states, like Afghanistan, can pose as great a danger to our national interests as strong states ... Poverty, weak institutions, and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders ...'. This embodies the core of the Freedom Agenda, and calls on the USG to work not only with governments but also with civil society and the private sector to bring free markets and democratic change to fragile contexts. This agenda of 'expanding the ranks of democratic states' (Natsios, 2006) was identified as a matter of US national security and featured prominently in the updated version of the National Security Strategy Paper that Bush announced in 2006. Embedded in the National Security Strategy is an underlying assumption that state building and the promotion of democracy can, and should, be pursued as one and the same goal.

The US fragile states agenda and other donors

Significantly, the USG has developed its fragile states agenda in an autonomous manner, without being too concerned about what other donors are doing. One of the clearest expressions of this is perhaps the fact that the National Security Strategy lays out the rationale for preventive action, arguing that 'as a matter of common sense and self-defense, America will act against ... emerging threats before they are fully formed'. In general, pre-emption has not gone well with the rest of the international community. In addition, a survey of official USG documents and pronouncements reveals that there is very little mention, if any, of the harmonisation and alignment agenda that has captured the attention of most other donors. Some of the key USG documents (the USAID Fragile States Strategy or Rice's speech on Transformational Diplomacy) do mention that the goal of strengthening fragile states is an endeavour that should be undertaken in partnership with other donors, and that country ownership is essential to the success of donor efforts. However, not much more is said on either front, and it therefore remains unclear how the USG proposes to act to achieve either goal. In particular, the words 'harmonisation' and 'alignment' rarely appear, and the USG documents surveyed do not seem to discuss the need to increase coordination among donors.

US development assistance in figures

The US fragile states agenda has unquestionably had an impact on how the USG disburses its international assistance. While, as stated above, USAID's funding was significantly curtailed after the end of the Cold War, this situation has since changed considerably. Today, the Bush administration is advocating an expansive American role in what officials describe as strengthening fragile states and spreading freedom and democracy around the world, with Afghanistan and Iraq as the key beneficiaries of US assistance. In this respect, the USG is putting its money where its mouth is. US official aid spiked to US\$27.5 billion in 2005, from US\$19.7 billion in 2004 and US\$11.4 billion in 2001. Adjusting for inflation, this may match or exceed

³¹ However, there is also a recognition that poverty alone does not lead to conflict and state fragility. Rather, a combination of factors needs to be at play. These include incentives to violence, access to conflict resources, institutional and social capacity for managing violence, regional dynamics, and/or windows of opportunity and vulnerability. For greater detail on US analysis of causes of conflict, see Conflict Mitigation and Management Office (2005). This approach is summarised in Annex 2 of this report.

Marshall Plan giving levels – although it is still considerably less as a share of the US economy (0.22% instead of approximately 1.1% in 1948-52 – Roodman, 2006).³²

Of this US\$27.5 billion, more than one-third went to Iraq. Iraq received US\$10.2 billion in US assistance in 2005, up from US\$3.0 billion the year before. According to observers, this may constitute the largest one-year aid transfer between any two countries ever. US aid to Afghanistan has also increased, nearly doubling from US\$778 million in 2004 to US\$1.5 billion in 2005 (Roodman, 2006). The assistance provided to these two countries highlights the centrality of the fragile states agenda in American development and foreign aid efforts.

Aid to the rest of the world was essentially unchanged, from US\$15.9 billion in 2004 to US\$15.7 billion a year later. Sub-Saharan Africa did see an increase in 2005 – the year that the West called for doubling aid to that region.³³ US assistance to Africa grew from US\$3.5 billion in 2004 to US\$4.1 billion in 2005, much of it explained by increases to Ethiopia (mostly in food aid), and to Sudan to support the new peace process. In addition, while many worried that, with the advent of the war on terror, the US would focus its assistance on a few strategic countries (such as Pakistan and Jordan), a quantitative analysis conducted by the Center of Global Development in Washington in 2005 concluded that ‘concerns that there is a large and systematic diversion of US foreign aid from fighting poverty to fighting the GWOT [Global War on Terror] do not so far appear to have been realized’ (Moss et al., 2005).

These figures also include aid that the US has disbursed through the Millennium Challenge Account (MCA). Launched by President Bush in March 2002, the MCA is intended to allocate aid based on previous good performance criteria and on presumed efforts by recipient countries in the war on terror. MCA assistance was meant to increase by an estimated US\$5 billion a year after three years, but Congress has so far not apportioned support at this level (according to Francis Fukuyama – 2006 – the total appropriated by Congress to the MCA in 2006 was only US\$1.75 billion). While many have praised the MCA as a bold experiment, the criteria to qualify for assistance are so stringent that very few poor countries in the developing world have managed to do so. In a very real sense, the MCA does not fit neatly within the fragile states agenda, because it ‘fails to address directly those nations that represent the greatest risk to the security of the United States’ (Eizenstat et al., 2005).

Organisational changes to make the US FS agenda more effective and coherent

Lessons emerging from Afghanistan and Iraq

The main USG bodies involved with the fragile states agenda include USAID, the State Department, and the Department of Defense (DoD, also known as the Pentagon). However, one of the most pressing problems identified with US development programmes is that these are dispersed among more than a dozen agencies, often with conflicting priorities and confronting multiple layers of bureaucracy (Eizenstat et al., 2005). Over the past few years, the failure to plan and prepare adequately for the post-combat phase in Afghanistan and especially in Iraq has led to a fundamental reconceptualisation regarding how the different components of the USG should work together to plan state building and post-conflict stabilisation operations, improve their effectiveness, and produce better development outcomes in fragile settings. During the first Bush administration (2000-2004) relations between the State and Defense departments were not particularly good, characterised more by conflict and rivalry than by cooperation.³⁴ Some of the main lessons learned from Iraq and Afghanistan include the following:

- *Ad hoc* approaches to post-conflict (re)construction are inappropriate and more formal planning is needed – it is not only important to win the war but also to win the peace.

³² It is also considerably less than the cost to the US of fighting terrorism more generally: ‘If both houses of Congress pass the conference version of the FY2006 supplemental bill (H.R.4939) Congress would have appropriated a total of about US\$437 billion for military operations, base security, reconstruction, foreign aid, embassy costs, and veterans’ health care for the three operations initiated since the 9/11 attacks: Operation Enduring Freedom (OEF) covering Afghanistan and other Global War on Terror (GWOT) operations, Operation Noble Eagle (ONE) providing enhanced security at military bases, and Operation Iraqi Freedom (OIF), Iraq’ (CRS, 2006a).

³³ See, for example, the Commission for Africa Report (www.commissionforafrica.org/english/report/introduction.html) and the proceedings of the G-8 meeting in Gleneagles (www.g8.gov.uk/).

³⁴ As Fukuyama has remarked (2006), this ‘bureaucratic tribalism’ between these two government entities led to serious confrontations about what reconstruction efforts in Afghanistan and Iraq should look like – and what entity should lead.

- The military needs to pay considerably more attention to stability operations.
- A capable core of civilian experts is needed to act as a reliable counterpart to the DoD.

Towards a more holistic approach to fragile states?

As a result of this learning, important changes have been undertaken within USAID, DoD and the Department of State in an attempt to improve coordination among them. The three agencies now intend to pursue what senior government officials define as a ‘whole’ government approach to fragile states. This holistic approach is based on the ‘3Ds’: diplomacy, development and defence, which are expected to be mutually reinforcing and to reflect policy coordination and coherence. As highlighted in a recent USAID document on Policy Framework for Bilateral Foreign Aid, ‘our strategic realignment to respond to the US National Security Strategy positions USAID to implement the highest foreign policy objectives of President Bush, including the Global War on Terror and the Freedom Agenda’ (USAID, 2006). On the other hand, according to many observers, what this has meant in practice is that USAID has lost its autonomy and that the foreign assistance agenda has become increasingly militarised as the development and security agendas have merged. Policy and institutional reforms that reflect the restructuring of the USG approach to fragile states include:

- The US Department of State and USAID’s Strategic Plan Fiscal Years 2004-2009: Aligning Diplomacy and Development, published in August 2003.
- USAID’s White Paper, Meeting the Challenges of the 21st Century, published in January 2004.
- The creation of the Office of the Coordinator of Reconstruction and Stabilization in the State Department (S/CRS) in the summer of 2004.
- USAID’s Fragile States Strategy, announced in January 2005.
- The creation of the Office of Military Affairs within USAID in March 2005.
- A renewed commitment by the DoD to stability operations embodied in its November 2005 directive on Military Support for Stability, Security, Transition and Reconstruction.
- The creation of a new post, the Director of United States Foreign Assistance, in January 2006, to serve concurrently as Administrator of USAID.

Each of these initiatives is discussed in greater detail below. Implementation has not been without its problems, as evidenced in the Afghan case below.

Discussion of recent initiatives undertaken by the Bush administration

US Department of State and USAID’s Strategic Plan Fiscal Years 2004-2009

This Strategic Plan is intended to support the policy positions set forth by President Bush in the National Security Strategy and to outline how the Department of State and USAID should work together to implement US foreign policy and development assistance. Significantly, this document represents the first time that the two agencies have prepared a joint strategic plan. It explains that the two agencies share the same goals: promoting democracy and the respect for human rights and fostering development as the key elements for building a ‘safer’ and ‘better’ world,³⁵ and is intended to ensure that US foreign policy and development assistance programmes are fully aligned to achieve those goals. This is meant to be achieved by, among other things:

- Fostering the development of infrastructures and the economic and social foundations of democratic governance and human rights;
- Combating corruption;
- Providing basic social services (such as health and education); and
- Developing a vibrant, independent and pluralistic civil society actively engaged in political life.

The State Department and USAID are expected to work together through policy and management councils made up of senior officials from both organisations to oversee the implementation of the Strategic Plan. The

³⁵ Interestingly, this strategic plan delineates ‘strategic objectives’, strategic goals’, and ‘performance goals’ which include ‘Achieve peace and security’, and ‘Advance Sustainable Development and Global Interests’, among others – but fragile states as such are not mentioned in these objectives and goals, except in reference to ‘Counterterrorism’ as a strategic goal under the ‘Achieve peace and security’ objective. On the other hand, all the outlined objectives fit squarely within the USG fragile states agenda, even if this agenda is not explicitly emphasised in the strategic plan.

main purpose of the Policy Council is to establish a roadmap in key areas that will inventory current work, identify any gaps in aligning policy and programmes, and establish concrete coordination mechanisms that can be implemented in a short timeframe. In order to maximise opportunities for coordination and impact, the Policy Council ensures that the linkages between the State Department and USAID programmes are captured in each agency's follow-on performance plans, operational guidelines and processes. The State Department-USAID Management Council was established to set the direction for better management coordination, to help develop and implement strategies and priorities articulated in the Strategic Plan, and to monitor progress.

USAID's White Paper: Meeting the Challenges for the 21st Century

This White Paper was prepared by USAID as a consultation document in January 2004. The paper identifies five core operational goals as the focus of US foreign assistance. For each of these, 'graduation' criteria are meant to be established in order to indicate what exactly development assistance is supposed to accomplish, to serve as guide to programming, and to provide a basis for determining when the job has been accomplished and aid for a particular objective can cease. The goals are:

- (i) Promoting transformational development;
- (ii) Strengthening fragile states;
- (iii) Providing humanitarian relief;
- (iv) Supporting US geo-strategic interests; and
- (v) Mitigating global and transnational ills.

The emphasis on fragile states as a category of its own was innovative in that it recognised that weak or fragile states require special attention and a different strategy to traditional development or humanitarian relief. The challenge in these countries is to strengthen institutions, basic governance and stability. Thus, the task of strengthening fragile states is defined as 'establish[ing] the foundation for development progress by supporting stabilization, security, reform, and capacity development in countries characterized by instability and weak governance ... This would constitute graduation'. Significantly, some of the states of geo-strategic interest to the US may also be considered fragile, so they end up falling under two of USAID's five goals.

The main argument of the White Paper is that 'USAID needs to identify, clarify, and distinguish among its core operational goals; more clearly align resources with these goals; and manage strategically to achieve results in terms of each goal'. The White Paper explains that separate and distinct resources for strengthening fragile states remain quite limited. Most of the countries in this category, for example, cannot benefit immediately from the MCA, whose criteria for funding are based on actual performance and a good track record on governance issues.

Office of the Coordinator of Reconstruction and Stabilization at the State Department (S/CRS)

In August 2004, Secretary Powell announced the establishment of the S/CRS within the State Department. The S/CRS is a cross-department/organisational unit intended to create a civilian corps with the capacity and know-how to lead and coordinate Reconstruction and Stabilization (R&S) efforts in fragile states. The S/CRS has thus assumed responsibility for providing policy coherence and unity across agencies, enhancing the institutional capacity of the USG to respond to crises involving failing, failed and post-conflict states and complex emergencies, leading and coordinating civilian capacity to prevent or prepare for post-conflict situations, and helping stabilise and reconstruct societies in transition from conflict. The Office emerged from recommendations by the Executive Branch, Congress and the think-tank community to create an institutional focal point for conflict prevention and response. In the words of President Bush, 'this new office is charged with coordinating our government's civilian efforts to meet an essential mission: helping the world's newest democracies make the transition to peace and freedom and a market economy'.³⁶

Although S/CRS was created in the summer of 2004, its interagency authorities were not finalised until December 2005. At that time, President Bush issued Presidential Directive-44 on Management of Interagency Efforts Concerning Reconstruction and Stabilization. This directive explicitly assigned to the Secretary of State the task of improving coordination, planning and implementation for reconstruction and stabilisation assistance for states and regions at risk of, or transitioning from, conflict or civil strife. By

³⁶ Remarks delivered by President Bush at the International Republican Institute Dinner, Renaissance Hotel, Washington, DC, 18 May 2005 (<http://www.whitehouse.gov/news/releases/2005/05/20050518-2.html> Bush IRI dinner May 2005).

means of this directive, the Secretary of State is now charged with coordinating and leading integrated USG efforts across all US departments and agencies with relevant capabilities in the area of fragile states. If and when the US military is engaged in such efforts, the Secretary of State and the Secretary of Defense are dictated to coordinate their actions to ensure policy coherence and harmonisation. Thus R&S contingency plans are intended to be integrated with military contingency plans ‘when relevant and appropriate’ (US Department of State, 2005). In addition, the directive instructs the State Department to coordinate and lead efforts across US agencies to work with key international and non-governmental partners to build global capacity for conflict management (early warning, prevention and conflict response). The S/CRS reports directly to the Secretary of State, with a staff of 35 professionals drawn from across a number of departments, including the Departments of State and Defense, USAID, the CIA, and the military’s Joint Staff. The tasks of the S/CRS include the following:³⁷

- Develop a strategic planning template for R&S activities to be used in preparing and running missions and provide US decision makers with detailed options R&S operations.
- Formulate a doctrine for joint civilian-military planning.
- Ensure programme, budget and policy coordination among US departments and agencies.
- Lead coordination of R&S activities and preventative strategies with bilateral partners, international and regional organisations, and non-governmental and private sector entities.
- Coordinate interagency processes to manage operations, including in Washington at the interagency level and with the military at Regional Combatant Commands and in the field, to identify states at risk of instability; lead interagency planning to prevent or mitigate conflict; develop detailed contingency plans for integrated US R&S; and provide US decision makers with detailed options for an integrated US response.
- Build standing operational capabilities for rapid civilian response through a new Active Response Corps, made up of foreign and civil service officers who can deploy quickly to crisis situations as civilian ‘first responders’; analyse, formulate and recommend authorities, mechanisms and resources for civilian responses in coordination with key interagency implementers such as USAID.
- Engage other national governments and international organizations.
- Provide consulting services for state bureaus facing actual crises.
- Mainstream conflict prevention and transformation across the government, including by developing an Interagency Methodology to Assess Instability and Conflict.
- Conduct exercises with military counterparts.
- Identify lessons learned and integrate them into operational planning by responsible agencies.

USAID’s Fragile States Strategy

Spelled out in 2005, USAID’s Fragile States Strategy seeks to define what fragile states are and how USAID should engage with them (USAID, 2005). The Strategy builds on USAID’s White Paper of January 2004. Emphasising that the need to address the weaknesses of fragile states is ‘more critical than ever’, it makes a case for adapting development policy and programmes to help support and reform weak and failing states, and also calls for a thorough understanding of the sources of fragility in a given country. The report argues that there is ‘perhaps no more urgent matter facing USAID [today] than fragile states, yet no set of problems is more difficult and intractable’.

Box 3 below provides USAID’s definition of fragile states, divided in two categories: ‘vulnerable’ and ‘in crisis’. As can be seen from the definition, a key characteristic of fragile states is weak governance. Ineffective and illegitimate governance are at the root of instability. As understood by USAID, ‘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’. Interestingly, while the State Department does maintain a list of fragile states, it does not publish it (François and Sud, 2006). However, USAID’s classification of certain countries is no secret: Sudan, Afghanistan, El Salvador and Sierra Leone, for example, are designated as ‘crisis’ states in the USAID Fragile States Strategy, whereas Indonesia, Macedonia and Serbia-Montenegro are considered ‘vulnerable’. In crisis states, the focus of USAID’s strategy is on stabilisation, enhanced security, and the mitigation of conflict and its impact. In vulnerable states, USAID’s work concentrates on capacity building and reform to improve governance.

³⁷ For more information, see www.state.gov/s/crs/.

Box 3: USAID's working definition of fragile states

USAID uses the term *fragile states* to refer generally to a broad range of failing, failed and recovering states. However, the agency points out that the distinction among them is not always clear in practice, as fragile states rarely travel a predictable path of failure and recovery, and the labels may mask sub-state and regional conditions (insurgencies, factions, etc.) that may be important factors in conflict and fragility. In USAID's view, it is more important to understand how far and quickly a country is moving from or towards stability than it is to categorise a state as failed or not. *Therefore, the strategy distinguishes between fragile states that are vulnerable from those that are already in crisis.*

USAID uses *vulnerable* to refer to those states unable or unwilling adequately to assure the provision of security and basic services to significant portions of their populations and where the legitimacy of the government is in question. This includes states that are failing or recovering from crisis.

USAID uses *crisis* to refer to those states where the central government does not exert effective control over its own territory or is unable or unwilling to assure the provision of vital services to significant parts of its territory, where legitimacy of the government is weak or nonexistent, and where violent conflict is a reality or a great risk.

Source: USAID (2005).

USAID adopts a dynamic approach to fragile states: while FS can be turned around, they can also get worse. Thus the agency's overall strategy goal is 'to guide USAID's efforts in reversing decline in fragile states and advancing their recovery to a stage where transformational development progress is possible'. This requires USAID to 'lead the call for more thorough analysis of what advances turnaround in fragile states and the most catalytic role for donors in this process'. USAID focuses on four interrelated priorities to strengthen fragile states:

- (i) Enhance stability: endeavour to bring an end to conflict/instability as soon as possible and engage all sides in the conflict in the project of peacebuilding and reconstruction.
- (ii) Improve security: security is seen as a *sine qua non* for progress in FS. Currently, USAID is working on a range of security-related issues which include demobilisation, protection and reintegration of IDPs, community-level policing, and civilian oversight of the military.
- (iii) Encourage reform: USAID particularly emphasises the role of civil society in this respect and the need to strengthen the capacity of civil society to demand needed reforms and accountability from the government.
- (iv) Develop institutional capacity: weak institutions with limited capacity to perform their core functions are at the root of weak governance in fragile states. However, USAID recognises that its work on governance has so far tended to be oriented to policy reform rather than towards the more crucial and difficult task of institution building.

In terms of programming in fragile states, the USAID fragile states strategy highlights four core principles:

- (i) Engage strategically and selectively: USAID is not likely to be able to work constructively everywhere, so it needs carefully to select the countries where it thinks it can actually make a positive contribution – namely, states that are of foreign policy importance and where the host government has demonstrated a commitment to reform. Where USAID feels that it cannot engage with a given state/government on this basis, it recommends pursuing a strategy of indirect assistance, through civil society organisations and the private sector.
- (ii) Focus on sources of state fragility: these may include a combination of one or more of the following: democratic collapse; failures to promote needed reforms; high levels of government-sponsored corruption; guerrilla rebellions or other forms of violent mobilisation; ethnic conflict; and economic collapse or hyperinflation.³⁸
- (iii) Seek short-term impact linked to longer-term structural reform: there is an explicit understanding embedded within USAID's fragile states strategy that a 'long-haul' approach to development is needed to assist the rebuilding of fragile states adequately, because there is no simple or quick way to strengthen governance and state capacity. Nevertheless, 'quick wins' are needed so that the population can begin to feel the benefits of (re)construction as soon as possible. These might include providing security, basic infrastructure, and basic social services.
- (iv) Set appropriate goals and targets that reflect reality in the country in question. Priorities should reflect the realities on the ground (e.g. stability, security, reform, etc.).

³⁸ These, however, may be more properly thought of as manifestations of state fragility rather than its causes, which means that planning and programming may not always be suited to addressing underlying causes.

In order to support these efforts, better monitoring and analysis are needed not only within USAID but also by the USG more broadly, as are streamlined operational procedures to support rapid and effective responses in fragile settings. The complex challenges of fragile states demand coherence among the various departments and agencies of the USG, as well as partnerships with other international donors. A Fragile States Council chaired by the USAID Counselor and composed of senior managers from all bureaus has been established to play a facilitating and coordinating role, to review and monitor a strategic tracking system, and to provide recommendations for action, among other things. Other cross-department initiatives are established to ensure better policy coherence on issues related to trade, debt relief and international financial institutions (IFIs).

One of the weaknesses in the USG approach to fragile states identified by the USAID Fragile States Strategy is the lack of an early warning system that prompts a rapid response to states showing a vulnerability to failure. Partly in response to this, USAID's Conflict Mitigation and Management Office (CMM) developed a Conflict Assessment Framework (CAF) in April 2005 intended to help identify the sources of state fragility and thereby address not only the symptoms but also the causes of conflict.

USAID's Office of Military Affairs

To enhance coordination with the US armed forces on development issues, USAID created the Office of Military Affairs in March 2005.³⁹ This office 'addresses the need for greater understanding and operational interaction between the two sectors'. It is intended to formalise the links between USAID and the DoD by developing training, education and operational programmes to improve communications. It is also intended to develop guidance, policy and military doctrine to improve coordination and cooperation, as well as to build planning, operations and evaluation links aimed at enhancing field operations and addressing areas of common interest. The office also may help develop common civil-military structures proposed under the S/CRS. The office was created shortly after the joint response to the tsunami in Asia in late December 2004, which the USG has held up as a model for future cooperation.

DoD Directive on Military Support for Stability, Security, Transition and Reconstruction

As the State Department and USAID have taken important steps to address more effectively the challenges posed by fragile states, the DoD has also made a parallel set of doctrinal and institutional innovations. Perhaps the most significant of these is Directive 3000.05 on Military Support for Stability, Security, Transition and Reconstruction Operations (SSTR), which Defense Secretary Rumsfeld signed in November 2005. According to observers, this directive represents a 'sea change' in terms of DoD practices and approaches under the Bush administration (Patrick, 2006). Rumsfeld had for a long time been particularly reluctant to involve US troops in operations that did not strictly relate to war on the ground, and he did not want the military to meddle with state building efforts. This directive, on the other hand, establishes for the first time that such activities are a core DoD mission that the US military should be prepared both to conduct and to support.

It is DoD policy that ... stability operations are a core US military mission that the Department of Defense shall be prepared to conduct and support. They shall be given priority comparable to combat operations and be explicitly addressed and integrated across all DoD activities including doctrine, organizations, training, education, exercises, materiel, leadership, personnel, facilities, and planning ... Stability operations are conducted to help establish order that advances US interests and values. The immediate goal often is to provide the local populace with security, restore essential services, and meet humanitarian needs. The long-term goal is to help develop indigenous capacity for securing essential services, a viable market economy, rule of law, democratic institutions, and a robust civil society.⁴⁰

However, the US military does not play a significant role in international peacekeeping operations. According to one account, there are close to 20 UN peacekeeping operations in different parts of the world

³⁹ See www2.usaid.gov/press/frontlines/fl_sep05/#1.

⁴⁰ While this may represent a considerable shift within the current administration, it is important to keep in mind that there is a very long tradition in the US military of engaging in what is now called 'civilian operations'. There is the example of the Vietnam War, of course, with US military attempts to 'win hearts and minds'. More recent examples include troop deployments to Bosnia and Haiti under the Clinton administration. In a sense, DoD Directive 3000.05 is a step toward recovering that older tradition. In addition, the realities in Afghanistan and Iraq have been very important in highlighting the need for better post-conflict planning and improved cooperation, coordination and implementation between military and civilians on the ground. A study carried out by the Defense Science Board in December 2004 was also influential in shaping DoD thinking. The document made several recommendations for enhancing US effectiveness across the spectrum of activities from peace time through stabilisation and reconstruction.

today, involving as many as 75,000 troops or police. Of these, the US contributes approximately 500 troops (Devendorf, 2006).

Creation of Directorship of US Foreign Assistance

In January 2006, Secretary of State Rice made two very important speeches (2006a, 2006b), one on Transformational Diplomacy and the other on reform of US foreign aid. These two initiatives had significant repercussions for the US fragile states agenda in terms of strengthening coordination and alignment between US foreign and development policy. As stressed by Rice, 'the fundamental character of regimes now matters more than the international distribution of power. In this world, it is impossible to draw neat, clear lines between our security interests, our development efforts and our democratic ideals. American diplomacy must integrate and advance all of these goals together'. The primary objective of transformational diplomacy is to help 'build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system'.

As stated by Rice, foreign aid is an essential component of the US's transformational diplomacy. One of the problems she highlighted was that the structure of the foreign assistance regime in the US was highly fragmented, with 20-odd agencies scattered across the government: 'the authority to allocate foreign assistance is too fragmented among multiple State Department bureaus and offices, and between State and USAID. This makes it more difficult to plan coherently and it can lead to conflicting or redundant efforts ... and wasted resources' (2006b).

One of the innovations introduced by Rice to address fragmentation is the creation of a new Director of Foreign Assistance (DFA) within the State Department. The DFA also serves as the Administrator of USAID, reporting directly to the Secretary of State. The creation of the joint office is meant to consolidate authority over the budgeting, planning and implementation of all State and USAID foreign aid programmes. More specifically, the DFA is responsible for:

- Overseeing all Department of State and USAID foreign assistance funding and programmes, with continued participation in programme planning, implementation and oversight from the various bureaus and offices within State and USAID, as part of the integrated interagency planning, coordination and implementation mechanisms.
- Developing a coordinated USG foreign assistance strategy, including developing five-year country specific assistance strategies and annual country-specific assistance operational plans.
- Creating and directing consolidated policy, planning, budget and implementation mechanisms and staff functions required to provide umbrella leadership to foreign assistance.
- Providing guidance to foreign assistance delivered through other agencies and entities of the USG, including the Millennium Challenge Corporation and the Office of the Global AIDS Coordinator.
- Directing the required transformation of the USG approach to foreign assistance in order to achieve the administration's transformational development goals.

This joint post is not intended to merge USAID and the State Department, but to bring USAID closer to the department (Weisman, 2006). Officials have expressed that, at least on paper, this is an extremely important post that significantly enhances the status of the USAID Administrator vis-à-vis Cabinet members and centralises tasks and creates an overarching structure, both of which were badly needed. Critics argue that the creation of the directorship will lead to greater politicisation of foreign aid. As Carol Lancaster, former Deputy Administrator of USAID in the Clinton Administration, put it (2006), the reorganisation 'is part of a pattern of merger by stealth [of USAID] into the State Department'.

Problems and challenges

Despite the rhetoric and the series of reforms to improve performance, it remains unclear whether the US has the know-how to promote capable institutions in failing and/or conflict-torn states or whether the USG has the political will and the resources needed to carry out these tasks. The conflation of the state building and democracy-promotion agendas by the Bush administration is at best problematic; they might actually be pulling in opposite directions. In addition, civilian capabilities to lead the fragile states agenda are still lacking. Many observers have argued that, in the end, it will be difficult for USAID or even the State Department to stand on an equal footing with the DoD because of the unevenness of resources and power of

each. As a result, the US continues to rely disproportionately on military instruments, and its fragile states agenda (as well as its developmental aid agenda more broadly) has become increasingly militarised. This can be seen in Afghanistan and Iraq, for example, where military personnel are performing a great deal of post-conflict duties that would normally be left to the civilians; there simply does not seem to be enough civilian capacity being deployed there, and this goes back to cost and insecurity.

The difficulty in achieving a balance of power and influence between USAID, the State Department and the DoD on the fragile states agenda is exemplified by the issue of CIMIC in the field in fragile states, which remains a real challenge for the US. There are more than two million people in the military who are direct hires or boots on the ground. By contrast, there are only about 6,000 State Department foreign service officers, and USAID has a few over 2,000 employees, including 1,100 foreign service officers in 80 countries (Kunder, 2006). Further, foreign/diplomatic/development affairs remain chronically under-funded by a significant margin. While the S/CRS may have been endowed with very significant responsibilities, it nonetheless remains an institution that is severely understaffed and is 'very much looking for a budget' (Devendorf, 2006). In November 2005, for example, the US Congress dealt the S/CRS a severe blow by refusing funding for a planned US\$100 million Conflict Response Fund proposed by the Bush administration. According to Fukuyama (2006), 'there is a kind of resistance on the part of Congress and the American people to fund very ambitious nation building exercises'. Yet, to coordinate interagency efforts and promote real civilian capacity to lead on the fragile states agenda, civilian institutions (mostly USAID and the State Department) need 'the kind of resources, staff and authority to make a real difference'. Otherwise, these new initiatives 'will be retired to the graveyard, just another layer of government bureaucracy' (Eizenstat et al., 2005).

7: United Kingdom⁴¹

Antecedents of the UK FS agenda

DFID, the UK's development department, has since its inception in 1997 prioritised poverty alleviation and trade liberalisation in the South. In these respects, its aims were aligned to those of the Foreign and Commonwealth Office (FCO), especially its emphasis on fostering progress in Britain's post-colonial (mostly African) states.⁴² Until 9/11, the UK, including its MoD, held that instability outside Europe was an indirect threat to the UK's security, in that it produced local suffering and refugees (Lambach, 2004), but that its central security concern was Europe and the Atlantic alliance. Within this framework, the UK participated in multilateral responses to conflicts in the Balkans and Africa.

A different emphasis was articulated soon after 9/11. Two days after the attacks, the UK Foreign Secretary outlined the government's view that 'failed and failing states' were a threat to global security. While this might have laid the basis for an aid policy similar to that of the US, DFID stood apart, insisting on subjecting 'the relationship between development and security to a more penetrating analysis' than was carried out across the Atlantic. In fact, the agency argued in 2005 that 'it is the security of the world's poorest people, not that of the Northern states, that must be the guiding principle for development' (Beall et al., 2006). Thus, the development/humanitarian agenda remains central to DFID's understanding of fragile states. With this lens in mind, DFID is working in a joined-up manner across the government on a larger fragile states agenda. It has integrated security thinking into its larger development agenda, without letting the security agenda take priority over its pro-poor development goals.

The FCO has had a different focus – on the threats fragile or failed states pose to the UK, including drug trafficking, illegal immigration, terrorism, proliferation of WMD, and international crime. The FCO and DFID jointly commissioned a study of the causes of state failure and instability that were seen to threaten the UK. This study, carried out by the Prime Minister's Strategy Unit (Cabinet Office PMSU, 2005), saw development as one weapon in the fight against instability:

A broad international consensus exists that the primary objective of development assistance should be to reduce poverty [as measured by reaching the MDGs] ... A key message of this report is that in countries facing significant risks of instability the primary focus of all international engagement should be preventing or reducing instability, including through development assistance. Given that stability is a precursor to a sustainable reduction in poverty, this is still consistent with the wider objective of development assistance.

Fragile states policy

DFID and other government departments are further along than most other countries in researching, discussing, developing and implementing a fragile states agenda. The UK has had more cross-ministry discussions and planning on FS, and has moved further in developing a coherence strategy and principles of collaboration in FS environments. DFID's FS agenda is focused on poverty and local insecurity (unlike the US, whose aid programme is subordinate to its foreign policy agenda), and is therefore more relevant to any agency with a similar analysis of FS needs and programmatic goals.

Within the UK government, 'fragile states' is not a universally agreed-upon term. It is a phrase around which many different constituencies have coalesced, but it has no single theoretical underpinning. DFID staff and

⁴¹ This survey is based on a literature review and interviews with key informants. The list of UK contacts includes: Michael Anderson, former Team Leader, Poverty Reduction in Difficult Environments group (later Fragile States team), DFID; Debbie Duncan, former Asia Desk Officer, DFID; Phil Evans, Africa Conflict and Humanitarian Unit, DFID; Alicia Forsyth, Assistant Director of Policy Planning, Policy Planning Unit, MoD; Judith Kent, Senior Governance Adviser, Fragile States team, DFID; Nicholas Leader, Consultant, Fragile States team, DFID; David Lelliott, Conflict Prevention team, FCO; Alison MacMillan, Conflict Issues Group, FCO; Jo McCrae, Conflict and Humanitarian Department, DFID; Magui Moreno-Torres, Governance Advisor, Fragile States team, DFID; Rebecca Pankhurst (title unknown), Cabinet Office; Damien Parminter, Assistant Director of Policy Planning, Policy Planning Unit, MoD; Robert Picciotto, Visiting Professor, University of Cambridge; Sophie Pongrascz, Economist, Fragile States team, DFID; Kevin Starkhall, Asia Deputy Director, DFID; Sheelagh Stewart, Head of Governance Cadre, DFID.

⁴² See www.wdm.org.uk/resources/wdmia/autumn02a.htm. DFID expressed its independence, though, by setting about to 'untie' aid and by opposing the government's sale of specialised radar equipment to Tanzania.

others across Whitehall point out that the term can be misleading. There is no empirical content attached to the phrase; rather, it is a term of convenience around which many different actors can come together, each bringing with them their own definition. DFID's working definition of a fragile state, not dissimilar to that used by USAID, is one in which the government cannot or will not deliver core functions to the majority of its people, including the poor (DFID, 2005: 7-8). As in the case of the US, fragility is not a static concept: states move in and out of fragility with the passage of time. DFID draws a distinction between state capacity (the raw ability to get things done) and willingness (the desire on the government's part to use this ability for the good of its people). The agency then classifies fragile states into four categories:

- 'Good performers' with capacity and political will to sustain a development partnership with the international community;
- 'Weak but willing' states with limited capacity;
- 'Strong but unresponsive' states that may be repressive; and
- 'Weak-weak' states, where both political will and institutional capacity pose serious challenges to development.

Table 3: Indicative features of fragile states

	Capacity	Willingness
State authority for safety and security	<ul style="list-style-type: none"> • The state lacks clear international sovereign status • The state cannot control its border or significant parts of its internal territory 	<ul style="list-style-type: none"> • One or more groups are systematically subjected to violence or deliberately not provided security by the state
Effective political power	<ul style="list-style-type: none"> • The power of the executive is not subject to controls, either through informal (political party) or formal (legislature) channels • There are no effective channels for political participation 	<ul style="list-style-type: none"> • Major groups are systematically excluded from political processes
Economic management	<ul style="list-style-type: none"> • Weak or partial public financial management tools, such as a budget cycle and planning processes 	<ul style="list-style-type: none"> • There is no transparency in the public management of natural resource extraction
Administrative capacity to deliver services	<ul style="list-style-type: none"> • The state levies less than 15% of GDP in tax 	<ul style="list-style-type: none"> • Access to public services for specific regions of the country or groups is deliberately limited

Source: DFID (2005).

Although it does not limit itself to any one indicator of state fragility, DFID cites the WB's CPIAs as useful proxies for state fragility. The CPIA divides low-income countries into five categories of performance, the bottom two quintiles of which contain countries at risk of fragility. It also uses a separate, unranked list of countries deemed as fragile. Middle-income countries are excluded from the CPIA. Some 46 countries have been given a 'fragile' CPIA rating at least once between 1998 and 2003 (DFID, 2005).

The UK government believes that fragile states matter for three reasons:

- Because poverty is higher in fragile states. In particular, the prospects of meeting the MDGs are much worse in fragile states than other developing countries.
- Because of fragile states' potential to destabilise, both globally and regionally. Criminal and terrorist groups thrive in fragile states, while instability in key countries such as Afghanistan and the DRC can have impacts on development and stability well beyond their borders.⁴³
- Because late post-crisis interventions cost so much. Civil wars have been estimated to cost on average US\$54 billion (direct and indirect costs). Recent estimates show the average cost saving to the international community of £1 spent on conflict prevention to be as high as £4 (DFID, 2005).

DFID also acknowledges that fragile states have in recent years been served poorly by the international donor community. One of the principal goals of the FS agenda, then, is to determine why aid has not reduced poverty in fragile states, and how the aid community can do better in future. The problems are seen as

⁴³ Recent estimates have put the average growth rate for countries sharing borders with fragile states as 0.4% per year lower than it would be without such a neighbour.

threefold – insufficient and poorly timed aid and aid delivered ineffectually.⁴⁴ For instance, aid has been delivered in uncoordinated projects, without regard to the country's capacity to absorb large amounts of aid, or it has had too harsh compliance conditions attached to it. Aid has been delivered in a volatile way – i.e., too much one year, not enough another, or in a reactive way (humanitarian aid rather than preventive, longer-term development assistance).

At the moment, DFID's focus is African and Asian countries which are the subject of one of DFID's Public Service Agreement targets (basically, the department's business plan upon which it receives financing from the treasury) and which receive direct UK bilateral aid. Some 21 of the 38 bilateral DFID programmes in low-income countries are in fragile states, including seven of the 16 African focus countries. These include 'poor and populous' nations such as Nigeria, Ethiopia, DRC and Sudan; and, in Asia, Bangladesh, Afghanistan and Nepal.

While the fragile states agenda is an important policy issue for DFID as a whole, DFID staff speak of the 'disconnect' between DFID FS policy work and the work done by DFID staff based on the ground in fragile states. Although they have been carrying out fragile states-related work for many years, country office-based staff do not automatically identify with the FS agenda. DFID staff advise that no one should 'get confused by this term!'

Another problem with the term is that it obscures the fact that such states are often very different from each other. This is a cause of concern in many Whitehall departments. Zimbabwe is different, and 'differently fragile', from Somalia: are the two comparable? However, according to some in DFID, this is not the point: the FS agenda is not only about the states themselves but it is meant to draw donors' attention to how their own interventions may affect development outcomes. Some DFID staff refer to themselves as 'unapologetically donor-centric', using the fragile states label only in terms of the way it delivers aid – i.e., to examine donor instruments and harmonisation initiatives. It is simply a category for defining those environments in which donors are not performing well.

The FCO is also uncomfortable with the term because it sees Whitehall as unable to agree on what it actually means. The FCO views state fragility very much in terms of security issues and conflict prevention⁴⁵ and finds DFID's unswerving focus on poverty reduction somewhat limiting. The MoD, too, sees state fragility in terms of security threats: an extension of their traditional work programme packaged under a new name. What they do now under 'state fragility' they used to do when they were called failed and failing states. The MoD views Saudi Arabia, for example, as a fragile state, although DFID would not share this view because Saudi Arabia does not meet FS poverty criteria. The FCO also finds the notion of state fragility politically problematic. No country wishes to be deemed unstable, and the FCO is highly averse to using such a term in diplomatic discourse. This is one of the reasons that FCO country studies undertaken to date are so sensitive: FCO country desk officers are hesitant to agree to have their countries classified as fragile even for the purposes of an internal study. Work on fragile states in the UK has developed across many different streams. The MoD and FCO have always taken an active interest in what they used to term failed and failing states, whereas DFID has had a post-conflict country strategy in place for many years. However, the events of 9/11 reinforced the sense of urgency in addressing problems of state fragility, and brought the issue to the attention of all departments across Whitehall.

While the Cabinet Office's Countries at Risk of Instability report (2005) has had somewhat limited circulation and impact, it pushed UK actors towards a more concerted approach to the FS agenda. The CRI project coincided with the re-branding at DFID of the Fragile States team, which until 2004 had been named the Poverty Reduction in Difficult Environments (PRDE) group. Its mandate was, and continues to be, to examine the causes of state weakness and their impact on the prospects for poverty reduction. The PRDE agenda grew partly out of the realisation that the DFID-endorsed PRSP (Poverty Reduction Strategy Paper) process, in which recipient countries themselves are meant to develop and 'own' their poverty reduction strategy, was simply not feasible in countries where state institutions and capabilities were too weak. Further,

⁴⁴ See DFID Aid Effectiveness website, <http://www.dfid.gov.uk/mdg/aid-effectiveness/fragile-states.asp>. Fragile states receive just 14% of bilateral aid, as compared with those states in the top two WB CPIA quintiles, which receive 40% of aid.

⁴⁵ See <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029391629&a=KArticle&aid=1013618391532>.

general budget support, another policy that DFID has strongly endorsed, is very difficult – indeed unwise – in countries where financial institutions are too weak or unwilling to use funds responsibly.

More specifically, the UK FS agenda grew in reaction to issues raised by the Monterrey Consensus – the agreement reached by donors in 2002 which stressed the need for focused and effective aid. In particular, it emerged in response to work by the WB which broadly suggested that ‘good performing’ developing countries should be rewarded with increased amounts of aid. The idea of providing aid in ‘difficult environments’ naturally arose in contradiction to such an argument: if donors do not invest in poorly performing countries, then their prospects for economic development and reaching the MDG targets will grow ever worse and their chances of becoming a global security risk will increase.

