

US Assistance to Fragile States

Findings from a CGD Working Group

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Why focus on fragility?

- By 2030, half of the world's poor will live in fragile and conflict-affected states (World Bank)
- Many donors—including IDA, DFID—are increasingly focused on fragile states
- 80 percent of humanitarian needs are driven by conflict (World Bank)
- Transnational criminal networks, extremist movements, and pandemic threats are sometimes associated with fragile states

Why focus on the US?

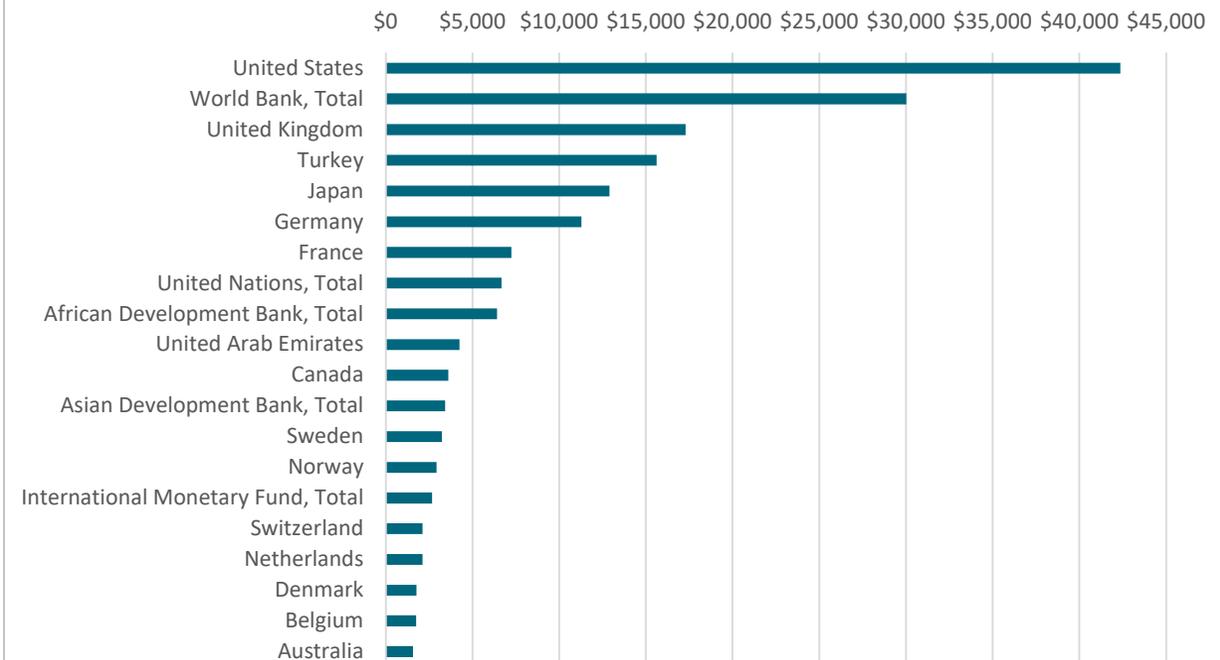
The United States is the top donor to fragile states...

..even after subtracting investments in Iraq and Afghanistan

Top donors to fragile states (2013-2017)

