

From crisis response to state-building: services and stability in conflict-affected contexts

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This discussion paper is a joint piece by the Humanitarian Policy Group of the Overseas Development Institute and Griffith University's Asia Institute. It was commissioned by AusAID for the Australian Humanitarian Forum on 18 October 2006. The paper is based on interviews with key policy-makers and analysts in Europe, North America and Australia; a review of literature from the security, international relations, development and humanitarian fields; and recent work by ODI and the Griffith Asia Institute.

As stated in the programme for the Humanitarian Forum, the 2006 White Paper for Australia's aid programme introduced an initiative to strengthen Australia's humanitarian response capability in the Asia-Pacific region, in order to support the objective of fostering functioning and effective states. The appropriate relationship between humanitarian action and state-building has been the subject of much debate. This paper seeks to explore these issues by focusing on the transition from crisis response to state-building in post-conflict contexts.

The international community's increased engagement in post-conflict contexts over the past 15 years has given rise to many opportunities, challenges and issues. It is beyond the scope of this paper to deal with the full breadth of these comprehensively. Instead, the paper seeks to tread a path through a range of international debates on this topic, drawing out those elements that we believe have most relevance to Australia given its objectives, geographic priorities and approaches in post-conflict contexts to date. In doing so, we seek to raise a number of issues worthy of further discussion within the

Australian government, and between the Australian government and its partners.

Our focus on transition is based on our belief that, in post-conflict contexts where state capacity is weak and stability not assured, the quality of transition strategies and how the withdrawal of the assistance provided during the crisis response is managed may prove significant factors in determining how the state functions subsequently. The ineffective management of transition risks jeopardising the achievements of the initial crisis response, to the detriment of longer-term stability, security and livelihoods.

The mobilisation of emergency responses in countries where donors also have state-building objectives raises two critical challenges. The first is how to ensure principled humanitarian action within conflict. The second is identifying when life-threatening need has been adequately addressed, and state will has been sufficiently demonstrated, for assistance providers to begin investing in the relationship between the state and society. Within donor governments and across portfolios, this will require consensus on indicators.

When it has been agreed that it is appropriate to wind down the initial crisis response and begin the transition to a different mode of engagement, it will be important to ensure that broader efforts to promote stability and state legitimacy are not undermined. We argue that this requires increased attention to the potential for a 'service gap', when relief assistance is phased out but state capacity is insufficient to ensure the provision of services. How the initial response has been framed may influence the extent to which assistance can contribute to stability.

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The paper is divided into four sections. Section 1 defines the contexts of concern to this discussion, considers how the confluence of governance approaches in the international development community, and the growing ‘securitisation’ of aid, has led to the emergence of common approaches to state-building in post-conflict contexts and outlines humanitarian critiques of these trends. Section 2 discusses the role of service provision in promoting stability, the contribution and limits of humanitarian action within this and some potential policy responses to possible gaps in service delivery during the winding down of a crisis response. Section 3 discusses the range of financing mechanisms and process developments that could facilitate the closing of this service gap. Finally, Section 4 raises some points for further discussion.

The durability of post-conflict stability is dependent on a range of political and economic factors which are often outside the influence of donors. That said, further take-up and development of innovations in aid instrumentation would help overcome gaps in service delivery in post-conflict environments. In particular, a stronger focus on ensuring people’s access to basic social services can contribute to improved state legitimacy and stability over time.

Section 1

Defining contexts and reviewing policy responses

1.1 Defining contexts – some broad parameters

Throughout this paper, our primary concern is with ‘post-conflict’ contexts and the challenges of moving from crisis response to more developmental, state-building approaches.

We recognise that there are difficulties in determining what is and is not a ‘post-conflict context’, and what is or is not a ‘transitional phase’. Does it depend on the presence of a formal ceasefire and a peace process? Or do the permissiveness of the environment and levels of ongoing violence determine the label? Should levels of morbidity and mortality be the benchmark? Or is transition marked by the point at which refugees and internally displaced people voluntarily return to their homes?

To put this in perspective, while some would argue that Iraq is a post-conflict context, the level of violence there would indicate otherwise. In Afghanistan, there is now an elected government and processes envisaged in the Bonn Process are coming to a close, but large areas of the country are still highly insecure for ordinary civilians. The recent election in the Democratic Republic of Congo (DRC) is a major milestone in that country’s attempts to resolve conflict – but international

peace-building attempts have been ongoing since the late 1990s, while 3.9 million people have died from violence, malnutrition and morbidity over the past eight years (IRC, 2004).

Difficult questions also arise closer to Australia. Have East Timor and the Solomon Islands, for example, effectively moved beyond conflict and state incapacity to a less dangerous set of state-building challenges? Or do recent riots in both capitals and low human development indicators suggest that each country is still in crisis?

Progress from conflict to peace is not linear. Conflict is often ongoing and widespread, even in the presence of a peace agreement and a peace process. People are often highly vulnerable to the indirect effects of political instability, violence-related or not, and need basic assistance. A neat transition from crisis response to more normalised developmental approaches cannot therefore be assumed, particularly in the short term.

This paper is primarily concerned with contexts where a peace agreement has been settled or enforced, where plans for reconstruction, policy development and implementation are supported by the international community, and where violence may be present in some areas, but is not dominating the entire country. Morbidity and mortality are still likely to be high, however, and acute or exceptional in some areas, and there is still a significant risk of a return to widespread, destabilising, violence. So, for instance, contexts like Sierra Leone, East Timor and the Solomon Islands currently.

- *Stability: we take to mean political stability, where disputes over power and resources are resolved peacefully. The absence of widespread violence is a key indicator.*
- *Transition: we use to mean the shift from crisis response and ‘relief-like’ approaches, with military assistance or not, to longer-term developmental support.*

1.2 Indicators and objectives: towards defining complementarity

It is often assumed that there is a natural coincidence of objectives between humanitarian, military and other actors trying to assist people in crisis. Referring to a US military programme that sends its engineers to build bridges and shelters in Morocco, one US military official asked: ‘Why isn’t our assistance programme humanitarian? The army builds bridges in a developing country, and they like us better for it – what else would you call it?’. Comments such as these reveal common misperceptions about the aims, methods and principles of humanitarian action. The context spoken of was not in crisis, and the implication is that the aim of assistance is to win political favour rather than meet priority life-saving needs. These misperceptions make it more difficult to define

comparative advantage amongst different actors. This in turn complicates decisions at the government level about what kinds of action to support, and agreements at field level about when to coordinate, cooperate, integrate or simply 'co-exist'.

Among humanitarian organisations, need is assessed in varied, contested, technically complex and evolving ways. However, a common thread within definitions of humanitarian crisis is the notion of widespread and exceptional (higher than normal) threats to life – whether from rapid-onset disasters, such as earthquakes, floods, tsunamis or invasions, or from chronic crises, such as long-term famine and civil war (Darcy and Hoffman, 2003). The humanitarian imperative, while interpreted differently by different actors, is generally taken to mean the primacy of assisting and protecting human life where this is threatened on a widespread scale. Fundamental to this are the concepts of impartiality and independence – that is, assistance should be provided to people irrespective of their beliefs or their strategic or economic value. Neutrality (not favouring any warring faction over another) is another key operational principle of humanitarian action for many – but not all – non-government actors.