DFID recognised that in ‘difficult’ contexts aid delivery tended to revert to highly donor-controlled emergency and humanitarian interventions and project-based aid. For example, although DFID’s usual policy is to provide budget support and longer-term development when possible, some 30% of money spent on fragile states is given in the form of humanitarian aid. More recently, DFID has concerned itself with how all donors operate in such environments and with improving donor coordination in fragile states. The Fragile States team’s work is no longer narrowly concerned with DFID’s work in Somalia, for example; rather, it examines how the aid establishment as a whole approaches Somalia. In its 2005 FS paper, DFID pledged to work according to a set of principles:

- Promoting development of a new international framework for engagement with fragile states.
- Reviewing DFID fragile state aid allocation to ensure allocation matches needs and ability of recipient countries to use it; allocating more DFID staff to fragile states.
- Researching and developing early warning systems; ensuring that aid goes towards helping fragile states withstand shocks.
- Developing more realistic assessments of the amount that can be achieved in fragile states, and the timescale upon which they can be achieved (such as developing 10-year partnership framework agreements).
- Joining up with other Whitehall departments. In countries receiving bilateral UK aid, DFID policies to be based on a common understanding derived from analysis by FCO, MoD, Cabinet Office and other appropriate Whitehall departments.
- Regional-level analysis of state weakness, and promoting regionally based organisations such as the AU to strengthen their capacity to undertake peacekeeping.
- Working through civil society when appropriate to improve MDG goals, all the while keeping an eye to building up the effectiveness of the state.
- Working as partner with other donors.
- Supporting appropriate reforms, based on closer political analysis of the state, which do not swamp the host government.
- Seeking to achieve an appropriate balance between humanitarian and development aid.
- Finding better ways to deliver aid, based on experiments on the ground.
- Supporting multilateral policies (G-8, EU, AU, OAS) that support fragile states.

Clearly, the DFID approach is very state-centric – looking at the mechanisms of government, and the potential for government-led aid, to address state fragility. Other donors (such as the US and Canada) tend to use other actors, such as the private sector and civil society, in preventing and addressing state fragility. While the centre of activity in the UK government on the FS agenda is DFID, which is concerned with fragile states’ poverty and (second) their insecurity, the FCO and MoD view fragile states as important mostly because of the threat to national and global security. Although state fragility is a term increasingly used across the UK government, there are different emphases in meaning between departments.

Operationalising FS policy

Implementing the FS agenda includes promoting international discourse on aid harmonisation and alignment. DFID began actively doing this through its 2005 leadership of the G-8 and in its work with the OECD’s Development Co-operation Directorate. DFID believes that the international community must appoint an international body to coordinate all aid for fragile states and to determine technical assistance needs, to

prevent the syndrome of ‘donor orphans’ (countries at risk of instability that are yet under-aided) and ‘donor darlings’ (countries which, because of good performance or a particular crisis, are overwhelmed with aid). DFID argues that a reformed and better supported UN is the natural body to do this. DFID has also contributed to better international aid coordination by establishing small, sector-specific initiatives on extractive industries, small-arms trade and conflict reduction.

Within its own work programme, DFID has begun operationalising the FS agenda in two ways. The first is very generally to spend more money in fragile states environments: to scale up aid, rather than to introduce any new frameworks. Already, DFID has started to give much more aid to fragile states (such as Afghanistan), although this increase is not directly attributable to the FS agenda. Later this year, the UK’s Comprehensive Spending Review will announce new spending initiatives specifically aimed at fragile states. Owing to an adjustment in DFID’s aid allocation model, a larger percentage of funding will go towards fragile states. The second is through exploring new aid instruments in fragile states.

DFID has created a policy team specifically to explore the issue. The team’s purpose is to research ways of working more effectively both with other government departments and other donors to produce better development results on the ground (DFID, 2005: 6). The focus of attention is not necessarily on the fragile state itself, but rather the donor interventions in environments where ‘normal’ development work has for some reason not been successful. A central FS tenet is to determine why ‘normal’ rules of the game do not work in certain surroundings, and to find what might work better. The FS team has begun exploring the possibilities of Community-Driven Development and Multi-Donor Trust Funds, among other joint programming mechanisms, in emergency and other fragile states environments.

DFID believes that international guidelines should govern all aid initiatives in fragile states. These include: better coordination among donors; ‘good enough governance’ (making sure reforms are realistic and realisable given the country context); and prioritising governance reforms that directly respond to specific failures in fragile states. Table 4 below illustrates how DFID believes governance reforms should be prioritised in fragile states.

Table 4: Prioritising governance reforms in fragile states

Problems of fragile states	Prioritised reforms	Priority activities
Failure to protect people and their property	<ul style="list-style-type: none"> • Increased security of person and property, particularly for poor 	<ul style="list-style-type: none"> • Improved policing of security ‘hotspots’ for poor • Support for informal (neighbourhood watch) security arrangements • Increased access to affordable justice
	<ul style="list-style-type: none"> • Security services that are properly mandated, resourced and accountable to civilian control 	<ul style="list-style-type: none"> • Provide safe operating environment for service delivery • Disarmament, demobilisation and reintegration of troops • Developing and equipping security services with right skills and resources to protect people • Strengthening civilian control of the military
Failure to deliver basic services	<ul style="list-style-type: none"> • Substantial increase in infrastructure, primary health and education services delivered to poor 	<ul style="list-style-type: none"> • Protect service providers if necessary • Increase access to services • Work with both state and non-state service providers
Decreasing livelihood security	<ul style="list-style-type: none"> • Social protection for vulnerable households as a springboard to self-sufficient livelihoods 	<ul style="list-style-type: none"> • Humanitarian assistance in conflict affected areas • Social protection programmes including employment, cash distribution and food security to vulnerable households
Weak public financial management	<ul style="list-style-type: none"> • Improved management of natural resource revenue • Improved capacity to manage shocks 	<ul style="list-style-type: none"> • Increased political commitment to transparent use of countries’ assets • Improved international accountability arrangements • Strengthened international partnerships to alleviate economic shocks • Increased capacity to predict and manage shocks

Source: DFID (2005).

Drivers of change (DoC: see below) or political economy analysis has led DFID to conclude that politics is central to development and that the following characteristics are associated with state effectiveness: (i) effectual political leadership; (ii) strong political systems; and (iii) inclusive institutions. Hence, DFID's fragile states work is increasingly exploring the role of politics and governance vis-à-vis state fragility.

Research on fragile states has led DFID to espouse the following operational principles (Leader and Colenso, 2005: 5-6):

- There is no single approach to fragile states: an array of interventions can be used, as long as they are based on country context. Experiment and be flexible.
- There is a high fiduciary and political risk in fragile countries. In such high-risk environments, project-based and humanitarian aid will remain important elements.
- Plan interventions nationally and programmatically, rather than planning on scaling up successful pilot projects.
- Involve state and non-state actors in programmes – do not 'cut out' the government in a rush to deliver services, since in the long term the goal is to have the government delivering such services.
- Develop 'standardised strategic frameworks' that span diplomatic, aid and security interventions.
- Apply aid effectiveness principles (harmonisation and alignment) in fragile state contexts.
- If possible, support weak governments if legitimate, such as providing budget support through a trust fund.

The ministers of the Development Co-operation Directorate (of which the UK is a member) have signed up to the Draft Principles for Good International Engagement in Fragile States. These are to be piloted in several countries, including Somalia, Yemen and Nepal (supported by DFID).

The MoD, Cabinet Office and FCO do not have units specifically established to look at fragile states, although by definition much of their work revolves around such states. However, they all keep track of the FS agenda and have related programmes. The Cabinet Office, for example, publishes semi-annual assessments of countries of security interest to the UK; as noted, in 2005, the Cabinet Office's PMSU published its CRI report. The FCO and MoD are concerned largely with state fragility inasmuch as such states pose threats (for example, through drugs, crime, terrorism or disease), whether through propagation of such 'global public bads' to other parts of the globe, or because of the effects on their own people. Definitions of state fragility coalesce across Whitehall about countries where there is a security threat in terms of terrorism or organised crime (of primary importance to the MoD and FCO) and also where poverty is acute (DFID's main priority). Such countries include Afghanistan, Iraq, Yemen and Somalia.

Both the MoD and FCO have staff working informally on the FS agenda. Until recently, the FCO had just one staff member; that post has since grown into a small team, the Conflict Issues Group. The team's charge is to develop methods of implementing some of the CRI report's findings. It has conducted several country studies to date; unfortunately, these are classified within the FCO, and staff are therefore unable to share specifics. The Group is also developing a quantitative risk model based on a framework of analysis used in Canada.⁴⁶ This will provide a range of quantitative indicators which, when monitored over time, will show areas of weakness in fragile countries and patterns of change. The goal is to improve the current, qualitative risk assessment model employed by the Cabinet Office and, more broadly, to provide a statistical foundation on which Whitehall judgment of fragility can rest. The framework will feed information into the June 2006 Cabinet Office country assessments.

The MoD uses the Joint Doctrine & Concepts Centre (JDCC)'s strategic trends analysis framework to identify countries of particular interest to the UK's security.⁴⁷ The Cabinet Office issues six-monthly reports using qualitative criteria to identify changes in key countries. The CRI report outlined in very broad terms elements to identify at-risk states, and its 'instability framework' has been cited by several other donors as a useful planning tool. The FCO's system of identification of fragile states is largely classified, but presumably rests at present on qualitative geopolitical considerations (Iraq and Afghanistan are among their greatest fragile state priorities at present, for example).

⁴⁶ See Carleton University Country Indicators for Foreign Policy in Annex 2.

⁴⁷ An attempt to forecast security trends over the next 30 years. Information is available at http://www.jdcc-strategictrends.org/1st_Edition_frames.html.

DFID notes that there is no one framework that will improve work in fragile states, and that more research and analysis is required. It points to two absolute knowledge deficits: first, an early warning system that would help the international community recognise when a state is in danger; and second, better understanding of states' overall political economy (as opposed to merely supporting technical programmatic improvements). However, even though overarching frameworks have yet to be developed, there are some guidelines. DFID has embraced what it calls 'drivers of change' analysis (DoC), whereby DFID country offices commission work to understand countries through non-traditional aid lenses: history, culture, power dynamics, political landscape, incentives analysis and institutional analysis (both formal and informal). DoC analysis also looks at regional and international country impacts, although a new more sophisticated DoC methodology is now being finalised. Thus far, some 20 DFID country offices have commissioned, or are about to commission, DoC reports.

The MoD Policy and Planning Department is tasked with Whitehall liaison on state fragility. It stresses that the MoD's non-military fragile states interventions are undertaken very much in cooperation with the FCO and DFID. Staff emphasise that the MoD alone cannot resolve complex issues surrounding state fragility. They see their (non-military) role in terms of security sector reform, encouraging national militaries to be accountable, and helping fragile states to maintain territorial integrity. The MoD also points to its international role in encouraging the global community to provide peacekeeping support, and in training other countries' militaries in peacekeeping duties. It has two staff members (of a team of 16 in Policy and Planning) working part-time on fragile states issues.

Some other UK departments are also interested in certain fragile states or in FS agenda items. For example, the Home Office is concerned with international migration issues; the Department for Environment, Food and Rural Affairs and the Department of Trade and Industry are both interested in resource issues. However, participation in the whole fragile states agenda by such departments has been limited, although activity has picked up in recent months. The Home Office has worked with the FCO on state fragility issues during the course of the FCO's recent country studies, for example.

The UK is relatively advanced when it comes to cross-departmental working on the FS agenda. Secondments and financial support to cross-Whitehall initiatives are common. In particular, the FCO, MoD and DFID jointly sponsor the Post-Conflict Reconstruction Unit (PCRU), a team based in DFID with staff members from all three institutions. All three departments support the Africa and Global Conflict Prevention Pools, whose aim is to increase the UK's effectiveness in reducing violent conflict by pooling department resources and sharing strategies across departments. In both of these cases, however, the focus is more narrowly based on post-conflict countries rather than simply 'fragile' ones.

The DFID Fragile States team acts as a coordinating unit for fragile states policy across Whitehall, and has appointed a liaison specifically to keep up contacts with other government departments. There have been some attempts at cross-departmental research to further the fragile states agenda across the UK government (such as the CRI project completed in 2005), and this will no doubt occur more regularly in future as attention to fragile states issues grows. However, to date, no formal mechanisms exist to promote policy coordination with other agendas and principles.

Despite their discomfort over the term 'fragile states', both the FCO and MoD acknowledge the benefits of the fragile states agenda. First, they report that the approach has invited a better 'read-across' between actors: there is more awareness in the UK government of the levers of influence the UK government has at its disposal, and of which international players may be drawn on if necessary. The FCO further points to the 'space' that the fragile states agenda has opened in which to discuss issues: everyone across Whitehall now knows the staff in other departments working on this issue.

Internationally, the locus of DFID fragile states work with other donors is the OECD. DFID hosted the January 2005 Senior Level Forum on Development Effectiveness in Fragile States, and co-chairs the OECD's Development Assistance Committee (DAC) Fragile States Group. DFID also works closely with the WB's LICUS unit. Further, the FCO's most recent White Paper (2006) calls for increased international cooperation with the UN, EU, G-8, NATO, the Commonwealth and other groups, but cites the EU and US as the most important partners.

Although the Fragile States team in its present incarnation was established only last year, it has several insights to pass on. First, as expected, it has found governance to be one of the key challenges in fragile states, although, as the team admits, ‘we have not really learned a lesson yet: all we have done is to identify the problem’. Too often, donors have had overarching and overambitious governance and capacity-building targets that would be challenging even in strong environments, let alone in fragile states. Given the need to match aid interventions with the capabilities of fragile states, DFID has espoused the findings of Merilee Grindle, a US-based academic who argues (2002) that donors should concentrate on finding not the perfect governance solutions, but rather those aspects of the whole governance agenda that constitute ‘good-enough governance’ in each environment.

Second, work in fragile states takes time. Because of the difficulties in implementing effective work in fragile states, donors themselves must be prepared to work long term in fragile states. Recognising this, DFID has in several countries signed 10-year work commitments.

Third, the global environment is as much of a signifier in fragile states as the internal workings of the country. Some of the most important drivers of fragility occur globally, such as the existing lax banking rules that allow for siphoning of country resources by corrupt officials; the international trade regime; and the international trafficking in arms, people and drugs.

Finally, the fragile states team emphasis most strongly the need for donor harmonisation and working in partnership. The most important aid effectiveness principles, they argue (such as ‘shadow alignment’ below), apply even more strongly in a fragile state context than in a ‘normal’ one.

Future planning for FS

The issue of fragile states, named as such, is set to grow in importance for the UK government. The FCO’s recently published White Paper notes that ‘there will be new risks to fragile states and uncertainty about developments in key parts of the Middle East, Africa and Asia’ as a result of an increasingly uncertain global security environment. The UK government will therefore require ‘a more active approach to supporting weak and fragile states’ (FCO, 2006: 6).

DFID, which is set to receive a large budget increase in the near future, is in the process of preparing a White Paper in which fragile states will figure prominently. It will note, for example, that by 2020, the majority of the world’s poorest people will be living in fragile states. The proportion of DFID aid flowing to fragile states will therefore also increase. The Fragile States team’s work is set to finish in October 2006. However, there are indications that the team will stay in place because of growing international interest in the FS agenda. At some point in the near future, it may become part of DFID’s Aid Effectiveness team, in recognition of the fact that FS work is as much about donor behaviour as it is about the state itself.

Unlike the US, the UK is more advanced in implementing a joined-up approach to fragile states planning. To some extent, this has to do with personalities in the Bush administration, but also results from the more widely shared view within the UK establishment that foreign aid is a civilian matter and that poverty should remain the focus of aid policy. That said, the UK government shares Washington’s concerns about international terrorism and instability (although it is less willing to take unilateral military action to address these issues). Increases in spending to reduce poverty-generated conflict in the South reflect this wider concern with global and national security.

8: Germany⁴⁸

Antecedents of the German FS agenda

Having to contend with constitutional issues and domestic perceptions about Germany's proper role in Europe and the world, Germany was late in taking on a full role as a foreign and security policy actor. Even then, much of its policy has been created reactively, responding to advances in European policymaking after the end of the Cold War in the areas of conflict and security. In the early 1990s, Germany began looking beyond the continent to consider broader security issues. In 1994, for instance, the German Ministry of Defence expressed concern about the threats posed by 'the interdependence of regional and global developments'. Policy analyses, it said, 'must include social, economic, and ecological tendencies and place them in relation to the security of Germany and its allies'.

After 9/11, the German Minister of Foreign Affairs acknowledged the threat that failed states posed to global peace, although it was two years before German foreign policy began to articulate its concern that failed states were a problem for German national security. Having come late to fragile states, Germany's agenda and its operationalisation are not as advanced as that of other donors (notably the UK). In 2003, as the European community developed its own European Security Strategy, the concept of 'extended security' was more fully elaborated by the German Ministry of Defence: concern for national borders receded as new threats to stability in a globalised world emerged, including economic disintegration, ecological crises and human rights violations (Debiel, 2004). Meanwhile, the Ministry of Foreign Affairs recognised the problem of state failure, but thought it could be addressed through improved global governance and human rights protection (see Lambach, 2004). Finally, in 2004, state failure was identified as facilitating terror, migration and crime, all of which were seen to impact Germany national security directly.

With regard to development policy, in 2001 the German Foreign Ministry and Ministry of Defence acknowledged the important role of politics in creating an enabling environment for Southern development.⁴⁹ After 9/11 for instance, the Foreign Minister stated that terrorism might be prevented through 'economic, social and political commitment ... to avoid having failing states in the first place'. Nation building and increased assistance were seen to be the solution. Similarly, the Ministry of Defence spoke about the non-military causes of violence and instability and about tackling these through development cooperation rather than militarily. Such arguments had a functional purpose in that they addressed the public's scepticism about the national use of military power and they defined the fragile state problem for the population in terms of its humanitarian dimensions. The German government's preference for multilateral action also 'satisfies the German urge not to be seen as overly assertive on the international stage' (Debiel, 2004).

Government foreign, development and security planning until 2004 was largely multi-dimensional, and not focused on a common set of goals. Analysts complained that Germany had 'no real understanding of the "failed state" phenomenon' or its consequences for German security. For instance, one expert maintained that German policy in Africa was guided only by a 'diffuse gut feeling (that) negative developments there might someday have negative consequences for [Germany]' (Debiel, 2004, quoting Stefan Mair). Others saw the German government's delay in producing a joined-up policy on fragile states as a function of its being driven solely by events, by deep-rooted conflicts between government departments, and by a lack of resources. Thus, sectoral strategies (police training, poverty reduction, supply of military equipment, peacebuilding, etc.) were developed and operationalised by ministries according to their own priorities without 'common logic or objectives' (Debiel et al., 2005). Many of these criticisms remain today.

As the number of protracted crises, peace missions and nation building tasks in the world mounted, and as German stakeholders began to see a role for development work in peace missions and post-conflict operations (which remain a German priority), the need for a more coherent development-security strategy became more pressing. In 2004, a 'whole of government' approach emerged, sanctioned by the new federal coalition government in 2005. The new approach is under the direction of an Interministerial Steering group,

⁴⁸ Sven Grimm at ODI generously shared details of German policy formation used in this survey.

⁴⁹ Kloke-Lesch (2004) notes that this change in emphasis was first seen in the government's 'Eleventh Report on Development Policy', published in Spring 2001.

comprised of people from all the federal ministries, under the supervision of the Ministry of Foreign Affairs and advised by a civilian board.

This joined-up policy has not led to a conflating of security and development concepts, although the aim is to use ‘complementary instruments (e.g. development policy and equipment aid)’ to pursue a unified security-development programme. At this time, a new relationship between policymakers is emerging, and new ways of working together are being explored and established. Recent funding priorities and programming have included crisis prevention and conflict management, peacekeeping, capacity building for security operations, regional cooperation in the fields of security policy, CIMIC, post-conflict rehabilitation, and support for peace processes. The Foreign, Defence and Development Cooperation ministries, for instance, have all contributed staff, funds and equipment to overseas police and military training programmes. This new ‘action plan’ is still not operational: analysts warn that the ‘plan remains largely that – a plan with good intentions but very little supplemental funding and no dedicated support staff’ (Klingebiel, 2006a; Klotzle, 2006; Grimm, 2005). Joined-up policy and implementation is slowed by fragmentation within the government’s development sector and tensions between the different ministries. On the other hand, because of the national desire to work multilaterally, German FS policy has reflected thinking within Europe and is motivated by a desire to be a leading actor in peacekeeping and conflict-prevention.

Defining Germany’s FS agenda

As highlighted above, Germany’s fragile states agenda is broad and involves a number of activities implemented by several government agencies and ministries. Development is explicitly recognised by the German Federal Ministry of Economic Cooperation and Development (BMZ) as ‘part of a preventative strategy against violence, war and terrorism’. The aim of development, then, is to ‘avert violent conflict and wars’, and hence specifically defines the fragile states agenda in terms of global security. But security is comprised of political, economic, ecological and social stability, and peace (BMZ says), and it is possible in the long term only if human rights are respected, poverty is reduced, social and economic injustices are removed, and natural resources are preserved. Thus, BMZ’s broadest development goal – reducing poverty – has now been fully integrated into building peace and promoting ‘equitable forms of globalisation’ as sub-aims.

Germany, then, has a holistic approach that is joined-up at the level of policy, although not always coherent in practice. The German FS agenda involves three general types of intervention: state building and governance; humanitarian/development aid; and peacekeeping. Analytically, these have been correlated in policy discussions and documents, and therefore various actors and agencies are found working together to reach interwoven goals in the field.

German development assistance is centralised in BMZ but fragmented at the operational level. Its largest implementing agency is GTZ (formed as a parastatal in 1974), which has historically supplied technical assistance (e.g. rural and agricultural development projects). Other agencies involved with development include the KfW – the German Development Bank, responsible to the Ministry of Finance and distributing development financing to Third World states; InWent, which was created from the merger of two different agencies in 2001 and is concerned with ‘personnel cooperation’ (training and awareness raising within Germany); and the Foreign Office and the Ministry of Defence, which are in charge of operationalising major parts of the fragile states agenda (including development and humanitarian work).

Development, governance and state building

In 2001, the overarching Programme of Action 2015 committed the German ministries to helping to achieve the goals laid down in the Millennium Declaration, the Monterrey Consensus and the Johannesburg Plan of Implementation (on sustainability). The 10 key points of the programme are:

- Boosting the economy and enhancing the active participation of the poor;
- Realising the right to food and implementing agrarian reform;
- Creating fair trade opportunities for developing countries;
- Reducing debt and financing development;

- Guaranteeing basic social services and strengthening social protection;
- Ensuring access to vital resources and fostering an intact environment;
- Realising human rights and respecting core labour standards;
- Fostering gender equality;
- Ensuring the participation of the poor in social, political and economic life, and strengthening good governance;
- Resolving conflict peacefully, and fostering human security and disarmament.

According to the Deputy Director of BMZ, ‘functioning states are both a prerequisite for and an outcome of development’ (Kloke-Lesch, 2004) and that stabilising states and state building is a cross-agency responsibility requiring coordination and a long-term, preventive approach. Consistent with the fragile states agenda, work is being done by Germany in ‘difficult partnerships’ (poorly performing) states and in post-conflict situations. The 11th Report on Development Policy (2001) identified political stability as one of BMZ’s target areas – along with social justice, an efficient economy and ecological sustainability. Political stability includes peace, human rights, rule of law, democracy and good governance, and works in harmony with the Millennium Declaration of 2000.

BMZ has moved beyond its traditional focus on poverty and the MDGs and, since 2001, has adopted programmes of poverty reduction and crisis prevention that are intended to offer a ‘holistic approach’ by bringing together policy instruments that promote development which reduces the ‘structural causes of conflict and state failures’ while using ‘mechanisms of non-violent conflict resolution’. This approach is also based on the principle of alignment with locally designed policies. In 2001-2004, BMZ prioritised political transformation and stability in its operations:

- Democracy and good governance programming was implemented in over half of its 70 partner countries by 2004 and funding amounted to over €220 million.
- In more than a dozen other countries, peacebuilding and crisis prevention was the ‘focal area’ or a cross-cutting issue of its programme.
- One-fifth of its bilateral programmes were directly aimed at crisis prevention, conflict transformation or peacebuilding.
- BMZ was also in the process of redesigning an instrument for ‘emergency and transition aid’.

Joined-up programming is necessary if the ministries are going to operationalise this new holistic agenda. BMZ has worked in tandem with the Ministries of Defence in Bosnia, Macedonia, Kosovo and Afghanistan. It operates in Kunduz, in northern Afghanistan, where an ‘integrated approach’ was initiated between the International Assistance Security Force (ISAF),⁵⁰ the Foreign Office and BMZ. According to BMZ, its approach in the provincial reconstruction team (PRT) in Afghanistan is ‘more appropriate for maintaining the independence and the specific character of the civilian parts’ than the American-led PRT, which has a more military flavour. Agreements have been reached between the various organisations on joint funding, priorities, activities and evaluations in these programmes.

Working in ‘difficult partnerships’ with fragile states, BMZ informal ‘principles of engagement’ include:

- Move to a preventative approach, design appropriate instruments and resource the programmes.
- Work to incorporate previously excluded groups.
- Promote communication across all groups.
- Disclose the interests of external actors.
- Uphold values and norms (e.g. human rights and gender equity) in donors’ own programmes.
- Remain humble and try not to undermine the sovereignty and ownership of partners.
- Prioritise civilian support rather than military interventions.

Important lessons identified by BMZ arising from operationalising the development, governance and security agenda between 2001 and 2004 include the need to:

- Improve its range of analytical tools to identify political trends and needs and the feasibility of interventions.

⁵⁰ <http://www.afnorth.nato.int/ISAF/index.htm> for details of ISAF

- Develop a ‘political monitoring concept’, with criteria and standards to assess the impact and sustainability of interventions at country level.
- Create methods of identifying possible areas and partners of engagement and of linking individual projects and programmes to country strategies.
- Find better ways to monitor the impact of donor coordination.
- Improve peace and conflict impact assessment tools as they apply to peacekeeping missions and UN operations, including governance and nation-forming.
- Design methods of determining partners’ political will, interests and openness to reform, of identifying the informal power networks and ‘change agents’.
- Develop strategic frameworks that guide operations in difficult states, while keeping these approaches flexible enough to reflect the individual country situations and problems.
- Determine priorities and sequencing of projects in individual countries.

Development, crisis prevention, peacebuilding and post-conflict work

In 2004, the German government adopted an Action Plan called Civilian Crisis Prevention, Conflict Resolution and Post-Conflict Peace-Building, whose aim it was to mainstream peacebuilding across all relevant policy fields.⁵¹ The government has used the plan to develop its capabilities and to make greater use of foreign, security and development policy in civilian crisis prevention. The Action Plan set out strategic approaches and fields of action, and it also defined players at the global, national and regional levels. Operations are directed by the Foreign Office, but work in conjunction with other ministries and NGOs. Fields of action and 161 concrete initiatives were identified, many to address the complexity of problems characterising fragile states and the numerous and diverse causes of conflict. Briefly, the plan of action focused on the following tasks:

Establishing stable state structures

- Various measures to promote the rule of law, in particular by strengthening the relevant state institutions, improving people’s access to adequate forms of conflict settlement, and encouraging respect for human rights in partner countries, especially as regards gender equality, the protection of minorities and freedom of religion.
- Development of standardised procedures to safeguard and/or re-establish the rule of law in post-conflict situations, in particular incorporation of rule-of-law elements into UN peace missions and the establishment of provisional judicial structures.
- Efforts to ensure the transparent and responsible use of revenues and expenditure in the security sector. For this purpose, the planning and management capacities in the partner countries should be strengthened and supported by the provision of advisory services and further training.
- Renewed inclusion of police assistance in equipment aid, if the relevant conditions are met.

Creating capacities within civil society, the media, culture and education

- International networking of civil society bodies and promotion of exchange between state and civil society.
- Designation of central contact partners in the federal government for civil society and encouraging civil society to create parallel contact points.
- Expansion of training programmes for journalists from crisis regions.
- Intensification of intercultural exchange as an instrument for crisis prevention; realisation of the ‘culture of peace’ model (including dialogue with the Islamic world) by paying greater attention to the relevance of cultural cooperation for crisis prevention.

Safeguarding opportunities through economic and environmental measures

- Supporting efforts to establish peacetime economies in affected countries with the goal of economic diversification to reduce dependence on individual raw materials; embedding such efforts in a strategy that takes account of the particular profile of the country (conflict, post-conflict).

⁵¹ The report states that crisis prevention must be understood in this context as a comprehensive term that includes conflict resolution and post-conflict peacebuilding (see <http://www.oecd.org/dataoecd/32/12/33983678.pdf>).

- Dovetailing emergency humanitarian assistance and development cooperation by meaningful management of development policy measures.

Strengthening the global level – UN

- Strengthening UN missions by giving them extended (multidimensional) mandates with civilian components, and incorporating crisis prevention into the work of all UN funds, programmes and specialised agencies.
- Supporting multilateral political processes, in particular those aimed at poverty reduction, the establishment of a just system of trade, climate protection, the conservation of biological diversity and combating desertification.

Developing the regional level – EU

- Supporting the efforts to use EU instruments in a coherent and coordinated fashion for civilian crisis prevention, and in particular ensuring that the EU is able to act by providing a sufficient budget for the Common Foreign and Security Policy (CFSP) and strengthening the capabilities of the Council Secretariat to plan and support civilian crisis management operations.
- Developing the Commission's Conflict Prevention Unit so that it can perform its current tasks effectively and can additionally anchor crisis prevention as a horizontal function in the EU (awareness, training, reviewing procedures).

Supporting Africa – (sub-)regional organisations

- Targeted assistance for the AU and African sub-regional organisations in establishing and developing efficient institutions for crisis prevention and conflict management. To this end, the federal government relies on various complementary instruments (e.g. development policy and equipment aid).

Developing a national infrastructure for civilian crisis prevention

- Anchoring crisis prevention as a cross-sectoral task in national politics, for example by appointing crisis prevention commissioners and/or contact persons in the ministries and by drawing up interministerial country and/or regional strategies, which should lead to much closer coordination between diplomatic, development policy and security policy activities.
- Ensuring the coherence and coordination of the federal government's crisis prevention activities through an Interministerial Steering Group, chaired by the federal Foreign Office, and the creation of an Advisory Board whose members are drawn from civil society and academia.
- The Interministerial Steering Group is to promote the development of country and/or regional strategies by coordinating country and/or regional working groups. In addition, it is to monitor and assist the implementation of the Action Plan and submit regular reports to the German Bundestag and the federal Security Council. It is also to maintain regular contact with representatives of civil society and academia.

To implement crisis prevention and conflict resolution policies, the creation of an institutional infrastructure and the training of staff were prioritised (Wunderlich, 2003). Training civilian personnel for deployment in international peacekeeping missions by the Centre for International Peace Missions was officially set up in Berlin in June 2002. The Foreign Office had been active in this area of basic and further training as well as in placing and providing assistance to German experts since 1999, with a view to their deployment on international missions, above all those sponsored by the UN, the OSCE (Organization for Security and Cooperation in Europe) and the EU. With the assistance of BMZ, the German Development Service, churches and non-governmental organisations, a Civil Peace Service was created, for deployment of long-term experts on bilateral conflict management projects.

Germany contributes to peacekeeping missions (particularly UN missions) by providing both funding (approximately 10% of UN dues) and personnel. The Ministry of Interior also established a Federation-Länder working group on International Police Missions. At the end of 2003, this supervised 445 police officers in UNMIK, the UN mission in Kosovo, and the EU police mission in Bosnia and Herzegovina. At the request of the UN, Germany took charge of police training in Afghanistan.

Since approximately 40% of all conflicts occur in Africa, the federal government also supports African states, with the aim of putting them in a position by the year 2010 to prevent armed conflicts more

effectively with the means at their disposal and to implement peacekeeping missions in accordance with the UN Charter. The government promotes regional peacekeeping training centres such as the Kofi Annan International Peacekeeping Training Centre in Accra, Ghana. It is one of three regional centres in the Economic Community of West African States (ECOWAS) region.

Two other areas of interest to the German government include: subjecting conflicts to legal adjudication and ensuring responsibility is assumed by enterprises in regions of conflict. The former interest means the government took an active role in drafting the Rome Statute of the International Criminal Court and helping it become operational. In the second instance, it supports Kofi Annan's Global Compact initiative (1999), which has the backing of more than 1,000 enterprises globally: companies voluntarily commit themselves to engaging in socially and ecologically responsible and sustainable business practices at the destination of their investments.

Support to EU peacekeeping missions

In the 1990s, the Germany military made the transition from being a 'conventional, territorial defence army' to being a smaller, cheaper, more flexible and agile fighting force, and one that was more willing to become involved in multinational operations. In the early 1990s, it was reluctant to send its forces to the former Yugoslavia, and its foray into Somalia turned out to be a disaster for all involved. By 1999, though, Germany was willing and able to support the NATO-led bombing of Serbia. Since then, NATO and the EU have been making greater demands on member states. Because Germany has taken on board the need to meet its international security obligations, the defence minister recently announced the government's intention to double, to 15,000, the number of troops it will train and hold for peacekeeping and other international missions. More than 7,500 troops are already involved in Bosnia, Kosovo, Afghanistan and the Horn of Africa. Another 6,600 soldiers are to be readied for the NATO Response Force⁵² this July, and from 2007 another 1,300 must be ready for the EU battle groups (which must be able to be deployed within five days). The German plan is to have 35,000 troops trained for missions, another 70,000 for 'providing stability for long-term peacekeeping missions' as well as another 145,000 support troops (Dempsey, 2006). The German military has been involved in several major EU peacekeeping missions with developmental goals:⁵³

- The European Union Police Mission in Bosnia and Herzegovina;
- Operation Concordia from March to December 2003 in Macedonia, an EU military operation drawing on NATO assets and capabilities;
- The European Union Police Mission ('Proxima') in Macedonia as from mid-December 2003.

In Bosnia the military undertook development work – in the guise of CIMIC operations. For instance, the German Civil-Military Company of SFOR (the Stabilisation Force, Bosnia and Herzegovina) reconstructed public infrastructure, and promoted economic development and the establishment of new businesses. One of its most important tasks, it claimed, was carried out by the German CIMIC contingent in support of resettling displaced people. The programme encouraged the return of refugees, including many from Germany, by rebuilding houses, infrastructure, schools and health centres. According to the company commander, it did this to 'improve the economic situation, meeting with locals to set up business at low level, reactivating the local economy and creating new jobs'.⁵⁴

Germany also sent civilian engineers to Sierra Leone, who supported the UN peacekeeping mission. And a team of German administrative personnel was sent to East Timor at the request of the UN, where it registered the entire population and helped make preparations for the country's first democratic elections.

⁵² The NATO Response Force, which will have 25,000 troops at its disposal and be fully operational by next year, was established three years ago to make the US-led military alliance more flexible and capable of reacting quickly to conflicts,

⁵³ See <http://www.auswaertiges-amt.de/diplo/de/Startseite.html> for details. Germany sent troops to the NATO-led (and later EU-led) post-conflict and conflict-prevention operations in Bosnia and Kosovo. (Bosnia SFOR – 2,300 troops and Kosovo SFOR – 5,400). The aim of the mission was to prevent fresh violence and, under the terms of the Stability Pact (1999), to support democratisation, economic development and security. In Macedonia, between 31 March and mid-December 2003, the EU ran Operation Concordia, taking over from NATO's Operation Allied Harmony. The aim was to contribute to a stable and secure environment under which progress could be made in the implementation of the August 2001 Ohrid Agreement. Approximately 350 military personnel, from 13 EU members and from 14 non-EU countries, were engaged in the operation.

⁵⁴ See <http://www.nato.int/sfor/indexinf/120/p15a/t0115a.htm>. Germans were not alone. Portugal and Slovenia built a convoy of 10 vehicles to transport humanitarian aid from Salzburg to Doboj (30 tons of food, mainly high quality baby food and school stationery).

In Macedonia, the short (nine-month) EU mission relied on NATO assets and capabilities under the Berlin Plus arrangements,⁵⁵ and was directed by a German admiral. Although the policy and headquarters-level coordination were deemed successful, problems existed at field level, mostly concerned with the sharing of responsibilities and defining leadership roles. In the field of crisis prevention and conflict management, using special funding under the Federal Foreign Office Funding Concept, Germany is supporting a host of individual projects run by NGOs.⁵⁶ Most of these are designed to support the work of the UN by encouraging dialogue within civil society and creating viable structures for conflict management and resolution. This programme also supports:

- The Centre for International Peace Missions, which trains civilians, operates a database of civilian experts available for missions and plans to establish a pool of experts for law enforcement and the administration of justice.
- The UN Training Centre of the Federal Armed Forces, which provides preparatory training for military units serving with peace missions and runs regular training courses for international military observers and civilian personnel (basic training for journalists and NGO personnel).
- The Federal Armed Forces Command and Staff College runs United Nations Staff Officer courses, which are also open to officers from UN member states.
- The Kofi Annan International Peacekeeping Training Centre in Ghana.

Recently, discussions were held in Germany about sending a 1,500-strong German-led EU military force (of which 500 are German troops) to an area just outside the DRC, to help maintain order during – and to halt any disruptions to – the DRC's first free elections since 1961. The force would only enter the DRC if called upon to do so by the 17,000 member UN peacekeeping force currently there. Concerns have been expressed about Congolese opposition forces sending irregular troops, including child soldiers, against the EU force, about the Germans' lack of French-language skills and experience in the region, and about the vague rules of engagement and mission objectives. In insisting on participation, the new Chancellor provided a motive: those who oppose the operation, she said, 'should not complain if new masses of desperate refugees will try to enter Europe tomorrow'. This mission also aims to demonstrate German leadership in implementing the European security agenda and to show Germany's capacity to lead 'tricky operations in potentially explosive contexts' outside the 'Old Continent' (Forum Europe, 2006). Crisis prevention, according to BMZ and GTZ, is important to prevent setbacks to development,⁵⁷ and is therefore a cross-cutting theme in GTZ programmes. The agency has developed practice-relevant concepts and instruments for integrating crisis prevention, conflict transformation and peace development into its development work. It also has programmes in small arms control, security sector reform and disaster preparedness.

Support to UN peacekeeping missions

Germany has also been active in UN peacekeeping missions. Such missions, since the early 1990s, are seen to be 'multidimensional' in that they entail more than simple military engagement and address the full range of conflict-related issues in all phases of conflict.⁵⁸ This is in keeping with the UN's multidimensional approach to peacekeeping and the German aim to strengthen its civilian crisis-prevention capabilities. They have sent peacekeepers as troops, police officers and civilian specialists, and have provided equipment and funds (€130 million in 2003). German police officers are serving with the UNMIK mission in Kosovo and Germans have been deployed in Georgia and as military observers along the border between Ethiopia and Eritrea. For instance, in 2004 it had 7,300 soldiers and some 250 police officers in eight UN or UN-mandated missions (UNAMA and ISAF/Afghanistan), UNMEE/Ethiopia and Eritrea, UNMIK and KFOR/Kosovo,

⁵⁵ The Berlin Plus agreement (March 2003) emerged from the 2002 NATO Prague Summit and provides for mutual support (assets) between NATO and the EU in their missions and operations.

⁵⁶ See http://www.auswaertiges-amt.de/www/en/aussenpolitik/friedenspolitik/ziv_km/aa_konzept.html.

⁵⁷ See <http://www.gtz.de/en/themen/uebergreifende-themen/krisenpraevention/898.htm>.

⁵⁸ 'UN peace missions ... tend to have a multidimensional approach. In addition to their military aspect, they undertake a variety of tasks ranging from reform of the security forces and demobilization of combatants to the rebuilding of the justice system and government structures and preparations for elections. The UN was also the first organization to recognize that the world must act not just when armed hostilities have already broken out but also to defuse crises and prevent them from escalating into full blown conflict. Following the UN Secretary-General's 1999 call for the world to move from a culture of reaction to a culture of prevention, the UN, with the support of member states, is now focusing more strongly on developing and putting in place mechanisms for resolving conflicts by peaceful means.' See <http://www.auswaertiges-amt.de/diplo/en/Startseite.html>.

UNOMIG/Georgia, UNAMSIL/Sierra Leone and SFOR/Bosnia and Herzegovina). It also had 100 specialists serving with UN missions, providing medical care (at a small hospital attached to UNAMA) as well as technical and logistic support (UNAMSIL) and undertaking administrative and judicial tasks (UNTAET – East Timor, UNMIK).

Germany also supports the UN's Standby Arrangements System (UNSAS) set up in 1994, under which designated resources and personnel can be called on for UN peace missions, should the need arise. UNSAS has significantly enhanced the UN's crisis response capacity, even though the contributing nations retain the right to decide on actual deployment. Since 1998, Germany has offered and also deployed medical, demining and stress-treatment capacities in the civilian sector; in November 2000 it offered considerable military capacity that could be ready for deployment at short notice (land and aerial transport, medical and engineering components, telecommunications and related security units, naval reconnaissance, monitoring and mine defence components, military observers, military police units and command support personnel).