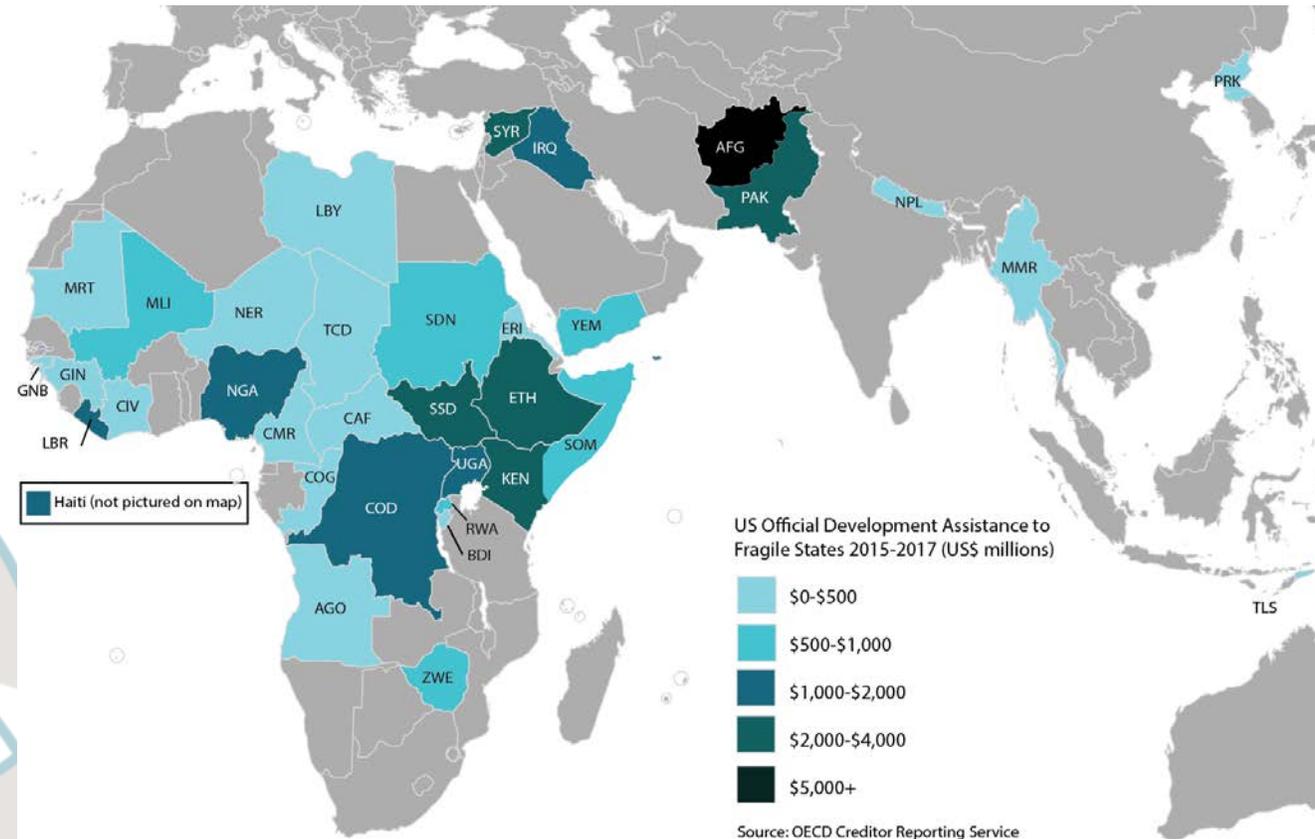


Top donors to fragile states (2013-2017)
(excl. Iraq and Afghanistan)



Why focus on the US?

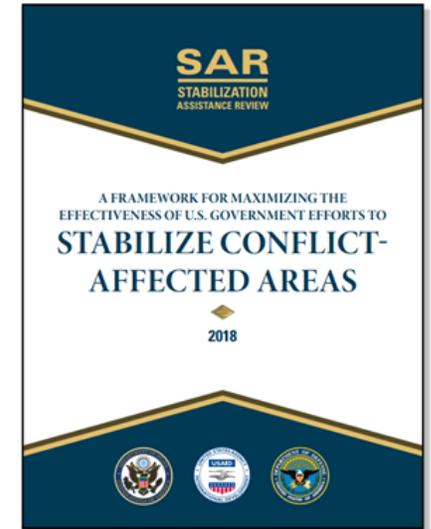
A few fragile states receive a disproportionate amount of US assistance:



Why look at this topic now?