From a government's perspective, multiple objectives may be present in any response. Twenty-two donors now participate in the Good Humanitarian Donorship (GHD) initiative, and the objectives and principles GHD outlines for donor-supported humanitarian action were endorsed by the Australian government and the other members of the OECD's Development Assistance Committee (DAC) in April 2006 (see Box 1). However, tensions between different policy portfolios may still exist, and governments are still working through implementation and communication strategies with their partners and operational agencies.

Within the security/defence, political and economic development realms, objectives and indicators of success are often different to those in the humanitarian sector. For instance, a donor government's objectives may be to bolster a regime that, while it does not cater for the needs of a great number of its resident population, is effective in preventing cross-border traffic in people and arms. It may be that the assistance provided by developmental actors targets certain communities over others, contrary to the humanitarian principle of impartiality.

Objectives may coincide, however, and may be complementary. For instance, military actors are obliged under international humanitarian law (IHL) to refrain from targeting civilians and to provide for the relief of those not engaged in combat. They are also increasingly being asked to use force to protect civilians from the predation of other belligerents (Holt, 2006). Development actors also aim to protect livelihoods.

Box 1: Good Humanitarian Donorship: definitions and principles

The objectives of humanitarian action are to save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations.

Humanitarian action should be guided by the humanitarian principles of humanity, meaning the centrality of saving human lives and alleviating suffering wherever it is found; *impartiality*, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations; *neutrality*, meaning that humanitarian action must not favour any side in an armed conflict or other dispute where such action is carried out; and *independence*, meaning the autonomy of humanitarian objectives from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented.

Humanitarian action includes the protection of civilians and those no longer taking part in hostilities, and the provision of food, water and sanitation, shelter, health services and other items of assistance, undertaken for the benefit of affected people and to facilitate the return to normal lives and livelihoods.

As the international community increasingly calls for coherent action in response to conflict and state fragility, working towards what Macrae and Leader call a 'complementarity model' is crucial (Macrae and Leader, 2000). In other words, clearly articulating the potential policy trade-offs between security and aid, and defining respective complementarities between security, development and humanitarian actors will increase the effectiveness of interventions, and will enhance accountability.

Developing and maintaining the flexibility to respond to increases and decreases in levels of risk and violence is also key to state-building enterprises in conflict-affected countries. This means developing financial, political, contractual and security assets that can be scaled up or down depending on the context.

Donors have developed financing and delivery models to cope with such fluctuations, but many of these mechanisms are still not sufficient. In particular, sporadic attention to basic social services and social protection has arguably undermined efforts at stability and state-building. In post-conflict periods, basic services like health, water and sanitation remain highly projectised and 'relief-like' – i.e. short-term in outlook, often fragmented and ill-coordinated, and more concerned with immediate impact than with sustainability. This is legitimate in the short term, and when conflict is active. The initial

crisis response should not seek to be transformative. But it is important to consider what gaps will open up when relief declines, and whether and how these gaps will be filled. This may present opportunities to frame crisis responses that achieve a smoother transition.

1.3 Fragile states, interventionism and state-building: trends and actors

Western governments and international organisations have increasingly promoted highly interventionist approaches to conflict, state collapse and post-conflict reconstruction. A dominant focus within these interventions has been security, law and order and government functionality. This section considers the reasons behind this emerging focus, the increased linkages between aid and security policy, and the forms of civil and military action that have been used to address crises and engage in post-conflict reconstruction. It also reviews the efforts being made by governments and multilateral organisations to promote coherent planning for crisis response and post-conflict reconstruction. Finally, it discusses some of the current debates in the humanitarian community relating to these developments.

1.3.1 Development assistance: from disengagement to re-engagement

Over recent decades, there have been significant changes in the pattern of development cooperation (see Box 2), from donor support to recipient governments as service providers in the 1960s, to donor-driven projects in the 1970s and structural adjustment and privatisation in the 1980s. Development agencies have thus moved through stages of concern about, intervention in and conditionality attached to, the economic management, quality of democracy, protection of human rights and standards of governance in developing states (Wesley, 2005). In the late 1990s in particular, policy-makers in the World Bank and the DAC increasingly focused on governance and accountability as central to development effectiveness.

A consensus has grown in the donor community that disengagement from protracted crises, including conflict-affected and ‘failed’ states, is no longer viable (OECD-DAC, 2002; World Bank, 2002a). Decisions to engage in ‘difficult’ environments were in part a response to the recognition that commitments to the millennium development goals (MDGs) were otherwise unachievable, and in part a response to the fact that up to half of World Bank borrowers came from conflict-affected states. New approaches to allow engagement with these states were therefore required (Macrae and Harmer, 2004).

Development aid actors have been expanding their capacity to mobilise, coordinate and disburse resources, as well as set the policy framework for

Box 2: Chronology of development cooperation trends

- 1960s: With donor support, newly independent governments displace the private sector: national development plans, government-led industrialisation, nationalisation.
- 1970s: Donors displace government: donor-driven projects with their own management structures outside government, integrated rural development.
- 1980s: Governments, responding to donor/IFI stipulations, return ownership to private sector: structural adjustment, privatisation, conditionality.
- 1990s: Donors begin to return ownership to government: sector programmes, direct budget support, ‘partnership’ rhetoric replaces conditionality.
- 2000s: Increased emphasis on accountability to domestic institutions: governance, participation, CDF, PRSPs.

Adapted from ODI Working Paper 216, August 2003.

interventions in protracted crises. This has included attempts to combine the flexibility and quick disbursement attributes of humanitarian budgets with longer-term strategic policy processes, like country strategies (*ibid.*, 2004).

However, aid in these contexts has remained projectised and fragmented, leading to discussions about increased donor coordination and harmonisation. In the OECD DAC’s *Draft Principles for Good International Engagement in Fragile States* and in other donor policies, governance remains a central concern. The draft principles argue that ‘state-building in the most fragile countries is about depth, not breadth – international engagement should maintain a tight focus on improving governance and capacity in the most basic security, justice, economic and service delivery functions’ (OECD/DAC, 2005). Needless to say, improving governance and building capacity in any sector are lengthy processes, and interim measures to provide for basic needs are necessary.

1.3.2 Increased securitisation of aid and new roles for the military

Concerns about governance were reinforced by a growing belief that dysfunctional states posed a threat to regional and international security, or to global norms of human rights (Buzan, 1991; Rosenau and Czempiel, 1992; World Bank, 1997). Poverty, disease and conflict-related population movements, along with a host of other ‘soft’ security threats, were seen as contributing to international instability – and consequently as issues with which the UN Security Council,

regional security bodies and national security planners, alongside their development counterparts, should be concerned. Meanwhile, the 9/11 attacks, the US-led 'war on terror' and a shift to countering the proliferation of weapons of mass destruction have seen major US-led military interventions in Afghanistan and Iraq, as well as a number of smaller counter-terrorist operations elsewhere (Wheeler and Harmer, 2006).