Germany is the largest troop provider for the ISAF in Afghanistan, whose objective is to stabilise the region around Kabul. In 2003, together with the Netherlands, it assumed joint command of ISAF, which included 5,000 troops from 19 countries. And following the enlargement of ISAF's mandate to cover the entire territory of Afghanistan, Germany established at the end of 2003 a PRT in Kunduz under ISAF command, covering the four provinces in the north of the country. The Afghan government's National Solidarity Programme (NSP) for national reconstruction is planned and coordinated by GTZ. The NSP is targeting up to 15,000 Afghan communities, with local and international NGOs. The aim in implementing small projects is that they bring the first visible benefits of peace and, by involving the population, sow the seeds for economic regeneration as well as for reconciliation and social equality.

In post-conflict situations, GTZ does not stop at the rehabilitation and reconstruction of physical infrastructure⁵⁹ because it feels it is important to support the development of measures to prevent violence and new conflicts – i.e., to foster societal reconciliation.⁶⁰ This approach integrates the various groups affected by the conflict and is designed gradually to break the vicious circle of escalating violence between them. In other words, GTZ's intervention strategy (2004) for promoting development and democracy in post-conflict situations clearly reflects the Programme of Action 2015's integrated, multi-sectoral and long-term approach, and demonstrates the various phases of its programmes and their different goals (Table 5).

Table 5: Possible priority areas in sequencing

	Phase 1 (year 1-3) stabilisation, identification of priorities	Phase 2 (year 4-7) reorganisation and institution building	Phase 3 (year 8-10) consolidation and return to 'normality'
Security governance	<ul style="list-style-type: none"> - Recover the monopoly of force - Set up a police force and community policing - Demobilise and re-integrate ex-combatants - Control small arms 	<ul style="list-style-type: none"> - Reduce military spending and increase transparency - Distinguish tasks in the security sector (military, police, intelligence and security services) - Professionalise security services 	<ul style="list-style-type: none"> - Ensure civilian leadership of armed forces - Create more efficient (legal) provisions for controlling the security sector
Political administrative governance	<ul style="list-style-type: none"> - Establish basic social consensus - Introduce temporary power sharing arrangements - (Re-)establish functioning courts and administrations - Build local institutions - Reach agreement on corruption 	<ul style="list-style-type: none"> - Secure the rule of law - Open up participation and control opportunities for the population - Start reconciliation measures - Institutionalise anti corruption measures 	<ul style="list-style-type: none"> - Advance democratisation (elections) - Constitutional and judicial reform - Ensure a reliable and impartial administration - Reform media law, strengthen the media sector
Socio- economic governance	<ul style="list-style-type: none"> - Provide basic humanitarian needs - Identify and prioritise development challenges - Rebuild physical and social infrastructures - Repatriate and integrate refugees 	<ul style="list-style-type: none"> - Regulate ownership - Dismantle economies of violence - Define development strategies in a participatory manner - Stimulate economy - Establish tax system - Invest in education, health and income security 	<ul style="list-style-type: none"> - Establish effective macroeconomic management - Improve tax system - Provide legal security for foreign direct investment - Invest in education, health and income security

Source: GTZ (2004).

⁵⁹ It has developed along with the UN a needs assessment tool for post-conflict situations.

⁶⁰ For lessons learned in the field of reconciliation, see <http://www.gtz.de/de/dokumente/en-conference-report-reconciliation.pdf>.

Germany's policy for working in weak and conflictive states or with difficult partners is, as far as it has gone, well conceived. Work is still being done in the ministries to complete the programme – e.g. creating battle groups, training peacekeepers, deciding how to deal with countries with 'bad governance', etc. The FS agenda is not yet complete in that the analysis of fragile states is still being carried out, debates on policy are being held, tools are being created, people are being trained, institutions are being established, etc. At the federal government level, interaction is not particularly coordinated because of tensions between the various ministries, and within the BMZ, because of the fragmentation of development actors. At field level, there is also evidence of lack of coherence and coordination.

Germany is not as advanced as the UK or even the US in their FS planning or implementation. This is a result of its late start and of domestic political and institutional constraints. It has taken its lead (and timing) from the EU. In keeping with its larger foreign policy, it has placed its emphasis on peacekeeping and post-conflict environments, while its development agency has increasingly moved from providing technical assistance to looking at development 'through a conflict lens' and promoting development and good governance in conflictive situations. It has an expressed interest in taking a larger part than it has since World War II on the global stage, as evidenced by its recent deployment of peacekeeping troops to central Africa. Tools are currently being designed to allow Germany to become a major actor in fragile states.

PART III: Fragile States Case Studies

9: Afghanistan

Brief overview of the conflict in Afghanistan

In many ways, Afghanistan is the quintessential fragile state. It meets many, if not most, of the criteria used by donors that have been described in this report to identify or define fragility. The country has weak state institutions, is poorly governed, has been at war for decades, and is riven by low-intensity conflict; its people are impoverished and its economy is backward.⁶¹ It has also become responsible for several ‘spill-over’ effects that threaten global security, including crime (drugs), disorder (refugees), and terrorism. Now in a post-conflict phase, Afghanistan retains many of these characteristics and requires state building. The programmes designed by donors since 2001 therefore incorporate a broad range of fragile states initiatives, from peacekeeping and the delivery of humanitarian assistance to institution building, the provision of development aid, and tackling transborder crime.

Afghanistan had been at war for more than 20 years when the US invaded in October 2001 to oust the Taliban regime, which had been in power since 1996.⁶² This strict Islamist regime hosted Al Qaeda and Osama bin Laden, who claimed responsibility for the 9/11 attacks on the US. The Taliban was opposed to the United Front, a coalition of ethnic groups that had fought against the Soviets and joined forces with the US military to remove the Taliban from power. The Pushtun in the south and east also rebelled against the Taliban, which allowed the US military to enter this area chasing Al Qaeda. The Northern Alliance emerged as the dominant force in the country, in an uneasy relationship with most Pushtuns. In November 2001, the UN Security Council adopted Resolution 1378 calling for a central UN role in establishing a transitional government. UN member states were encouraged to ensure the safety and security of Afghans and to provide them with humanitarian aid. Many donors pledged substantial aid for Afghan reconstruction. The following month, on 5 December 2001, the major Afghan factions met in Bonn under UN auspices and signed the so-called Bonn Agreement to form an interim government to run Afghanistan until a big assembly (*loya jirga*) was held.⁶³ The interim government prioritised the stabilisation of the regime and the delivery of humanitarian assistance. The delivery of humanitarian aid and reconstruction assistance had to address overwhelming state fragility, characterised by, among other things (CRS, 2002):

- Massive IDP and refugee populations waiting to return (around five million);
- Deep poverty and poor social and human development indicators;
- Devastation of infrastructure from two decades of war and three years of drought;
- Rugged terrain and extreme weather;
- Tension among factions of the national government;
- Continued fighting among warlords;
- More than five million land mines;
- Traditional and religious restrictions, especially for women;
- Ongoing insecurity caused by the war against Al Qaeda and the Taliban, especially in the south and east
- Poor coordination and communication between the central government and regional leaders;
- Weak national and local level government institutions (e.g. revenue is collected from only five of the 34 provinces);
- Corruption and narcotics trafficking;
- Incomplete and ineffective decentralisation processes;
- Regional complications from aggressive neighbouring states.

⁶¹ This discussion benefited from information supplied by Louise Perrotta of DFID and Antonio Giustozzi of LSE.

⁶² Background material derived from US Congressional Research Service reports found at www.opencrs.com.

⁶³ The Bonn Agreement was endorsed by UN Security Council Resolution 1385 (6 December 2001), and the international peacekeeping force was authorised by Security Council Resolution 1386 (20 December 2001). The agreement included the following provisions: (i) a 30-member interim administration was established to govern until an emergency *loya jirga* was held, at which a government would be chosen to run Afghanistan until a new constitution was approved and national elections; (ii) Hamid Karzai was selected to chair the interim administration. His cabinet was weighted toward the Northern Alliance (17 out of 30 positions). This bloc held the key posts of Defence, Foreign Affairs and the Interior; (iii) an international peacekeeping force was authorised to maintain security, at least in Kabul. Northern Alliance forces were directed to withdraw from Kabul. The agreement also outlined the need to cooperate with the international community to counter-narcotics trafficking, crime, and terrorism.

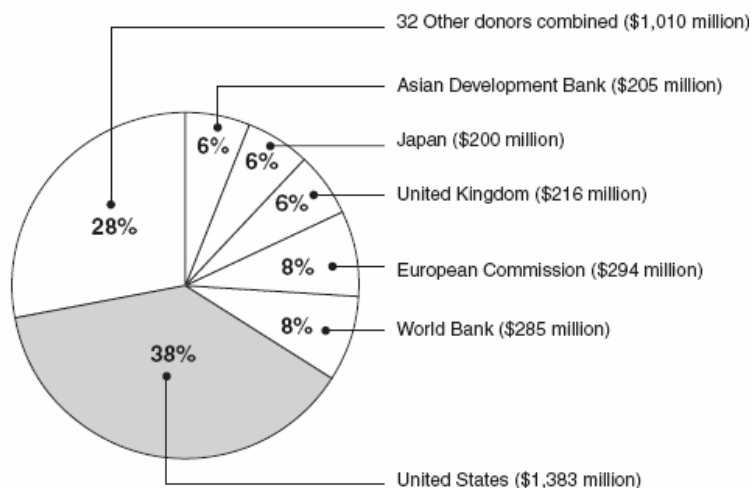
Reconstruction programming included the first steps toward forming a new Afghan army and establishing an international security force to help provide security. UN sanctions (in place since the 1970s) were lifted. In June 2002 the *loya jirga* was held. The delegates selected a new government under the continuing leadership of Hamid Karzai to run Afghanistan for 18 months, but the *loya jirga* adjourned without establishing a new parliament. A 35-member commission was appointed in October 2002 to draft a new constitution, which was unveiled in November 2003 and debated the following month by over 500 national delegates in an UN-sponsored meeting. Presidential and parliamentary elections scheduled for June 2004 were finally held in October 2004 and September 2005, respectively. The sitting of parliament in December 2005 completed the political transition activities outlined in the Bonn Agreement.

Donors in Afghanistan

*Donor coordination in Afghanistan*⁶⁴

As can be seen in Figure 1 below, the largest donor by far in Afghanistan has been the US. Other significant donors include the Asian Development Bank (ADB), the EC, Japan, the UK, and the WB, with the government leading overall donor coordination through a system of Consultative Groups (CGs). The Minister of Finance leads the core CG, composed of high-level representatives of each donor country, as well as representation from UN agencies and Afghan ministries. In addition, there are 13 technical CGs focusing on specific areas, such as health, education and economic growth. These are attended by representatives of key donors and sectoral ministries. In coordination with the CG process, the government has established the Donor Assistance Database, which tracks reconstruction activities by donors and supports the implementation of the National Development Budget. The Afghanistan Reconstruction Trust Fund, administered by the WB, provides a consolidated funding mechanism to permit the government to run projects and programmes using donor monies. In addition to government-led coordination meetings, donors and UN representatives meet to discuss coordination of development activities and to gauge needs.

Figure 1: Donor pledges of assistance to Afghanistan, 2004



Source: GAO (2005). NB: Donors vary in their definition of pledges. The US pledge amount represents obligated funds, while other donors report amounts that may represent only statements of intent.

Annex 3 provides a survey of the work that the three donors under study have been doing in Afghanistan in terms of the FS agenda. Major programmes dealing with various aspects of state fragility are outlined below.

Tokyo Conference

Following at the heels of the Bonn meeting, the International Conference on Reconstruction Assistance to Afghanistan was held in Tokyo in January 2002. 61 countries and 21 international organisations pledged

⁶⁴ Drawn from USAID's budget summary: <http://www.usaid.gov/policy/budget/cbj2006/ane/af.html>. CRS indicates (2006a) that US\$77bn will have been spent on the Afghan operation by the USG between 9/11 and fiscal year end 2006.

US\$1.8 billion for 2002. The cumulative total was US\$4.5 billion, with some states making pledges and commitments over multiple years. Another donor conference was held in Berlin in March-April 2004 to pledge funds for further reconstruction.⁶⁵

Table 6: Pledges from Tokyo conference on Afghan reconstruction (US\$ million)

Country	Pledge	Frame
EU	495	In the first year
India	100	Line of credit
Iran	560	Over the next five years
Japan	500	Over the next 2.5 years
Pakistan	100	Over the next five years
Saudi Arabia	220	Over the next three years
South Korea	45	Over the next 2.5 years
UK	86	In 2002
US	297	Over the next year

Source: CRS (2002).

In May 2003, formal US-led combat ended, although the war has continued in the south and east especially.⁶⁶ The Afghan ‘stabilisation’ programme has focused on strengthening the central government, which was weak and unable to control regional and factional leaders; rebuilding the Afghan National Army; deploying a multinational ISAF under NATO coordination to patrol Kabul and other cities;⁶⁷ demobilising, disarming and resettling militias; and setting up regional enclaves to create secure conditions for reconstruction and state building (PRTs).

London Conference and the Afghan Compact

In January-February 2006, another conference for donors and the Afghan government was held in London, where the Afghan Compact was signed.⁶⁸ This innovative agreement was based on donors each pledging to implement a programme of work and funding following agreed principles (alignment and harmonisation) and a national work plan, the Afghan National Development Strategy (ANDS). Targets and monitoring systems were also established. The Compact emphasises reaching the MDGs as a national priority and eliminating the production of, and trafficking in, narcotics as a shared goal. It established three critical and interdependent areas of activity for 2006-11: (i) governance; (ii) rule of law and human rights; and (iii) economic and social development. In the security field, the international community pledged to continue support for the NATO-led ISAF, the US-led Operation Enduring Freedom (OEF), and overall efforts by the government of Afghanistan to establish and sustain security and stability, including developing the capacity of the national security forces. All security initiatives are intended to be carried out in close coordination among donors.

With regard to democratic governance and the protection of human rights, the government promised to ‘rapidly expand its capacity to provide basic services to the population throughout the country’. This was to be done through enhanced recruitment of staff to the public sector on the basis of merit; a more effective, accountable, and transparent administration at all levels of government; and the implementation of measurable improvements in fighting corruption, upholding justice and the rule of law, and promoting

⁶⁵ According to the IMF (2005) at the Berlin donor conference, donors pledged US\$4.5 billion to Afghanistan for 2004/05, slightly exceeding the amount requested by the government. 25 donors also pledged to provide an additional US\$8.2 billion for the three-year period covering 2005/06 to 2007/08, compared with the government’s estimated requirement of US\$11.9 billion. Donors indicated that additional pledges would be made at a later date, as countries budgetary procedures often prevented them from making firm multi-year commitments.

⁶⁶ In early 2006, some 18,000 US troops were in Afghanistan to combat the Taliban-led insurgency, but the US and NATO had agreed to shift more of the security burden to NATO during 2006. That transition will permit US force levels to drop to a planned level of about 16,500 by mid-2006 (CRS, 2006b).

⁶⁷ The ISAF installed in Afghanistan in December 2001 was comprised of 4,500 peacekeepers drawn from 18 countries. It was led by the UK (Operation Fingal) and only operated in Kabul and the immediate surrounding areas. Its mission was to provide security to the capital, dispose of mines and unexploded ordinance, and train soldiers for an Afghan army. US troops continued to seek out the Taliban and Al Qaeda. Under the ISAF mandate, peacekeepers were centred in and around Kabul and had no impact outside. At that time, it was thought that the ISAF was too small and too limited to be effective. Discussions were then being held about the type of peacekeeping force required and how long peacekeepers would be required to stay (CRS, 2002). Leadership was taken over jointly by the Germans and Dutch (February to August 2003) and then handed over to NATO.

⁶⁸ The Compact is available at http://www.fco.gov.uk/Files/KFile/AfghanistanCompactFinal_080206.pdf.

respect for the human rights. The government also made a commitment to prioritise the establishment in each province of functional institutions – including elections, civil administration, police, prisons and judiciary. ‘These institutions will have appropriate legal frameworks and appointment procedures; trained staff; and adequate remuneration, infrastructure and auditing capacity.’ In return, the donors pledged to:

- Provide assistance within the framework of the Afghanistan National Development Strategy and to coordinate programmes and projects with the government in order to focus on priorities, eliminate duplication and rationalise donor activities to maximise cost effectiveness.
- Provide more predictable and multiyear funding commitments, or indications of multiyear support to Afghanistan to enable the government to better plan the implementation of its National Development Strategy and provide untied aid whenever possible.
- Increase the proportion of donor assistance channelled directly through the core budget, as agreed bilaterally between the government and each donor, as well as through other more predictable core budget funding modalities, in which the Afghan government participates, such as the Afghanistan Reconstruction Trust Fund, the Law and Order Trust Fund for Afghanistan, and the Counter-Narcotics Trust Fund.
- Provide assistance for the development of public expenditure management systems that are essential for improving transparency and accountability.
- Recognise that donor assistance provided through the external budget should be designed to build capacity within the government as well as among the private and non-profit sectors.
- Ensure that development policies strengthen national institutions.
- For aid not channelled through the core budget, endeavour to: (i) harmonise the delivery of technical assistance in line with government needs to focus on priority areas and reduce duplication and transaction costs; (ii) reduce the external management and overhead costs of projects by promoting the Afghan private sector in their management and delivery; (iii) increasingly use Afghan national implementation partners and equally qualified local and expatriate Afghans; (iv) increase procurement within Afghanistan of supplies for civilian and military activities; and (v) use Afghan materials in the implementation of projects, in particular for infrastructure.
- Within the principles of international competitive bidding, promote the participation in the bidding process of the Afghan private sector and South-South cooperation in order to overcome capacity constraints and to lower costs of delivery.
- Provide timely, transparent and comprehensive information on foreign aid flows (including both core and external budgets), in a format that will enable the Afghan government to plan its activities and present comprehensive budget reports to the National Assembly.
- For external budget assistance, report to the government on the utilisation of funds; its efficiency, quality and effectiveness; and the results achieved.

However, despite the numerous commitments made, insofar as funding is based on fulfilling this Compact, the Afghan government is in a vulnerable position – for the country is still very much a fragile state and is unable to control its territory and officials, or to provide services and law and order.⁶⁹

Conflating development and security agendas: challenges of the PRT approach

As implemented in Afghanistan, the PRT approach is one clear example of how mixed the motives, programming and personnel within a fragile states programme can become. Above all, the PRT aims to promote nation building (although it also fulfils obligations imposed on occupying powers to provide governance, security, social services, etc. for the country).⁷⁰ PRTs have become a favourite means of using civilian and military personnel to extend the central Afghan government’s reach and to promote development

⁶⁹ According to the ICG, corruption, insecurity – criminality, drug trafficking, and tribal warfare – and poor governance are rife and undermining national progress, owing to the policy decision to co-opt people who in the past committed human rights abuses. The ICG went on to say that this causes violence and creates sympathy for the Taliban. The government has dismissed some high officials for corruption and complicity in criminal activity, but many remain. ICG called for more dismissals, and more troops, further disarmament of militias, and greater commitment and resources to governance and nation building (Montero, 2006).

⁷⁰ This discussion is drawn from <http://stinet.dtic.mil/cgi-bin/GetTRDoc?AD=ADA431763&Location=U2&doc=GetTRDoc.pdf>, Brandsetter (2005) and Stapleton (2005). For analysis of PRT failures and strengths, see the Copenhagen seminar on CIMIC work in Afghanistan, [http://www.acbar.org/downloads/Copenhagen%20Seminar%20\(Advocacy\).pdf](http://www.acbar.org/downloads/Copenhagen%20Seminar%20(Advocacy).pdf). Also see Hendrickson et al. (2005).

and peace in the provinces. Several donors, including the US, UK and Germany, have their own PRTs (see Annex 3 for greater detail). PRTs undertake work not unlike the tasks performed by the ISAF programme in Kabul, where the international community has shared responsibilities for the disarmament, demobilisation and reintegration of former Afghan militia, and has built up a new Afghan army, trained police, and established counter-narcotics operations, etc. CIMIC operations there also included joint military patrols, mine clearance, assessing and rebuilding clinics, water systems and schools, etc. However, regional PRTs are unlike the ISAF in that they do not undertake joint patrolling, or checkpoint operations, and they more explicitly cooperate with UN agencies, Afghan government institutions and NGOs. Yet they are still meant to promote stability within an area, which includes security along with state building and development. They are supposed to establish a permanent physical presence in the regions, to become embedded within local communities, and to interact with local leaders.

A number of problems have been identified and lessons learned with regard to PRTs. These can be summarised as follows:

- With a limited number of personnel and funds, it is difficult for a PRT team to undertake all of its assigned functions.
- It requires stamina to sustain the tasks over a long period of time, and PRTs should be designed for longer durations.
- PRTs should have adequate instruments to implement a holistic concept of nation building.
- Field security is essential to ensure the safety of PRT personnel, and those PRTs without a heavy security presence have less coverage.
- Some PRTs are apparently inclined to stay out of trouble rather than confronting it when it arises, making development and nation building difficult to achieve in those areas.
- The PRT programme should be centralised under one agency and work within one framework, or set of guidelines.
- Collaboration with national actors to identify priority needs, avoid the duplication of activities, and fit their work within a larger national development strategy, is needed to ensure development effectiveness.
- Political economy analysis aimed at reaching a rich understanding of the social and political conflicts, actors, and interests in the region is required.
- PRTs can be more effective as part of larger, national security strategy and policy.
- PRTs should not construct projects that are unsustainable once handed over to an impoverished government.
- PRT development funds should be subject to the same criteria for effectiveness as other assistance; such funds should be accountable to provincial administration and central government.
- Even in areas where PRTs were placed (e.g. Kunduz) because they had a positive ‘political intent’ and ‘military capabilities’, problems of a political, security and criminal nature still exist and affect operations.
- Complex lines of authority (e.g. between four German ministries), different and competing departmental agendas, and problems with cooperation/coordination characterise some PRTs.
- Remaining separate from local politics helps keep PRTs safe.
- Having the backing of the donor foreign office means PRT leaders are taken more seriously by locals.
- With fewer individuals and specialised functions, less state building is accomplished. Quality improves when individuals have fewer functions and are more specialised. Preparation of personnel should take several months, and include intense cultural training and practical situational training.
- ‘Light’ PRTs, with fewer people, less training and specialised skills, are good for ‘short term effort seeking to send fast and visible political signals’ only.
- The division between OEF and the ISAF is a result of history and can now be changed so that all PRTs (including US ones) are under ISAF. This would improve the focus of PRTs and separate the major security tasks in Afghanistan from state building.
- The success of PRTs depends on whether the Afghan national government has a viable political strategy for the provinces in which they work.

A more detailed look at the US aid programme in Afghanistan provides an insight into how the mixing of security and development agendas in post-conflict operations can compromise humanitarian goals and actors by politicising programmes. For Afghans, outputs of each of these programmes below must have appeared much the same, although the objective behind each is very different, as is evident in the US GAO chart.

Table 7: US QIPs in Afghanistan for fiscal years 2002-04, by funding source

Agency	Goal of implementing projects	Programme	Estimated total project cost	Estimated average project cost	Projects begun	Projects completed
DOD	To achieve US security objectives by improving DoD visibility, access and influence with military and civilian counterparts; building security in host nation; generating goodwill for DoD to enhance US ability to shape regional security; bolstering host nation disaster response; and readying US military personnel	OHDACA	US\$25,344,192	US\$61,515	412	355
	To enable US military commanders in Afghanistan to address humanitarian relief and reconstruction by carrying out programmes that will immediately assist Afghan people	CERP	US\$39,707,870	US\$17,152	2,315	Not tracked
USAID	To support the rehabilitation and political stabilisation in post-conflict Afghanistan, increasing the Afghan government's responsiveness to citizens' needs, increasing citizen participation in democratic processes and increasing the capacity of the Afghan media.	OTI	US\$41,876,468	US\$65,844	696	451
	To link communities with district, provincial and central governments by conceptualising, planning and implementing projects. Projects include water systems, road-related activities, rehabilitation and construction of government and public buildings	QIP	US\$28,968,217	US\$137,944	210	58
Total			US\$135,896,247	US\$38,034	3,573	

Source: adapted from GAO (2005).

- In 2004, both USAID and the US Department of Defence responded to the same reconstruction needs when USAID launched a Quick Impact Program (QIP), supplementing the activities of the existing Office for Transition Initiatives, and DoD launched the Commanders' Emergency Response Program (CERP) to operate alongside its Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) programme.⁷¹
- The aims of these were to extend the reach of the Afghan central government through benefits to rural communities and to facilitate the transition to longer-term reconstruction programmes.
- While the military's CERP and OHDACA programmes were meant to address humanitarian needs, these were 'determined by the tactical need to obtain the support of the populace and are primarily tools for achieving US security objectives'. Both CERP and QIP programmes worked through the PRTs, with CERP funding smaller projects costing less than US\$20,000 on average and QIP funding larger, more expensive projects.
- DoD regulations allowed PRT commanders to approve the use of up to US\$25,000 in CERP funds for the rapid implementation of small-scale projects, such as providing latrines for a school, or a generator for a hospital. USAID representatives in PRTs used QIP funds for larger, more complex projects such as local roads, bridges and government buildings.
- USAID's approach was more professional: 'to ensure accountability and long-term sustainability, USAID regulations require that the mission, before granting approvals for QIP projects, conduct technical assessments and ensure Afghan government involvement in projects'.
- On the other hand, the DoD did not require similar assessments for CERP-funded projects.

These and other problems identified with the US programme in Afghanistan (GAO, 2005) are undoubtedly shared by other donor agencies, as all find themselves in the same working environment. This includes the lack of a strategic framework and the complexity of many donor programmes. Their poor coordination, post-war insecurity and criminality, weak national institutions and poor governance negatively impact on the effectiveness and success of delivering development assistance. Specifically, the GAO reported that while

⁷¹ These programmes are of significant size. Between 2002 and 2004, the USG programmed almost US\$136 million for about 3,600 small-scale, quick-impact projects through USAID and DOD.

US humanitarian and short-term assistance had helped Afghanistan's vulnerable population, longer-term reconstruction efforts had achieved limited results in creating a stable Afghan society. That is, USAID was criticised for not reaching its nation building objective. Other commentators would say that was true for most donor programmes and that, as a result, Afghanistan is becoming more fragile. The GAO report went on to explain in detail the deficiencies of the USAID programme:

- Delayed US funding,⁷² small staff size, inadequate working conditions, and a lack of a comprehensive strategy for three full years (2002-04) impeded progress.
- At the same time, security deteriorated and opium production increased. This goes to the problem of working in a post-war situation where government institutions and control are weak.
- Project objectives were not met: in the education sector, AID intended to rehabilitate, or build 286 schools by the end of 2004, but by September 2004 it had substantially completed only eight new structures and refurbished about 77 others.
- In the health sector, USG aimed to construct or rehabilitate 253 clinics by the end of 2004, but by the end of September, owing to, among other things, Afghan ministries' insistence on new construction rather than refurbishment, poor contractor performance and security problems, it had rehabilitated none and substantially completed only 15 new structures.
- Complete and accurate financial information was not readily available from the USAID office, which made it difficult to plan, assess progress, and make informed resource allocations.
- USAID did not always require its contractors to fulfil contract provisions; work plans needed to ensure contractor accountability and to facilitate USAID oversight.
- Although USAID regulations require missions to establish systems for measuring progress towards intended objectives, USAID did not systematically use available tools to collect the information needed to assess the progress or results of its major projects or its overall programme.
- Moreover, the measures that the embassy provided to decision makers in Washington did not comprehensively portray progress or results in each sector or the overall US programme.
- Although US interagency assistance coordination occurred daily in 2004, the Afghanistan Reconstruction Group, an advisory group in Kabul, lacked a clear mission, which led to some confusion between it and USAID contractors.
- Problems associated with coordination continued between the Afghan government and donor nations, including the US.
- Deteriorating security in some regions rendered large areas effectively inaccessible to the assistance community; despite efforts by US, Afghan and international forces, attacks against aid workers, Afghan security forces and international forces increased.
- A continued rise in opium production undermined legitimate economic activities and the establishment of the rule of law.

Lessons learned

As noted above, the Afghan programme has drawn a great deal of criticism from observers. For instance, one analyst noted last year that the Afghan state building project is going to fail unless there is more speed and resources, a more coherent strategy, improved security, better appointments to key government posts, and improved 'synergy' between various donors (Stapleton, 2005). Added to those observations are recommendations from specialists,⁷³ which serve here as lessons to be used to improve the design of post-conflict programmes in fragile states generally.

1. Donors' various programmes and agendas should be aligned as far as possible with the government's national development structures and systems rather than creating parallel institutions.
2. A joined-up recipient-country national development strategy that uses a 'conflict lens' should be produced. The strategy should include the various project goals, approaches, sequencing and timeframes. 'Stove-pipe' programmes – each separately created and run by a donor – should be avoided. Rather, a

⁷² In 2004 most assistance funds were not available until nearly six months into the fiscal year, preventing USAID from accelerating reconstruction efforts.

⁷³ See for recommendations <http://www.acbar.org> for the South Eastern Region Development Strategy (SERDS). Other sources include: Louise Perrotta, DFID; Dennys and Japan Afghan NGO Network (2005); Mansfield and Pain (2005); Rubin (2005, 2006); Lister and Wilder (2006); Lockhart (2004); Zivetz (2006); Cohen (2006); and Tim Symond, 9 July 2005 at CIMIC, Yahoo Groups.

- joint steering committee chaired by government should oversee development and state building programmes.
3. Failure of the *de jure* state to establish control throughout the country hampers the development process and reconstruction, and reduces public confidence in the government. Donor efforts should therefore include support for institutions that extend central government control. Technocratic interventions and bureaucratic reforms that ignore the political nature of local leadership contests strengthen traditional power-holders rather than the formal institutions of the central state.
 4. Early identification of local leaders to represent provincial populations may have long-term effects; they may not be truly representative.
 5. War-fighting objectives and methods in a post-conflict programme need to be disentangled from development/governance/peacebuilding goals and approaches.
 6. Adequate financial and human resources should be guaranteed, and a long operational timeframe secured.
 7. War-fighters should be separated from humanitarian actors in a programme area, while guaranteeing the safety of all staff.
 8. The causes of conflict and how they will impact on programming (design and operations), security and programme objectives should be analysed and monitored continually.
 9. The interests of the various local actors and institutions should be analysed and monitored, as well as whether they are compatible with programme goals.
 10. Coordination and cooperation between donor agencies and between the international community and the host government should be prioritised.
 11. There should be a commitment to complying with the principles laid down by the Paris Declaration on Aid Effectiveness, especially in terms of harmonisation and alignment. Donors should consider making a 'compact' with governments similar to the Afghan Compact agreed in London.
 12. Considerations of state building should be incorporated as an integral part of future plans for military war-fighting operations.
 13. Special attention should be paid to not allowing programmes to strengthen and arm irregular militias and their commanders, or to promote their criminal activities.
 14. Disarmament packages should be distributed quickly; monitoring of DDR should consider long-term effects; hiring of militia as guards should be avoided; while a national mapping of security and politics is needed.
 15. Coercion is unlikely to work to eliminate criminal behaviour (e.g. poppy growing in Afghanistan). Multi-sector instruments are needed to address criminality, and these programmes should be mainstreamed in the national development strategy. Action should be based on thorough and sound political economy analysis, and effective monitoring systems should be put in place.
 16. Reform of governance structures should be integrated into livelihood strategies.
 17. Although urgency is normal in a post-conflict situation, donors and agencies must take the time to do the analysis, determine the scale of aid needed and the sequencing of projects, devise an overall strategy, and create a coordination mechanism *aligned* to government where possible. Otherwise, the likely result is chaos, as in Afghanistan. Root causes of conflict must be addressed in reconstruction, and this requires a close understanding of the immediate and longer-term causes of conflict. Political economy analysis is required to achieve this level of understanding.
 18. Aid should not be politically driven by a donor country's domestic political situation. Politically motivated 'quick result' projects waste resources and do not contribute to state building. Helping to increase service delivery, capacity building, stewardship of state institutions, alignment with government priorities and plan, and other such longer-term goals are more helpful.
 19. An objective process with proper tools for evaluating the challenges to reconstruction and measuring progress needs to be established. A baseline, clear goals and measurable indicators are required.
 20. Development strategies must be carefully thought through, and not created in an *ad hoc* manner by military people unaware of what sustainable development programmes require (e.g. build a school, but with no thought to the provision of teachers or books).
 21. The ARTF – Afghan Reconstruction Trust Fund, which accepts donor funds and puts them into government ministries through a centralised mechanism – is a good model to use to channel money to the recurrent budget where government capacity is weak.
 22. Donors need to understand that the transition from an urgent, reactive 'fix it' programme at the beginning of an emergency to a comprehensive programme later is difficult and requires strategic, coordinated planning.

23. Attempting to carry out development or state building programmes without experienced development planners, familiar with strategic programming approaches, may well result in disconnected projects in a sector, lack of coordination between them and other donors' projects, insufficient resources, and a low level of sustainability.
24. It is difficult to ensure that 'hearts and minds' aid programmes run by the military are kept separate from civilian development programmes, but when these are mixed up, as has been discussed earlier in this report, problems are likely to result for civilian staff and humanitarian principles.
25. A transitional justice programme should be created that is not seen as politicised and is transparent. Ways of dealing with war criminals, of preventing the election of such people, and of promoting national reconciliation and compensation should be organised within this framework.
26. Integration of the post-conflict state back into the region would bring benefits in terms of resource sharing, trade, economic growth, etc.
27. Project aid, initially understandable, is not developmental in the longer term and does not build up the state. Donors should therefore think about how to shift toward programme aid as quickly as possible.

The problems inherent in the Afghan programme, then, emerge both from the donor side – inadequate planning, resources, capacity, personalities and institutions – as well as the context – insecurity, local and regional politics, deep poverty, international criminal networks, weak governance and legitimacy, etc. This case demonstrates as much as any other situation (e.g. Somalia, Sudan, East Timor, DRC, etc.) that aid planning must be politically informed, that donor policies and activities must be coordinated and aligned with government plans, and that still, the creation of a viable and stable country will take significant resources for a very long time.

10: Cambodia

The Cambodia aid agenda

The modern Cambodian aid agenda dates from the Paris Peace Agreements of October 1991. The Council for the Development of Cambodia (CDC) was established in 1994 to coordinate all foreign aid, including NGOs and bilateral and multilateral agencies, and to implement the country's development strategy. In 1995, a Consultative Group was formed, responsible for allocation of aid and performance monitoring. In 1998 a joint donor-government Governance Action Plan was developed to tackle key issues. However, to date the Plan has had little impact, and CDC and CG mechanisms are widely acknowledged as having limitations.⁷⁴

After steady increases in the early to mid-1990s, development aid stalled in July 1997 when a coup. During the ensuing period, levels of international aid (which at that time represented 60% of the Cambodian budget) plummeted, and remaining aid flows focused almost exclusively on humanitarian activities such as food security and minesweeping. In February 1999, a Donors' Conference took place to realign and restore aid, and during that year a new government assumed power. Aid flows gradually resumed, although some donors' aid levels (notably that of the US) have still not reached pre-1997 levels. Today, there are 18 bilateral donors, 16 UN agencies, the WB/International Development Association (IDA), the IMF, the ADB and the EC all active in Cambodia. The top 10 donors at present in terms of development assistance are the ADB, Australia, the EC, France, Germany, WB/IDA, IMF, Japan, Sweden and the US. Table 8 lists patterns of aid among the major donors since 2000.

Table 8: Trends in Cambodia assistance activities (US\$ million)

	2000	2001	2002	2003	2004	2005
ADB*	108.0	75.0	115.0	97.0	64.0	n/a
Australia (AusAID)**	28.5	28.0	29.9	33.4	31.2	32.1
EC**	n/a	n/a	n/a	36.8	29.6	37.7
France (DGCID, AFD)**	n/a	n/a	n/a	25.1	23.2	27.0
Germany (KfW, GTZ, DED)**	n/a	n/a	n/a	23.3	19.2	17.6
Japan (JICA)**	27.5	34.5	33.2	32.6	34.0	n/a
Sweden (Sida)**	n/a	24.6	20.0	17.1	22.4	14.4
UK (DFID)**	n/a	n/a	n/a	14.2	20.3	27.1
US (USAID)	10.0	20.0	35.0	39.0	49.3	55.0
WB (IDA)	n/a	n/a	70.0	76.0	40.0	38.0

Source: ADB, AusAID, DFID, EC, JICA, Sida, USAID, WB. Note: * Figures approximate; ** Figures converted from host currency using April 06 exchange rates.

The effectiveness of aid assistance since 1991 has been undermined by a significant lack of coordination among donors, which has frequently resulted in disappointing development results (see Box 4). In recent years some of the major multilateral organisations, including the ADB, the WB, and the UN had well documented public disagreements that resulted in duplicated effort and the needless fragmentation of an already fragile government. In 2000, for example, the Cambodian government was working with the WB to develop a PRSP while at the same time working on the national development plan with the ADB. The result was two separate monitoring, implementation and policy plans.

Box 4: How have donors' past actions contributed to state fragility in Cambodia?

'The large number of development partners providing assistance without an effective strategic or coordinated framework has fragmented assistance and limited its impact.' Examples include:

- No donors follow the Cambodian government's national budget cycle in their own aid allocation schedules
- 'Turf wars' between WB and ADB: competing national policies developed at the same time with the same ministry
- Project-based support lures the most talented workers to project implementation units, rather than attracting them to government ministries

Source: WB (2005a) and ODI (2005).

⁷⁴ These were: legal and judicial reform; public finance improvements; governance; anti-corruption; gender equity; demobilisation; and natural resource management (Hughes, 2005).

Frameworks for cooperation and collaboration among donors

Attempts at coordinating aid have been tried repeatedly. In 1994, the Seila Programme was established, an aid mobilisation and coordination framework to support decentralisation and deconcentration. This received a boost with the 2002 local commune elections. Several donors, including GTZ, DFID, Sida and the WB, use Seila to coordinate decentralisation efforts. This is an area where real progress has been made: as a result of the Seila Programme, there is ‘growing awareness of people’s rights, growing people’s participation in decision making ... and an increasing number of communities organising themselves’ (SPM, 2006: 4).

In 2003, Cambodia agreed to become one of 14 pilot countries implementing the Rome Declaration on Harmonisation and Alignment and, in 2004, the government and 12 donors signed the Declaration on Harmonisation and Alignment (the Cambodia Declaration) outlining principles for better collaboration, in which all donors agreed to change their practices to improve collaboration and government ownership. A later CG meeting developed a National Action Plan for Harmonisation and Alignment for 2004-08; this was endorsed by the Cabinet later that year. In 2004, 17 separate Thematic Working Groups (TWGs) were announced, chaired by government, to help supervise development assistance. There are now over 80.

All major donors endorsed the government’s own Rectangular Strategy (RS), written in 2004, which incorporated previous development strategies.⁷⁵ The RS rests on three sets of principles: (i) good governance (anti-corruption, legal and judicial reform, decentralisation and public administration, and armed forces demobilisation); (ii) promoting an enabling environment for reforms (peace and stability, partnership with civil society and others, good macroeconomics, and global integration); and (iii) economic growth (agricultural improvements, private sector growth, infrastructure rehabilitation, and capacity building). To help implement the RS, key donors and the government have agreed to develop a single planning tool, the National Strategic Development Plan, for 2006-10, which will have more concrete policy actions.

The most recent improvements have been (i) the introduction of Government Donor Coordination Meetings every quarter, which aim (among other things) to develop Joint Monitoring Indicators (JMIs) so that all donors and others measure progress by the same yardstick; and (ii) the current development of a manual of Standard Operating Procedures by the WB, ADB, and government to help improve project implementation.

About coordination, it is possible to say at this point that:

- The very fact that donors are keen to acknowledge past failures, and are indicating their willingness to align activities more closely in future, is a good sign.
- Several government-donor framework agreements have been developed outlining how to work more closely.
- Donors have undertaken joint analytical work (most recently, the ADB, DFID, UN and WB) to inform their most recent Cambodia assistance strategies.
- The WB is developing a Working Group on Poverty Monitoring, Assessment and Policy to facilitate greater donor dialogue. Also, the WB and ADB have now agreed to divide responsibility for sectors so that just one agency takes the lead in an area.
- Individual bilateral donors have also taken steps to collaborate more closely. The US and Japan, for example, have created a US-Japan Partnership for Global Health. The UK government plans to phase out bilateral assistance altogether by 2011, allowing all UK aid to be channelled by a multilateral organisation.

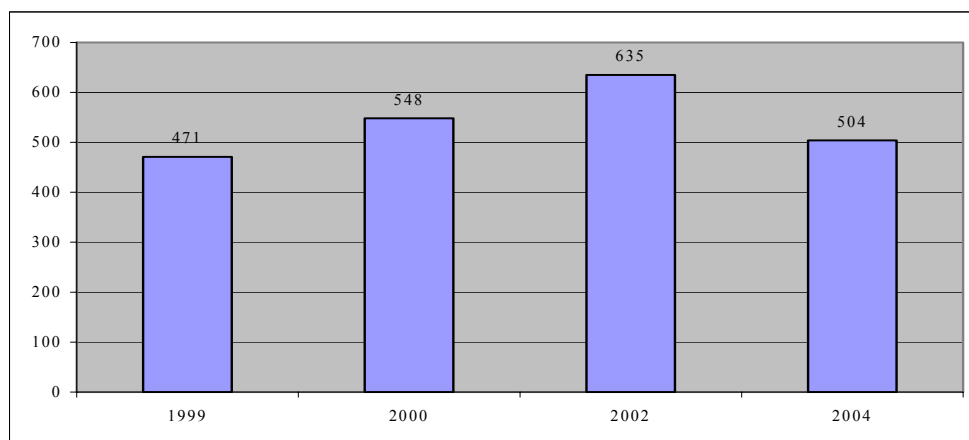
Evolution of aid over time: changes in spending and programming patterns

Today, Cambodia remains highly aid dependent (see Figure 2). The total aid budget to Cambodia from all international donors from 1992 to 2003, including NGOs, was US\$5.2 billion, of which 80% was in the form of grants. Compared with other low-income countries, Cambodia receives significantly more aid per capita: in 2003, aid disbursements were equivalent to 8% of Cambodia’s total GDP. The lack of aid coordination that has haunted Cambodia’s post-war reconstruction history is therefore doubly important: Cambodia’s

⁷⁵ Notably, the Social and Economic Development Plan II and the National Poverty Reduction Strategy.