Proposed reforms in the US:

- Stabilization Assistance Review
- USAID reorganization
- Global Fragility Act
- USIP Task Force on Countering Violent Extremism
- State Department-led Strategic Prevention Project



Core themes

- Grappling with elite incentives
- Improving policy coherence
- Updating the mechanics of US government assistance
- Forging a link between security and legitimacy
- Building local capacity

Grappling with elite incentives

- Fragility is treated as a technical problem rather than as a political problem
- Fragile state elites sometimes monetize fragility, understanding that more donor resources are available to them when security concerns are high
- Donors may unintentionally play a spoiler role
- Governance often not a priority, limited staff and funding within US agencies



Pool resources to create a common view of the political landscape

Use assistance to support social cohesion objectives building on evidence

Understand the pros and cons of aid conditionality for existing elites

Build linkages between USAID's governance unit and the new Bureau for Conflict Prevention and Stabilization

Colombia: challenging the elite bargain

- Post-war settlement in 1940s/50s created parties controlled by elites, excluded most of the local population
- Lack of inclusivity allowed extremists to emerge and gain power as excluded populations turned to them

Popular demand for a constitutional referendum in 1991

- broke the narrow elite bargain
- more inclusive political system
- While violence continued for the next two decades, it did not return to pre-1991 levels

Improving policy coherence

- Perceptions that funding depends on US security interests can constrain other priorities
 - When poorly coordinated with other strategies, security-focused aid can impede longer-term stability goals
- US agencies' fragility strategies are not unified—lack of interagency cooperation
- *Intra*-agency politics also impede coordination



Develop a government-wide strategy to elevate fragility as a priority

Single broker to bring a unified agency voice to interagency process

Support host-government led coordination mechanisms

The Somalia Development and Reconstruction Facility

In 2014, the Somalia Development and Reconstruction Facility (SDRF) was established to pool finances from a network of donors

The SDRF

- linked donors to coordinate action
- pulled together three separate funding windows, administered by the UN, World Bank, and African Development Bank
- aligned with a parallel effort coordinating security sector reforms and investments
- included civil society and implementing partners

Updating the mechanics of US assistance

- USAID's development funds lack flexibility to respond to evolving needs in fragile states
- Urgent, high-profile crisis response has often demanded resources at the expense of efforts to prevent violence
- USAID's foreign service is not well matched to the skills needed in fragile settings
- Multilateral channels, which are better coordinated, are often not a US priority

Support efforts to create longer-term, more flexible funding

Build civilian agencies' fast-response capabilities

Develop a cadre of USAID staff who work at the intersection of fragility and development

Structure more awards to allow for adaptive management

Develop fragility-adapted sector frameworks and invest more in conflict sensitivity analysis for sectoral interventions

Forging a link between security and legitimacy

- Strengthening security alone is insufficient for addressing the root causes of violence
- There is little evidence about whether and under what conditions US security sector aid is successful
- US security sector assistance has often focused on building technical capacity first, then tackling institution building later
- Dept of Defense has invested very little in institution building



Fully implement DOD's 2017 assessment, monitoring, and evaluation requirements

Ramp up investments in defense institution building

Support the development of select partner country armed forces' civil engineering units

Explore better ways to measure security

Civil works engineering units

In both Liberia and Colombia, the US government supported the creation of public works initiatives:

- In support of Liberia's post-war democratic transition, the US supported the creation of an engineering unit that was used to repair roads and clean up after riots
 - Having people in uniform building roads helped with post-conflict healing
- In post-civil war Colombia, the US also supported the military's engagement in public works to help rebuild trust in the state
 - But with political process firmly in elite control, these activities were only superficial

Building local capacity

- Capacity is uneven across sectors, within sectors, and in geographic space
- Local ownership over the design and delivery of foreign assistance is critical
 - But USAID's efforts to increase ownership have largely been limited to direct local funding
 - This has been slow to take off due to real and perceived risks



Conduct capacity mapping as part of the political economy analysis

Continue to expand local ownership beyond the nationality of the implementer

Expand training to invest in the next generation of fragile state leaders

Outcomes-based payments in Liberia

USAID empowered Liberia's health ministry through a Fixed Amount Reimbursement Agreement financing mechanism:

- The government pre-financed all activities and USAID reimbursed the ministry of health upon demonstrated completion of mutually agreed-upon deliverables
- The FARA gave the Liberian ministry of health more control over implementation and made it accountable for delivering results
 - The ministry was able to maintain levels of service delivery.