Forms of direct physical intervention have evolved and become more extensive, numerous and intrusive. The number of United Nations and 'hybrid' – part-UN and part-non-UN – interventions has increased dramatically since the end of the Cold War, and operations have become steadily more ambitious in the range of tasks they seek to perform (Wheeler and Harmer, 2006). In 2005, there were 44 UN and hybrid operations worldwide (CIC, 2006). Regional organisations, such as the African Union (AU), the European Union (EU) and NATO, have become active players in military and aid missions, and have engaged in stabilisation and state-building (Pugh and Sidu, 2003; Boulden, 2004; Wheeler and Harmer, 2006).

From their original mandate (to monitor ceasefires), the aims of peace operations have expanded to include imposing order, demobilising combatants, repatriating and rehabilitating refugees and demobilised combatants, organising and holding elections, conducting post-conflict reconstruction, protecting civilians and supporting the development of state institutions (Wesley, 1997; Holt, 2006; Cottey and Bikin-Kita, 2006). This expansion has made a vital contribution to the overall decline in the number of wars in the world – particularly intra-state wars (UN High Level Panel, 2005; Human Security Centre, 2005; CIC, 2006).

As new actors have become engaged with fragile or conflict-affected states, attempts have been made to combine and integrate aid and military assets in the pursuit of state-building, and to develop strategic, coordinated planning capabilities. It is assumed that integration and coherence between aid and security policies avoid duplication and increase impact. Although budget cycles and institutional competition have hindered these efforts, the policy intention remains strong (Brahimi, 2000; Barth Eide et al., 2005; Wheeler and Harmer, 2006).

At headquarters level, governments in Europe and North America have invested in new civil–military capacities to plan for and respond to crises. These include the UK's Post-Conflict Reconstruction Unit (PCRU), the US Office for the Coordinator for Stabilisation and Reconstruction and the EU's Civil–Military Planning Cell. While each of these continue to find their feet institutionally, evidence from interviews in the UK suggests that a unit like the PCRU facilitates cross-government planning by virtue of its staff's

experience across relevant government departments. It is thus not merely mandate but also experience and networks that make the difference. These bodies bring a post-conflict lens to developing and executing crisis response plans.

In addition, there has been renewed investment in CIMIC doctrine within Western militaries, cross-postings between defence, policing and aid agencies are becoming more common and more senior CIMIC and humanitarian advisors are being assigned to military-led missions in conflict-affected countries (Wheeler and Harmer, 2006). At the UN level, the Millennium Summit instituted a Peace-building Commission and Peace-building Support Office,

Box 3: Approaches to managing civil–military relations

Several Western governments have produced doctrinal documents and policy directives that reflect central roles for the military in contributing to peace support operations or other stability missions. Although these often assume a commitment to stability and reconstruction lasting upwards of a decade, most prioritise effective coordination with civilian actors and the early exit of costly military deployments.

Important differences in doctrine and operational preference shape the way national militaries approach civil–military relations, and determine the extent to which they engage in assistance activities, and the degree to which they are responsive to humanitarian concerns. Australian doctrine, for instance, reflects a high degree of awareness of humanitarian principles and accords with international guidelines governing civil–military relations in conflict. This reflects the ADF's experiences in East Timor, Bougainville and elsewhere, as well as efforts to develop doctrine with input from ACFID, AusAID and other civilian aid experts. US force structure and doctrine is designed to apply overwhelming force, and strongly emphasises force protection. 'Civil affairs' is a stand-alone activity, traditionally carried out by reservists or non-combat troops. In Britain, the armed forces have more readily embraced peacekeeping and intervention tasks, and contributing to peace support and humanitarian operations. Responsibility for effective civil–military coordination is mainstreamed throughout the forces. These different approaches are evident in different operational styles on the ground, as has been seen in Afghanistan. The UK military, for instance, tends to limit its activities to the provision of security and security sector reform, whereas the US has tended to engage more directly in the provision of aid – both for practical reasons (i.e. operating in insecure environments) but also to win hearts and minds and contribute to force protection.

which will attempt to draw together the experiences of conflict-affected governments, provide advice to the Security Council and bridge the gap within the UN between agencies that deal with crisis response and elements that engage with rebuilding and development.

At field level, Coalition and NATO forces in Afghanistan and Iraq have employed various integrated models, such as Provincial Reconstruction Teams, and the UN is continuing to strengthen its integrated missions (operations where the peacekeeping, political and humanitarian segments are under the control of one UN official – the Special Representative of the Secretary-General).

1.3.3 Humanitarian concerns

Many humanitarians have raised concerns over these structural, doctrinal and operational developments. These centre on maintaining the distinctiveness of humanitarian action, the acceptance of humanitarian actors by local authorities and others and the primacy of meeting people's needs, irrespective of their strategic value. Hearts and minds tactics – giving material rewards in exchange for information, cooperation and political support – are particularly contentious because they are seen to run counter to the principle of impartiality.

Although many humanitarian advocates accept military and development agencies as complementary partners in efforts to reach people in crisis, this acceptance is highly context-dependent and tensions persist. Resistance to closer integration with the broader aims of state-building is particularly apparent when conflict is

ongoing or a high risk, and when missions are perceived locally as active participants in a conflict. Many humanitarian actors hold that being associated with a potentially unwelcome military force deprives humanitarian actors of the protective patina of neutrality. At the same time, however, humanitarian agencies have been inconsistent in their approach. For example, concern has been expressed over the use of military transport in situations where it was unnecessary, despite guidelines stating that agencies should only call on the military in exceptional circumstances.

1.3.4 State-building general approaches

When an international transitional administration is deployed, external actors supply crucial attributes of the state, with the intention over time of transferring these attributes of 'state-ness' to an indigenous government (Rubin, 2006). Basic state functions are taken to include enacting statutes, making and executing policies, administering public business efficiently, controlling graft, corruption and bribery, maintaining transparency and accountability in government institutions and enforcing laws (Fukuyama, 2004). Dominant assumptions about the stages of state formation emerge from many deployments, including the consolidation of force and the imposition of order; the transition from coercive to administrative capacity; and finally the evolution of a collective civic identity and broad understandings of political legitimacy and civil rights centred around the state (Dodge, 2006).

How intrusive a state-building mission is depends on the scope of the state functions and

Box 4: Quick Impact Projects

Quick Impact Projects in post-conflict contexts have included re-establishing water supplies and electricity and building community schools and hospitals. Although QIPs are increasingly associated with military-led projects, they are not an exclusively military phenomenon. Numerous agencies, including the International Organisation for Migration (IOM), UNHCR, USAID and DFID, use them as part of their recovery and stabilisation programming. Many donors provide QIP funding through their own militaries (as well as through departments such as DFID) as part of dual-track force-protection and stabilisation/reconstruction strategies.

QIPs have proved controversial. Supporters highlight their perceived, but largely unmeasured, force-protection benefits; detractors stress the absence of a requirement for impartiality, their capacity to blur the distinction between military and humanitarian action, and the military's relative lack of competence in managing community-based

projects. Moves within the UN have increased humanitarian staff oversight in the QIP approval process. In the UK, the International Development Act of 2002 forbids the use of DFID funds 'for projects designed to support a "hearts and minds" campaign or for force protection purposes alone. DFID's draft QIP criteria are that the project:

- meets urgent humanitarian and/or stabilisation and reconstruction needs;
- contributes to the resumption of normal life in post-conflict societies;
- promotes employment and boosts the economy; and
- visibly demonstrates the benefits of peace.