‘fragility’ as a nation depends to some extent on how well donors manage to coordinate their support of government.

Figure 2: Consultative Group meeting donor pledges to Cambodia (US\$ million)



Source: WB (2005a).

A review of aid patterns since 2000 shows three separate trends:

- (i) **Increases in aid:** The UK and US have increased their lending to Cambodia. For the US, the increase is the result of relaxed aid restrictions and also perhaps the US's heightened international security interests. The UK, on the other hand, focuses on the poor quality of aid to Cambodia to date and the need to develop better aid instruments (which require more money). DFID also believes that in the medium-term, 'prospects are good' for Cambodia's economic and developmental future; this optimism translates to larger lending.
- (ii) **Significant decreases in aid:** ADB, Germany, Sweden and WB have all decreased aid to Cambodia, mostly because of frustration with the pace and depth of government reforms. For example, the WB's most recent Country Assistance Strategy notes that Cambodia scored worse than average results in its governance criteria assessment, which caused the Bank to reduce its assistance by over 35% from 2002. The 38% drop in Swedish development aid to Cambodia from 2004-05 may be explained in terms of 'the deteriorating political situation and the shrinking democratic space' (SPM, 206: 4).
- (iii) **Broadly no change to aid levels:** Australia, the EC, France, and Japan have all kept aid levels roughly the same in recent years, although priorities may have shifted. Australia now specifically sees the importance of Cambodian prosperity and security in diminishing the threat of 'global public bads' such as terrorism, sex tourism, and people and drugs trafficking, noting that 'a more stable, prosperous Cambodia would contribute to regional economic growth and assist in combating transnational crime, including terrorism, people smuggling, narcotics and child sex tourism'. Development aid, therefore, advances Australia's national interest.

The fragility agenda in Cambodia: effects to date

Neither donors nor academic literature make reference to the 'state fragility' agenda vis-à-vis Cambodia, or even use the words 'fragile' or 'fragility'. Perhaps the lack of use of the term can be explained by political sensitivities on the part of the government of Cambodia. Few governments are pleased to be labelled 'fragile' (or 'poor-performing' or 'failing'). The government, for example, had a negative reaction to the news that it had been placed on the WB's LICUS list. Even without specific reference to fragility, however, donor activities are clearly concerned with addressing issues of state fragility and in bolstering Cambodia's ability to withstand political and economic challenges. This can be seen in the aid priorities among the top donors, which fall into the following categories:⁷⁶

⁷⁶ Several of these priorities could arguably fall into two or even three of the categories. For the sake of clarity, however, they have been classified in just one.

Post conflict and humanitarian work

- Minesweeping
- Disaster preparedness
- Rebuilding infrastructure
- Supporting people with disabilities/victims of war
- Supporting political elections
- Food security

Poverty alleviation

- Rural and agricultural development
- Water supply and sanitation
- Health and communicable disease prevention
- Basic and higher education
- Gender issues
- Environmental stewardship/natural resource management

Economic development

- Government infrastructure and capacity building
- Economic development
- Support for small and medium-size enterprises
- Help for Cambodia's accession to the World Trade Organization
- Export diversification

International security

- Anti-trafficking measures (drugs and people)
- Measures to minimise sex tourism
- Anti-piracy

Table 9: Development activities in Cambodia by donor

		ADB	AusAID	EC	France DGCID, AFD	Germany KfW, GTZ, DED	IMF	Japan JICA	Sweden Sida	UK DFID	US USAID	WB IDA
Int'l security	Anti-piracy							X				
	Anti-trafficking/drugs		X					X	X		X	
	Export diversification				X							
	Entry to WTO	X	X	X				X				
	SME support	X	X	X		X						
	Economic/governance	X	X	X	X	X	X	X	X		X	
Economic dev't	Higher education				X	X						
	Environment	X		X	X	X		X				X
	Gender issues	X				X						
	Rural/agricultural development			X	X			X	X			X
Poverty alleviation	Basic ed and health	X		X	X	X		X	X		X	X
	Water supply/sanitation	X										
	Cultural heritage				X							
	Food security		X		X	X						
Post-conflict	Protecting human rights			X		X			X			
	War victims/people with disabilities							X	X		X	
	Supporting political elections			X				X			X	
	Infrastructure rebuilding	X						X	X	X	X	
	Disaster prep		X									
	Demining		X	X		X		X				

In donor statements, state fragility in the Cambodian context falls into three separate but overlapping categories. The theme of good governance emerges consistently: Cambodia must make, in the words of the

WB, 'a concerted effort to strengthen, and in many cases to build from scratch, the foundations of a modern chain of accountability' (WB, 2004a).

- (i) **Cambodia is fragile because it has just emerged from war.** This definition of fragility takes Cambodia's recent emergence from a bloody civil war as the most important determinant of its future potential. Eliminating causes of fragility will include actions associated with post-conflict environments, such as rebuilding of infrastructure and demining activities. Donors such as JICA espouse this view.
- (ii) **Cambodia is fragile because it is poor.** In this framework, Cambodia's terrible development indicators and grinding poverty are the country's biggest threat. Maternal and child health, basic education, agriculture, and poverty reduction efforts are therefore among the biggest priorities. Cambodia is also fragile economically. The WB's Country Assistance Strategy points out that 'Cambodia's economy is small and vulnerable to shocks', and that economic volatility may intensify as Cambodia integrates further into the regional and global economy. Public financial management mechanisms, economic diversification, and capacity building of key institutions are therefore another important part of this framework. Examples of donors implicitly using this definition of state fragility include the ADB, the EC, and the WB.
- (iii) **Cambodia is fragile because it is poor, and that fragility has implications for the rest of the world.** In this context, Cambodia's poverty is not just a humanitarian concern: its fragile status has political and economic implications for its neighbours and the world as a whole. Infectious diseases and criminality, which (it is argued) flourish in poor and unregulated environments, can have impacts other parts of the world. In Cambodia, sex tourism, child and female trafficking, terrorism, environmental degradation and piracy have been cited as particular concerns by donors including USAID and JICA.

A fourth category of fragility could perhaps be suggested: that of Cambodia's endemic corruption, patronage and rent-seeking behaviour at every level. Cambodia is perceived as one of the world's most corrupt nations, one where 'state officials continue to emphasise loyalty over efficiency and to promote opportunities for rent-seeking which exploit the poor' (Hughes and Conway, 2004). In such a context, the prospect of aid reaching its destination is remote. Many aid donors acknowledge this by concentrating on public sector reform and other capacity-building measures; and on emphasising the need to involve civil society in promoting government accountability.

Many donors now regard Cambodia, implicitly or explicitly, as a 'normal' (albeit non-performing) developing state rather than a post-conflict state. However, some commentators argue that this is premature. Cambodia, they believe, should still be viewed as a post-conflict nation with extremely fragile institutions; one where 'the success of the [government] in achieving sustainable cessation of armed conflict has been achieved by means that have made good governance less likely [in the longer term]' (Hughes and Conway, 2004). Country specialists note that 'better elections ... have not led to a better functioning and a more mature democracy' (SPM, 2006), and that corruption is not improving. Moreover, Cambodian society is still highly militarised, and the army retains enormous political power (Hughes, 2005). Cambodia appears to hold the trappings of a 'normal' developing country, but it is, in reality, a country still at risk of failure.

Conclusions

The FS agenda, named as such, has not had a discernable effect on programming in Cambodia, although donors clearly regard Cambodia as a fragile state. Yet it is clear that Cambodia is markedly different from Afghanistan, where governance and institutions are less developed, where the state's reach is less extensive and where violent conflict is present daily. Calling both countries fragile states (along with others such as Somalia, DRC and East Timor) demonstrates just how loose and un-analytical the term really is.

State fragility in the Cambodian context is at present seen through three lenses: in traditional post-conflict terms (Cambodia is at risk of returning to war); second, as a threat to international security (Cambodia is a terrorist/piracy/trafficking haven); and/or finally, as a poor performer (Cambodia is extremely poor). Most fragility is linked in some way to poor governance and corruption at every level and in every sector of public life, which continues to threaten Cambodia's economic and development prospects. Therefore, several

donors predicate aid on progress towards the regime curbing corruption and improving governance. Other donors are more concerned with Cambodia reverting to conflict and are less willing to set conditions on their aid. Because of their track record over the past 15 years, most donors acknowledge that their own uncoordinated aid efforts have probably contributed to state fragility. New donor cooperation frameworks have been established to encourage a more harmonised approach.

Overall development aid to Cambodia has increased significantly in recent years, but some donors have decreased their aid allocations. Underlying these changes have been alterations in donor priorities. Meanwhile, the language used in the aid statements of some donors has changed: the UK, for example, describes Cambodia in terms of its development needs rather than its status as a post-conflict country. Others (Sweden, the WB) have also shifted the focus away from post-conflict state building to other issues, particularly Cambodia's continuing weak governance institutions.

11: Nepal

The ongoing conflict in Nepal

Nepal remains one of the poorest countries in the world today, with a social structure that has been described as feudal. 42% of the population lives below the national poverty line. Although over the past few decades Nepal has achieved good macroeconomic indicators, growth has been almost exclusively in urban areas; the rural economy has stagnated. Inequalities appear to have increased and most Nepalese living in rural areas (approximately 80% of the population) have not seen improvements in their incomes or living standards. Caste and class discrimination, ethnic tension and corruption are pervasive in Nepali society.

In 1990, following a popular pro-democracy movement, Nepal became a multiparty parliamentary democracy under a constitutional monarch. Since then, however, the political situation in Nepal has been unstable. Widespread accusations of corruption and incompetence have generated increased frustration and resentment among the population. Capitalising on this precarious political environment, a Maoist (Communist Party of Nepal) insurgency began in 1996. Support for the Maoists has increased considerably over time, especially in the rural areas. The rebels now have a strong presence in about two-thirds of the country (ICG, 2003). Human rights violations by both sides are well documented and some 12,000 people have been killed in the conflict (Vaughn, 2006). Democratic institutions were suspended on 1 February 2005 when the King took direct control of government. But in April 2006 a popular uprising fomented by the main political parties with Maoist support forced the King to reinstate parliament. The recent political settlement faces serious political and security threats and the fragile peace that has recently been achieved could break down if the parties involved in the conflict cannot agree how to carry it forward.

Donors in Nepal

Many donors have been engaged in Nepal since the 1950s, and to date Nepal remains highly aid dependent. As of 2004, there were almost 20 official bilateral and multilateral development agencies involved in the country. Japan is Nepal's largest bilateral aid donor, followed by the UK, while historically the ADB and WB have been the largest multilateral donors. Other large donors include Denmark, Germany the UN system (mostly UNDP but also other specialised agencies like the Food and Agriculture Organization – FAO and the United Nations High Commission on Human Rights – UNHCR) and the US. A survey of the development priorities of the major donors is included in Annex 5. Since the 1960s, India has also played a unique diplomatic and economic role. Its influence is overwhelming on issues of trade, water, security and immigration. Nepal's dependence on Indian aid, however, has been steadily declining since the 1960s, with the arrival of new donors. Recently 'non-traditional' donors have also become engaged in Nepal. China in particular has provided assistance to His Majesty's Government of Nepal (HMGN) in an attempt to extend its influence in a region of strategic interest and to counter the Indian presence. Table 10 provides information about the contributions made by major and minor donors to Nepal since 1990.

Table 10: Contribution of different official donors in total ODA of Nepal in 1995-2003 (US\$ million)

Donors	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total ODA	428.6	390.9	431.5	490.9	414.6	382.3	386.8	345.4	465.3
Multilateral	194.7	180.7	205.9	230.5	180.5	151.1	116.5	66.0	144.9
ADB	69.8	71.8	99.3	105.6	70.9	75.2	41.2	8.4	11.6
WB	81.6	62.0	55.1	62.9	50.3	34.4	29.7	14.5	79.3
UN system	40	43.8	45.3	52	47.6	31.1	40.0	34.1	30.9
EU	2.8	3.4	4.5	7.3	10.4	14.8	11.1	13.4	16.2
IMF						-4.4	-5.5	-4.4	6.9
Bilateral	216.7	191.4	205.4	242.9	210	231.2	270.2	279.4	320.4
Japan	91.8	64.0	64.1	49.6	63.6	99.9	84.4	97.5	60.6
UK	26.4	24.2	26.6	32.2	20.3	23.0	33.2	36.9	53.1
USA	22.1	19.8	27.8	29.8	30.0	16.0	20.2	32.6	37.8
Germany	15.5	17.8	19.0	23.3	19.6	21.8	37.9	34.5	63.1
Switzerland	12.7	13.3	9.7	10.4	11.9	11.6	12.4	14.4	14.4
Denmark	22.1	25.6	22.6	24.2	24.5	25.0	26.1	25.4	40.1
Canada	4.5	4.2	4.2	3.3	7.2	4.2	4.3	4.2	6.1
Finland	5.5	5.1	6.4	12.2	6.0	5.6	4.7	5.6	5.3
Netherlands	6.4	7.6	11.3	8.6	6.7	5.7	13.4	7.3	9.9
Norway	0.6	1.1	3.0	1.7	5.7	8.9	11.5	13.1	20.2

Source: UNDP Nepal Development Cooperation Reports 1990-2000 and IDS online (data updated November 2004).

The Ministry of Finance in Nepal leads on development policy and on managing relations with donors. From 2000 to 2004, the Ministry organised the Nepal Development Forum (NDF) to coordinate work with HMGN's development partners. The Forum provided the government with an opportunity to outline its development priorities and strategic directions and to encourage donors to harmonise and align their actions with the national development plans. The NDF was also intended to provide a space to review government and donor efforts and make development assistance more effective. But the forum met only three times – in 2000, 2002 and 2004 – and has since been discontinued, in part because of the growing instability and violence.

Relations between the HMGN and donors have not been easy, especially from 2000 onwards. The Palace, which until very recently concentrated decision making powers in its hands, has expressed concern that donors have largely displaced the role of government in development, and has been critical of the lack of accountability and transparency in their actions. Donors, for their part, have been reported to disagree with the Palace and to find it difficult to engage with the HMGN, especially after the King assumed executive authority and suspended democratic institutions in February 2005. Many of them seemed to be losing confidence in the Nepalese government, at least until the restoration of parliamentary democracy in April 2006. Donors do remain concerned, though, about what they perceive as political interference and corruption in poverty relief efforts, the growing political confrontation, the escalating conflict, and the lack of progress toward restoring peace and democracy. They have urged warring parties – especially the government and the political parties – to reconcile and seek a lasting solution to the political crisis and conflict.

On the other hand, none of Nepal's key donors has pulled out of the country, and they have continued to provide assistance without significant reduction in total ODA levels. Interestingly, though, while bilateral donors like Denmark, Germany, Norway and the UK have been the most vocal in criticising the HMGN and shifting their aid priorities, they were also the ones to increase their aid most substantially after 2000. By contrast, multilateral agencies, especially the ADB and the WB, which have in general made a point of not overtly meddling in politics and barely responded to the Palace coup of 2005, reduced their aid to Nepal quite substantially during the same period. This was not justified, however, on any political judgment about the situation in Nepal, but rather on the more technical grounds that some of the projects were not providing expected results. Increases in bilateral aid compensated for these significant declines in levels of multilateral aid. This divergence in donor responses to Nepal's poor performance, weak governance and instability points to the inconsistency of FS planning – which reinforces the point that donors need to remain engaged in a coordinated manner.

A conference hosted by the British government and held in London in June 2002 was the first to bring donors together to discuss the conflict in Nepal explicitly and how to understand and address its implications in a joined-up manner. Nepal, the UK, US, India, China, Russia, Japan, France, Germany, Norway, Switzerland, Finland, Denmark, Australia, the UNDP, the UN Department of Political Affairs (UNDPA), and the WB were all represented at senior levels. In March 2006, the Nepalese Ministry of Finance convened a meeting of Nepal's donor group. This was significant because it marked the resumption of the government-donor dialogue.

Donors and the fragile states terminology

Unlike in Cambodia, donors have not shied away from labelling Nepal a fragile state. On the other hand, although the Maoist insurgency erupted in 1996, only in 2000 did the majority of donors began to acknowledge the conflict as a serious concern adversely affecting development efforts. In other words, they did not develop a fragile state strategy to engage with Nepal until the beginning of the new millennium. DFID's 1998 Country Strategy Paper (CSP), for example, did not place much emphasis on the conflict. In order to address this significant limitation, the UK agency prepared a new Country Assistance Plan (CAP) for the period 2004-08. In contrast to the 1998 CSP, the new plan gives central prominence to the conflict in Nepal, stressing that 'Nepal is at a critical juncture in its history and there is a risk that it could become a "failed state"'. UNDP, for its part, did not take into account any dimension of the conflict in its Country Co-operation Framework (CCF-II) for the 2002-06 period. Later, the UNDP Country Office had to embark on a major repositioning exercise aimed at ensuring that its development interventions and systems were responsive to the evolving conflict and changing political environment in the country. As illustrated in its latest Country Strategy Programme (2005-09), the ADB's strategy of engagement in Nepal has also shifted considerably, as ADB has become more aware of the need to operate in a context of conflict.⁷⁷

In addition, some donors, most notably the UK and the US, continued to supply military aid to HMGN until the usurpation of power by the King and his suspension of democratic institutions in February 2005. The US's military aid programme was explicitly intended to help the Nepalese government fight the Maoist insurgents, whom the US Department of State has classified as an Other Terrorist Group (Vaughn, 2006). On the other hand, the UK's military assistance (mostly in the form of equipment) was meant to be used for medical, logistical and humanitarian purposes only – but it is also clear that this assistance allowed HMGN to free up some of its own resources for its military campaign against the insurgents. The availability of this military assistance undoubtedly contributed to the escalation of conflict and violence in Nepal (ICG, 2003).

Causes and perceptions of state fragility in Nepal and donor responses

Causes of state fragility

There is currently in Nepal a surprising agreement among donors about the underlying causes of state fragility: weak governance, poverty, inequality and social exclusion as the key factors that have generated the Maoist insurgency and are at the heart of the country's political, social and economic instability. These can be further disaggregated to include

- Corruption;
- Endemic infighting between political parties;
- Lack of adequate representative institutions at both the national and the local levels;
- Poor transparency and accountability;
- Poor provision of basic social services;
- Stark regional imbalances;
- Structural discrimination;
- Concentration of economic growth in urban areas (which account for less than 20% of the total population).

⁷⁷ See the sections on relevant donors in Annex 5 ('Survey of the development priorities of Nepal's major development partners') included in this report.

There seems to be a general consensus among donors that all these problems – which are synonymous with the characteristics of fragile states – have fuelled popular resentment against the Nepalese government. Some donors, in particular the US but others as well (Denmark, for example), are especially concerned about the regional/global impact of state fragility in Nepal: for the US, a leading preoccupation and the main reason for its involvement in Nepal is that state failure may turn Nepal into a haven for terrorists.⁷⁸ Interestingly, China, for its part, has sided very strongly with HMGN (like the US), and has denounced the Maoists for appropriating and manipulating Mao's legacy to suit their own purposes.

Donor responses

Based on their analysis of the conflict situation in Nepal, donors have designed strategies and activities with the intention of addressing the root causes of state fragility and strengthening the capacity of the Nepalese government to respond to the needs of the poor better. Aid priorities among major donors can be classified as follows:⁷⁹

Poverty alleviation

- Rural and agricultural development
- Water supply and sanitation
- Health and communicable disease prevention
- Basic and higher education
- Gender issues and structural discrimination
- Environmental protection/natural resource management
- Social services provision
- Inequality and regional imbalances

Good governance

- Anti-corruption efforts
- Public sector reform
- Transparency and accountability
- Support for democratic institutions at national and local level
- Broad-based participation in development processes
- Civil society
- Human rights

Economic development

- Infrastructure and capacity building
- Economic development at the macro and micro levels
- Support for small and medium-size private enterprises
- Decentralisation

Regional/international security

- Military assistance (mostly the UK and the US)

Areas where donor approaches and strategies diverge

While donors in Nepal tend to share a common view of the problems that lie at the root of the conflict and instability in Nepal, they have not always agreed on their approaches and priorities. This is evident in the area of human rights, for example. Because of its overriding security preoccupations – especially the concern that Nepal could become a haven for terrorists – the US has been ‘too willing to look past government abuses that have both helped create and perpetuate the conflict and the dangers posed by the suspension of the democratic system’. The EU, on the other hand, has been much more concerned about the human rights situation on the ground and has been openly critical of violations committed by the Royal National Army

⁷⁸ For greater detail, see Annex 5.

⁷⁹ Several of these priorities could arguably fall into two or even three of the categories. For the sake of clarity, however, they have been classified in just one.

with the protection of HMGN. The UK has come down somewhere between the US and the EU on this matter (ICG, 2003).

Donors have also adopted different approaches and strategies when dealing with the Maoist rebels. While US officials have been outwardly supportive of the ceasefire and peace talks, they remain deeply sceptical of negotiations with the Maoists. In general, the US has strongly sided with the government and has maintained good relations with the Palace. Unlike the US, the UK has demonstrated a willingness to carry out development programmes in areas that are under Maoist control. This has meant that British officials have had to engage Maoists in a dialogue, which seems to have resulted in a greater understanding and better relationship on both sides. UNDP Nepal has followed a similar strategy.⁸⁰

Until very recently, donors tended to assume that the conflict in Nepal would be resolved through some kind of agreement between the Palace and the political parties. As the events of April 2006 show, however, this has not come to pass. Instead, the parties have forged an alliance with the Maoists in opposition to the King and so the donors must determine how they will engage in with the Maoists (ICG, 2003).

There is also a marked contrast among key donors about the degree to which they recognise the importance of politics in the development work that they do in Nepal. JICA and the ADB see development assistance as essentially apolitical and have been reluctant to intervene in ways they see as interfering with the domestic politics of Nepal. Interestingly, these donors stand by this apolitical vision of development even if/when their programmes and operations are disrupted by the political context in which they operate. These perceptions of the politics and development are relevant in that they may inform donor strategies: if development is not perceived as politics then a technical approach to development seems appropriate. If, on the other hand, the importance of politics is highlighted, as it must be in a FS context, then a thorough political analysis is required to inform aid interventions and to improve their rate of success.⁸¹

Frameworks for cooperation/collaboration among donors

In principle, donors in Nepal have been enthusiastic about the Paris Declaration on Aid Effectiveness and they meet on a regular basis to discuss the coordination and harmonisation of their respective agendas. However, these meetings seem to be more to share information and exchange ideas than for improving the coordination of their activities. Observers indicate there is a need for donors to coordinate their peacebuilding efforts much better (ICG, 2003). Some progress has been made in terms of donor coordination and joint efforts and initiatives to promote peacebuilding and pro-poor development in Nepal. A few of the most notable ones include the following.

OECD Principles for Good International Engagement in Fragile State

The key development agencies active in Nepal (multilateral and bilateral) have unofficially adopted the OECD-DAC's principles for engagement in fragile states. Some of these seem to be especially relevant in the Nepalese context: in particular, democratic state building, the recognition of the political-security-development nexus, the coherence of the donors' approaches and the relevance of practical coordination mechanisms, the application of 'Do No Harm' criteria, and the need to stay engaged for the long term and to avoid pockets of exclusion from international support. In March 2005, Nepal was selected as one of the pilot countries in which to apply and critically review these principles, with the UK leading the pilot.⁸²

Basic Operating Guidelines (BOGs)

In view of the breakdown of the ceasefire and the resumption of armed hostilities in Nepal in August 2003, nine bilateral donors (Canada, Danida, DFID, Finland, GTZ, JICA, NORAD, SNV and SDC) and the EC adopted a set of Basic Operating Guidelines (BOGs), emphasising the importance and responsibility of all parties to the conflict to maintain development space and provide access to beneficiaries in Nepal. The BOGs rely strongly on internationally recognised humanitarian law principles and reflect the specific conflict

⁸⁰ For greater detail, see Annex 5.

⁸¹ Some bilateral donors like Denmark and the UK have been more prone to carry out analyses that are more politically informed. See Annex 5 for more detail on this, as well as Annex 2 on methodologies used by donors to measure state fragility.

⁸² For more information, see www.oecd.org/document/46/0,2340,en_2649_33693550_35233262_1_1_1_1,00.html.

situation in Nepal. The BOGs are not intended to represent any change in donor policies or implementation modalities. Rather, they have been drafted and broadly disseminated to outline how donors operate in Nepal and to appeal to parties to the conflict not to disturb the effective delivery of development and humanitarian assistance or threaten the security of development workers in the field. The BOGs group allows an exchange of opinions, peer reviews, enhanced context analyses and rapid reactions to conflict incidents. It also provides a platform for donor harmonisation and – if the conflict eases – improved donor-government alignment. The UN agencies in Nepal, the Association of International NGOs and the National NGO Federation in Nepal have adopted similar BOGs. The Maoist insurgents formally agreed to honour the BOGs in early 2006.⁸³

UN Office of the High Commissioner of Human Rights (OHCHR)

A UN Office of the High Commissioner of Human Rights (OHCHR) was established in Nepal in May 2005 to monitor the observance of human rights, civil liberties and the rule of law, including investigation and verification nationwide through international human rights officers and the establishment of field-based offices staffed with international personnel. The OHCHR is also intended to assist Nepalese authorities in developing policies and programmes for the promotion, protection and monitoring of human rights, as well as to advise and support the Nepalese National Human Rights Commission and civil society activists. The Office is supported by a number of donors in Nepal, including Canada, Denmark, Finland, the EC, Germany, the UK and the USA.⁸⁴

Observers of the situation in Nepal have described the creation of the OHCHR as a welcome initiative (ICG, 2003). Before it was established, the international community had no such institution to monitor and promote human rights protection. Through the OHCHR, the UN is providing much needed technical assistance and training, and a neutral international body able to monitor human rights and adherence by warring factions to basic international principles. OHCHR has reported progress in some areas, such as improved access to detention centres and enhancements in the legal status of women, and it has been credited with making ‘a demonstrable difference on the ground’ (ibid).

Alignment with Nepal’s PRSP

A variety of donors in Nepal, most notably the WB, the ADB and Germany, among others, have made a commitment to Nepal’s development priorities as outlined in its PRSP (Tenth Five-Year Plan).⁸⁵ The WB and IMF approved the Joint Staff Assessment of Nepal’s PRSP in November 2003, and an analysis undertaken by a group of development partners, including the WB and DFID, determined the PRSP to be a sound basis for support. The Nepalese PRSP gained wide acceptance among donors because it was carried out through a process of consultation that was considered broadly participatory and inclusive (WB, 2004b). Unlike previous government development plans, this PRSP for the first time explicitly identifies social exclusion as one of the country’s fundamental development challenges. With the aim of reducing poverty and improving public service delivery, the PRS is built around four pillars: (i) broad-based economic growth; (ii) social sector development; (iii) social inclusion; and (iv) good governance. In implementing it, the PRSP stresses decentralisation, rationalisation of central government functions and transparency.

The multilateral and bilateral partnerships for implementing the PRS are summarised in the Table 11 below.

⁸³ For more information, see http://www.ecdelegationnepal.org/en/eu_and_nepal/bogs/bog_english.pdf.

⁸⁴ For more information, see <http://www.ohchr.org/english/about/docs/incomepledges2005-31dec.xls>.

⁸⁵ See the sections on relevant donors in the Annex 5.

Table 11: Partnerships in implementing the poverty reduction strategy

PRS Area	Bank	Multilaterals	Bilaterals
Broad-based economic growth			
Macroeconomic stability	X	ADB, IMF	Denmark, Germany, UK
Agriculture	X	ADB, IFAD, OPEC Fund, UN agencies	Australia, Canada, Denmark, Finland, Germany, India, Japan, Kuwait Fund, Norway, Saudi Fund, Sweden, Switzerland, UK, US
Irrigation	X	ADB, EU, OPEC Fund, UN agencies	Canada, Japan, Kuwait Fund, Saudi Fund, US
Trade	X	IMF, UN agencies, WTO	Norway
Labour	X	ILO, IMF, UN agencies	Germany
Roads	X	ADB	China, Germany, India, Japan, Switzerland, UK, US
Power	X	ADB, UN agencies	Canada, Denmark, Finland, Germany, Japan, Norway, Sweden, US
Information/communication	X	ADB	Denmark, Finland, Japan
Tourism		ADB, UN agencies	Japan, Netherlands, UK
Industry		UN agencies	Japan, US
Food security		UN agencies	Canada, France, Germany, Japan, UK
Social sector development			
Education	X	ADB, EU, UN agencies	Canada, Denmark, Finland, Germany, Japan, Norway, Switzerland, UK
Health	X	EU, UN agencies	Australia, Canada, China, Germany, India, Japan, Norway, Switzerland, UK, US
Drinking water/sanitation	X	ADB, UN agencies	Canada, Germany, Japan, Norway, Sweden, UK
Social inclusion	X	ADB, EU, UN agencies	Canada, Denmark, Germany, Netherlands, Norway, Switzerland, UK
Good governance			
Civil service reform	X	ADB, UN agencies	Switzerland, UK
Anti-corruption		ADB	Denmark, Norway, Switzerland, UK
Decentralisation	X	ADB, UN agencies	Canada, Denmark, Germany, Netherlands, Norway, Switzerland, UK, US
Human rights			Canada, Denmark, Norway, Switzerland, UK
Integrated security development plan			US

Source: WB (2004b).

Unfortunately, the PRSP is conflict-blind and cannot be implemented as written under the present circumstances of uncertainty. The Nepalese government is in a state of flux as the future of the monarchy is uncertain, and it is not clear whether the reinstated parliament will have sufficient legitimacy or capacity to ensure that development efforts are coordinated. In addition, large parts of the territory and of the population cannot be reached by traditional development programmes. And even if ongoing negotiations are successful, Maoist involvement in mainstream politics may produce some fundamental changes in government policy. Thus, it seems that a careful sequencing of programmes – essential in fragile states contexts – is required: conflict resolution and the restoration of democracy seem to be preconditions for the effective implementation of the PRSP and sustainable progress toward the fulfilment of the MDGs (see SDC, 2005).

What role for donors in Nepal's efforts to resolve its conflict and restore democracy?

Because of its considerable aid dependence, Nepal remains very sensitive to outside pressure. As demonstrated by the events that culminated in the April 2006 pro-democracy mobilisations, the process towards instituting democracy and solving the conflict so far appears to be almost entirely home grown. However, as the history of the conflict also demonstrates, previous equally home-grown efforts to restore peace have failed (since 2001 attempts at an internally monitored ceasefire and peace negotiations have collapsed).

A few key lessons have emerged from different donors' experiences of engagement with Nepal that should be taken into consideration as conflict resolution and state reconstruction move forward there and when implementing the fragile state agenda more generally. These include developing strategies of intervention that are not reduced to technocratic approaches, but take the political context into account; combating the root causes of conflict and poverty and developing a strategic overarching framework, remaining engaged and exploring ways to interact with all of the different actors involved in the conflict to be able to gain local knowledge and build trust, coordinate donor activities closely, and develop 'shadow alignment' systems if the government's systems are deemed not to be trustworthy or relations with the government remain uneasy.

Box 5: ‘Shadow systems alignment’

In some difficult cases there are valid reasons for avoiding the state during aid delivery and service provision but this does not mean that state structures are ignored. ‘Shadow systems alignment’ implies organising aid delivery in such a way as to be compatible with existing or future state structures rather than duplicating or undermining them. It does not mean that state-avoiding aid should become state-supporting aid. It does not imply anything about the amount of resources that should flow through any particular modality. Finally, it does not imply that the recipients should control the resources. It does, however, mean that the eventual (long-term) aim is for governments to provide services and prioritise poverty reduction, and that donors should establish systems that support, and not thwart, this goal. Such an approach might be useful in difficult situations where there is/are:

- Lack of, competing or multiple systems
- Concerns about legitimising a particular regime or authority
- Serious concerns about the intentions of the authorities towards their own population
- A significant and prolonged humanitarian presence

If donors do not have anything to ‘align to’ (because the national government has not produced its own development strategy, for example) interventions need to be ‘shadow’ aligned. This approach needs to start with assessing available formal and informal policies and systems. (There is invariably more available than is first assumed.) These can then be built on, adapted and reformed, which is more effective than introducing entirely new policies and systems, particularly in low-capacity environments.

Shadow systems alignment is a state-avoiding approach but one that is ‘future-proof’. It does not give an authority or government control over resources, but does use structures, institutions or systems which are parallel but compatible with existing or potential state systems. It aims to avoid creating an institutional legacy that can undermine or impede the development of a more accountable and legitimate relationship between the people and their governments in the future.

The key to ‘shadow systems alignment’ is to ensure system compatibility. The design of external interventions is based on parallel but consistent or compatible organisational structures and operational procedures. A central element of this is about providing information in a compatible format (e.g. budget years and classifications). Additional operational practice may include using the same or at least compatible:

- Administrative layers or boundaries
- Planning and budgeting cycles
- Budget classifications
- Accounting, procurement and audit systems
- Monitoring and evaluation systems
- Staffing structures and hierarchies

In practice, alignment is a question of degree. Shadow systems alignment is a way of overcoming the negative effects of ‘non-alignment’ that is not dependent on policy alignment or handing control over resources to weak or unaccountable authorities.

As in other fragile states, the international players in Nepal need to take on a more active stabilising role. (Had they done so in Afghanistan in the early 1990s, for instance, perhaps that country would not have become a terrorist haven. The current situation in Somalia deserves further reflection too). These players could help establish practical plans to stabilise the situation in Nepal and build a more lasting foundation for peace. This requires donors to develop their own a deep understanding (rather than an avoidance) of domestic politics and how they relate to poverty and conflict. While essential in all aid programmes, in FS this is imperative. Donors might also wish to adopt a proactive peacemaking role, by, say, observing and verifying the three-month ceasefire that the Maoists have declared. If negotiations are successful Nepal will also need significant international aid to facilitate DDR activities and reconstruction efforts. Development agencies need not become humanitarian agencies to do such work, for the division between emergency and development relief has blurred significantly in recent years (though differences in goals, methods, and principles should be acknowledged). Building on the coordination and harmonisation efforts that donors have sought to put in place in Nepal, working with the national authorities, rooting their programmes in political realities and learning from past experience, the international community may be well placed to provide assistance in that regard.

PART IV: Conclusion and References

12: Conclusion

A number of findings emerge from this survey which have broader significance. First, there is no one common definition of state fragility. Nor is there a single fragile states agenda. There is no single inventory of fragile states because lists of these countries reflect the different definitions used by governments (and even by different departments within a government). The phrase ‘fragile state’ is used instead as a concept around which multiple actors can coalesce. This ambiguity regularly leads to confusion, but is also a source of the term’s currency.

Second, the FS agenda does not address a new set of issues or problems that are substantially different from old ones. International terrorism, transborder crime, the global spread of disease, intractable underdevelopment, natural disasters, war, etc. have been with us for centuries. What is different now is that in this globalised world, many donors feel an urgent need to address these problems. Further, these challenges are now combined in a new constellation, addressed in single programmes, with the multitude of actors having to learn to plan and work together synergistically.

It is this – the coherence agenda – that seems to be giving agencies the hardest time. But that is the case in normal development work as well – moving the harmonisation and alignment agenda from theory to practice has been slow and difficult for donors whose traditional way of working is based on self-motivated, autonomous planning and independent projects. With regard to fragile states, the UK government (along with the Australians – see Annex 1), seem to be the most advanced in their joined-up planning, while Germany and the US (as well as the UN and the EU – see Annex 1) are learning how to work inter-departmentally more effectively. All agencies, though, are still developing new tools, procedures and teams, and some are piloting new systems and methods.

The detailed FS agendas of the three donors surveyed are quite different from one another. The US is primarily motivated by guaranteeing national security, and (as during the Cold War) humanitarian and development goals have been subordinated to that since 9/11. This is reflected in USAID/DoD/State Department’s recent planning, policies, institutional reforms, budgets and appointments. Funding levels for states that the USG considers particularly threatening to the country’s national security have increased dramatically since the US fragile states agenda came into being after the 9/11 attacks, with Iraq and Afghanistan as the main beneficiaries. The UK, on the other hand, has more deliberately maintained a division between its development and security agendas, with DFID pursuing a poverty-focused policy more independently of the MoD and FCO than USAID has been able to do vis-à-vis the DoD and the State Department. That said, DFID is quite advanced in analysing the linkages between conflict, poverty and governance. The German focus is slightly different again, with peacekeeping central to FS planning. The Ministry of Economic Cooperation and Development has taken the lead, but the rest of the federal government appears sympathetic to the view that tackling poverty via development aid is instrumental to combating instability.

This, though, says little about how the agendas are operationalised, for (as the case studies demonstrate) there is little evidence that the good plans being made in headquarters are being implemented with any consistency in the field. For example, in Nepal some donors have clearly failed to take political trends and the causes and consequences of conflict into account when planning and operationalising their programmes. In Cambodia, donors have reportedly made state fragility worse by their wrangling, while some would say that in Afghanistan the donors’ failure to support the government (e.g. by creating parallel institutions) has undermined the process of nation building. Donors’ incapacities and an insufficiency of resources have also made matters worse.

Little can be said though, about the operationalisation of the FS programmes currently being designed, or recently implemented. Specifically, field research will be needed in the future to determine how well the UK, US or German FS policies surveyed here are operationalised and whether they will have had the intended impact. Only then can other agencies decide which mixture of analyses, institutions, instruments, processes and goals to replicate.

In many fragile states, including post-conflict situations, humanitarian and development workers will be found side-by-side. This is because development staff are more likely nowadays to begin work earlier (or to have continued working) in conflictive states. Similarly, humanitarian agencies will provide assistance for long periods of time in some countries.⁸⁶ Nearby will be military people with peacekeeping or war-fighting agendas, though some may have been given ‘quick-fix’ and ‘hearts and minds’ relief tasks as well. Although working together, the goals, methods and guiding principles of these actors will be quite different. Designers of future CIMIC operations should keep these differences in mind.

A shortage of resources and political will; competition; pressures emanating from donors’ domestic constituents; and different philosophies, aims and ways of working seem to be slowing the progress of interagency harmonisation. The operational environment also takes a toll on attempts to coordinate planning and implementation, for the urgency of the situation on the ground, local politics and incapacity, insecurity and the ongoing root causes of underdevelopment and conflict – all of these affect the process and success of programmes and of collaboration. Thus, in fragile states we see donors not aligning with host governments, donors not working with one another, projects failing, and programmes being driven by impetuous personalities and consisting of a number of independent ‘stove-pipe’ projects rather than being linked and sequenced as a result of a collaborative, strategic planning process. Indeed, the effectiveness of aid to FS must be questioned.

In other words, where planning for FS has advanced considerably in some donor agencies, field-level implementation has lagged behind. This is partly because the agenda is relatively new, but mostly because the work is difficult. After all, fragile states are just that – the least developed and poorest, the most conflictive, with the weakest and often the most repressive governments in the world. In other words, development work is complicated and challenging at the best of times, but partnering with fragile states is especially time consuming, resource intensive and complex. Add conflict to the mix, as well as its long-term and underlying causes, and the prospect of making substantial change – especially initiated by outsiders – becomes particularly arduous.

That said, donors are keen to redesign their aid programmes to take account explicitly of state fragility and conflict. To do so, any donor should first determine what it believes *causes* state fragility. This determination will be different for each agency, for the analysis will be based on how its own policymakers answer a number of big questions – such as: What is the role of politics in development? What causes poverty? What is the nature of change and does it normally generate conflict? Does aid make the situation better or worse? How does violent conflict affect development and vice-versa, etc.? Once fragility is defined, lists of states considered to be fragile might be developed, and the appropriate analytical tool adopted (as outlined in Annex 2) or designed to measure their fragility and monitor any changes. From these analyses will then emerge interventions that tackle the perceived causes of fragility.

Of course, not all interventions are possible because (as demonstrated by the case studies) actual conditions on the ground in these difficult working environments – insecurity and conflict, low capacity and will to reform, political interests, poor donor coordination, etc. – can undermine any policy design. Thus, a fragile states programme must remain flexible and responsive to the country context and the constraints acting on the international aid community.

Finally, a list of practices that are common to good aid programming anywhere, as well as some that are specific to working in fragile states, should also be considered. These include:

- Careful attention by both donors and domestic actors to prioritising and sequencing of interventions (including governance reforms) while maintaining a realistic sense of what is achievable in fragile contexts.
- Working together as much as possible in a harmonised manner, coordinating analysis, objectives and planning as well as operations.
- Development programmes in FS should conform to the same principles and norms governing good development programming anywhere – e.g. ownership, partnership, mutual accountability, sustainability, strategic programmes, etc.

⁸⁶ For instance, Operation Lifeline Sudan ran for more than a decade, while ‘protracted relief and recovery programmes’ have been operating in southern and east Africa for years.