Thank you

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Why focus on the US?

Top 5 donors per country (2016 obligations, \$US millions)

The US is also a top donor in many individual fragile states...

Burkina Faso		Cameroon		Central African Republic		Chad	
World Bank Group	\$ 340	IMF	\$ 287	World Bank Group	\$ 123	World Bank Group	\$ 143
France	\$ 132	World Bank Group	\$ 244	United States	\$ 102	France	\$ 100
EU Institutions	\$ 93	France	\$ 226	EU Institutions	\$ 89	United States	\$ 93
Japan	\$ 81	EU Institutions	\$ 146	Germany	\$ 57	African Dev Bank	\$ 60
United States	\$ 72	Germany	\$ 141	IMF	\$ 56	IMF	\$ 49
DRC		Ethiopia		Mali		Mauritania	
United States	\$ 555	World Bank Group	\$ 2,673	United States	\$ 215	Arab Fund	\$ 295
World Bank Group	\$ 525	United States	\$ 1,116	World Bank Group	\$ 180	Saudi Arabia	\$ 135
African Dev Bank	\$ 289	United Kingdom	\$ 210	France	\$ 163	World Bank Group	\$ 68
EU Institutions	\$ 128	France	\$ 206	Germany	\$ 127	EU Institutions	\$ 67
Germany	\$ 127	Germany	\$ 154	EU Institutions	\$ 113	African Dev Bank	\$ 35
Niger		Nigeria		Somalia		South Sudan	
World Bank Group	\$ 281	World Bank Group	\$ 1,601	United States	\$ 472	United States	\$ 822
United States	\$ 118	United States	\$ 796	EU Institutions	\$ 365	Germany	\$ 169
France	\$ 111	EU Institutions	\$ 322	United Kingdom	\$ 318	United Nations	\$ 79
Germany	\$ 99	Global Fund	\$ 311	Germany	\$ 228	Norway	\$ 77
African Dev Bank	\$ 99	France	\$ 243	United Arab Emirates	\$ 90	Netherlands	\$ 64
Sudan		Zimbabwe		Haiti		Afghanistan	
United States	\$ 207	United States	\$ 201	United States	\$ 335	United States	\$ 1,144
Arab Fund	\$ 171	United Kingdom	\$ 66	EU Institutions	\$ 252	Germany	\$ 570
EU Institutions	\$ 82	Germany	\$ 47	Canada	\$ 182	EU Institutions	\$ 418
Germany	\$ 70	Sweden	\$ 36	World Bank Group	\$ 153	Asian Dev Bank	\$ 408
United Kingdom	\$ 55	EU Institutions	\$ 27	Inter-American Dev Bank	\$ 132	World Bank Group	\$ 353
Pakistan		Iraq		Syria		Yemen	
World Bank Group	\$ 1,250	Japan	\$ 769	United States	\$ 965	World Bank Group	\$ 1,083
United States	\$ 587	United States	\$ 686	Germany	\$ 940	United States	\$ 621
United Kingdom	\$ 358	Germany	\$ 673	EU Institutions	\$ 542	Germany	\$ 260
Asian Dev Bank	\$ 305	France	\$ 501	United Kingdom	\$ 399	United Kingdom	\$ 144
France	\$ 303	EU Institutions	\$ 215	Norway	\$ 128	EU Institutions	\$ 101