British doctrine also seeks to limit military involvement to 'geographic and technical areas in which [the military] has a comparative advantage'. This is largely defined in terms of the direct provision of security, facilitating security sector reform and logistics support or, in exceptional circumstances, the direct provision of assistance as a last resort (Gordon, 2006).

Box 5: From intervention to rebuilding the state: phases and emphases

From the past 15 years of peace interventions, it is possible to discern a common approach to state-building in conflict-affected countries. While there are exceptions, work by the International Peace Academy (IPA) and Paul Collier shows that three phases are typically present:

- The first phase concentrates on obtaining a negotiated settlement, establishing order, often with the deployment of troops, and supporting humanitarian assistance.
- The second phase seeks to legitimise local leaders and state institutions (through elections and constitutional development – what Collier calls ‘pump-priming democracy’) and build effective, efficient and transparent systems of public administration.
- The third phase focuses on strengthening the rule of law, promoting democratic processes and norms, and fostering the conditions for market-driven growth. This includes improving food security and social services.

Adapted from Cutillo (2006) and Collier (2006).

attributes it addresses, and the level of authority assumed by intervening agencies over these functions. A key factor is whether the mission is intended to leave in place the political status quo, and simply strengthen a state’s capacities to govern (as in the Solomon Islands), or whether the aim is to replace what is seen as an unacceptable regime with a new state and a new political class (as in Afghanistan and Iraq) (Chopra and Hohe, 2004). Interventions intent on replacing the existing state face great problems in imbuing the new regime with legitimacy (Chandler, 2004; Ismael and Ismael, 2005; Rubin, 2006).

A sensitivity to local politics is also important. Labelling states as ‘fragile’ or ‘failed’ tends to delegitimise local politics as venal and disruptive: as the problem to be addressed. Instead of treating local politics as the source of political institutions, international constitutional advisers tend to rely on their own political understandings and commitments and their belief in the power of institutions to shape political behaviour, rather than vice versa (Chandler, 2004). Even seemingly technocratic tasks – deciding the nature and basis of elections; identifying which pressure groups to consult; setting school curricula; deciding on public ownership of enterprises or the status of women – confront international administrators with essentially political decisions (Caplan, 2004).

Recent research suggests that a ‘rush to democracy’ and an overwhelming focus on the central institutions of the state may in fact not be the first priority of state-building in a post-conflict

environment, if reducing or containing violence is the primary goal (Chesterman, 2004; Collier et al., 2006; Yanacopolous and Hanlon, 2006). Rather, a more concentrated focus on social policy and service delivery may be more conducive to stability, economic growth and establishing state legitimacy (World Bank, 2002; Collier, 2003; World Bank, 2004a; World Development Report, 2004; Macrae and Harmer, 2004). This will be explored further in the following section.

Section 2

Closing the ‘service gap’: implications for stability

The previous section outlined current trends in international interventions in conflict-affected countries, both in terms of the initial crisis response and in terms of longer-term state-building initiatives. We turn now to the critical issue of managing a stable transition between these forms of engagement. Clearly, some aspects of the initial response will remain long into the state-building endeavour. Ensuring and maintaining a minimum level of security, for instance, is often seen as critical to enabling other assistance efforts to progress. However, it is important to consider the respective roles of humanitarian and development actors in transitional contexts, especially given strengthened calls for coherence and the desire to restore and maintain stability and build state legitimacy.

2.1 The role of humanitarian assistance

In the past, when donors have been unwilling to engage with conflict-affected states, they have often relied on humanitarian actors to provide more ‘developmental’ assistance – including the prolonged provision of services and social protection. This is in part due to political concerns not to legitimise certain regimes. Moreover, ‘lighter’ administrative procedures govern many humanitarian budgets. Because humanitarian agencies operate ‘around the state’, the assistance they provide does not necessarily entail dealing with the affected state’s government.

Such ‘stretching’ of humanitarian programmes can undermine the principles on which humanitarian assistance is based. It is clear too that humanitarian aid is not a particularly effective way of delivering social protection or meeting a community’s wider needs (Macrae et al., 2004). Humanitarian assistance is usually provided by a large number of generally uncoordinated actors and is short-term in culture, staffing and funding arrangements. It is also highly projectised, decentralised and patchy, and is largely commodity-driven (Macrae et al., 2004; Leader and Colenso, 2005; Harvey and Holmes, forthcoming).

“Peoples’ perceptions of security often differ from international military and aid actors:

“**Sierra Leone**
In 2005, as the UN wound down its presence and planned to withdraw from Sierra Leone, international perceptions viewed the Sierra Leone army as the biggest threat to security. Yet, as one local leader put it: ‘The real security issue is people’s livelihoods. There has been a lot of talk about food security, but so far it has not been translated into anything very meaningful.’ Securing peace was a top priority for everyone until 2002. Yet large amounts are still being spent by donors on security and governance related programming, while economic development spending lags behind.
Donini et al 2005

In short, humanitarian approaches that are appropriate when there is widespread threat to life are insufficient to meet broad-based needs. Communities require reliable, consistent and long-term support to enable them to reinvest in livelihoods and improve their material wellbeing. More predictable engagement in contexts of contested legitimacy has, however, been hampered by a lack of alternative tools.

2.2 The conflict cycle and material well-being

Collier et al. (2003: 83) argue that ‘the typical country reaching the end of a civil war faces around a 44 percent risk of returning to conflict within five years’. This means that assistance providers must consider risk factors and conflict prevention when they devise their programmes and policies.

There has been significant research into the drivers of conflict, and what external actors might do to prevent and contain it, and help states recover from it. There is a fair degree of consensus on the main factors that increase the likelihood of conflict and possible state failure. These include low per capita income, high mortality, high vertical and horizontal inequality, the presence of easily exportable natural resources and regional conflict (Collier, 2006; Cutillo, 2006). The US government-sponsored Political Instability Taskforce found that low levels of material wellbeing of the population (as measured by mortality rates) was a driver of state failure globally with 70–80% accuracy (Francois and Sud, 2006: 145). Assistance aimed at improving equality, reducing mortality and improving incomes is therefore a priority in the initial post-conflict period. Predictable assistance and engagement, the active participation of local populations, coordinated efforts and effective communication about the scope of assistance also appear to be crucial in post-conflict reconstruction (Carlson et al., 2005; Longley et al., 2006).