- Align with the host government's plans and procedures and work through its systems, institutions and staff as soon and as much as possible rather than building up parallel organisations. Where alignment is not possible, 'shadow systems alignment' should be considered.
- Begin planning by carrying out a sophisticated political economy analysis that explains the causes of conflict, poor governance and underdevelopment, their interaction, and changes in all three of these through time; sets a baseline and indicators to measure changes in fragility; and maps the major actors/institutions and their interests and influence.
- Understand that the donors' role in nation building, development and conflict-resolution is likely to be minimal, as the causes of fragility are deep-rooted and long-term, but that they can relatively quickly and easily make the situation worse through poor programming.
- At the same time, understand that poverty, poor governance and conflict in a FS will be difficult, resource-intensive and time consuming to address.

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PART V: Annexes

Annex 1: Survey of the Fragile States Agendas of Other Major Donors

From the late 1990s onwards, donors began to understand that better aid programming was needed for the most impoverished states with weak institutions and poor governance, which were prone to conflict and where aid seemed to make little headway. Post-conflict states were deserving of special attention. At varying speeds, donor agencies created task forces to develop programmes and approaches concerned with poorly performing states and states impacted by conflict. Today, multilateral agencies tend to spread their work on fragile states across the board, as different parts of their organisations are motivated by the three different components of the FS agenda (peacemaking and peacekeeping, delivering development/humanitarian aid, transborder threats). Some governments seem to be more interested in one aspect of the agenda than another, although all government and multilateral agencies are attempting to bring coherence to their analysis, policymaking and approaches.

This report has focused on the FS work of three major donors – the US, UK and Germany. This Annex is intended to provide a survey of the efforts of other important donors. These include Australia, the EU, IFIs, the Netherlands, the OECD-DAC and the UN. Some donors are already implementing their programmes with some success (e.g. Australia and the UN in the Solomons), while some agencies are still preparing tools (e.g. OECD's service delivery guidelines). Because of the disparate origins of the FS agenda and the lack of uniform progress across the international community, it is perhaps not surprising to find that in the field successful cooperative and collaborative work remains rare – at least for now.

Australia

Australia's position on the Pacific Rim has played a critical role in defining its foreign and development policies. Operating in the Pacific Islands and South Asia for several decades before the attacks of 9/11, Australian development specialists have long articulated the link between local conflict and poverty and set about creating strategic partnerships between security and peace practitioners, while adopting the concept of 'human security' – the notion that physical safety and the wellbeing of individuals is essential to the promotion of development. Thus AusAID's Peace, Conflict and Development Policy (2002) was not simply a reaction to global terrorism or the 9/11 attacks or the later Bali bombings, but was the culmination of the agency's long-drawn analysis of the relationship between poverty and peace. However, the policy was new in that it outlined a role for development aid in addressing conflict through prevention and peacebuilding and called for an improved analysis of the underlying and proximate causes of conflict (Darvill, 2005).

Box 6: AusAID: development and fragile states in the Pacific

AusAID's programme has five guiding themes: governance, globalisation, human capital, security, and sustainable resource management. It aims in the next three years to pursue a number of priorities, including closer partnership with Indonesia; long-term and innovative approaches to engaging with fragile states; initiatives to stimulate broad-based economic growth; strengthening political governance and tackling corruption; addressing transnational threats such as HIV/AIDS; and contributing to stability and security. Its new strategy in Papua New Guinea, for instance, will be consistent with its engagement with fragile states and underlines the importance of strengthening political governance and targeting corruption; building sustainable government institutions; exploiting opportunity to stimulate economic growth; and maintaining delivery of services to minimise the impact of system failures on the poor. In the Solomon Islands, law and order have improved, and AusAID is working with the Solomon government on longer-term social and economic challenges. The AusAID programme is implementing a new Fragile States Initiative, which will bring together development, security, economic and political perspectives from across government into a single, dedicated unit. The initiative aims to boost Australia's capacity to engage with fragile states in the region and further away, at both strategic and operational levels, and thus provides Australia with an opportunity to play a leading role in shaping international thinking on approaches to fragile states.

Source: Australian Bureau of Statistics (2006).

In 2002, references to state failure were made by the Minister of Foreign Affairs, but only in the context of it being a development and humanitarian problem. The Ministry of Defence had little interest in what it called the 're-colonisation' of the South Pacific by Australia to tackle instability in the Solomon Islands or elsewhere. But state failure increasingly entered the vocabulary of the MoD in 2003, when the Minister acknowledged the linkages between terrorism and state failure and finally labelled the Solomon Islands a

‘failed state’. The Solomons, he said, was a threat to Australian security because it served as a haven for money launderers, drug and people traffickers, and even terrorists. While the Solomons and Iraq are the only two countries labelled ‘failed states’ by the Australian government (thus justifying Australia’s military intervention), other weak states such as Papua New Guinea (PNG) are sometimes labelled ‘fragile’ and capable of failing if international assistance is withdrawn (Lambach, 2004).

The shift in foreign policy in 2003 from non-intervention to a measured response to the Solomons crisis was apparently the result of five factors: security concerns associated with failed states (as evidenced in Bali); the humanitarian imperative; regional stability; a need to justify not sending more troops to Iraq as Washington wished; and demonstrating Australia’s willingness to take a lead role on its ‘patch’ (Fullilove, 2006).

Multi-sectoral initiatives are a common form of response for the Australian aid establishment. For instance, in order to make PNG ‘prosperous and secure’ it was provided with aid in the form of emergency and development assistance, including service delivery in key sectors (e.g. health); capacity building in the ministries through technical assistance and direct line management; and governance/rule of law (e.g. police and judicial) interventions, including the (temporary) dispatch of 160 police to PNG in 2005. In Indonesia, AusAID has added a counter-terrorism component, which is intended to help the country ‘build its counter-terrorism capacity, including building the capacity of the Indonesian police force on counter-terrorism and transnational crime, restricting the flow of financing to terrorists, and enhancing travel security by strengthening airport, immigration and customs control capabilities’ (ibid).

The Australian-led Regional Assistance Mission to Solomon Islands (RAMSI) initiative in the Solomon Islands, which combined peacemaking, nation building and development initiatives, was directed by a taskforce led by the Department of Foreign Affairs and Trade and an Interdepartmental Committee run by the Department of the Prime Minister. Active on the ground were AusAID, the armed forces and police services, as well as NGOs. These all interacted with UNDP, the Pacific Islands Forum, and regional governments, which also sent peacekeepers to the Solomons (ibid).

Box 7: Solomon Islands

The Solomon Islands are generally recovering from a period of conflict which took place from 1998 to 2003 and resulted in the death of hundreds of Solomon islanders, the internal displacement of tens of thousands more, and destruction of a narrow economic base. Frustrated by numerous attempts to curtail the conflict, the region responded through RAMSI, which reflected Australia’s Pacific Regional Aid Strategy and its general approach to fragile states. RAMSI was launched in July 2003 with the endorsement of the Pacific Island Forum, and was the largest military operation in the Pacific since WWII. Its immediate aim was the restoration of law and order, arresting criminals, collecting weapons and establishing patrols. It contributed to the reduction of violence and helped the Solomons begin a transition to peace and development.

The conflict in the Solomons was related to economic, social, and governance factors (sometimes expressed in ethnic violence). Thus both development and peacekeeping activities were necessary. UNDP focused on improving fundamental development, investment and natural resource trends that contributed to the tension and violence. To address long-term reconstruction UNDP carried out a Peace and Conflict Development Analysis to inform its development and governance policy.

AusAID’s aim has been to help recreate a peaceful, well governed and prosperous Solomon Islands. This began with pacification and law and order initiatives, but its programme also included support to strengthen parliamentary and cabinet processes; to improve elections; to recruit and train civil servants, including an improved police force; and to strengthen public sector corporate planning, provincial governance, civic education, accountability institutions and financial management. Its current policy prioritises security and safety, repair and reform of government to improve capacity and accountability as well as broad-based economic growth, and the rebuilding of stable communities.

The UN programme has been built on an intensive process of consultation with the local people, in order to analyse the root causes of violence. They identified five core themes of peace and conflict in Solomon Islands: land; traditional vs. non-traditional authority structures; access to government services; public resources and information; and unequal economic opportunity. The process indicated that few of the underlying causes of the conflict had been addressed by donors and government-supported programmes in the past.

Australia's RAMSI model had eight key features – it was preventative (intervention before the state failed), permissive (intervention by consent), regional in nature, nationally led (invited in by Solomons' parliament), supported by the UN, non-sovereign (not a transitional administration but an 'assistance package'), police-led and a 'light touch' (low profile, no fraternisation, etc.)

RAMSI and the peace and stability it is providing offer a window of opportunity for long-term development. It supports the national recovery plan, and includes a number of initiatives that focus on restructuring government and economic reforms, promoting small-scale income generating activities, improving infrastructure, providing services, etc. It also has a governance component, including improvement of accountability by parliament, the cabinet office and the electoral commission, as well as an access to justice programme that target police, prisons and judicial services.

Source: AusAID (2006); Fullilove (2006); Scharf and Hartmann (2004).

The Australian Afghan programme is more heavily committed to addressing insecurity and countering terrorism, but development and governance are still major components of its work. In the next five years AusAID intends to spend up to Aus\$150 million to 'support Afghanistan in its transition from conflict to peace and democracy', contingent upon the country performing on benchmarks contained in the Afghan Compact. Australian projects have covered a wide range of needs, from helping to stage presidential and parliamentary elections to re-establishing law and order and providing food security, health and education services. It has at the same time provided around 300 military personnel and two helicopters to Afghanistan, and is willing to consider contributing another 200 further personnel for PRT activities.⁸⁷ In other words, Australia is motivated by a long-term concern with instability on its border, global terrorism and criminality, as well as with development. It has managed to integrate objectives and agencies/actors quite successfully in the Solomons. In this respect, Australia seems to be ahead of most other donors in terms of developing joined-up approaches to deal with the threats and challenges posed by fragile states.

EU

'Without peace and security development and poverty eradication are not possible, and without development and poverty eradication no sustainable peace will occur' (EU)

To deal with the issues raised by fragile states, the institutions of the EU have produced at varying speeds a range of approaches that propose different instruments, policies and mechanisms as well as agencies to address the poverty and instability of, and the threats posed by, such states. The resulting FS agenda reflects the diversity of (and tension between) Europe's multiple views and goals as well as the long-term and rigid insistence of (some) member states that foreign policy is the preserve of the nation state. Members have generally been unwilling to pool sovereignty in matters of national interest and the organisation's 'pillar structure' is not conducive to coordination across institutions. European action in this area has therefore been fragmented and uncoordinated, lacking overall strategy and direction.⁸⁸ Nonetheless, movement on the FS agenda, including attempts to improve coordination, has been evident.

In June 1999, the EC agreed to give the EU means and capabilities to implement a common European Security and Defence Policy (ESDP); thereafter, EU-NATO interactions and discussions about coordination increased. While the EC had been working on conflict prevention since the early 1990s, in 2001 the Conflict Prevention and Crisis Management Unit was established as part of the Directorate-General of External Relations within the Commission, to coordinate conflict prevention activities, to integrate conflict prevention into programmes using EU foreign aid, and to oversee the European Rapid Reaction Mechanism to provide quick and flexible funding in pre and post-conflict situations. The ESDP has four civilian components: police

⁸⁷ See http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=6903_8560_1281_1656_7721.

⁸⁸ 'The European Security and Defence Policy (ESDP), which incorporates civilian and military crisis management operations, is Council-led under Pillar Two. But, these activities are institutionally and practically divorced from conflict prevention, peacebuilding and post-conflict reconstruction as well as from the wider range of aid and trade policies at the EU's disposal in Pillar One, all of which are activities supported by the Commission. This institutional disconnect between the Commission and the Council means that complementary conflict prevention and development programming is not integrated into the strategic and operational planning of crisis management operations' (Saferworld, International Alert, 2005).

operations, rule of law, civil administration and civil protection. Trained staff from European countries are called upon to undertake these tasks.⁸⁹

In 2003 the EU developed the European Security Strategy⁹⁰ in reaction to US unilateralism and divisions within Europe over the war in Iraq. The strategy was also inspired by the need for Europe to create a comprehensive and unifying security agenda of its own. This strategy sees development as one method of tackling insecurity, along with various other mechanisms, including military activities (Rapid Reaction Mechanism) as well as the ‘stability instrument’ and fund to support post-conflict reconstruction, including peacekeeping.⁹¹ The Security Strategy identified five threats: terrorism; WMD; regional conflict; state failure and organised crime – and noted that security is a precondition to development in the Third World. In 2004, the European Council’s Declaration on Combating Terrorism highlighted one aspect of this new multilateral agenda, while endorsing the Headline Goal of 2010.⁹² The European Defence Agency was also established in 2004 and the first CFSP missions were undertaken. Coordination with first pillar operations (e.g. crisis management by the EC) is done through the framework of CFSP/ESDP and the EU normally sends its own special envoy to the field as well, who is responsible for political coordination.⁹³

The Madrid bombing of March 2004 accelerated cooperation between justice and home affairs ministries across the continent on terrorism. But already underway was a move toward improved cooperation on the European security agenda, driven by a desire to improve on Europe’s performance in Yugoslavia, to construct a security apparatus outside of NATO, and to strengthen security by building up strategic technologies for future defence and security and selling them overseas. The Barcelona Study Group on Europe’s Security Capabilities (2003), which focused on operationalising the European Security Strategy, emphasised the need for Europe to consider undertaking interventions while creating a standing army to support UN operations. Meanwhile, the EU began to take over NATO-led operations in Europe (e.g. Macedonia in 2003 and Bosnia in 2004).⁹⁴ When the Cotonou Agreement was ratified in 2003, ‘security conditionality’ was inserted, as the EU wanted to give the ACP (Africa, Caribbean, Pacific) countries development funds to carry out work on security and to monitor their willingness to cooperate on security issues. Meanwhile, CIMIC when responding to crises became the focus of a number of bodies within the EC.⁹⁵ Another outcome of European security planning is the formation of six or seven ‘battle groups’ by 2007, being designed to be rapidly deployable units for international intervention and tasks reaching up to full combat situations. These battle groups are the smallest self-sufficient military units that can be deployed – some 1,500 combat soldiers plus support.⁹⁶

The EU’s Development Policy (2000), which was poverty-focused and reflected the centrality of the MDGs, came under review in order to take into account the new security agenda. The EU’s interest in the links between insecurity and underdevelopment predated the 9/11 attacks by several months. In mid-2001, the EU had created a ‘programme for the prevention of violent conflicts’, which identified conflict indicators and established processes to evaluate the root causes of conflict and to provide an early warning of instability.

⁸⁹ See www.germany.info/relaunch/info/archives/background/eu_defense.html. For instance, in 2004 there were 5,000 police officers and nearly 300 rule of law experts available.

⁹⁰ See <http://www.iss-eu.org/solana/solanae.pdf>.

⁹¹ In 2004, €250m was given from this stability fund to the African Peace Facility to the AU for help in regional peacekeeping. Its aim is to respond to crises in order to re-establish conditions for regular aid and to cooperate on confronting global and regional transborder challenges and technological threats and weapons proliferation (Robinson, 2006).

⁹² By 2010, Europe should be able to respond to crises with rapid and decisive action using a fully coherent approach to the whole spectrum of crisis management operations. This includes humanitarian and rescue tasks, peacekeeping tasks, tasks of combat forces in crisis management, including peacemaking, and might incorporate joint disarmament operations, the support for third countries in combating terrorism and security sector reform. The EU must be able to act before a crisis occurs and preventive engagement should halt any deterioration of the situation.

⁹³ See www.germany.info/relaunch/info/archives/background/eu_defense.html.

⁹⁴ See <http://www.iss-europe.org/ftp/Download/Concordia%20and%20BP-NN%20v5n8.PDF>. For a list of missions see <http://ue.eu.int/showPage.asp?id=268&lang=en&mode=g>.

⁹⁵ Within the EC, bodies coordinating civilian conflict prevention and post-conflict reconstruction, and strengthening civil military cooperation, include the Political and Security Committee, the Policy Planning and Early Warning Unit, the Joint Situation Centre, the Directorate-General for Civil Crisis Management and Coordination, the Civil Military Cell within the EU Military Staff, and the Committee for Civilian Aspects of Crisis Management. Further innovations are included in the European Constitution, as yet to be adopted (Klotzle, 2006).

⁹⁶ Each battle group can be in a theatre of operations in 15 days. It must be sustainable for at least 30 days, which could be extended to 120 days with rotation. This differs from the European rapid reaction force, which is composed of up to 60,000 soldiers, deployable for at least a year, and takes one to two months to deploy.

The preparation of CSP emerged as a mechanism for encouraging better informed analysis and programme planning in such countries. Their general outline is currently under revision.

The 2006 European Consensus on Development brings many of the programmatic strands typical of a fragile states agenda together – post-conflict reconstruction, peacekeeping, pro-poor development, terrorism, etc. – and lays out a comprehensive, coherent and multi-sectoral strategy reflecting the breadth of the authors’ (the EC, Council and Parliament) concerns. The main points of relevance may be summarised as follows:

- The elimination of poverty will produce a more stable, peaceful, prosperous and equitable world.
- The main aim of EU development cooperation is the eradication of poverty in the context of sustainable development, including the pursuit of the MDGs. Development activities include those related to governance, conflict prevention, human rights, etc.
- EU will improve its response to fragile states and difficult partnerships. This includes conflict prevention work, governance reform, rule of law, anti-corruption, strengthening of state institutions, and continuous engagement in difficult situations to prevent the emergence of failed states.
- It will promote linkages between emergency aid, rehabilitation (reconstruction) and long-term development in transitional states. In post-crisis states, it will aim to rebuild institutional capacities, basic infrastructure and social services; improve food security; and provide sustainable solutions for IDPs and refugees and the general security of citizens. It will work within the framework of the UN Peacebuilding Commission.
- The EU will deal with small arms trade and exports, will support regional (and sub-regional) organisations, the ‘responsibility to protect’, and the MDGs.
- The community will develop a ‘comprehensive prevention approach to state fragility, conflict, natural disasters and other types of crisis’, including strengthening early warning systems, etc. It is also committed to implementing OECD FS principles, delivering basic services, supporting conflict prevention and resolution, promoting peacebuilding, etc.

This policy has yet to be implemented in a coordinated or coherent manner, although we see reflections of its sentiments expressed in other documents. One example is ‘The EU and Africa: Towards a Strategic Partnership’ (2005), where the EU intends to use the Africa Peace Facility/Fund to develop African capabilities (e.g. the AU African standby force) to deal with crises on the continent. At the same time, it proposes enhancing EU support for post-conflict reconstruction, for combating the trade in weapons, and to counter terrorism.

As is evident from the above, all three aspects of the FS agenda discussed in the main body of this report – development/governance, local insecurity and peacebuilding, and global threats – have energised different sections of the European bureaucracy since the end of the Cold War. Bringing them into a coherent policy seems to be underway, although implementing this in a joined-up manner seems to be particularly difficult given that harmonisation efforts have thus far been handicapped by the complex bureaucratic structure that characterises decision making within the EU.⁹⁷

IFIs

As the world’s development bankers, the Bretton Woods institutions as well as the regional development banks (ADB, African Development Bank – AfDB, Inter-American Development Bank – IDB) have a natural interest in whether states they give funds to are able to use them effectively, whether the money reaches the intended beneficiaries, and whether their loans are at risk of not being repaid. The need to rescue countries in fiscal crisis (e.g. Argentina and Mexico) makes these banks ever watchful of potential defaulters (e.g. Zimbabwe). War, crime, conflict and terrorism concern them because they destabilise the international financial system and are costly in human and financial terms.⁹⁸ These issues form a global backdrop to the narrower concern by the IFIs with poverty and conflict in the Third World.

⁹⁷ For instance, see ISIS Europe (2005).

⁹⁸ ‘The Carnegie Commission on Preventing Deadly Conflict has estimated that the costs to the international community of the seven major wars in the 1990s (excluding Kosovo and calculated before the close of the decade) had been US\$199 billion – in addition to the costs to the countries actually at war’ (International Alert and Saferworld, 2000).

In an attempt to understand the causes of countries' poor performance and the ineffectiveness of aid, in 1999 the WB began to explore the links between poor aid performance, poverty and governance (Collier and Dollar, 1999; Burnside and Dollar, 2000 and 2004). Three years later, it isolated a number of LICUS countries which have weak policies, institutions and governance, and because of their poor capacity and unwillingness to reform, are unable to use aid to promote economic growth. Moreover, LICUS states are more prone to conflict than other states⁹⁹ and in need of carefully thought-out aid, governance and military approaches (Collier et al., 2003). Such states also threaten 'to become failed states and terrorist havens, causing instability throughout their respective regions' (WB, 2003c). The LICUS analysis is seen by some as an early articulation of the fragile states agenda.

The WB's approach has been to improve its understanding of the causes of failure and to use this knowledge to produce better policies, institutions and governance. Today, this analysis underlies a number of WB 'knowledge products', decision making processes and aid strategies:

- LICUS: the Task Force on the Work of the WB Group in LICUS was created in November 2001 to respond to concerns about how the development community can best help chronically weak performing countries get onto a path leading to sustained growth, development and poverty reduction. A partnership with UNDP was established to begin piloting the LICUS approach in a number of African countries, including Somalia, Sudan and the Central African Republic. The Bank has worked closely with OECD-DAC and other donors to establish a Learning and Advisory Group to share ideas, research and lessons learned. To help bilateral donors, this policy research focuses primarily on new models to increase policy coherence among foreign ministries, departments of defence and aid agencies.
- The LICUS implementation trust fund was approved by the Executive Directors of the Bank in March 2004, allocating US\$25 million from the Bank's net income to provide modest support for LICUS that are undergoing a transition but are in arrears to the Bank, and thus unable to obtain regular financing. The trust fund supports these countries as they introduce basic reforms, strengthen social service delivery, and establish a track record for subsequent access to regular WB financing and debt relief.
- State-building is a central objective and donors are encouraged to use integrated approaches to address the governance-security-development nexus rather than withdrawing from these states. Trust funds target a number of key policy areas, including strengthening institutions and initiating basic economic, social and governance reforms, as well as building capacity for social service delivery and supporting domestic reformers (Klotzle, 2006).
- The Conflict Prevention and Reconstruction Unit designs development efforts specific to conflict-affected countries through assessment of the causes, consequences and characteristics of conflict and the transfer of lessons learned. The Post-Conflict Fund provides financing for physical and social reconstruction initiatives in post-war societies (e.g. in Afghanistan, Africa's Great Lakes region, the Balkans, Iraq, Liberia, Nepal, Sierra Leone, East Timor, the West Bank and Gaza, and other war-torn areas). The teams working on LICUS and post-conflict within the WB have developed a joint process to assist and guide preparation of LICUS pilot strategies.
- Country Assessment Strategy – for IDA-eligible states, using a revised CPIA questionnaire.¹⁰⁰
- Country Social Analysis (CSA): the main objective of CSA is to provide a better country-wide understanding of the social, cultural and institutional context of development initiatives. Doing a CSA deepens understanding of the social, institutional and political context as well as of systemic issues and trends. It obtains perspectives of different stakeholders to assess the ownership and sustainability of development programmes and assesses country systems and capacity to enhance social benefits and minimise or manage social risks.¹⁰¹
- Poverty and Social Impact Analysis (PSIA) – an analysis of the distributional impact of policy reforms on the wellbeing or welfare of different stakeholder groups, with particular focus on the poor and vulnerable. PSIA plays an important role in the elaboration and implementation of poverty reduction strategies in developing countries. It promotes evidence-based policy choices and fosters debate on policy reform options.

⁹⁹ Chalmers (2005) notes that those states with 'limited reach' are particularly vulnerable to large-scale conflict and criminality because they are unable to service or defend outlying areas (e.g. Afghanistan, Myanmar, Columbia).

¹⁰⁰ See <http://siteresources.worldbank.org/IDA/Resources/CPIA2004questionnaire.pdf>. One critic notes, though, that 'the scale [CPIA] used by the Bank to assess whether low-income countries are 'under stress' institutionally... rates country performance under twenty headings, yet none of these are primarily concerned with the security system' (Chalmers, 2005).

¹⁰¹ See <http://siteresources.worldbank.org/SOCIALANALYSIS/1104894-1115795935771/20486291/ICSA+Framework.+March+9.+2004.ppt>.

Post-conflict states are also a focus of the WB's LICUS and conflict units, and special attention has been paid to the lessons learned about state building in such situations. Many of these lessons are similar to those outlined in the donor and fragile states case studies analysed in this report. These include (WB, 2005b):

- Post-conflict state building exercises must be rooted in their historical, political and social context.
- Post-conflict settings are unstable and unpredictable, and consolidating peace and rebuilding states depends on the good management of these transitions, including the reconfiguration of politics and society, the consolidation of security and order, and the improvement of human welfare.
- The failure of a state to perform core functions such as providing justice or rebuilding infrastructure can create conditions for conflict or undermine post-conflict transition and recovery.
- National vision, and a leadership committed to its principles, is critical in the early stages of transition. As the situation develops, however, management skills become more important.
- Transition authorities must target and strengthen the skills needed to catalyse efforts in critical sectors within a national programme from the outset. This will ensure adequate national capacity to undertake state building, and provide a framework for channelling international support to national priorities and needs.
- The international community contributes most productively to post-conflict state building when it supports activities within a nationally defined and nationally owned programme.
- Development actors need to reorient their approaches towards genuine partnerships based on improved risk sharing within the framework of national state building strategies and frameworks.

The IMF is engaged in LICUS countries too, particularly focusing on mechanisms to assist countries that remain ineligible for its Poverty Reduction and Growth Facility (PRGF). For instance, it supports capacity building for policymaking and implementation, and improvements to institutions and governance, and it contributes to an Emergency Post-Conflict Assistance programme/fund for countries emerging from conflict, specifically to create macroeconomic stability and promote sustainable economic development. Reforms supported by this emergency fund reflect economic restructuring goals seen in other IMF programmes.¹⁰²

Netherlands

Like other European donors, the Dutch highlight the linkages between poverty, local conflict and global insecurity. As such, the government has designed an integrated foreign policy approach, in which development cooperation is combined with diplomacy, political dialogue and pressure, security policy, fair trade and market access. The Ministry of Foreign Affairs focuses on governance (a demonstration of extent of political will) and on partnerships and civic participation to reduce poverty and to reach the MDGs, which sit at the centre of the Dutch government's developmental policy.

Box 8: The Netherlands Stability Fund

The main objective of development cooperation is to reduce poverty. This is impossible in countries where conflict and insecurity prevail: stability is essential for development. The Stability Fund finances activities that enhance security in poor countries where there is, or has recently been, a conflict. This is new to Dutch foreign policy. The fund enables a rapid, targeted deployment of financial resources and is therefore a valuable addition to the other foreign and development policy instruments.

The Stability Fund supports activities that aim to create a stable and safe environment as soon as possible in conflict and former conflict regions. Where there is security, people can go about their daily lives, they can work and children can go to school. This allows them to develop and creates the conditions for fighting poverty. After a conflict, it usually takes many years for everything to return to the way it was. There is much to be done, such as concluding a peace agreement between the warring parties, mine clearance and demobilising former combatants. The Stability Fund can make a contribution to the peacebuilding process. The Dutch embassies present proposals for activities to be supported and international organisations such as the UN usually carry them out, although developing countries can of course also do it themselves.

Source: Netherlands Ministry of Foreign Affairs (2005).

¹⁰² See, for instance, World Development Movement on Sierra Leone, www.wdm.org.uk/campaigns/aid/sierraleone/timeline.htm.

The Dutch government has prioritised countries at risk of sliding into or reverting to armed conflict. In 2004, it created a Stability Fund that supports reconstruction and development and aims to promote peace through rapid, flexible support. The fund, which involves the Ministry of Foreign Affairs (but not Defence), draws upon resources from both the foreign (non-ODA) and development budgets to enable a coherent and integrated use of the various foreign policy instruments and resources (Klotzle, 2006). The fund can be used in developed, transitioning, and 'richer developing' countries to support peace processes, military peacekeeping capacity, security sector reform, small arms and light weapons, and crisis management (but not the deployment of Dutch troops on peacekeeping missions). It follows DAC guidelines about what activities can be funded by development (ODA) monies (Fitz-Gerald, 2006).

Importantly, while moving ahead with policy, the Netherlands government has expressed scepticism about making the 'security-development nexus' work in practice, noting in its example of Burundi that an integrated approach by multiple agencies for addressing insecurity and underdevelopment has faced serious obstacles. To overcome these, it concludes that:

Security and development policies must be closely coordinated not only at [a] theoretical but also at [a] practical level. At national level, structures for such coordination might consist *inter alia* of inter-ministerial task forces, mixed funds, and conflict prevention pools. Questions to be addressed include the following: How can we ensure the involvement of all available expertise? How can we ensure complementarity? How can we get the necessary ODA/non-ODA funding for these activities? ... Ministers [are asked] what structures they have created to ensure coordination between security and development policies... [and] have interministerial task forces been set up? What measures have been taken to make the necessary ... funding available for such task forces? The same question [also] arises at the European level.¹⁰³

OECD-DAC

OECD-DAC uses the term 'difficult partnerships' in its analysis of underdevelopment in poorly performing countries. It holds that aid is not well used because recipient governments' ownership, commitment and capacity to implement poverty reduction policies are weak. It advises donors to remain engaged in such states, to coordinate their assistance, support civil society and private enterprise, promote 'agents of change' and utilise policy instruments in all sectors – from diplomacy to trade – to promote development.

The OECD was instrumental in setting and defining the fragile states agenda and the role of development within it. In 1997 the DAC Guidelines were considered to be 'pathbreaking' in that they gave donors a new way of conceptualising conflict and linking development and security. This analysis remains central to many donors' thinking:

Wars have set back development severely in many countries, including in some of the poorest; excessive military expenditures have too often taken priority over more productive public investments and responses to complex emergencies have come to represent a major claim on development co-operation budgets. More basically, helping strengthen the capacity of a society to manage conflict without violence must be seen as a foundation for sustainable development. We have seen that humanitarian assistance cannot substitute for sustained political commitment and action to avert crisis and support peace. Humanitarian agencies increasingly have encountered moral dilemmas as they have attempted to respond to the needs of vulnerable populations in conflict situations. Development co-operation, as well, must play its role in conflict prevention and peace-building alongside the full range of other instruments available to the international community: economic, social, legal, environmental and military. All the instruments the international community can bring to bear on the root causes of these crises are required. The humanitarian community cannot be the sole vehicle for response to complex crises. There is a clear need for international responses that are more co-ordinated, coherent and integrated – between governments, and inter-governmental and non-governmental organisations.

With regard to development assistance, ODEC-DAC argued that it 'will have the most impact in conflict prevention when it is designed and timed to address the root causes of violent conflicts, as well as the precipitating factors, in ways that are relevant to local circumstances. These may include the imbalance of opportunities within societies, the lack of effective and legitimate government, or the absence of mechanisms for the peaceful conciliation of differing interests within society at the local, national and regional levels.'

¹⁰³ See http://www.minbuza.nl/default.asp?CMS_ITEM=E264455E773D4E8E8A597D78C7C6540EX3X63413X82.

Different roles for development agencies were laid out by DAC for different periods of crisis. ‘Where tensions have not escalated into violence, a great number of possible measures can be geared to help defuse the potential for violent conflict. These range from more traditional areas of assistance, such as economic growth and poverty reduction programmes, to democratisation, good governance (including justice and security systems) and respect for human rights.’ Later, ‘where organised armed violence has wound down but where it is still unclear if the situation will again deteriorate, it is important to move beyond saving lives to saving livelihoods, and at the same time help transform a fragile process into a sustainable, durable peace in which the causes of conflict are diminished and incentives for peace are strengthened.’

Finally, the 1997 report stated reconstruction is ‘much more than just repairing physical infrastructure’ in post-conflict situations.

When civil authority has broken down, the first priority is to restore a sense of security. This includes restoring legitimate government institutions that are regarded by citizens as serving all groups and that are able to allay persisting tensions, while carrying out the challenging and costly tasks of rebuilding. Efforts by developing countries and international assistance must fit within the context of a sound, even if rudimentary, macroeconomic stabilisation plan. Post-conflict situations often provide special opportunities for political, legal, economic and administrative reforms to change past systems and structures which may have contributed to economic and social inequities and conflict.

There was a role outlined for development workers even during conflict: “

Contrary to many past assumptions, we have found that a sharp distinction between short-term emergency relief and longer-term development aid is rarely useful in planning support for countries in open conflict. Development co-operation agencies operating in conflict zones, respecting security concerns and the feasibility of operations, can continue to identify the scope for supporting development processes even in the midst of crisis, be prepared to seize upon opportunities to contribute to conflict resolution, and continue to plan and prepare for post-conflict reconstruction.

In Berlin, in December 1999, the G-8 foreign ministers met and committed themselves ‘to strengthen the ability of the international community in conflict prevention’ by acting as a catalyst to ensure appropriate steps were taken by the UN, regional organisations, NGOs, IFIs, the private sector and directly affected states themselves. Their *communiqué* focused in particular on light weapons proliferation; organised crime; child soldiers; mercenaries; illicit trading in commodities such as diamonds; environmental triggers to conflict; and practical steps individual G-8 states could take (in International Alert and Saferworld, 2000). The DAC Informal Task Force on Conflict, Peace and Development Co-operation produced ‘Security Issues and Development Co-operation: A Framework for Enhancing Policy Coherence’ in 2001, which provided a broad conceptual framework for examining the role development cooperation can play in supporting countries that are seeking to address and manage security issues. It made recommendations about how to increase policy coherence within and between OECD countries in order to build a more comprehensive and effective international response to security management. The DAC High Level Meeting in April 2004 Ministers and Agency Heads endorsed a policy statement and paper entitled ‘Security System Reform and Governance: Policy and Good Practice’, which highlighted the changes taking place in the way that donors think about security and set out concrete examples to help guide donors who engage in Security System Reform.¹⁰⁴ This security policy is being incorporated into the Fragile States Group approaches currently being designed (see below).¹⁰⁵

Following its report on helping to prevent violence conflict with development assistance (OECD-DAC, 2001), the OECD established a Fragile States Group (FSG) in 2003 (under the aegis of the Network on Governance and the Network on Conflict, Peace and Development Co-operation). The FSG was mandated to work on issues relating to fragile states and to facilitate coordination among bilateral and multilateral donors to improve aid effectiveness in fragile states. It has four streams of work:

¹⁰⁴ See http://www.oecd.org/document/33/0,2340,en_2649_34567_33800289_1_1_1_1,00.html.

¹⁰⁵ In March 2005, at the High-level Meeting of Ministers and Heads of Aid Agencies of OECD’s DAC, it was decided that management of security expenditure through improved civil oversight and democratic control of budgeting, management, accountability and authority of security expenditure is to be eligible for ODA (see Klingebiel, 2006b). According to Chalmers (2005), OECD countries’ armed forces are reluctant to devote resources to development-related activities, as state building and poverty reduction are seen as ‘distractions from core war-fighting missions’. It therefore remains difficult to mobilise OECD military support for missions to Africa, e.g. DRC or Sudan. Governments are unlikely to want to provide direct funding to security systems.

Principles for Good International Engagement

A short list of principles that build on the growing consensus of aid effectiveness – in line with the Monterey Consensus and Paris Agreement on aid finance, harmonisation and alignment – emerged from discussions in January 2005 at the Senior Level Forum on Development Effectiveness in Fragile States. The principles built upon the argument that a durable exit from poverty and insecurity for the world's most fragile states will need to be driven by their own leadership and people; that international engagement will not by itself put an end to state fragility but the adoption of shared principles can help maximise the positive impact of engagement and minimise unintentional harm; and real improvements in donor behaviour will help to promote better results and outcomes in the partner country. The aim of international aid in fragile states is 'to help national reformers to build legitimate, effective and resilient state institutions'. This requires joined-up and coherent action within and among governments and organisations. The Principles, therefore, emphasise the need to:

- Take context as a starting point
- Move from reaction to prevention
- Establish state building as the central objective
- Align with local policies and or systems
- Recognise the political-security-development nexus
- Promote coherence between donor government agencies
- Agree on Practical Co-ordination Mechanisms
- Ensure all activities 'Do no harm'
- Mix and sequence instruments to fit the context
- Act fast...
- ... but stay engaged (e.g. 10-year plans)
- Avoid aid orphans (characterised by low engagement and field presence)

These principles are now being piloted and field tested by donors in nine countries (listed below) and an internal evaluation of progress is being undertaken in several:

- Australia and New Zealand in the Solomon Islands
- Belgium in the DRC
- Canada in Haiti
- Norway in Sudan
- Portugal in Guinea Bissau
- UK in Nepal and (in collaboration with the WB) in Somalia
- UNDP in Yemen (in collaboration with the UK)
- EC in Zimbabwe
- Portugal in Guinea Bissau

DAC experts analysed the aid regime in the DRC and made recommendations to improve donor coordination at field level (Box 9).

Box 9: Coherence in fragile states: proposals for improving donor coordination in the DRC

- Building on the minimum programme for the transition ... develop with the Congolese government a Strategic Framework that integrates security, political and economic developmental initiatives and that includes achievable milestones. This tool would comprise a simple calendar or matrix to use as a common planning instrument that would set out the major activities in the security, political and economic and social development areas.
- Bring together government officials, donor representatives and ambassadors from OECD countries based in Burundi, Rwanda and DRC to discuss regional development issues, including possibly cross-border security, customs and border security, cross-border investment. The aim would be to enhance regional policy coherence.
- Ensure that CG meetings in the region hold their gatherings with harmonised agendas and timetables.
- Encourage leadership of the Congolese government whenever possible. Aid effectiveness experience shows that ownership is crucial to successful development cooperation.
- Increase national ownership by including Congolese government officials in substantive meetings whenever possible.
- Take concrete steps to achieve regional policy coherence. One practical step toward this may be the establishment of regional donor offices that are responsible for programming in DRC, Rwanda and Burundi.
- Reduce the number of missions. Encourage coordination for missions with a similar focus, e.g. by sector.

- Invite a small team from the DAC Learning and Advisory Group to Kinshasa to facilitate a donor brainstorming session on coordination where the Congolese government and the donor community can exchange views, discuss best practice on what has worked in other countries and propose ways to improve coordination in the DRC.
- Increase the amount of shared missions and analyses being undertaken (double the amount ...).
- Establish possible synergies with the Good Humanitarian Donorship initiative and monitor best practice on coordination, including by looking into the common humanitarian action plan.
- Build on existing good practices ... of joint supervision and operations and increase the application of joint donor work to particular areas: justice sector, security system reform, support to civil society to respond to the conflict.
- Agree with government on a coordinated donor system for common pay scales and recruitment practices.
- Feedback the outcome of these discussions to the Kinshasa-based donor community ...

Source: OECD-DAC (2004).

Service Delivery

To reach the MDGs, it is necessary to establish effective and durable methods of providing health care, education and other social services. Fragile states' operational environments are challenging and the policy environment is complex. The FSG therefore aims to provide practical and relevant guidance to both donors and affected countries about how to improve service delivery in fragile states. Teams are currently analysing the factors that account for effective service delivery for the poor and are drawing out lessons in four sectors: health, education, potable water and policing. The guidance is to be derived from 'a combination of innovative thinking and documented examples of service delivery systems in fragile states that are both effective and responsive to the needs of the poor'. In each sector the work is divided into three phases: grounding and framing; capturing lessons and distilling good practice; and developing guidance. The Concept Note developed during Phase 1 established three guiding principles:

- To ground the teams' analytical approach in the basic service delivery model developed by the WB in its World Development Report 2004;
- To make fullest use possible of existing research; and
- To use of a fragility typology defining four fragile operating environments: (i) deteriorating governance; (ii) post-conflict transition; (iii) arrested development; and (iv) early recovery.¹⁰⁶

Currently research is underway in each sector, led by different countries.

Aid Flows to Fragile States

This component of FSG's work concerns the regular monitoring of aid flows to fragile states. It will seek to flag for further analysis those countries that may be donor orphans or countries in which aid is highly volatile.

Whole of Government Approaches

Policy coherence and coordination between agencies and ministries dealing with development, security and civil and political rights are important in fragile states, especially joined-up action by political, security, economic and development actors working both at the partner-country level and in donor capitals and organisation headquarters. These efforts must be mutually reinforcing so as to maximise the potential impact of development efforts. The FSG argues that the 'whole-of-government approaches in fragile states is [underpinned by] the recognition that long-term stability, support to state building and development will only be achieved when governance and institutional capacity-building is built in to the approach'. Approaches must therefore be both timely (not waiting, for example, for conflict to end before becoming involved) and flexible (adjusting to circumstances as they arise). Research on good practice in this area is underway, and policy coherence guidelines for development are being elaborated by OECD.

In March 2005, DAC debated whether quasi-military activities should be fundable with ODA. While it excluded training of the military in non-military matters (e.g. human rights) it did include six new categories of expenditure: management of security expenditure through improve civilian oversight; enhancing civil society's role in the security system; security system reform to improve democratic governance and civilian control; supporting legislation for preventing the recruitment of child soldiers; dealing with small arms; and civilian activities in peacebuilding, conflict prevention and resolution. Some concern was expressed then

¹⁰⁶ According to the chair of the water sub-group OECD-DAC, (2006), the teams may instead choose to use the FS typology developed by OECD: Recovering (e.g. E Timor and Sierra Leone), Declining (Zimbabwe and Nepal) and Collapsed States (Somalia).

about the use of development funds for such purposes, and about the blurring of the development and security agendas (Robinson, 2006). Clearly, though, DAC is comfortable with the commingling of these agendas.