Understanding the perceptions and expectations of post-conflict populations will also be important. Recent research demonstrates that ordinary civilians’ perceptions of security differ markedly from the security perceptions and strategies of peace support operations and of many aid agencies, which are dominated by force protection concepts and determinations about whether it is safe to operate. Civilian perceptions extend beyond preservation from violence to encompass sure livelihoods and basic economic opportunities (Donini et al., 2005; Maclellan, 2006). Research in Afghanistan, for example, has shown that Afghan citizens have a much wider understanding of security than physical security alone. While the absence of armed conflict is an important consideration, the lack of stable and secure livelihoods is the fundamental determinant in the security perceptions of local communities (Donini et al., 2005). In conflict-affected countries subject to a large intervention, the promise of quick results can

lead to expectations of imminent tangible improvements in standards of living. Disappointment has caused discontent and, at times, further unrest (Francois and Sud, 2006; Collier, 2006). Conversely, ‘service delivery interventions may act as a tangible peace dividend in countries emerging from conflict’ (Berry et al., 2004: 12), thereby increasing communities’ interest in maintaining peace.

2.3 Filling the ‘service gap’

The draft DAC principles on engaging with fragile states say that, where political will exists, supporting state-building ‘means direct support for government plans, budgets, decision-making processes and implementing instruments’ (OECD/DAC, 2005). Improving the governance and capacity of the state’s service delivery functions is clearly an important element in any state-building initiative. However, state capacity is highly variable in post-conflict contexts, and government plans, budgets, processes and instruments may not initially exist. Institution-building is a long-term process requiring significant human resources. Given this, we argue that relying solely on fragile state systems to ensure that social services are provided in a reliable, consistent and equitable way is insufficient and risky. As Harvey and Holmes (forthcoming) have argued:

There is ... a need to be realistic about the delivery capacity of the state. In particular there is a need to guard against moving from a situation of expensive and patchy but effective NGO delivery to one where in theory the government is providing services, but in practice they don’t have the capacity (p. 19).

New instruments for closing the service gap and providing predictable aid are being developed and tested. These reflect donors’ desire for greater flexibility and the better integration of interventions, not only between relief and development, but also between security and development. There is also a greater concern among donors to develop ways to effectively intervene in areas of contested legitimacy, and in the highly political process of reform and state-building.

The sections that follow focus on three different mechanisms for delivering assistance in transitional contexts: social protection programmes, community-driven development and contracting non-state actors. Each of these approaches seeks to fill the service gap between relief assistance and state-led delivery. They also provide opportunities to address communities’ wider security needs, and manage their expectations. While not comprehensive, the aim is to highlight approaches that we believe could inform Australia’s management of transitions between crisis response and state-building initiatives. In selecting the approaches for discussion, we have considered Australia’s clear and

deliberate focus on the Asia-Pacific, and its relatively bilateral approach in countries in which it is substantively engaged.

2.3.1 Social protection

Harvey and Holmes (forthcoming: 5) argue that ‘a renewed interest in social protection provides one avenue for moving forward what had become a stagnant debate about the appropriate roles of relief and development actors’. Social protection refers to public action taken in response to unacceptable levels of vulnerability, risk and deprivation (Norton et al., 2001: 21). This includes both the ‘absolute deprivation and vulnerabilities of the poorest, and also ... the need of the non-poor for security in the face of shocks’ (*ibid.*: 21).

Social protection programmes seek to address basic welfare needs by providing social transfers to individuals or households. They differ from social assistance programmes in that social assistance traditionally involves transfers to the poorest and/or the most vulnerable (Farrington and Slater, 2006: 500). Social protection seeks to address structural inequalities, and therefore has the potential to address grievances caused by these inequalities. It also has the potential to provide greater reliability and consistency in assistance than is achievable through relief-style aid.

Cash transfers, as a form of social assistance, have received increasing attention in recent years as an alternative to in-kind or commodity transfers. There is a growing recognition that long-term welfare safety nets may be a key component of social protection strategies, that they may be affordable even in poor countries, and that they may have positive impacts on growth and development (Harvey and Holmes, forthcoming; Farrington and Slater, 2006). As Harvey and Holmes (forthcoming: 5) argue:

If longer-term cash transfers could be delivered predictably on a monthly basis, then households would be able to plan them into livelihood strategies and their own coping mechanisms, making it more likely that cash could be spent on productive investments and strengthening livelihoods.

Recent research also shows that attempts to avoid ‘dependency’ in aid recipients may produce perverse incentives in the way international actors finance and deliver aid (Harvey, 2005). The potential for cash to contribute to strengthened livelihoods challenges the assumptions around dependency that have often informed programming choices in the past.

Cash transfers may also be a valuable way of improving service delivery. The extent to which cash transfers enable access to services depends on the availability of those services, and whether access constraints are income-dependent. Options

Box 6: The impact of cash grants in Somalia

An evaluation of a project providing grants and cash for work in northern Somalia found that beneficiaries were able to meet basic needs such as food, debt repayment, water, clothing, education and medicine. In Togdheer, small households were able to do limited re-stocking; elsewhere, families were spared having to dispose of livestock. The injection of money into the local economy expanded the demand for goods and services, according to traders. Debt repayments revived credit systems and relieved the burden on the business community and social support systems. No inflation was reported. Partly, this could be explained by the small amounts of cash distributed per month, pressure on the business community by religious leaders not to hike up prices and the fact that the business community had already stocked goods in anticipation of cash injections. Gender balance and equitable access to resources were ensured through the deliberate encouragement of women’s participation, and their access to and control of project benefits.

Source: Acacia Consultants Ltd (2005), cited in Harvey (forthcoming).

could include the use of cash transfers to pay user fees charged by public or private services, or paying for transport if services are some distance away. Cash transfers may be particularly useful where the weakness of public services has seen an increased reliance on private providers. For example, by 2000 80% of all health services in Somalia were supplied by private providers. During the 1990s, Kosovar Albanians were dependent on private pharmacies for drugs because they had been excluded from the formal health system. In Haiti, private for-profit health providers have accounted for up to 80% of drug expenditure. In such instances, long-term welfare provision could influence social outcomes if service providers have the capacity to meet increased demand (Schubert and Slater, 2006: 571).

2.3.2 Community-driven development (CDD)

‘According to the World Bank, CDD represents a bottom-up approach to development and poverty reduction, based on the participation and empowerment of economically poor people’ (Strand et al., 2003: 11). CDD usually involves projects or programmes allocating funds to local communities to identify community needs and carry out small-scale activities designed to meet them. Projects typically rely on facilitators to assist community groups plan, manage and maintain projects. Local government officials or project staff provide technical advice (Strand et al., 2003).

“ Afghanistan

‘Now we have security but no jobs — so the peace is not complete.’ said a Paghman farmer in 2005. The dividends of peace are still a distant mirage for the vast majority of Afghans. Afghan citizens value more than physical security alone. Group discussions reveal that the absence of armed conflict is an important consideration, but the absence of stable and secure livelihoods is the fundamental determinant in the security perceptions of local communities. Donini et al., 2005

“ Solomon Islands

Peace is more than just returning of arms — we need peace in the home, peace in the heart, peace in the community. Also looking at security it means financial security, you can do your gardens, sell your goods, sit down with your family — this is peace and security within the home. With government, their contribution to peace and security (is that) services can reach people and provide for health and education and people know what is happening. Interview, Margaret Maelaau, Secretary, Malaita Provincial Council of Women, McClellan, 2006

Social funds are an increasingly common form of community-driven development.¹ A number of features of CDD are relevant to this discussion. Given that there may well have been a low level of service provision for some time (including before the conflict), communities often have ‘a long history of self reliance and management’ (*ibid.*: 20). They are therefore well placed to know where self-reliance is sufficient, and where they need outside help. Social funds can cater to a diversity of views, and can be an effective mechanism for delivering small-scale infrastructure improvements. They can also stimulate the private sector, through the use of local tradespeople and the local procurement of goods, and they are ‘quick disbursing and provide tangible benefits to [the] community’ (Berry et al., 2004: 23). Because they are demand-driven, they can promote efficiency and sustainability (Leader and Colenso, 2005: 31).

2.3.3 Contracting service providers

Where the post-conflict state has limited capacity, alternative mechanisms to deliver services need to be found. Contracting NGOs or private sector organisations is one approach, and has been used in key sectors such as health and water supplies. Contracting potentially allows governments, and those supporting them, to harness the capacities of non-state providers, while simultaneously introducing an accountability mechanism through output-based contracts (Berry et al., 2004: 19). If the environment in some areas is highly insecure or inaccessible, the military or private security firms may be best placed to deliver certain services in the short term, but measures to avoid escalations in violence and manage contracts with private security providers to ensure accountability and respect for IHL need to be well-planned and resourced (Wheeler and Harmer, 2006; Singer, 2006).

Contracting non-state actors may not be as rapid as the provision of humanitarian or relief assistance, but it may provide more long-term, dependable assistance and achieve more consistent coverage (see Box 9, page 000). This approach may also enable communities to make more developmental investments and assist them to ‘rebuild’.

Non-state actors may also play an active role in service delivery once state capacity is fully established. In many countries health, education and welfare services are provided by private or charitable organisations, using state funds. It is important to remember that a state does not need to deliver services itself to secure its legitimacy. However, as discussed in the following section, the role of the

¹ The Kecamatan Development Project (KDP) in Indonesia and the Community Empowerment Program (CEP) in East Timor are seen as examples of community-driven development. They are not defined as social funds because the decision on which projects to fund lies with community committees rather than the implementing agencies; the KDP includes in-built competition between proposals (Strand et al., 2003).

state, and its association with the supply of services, will be important in terms of state–society relations.

Section 3

From what to how: meeting basic needs and strengthening the social contract

This section focuses on the impact aid programming can have on state legitimacy and stability. For long-term stability, it is important that the state takes responsibility for its citizens. Where donors have clear state-building objectives, it is essential that opportunities to work with, and through, willing states are maximised. State-building is clearly not an objective of humanitarian assistance: ‘it is contradictory ... to expect an instrument designed to work around the state, and that is frequently used by donors for precisely this reason, to also play a role in state-building’ (Leader and Colenso, 2005: 41).

Improving material wellbeing and strengthening the relationship between state and society are clearly related goals of the international community. If social protection and services are being provided by the international community, and not by the state, how can this be done in such a way as to contribute to state legitimacy? How can social protection and improved access to services be managed so that the ‘social contract’ is reinforced, not weakened?

3.1 Strengthening the ‘social contract’

A ‘social contract’ between populations (individuals or communities/families) and governments is an important element of state legitimacy. Strong social contracts imply high levels of trust, low levels of opportunistic behaviour and a willingness to think towards the future (Yanacopolous and Hanlon, 2006). A social contract is a compact between the governed and the governing stipulating the rights and responsibilities attached to both – formal and informal, political, legal, moral and economic. Typically, the vulnerable have less influence over the shape of the social contract, and it is often up to civil society (national or international) to ensure that the governors keep their end of the bargain.

Views vary on the role of the state and its responsibilities, including in providing or supplying welfare and services. That said, the DAC’s draft principles on international engagement in fragile states indicate consensus amongst DAC donors that the state has a role in service delivery. The draft principles identify strengthening the governance and capacity of the state’s service delivery functions as a high priority.

The assumptions relating to state responsibilities in the draft principles align with the view that

the modern ‘bargain’ between governed and governors relies fundamentally on the ability of the governors (ideally, the state) to provide for the basic security and livelihoods of the governed. While legitimacy can be both legally constituted (through elections or constitutions) and performance-based (through the reliable provision of services and security), performance legitimacy is arguably the more significant influence on citizens’ views. As Francois and Sud (2006: 147) argue: ‘States which do a good job of fulfilling the two core state functions of security/territorial sovereignty and improvements in living standards possess performance legitimacy in the eyes of their citizens’.² Internally, legitimacy depends both on formal and informal, performance-based processes (e.g. trust in the ability of the government to meet basic promises and deliver basic services). Thus, a ‘service gap’ can fundamentally undermine efforts to strengthen state legitimacy.

State-building initiatives are often characterised by a heavy focus on technical assistance and capacity-building within the public administration. While we acknowledge the importance of such assistance, we argue that it needs to be complemented by assistance aimed at filling the ‘service gap’ resulting (in part) from state fragility.

3.2 Programming choices

The role of the state in ensuring social protection during the state-building process will differ by country, by region and also over time. The ideal is to maximise state involvement without compromising the consistency and reliability of service provision, over-burdening the staff and departments engaged in the institution-building process, or compromising the neutrality or impartiality of humanitarian action.

If the right aid instruments and approaches are used, effective programmes can be established. These can then be progressively handed over to the state, thereby contributing to performance legitimacy. However, identifying when and how actors’ roles should change is complex and highly context-specific. When is it appropriate to start to invest in this relationship? What should be done when state authorities show little desire to invest in the social contract? How can programmes be designed to enable external assistance to have a positive impact on state–society relations?

Figure 1 (page 12) represents one approach to mapping different contexts onto a typology to guide

² While there is agreement that the international community should prioritise promoting higher standards of living in order to promote stability, there is little consensus on how this should be done once a level of peace has been restored. Many in the international community (political and aid agencies) support democratic reform as the means to achieve improvements in living standards, but there is mounting evidence that ‘pump-priming’ democratic governance in post-conflict societies increases violence in the short term (Collier, 2006; Francois and Sud, 2006).

programming decisions. It is taken from a Working Paper developed by DFID’s Poverty Reduction in Difficult Environments (PRDE) team (Berry et al., 2004: 25). It clearly does not allow for an in-depth assessment of the strengths and weaknesses of individual states. However, such a mapping process can be useful to inform programming decisions and the selection of instruments. It can also be a useful way of encouraging coherent approaches across donor governments. It is important to note that a particular country may fall into a number of boxes, and mapping at the regional or district level may also be useful.

This analysis relies on a sound understanding of state will and capacity. This understanding will be more straightforward where donors and their partners have a long-standing engagement with the state. The Australian government, NGOs and the private sector have forged long-term partnerships and built up significant in-house knowledge of local contexts in the Asia-Pacific. Devolution, the mobilisation of greater numbers of Australian officials in operational roles and alliances with new partners, such as church organisations in Papua New Guinea, will enhance this understanding. A typology through which to capture this knowledge and use it to guide the development of programming approaches may therefore be useful at an early stage in a crisis response.