UN

The UN was formed in 1945 to further the cause of global peace and security as well as economic and social progress, so the combining of these goals in a UN FS agenda has deep philosophical and political roots. During the Cold War, the UN was unable to assume its peacemaking role but afterwards it was more optimistic about its mandate to resolve conflicts (e.g. the first Gulf War) and about its ability to promote democracy for attaining justice and security (Namibia, Cambodia). But in the 1990s, as genocidal, sectarian and civil wars erupted in Africa, the Balkans and beyond, and as terror attacks targeted civilians in several countries, the UN focus on democracy was augmented by a highlighting of conflict prevention and avoidance. At the same time, new views about the central building block of the UN – national sovereignty – emerged (Smith, 2003).¹⁰⁷

Work on development, conflict and governance was undertaken by a new set of institutions. In 1992, Boutros Boutros Ghali introduced the concept of ‘post-conflict peacebuilding’, which described a range of civilian tasks that conform to modern-day peace and reconstruction activities, as later operationalised by the UN in East Timor and Kosovo. In 1997, a high-level cabinet-style executive committee on peace and security (ECPS), an executive committee on humanitarian affairs and a UN development group were established. The ECPS is the main forum for discussing matters that concern both the development and conflict management communities. There are also several thematic and country-specific and interagency task forces, such as the West Africa Task Force and the Rule of Law Task Force.

The debate about humanitarian intervention across sovereign borders had been going on for some years: What are the rights, responsibilities and roles of the international community in states where governments have provided little protection for their own citizens? This issue came to a head in Kosovo in 1999 when NATO intervened; a year later, in his report to the General Assembly, Kofi Annan challenged the international community to forge consensus around the basic questions of principle (i.e. the sovereignty of states) and the processes involved (when should interventions take place, under whose authority, and how?)

The International Commission on Intervention and State Sovereignty was established by the Government of Canada in September 2000 in response to this challenge. The Commission agreed that ‘sovereign states have a responsibility to protect their own citizens from avoidable catastrophe – from mass murder and rape, from starvation – but that when they are unwilling or unable to do so, that responsibility must be borne by the broader community of states’. The ‘responsibility to protect’ has since then become part of the standard vocabulary used by the international community to justify intervention to protect victims of conflict, genocide and gross human rights abuses.

The Commission was careful to draw a distinction between its concerns and terrorism: ‘the framework the Commission ... has developed ... to address ... human protection claims in other states ... must not be confused with the framework necessary to deal with ... terrorist attacks in one’s own state ...’¹⁰⁸ It completed its report in 2001, two weeks after the terrorist attacks in New York and Washington, DC. It recommended that the General Assembly adopt a draft declaratory resolution embodying the basic principles of the responsibility to protect, which contained four basic elements:

- An affirmation of the idea of sovereignty as responsibility.
- An assertion of the threefold responsibility of the international community of states – to prevent, to react and to rebuild – when faced with human protection claims in states that are either unable or unwilling to discharge their responsibility to protect.

¹⁰⁷ Kofi Annan had been head of UN peacekeeping earlier, and it is not unnatural that he remained committed to this work after becoming Secretary-General.

¹⁰⁸ That said, the Commission felt that principles that should guide intervention in other states – ‘right intention, last resort, proportional means and reasonable prospects’ – as outlined in their report – should be applicable to any action taken by states against terrorists.

- A definition of the threshold (large scale loss of life or ethnic cleansing, actual or apprehended) which human protection claims must meet if they are to justify military intervention.
- An articulation of the precautionary principles (right intention, last resort, proportional means and reasonable prospects) that must be observed when military force is used for human protection.

The Commission also recommended that members of the Security Council reach an agreement on a set of guidelines, embracing the Principles for Military Intervention, to govern their responses to claims for military intervention for human protection purposes; and that the Permanent Five members of the Security Council try to agree not to apply their veto power in matters where their vital state interests are not involved, or to obstruct the passage of resolutions authorising military intervention for human protection purposes for which there is otherwise majority support.

Throughout the UN, new programmes and bodies were established to operationalise the new focus on conflict management and prevention. For instance, the UN's education section started a conflict resolution programme while UNDP put conflict prevention at the centre of its work. The UN Economic and Social Council (ECOSOC) established an Ad Hoc Group on Countries Emerging from Conflict, while a UN Conflict Monitoring Unit was established. The Department of Peacekeeping Operations was enlarged at the same time (Smith, 2003). Despite the prioritisation of conflict and a general agreement that prevention of conflict required 'a focus on both development and security', there was reportedly little coherence between the UN's security and development agendas. Furthermore, its agencies and staff had divergent views about what actually caused insecurity (ibid, citing Andrew Mack).

In September 2003 – following months of paralysis at the UN around the issue of Iraq, the nearly unilateral invasion that followed, and the deadly attack on the UN mission in Baghdad in August – the Secretary-General announced the formation of a High-Level Panel (HLP) on Threats, Challenges and Change, a panel consisting of 16 eminent people who were committed both to upholding the state system and to multilateral responses to global insecurity. The Secretary-General asked them 'to recommend clear and practical measures for ensuring effective collective actions, based on a rigorous analysis of future threats to peace and security, an appraisal of the contribution that collective action can make, and a thorough assessment of existing approaches, instruments and mechanisms, including the principle organs of the United Nations'.

In assessing threats to global security the HLP acknowledged the importance of 'soft' threats like poverty, environmental hazards and disease, as well as the 'hard' threats of interstate war, civil war, WMD, organised crime and terrorism. This demonstrated that there was little disagreement between the HLP's view about the causes of insecurity and those earlier enumerated by the US (in its September 2002 National Security Strategy, for example) and the EU (in 'A Secure Europe in a Better World', December 2003). As for solutions, the HLP addressed the question of institutional changes at the UN (e.g. the composition of the Security Council, reforms in the Secretariat, etc.), which it deemed to be vital if the international community was to improve its multilateral responses to common threats and challenges. The need for more effective peacekeeping bodies was also noted, as was the need for improved global economic governance (Ozgercin, 2004). Highlights of the HLP's December 2004 report included the following:

- (i) The biggest security threats we face today go far beyond states waging aggressive war. Threats come from non-state actors as well as states, and to human security as well as state security.
- (ii) Differences of power, wealth and geography do determine what we perceive as the gravest threats to our survival and wellbeing. Without mutual recognition of threats there can be no collective security. We all share responsibility for each other's security and the test of that consensus will be action.
- (iii) There are six clusters of threats with which the world must be concerned now and in the decades ahead:
 - Economic and social threats, including poverty, infectious disease and environmental degradation
 - Interstate conflict
 - Internal conflict, including civil war, genocide and other large-scale atrocities
 - Nuclear, radiological, chemical and biological weapons
 - Terrorism
 - Transnational organised crime

- (iv) The primary challenge for the UN and its members is to ensure that, of all the threats in the categories listed, those that are distant do not become imminent and those that are imminent do not actually become destructive.
- (v) This requires a framework for preventive action which addresses all these threats in all the ways they resonate most in different parts of the world. This framework is vital in helping states prevent or reverse the erosion of state capacity, which is crucial for meeting almost every class of threat. And it is part of a long-term strategy for preventing civil war and for addressing the environments in which both terrorism and organised crime flourish.
- (vi) If prevention fails, the UN needs to take action. A set of guidelines – five criteria of legitimacy – is proposed for the Security Council (and anyone else involved in these decisions) to take into consideration when determining whether to authorise or apply military force. These guidelines include the seriousness of the threat, proper purpose, last resort, proportional means and balance of consequences.
- (vii) Reforms to UN bodies are recommended, including the Security Council, Commission on Human Rights, etc.

In September 2005, world leaders came together at a UN Summit to review progress since the Millennium Declaration¹⁰⁹ and to address key issues related to UN Reform. Secretary-General Kofi Annan's report *In Larger Freedom* proposed an agenda of 'highest priorities' for the September Summit, urging leaders to embrace the 'responsibility to protect' as a basis for collective action against genocide, ethnic cleansing and crimes against humanity. It also built on the report by the HLP on Threats, Challenges and Change as well as the Millennium Project report (on pro-poor development) released in January 2005. As it turned out, achievements at the September meeting were limited by the divergent views and interests of regional blocs and key actors. Nonetheless, agreement was reached on a number of issues:

- First steps towards approving management, budget and administrative reforms were taken. Support was expressed for a UN system-wide code of ethics, stronger whistleblower protection, more extensive financial disclosure for UN officials, creation of an independent ethics office, review of mandates that are more than five years old, and enhanced, independent oversight of internal UN operations.
- The meeting endorsed a successor to the discredited Commission on Human Rights.
- Member states endorsed a Peacebuilding Commission that would more effectively galvanise international efforts to help countries to recover after conflicts and to develop the institutions of civil society and democracy.
- The meeting endorsed the goal of an expanded Security Council, and it set a target for the General Assembly to review progress by the end of the year.
- The Summit Declaration contained a strong condemnation of all forms of terrorism, and stressed the need to conclude a Comprehensive Convention against International Terrorism.
- The Declaration recognised actions and commitments made by donors since the 2000 Millennium Summit and the 2002 Monterrey Consensus.
- Member states underscored the responsibility and readiness of the international community to act where national authorities fail to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity (US DoS, 2005b).

Different agencies of the UN have focused on different aspects of the FS agenda. The responsibility for conflict prevention and coordination resides in the Secretary-General's office (ECPS and its taskforces) along with the Department of Political Affairs. The UN Framework Team for Coordination on Conflict Prevention, as well as ECOSOC, has a significant role. The Framework Team, for instance, is concerned with conflict prevention and addresses situations where tensions impede consolidation of peace and social stability, using information derived from various in-country processes, e.g. PRSPs, UN Development Assistance Frameworks and Poverty Reduction Strategies. The ECPS deals with crises and its various task forces focus on issues such as the rule of law and transitional justice, the MDGs and peacebuilding missions, or on countries in crisis, such as Afghanistan. There is also a Special Adviser on the prevention of genocide

¹⁰⁹ Critics have noted though, that the MDGs are not explicitly concerned with security, e.g. there is no 'freedom from fear' as a goal (Chalmers, 2005). But then, the same author notes that the WB's CPIA measure of country performance does not concern itself with security systems either.

and an Action Plan to Prevent Genocide.¹¹⁰ Efforts to create a Peacebuilding Commission (i.e., an inter-governmental advisory board), a Peacebuilding Support Office and a Peacebuilding Fund are also underway.

That said, the original objective was to help states avoid collapse and the slide into war, and to assist states in their transition from war to peace, but the prevention role of the Commission was removed during the UN World Summit in September 2005.¹¹¹ There are also doubts as to whether the Peacebuilding Commission can become more than an 'ineffectual talk shop' because of the 'clashing interests' of the UN member states and UN departments (Klotzle, 2006).¹¹² The stalemate around protecting the population in Darfur, Sudan, is a current example.

UNDP, as the lead development agency at the UN, adopted a modified definition and strategy to the WB's approach on LICUS. Its core work – fostering rights-based development and good governance – intends to help reduce conflict and insecurity. But because it is now responsible for addressing many of the problems generated by 'countries under stress', it has taken on a wider role. For instance, its Oslo Governance Centre aims 'to position UNDP as a champion of democratic governance, as an end in itself, and as a means to achieve the MDGs'.¹¹³ Its Bureau for Crisis Prevention and Recovery (BCPR)¹¹⁴ seeks to build national stakeholders' capacities for conflict prevention and to better use development processes and assistance to tackle poverty and poor governance, both of which foster insecurity. Although the head of UNDP in-country had been the 'resident coordinator' of UN operations since the 1970s, in the 1990s (s)he took on the role of humanitarian coordinator in complex emergencies. UNDP has also sought to better equip its development workers to foresee conflict and act to avert violence. It and other agencies have added budget lines and created conflict units concerned with 'bridging the gap' between long-term capacity building, locally driven development interventions, and short-term, externally driven humanitarian interventions.¹¹⁵

Because many UN interventions have been less than successful, there has been a growing effort to harness the advice, expertise and support of its development counterparts. As a result, cross sectoral cooperation units were created, as well as thematic and country specific task forces. In 1997, the UN Executive Committee on Peace and Security was established. Field-level coordination and cooperation were much slower to evolve, as the Brahimi report of 2000 testified.¹¹⁶ In Afghanistan, the UN's newly devised Integrated Mission Task Force (IMTF) is meant to address the problems identified by Brahimi – an absence of integrated planning and support between civilian and military activities and actors on the ground. IMTFs are supposed to coordinate and unify UN missions and help the various actors and agencies find the answers and the help they need, especially during the early months of an operation.

¹¹⁰ See http://www0.un.org/Depts/dpa/prev_dip/fr_preventive_action.htm.

¹¹¹ Between 1945 and 1987, there were 13 UN peacekeeping missions, but at the end of 2005, the UN had 17 peacekeeping operations (budget over US\$4bn/yr) with more than 80,000 personnel (Panzio, 2005). The need for peacekeepers grows and their role is changing. UN peacekeeping staff now stand at around 67,000, but this number will need to grow to be closer to 100,000, even with US and UK troops busy in Iraq and Afghanistan. Peacekeeping missions are now asked to 'contribute to "turnaround" in the governance and development prospects of fragile and failed states'. 100,000 peacekeepers will cost UN member states about US\$6bn/yr to deploy (Chalmers, 2005).

¹¹² UN and members should ensure the Commission is adequately funded and fulfils its mandate. Mechanism for coordination should be improved and a central priority should be to strengthen joined-up analysis and assessment, strategy formulation and implementation, and the division of responsibilities.

¹¹³ See <http://www.undp.org/oslocentre/docs05/OGC-PhaseII-PublicVersion-Oct2005-Final.doc>.

¹¹⁴ See <http://www.undp.org/bcpr/newsletter/index.htm>.

¹¹⁵ 1995 – UNDP Emergency Response Division (ERD); WB in 1997 – Post Conflict Unit and fund; UNICEF office of emergency operations; WFP Protracted Relief and Recovery Operations. In 2002, UNDP's ERD was upgraded and renamed the Bureau for Crisis Prevention and Recovery. 2001 – UNDP is given a new crisis and post conflict mission, and development programming is to take place through a conflict prevention lens (Griffin, 2003).

¹¹⁶ The Report emphasised not only that peacekeeping forces must have the resources necessary to accomplish their mission but also that a broad-based multidimensional approach is needed to improve UN capabilities in the field of early warning of impending crises, crisis management and post-conflict peacebuilding. See http://www.un.org/peace/reports/peace_operations/.

Annex 2: Tools and Methodologies used by the International Community to Measure State Fragility

The Clingendael Institute's Security and Conflict Programme (CSCP), Netherlands¹¹⁷

This programme investigates contemporary conflicts, security threats and issues of international justice. Its two main concerns are the multiple facets of conflict in the developing world and the phenomenon of terrorism. Among other activities, it conducts research for a wide variety of policy institutions through its Conflict Research Unit, which was founded in 1996. The Unit focuses on the study of intrastate conflict and on ways of preventing and dealing with these conflicts. Its work has a special, though not exclusive, emphasis on the developing world and aims at translating theoretical insights into practical policy recommendations, as well as developing tools for decision makers in national and multilateral governmental and NGOs. Themes of research include: peace processes; gender and conflict; democratic transitions; security sector reform; disarmament processes; natural resources and conflict; economics of violence; and discourse analysis. In 2005 it developed a Stability Assessment Framework for the Netherlands Government,¹¹⁸ which assesses trends that affect stability in Third World countries. Its analysis is based upon the premise that conflict, including terrorism, is dependent on economic and governance factors as well as security systems, and that tools are needed to assess whether policies and capacities are available to plan and deliver solutions.

A Stability Assessment of a country is done in several stages by various stakeholders using different methods, but the central component of the analysis is undertaken by researchers who develop 'trend lines' of twelve indicators,¹¹⁹ which indicate the nature and degree of (in)stability. A trend is identified by selecting key dates for each indicator, and assigning a numerical value. Trend analysis in Rwanda in 1994 indicated, for instance, rising demographic pressure and a sharp rise in grievances by vengeance-seeking groups. As these trend lines are collated and assessed, points of concern are identified. A close look at the capacities and intentions of core political actors is undertaken, when their agendas, strategies, networks and support bases are analysed for the impact they might have on the country and its trends. Finally, an analysis is undertaken of the current policy approaches being used to address the trends and of the actors that might foment or reduce conflict. Those agencies using the assessment can then identify new strategic priorities and partners and can divide responsibilities for intervention.

Political Instability (State Failure) Task Force, US

In this analysis, 'state failure' refers to the complete or partial collapse of state authority, such as occurred in Somalia and Bosnia. Failed states have governments with little political authority or ability to impose the rule of law. They are usually associated with widespread crime, violent conflict or severe humanitarian crises, and they may threaten the stability of neighbouring countries. States that sponsor international terrorism or allow it to be organised from within their borders are all failed states (King and Zeng, 2001). Because the USG believes aid can tackle these threats, the government established the State Failure Task force in 1994, under the auspices of the CIA. Its original assigned task was to assess and explain the vulnerability of states around the world to political instability and state failure. It moved from cases of extreme state failure (Somalia) to include onsets of general political instability defined by outbreaks of revolutionary or ethnic war, adverse regime change and genocide. Latterly, it explored matters of governance by measuring state capacity and modelling democratic transitions. In the wake of 9/11, it also turned its attention to international terrorism.

¹¹⁷ See <http://www.clingendael.nl/cscp/>.

¹¹⁸ See http://www.clingendael.nl/publications/2005/20050200_cru_paper_stability.pdf. The Framework draws upon earlier analyses carried out by the Fund for Peace.

¹¹⁹ The indicators are: legitimacy of the state; public service delivery; rule of law and human rights; leadership; security apparatus (control by civilians); regional setting; demographic pressures; forced migration and flight; group hostility; group economic opportunities; and state of the economy.

A list of state failures was originally prepared in 1994 based on a study of the correlates of state failure since the mid-1950s. In order to improve the quality of the data, in 2000-01 the State Failure Problem Set and the underlying methodology for identifying state failure cases was re-examined by the Task Force. This enabled 'finer-grained and more focused analyses' of the data. The resulting revised Problem Set is substantially 'stronger' and 'tighter' than the version reported in the earlier phases of the research. In 2003, the name of the Task Force was changed to the Political Instability Task Force; in 2005, hosting of the Task Force public access website moved to the Center for Global Policy at George Mason University.¹²⁰ The quality of the predictive power of the dataset was also refined. No matter how rich, complex or theoretically well grounded its models, the team found its work was no more than two-thirds accurate in classifying countries as 'likely' or 'unlikely' to experience an instability onset two years after the date of data observations. As a result, the team went back to the political science literature. The team explains:

Political scientists often rely on the Polity IV dataset¹²¹ ... to identify countries as democracies or autocracies. Polity characterizes regimes along three dimensions: the degree of openness and electoral competitiveness in the recruitment of the chief executive ...; the degree of institutional constraints on the authority of that chief executive ...; and the degree to which political competition is unrestricted, institutionalized, and cooperative rather than repressed or factionalized ... [Also] in recent years, a number of analyses have suggested that risks of conflict and instability are highest not among democracies or autocracies, but ... among regimes that have been variously labeled 'partial democracies', 'anocracies' or 'illiberal democracies'.

Using models that included this division of regime types, plus income, plus other factors 'still failed to give much more than 70% accuracy in classifying historical cases of instability across the globe', they continued to explore different political variables. Specifically, 'we now use Polity's measures of executive recruitment and the competitiveness of political participation ... one of two component variables used to construct the broader measure of Political Competition, ... to characterize regimes in ways that have proven to be theoretically richer and statistically more powerful...' Their results have been more satisfying: 'Unsurprisingly, we find that the risk of instability is lowest in full autocracies and full democracies, other things being equal. By contrast, hybrid regimes – partial autocracies and partial democracies – are substantially more vulnerable to crisis than their more "coherent" counterparts ...' But the 'real surprise came', the team states

... from the predictive power associated with the addition of a single element of this scheme. By distinguishing partial democracies according to the presence or absence of *factionalism* in political participation, we found we could substantially improve the fit of our models. As measured by Polity, factionalism occurs when political competition is dominated by ethnic or other parochial groups that regularly compete for political influence in order to promote particularist agendas and favour group members to the detriment of common, secular, or cross-cutting agendas. Factionalism typically occurs in new democracies, where party systems are weak and political participation is more likely to flow through networks rooted in traditional identities or other parochial interests, but it can emerge in established democracies as well. Factionalism is also the most common form of participation in autocracies that do not repress political competition, either by design or incapacity ... Only about half of countries coded with factionalism develop instability in our data ... [and] it is only when factionalism is combined with a relatively high level of open competition for office ... that extremely high vulnerability to instability results, and even then, factionalism does not inevitably lead to instability. Models that use our four-part regime categorization and further distinguish among partial democracies according to the presence or absence of factionalism have consistently produced postdictive accuracy rates of 80% or better.

They conclude: 'by far the worst situation in terms of risks of instability were for a political landscape that combined deeply polarized or factionalised competition with open contestation. The combination of a winner-take-all, parochial approach to politics with opportunities to compete for control of central state authority represents a powder keg for political crisis' (Goldstone et al., 2005).¹²²

Center for International Development and Conflict Management (CIDCM), US

CIDCM hosts the Integrated Network for Societal Conflict Research (INSCR) project, which links a number of conflict-related databases and research programmes, including the Political Instability (State Failure) Task Force (above). It also houses a number of projects concerned with conflict and development. For instance, it

¹²⁰ See <http://globalpolicy.gmu.edu/pitf/pitfdata.htm>. Task Force reports include: State Failure Task Force (1995, 1999 and 2000) and Political Instability Task Force (2003).

¹²¹ See footnote 124 below.

¹²² Other sets of analyses and papers are available on the Political Instability Task Force website (<http://globalpolicy.gmu.edu/pitf/>).

engages in policy studies, training, and policy reform support to harness the potential for new information and communications technologies (ICTs) to catalyse and help transform development processes, especially in conflict zones. This program has three components: (i) ICT4Development/Conflict/Peace; (ii) ICT Policy Analysis and Training; and (iii) Development Program Support. CIDCM also houses datasets and produces research papers on: (i) critical themes about crisis, conflict, and war for the period 1918 through 2003, covering 443 crises, 32 protracted conflicts, and 975 crisis actors, examined from the perspective of polarity, geography, ethnicity, regime type, conflict setting, extent of violence and third-party intervention; (ii) Minorities at Risk, a programme that monitors and analyses the status and conflicts of politically active communal groups in all countries with a current population of at least 500,000; and (iii) the Polity IV dataset on regime and authority characteristics for all independent states (with greater than 500,000 total population) in the global state system, between 1800 and 2003.¹²³

Human Security Centre, Canada¹²⁴

‘All proponents of human security agree’, the centre maintains

... that [their] primary goal is the protection of individuals ... Proponents of the ‘narrow’ concept of human security, which underpins the Human Security Report, focus on violent threats to individuals, while recognizing that these threats are strongly associated with poverty, lack of state capacity and various forms of socioeconomic and political inequity. Proponents of the ‘broad’ concept of human security articulated in the UN Development Programme’s 1994 Human Development Report and the Commission on Human Security’s 2003 report, *Human Security Now*, argue that the threat agenda should be broadened to include hunger, disease and natural disasters because these kill far more people than war, genocide and terrorism combined.

The Human Security Centre tracks and measures conflict, and includes in its datasets information on human rights abuses and political stability, which are analysed as contributing factors. It uses databases produced by other organisations to assess this data, including the Conflict Barometer series from the Heidelberg Institute on International Conflict Research;¹²⁵ the Failed State Index produced by the Fund for Peace (see below); the International Crisis Behavior project that tracks international crises¹²⁶ at the University of Maryland and the McGill University programming tracking international crises; the Minorities at Risk project¹²⁷ at CIDCM; the Political Instability Task Force and the Polity IV Project.

The Fast International Early Warning System¹²⁸

This is an independent early warning programme covering 20 countries/regions in Africa, Europe and Asia. Its objective is the early recognition of impending or potential crisis situations to prevent violent conflict and enhance political decision makers’ ability to identify critical developments in a timely manner so that coherent political strategies can be formulated, either to prevent or limit destructive effects of violent conflicts or to identify windows of opportunity for peacebuilding. It combines qualitative and quantitative methods, collecting information on cooperative and conflictive events, then entering it into a web-based software tool. For each country/region, unique datasets are collected by FAST’s Local Information Networks (LINS).

¹²³ See <http://www.cidcm.umd.edu> and <http://weber.ucsd.edu/~kgledits/Polity.html>. Polity IV is a source of cross-national, longitudinal data on the authority characteristics of modern polities. It is most widely used for its assessments of the degree of democracy and autocracy in the political structures of nation states.

¹²⁴ See <http://www.humansecurityreport.info/index.php?option=content&task=view&id=28&Itemid=63> and links to related websites.

¹²⁵ See http://www.hiik.de/en/index_e.htm.

¹²⁶ <http://www.cidcm.umd.edu/icb/> produces a ‘CB Data Viewer’ that provides information on more than 400 international crises since 1918.

¹²⁷ See <http://www.cidcm.umd.edu/inscr/mar/>.

¹²⁸ See <http://www.swisspeace.org/fast/default.htm>. This network is supported and used by CIDA, USAID, Sida, as well as the Swiss and Austrian Development agencies.

Country Indicators for Foreign Policy¹²⁹ at Carleton University, Canada

This database and reporting service has its origins in a prototype geopolitical database (GEOPOL) developed by the Canadian Department of National Defence in 1991, which tracked a wide range of political, economic, social, military and environmental indicators through the medium of a rating system. In 1997, the Canadian Department of Foreign Affairs and International Trade decided to adopt some elements of GEOPOL to meet the needs of policymakers, the academic community and the private sector. The project identifies and assembles statistical information conveying the key features of the political, economic, social and cultural environments of countries around the world. The dataset provides at-a-glance global overviews, issue-based perspectives and country performance measures. Currently, the dataset includes measures of domestic armed conflict, governance and political instability, miniaturisation, religious and ethnic diversity, demographic stress, economic performance, human development, environmental stress and international linkages. It has over 100 performance indicators for 196 countries, spanning 15 years (1985 to 2000) for most indicators. These indicators are drawn from a variety of open sources, including the WB, UNDP, UNHCR, the Stockholm International Peace Research Institute, and the Minorities at Risk and Polity IV datasets from the University of Maryland. Currently, it is working on a pilot project in partnership with the Forum on Early Warning and Early Response (FEWER) to establish a framework for communications, information gathering and sharing, and operational coordination between CIFP, the FEWER Secretariat, and FEWER network members in the field, and to work towards a 'good practice' conflict early warning system involving the various members of the FEWER network (Box 10).

Box 10: CIFP country indicators

Issue Area 1: History of Armed Conflict <ul style="list-style-type: none">• Armed Conflicts (Conflict Intensity Level)• Refugees Produced (Refugees by Country of Origin)• Refugees Hosted, IDP and Others of Concern Issue Area 2: Governance and Political Instability <ul style="list-style-type: none">• Level of Democracy• Regime Durability• Restrictions on Civil and Political Rights• Restrictions on Press Freedom• Corruption Score Issue Area 3: Militarization <ul style="list-style-type: none">• Military Expenditure• Fraction of Regional Military Expenditure• Total Armed Forces Issue Area 4: Population Heterogeneity <ul style="list-style-type: none">• Ethnic Diversity Score• Religious Diversity Score• Risk of Ethnic Rebellion Issue Area 5: Demographic Stress <ul style="list-style-type: none">• Total Population• Population Growth Rate• Population Density• Urban Population• Urban Population Growth Rate• Youth Bulge	Issue Area 6: Economic Performance <ul style="list-style-type: none">• GDP Growth Rate• GDP per Capita• Inflation• Official Exchange Rate• Foreign Direct Investment, Net Inflows• Total Debt Service• Trade Openness• Inequality Score Issue Area 7: Human Development <ul style="list-style-type: none">• Access to Improved Water Source• Access to Sanitation• Life Expectancy• Infant Mortality Rate• Maternal Mortality Rate• HIV/AIDS• Primary School Enrolment• Secondary School Enrolment• Children in Labour Force Issue Area 8: Environmental Stress <ul style="list-style-type: none">• Rate of Deforestation• People per Square Km of Arable Land• Freshwater Resources Issue Area 9: International Linkages <ul style="list-style-type: none">• Economic Organisations• Military/Security Alliances• UN Organisations• Multipurpose and Misc. Organisations• Total International Disputes
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¹²⁹ See <http://www.carleton.ca/cifp/>.

Centre on Early Warning and Conflict Prevention, Jordan¹³⁰

The 1995 Barcelona Declaration on Euro-Mediterranean relations¹³¹ confirmed the commitment of partners to work for the consolidation of peace and stability in the Mediterranean. The Centre on Early Warning and Conflict Prevention was established at the Jordan Institute of Diplomacy (June, 2000) in collaboration with the Italian International Affairs Institute (IAI), and with the support of the Italian government. One of its aims is to establish a database and a nucleus of researchers and institutions capable of providing non-governmental early warning information to the Euro-Med partners in view of the establishment of joint policies of conflict prevention in the context of the Euro-Med Partnership. It has been advised by the Conflict Research Unit at CSCP¹³² and intends to create a conflict prevention tool that builds on its database to provide 'a basic assessment of an individual potential conflict and of the main policy options for the prevention of its escalation into violence'.

The Fund for Peace's Failed States Index¹³³

This index is based on a sample of countries deemed to be the most vulnerable to violent conflict. It identifies a failing state as one whose government is losing physical control of its territory or lacks a monopoly on the legitimate use of force. Other symptoms of state failure include the erosion of authority to make collective decisions, an inability to provide reasonable public services, and the loss of the capacity to interact in formal relations with other states as a full member of the international community. It has a list of 12 indicators, and some of these – e.g. extensive corruption and criminal behaviour; inability to collect taxes or otherwise draw on citizen support; large-scale involuntary dislocation of the population; sharp economic decline; group-based inequality; and institutionalised persecution or discrimination – are hallmarks of state failure. States can fail at varying rates of decline through explosion, implosion or erosion.

It designed its measuring and monitoring system – the Conflict Assessment System Tool (CAST) – by updating a list of vulnerable countries using the World Conflict and Human Rights Map produced by Leiden University in the Netherlands. The map identifies states with a history of high levels of internal violence and political oppression. CAST has been tested over the last 10 years. It is a flexible model that has the capability to employ a four-step trend-line analysis, consisting of: (i) rating 12 indicators; (ii) assessing the capabilities of five core state institutions; (iii) identifying idiosyncratic factors and surprises; and (iv) placing countries on a conflict map that shows the risk history of countries being analysed. The 12 indicators are:

Social indicators

- (i) Mounting Demographic Pressures
- (ii) Massive Movement of Refugees or IDPs creating Complex Humanitarian Emergencies
- (iii) Legacy of Vengeance-Seeking Group Grievance or Group Paranoia
- (iv) Chronic and Sustained Human Flight

Economic indicators

- (v) Uneven Economic Development along Group Lines
- (vi) Sharp and/or Severe Economic Decline

Political indicators

- (vii) Criminalization and/or Delegitimization of the State
- (viii) Progressive Deterioration of Public Services
- (ix) Suspension or Arbitrary Application of the Rule of Law and Widespread Violation of Human Rights
- (x) Security Apparatus Operates as a 'State Within a State'
- (xi) Rise of Factionalized Elites
- (xii) Intervention of Other States or External Political Actors

¹³⁰ See <http://www.id.gov.jo/programs.html>.

¹³¹ See http://europa.eu.int/comm/external_relations/euromed/bd.htm.

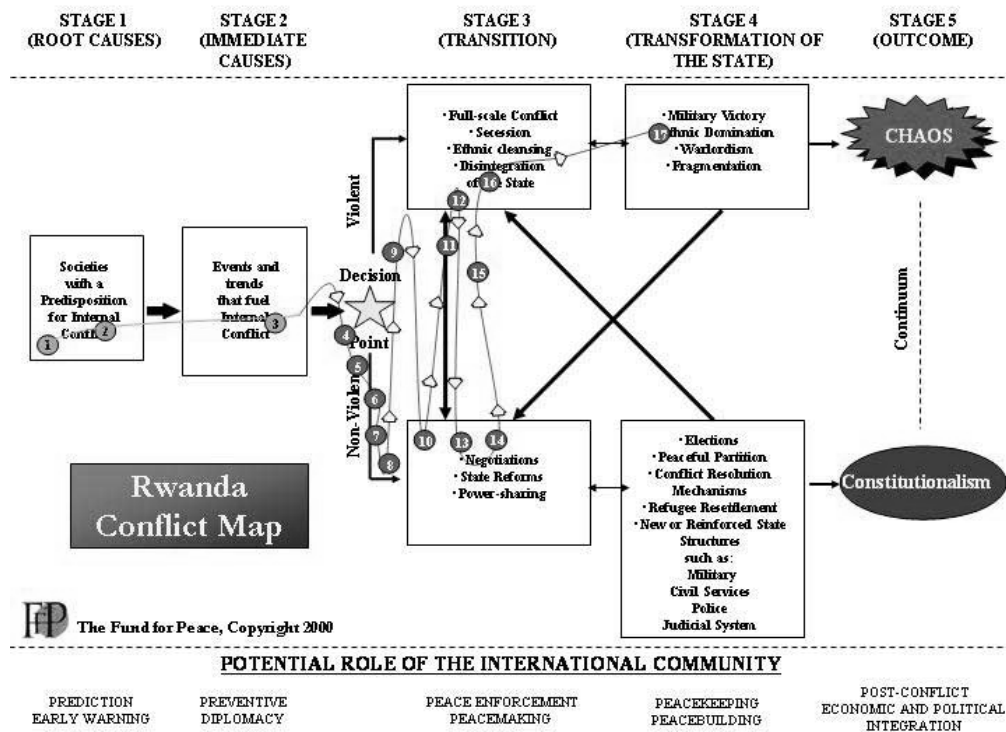
¹³² See <http://www.id.gov.jo/Seminars/4%20Verstegen%201-3%20final%20paper.doc>.

¹³³ See <http://www.fundforpeace.org/programs/fsi/fsiarticle.php>. For a recent public announcement, see BBC Africa, 2 May 2006, <http://news.bbc.co.uk/2/hi/africa/4964444.stm>.

A country is in the 'Alert' zone if it has an aggregate score of 90 or above. A country that is in the 'Warning' zone scores between 60 and 89.9. The 'Monitoring' zone indicates a country at risk and has an aggregate score between 30 and 59.9. States in the 'Sustainable' zone have an aggregate score below 29.9.¹³⁴

According to the Fund for Peace, governments use this assessment tool to design economic assistance strategies that can reduce the potential for conflict and promote development in fragile states. The military uses it to strengthen situational awareness, enhance readiness, and apply strategic metrics to evaluate success in stability operations. The private sector uses it to calculate political risk for investment opportunities. Multinational organisations and a range of other users find it useful for modelling and gaming, early warning, and management of complex situations. Educators use it to train students in analysing war and peace issues by blending the techniques of information technology with social science. The Fund also claims the model can be used to identify remedial strategies to halt the slide to violent conflict. Planners should target those indicators that are rated the highest, e.g. focusing on relieving demographic pressures, deep-seated group grievances, or economic decline or inequality. Policymakers also must pay more attention to building state institutions, particularly the 'core five' institutions: military; police; civil service; system of justice; and leadership. Policies should be tailored to the needs of each state, monitored and evaluated intensively, and changed, as necessary, if recovery is not occurring as intended.

Figure 3: Fund For Peace's Rwanda Conflict Map



WB

The WB actively identifies, assesses and disseminates data on the links between governance, economic development and corruption,¹³⁵ including information on political instability and the absence of violence. This index gauges *inter alia* the probability that a government 'will be destabilized or overthrown by possibly unconstitutional and/or violent means, including domestic violence and terrorism'. Countries are ranked on a scale and scores are available for 1996, 1998, 2000, 2002 and 2004. In recent years, because of the widely felt need to promote development and growth in ways that address conflict, the WB has created a

¹³⁴ See <http://www.fundforpeace.org/programs/fsi/fsindex.php> for the index and scores.

¹³⁵ The WB tracks voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law and control of corruption. For information on these indicators, see Kaufmann et al. (2005).

Conflict Assessment Framework,¹³⁶ which is intended to help operational teams ‘identify and analyse the key factors that impact conflict and their links with poverty, to determine how they best can be addressed through Bank assistance’. First, a risk-screening is undertaken, where nine variables are assessed to determine if a more detailed assessment is needed. This assessment looks at whether violent conflict has taken place in the previous 10 years; the level of GNI per capita; dependence on primary commodity exports; political instability (state structures and law and order); political and civil rights protection; militarisation; ethnic dominance; active regional conflicts; and high youth unemployment.

The assessment then looks more closely at six sets of variables related to both conflict and poverty; the linkages are also assessed to identify ‘sensitive spots’, so that programmes can be designed to take them into account. The study of each variable includes describing it and carrying out an analysis of how it is perceived, how it has changed historically, if there are organisations promoting the issue, etc. The six categories of variables are: social and ethnic relations; governance and political institutions; human rights and security; economic structure and performance; environment and natural resources; and external factors. Intensity of conflict is also estimated and changes noted, while the objective is to highlight the variable’s effect on conflict, and the nature and strength of its link to poverty. The WB sees the relationship as:

Variable → Impact on conflict + Link with poverty → Priority areas identified

The WB had a programme until 2005 on Civil War, Crime and Violence, based on the view that ‘violence is a key reason for the broadening chasm between developed and developing countries. It has created fundamentally different expectations of social and political life in North and South’.¹³⁷ The programme has since been transformed into the Economics of Conflict Programme, whose documents and related papers use an analysis that explores the linkages between governance (including democracy), development (including growth), and conflict of various types.

DFID’s Strategic Conflict Assessment,¹³⁸ UK

This assessment has since its development been adopted by agencies outside the UK to increase their understanding of the causes and consequences of conflict, and to improve international responses to conflict in specific countries – specifically, to use development and humanitarian assistance to prevent and reduce conflict. The assessment framework treats conflict as an integral part of political, economic and social processes. It provides a model from which an understanding of conflict can be integrated into policymaking at all levels, and it may also help to integrate aid with diplomatic and security policy. The responses arising from such analysis are less likely to be separated out into ‘conflict’ and ‘non-conflict’ sectors but instead to address governance from a conflict-informed perspective. The three main stages of the methodology are:

- (i) **Analysis of the conflict:** The aim at this stage is to understand the historical and structural antecedents of violent conflict and what converts latent conflict into open conflict or intensifies existing open conflict. The methodology has focused on analysis of conflict structures, actors and dynamics. Although for analytical purposes it is useful to divide analysis into these three areas, in reality they are closely inter-linked and should be viewed holistically.
- (ii) **Analysis of international responses to the conflict:** The second stage considers the role of development interventions and other international responses. International actors and policies are integral to conflict processes, and their consideration should be included in the steps of the first stage described above. The aim here is to build on this analysis to investigate in further detail the response of external actors across a number of areas. This provides the context within which to then focus on the role of development interventions and their interaction with conflict.
- (iii) **Development of strategies and options:** This stage aims to identify options and strategies for conflict reduction and for ensuring that current development approaches are conflict sensitive. Strategies and options should be based on an understanding of the structural sources and current phase of the conflict, internal and external actors’ interests and capacities, and the impact of development interventions on the dynamics of conflict and peace.

¹³⁶ See <http://lnweb18.worldbank.org/essd/essd.nsf/CPR/ConflictAnalysis> and [http://lnweb18.worldbank.org/ESSD/sdvext.nsf/67ByDocName/TheConflictAnalysisFramework/\\$FILE/CAF+April2005.pdf](http://lnweb18.worldbank.org/ESSD/sdvext.nsf/67ByDocName/TheConflictAnalysisFramework/$FILE/CAF+April2005.pdf).

¹³⁷ See <http://econ.worldbank.org>.

¹³⁸ See http://www.peacebuilding.md/download/conflict_assess_guidance.pdf.

Once an assessment is complete, a Peacebuilding Framework is constructed to guide interventions. Two different sets of aid strategies can be identified: ways in which development and other actors can produce a more coordinated and effective response to conflict; and individual agencies' own strategies of working 'in' or 'on' conflict, based on the conflict assessment. The donors' 2005 Strategic Conflict Assessment of Sri Lanka¹³⁹ is a good example of the potential here for informing donor decision making in fragile states.