The remainder of this section focuses on those contexts with will but limited capacity. Where there is an absence of both will and capacity (for instance, Sudanese government policies in Darfur, or the Myanmar government with respect to the Rohingyas), and basic or life-saving assistance is needed, the humanitarian imperative is primary and responses should prioritise the provision of humanitarian assistance in line with humanitarian principles. It is only once humanitarian need has subsided, and the state has demonstrated willingness, that investments in strengthening state legitimacy should be prioritised. Determinations of need must be made transparent and based on credible independent assessments, to guard against manipulation by local governments or the influence of other interests.

3.3 Harmonisation and alignment

The draft *Principles for Good International Engagement in Fragile States* state that assistance should be in line with local priorities and/or systems (OECD/DAC, 2005); see Box 7. Harmonisation and alignment are useful in considering how external assistance relates to the state and its legitimacy in post-conflict contexts.

‘Harmonisation refers to the extent of coherence in approaches, policies and systems between donors’ (ODI, 2004: 7). Harmonisation between donors can reduce demands on under-resourced

Figure 1: Possible approaches to strengthening service delivery relationships and actors in difficult environments (Berry et al., 2004)

+ WILL	
Will but limited capacity	Will and capacity
<i>Policy-maker</i>	<i>Policy-maker</i>
<ul style="list-style-type: none"> Partner with central government and line ministries to develop, implement and finance pro-poor policy 	<ul style="list-style-type: none"> Strengthen government system to develop pro-poor policy, monitor the compact, respond to voice and be accountable to citizens
<i>Provider</i>	<i>Provider</i>
<ul style="list-style-type: none"> Encourage partnerships between the state and non-state providers Build state provider capacity where possible 	<ul style="list-style-type: none"> Build organisational and frontline provider capacity and provide incentives for frontline workers Work to make providers more responsive to the poor
<i>Poor people</i>	<i>Poor people</i>
<ul style="list-style-type: none"> Strengthen the voice of poor people to demand their rights to services Use community-based approaches that work through central and local government structures and link to sector interventions Facilitate provider access 	<ul style="list-style-type: none"> Build client power and voice
-CAPACITY	
+ CAPACITY	
Limited will and limited capacity	Capacity but lack of will
<i>Policy-maker</i>	<i>Policy maker</i>
<ul style="list-style-type: none"> Use non-state mechanisms for policy coordination 	<ul style="list-style-type: none"> Use non-state mechanisms for policy and financing coordination and look for entry points to support political will
<i>Provider</i>	<i>Provider</i>
<ul style="list-style-type: none"> Deliver services through humanitarian agencies and INGOs in ways that build capacity to manage their own service delivery needs 	<ul style="list-style-type: none"> Harness both state and non-state providers through some form of partnership arrangement
<i>Poor people</i>	<i>Poor people</i>
<ul style="list-style-type: none"> Use community-based approaches that build local governance structures and community capacity to manage their own service delivery needs Facilitate provider access 	<ul style="list-style-type: none"> Use community-based approaches that build local governance structures and develop community capacity to manage their own service delivery needs Facilitate provider access
-WILL	

administrations. Alignment is closely linked to ideas around increasing ownership of those policies and systems by a government, and can have a positive effect on the nascent ‘social contract’ between the government and its people (*ibid.*: 8, 18).

Alignment may initially prove difficult in post-conflict contexts as policies and systems are still being developed. However, systems or ‘shadow’ systems alignment may enable an early focus on the state’s future role in service provision. Shadow systems alignment is based on the argument that assistance ‘should be delivered in such a way as to be compatible with the medium- to long-term ambition of handing over to national authorities’ (ODI, 2004: 43).

3.4 Joint national programmes

Joint programmes and pooled funding mechanisms have significant advantages in fragile, post-conflict contexts: they facilitate harmonisation, they can be more easily aligned at national and sub-national

levels, and they facilitate gradual absorption into government policies and structures (Leader and Colenso, 2005).

Lockhart (unpublished: 7) argues that joint programmes are valuable in post-conflict situations ‘where there might be an advantage for a new institutional regime to demonstrate to the population the “peace dividend” through a limited number of policies that are effectively implemented on an even-handed basis’. Harvey and Holmes (forthcoming: 16) describe the advantages of joint programming as follows:

Joint programming aims to respond to the problems created by multiple donors, fragmented short-term funding, programming outside of government structures, and creating parallel bureaucracies, leaving national civil services stymied and incapable of maintaining legitimacy. A Joint Program therefore aims to harmonise the various donor programmes into a unified transparent and criteria driven frame-

Box 7: Approaches to alignment with the state

Policy alignment: Alignment behind recipient government policy frameworks. In certain situations there may be a lack of policies to align to (although this should not be assumed in post-conflict contexts). In this case, donors need to support countries in developing policies without stifling national ownership. Alternatively, there may be a number of policy frameworks. Donors need to jointly agree which policies to align to, or support the government in their choice between policies. ‘In the absence of government leadership on policy priorities, harmonisation and prioritisation of donor action is vital in order to create the enabling environment for country leadership to emerge at a later stage and to create positive synergies between interventions’ (ODI, 2004: 8). In some cases, this has seen a lead donor taking on certain key tasks.

Systems (or ‘shadow’ systems) alignment: Donors tend to believe that policy alignment is a necessary condition for systems alignment, but this is disputable. The establishment of parallel systems, even in the absence of clear policy frameworks, should be avoided. Systems alignment can include financial disbursement channels, contracting, implementation arrangements, monitoring and evaluation and reporting. If donors believe aligning behind a certain government’s policies would unjustly legitimise the government, ‘shadow’ systems alignment could still be pursued. This involves donors adopting approaches that can be compatible with national systems (e.g. on-budget assistance, working with established administrative boundaries). Systems alignment allows for services to be ‘delivered on a programmatic basis, that [is] sufficiently modular and flexible to allow for transfer of ownership to national authorities as soon as appropriate’ (ODI, 2004: 10).

work, designed and implemented by relevant stakeholders at all stages. They have national reach, long term objectives, are implemented through multi year horizons and harness national policy oversight to available capacity.

Joint programmes can be funded through trust funds (often multi-donor), the budget and international or domestic revenue (Lockhart, unpublished: 13). They can also encompass different types of assistance, and can be conducted at national or below-national levels. They can include social transfers, community-driven development and the contracting of non-state providers (discussed in Section 2).

The content and design of joint programmes determine their contribution to state legitimacy and the state–society contract. As recommended in Figure 1, ensuring that the state has a role in policy-making should be an urgent priority. Governments, even if under-resourced, should be in the driver’s seat if they are not actively engaged in widespread violations of IHL. As Harvey and Holmes (forthcoming: 20) have argued in relation to cash-based social transfers:

Where government capacities to deliver large scale social transfers are limited it may still be possible to engage with relevant line ministries in the development of policy. Engaging relevant line ministries in debates about social protection policies may be part of a process of rebuilding some analytical and implementation capacity within governments to deliver social protection.

In relation to community-driven development, early roles that can be played by government (local or national) in relation to social funds programmes include:

Box 8: Potential advantages of joint national programmes

- Coherence between donor approaches
- Bringing NGOs, private sector into a policy framework
- Allowing government to set policy
- Flexibility to adjust strategy and policy over time, while keeping a network of relationships in place
- Potential to bring synergies between programmes over time
- Perception and reality of fairness and even-handedness
- Minimising the number of projects by bringing them within an overarching framework
- Once a programme is designed, approved and funded, reduces the need for continuous design of new projects; programmes can still be adjusted over time

From Lockhart (unpublished: 3).

- Local government staff can provide technical advice or approve project proposals.
- Central government can establish policy frameworks that apply to all social fund activities (e.g. relating to user fees or water regulations) (policy alignment).
- Local or central government can manage the social funds using government systems (systems alignment).

During periods of conflict or extremely limited capacity, it may be appropriate to establish a parallel system (Leader and Colenso, 2005: 33).

Contracting alternative service providers offers significant potential for increasing alignment with

Box 9: Contracting alternative service providers: the East Timor Health Sector experience

The Trust Fund for East Timor (managed by the World Bank) included a large number of sectorally-focused projects. The health sector project relied on international NGOs to provide basic health services during the ‘transition’ period, largely because the government (in the form of UNTAET) did not have the capacity to deliver health services itself. Although NGOs were the principal service providers overall coordination was provided by the government under a memorandum of understanding (MOU). In conjunction with the UNTAET Interim Health Authority, NGOs prepared health plans in each of the 12 districts outside Dili, a

task deemed beyond the capacity of the IHA alone. Although some NGOs were initially reluctant to submit to this arrangement, a good working relationship was reportedly established. The second phase of the health sector project (designed in 2001) focused more heavily on developing a policy and institutional framework, and service provision shifted from NGOs to the government.

The achievements in the health sector in East Timor during the transition period have been recognised (World Bank, 2004: 87–90). The contracting of NGOs to deliver services allowed the IHA to retain responsibility for the sector, while also progressing work in governance, policy and capacity-building areas.

Adapted from World Bank (2004b).

state policies and systems. Ideally, non-state actors operate within a policy framework developed by the state; work in close association with local government officials; have a direct contract with the state; and provide information in ways which feed into state systems. Recruiting staff and developing expertise in policy-setting and contract management may take on a higher priority. Where state capacity for this role does not exist, it can be filled by a donor or multilateral agency on an interim basis. However, an agreed strategy for evolving the role of the state over time will be important (Berry et al., 2004: 15). Non-state actors must be directly accountable to the state, and the state must have the capacity to hold them to account. This differs significantly from traditional project-style assistance, where accountability lines are primarily to the donor and accountability is driven more by donor policies than those of the partner government.

In post-conflict settings, it will be important to ensure that the state’s role in service delivery is clearly communicated. Irrespective of the state’s capacity, public information should seek to maximise the state’s association with programmes like social funds. If grants are seen as coming from the state, this can help enhance its legitimacy.

One issue with the contracting of non-state actors relates to staffing and salary entitlements. Although programmes delivered through contracted non-state actors have the potential to be handed over progressively to the state, difficulties often arise if programme staff are unwilling to be employed by the state because they face a significant salary cut. Ways to avoid this should be found early in the cycle. For example, non-state actors may agree to salaries that are consistent with other non-state actors and also with proposed government salaries. This may be difficult with highly qualified staff, but may be achievable if staff are receiving significant on-the-job training. Alternatively, if state recruitment and human resource systems are sufficiently established, the

government may be able to employ national staff who are then seconded to contracted providers. This would also provide opportunities for civil servants to receive on-the-job training.

Effective and innovative contracting skills are called for here. Ensuring that contracts create the right kinds of incentives, strike the right balance between flexibility and accountability and ensure that contracted parties are providing services to all groups is difficult. While many bilateral and multilateral agencies have worked closely with non-state actors, this has often been on the basis of grant funding and partnership agreements. Sophisticated contracts are required under this model to ensure that appropriate accountability systems are in place.

Donors may choose not to channel funds through joint, national programmes. This is often due to an interest in ensuring identity and profile. However, such decisions bring costs with them. Fragmented assistance, not closely aligned with the state, has limited potential to positively contribute to state legitimacy and the social contract. These are important considerations for any donor with stabilisation and/or state-building objectives.

Section 4

Discussion

Crises can have a significant impact on the functions and effectiveness of states. Violent conflict in particular can severely undermine a state’s capacity and legitimacy, and its relations with society. Enhancing Australia’s capacity to respond to crises can therefore play an important part in broader strategies to foster effective states.

The quality and speed of the initial response to a crisis is critical to ensuring that lives are saved and threats minimised. However, in post-conflict contexts, where state capacity is weak and stability not assured, how the winding down of the crisis

response is managed, and the quality of the transition strategies, may prove equally significant. Effective and large-scale emergency responses in conflict-affected countries interplay with populations' perceptions and expectations. These in turn influence the social contract and citizens' views of the state's legitimacy. The type of assistance provided, and the way in which it is provided, is critical in the transition from conflict to peace, and relief to development.

International engagement in conflict-affected states has raised many challenges for bilateral donors, international organisations, NGOs and the private sector. We do not suggest that there are simple answers, or that solutions can be applied across the board. Australia, along with other donors, has initiated a number of new approaches to address limited state capacity and significant humanitarian or developmental needs. We believe that it is timely to consider how these approaches can be strengthened, and what impact the initial crisis response has on longer-term initiatives and objectives. The White Paper represents a valuable opportunity to explore these issues; the recognition that 'clear community benefits' are essential for successful reform is a useful first step (AusAID, 2006: 17).

Issues we believe warrant further discussion are outlined below:

- How should the international community balance the need to respect sovereignty with the need to ensure stability and development? What is too interventionist, and what is not interventionist enough? Is it possible to mobilise a large-scale intervention, but limit responsibility and remit to niche areas? Or does this risk leaving gaps unfilled, undermining stability and entailing a continued security presence?
- Is there a basic consensus between humanitarian, strategic and defence policy-makers and operational partners about how to gauge risks to civilian populations and how to respond to them? Is there consensus around the point at which crisis response should give way to state-building support?
- In contexts requiring crisis responses and longer-term state-building assistance (for example East Timor and the Solomon Islands), how do the Australian government and its partners determine when to start changing their mode of operating? Are there significant differences in views and approaches between civilian and military actors?
- How is the Australian government assessing state will and capacity, and how does this inform operational approaches? How is this being communicated to implementing partners? How does this impact on assistance strategies and on implementing partners and their programmes?
- Have Australian assistance strategies and donor coordination efforts succeeded in preventing 'service gaps'? Is there greater potential to promote harmonisation and alignment in places where Australia is a lead donor? Does Australia's experience of contributing to multi-donor trust funds, for instance in Afghanistan, hold any relevant lessons for the immediate region?
- How is Australia defining 'humanitarian assistance'? Are humanitarian mechanisms and budgets being stretched to cater to a broader array of issues? If so, what are the implications, in terms of principles and operationally? Is humanitarian aid being stretched because no alternative mechanisms are available?
- Could the Australian government improve the way it provides humanitarian assistance to facilitate a smoother transition? What role is there for cash transfer programmes in relief and development phases? What opportunities exist for pooling funds or coordinating assistance more effectively during the humanitarian phase?

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