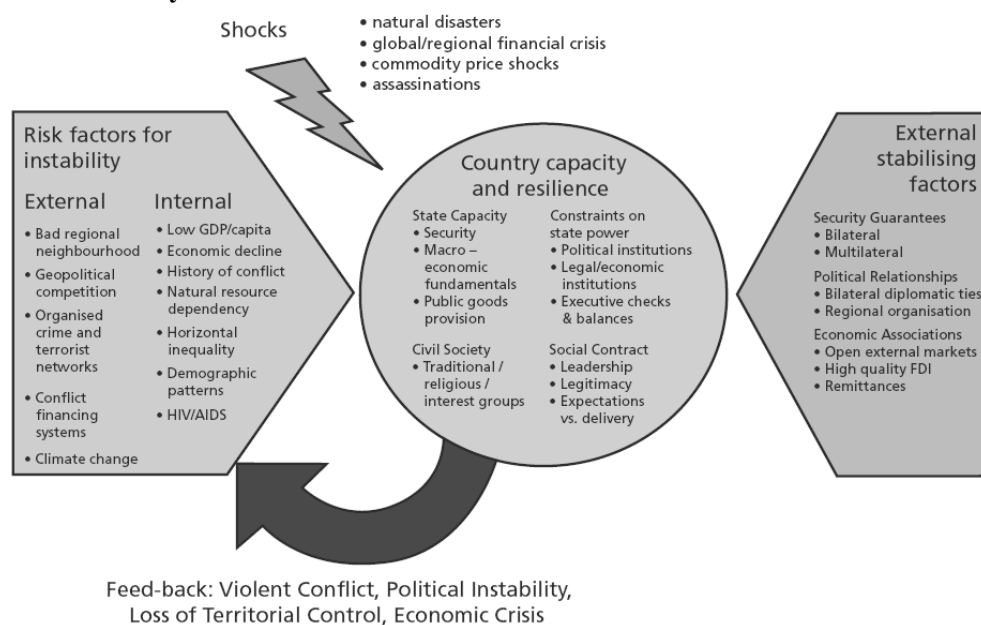
PMSU's CRI Project, UK¹⁴⁰

This project was based on the premise that unrest is not far away in a globalised world, and that conflict prevention is 'much more humane and far less costly than crisis response'. The PMSU developed 'a common diagnostic framework to identify the causes and dynamics of instability in a country or region'. This incorporates a strategic approach to reduce instability that involves 'a coherent package of development, political and security engagement by the international community; a set of priority initiatives for the international community to take over the next five years that stem from this strategic approach; and measures to strengthen international systems to prioritise resources and develop more coherent strategies for countries and regions, as well as global issues.' The framework of analysis seeks to understand the causes and dynamics of instability by looking at the interaction of three sets of factors: (i) a country's internal capacity and resilience (e.g. strong state capacity and legitimacy, strong civil society); (ii) underlying factors associated with instability (e.g. poverty, presence of natural resources, bad regional neighbourhood); and (iii) external stabilisers (e.g. international security guarantees, membership of clubs such as the EU). In attaining a 'sophisticated understanding of the specifics of a country or region', the Instability Framework focused on collecting information about a set of interrelated factors (see Figure 4 below).

In 2005, the PMSU published the CRI report, results from which are now being taken forward by the FCO. The FCO's Conflict Issues Group is working on ways to implement the CRI's analytical framework in a developing country context, and has conducted several country studies to date, all of which are classified. The overall goals of the FCO work, however, are well established:

- To improve the current risk assessment model employed by the Cabinet Office when developing its twice-yearly country risk assessment; and
- More broadly, to provide a statistical foundation on which Whitehall judgment of fragility can rest.

Figure 4: The Instability Framework



¹³⁹ See <http://www.reliefweb.int/library/documents/2006/dfid-lka1-31jan.pdf>.

¹⁴⁰ See http://www.strategy.gov.uk/work_areas/countries_at_risk/index.asp.

DFID's Fragile States team, which was closely involved with the research, still refers to the framework in its research and documents; moreover, some DFID governance advisors in field offices have used the risk analysis framework when designing new interventions. Several other bilateral agencies (including Sweden) have used the CRI framework in their own analyses of state effectiveness, and the CRI findings have been quoted in international research on post-conflict environments and state fragility. The FCO still uses the framework, but its findings are classified.

USAID's CAF, US¹⁴¹

The Conflict Assessment Framework was developed by the CMM Office as a diagnostic tool to assist USAID Missions on three fronts: (i) to identify and prioritise the causes and consequences of violence and instability that are most important in a given country context; (ii) to understand how existing development programmes interact with factors linked to violence; and (iii) to determine where development and humanitarian assistance can most effectively support local efforts to manage conflict and build peace and make recommendations about possible points of intervention using US assistance resources. CAFs are not meant to be prescriptive, however, and the local context will determine much of their content. CMM is also developing a series of programme toolkits as companion pieces to CAFs in order to move from a diagnosis of the problem to a more detailed discussion of potential interventions. These toolkits analyse in greater detail key risk factors that may contribute to conflict and instability, such as youth unemployment, competition over land, or a lack of transparency and accountability at the local level.

According to this CAF, the roots or causes of conflict can be grouped under five broad categories. These categories include:

- (i) Motives or incentives for violence (for example, ethnic divisions, economic problems, demographic pressures, etc).
- (ii) Means or access to conflict resources (this targets the issue of political leadership: are groups organised? Do they have resources to finance conflict? Can they mobilise the population in their favour?)
- (iii) Opportunity or institutional and social capacity for managing violence (are there institutions in place that can properly manage political competition, regulate economic life, and address social demands? If not, disaffected groups may opt to resolve their grievances through conflict).
- (iv) Regional and international dynamics (for example, financing for violence, accessibility to arms, refugee flows, etc).
- (v) Windows of opportunity or vulnerability (critical events, such as elections, natural disasters or riots, which can trigger the outbreak of full-scale violence).

While all of these causes may not be present at once in any one country, what is most important is to understand how these different factors interact with one another to generate conflict. As can be seen from the above categories, the CAF also underlines the importance of political dynamics in fomenting conflict, recognising in particular the role of political elites in the process.

Once the root causes of conflict have been analysed, the next step in the CAF is to map existing development programmes against the identified causes in order to identify gaps and potential areas of intervention. The final step is to suggest new areas of intervention or new configurations of development assistance. The key emphasis of this exercise is intended to be on how interventions in conflict situations can be modified to better respond to conditions and realities on the ground. Figure 5 below provides an example of one such mapping for institutional risk factors and potential USAID interventions.

¹⁴¹ See http://www.au.af.mil/au/awc/awcgate/usaaid/conflict_assessment.pdf.

Figure 5: Mapping institutional risk factors and identifying potential USAID interventions

Conflict Risk Factor (Institutional)	USAID Program
Executive branch domination <ul style="list-style-type: none"> Compliant judiciary Weak independent media Divided, ineffective political parties 	<ul style="list-style-type: none"> Judicial development Media strengthening Parliamentary strengthening/political party program
Limited minority representation	<ul style="list-style-type: none"> None
Corruption and lack of accountability at local and national levels	<ul style="list-style-type: none"> Fiscal Reform Project Local Governance Initiative Tax/fiscal reform and decentralization SME (small and medium enterprise) Regulatory Reform Project
Weak, ethnically segmented civil society	<ul style="list-style-type: none"> Civil Society Support Centers Support to Civil Society Coalition for Democracy and Civil Society
Corrupt, ineffective police force	<ul style="list-style-type: none"> None

Source: CMM (2005).

US Army: Analyzing Complex Threats for Operations and Readiness (ACTOR),¹⁴² US

ACTOR is an extensive database that includes annually aggregated data covering political, economic and socio-cultural domains for some 159 countries over the period 1975-99, to forecast the likelihood that countries throughout the world will experience a certain level of intensity of instability over the period 2001-15. It uses a classification algorithm called the Fuzzy Analysis of Statistical Evidence, which was developed in 2000 on behalf of the US Army to identify and analyse the relationships between country macro-structural factors and historical occurrences of instability. The results demonstrate the potential capability of the model to forecast accurately not just the occurrence, but also the level of intensity of country instability six years in advance, with about 80% overall accuracy. The results of the analysis are used in support of the Enabling Strategic Responsiveness and Deployment Optimization Research in Tools and Operations studies.

GTZ, Germany

Germany prepared in 2001 a Conflict Analysis for Project Planning and Management tool,¹⁴³ with which to carry out assessments and prepare and implement development projects in (potential) conflict zones. It undertook this work at the behest of BMZ, which had specified preventive action, civil conflict management and a greater focus on peace policy in development cooperation as central concerns. The sectoral advisory project, Crisis Prevention and Conflict Management in German Development Cooperation, arranged for these to be drawn up. The purpose of its conflict analysis in a development policy context is to devise strategies, programmes and projects that respond sensitively to a conflict in a particular country and hence make a certain contribution to reducing or resolving the conflict. These guidelines were designed to be used at a project (not a country) level. The analysis is meant to answer questions such as: What is the risk of conflict and violence in the project region? What negative effects on the project activities can be anticipated? How can these be reduced? What risks do the project activities hold in terms of potential exacerbation of the conflict? How can these be avoided (risk appraisal)? Where are the possible starting points for constructive conflict management and/or peacebuilding? How can these be integrated into the project?

¹⁴² See <http://www.stormingmedia.co.uk/07/0739/A073993.html?PHPSESSID=4b3aad3d72ac868e1e05fb8ebf8761b2>.

¹⁴³ See <http://www.gtz.de/de/dokumente/en-conflictanalysis.pdf>.

The GTZ project guidelines are used to assess the relationship between conflict and a *specific development project*. The framework acknowledges that development projects can undermine peace or promote conflict (and certain actors), and that while short-term development project goals cannot be peacemaking, the aim in the long term is to overcome the structural causes of the conflict and to consolidate institutions and mechanisms of peaceful conflict management. These should be defined at the level of the development goal and the overall goal. Similarly, when programming, field officers are encouraged to identify

... what the interests and positioning of the various groups are with respect to the conflict and to the planned project activities. There must be a clear description of who will benefit from the activities, who will remain excluded or even lose because of the project, and to what extent activities are planned which are in the joint interest of different parties to the conflict. Indication should also be given here of possible resistance to the project within the target group. In the sections on the design of the project it should be pointed out how the project will deal with the various interests and potential for conflict.

UNDP's Bureau for Crisis Prevention and Recovery

This bureau has designed its own Conflict-related Development Analysis (CDA).¹⁴⁴ Its key assumptions are:

- Each conflict is unique so that analysis needs to be conflict-specific.
- Conflicts arise from sets of interconnected and interconnected causes of violent conflict.
- Some actors may have an interest in promoting and driving conflict.
- Development can be a cause of violent conflict, as well as a part of the response to address it.
- Development agencies should aim at 'Doing no harm'.
- Development agencies should maximise their impact on conflict.

Importantly, UNDP notes that 'while conflict analysis often focuses on security and political issues, the CDA balances these with social and economic structural causes. Taking the analysis down to sub-national and local levels also helps to focus attention on development issues.' It argues there is a direct link between conflict and poverty:

The link between development and conflict reflects a close correlation between poverty and conflict. War affects the poorest countries, and the poorest people within them. Of the 34 countries furthest from achieving Millennium Development Goals, 22 are suffering as a result of current or recent conflicts. The proportion of deaths by war in countries rated low on the Human Development Index (HDI) is ten times higher than in the medium countries and twenty times higher than in countries with a high HDI rating. A quarter of the countries in Africa were at war in 1998. It is also widely recognized that the impact of conflict today will typically fall on civilians rather than soldiers. In wars in Africa between 1970 and 1995, civilian deaths were estimated at 95% or more of the total. However it is not necessarily the case that poverty causes conflict. The relationship is far more complex. Conflict is a risky strategy and requires resources to sustain it. Poor people cannot afford to take risks and lack the resources to maintain military action. This is one of the reasons why poor people rarely initiate conflict. Poverty in the form of low levels of education and social exclusion may contribute to weakness in governance and this may open the way for conflict, but the relationship is indirect. Conflict is often a tool by which specific groups secure advantages for themselves. They may deliberately undermine the institutions of governance and thereby limit the social pressures that would tend towards economic and social equity.

In piloting its CDA methodology, UNDP learned lessons:

- Conflict assessment is not a one-off exercise, but a long-term process aimed at integrating conflict prevention into existing mechanisms, procedures and planning tools.
- Conflict assessment cannot be separated from strategy and programme development.
- Capacity building targeting UNDP and partner organisations is an essential component of conflict assessment processes.
- The potential for participation and increased coordination should be fully developed within the framework of conflict assessment processes.
- A UNDP conflict assessment approach will need to reflect UNDP's specific needs, as well as constraints inherent to its mandate, in particular in relation to governments.
- A UNDP conflict assessment approach will need to be designed as a user-friendly and practical tool that is accessible to 'non-experts'.

¹⁴⁴ See http://www.undp.org/bcpr/conflict_prevention/ca_note%202_.pdf. The tool acknowledges its debt to DFID's Strategic Conflict Assessment.

The CDA methodology begins with an analysis of the conflict and current responses to it, before turning to ‘the way forward’. An overview of the first portion of the analysis is presented below (Table 12).

Table 12: Conflict-related Development Analysis (CDA)

Activity	Purpose
Background Situation	Provides a broad picture of the current situation in a given setting in terms of politics, economics, social and security issues
Matrix of Conflict Causes	Helps with the identification of structural causes of violent conflict and their further prioritisation
Actor Analysis Table	Helps identify key actors in a given setting
Conflict Dynamics	Helps understand the dynamics of conflict in a given setting
Conflict Scenarios	Identify conflict trends over time

The matrix of conflict causes assesses international, regional, national, sub-national and local social, political, economic and security causes. It is concerned with both structural causes (long-term factors underlying violent conflict, such as long-standing differences that have become deep rooted in society, e.g. illegitimate government; lack of political participation; lack of equal economic and social opportunities; unequal access natural resources; poor governance, etc.) and proximate causes of conflict (more visible/recent conflict manifestations that are similar to ‘symptoms’ in medical illness, e.g. uncontrolled security sector, light weapons proliferation, human rights abuses, destabilising role of neighbouring countries, role of diasporas, etc.). See Table 13 for an example.

Table 13: CDA in Nepal, 2002

	Security	Political	Economic	Social
International	<ul style="list-style-type: none"> • War against terrorism • Foreign military (UK, US) 	<ul style="list-style-type: none"> • Support from international leftist movements 	<ul style="list-style-type: none"> • International recession • Drop in tourism 	<ul style="list-style-type: none"> • Global media
Regional	<ul style="list-style-type: none"> • Support from India • India-Pakistan tensions 	<ul style="list-style-type: none"> • Anti-Indian sentiments • Open borders 	<ul style="list-style-type: none"> • Indian economic domination • Smuggling 	<ul style="list-style-type: none"> • Regional disparities
National	<ul style="list-style-type: none"> • Human rights abuses • Corruption in security forces 	<ul style="list-style-type: none"> • Corruption • Predatory elites • Failures in justice system 	<ul style="list-style-type: none"> • Rural/urban disparities • Discrimination against ethnic minorities 	<ul style="list-style-type: none"> • Ethnic/caste discrimination • Inequitable service provision
Local	<ul style="list-style-type: none"> • Criminal elements acting as rebels • Availability of arms 	<ul style="list-style-type: none"> • Low level of local participation • Lack of transparency • Lack of access to justice system 	<ul style="list-style-type: none"> • Unemployment 	<ul style="list-style-type: none"> • Ethnic/caste discrimination

Conflict Management Capacity Building Programme, ECOSOC, UN

This programme has supported the preparation with FEWER of a Conflict Analysis and Early Response manual.¹⁴⁵ It begins by outlining various theoretical frameworks used to explain the causes of violent conflict, before it turns to analysing the factors generating conflict in specific situations. It then proposes that researchers ask questions about the context, actors, processes and issues of a given conflict before mapping it in terms of its geography, history and its economic and political context. The framework of analysis then asks researchers to prepare a conflict ‘tree’:

... the Roots, or the structural or causal factors, which might include injustice, poverty, economic deprivation, ignorance, ethnic prejudice and intolerance, corruption, poor governance both at state and traditional levels ... The Trunk is the largest visible content of the tree [and] ... gives onlookers some clue about the name and nature of the tree. However, the tendency to associate conflict only to the visible core problem can be deceptive ... The Branches, leaves and fruits are the multitude of smaller conflicts or dimensions of the conflict emerging out of the trunk. They are sometimes referred to as effects of the conflict.

¹⁴⁵ See <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan011117.pdf>.

In identifying roots, it encourages researchers to consider political and military issues as well as cultural and religious divisions and economic factors. It also focuses on the various phases of a conflict before turning to the identity, interests, agendas, needs, supporters, relationships and capacities of actors to influence conflict.

UNOCHA's Early Warning Unit

This Unit 'identifies, monitors and analyses trends and developments that may push states/regions toward a humanitarian crisis and, possibly, toward failure'. The Secretary-General's June 2001 Report on the Prevention of Armed Conflict provided both political momentum to the issue of prevention, and helped define the agenda in this area. The Unit works with various UN departments and programmes and international NGOs, think-tanks, civil society groups and regional organisations. An Early Warning Indicators Methodology is used to produce various items for OCHA as well as other UN partners. These include: (i) Early Warning Analyses: in-depth reports on specific countries/regions designed to provide a thorough overview of the relevant humanitarian problems and concrete action points; (ii) Global Risk Matrix: updated quarterly, this product identifies countries/regions that face a possible emerging humanitarian crisis, underscoring areas where preparedness and early action are needed; (iii) Early Warning Alerts: one-page notes drafted for senior management to highlight a particular event or deteriorating situation.¹⁴⁶

Other early warning systems for natural disasters

- UNEP Early Warning and Assessment tracks environmental trends to improve sustainable development planning.¹⁴⁷
- The third International Conference on Early Warning Systems was held in Bonn in late March 2006, and made calls for more funds and emphasis on the importance of local communities in readiness training. There were some 1,200 participants from 140 countries to consider projects illustrating the relevance of early warning systems for natural disasters as well as scientific and technical considerations related to early warning. UN Emergency Relief Coordinator Jan Egeland presented the Report on the Global Survey of Early Warning Systems called for by UN Secretary-General Kofi Annan after the 2004 Indian Ocean tsunami. At the closing session, UN International Strategy for Disaster Reduction (ISDR) Director Salvano Briceño highlighted that 'the need to develop a strong people-centred approach to early warning is very clear and must remain a primary focus for the future'. The conference produced a Compendium of Early Warning Projects, consisting of project proposals from all parts of the world, and an Early Warning Checklist, a tool for practitioners to improve the effectiveness of existing early warning systems. In their final statement, participants reiterated that effective early warning must be an integral part of disaster risk reduction strategies in national development frameworks, welcomed the Report on the Global Survey of Early Warning Systems, and called for additional funding.
- The Humanitarian Early Warning Service tracks natural disasters (including Avian flu and locusts) and their impact on food insecurity and climate.¹⁴⁸ It is largely devoid of political economy content.
- UN International Strategy for Disaster Reduction¹⁴⁹ supports an interagency taskforce for disaster reduction. It uses the Hyogo Framework for disaster management to promote the creation of national strategies and offices to prepare for and manage disasters. While social and developmental issues are accepted as having a relationship to the effectiveness of disaster management, they are not central to the discussion other than to suggest that people ought to participate in the management process and that there ought to be coherence between national social, development and disaster management policies. Governance and performance are not addressed.¹⁵⁰

¹⁴⁶ See <http://ochaonline.un.org/webpage.asp?Page=919>.

¹⁴⁷ See <http://www.unep.org/dewa/>.

¹⁴⁸ See http://www.hewsworld.org/home_page/default.asp.

¹⁴⁹ See <http://www.un.org/apps/news/story.asp?NewsID=13077&Cr=natural&Cr1=disaster>. This was formed in January 2005, soon after the Tsunami disaster.

¹⁵⁰ See <http://www.unisdr.org/eng/task%20force/tf-meetings/12th-TF-mtg/se3-Guide-HF-IATF-12.pdf>. For further discussions of early warning and natural disaster preparedness, see <http://www.ewc3.org/>.

Annex 3: Development Priorities of the US, UK and Germany in Afghanistan

US support to Afghanistan

US support to Afghanistan has a number of goals in keeping with its fragile states agenda (see the case study on the US FS agenda included in this report): counter-terrorism, war-making and tackling crime; humanitarian and development assistance and state and nation building. This demands a big budget¹⁵¹ and has generated a complex programme with a large number of agencies¹⁵² undertaking many different activities. For instance, at the Tokyo Conference in 2002, the US pledge included funds from several government accounts for a mixture of purposes (Table 13).

Table 14: Breakdown of US pledges at the Tokyo Conference, by purpose

Account	Amount	Purpose
Development assistance/child survival/health assistance and education	12	Food, security and health
International disaster assistance	71	Incentives for stability
Office of Transition Initiatives	6	Community development, quick impact projects
PL 480 – Title II (Food)	77	Relief and recovery
416 (b)	44.9	Food for relief and recovery
Population, refugees, migration	52.6	Migration/refugee assistance
Economic support funds	17.25	Development assistance
Other sectors	8	Counter-narcotics
Other sectors	7	Humanitarian demining

Source: CRS (2002), citing the US Department of State, 28 January 2002.

Reconstruction, quick impact and humanitarian projects dominated USAID's programme in 2002 (US\$587 million) while State Department funds (US\$70 million) went to refugees and DoD money was spent on small projects (US\$45m) through CERP.¹⁵³ The DoD also maintained about 8,000 US troops in 2002¹⁵⁴ and has been working on building up the Afghan army, which by now consists of several thousand troops.¹⁵⁵ How well trained these troops actually are remains an open question.

In 2003, in an effort to spread assistance and security outside the capital, the US military set up 40 to 60-member PRT in several provincial capitals. PRTs have become a favourite means of using civilian and military personnel to extend the central Afghan government's reach and to promote development and peace in the provinces. This programme, according to the UN special envoy, very much represents 'a change from the initial attitude that the American goal was running out the bad guys and, like everyone else, participating in providing some humanitarian aid in Afghanistan'. PRTs and other development initiatives are meant to help create 'a state that keeps peace and order and the rule of law' (Washington Post, 2003).

After October 2003, to speed reconstruction and produce visible signs of progress before Afghanistan's first presidential elections, the US implemented its Accelerating Success in Afghanistan initiative. The focus of US spending shifted from humanitarian and quick-impact assistance to reconstruction. Of the US\$720

¹⁵¹ In fiscal years 2002 and 2003, the US spent US\$900 million on humanitarian and reconstruction projects. A year later the bill had increased to more than a billion dollars, though according to National Public Radio, 16 January 2006, next fiscal year the reconstruction budget is set to drop to about US\$620 million.

¹⁵² In 2003, humanitarian assistance was delivered by USAID/Office of Foreign Disaster Assistance, USAID/Food For Peace, USAID/Democracy & Governance, United States Department of Agriculture, Department of State's Bureau of Population, Refugees, and Migration, Department of State's Demining Program, the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, the Centers for Disease Control and Prevention, and the DOD.

¹⁵³ CERP provides funds for US troops to assist Afghans (or Iraqis) with critical reconstruction and assistance. Commanders on the ground are able to provide assistance in a streamlined fashion: money is available to respond to needs right away. CERP has helped troops on the ground build goodwill with local people, which in turn supports the overall mission. Since the inception of CERP, commanders have spent almost US\$250 million on education, health care, electricity, water and security. The 2006 budget and 2005 supplemental propose to continue CERP's authority. The budget requests authority for an additional US\$300 million and the supplemental will request additional 2005 funds and authority. See <http://www.whitehouse.gov/omb/budget/fy2006/protecting.html>.

¹⁵⁴ US troops in Afghanistan increased from about 800 in September 2001 to 4,400 in March 2002; 16,000 in March 2003, 15,000 a year later and about 25,000 in 2005 (CRS, 2006a).

¹⁵⁵ According to Antonio Giustozzi this is now about 30,000 <http://www.whitehouse.gov/omb/budget/fy2006/protecting.html>.

million the US spent on non-security-related assistance in 2004, about 75%, or US\$538m, paid for reconstruction contracts, with the remainder supporting humanitarian and quick impact projects such as the construction of wells. This should be seen in contrast to 2002-03, when humanitarian and quick-impact assistance accounted for more than three-fourths of US spending (GAO, 2005).

USAID's programme is designed to transform Afghanistan from a 'failed state' to a 'stable, productive nation'. This demands no less than 'rebuilding the country's social fabric and infrastructure'. Priority efforts in the period 2004-2005 included:¹⁵⁶

- Economic growth and infrastructure;
- Support to the private sector;
- Agriculture and alternative livelihoods;
- Basic health and education;
- Building democratic practises, citizen confidence and empowerment;
- Providing alternatives to poppy cultivation;
- Strengthening public institutions necessary for democratic governance through enhancing capacity within the justice sector, supporting decentralisation and local government, and strengthening civil society (Transition Funds);
- Food for peace (USAID) and food aid (through WFP);
- Transitional shelter assistance, and winter programs, such as snow clearance and road rehabilitation;
- Refugee returns.

UK support to Afghanistan

British aid to Afghanistan (some £1 billion) since 2001 is also broadly spread across the fragile states agenda, consisting of a number of programmes that focus on state reconstruction, security/peacebuilding, global crime/terrorism and development.¹⁵⁷

- £500 million in development assistance pledged over five years (2002-07), for long-term bilateral support on counter-narcotics, state building, pro-poor initiatives and humanitarian assistance programmes.
- £295 million to the Afghanistan Reconstruction Trust Fund between 2002 and 2008 (the UK is the largest contributor). £35m was pledged to the Afghan Reconstruction Trust Fund for 2005-06.¹⁵⁸
- Over £338 million for UK military support since 2002.
- Over £67 million since 2002 for security sector reform.
- £27 million in 2004-05 to support counter-narcotics law enforcement and criminal justice reform.
- Over £20 million to support Afghanistan's presidential and parliamentary elections.
- Approximately 18% (around £125 million) of the EC's pledge of €1 billion over the five-year period 2002-07.
- Over £100 million spent between 2003 and 2006 on activities to reduce opium production in Afghanistan. This includes £30 million to provide emergency support in 2005 to help farmers and others whose livelihoods are affected by the reduction in poppy cultivation. The UK has provided advice and funding to establish the Afghan Special Narcotics Force (ASNF) to carry out operations against major laboratory and storage targets and to make seizures. Since January 2004 over 135 tonnes of opiates and over 30 tons of precursor chemicals have been seized, over 130 drugs labs have been destroyed and a significant number of arrests made. Weapons and vehicles have also been confiscated.
- Together with the international community the UK is working to recruit and train a counter-narcotics Criminal Justice Task Force, of Afghan investigators, prosecutors and judges, capable of pushing through successful drugs investigations and prosecutions. May 2005 saw the first convictions of drug traffickers in Afghanistan. In 2005 it was about to spend over £12.5 million to strengthen counter-narcotics institutions, including the Ministry of Counter-Narcotics in Kabul.
- The UK has allocated over £100 million since 2002 to support state building activities, including public administration reform, security sector reform and support for the democratic process.

¹⁵⁶ See <http://www.usaid.gov/policy/budget/cbj2006/ane/af.html>.

¹⁵⁷ See <http://www.dfid.gov.uk/pubs/files/uk-afghanistan.pdf>.

¹⁵⁸ See <http://www.dfid.gov.uk/pubs/files/decision-reports/afghan-recon-11april05.pdf>.

- Security sector reform: the UK was the first country to lead ISAF, in 2002. It played a leading role in Stage 1 of ISAF expansion in the North and continues to lead two PRTs – in Mazar-e-Sharif and Maimana – and a Forward Support Base there. The UK in 2005 planned to increase its troop commitment further when the Headquarters of the Allied Rapid Reaction Corps is deployed in 2006 to take over the ISAF command. The UK has contributed £5 million towards reforming the Afghan National Police (40,000 have been trained to date). It has also provided £10 million to the reform of the Afghan National Army which, through the US-led programme has trained over nearly 60,000 soldiers, with a large number of those deployed on operations beyond Kabul.
- DDR: the UK is the second largest donor to the DDR of militia forces, providing over £12 million to the DDR process. It also is engaged in support for the process of disbanding illegal armed groups across the country.
- Public administration reform: working with other donors, the UK is giving support for salaries of civil servants and teachers, and providing technical assistance to build up the effectiveness of key institutions. It has committed over £13 million to support capacity building in the Office of the President, and provided supporting activity aimed at restoring effective local government at district and provincial levels.
- Economic management: the UK is working to build Ministry of Finance capacity to improve revenue collection, budget allocation and budget execution. This includes £6 million to help strengthen Afghanistan's customs and tax departments. The UK is providing £5 million to rebuild institutions responsible for private sector development in Afghanistan.
- Regional cooperation and trade: co-hosting conferences in Afghanistan and England.

British aid to Afghanistan was reconfirmed in January 2006,¹⁵⁹ when the UK pledged a three-year rolling commitment of DFID assistance: initially a total indicative package of bilateral development assistance from DFID (£330 million) between 2006 and 2009 in support of the government's poverty reduction objectives. At least 50% of total DFID assistance will go through the Afghan budget with the intention of moving towards Poverty Reduction Budget Support or other forms of direct support. A proportion of the DFID programme will be channelled through technical cooperation to build Afghan capacity, and through civil society or international organisations.¹⁶⁰

German support to Afghanistan

German engagement is undertaken as part of the EU Petersberg process, which has a limited number of goals concerned with peace keeping and post-conflict situations. Its interventions are multi-sectoral and consistent with fragile state programming as described earlier in this report, in that its programmatic aims are to improve local and global crime prevention/security, to help with state building, and to foster development. For instance, the 'state building/civil society strengthening' part of the German programme focuses on promoting the position of women; supporting the reform of the security sector as lead nation building up and for the reconstruction of the Afghan police force; strengthening political and administrative institutions and structures (through advising the Afghan Ministry of Interior); enabling a 'pre-political space' through, for example, civic education and promotion of an independent media scene; supporting Japan and UNAMA in the disarmament and reintegration of militia forces and former combatants. With regard to 'reconstruction' it is rebuilding physical infrastructure (especially water and electricity supply) as well as strengthening the private sector; supporting governmental and NGOs in their reconstruction efforts; and supporting multilateral partners.

Germany also has a considerable peacekeeping role: it participates in the ISAF with up to 2,250 soldiers (up to 450 of whom can be stationed in Kunduz); supports Afghan National Army training; and, together with the Netherlands, has been in command of ISAF (III) from February to August 2003. German humanitarian aid is provided through the support for emergency aid projects, e.g. winter emergency aid; projects to provide emergency medical care; reintegration measures for the return of refugees; participating in humanitarian measures within the framework of the EU (for instance, returnees). Its cultural and education policy engagement is undertaken through building high schools and universities, e.g. establishing a computer centre at Kabul University in cooperation with the German Academic Exchange Service and the Technical

¹⁵⁹ See http://www.fco.gov.uk/Files/KFile/UK_Afghan%2010%20Year%20development%20agreement.pdf.

¹⁶⁰ For the recent NGO code of conduct, see <http://www.acbar.org/downloads/English%20Version.pdf>.

University of Berlin; opening a *Goethe-Institut* in Kabul; reconstructing the Amani and the Durrani School in Kabul; and building up academic exchange programmes in cooperation with the German Academic Exchange Service.

At the request of the UN and the Afghan Transitional Administration, Germany took a lead role in coordinating the reconstruction of the Afghan police force, which since the end of 2002 has included the building up of the Afghan border police.¹⁶¹ Its efforts are closely tied to the activities of other nations – e.g. Italy's assistance with the judiciary system, the UK's counter-narcotics programme, the leading role of Japan and UNAMA in the disarmament and reintegration of militia forces and former combatants, and the US-led effort for the reconstruction of an Afghan National Army. With regard to the police force, Germany aims to build a well qualified, professional and ethnically balanced police corps that is committed to the principles of democracy and human rights. Germany is also coordinating the support of numerous international partners who are providing assistance in certain areas such as the building up of infrastructure.

Concrete steps in this programme have included:

- Establishing a project office in Kabul for central coordination of the reconstruction of the police force.
- Supporting the reconstruction of the police force in the provinces through regional police training centres in Kunduz and Herat.
- Reconstructing all central national police force facilities in Kabul.
- Reconstructing the police academy, where police training recommenced in August 2002 with approximately 1,500 police cadets.
- Additional training to 1,600 police officers in the fields of protection of human rights, modern police technology, police force leadership, investigation techniques and traffic systems.
- Training 500 border police for the purpose of securing Kabul airport.
- Helping implement structural reforms in the police force and the Ministry of Interior.
- Providing logistic support, training and equipment for the reconstruction of the police force in the provinces, as well as for building up counter-narcotic units and the border police.
- Supporting the building up of a highway police force to secure, for example, the road between Kabul and Kandahar.
- Participating in the Law and Order Trust Fund for Afghanistan, a police and border police salary fund.

Germany undertakes state building work through a branch office of the German Embassy in Herat:

- Strengthens the Afghan central government in the region.
- Acts as a mediator between the central government in Kabul and local rulers and religious leaders.
- Builds up and strengthens political administrative institutions by, for example, providing political consultancy services to local administrations.
- Coordinates and consults on rebuilding the police force in Herat province.
- Supports security sector reforms in cooperation with the respective lead nations.
- Supports the DDR process led by Japan and UNAMA.

In October 2003 Germany extended its engagement by taking over a PRT in Kunduz – called ISAF Island Kunduz.¹⁶² The following year, Germany piloted this programme as part of an expansion of ISAF, as similar activities until then had been restricted to the greater Kabul area. The creation of 'ISAF islands' was based on the UN-ISAF mandate and the NATO decision to command the ISAF islands' military component. ISAF Island Kunduz is open to international participation; Hungary, Switzerland and Belgium deployed troops in Spring 2004.

Following the US PRT model, the programme has a civilian and a military component. The military component of the Herat ISAF Island PRT includes:

- Supporting the reconstruction efforts by securing their own infrastructure.
- Providing protection for the essentially civilian reconstruction teams.
- Providing of up to two mobile protection missions.

¹⁶¹ <http://www.auswaertiges-amt.de/www/en/ausserpolitik/friedenspolitik/afghanistan/factsheets.html>. For instance, in 2002 and 2003, Germany made available funds totalling approximately €35m for the reconstruction of the Afghan National Police.

¹⁶² After the *Bundestag* decision of 24 October 2003, the *Bundeswehr* agreed to station up to 450 troops in Kunduz.

- Networking with local authorities.
- Providing medical and logistic support.
- Supporting the Afghan National Army training.
- Supporting elections.

The civilian component of the PRT programme consists of:

- Strengthening the central government in the region.
- Acting as a mediator between the central government in Kabul and local rulers and religious leaders.
- Building up and strengthening political administrative institutions by, for example, providing political consultancy services to local administrations.
- Coordinating and consultancy work for rebuilding the police force in Kunduz province.
- Supporting the security sector reform in cooperation with the respective lead nations.
- Supporting the DDR process led by Japan and UNAMA.
- Building up and strengthening civil society structures, for example by promoting the position of women.
- Supporting physical reconstruction, in particular with regard to water and electricity supply, as well as the building up of a private sector.
- Providing support to multilateral partners, such as the EU, UNAMA, UNHCR, and UNDP.
- Supporting governmental and non-governmental organisations in their reconstruction efforts in the region.

Annex 4: Survey of the Development Priorities of Cambodia's Major Development Partners

ADB

The ADB's 2005-09 country strategy paper supports implementation of the Cambodian government's Rectangular Strategy. Its three main lending areas are (i) broad-based economic growth (physical infrastructure, financial sector development, support for greater regional economic integration, small and medium- enterprises, and agriculture and irrigation); (ii) social development (education, gender mainstreaming, controlling communicable diseases, rural water supply and sanitation facilities, and conservation of natural resources in the Tonle Sap Basin); and (iii) good governance (public financial management and decentralisation).

Australia

Australia has recently issued a new White Paper on development aid and has announced that it will nearly double its overall development aid to Aus\$4 billion by 2010. The current (2003-06) Cambodia Australia Development Cooperation Program aims to: (i) increase productivity and incomes of the rural poor (focusing on market-based agricultural development); (ii) reduce vulnerability of the poor (through food security, mine action and disaster preparedness activities); and (iii) strengthen rule of law (criminal justice, democratic participation, and improving electoral processes and financial management).

EC

Since 1994, the focus of EC aid has been on rural development, primary education, institutional support and human rights. Demining activities, the trade sector and support for the electoral process have also received funding. The EC has given more than €350 billion in aid to Cambodia since 1991; humanitarian assistance has also been given through the European Community Humanitarian Office (ECHO). The EC CSP 2004-06 and the National Indicative Programme 2005-06 form the current framework for cooperation with Cambodia. As with previous strategies, the focus is on poverty reduction in rural areas, but whereas in 2002-04 the emphasis was on the social sectors (particularly health) and some trade sector development, the programme for 2005-06 focuses on economic development through support to small and medium-sized enterprises in the agricultural sector, and through assisting Cambodia to World Trade Organization accession. Trade and enterprise activities will receive some €15-17 million (51-58%) of the total budget. Education, not health, is now the key social sector (€9-11 million). Governance interventions (€2.5-3.5 million), such as improving expenditure and public financial management systems, are also planned.

France

France's most recent aid strategy (2005) aims to (i) support rule of law and good governance reforms (management training for judiciary and government officials, improvements in legislation and public finance reform, and training for commercial negotiations); (ii) support poverty reduction (agricultural improvements, food security, water management, land security, community development, export diversification, environmental protection, AIDS prevention, and health initiatives); (iii) fund other cross-sectoral initiatives (higher education and research, cultural heritage and French language protection, decentralisation).

Germany

Germany's priorities include human rights protection and the advancement of women's rights, rural development, and health and private sector development. In 2005, priorities also included environmental

resource management in the Mekong Delta, vocational and technical education, food security, small enterprise development, rural road construction, decentralisation, land management, a court of audit, and demining activities.

Japan

Since the appointment in 2003 of Sadako Ogata as President of JICA, the agency has increased its emphasis on peacebuilding while continuing emergency relief programmes. Japan still regards Cambodia as a post-conflict country, and much of its aid concentrates on immediate security needs (such as mine-clearing). JICA's 2002 Country Study Report emphasises strengthening government institutions (particularly administration and fiscal and legal entities), promoting economic growth, repairing infrastructure and helping people with disabilities. Other priorities include health and education, environmental stewardship, agriculture and rural development. JICA has also supported democratic elections.

Japan's policies towards Southeast Asia in general have been influenced by the integration of Cambodia (and others) into ASEAN (Association of Southeast Asian Nations). JICA supports economic development of new ASEAN member countries so that they 'catch up' with older members. There are four pillars of assistance for ASEAN accession countries: (i) promotion of private sector-led growth; (ii) addressing regional income disparities; (iii) poverty reduction; and (iv) measures against drug-related crime, terrorism and piracy.

Sweden

Sweden began giving aid to Cambodia in 1979 while the Khmer Rouges were still in power, with emphasis on humanitarian aid channelled through charitable NGOs and the UN. As governance and the political situation have improved, Sweden has changed its funding emphasis to include rebuilding of social and economic infrastructure. Sweden's most recent priorities include alleviation of the impact of the sex trade, promoting the rights of the disabled, and primary education

UK

Financial assistance to Cambodia by DFID was £11 million in 2005-06 and is projected to be £13 million in 2007-08. DFID's 'Strategy Partners' are the ADB, the UN, and the WB. The UK's November 2005 CAP notes that Cambodia is moving away from post-conflict status towards a 'normal' development environment, particularly since the most recent elections (2003-04), which occurred without violence. However, it also notes that Cambodia is 'debt stressed' – its debt service ratio relative to government revenue was 5% in 2003 – and that poverty, including extreme poverty, is still very high (especially in rural areas), despite economic growth. State fragility in Cambodia, then, has for the UK evolved towards poverty reduction and away from emergency interventions.

US

The US, in keeping with its strategy elsewhere in Southeast Asia, is increasing its presence in Cambodia 'because Cambodia has the potential to be a democratic and prosperous ally in the region'. Top development priorities include promoting democratic practices, improving market-led growth, and basic education and health, particularly reducing the spread of HIV/AIDS. In FY 2006, USAID expects to begin implementing a new country strategy in Cambodia, which will also include environmental good governance projects and support economic reforms.

After the 1997 political uprising, the US suspended two-thirds of its US\$37 million programme to the Cambodian government until the political process, particularly free and fair elections, improved. Assistance remains confined to humanitarian rather than longer-term development, although restrictions have been relaxed recently to allow for basic education and anti-trafficking activities. However, the Cambodian

development agenda remains highly politicised: any anti-corruption activities, for example, require consultation with the US Congress. USAID policies make it clear that greater development aid requires more governance improvements: 'Prevailing legislative restrictions and the country's limited progress in establishing democratic practices, good governance and the protection of human rights, preclude the development of a full sustainable development strategy at this time.'

The US development statement on Cambodia is remarkable in its candid emphasis on international security. The 2005 Annual Report, for example, states that 'The US is working to strengthen Cambodia's weak institutions and improve its ability to protect its borders. This in turn should help ensure that Cambodia does not become a haven for terrorists and weapons, or a further breeding ground for dangerous diseases such as HIV/AIDS.'

WB/IDA

The WB/IDA has been active in Cambodia since 1992. It has given more than US\$645.2 million in loans and grants along with US\$89.7 million in trust funds. There are at present 13 WB/IDA-funded development projects in Cambodia involving education, environment, disease prevention, and rural/agricultural projects. Because of Cambodia's poor performance in the Bank's CPIA governance assessment, it has recently decreased its lending significantly. However, it expects that, if the goals of the government's Rectangular Strategy are implemented, assistance will increase significantly in future (though it will decrease aid if governance indicators do not improve).

Annex 5: Development Priorities of Nepal's Major Development Partners¹⁶³

ADB

Nepal is one of the founder members, and a shareholder, of the ADB. It has received assistance from the ADB since 1968. During the 1990s, ADB remained the top multilateral donor in Nepal and second largest donor after Japan, providing annually an average of US\$77.1 million (UNDP, 1990-2000). During 1991-99, the agriculture sector was the largest sector receiving ADB's assistance, followed by energy, transport and the social service sector. Most of the ADB's lending is channelled through government.

By the late 1990s, the ADB began to emphasise the importance of local ownership, appropriate institutional and policy environment, and good governance in making its aid more effective. As a result, it sought to intervene only in those sectors of poverty reduction where the Nepalese government had displayed strong commitment for policy and institutional reform. The Country Assistance Plan (2000-02), for example, states that ADB lending decisions were determined by country performance in creating a positive environment for private and public investment to generate and sustain development. Human development, fiscal performance, civil service reform, governance and portfolio performance were identified as the key areas to monitor for progress and performance.

A new CSP for the period 2005-09 focuses on poverty reduction through conflict reduction. Understanding social exclusion, large economic and regional inequalities, lack of opportunity, poor governance, and the failure of successive political regimes to deliver expected development results as the root causes of the conflict in Nepal, ADB's new strategic approach is intended to focus on fostering broad-based social and economic development process (ADB, 2004). Some of the initiatives to make development more inclusive include promoting greater regional balance, improving access of the poor to basic services and economic opportunity, and addressing the need of socially excluded people. Policy reform and institution building for private sector involvement in the development process also continue to be ADB priorities.

Compared with the 1990s, the ADB drastically reduced its assistance levels to Nepal during 2000-05, cutting it by as much as 35%. This owed mainly to what the ADB considered a lack of satisfactory progress by the Nepalese government on two loan programmes related to public management and governance reform. These projects aimed to reform the civil service and to support poverty reduction by facilitating the implementation of government's PRS. Political instability and lack of adequate citizen representation in local bodies were also in part responsible for declining ADB disbursements.

The ADB insists it makes its aid allocation decisions purely on socioeconomic criteria rather than political ones. Thus, the Bank remained silent on the political events of 1 February 2005. On the other hand, its programmes continue to be disturbed by political factors, such as the absence of representative bodies at both the national and the local levels. The ADB in Nepal seems to be following a 'shifting focus' strategy in response to the conflict. ADB's priorities have moved towards providing aid to projects and programmes relating to conflict and development under conflict conditions and adopting an operational strategy that is in line with the conflict situation. Examples of this include an initiative to provide jobs and infrastructure to reduce poverty in conflict-affected areas and a project to reach the most disadvantaged groups.¹⁶⁴

Denmark

Providing an average annual assistance of US\$20.5 million, Denmark has remained the fourth largest bilateral donor in Nepal since the mid 1990s. The overall objective of Danish bilateral aid to Nepal in the 1990s was poverty reduction. Issues of human rights, democracy and governance were the strategic approaches adopted. These were aimed at achieving sustainable, democratic and equitable social

¹⁶³ Some of this analysis is based on information on donors in Nepal, prepared by the office of International Alert in Nepal. We are grateful to Nick Killick and Laxman Acharya in particular for kindly making this information, still in draft form, available to us.

¹⁶⁴ See www.adb.org/Media/Articles/2004/5920_nepal_conflict/ and www.adb.org/Media/Articles/2006/9585-Nepal-disadvantaged-groups/default.asp, respectively.

development in the country, through investment in people and the promotion of sustainable economic development.

After 1996, as outlined by the Country Assistance Strategy of that year, Danish programmes were concentrated mainly in three areas: education, energy and environment and natural resource administration. Good governance and decentralisation were the crosscutting themes. One of the major features of the CAS 1996 was the shift in Danish aid from project assistance to sector programme support in the second half. The sector programme approach aimed to strengthen national ownership of development processes and to support Nepal's ability to formulate and implement a more cohesive policy; ease the development policy dialogue with Nepalese authority; and enable the government to augment the effects of all individual donor contributions. Throughout the 1990s, the major activity in the field of human rights and democracy supported by Denmark was strengthening constitutional bodies such as the judiciary, the Nepal Election Commission, the Dalit Commission, the Parliament, the Women's Commission, the National Human Rights Commission, and the Commission for the Investigation of Abuse of Authority (CIAA). Since the elaboration of the CAS in 1996, poverty reduction has remained the overriding global objective of Denmark's development assistance policy. Long-term and binding partnerships with the host countries have been the strategic approach of Danish global aid policy from 2000 onwards.

Although major portions of Danish aid are supposed to be disbursed through government channels, statistics for the 2000-02 period show that only about 55% of Danish development assistance was in fact channelled through the government.¹⁶⁵ The trend of disbursing aid outside government channels is increasing. 'In recent months, more emphasis has been put on implementation through community based organisations and non-governmental organisations as an alternative to using government structures' (Danish Minister for Integration and for Development Cooperation, 2004). Activities related to human rights and good governance, as well as private sector programmes, are funded mainly by assistance disbursed through non-government sectors (civil society and NGOs).

The Danish government is currently formulating a new country assistance strategy to replace its 1996 CAS, which is likely to provide a more detailed picture of how Denmark has understood the Maoist conflict in Nepal and how it will respond to it. However, some trends in the orientation of Danish assistance in the context of the conflict can already be detected. Since 2003, Denmark has incorporated global emerging issues such as conflict and terrorism into its aid policy: 'As a key element in the long-term strategy to meet the threat of terrorism, the government has enhanced the development effort to prevent and manage violent conflict, to stabilise and consolidate peace, and to promote reform and modernisation in developing countries, which appear particularly vulnerable to political radicalism and religious extremism' (Danida, 2003). At present, governance reform and peace are the additional focus sectors in Danish assistance to Nepal. The main objective is to create a political environment conducive to a concerted nationally led poverty reduction effort.¹⁶⁶ This approach is supposed to entail increased emphasis on human rights and governance with special attention to initiatives aimed at a peaceful and sustainable resolution to the conflict.

One of the major principles of Danish aid policies is a demonstrated will to consolidate democracy, protect human rights, and promote good governance. On the other hand, Danish assistance to Nepal has continued even under the suspension of democratic institutions and a deteriorating human rights situation. The Danish government decided to pursue this strategy assuming that it would thereby be better placed to improve the situation in Nepal. Denmark has also expressed concern that if international assistance is stopped, 'there is a genuine risk that Nepal would become a failed state which would provide good opportunities to groups on a constant lookout for safe havens from where they can plan and operate terror activities' (Danish Minister for Integration and for Development Cooperation, 2004).

In the context of the conflict, Danish engagement in Nepal is intended to support Nepalese efforts toward the following:

- Reaching a peaceful and sustainable solution to the conflict through political dialogue with the government as well as other key players to the conflict.
- Establishing a democratic state with respect for human rights.

¹⁶⁵ Analysis on Danish aid undertaken by International Alert in Nepal, draft.

¹⁶⁶ See www.un.org.np/uploads/agencyprofiles/danida/danida.php?agencyID=14.

- Addressing the root causes of the conflict by engaging in poverty reduction through poverty-oriented economic growth.

The Danish government was very critical of the King's actions on 1 February 2005. It considered this event to be a serious setback to multiparty democracy. As an immediate response, Denmark considerably reduced its 2005 levels of aid. Some of the actions taken included:¹⁶⁷

- Not to enter into any new project and programme agreements with the Nepalese authorities until further notice and, as a consequence of this, to suspend preparation of a second phase of Danish programme support for rural energy, community forestry and industrial environment.
- To suspend Denmark-funded activities under the Revenue Administration Support project until further notice.
- To continue to review the remaining activities under the bilateral assistance programme.
- To consider possibilities of increasing assistance to civil society in Nepal through NGOs.

Germany

Nepal is a priority partner country for German development cooperation. Germany is also Nepal's largest trading partner after India. German ODA is the responsibility of BMZ, but in Nepal is implemented by three independent organisations: KfW, GTZ and the German Volunteer Service (DED). GTZ administers the technical cooperation while the KfW and DED deal with financial and manpower cooperation respectively.

Germany has been one of the top five bilateral donors in Nepal since the 1990s, providing development assistance of an annual average of US\$15.9 million in the 1990s and an average of about US\$25 million from 2000 to 2005 (UNDP, 1990-2000). Thus, German assistance increased considerably from 2000 onwards. However, some of this increase is attributed to the continuous depreciation of the US dollar against the Euro over the same time period.

In the 1990s, the development objective of German assistance to Nepal was poverty reduction. Priority sectors included: industry; energy; agriculture and forestry; natural resource management; rural and urban development; social sector development; economic promotion/small and medium industry; and health and family planning (GTZ, 1998). Assistance was raised in the second half (1996-99) by around 50%. Poverty reduction has remained the main goal of German development cooperation from 2000 onwards. However, because Germany has not made public any separate country assistance aid strategy papers to Nepal, information about the German approach remains limited.¹⁶⁸

The agreement papers between the governments of Germany and Nepal mostly show priority sectors, major programmes and aid commitment in those sectors. They reflect a commitment by Germany to support Nepal in its development initiatives. The 2002 agreement, for example, expressed its willingness to align with the country's PRSP (the Tenth Plan). From 2000 onwards, the three major focus areas for German assistance in Nepal include (i) local self governance; (ii) energy; and (iii) health.

In its efforts to reduce poverty, since 2000 German assistance has focused on the following priority areas: the promotion of local self-government and civil society; water and energy supply; health care; development of a market economy; training; and environmental protection. As for the conflict itself, it is possible to draw some inferences about the German understanding of the insurgency and how Germany ought to respond from the agreement papers signed between BMZ and HMGN. The 2002 agreement shows an interest in the part of Germany to mitigate the Maoist conflict in Nepal by addressing the roots of the conflict. Germany understands the underlying causes to be related to poverty, income inequality, and frustrated popular feeling. Some of the strategies it advocates to address these include improved distribution of resources, equal access to opportunity and the political decision making process, and good governance. It also calls on HMGN to ensure security and respect democratic institutions and human rights: 'Together with our EU partners, we urge the government to secure internal stability, to resort only to democratic and legal means in dealing with the rebel Maoists, and to respect human rights as required by the constitution' (Foreign Office, 2002).

¹⁶⁷ See <http://www.ambkathmandu.um.dk>.

¹⁶⁸ Analysis on German aid undertaken by International Alert in Nepal, draft.

Similarly, the 2003 consultation papers highlight concerns related to economic growth, poverty reduction, corruption, respect of human rights, and a peaceful solution to the conflict. The 2004 agreement, for its part, highlights Germany's preoccupation with the human rights situation in Nepal, and emphasises the importance of restoring democracy and resuming the peace process: 'In order to achieve ... a comprehensive and long-term partnership [between Germany and HMGN] ... there is a need for resuming the peace process, restoring democracy and visibly improving the human rights situation'.¹⁶⁹

In response to the present Maoist conflict, DFID and GTZ have engaged in a joint effort to establish a risk management office (RMO) to ensure that programmes can be continued safely and effectively without exacerbating the conflict. Germany has also adopted the BOGs.

Japan

Japan has been active in extending aid to Nepal for decades on the basis of traditional friendship between the two countries, and has remained until very recently the largest donor, either bilateral or multilateral, since the 1980s. At present, the Japanese Embassy, JICA and the Japan Bank for International Cooperation (JBIC) are the three major agencies administering Japan's ODA in Nepal. Nepal and Japan have a practice of identifying areas/programmes/projects requiring ODA through periodical dialogue held between the concerned authorities of both governments. The major priorities are then set, generally, based on the prevailing development situation and issues, and the development policies of Nepal. Social sectors, agricultural development, economic infrastructure, human resources and environmental conservation were the priority areas set for Japanese ODA to Nepal. These resulted from the policy dialogue held in November 1992 between HMGN and the Japanese High Level Mission of Economic Cooperation (JICA, 2003).

During the 1990s, the Japanese aid strategy in Nepal was to support certain sectors being covered by Nepal's periodic development plan itself, especially physical infrastructure development and improvement of social sectors. In addition, environment conservation was included as a new priority sector under Japanese ODA in this decade. As a result, almost two dozen environmental conservation projects in the line of forestry expansion, community development and forest/watershed conservation, and disaster mitigation and prevention were implemented with Japanese support during the 1990s.

Since the beginning of the 1990s, Japan has provided an average assistance of US\$84.4 million per annum. The highest annual assistance (US\$120 million) was provided in 2001. But the figures declined over the next few years and remained at around US\$60 million or less in the recent years. This aid package accounted for 20% of the total ODA received by Nepal in the 1990s (1990-99). Sector priorities included transport, economic management, agriculture, education and health. Most Japanese ODA is channelled through the Nepalese government's budget. Although Japan has started implementing some programmes directly at the grassroots level, outside of the government channel, the assistance administered in this manner is negligible, accounting for less than 1% of total assistance. In terms of geographic focus, Japan-aided programmes tend to be concentrated in the Kathmandu valley, and only a few programmes have been implemented in the far and mid-western regions of the country, where the Maoist presence is strong.

The Japanese ODA Charter, revised in August 2003, aims to contribute to peace and to the development of the international community, thereby attaining security and prosperity for Japan. The cooperation extended to Nepal is also based on the principles of the ODA Charter.¹⁷⁰ At present, the main objectives of Japan's ODA to Nepal include (i) the need for development assistance; (ii) support for the democratisation process; and (iii) support for peace and regional stability. Japan's most recent ODA strategy for Nepal is to support the country's PRSP implementation, thus prioritising the areas identified in the PRSP itself. However, to address the worsening conflict situation unfolding in the country, Japanese aid policy seems to have focused more on poverty and unemployment. Nepal has a dual economy. It is therefore not enough to generate GDP growth: it is also essential to place greater emphasis on the elimination of rural poverty and inequality, which Japan perceives as the root causes of the ongoing Maoist insurgency (Japanese Delegation, 2002).

¹⁶⁹ Quoted in the analysis on German aid undertaken by International Alert in Nepal, draft.

¹⁷⁰ Analysis on Japanese aid undertaken by International Alert in Nepal, draft.

The policy seems to remain cautious on the political dimensions of the conflict, including issues regarding peacebuilding, human rights and civil and political freedoms in Nepal: 'In addition to corresponding to the priority sectors identified in the PRSP, Japan also attaches importance to areas of establishment of peace, good governance and tourism, where development assistance is required (Japanese Delegation, 2002).' Not unlike the ADB, Japan's position is that its assistance can help only with social and economic issues, while political decisions related to the conflict should be made within the country. Japan's view is that it can only make suggestions and not make any direct interventions. Under a special fund, Japan has allocated a considerable amount of resources (US\$1 million) for implementation by the UN.

Although one of the rationales for providing ODA to Nepal is to support the democratisation process in the country, there have been no significant changes in Japan's programmes in response to the royal move of 1 February 2005. Despite expressing its disagreement to the King's actions, Japan has continued to provide development assistance as usual. Japan's rationale for this is twofold. First, if ODA is stalled or reduced, the first to suffer will be the Nepalese people. Second, Japan is more likely to be able to influence HMGN if it continues its support than if it does not. After the events of February 2006, Japan remained engaged in a consultation process with other donors as well as with the main actors involved in the conflict, including the King, political parties and civil society. In contrast with the strategy adopted by other donors, Japan prefers consultations and discussions with concerned stakeholders to the exertion of strong pressure on the government. 'What Nepal needs now is for the government, political parties and citizens to pursue peace through unity, and Japan hopes that the government and political parties will reach out to one another to this end. Japan also urges the Maoists to achieve peace through dialogue.'¹⁷¹

UK

Historic and sentimental links to Nepal are important in the UK (witness the involvement of the Gurkhas in the British army), and aid dates back to the 1950s. In the 1990s, the UK remained the second largest bilateral donor to Nepal, providing annual average assistance of US\$23.3 million during that period. As in the case of many other donors, UK aid to Nepal in the 1990s focused on poverty reduction as its overall objective. Specific objectives highlighted in the UK's 1995 CSP included broad-based economic growth (through infrastructure and natural resource management), human development (through health, education and sanitation), efficient governance, and gender development.

In 1998, the UK prepared a new CSP which focused on the constraints that seemed to make aid less effective than expected. The paper identified those such as natural resource and access constraints for broad-based economic growth; capability constraints of people to express their needs and exploit new opportunities; lack of government accountability and competence and overall poor governance; and prevalence of patronage as the major impediments of poverty reduction in Nepal. The 1998 CSP thus focused on improving governance; empowering communities and increasing stakeholder participation; improving donor coordination; providing greater opportunities for sustainable rural livelihoods and enterprise development; and mainstreaming gender concerns. Priority sectors included transport, agriculture and forestry, human resource development and health.

DFID Nepal was established in April 1999, and since then overall policies on UK assistance have been guided by the international commitment to meet the MDGs by 2015. By late 2001, DFID recognised that the 1998 CSP had several shortcomings. To begin with, the paper did not focus on the Maoist conflict at all. Other limitations were that the CSP did not pay enough attention to issues of discrimination or social justice, its projects were too large and complex and did not focus sufficiently on short-term impact; the CSP did not reach out sufficiently to poorer and more remote areas (DFID Nepal, 2004).

To address these limitations, DFID began to implement a series of changes and initiatives in 2002. These included: making more selective use of international NGOs (INGOs); undertaking rapid impact development

¹⁷¹ Statement by the Press Secretary/Director-General for Press and Public Relations, Ministry of Foreign Affairs, on the arrest of persons concerned with political parties in the Kingdom of Nepal, on 19 January 2006 quoted in the analysis on Japanese aid undertaken by International Alert in Nepal, draft.

programmes in conflict-afflicted areas; spreading the reach of DFID programmes more thoroughly across Nepal to be able to reach the poorest and those most in need – including regions largely controlled by Maoists; appointing Nepalese advisors; and improving coordination with local bodies. The UK has also dramatically increased its assistance level to Nepal in recent years, going from US\$20 million in 2000 to US\$58 million in 2004. In 2005-06, £2 million has been provided under UK's Global Conflict Prevention Pool (GCPP), most of which is intended to support the OCHCR monitoring mission to Nepal.

In addition, DFID prepared a new CAP for the period 2004-08 (DFID Nepal, 2004). In contrast with the 1998 CSP, this plan gives central prominence to the conflict in Nepal. It stresses that 'Nepal is at a critical juncture in its history and there is a risk that it could become a "failed state"'. The plan sees the conflict as the main impediment to achieving development and emphasises as the foundations for lasting peace good governance and the reduction of poverty, social exclusion and inequality. In order to prevent state failure, the CAP highlights five key objectives that are intended to address the root causes of the conflict: (i) promoting pro-poor growth; (ii) providing basic services; (iii) overcoming social exclusion; (iv) promoting good governance; and (v) building peace. The first four of these fall within Nepal's current PRS, whereas the fifth is directly related to the conflict. Until peace is restored, the focus of UK aid is to be on interventions that provide tangible benefits to the poor, rather than on longer-term policy and capacity building.

DFID has by now emerged as a leading donor within the international community in analysing and responding to the conflict in Nepal. In 2002, for example, it hosted the London International Meeting, which brought donors together to discuss the implications of Nepal's conflict for the first time. Nepal, the UK, the US, India, China, Russia, Japan, France, Germany, Norway, Switzerland, Finland, Denmark, Australia, UNDP, UNDPA and the WB were all represented at senior levels.

The UK government was very critical of the King's actions of 1 February 2005, declaring that 'this action will increase the risk of instability in Nepal ... undermining the institutions of democracy and constitutional monarchy in the country' (British Embassy, Kathmandu, 2005). Like the US, the UK stopped providing military equipment to HMGN to fight the Maoist insurgency.

In July 2005, a comprehensive programme review was completed. Some of the main conclusions regarding the UK's aid strategy to Nepal included the following (DFID Nepal, 2005):

- DFID would retain a significant programme in Nepal but disbursement at levels anticipated in the CAP would not be possible.
- Some readjustment of objectives and priorities was needed to reflect the changed circumstances. Sector support would continue in health/education but individual payments would require ministerial scrutiny and agreement to reflect the high level of risk. The funding modalities for the Rural Access Programme and Livelihoods and Forestry Programmes would cease and be replaced by direct funding by DFID.
- Increased focus and priority would be given to working with pro-democracy groups to help ensure that an eventual return to democracy is sustained.
- The DFID programme in Nepal would remain under review to establish whether any further adjustments to activities and focus might be warranted.

UNDP

UNDP has been working in Nepal since the 1960s and is the largest source of assistance from the UN system in that country. UNDP is also the main body coordinating all the other UN aid agencies. During the 1990s, UNDP provided an average annual assistance of US\$11 million to Nepal, an amount that accounted for about 25% of the total assistance provided through the UN system (UNDP, 1990-2000).

The main objective of UNDP assistance in Nepal until the mid-1980s remained infrastructure development. After that, the agency's strategy shifted from infrastructure development to strengthening the management capacity of the government. During the 1990s, UNDP embraced the overall goal of poverty reduction, to support the main objectives of HMGN's Nepal's Eighth (1991-96) and Ninth (1997-2002) Five-Year Plans. The strategic objectives adopted by UNDP were to promote social mobilisation, and to support decentralised governance and peoples' participation in the developmental process.

With a view towards achieving Nepal's long term goal of reducing poverty as well as meeting the MDGs, the UNDP's current CCF (II) (2002-06) is intended to assist the Nepalese government in designing and implementing pro-poor policies while establishing democratic governance at all stages (UNDP Nepal, 2002). Environmental protection and the mainstreaming of women in the development process continue to be development strategies. Likewise, partnership, national ownership of projects and programmes, and targeting programmes to the people and areas in greatest need have been designated as the cross-cutting issues of the CCF-II. The current CCF is also intended to be more selective in its interventions in case of resource constraints. The total resources available for the CCF-II period stand at around US\$75 million. 52% of this amount has been allocated from UNDP's core budget and the remaining portion is subject to successful mobilisation from various donors¹⁷² and Trust Funds.

Surprisingly, CCF-II does not take into account any dimension of the existing conflict in Nepal. As a result of this significant shortcoming, in 2004, the UNDP Country Office embarked on a major repositioning exercise aimed at ensuring that UNDP's development interventions and systems were responsive to the evolving conflict and changing political environment in the country.¹⁷³ The focus of this repositioning has been to put in place measures to improve service delivery to geographically and socially excluded areas/households through quick impact projects, as well as to ensure project interventions target the most vulnerable and disadvantaged groups. This exercise has resulted in redefining CCF-II outcomes and annual targets which were shared with HMGN during the Annual Review meeting in June 2004.

In addition, in response to Nepal's current conflict situation, UNDP has been actively involved in the Support for Peace and Development Initiatives (SPDI) programme in cooperation with several other donors. The SPDI programme is aimed at mitigating conflict and continuing support to peacebuilding by involving civil society groups, the media and local stakeholders in the peace process.

US

The main aim of US assistance in Nepal is to prevent it from becoming a failed state, because it could become a haven for terrorists owing to its strategic location in Asia: 'strengthening Nepal to prevent a Maoist takeover is key to achieving US regional and bilateral goals, including preventing the spread of terror, enhancing regional stability, promoting democracy, and protecting US citizens in Nepal (US DoS, 2005c). The US State Department has listed the Communist Party in Nepal (Maoist) as an Other Terrorist Organization (US DoS, 2005a). In general, the US has strongly sided with the government. It has retained good links with the palace and the Royal National Army (RNA), while it has remained more sceptical of the Maoists' willingness and ability to accept democratic politics.

US assistance to Nepal dates back to 1951. Since then, the US has remained one of the major donors to Nepal, with USAID as the main agency involved in the country. During the 1990s, USAID was the third largest bilateral donor in Nepal, providing an annual average of US\$20 million, which accounted for about 5% of the total ODA to Nepal. During this period, the focus of US assistance was on macroeconomic policy reform and support to the private sector to promote economic growth. The Maoist conflict itself was not an important in the US's aid strategy. Priority sectors included health, agriculture, women's empowerment, and human resource development, among others.

From 2000 onwards, the US began to take the conflict in Nepal much more seriously and to tailor its assistance accordingly. As articulated in USAID's Country Strategic Plan (FY 2001-05), the conflict is understood as the outcome of failure of government to fulfil people's expectations, while the lack of good governance, rampant corruption, poverty and social exclusion have helped to aggravate the situation. Thus, the strategic objectives of US aid have shifted to emphasise 'better governance with equitable growth'. (Notice that the emphasis on good governance was added as an important element to help achieve the USAID model of liberal and democratic development espoused in the 1990s). USAID's strategy is to implement economic growth programmes that encourage rural production and marketing, and to address

¹⁷² DFID: US\$12.2m; Norway: US\$9.0m; Japan: US\$1.367m; Canada: US\$1.2m; Finland: US\$0.6m; US\$0.498m; Denmark: US\$0.3m; AusAID: US\$0.357m; SDC: US\$0.353m; NZAID: US\$0.350m

¹⁷³ Analysis on UNDP aid undertaken by International Alert in Nepal, draft.

political and economic reforms that strengthen the responsiveness of the state to its citizens and counter the appeal of the Maoist movement.

Today USAID Nepal collaborates with HMGN in five major areas: (i) health and family planning; (ii) democracy and governance; (iii) promoting peace; (iv) agriculture and natural resources; and (v) hydropower. The range of activities in these areas include peacebuilding through rural income generation; strengthening anti-corruption initiatives; increasing accountability and transparency of government budget processes; reforming the judiciary; strengthening civil society participation in reforming electoral and political party processes; improving revenue administration and transparency; strengthening governance in the management and utilisation of natural resources; and supporting enterprise development.

Through its CMM Office, USAID is also currently working with the Nepal Transition to Peace Initiative. Launched in 2004, this was designed in consultation with Nepal's political parties to build their capacity to engage in the peace process, create an inclusive dialogue that includes political parties and civil society to address all stakeholders' concerns, and institutionalise government peace structures. USAID has an agreement with HMGN for a US\$30 million bilateral programme (2002-06) that aims to promote peace and mitigate the negative effects of the conflict through the provision of quick and visible benefits to underserved and conflict-affected populations. The projects running under this programme are: Employment Generation and Rural Infrastructure; Expanded Support for Victims of Conflict; Increased National Capacity to Transition to Peace; and Strengthened Community Capacity for Peace.¹⁷⁴

Until the events of 1 February 2005, the USG also provided military assistance to the Nepalese government to fight the Maoists from anti-terrorism funds, Foreign Military Financing funds and International Military Education and Training (IMET) funds. In addition, the USG has been raising its voice in support of the reinstatement of a multiparty democratic system. However, its assistance levels and development programmes remained largely unchanged after the events of 1 February 2005, except for the military aid programme, which has been stopped until 'the Secretary of State certifies that the government of Nepal has restored civil liberties, is protecting human rights, and has demonstrated, through dialogue with Nepal's political parties, a commitment to a clear timetable to restore multiparty democratic government consistent with the 1990 Nepalese constitution' (Camp, 2006).

During the April 2006 pro-democracy demonstrations, the USG called for the King to hand power over to the political parties and to assume a ceremonial role in his country's governance. It also urged political parties to work better together to promote democracy and good governance, and called on the Maoists to end their armed struggle and join a peaceful political process. It will be interesting to see how both Maoist actions and US attitudes towards the rebels evolve as a result of the process currently unfolding in Nepal, in which the rebels have played an important role, along with the political parties, in forcing the King to restore parliamentary democracy.

Regarding aid disbursement, the US seems since 1990 to have been generally increasing its development assistance to Nepal. Compared with other donors, however, US development assistance is rather *sui generis* in that no budget support has been provided to the government of Nepal and most of the aid is channelled through local and international NGOs and UN organisations. From 2000 to 2002, out of US\$77.8 million of USAID assistance, only US\$3.8 million was disbursed through government, accounting for less than 5%.¹⁷⁵

WB

In the 1990-99, the WB was the second largest multilateral donor to Nepal, providing on average US\$64.4 million per year. This accounted for 15% of the total inflow of foreign aid to Nepal in this period (UNDP, 1990-2000). Like a few other donors (most notably the ADB), the WB has adopted a strict policy of sharply differentiated lending levels linked to progress on reform implementation in Nepal (WB, 2003b). Thus, the Bank gradually reduced its support to HMGN from a high point of US\$81.6 million in 1995 to a low point of US\$14.5 million in 2002. By 2003, however, aid levels had recovered (US\$79.3 that year), and they seem to

¹⁷⁴ See USAID Nepal's website at www.usaid.gov/np.

¹⁷⁵ Analysis on US aid undertaken by International Alert in Nepal, draft.

continue to be on the rise.¹⁷⁶ The average disbursement from the WB over the past six years was US\$56 million, a 12% decline from 1990s levels.

After the transition to democracy in Nepal in the 1990s, the main strategy for WB support was to speed up the process of economic reform as the key to achieving higher economic growth. The new democratic government of Nepal continued to promote the liberal economic model supported by the WB in the 1980s as part of its structural adjustment loans. The WB formulated its first CAS for Nepal in 1998 (WB, 1998). The CAS identified poor governance and economic weakness, including corruption, a lack of accountability and transparency, social exclusion, poor public expenditure management, ineffective public service delivery, and a weak financial sector, as the major constraints to development in Nepal (WB, 2003a). The strategy made poverty reduction its main objective. The 1998 CAS also stressed the importance of local ownership for the success of development projects. Based on these findings, the WB encouraged the involvement of the private sector in all its programmes, ranging from social service (health, education and drinking water) to natural resource management (community forestry and hydropower).

While Nepal achieved higher growth rates with macroeconomic stability in the 1990s, the WB also recognised that the growth tended to concentrate in urban areas, leaving behind 86% of the population living in rural areas (WB, 2003a). Evaluating its CAS 1998, the Bank concluded that in the context of poor governance prevailing in the country, providing increased financial assistance from IDA was not a solution (WB, 2003b). As a result, lending levels declined to below US\$50 million annually until 2003. The WB took the government-initiated Intermediate Action Plan (IAP), the Medium Term Expenditure Framework (MTEF), the devolution of certain public services to the community, and the introduction of external management teams to restructure two large ailing commercial banks as litmus tests to measure the extent of the Nepalese government's commitment to reform efforts (WB, 2003b). After HMGN delivered on these issues, the WB found that 'the Bank's follow up through technical assistance (TA) and intensive dialogue have made significant contributions to the foundations of many of the on-going and envisioned reforms' (WB, 2003b).

The WB's new CAS, covering the period 2004-07, is intended to support and align with the objectives and strategies of Nepal's PRSP, which was completed in 2003. In line with the PRSP, the WB's strategies address the reform process in a more integrated approach: promoting decentralisation; strengthening local participation in service delivery; strengthening the CIAA; promoting social inclusive programmes; initiating civil service reform, etc. As with the earlier CAS, this new strategy ties lending levels to progress made by HMGN on the reform programme. From 2000 to 2005, WB's priority sectors included infrastructure, education, water supply and sanitation, and public administration. The five largest projects in this period were: the Financial Sector Restructuring Project; the First Poverty Reduction Support Credit (PRSC I); the Nepal Power Development Project; the Nepal Health Sector Programme; and Education for All (EFA).

In general, the WB's approach to the development situation in Nepal, including the conflict, has been rather technical. The Bank has maintained good relations with HMGN (despite being strict in its allocation of resources), and its main strategy has been to identify and work with reform-minded technocrats within the government who are committed to instituting needed changes. The WB's approach thus seems to be rather apolitical and to assume that technical/technocratic reforms can bring sustainable peace on their own. To be sure, the Bank is careful to insist that it 'should not lose sight of the most important risk [Nepal] faces, and hence by extension the Bank also faces – i.e., the risk of Nepal spiralling into a widespread armed conflict and a breakdown of state institutions' (WB, 2003b). This report also emphasises that 'lasting peace will remain elusive unless the root causes [of the Maoist conflict] are addressed', and these include poor governance, inadequate social service delivery, and social exclusion'. Overall, however, the WB seemed satisfied with the reform process undertaken by HMGN, at least until recently, and remained optimistic, however cautiously, that these reforms had been able to bring about stability in Nepal and were on their way to providing the foundations for lasting peace. The WB did not react to the political events of 1 February 2005. In the period following the actions of the King, the Bank has stalled the Second Poverty Reduction Strategy Credit (PRSC II). However, the reason behind this is the unsatisfactory reform process of Nepal rather than the political changes in the country.¹⁷⁷

¹⁷⁶ See Table 10 (contribution of official donors) provided in the Nepalese case study in the main body of this report.

¹⁷⁷ See www.worldbank.org.np/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/NEPALEXTN/0,,contentMDK:20386686~menuPK:50003484~pagePK:141137~piPK:141127~theSitePK:223555,00.html.

Annex 6: ‘Country Classification of Poor Performers’ and a ‘Proxy List of Fragile States’¹⁷⁸

Figure 6: Developing country classifications

Developing countries classified as ‘pilot’ Low Income Countries Under Stress (LICUS), countries requiring special attention (UNDP), Low Income Poorly Performing States (LIPPS), Least Developed Countries (LLDCs), top and high priority (poorest progress on MDGs)¹

<i>Country</i>	<i>LICUS 'pilot' countries²</i>	<i>UNDP Composite³</i>	<i>LIPPS⁴</i>	<i>HDR 2003 (progress on MDGs)⁵</i>	<i>LLDCs</i>
<i>Afghanistan</i>		8		TP	✓
<i>Angola</i>	✓	10		TP	✓
<i>Bangladesh</i>	-	-	✓	-	✓
<i>Benin</i>	-	-		TP	✓
<i>Bhutan</i>	-	-		-	✓
<i>Burkina Faso</i>	-	-	✓	TP	✓
<i>Burundi</i>	✓	8		TP	✓
<i>Cambodia</i>		-		HP	✓
<i>Cameroon</i>		6	✓	HP	
<i>Central African Republic</i>	✓	8	✓	TP	✓
<i>Chad</i>		7	✓	TP	✓
<i>Congo DRC</i>		8		TP	✓
<i>Congo Rep</i>		6		TP	
<i>Equatorial Guinea</i>	-	-		-	✓
<i>Eritrea</i>	-	-		HP	✓
<i>Ethiopia</i>	-	6	✓	TP	✓
<i>Gabon</i>	-	-		HP	
<i>Gambia</i>	-	-	✓	HP	✓
<i>Guinea</i>	-	8	✓	TP	✓
<i>Guinea-Bissau</i>	✓	9	✓	HP	✓
<i>Haiti</i>	✓	7	✓	TP	✓
<i>Indonesia</i>	-	4		-	
<i>Ivory Coast</i>	-	8	✓	HP/TP	
<i>Kenya+</i>	-	5	✓	TP	
<i>Laos</i>		-	✓	-	✓
<i>Lesotho</i>	-	-		TP	✓
<i>Liberia</i>	✓	8		TP	✓
<i>Madagascar</i>	-	-	✓	TP	✓
<i>Malawi</i>	-	-		HP	✓
<i>Mali</i>	-	-	✓	TP	✓
<i>Mauritania</i>	-	-	✓	TP	✓
<i>Mongolia</i>	-	-	-	HP/TP	
<i>Mozambique</i>	-	-		TP	✓
<i>Myanmar/Burma</i>		5		-	✓
<i>Nepal</i>	-	5	✓	-	✓
<i>Niger</i>	-	5	✓	TP	✓
<i>Nigeria</i>		9	✓	TP	
<i>Pakistan</i>	-	6	✓	-	
<i>Papua New Guinea</i>	✓	-		HP	
<i>Rwanda</i>	-	6	✓	TP	✓

¹⁷⁸ The first list of poor performers is taken from Macrae et al. (2004). DFID's ‘proxy list of fragile states’ is found at <http://www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf>.

Fig 6 cont

<i>Country</i>	<i>LICUS 'pilot' countrie</i> ²	<i>UNDP Composite</i> ³	<i>LIPPS</i> ⁴	<i>HDR 2003 (progress on MDGs)</i> ⁵	<i>LLDC</i>
<i>Senegal</i>	-	4	✓	HP	✓
<i>Sierra Leone</i>		7		TP	✓
<i>Somalia</i>	✓	8		-	✓
<i>Sudan</i>	✓	7		HP	✓
<i>Tanzania</i>	-	-	✓	TP	✓
<i>Togo</i>	✓	5	✓	TP	✓
<i>Uganda</i>	-	8	✓	HP/-	✓
<i>Yemen</i>		-	✓	TP/HP	✓
<i>Zambia</i>		7	✓	TP	✓
<i>Zimbabwe</i>	✓	4	✓	TP	

Notes

¹ This table excludes very small and transitional countries

² Source: World Bank (2003) Low Income Countries under Stress Implementation Overview, for Board Meeting, January 15th 2004, Washington DC

³ Source: Abacus International Management LLC for UNDP. This list was developed by consultants for UNDP. It is not a formal UNDP position. Indicators on which the country is 'fragile'/in need of special attention: negative GDP growth 1990–2000; primary product dominated; HIPC; low HDI; High HIV incidence; severe political change; armed conflict; adult literacy less than 50%; low level of democracy; high corruption level; neighbouring conflict of significant magnitude.

⁴ Ayres (2002), pp. 49–50.

⁵ The HDR 2003 does not have a list of countries. This list has been generated using the HDR's own rules. TP = top priority; HP = high priority. We are grateful to Karen Moore, Chronic Poverty Research Centre, University of Manchester, for the calculation.

Figure 7: Proxy list of fragile states

Proxy list of fragile states*									
Country	Population (m) 2002	GNI per capita (\$) 2002	ODA (\$) per capita 2002	Aid as % of GNI 2002	GDP per capita annual growth rate (%) 1990-2002	Births attended by skilled health personnel (%) 1995-2002	One-year-olds fully immunised against measles (%) 2002	Net primary enrolment (%) 2001-2002	Proportion of under-nourished in total population (%) 1999-2001
Afghanistan	28	..	46	..	..	12	44	..	70**
Angola	13	710	32	4.3	-0.1	45	74	30	49
Azerbaijan	8	710	43	6.1	0.2	84	97	80	21
Burma	49	..	2	..	5.7	56	75	82	7
Burundi	7	100	24	24.2	-3.9	25	75	53	70
Cambodia	13	300	39	12.7	4.1	32	52	86	38
Cameroon	16	550	40	7.3	-0.1	60	62	..	27
Central African Rep.	4	250	16	5.8	-0.2	44	35	..	44
Chad	8	210	28	11.8	-0.5	16	55	58	34
Comoros	0.6	390	43.5	13	-1.4	62	71	55	..
Congo, Dem Rep.	52	100	16	14.7	..	61	45	..	75
Congo, Rep of	4	610	115	19.1	-1.6	..	37	35	30
Cote d'Ivoire	17	620	65	9.6	-0.1	63	56	63	15
Djibouti	0.7	850	112	13	-3.8	..	62	34	..
Dominica	0.07	3000	382	13	1.4	100	98	91	..
Eritrea	4	190	54	30.8	1.5	21	84	43	61
Ethiopia	67	100	19	21.7	2.3	6	52	46	42
Gambia, The	1	270	44	17.3	..	55	90	73	27
Georgia	5	650	60	9.2	-3.9	96	73	97	26
Guinea	8	410	32	7.9	1.7	35	54	61	28
Guinea Bissau	1	130	41	30.5	-2.2	35	47	45	..
Guyana	0.8	860	85	10	4.1	86	95	98	14
Haiti	8	440	19	4.5	-3.0	24	53	..	49

Figure 7 cont.

Proxy list of fragile states*									
Country	Population (m) 2002	GNI per capita (\$) 2002	ODA (\$) per capita 2002	Aid as % of GNI 2002	GDP per capita annual growth rate (%) 1990-2002	Births attended by skilled health personnel (%) 1995-2002	One-year-olds fully immunised against measles (%) 2002	Net primary enrolment (%) 2001-2002	Proportion of under-nourished in total population (%) 1999-2001
Indonesia	212	710	6	0.8	2.1	64	76	92	6
Kenya	31	360	13	3.2	-0.6	44	78	70	37
Kiribati	0.1	960	241	23	..	85	..	..	..
Lao PDR	6	310	50	17.3	3.8	19	55	83	22
Liberia	3	140	16	11	..	51	..	..	42
Mali	11	240	42	15.1	1.7	41	33	38	21
Nepal	24	230	15	6.6	2.3	11	71	70	17
Niger	11	180	26	13.8	-0.8	16	48	34	34
Nigeria	133	300	2	0.8	-0.3	42	40	..	8
Papua New Guinea	5	530	38	7.5	0.5	53	71	77	27
São Tomé & Príncipe	0.2	300	166	56	-0.4	79	85	98	..
Sierra Leone	5	140	68	47	-5.9	42	60	..	50
Solomon Islands	0.4	580	56.8	..	-2.4	85	78	..	..
Somalia	9	..	21	..	..	34	45	..	71**
Sudan	33	370	11	2.7	3.1	86	49	46	25
Tajikistan	6	180	27	14.6	-8.1	71	84	105	71
Timor Leste	0.8	520	297	58	..	24	47	..	..
Togo	5	270	11	3.8	-0.7	49	58	95	25
Tonga	0.1	1440	217	16	2.2	92	90	105	..
Uzbekistan	25	310	7	2.4	-0.9	96	97	..	26
Vanuatu	0.2	1070	133	12	-0.1	89	44	93	..
Yemen, Rep of	19	490	31	6.3	2.5	22	65	67	33
Zimbabwe	13	..	15	..	-0.8	73	58	83	..

Sources: UNDP human development indicators 2004 FAO and World Development Indicators 2004

* List is taken from the World Bank CPIA ratings. All countries appeared at least once in the fourth and fifth quintiles between 1999 and 2003. Please see Branchflower, A. et al. 'How Important Are Difficult Environments to Achieving MDGs?' PRDE Working paper 2 Unpublished manuscript; DFID.

** figures from 1998-2000