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# DONOR COORDINATION IN A FRAGILE STATES OF AFRICA: CAPAITY BUILDING FOR PEACE AND POVERTY REDUCTION<sup>1</sup>

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**Abstract:** Fragile states (FS) are often neglected and categorized as ‘aid orphans’. In extreme circumstances, they are loaded with aid beyond their absorptive capacity. However, whether they receive little or too much, there is a compelling imperative to coordinate aid aimed at capacity development effectively. In an ever shrinking pot of funds from donors mainly due to the current global economic downturn, it is extremely important to coordinate and harmonise aid delivery. FS cannot afford to waste any money trapped under rubble of multi-donor aid bureaucracy. Due to the multidimensional nature of fragility, we draw on case studies and interdisciplinary insights from Authority-Legitimacy-Capacity (ALC), Country Development Framework (CDF) and other models and frameworks of donor coordination. A number of asymmetries (e.g. technical, cultural and, financial) between donors and recipients need to be addressed. Donors can harmonise their respective Africa strategies reports and give priority to infrastructure instead of focusing exclusively on the social agenda as in the past. FS should fight the local culture of corruption, avoid fungibility, protect vulnerable groups in society, focus on reintegration as well as demobilizing ex-combatants with employment provisions. Donors should not give mixed signals to recipients and need to be flexible in their operational procedures. Finally, we discuss the implications of key emerging issues that threaten or facilitate sustainable reconstruction, development and poverty reduction in post-conflict environments.

**Keywords:** donor coordination, interdisciplinary, peace, poverty, fragile, Africa

**There is little consensus among policy makers and aid experts about how best to improve coordination, or even the need for more formal coordination” (Lawson and Epstein, 2009)**

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## INTRODUCTION

Donors have a dilemma of either providing aid for projects or for budget support. The latter is feasible in strong states with decent governance structures while the route of capacity development via projects has an appeal in fragile or weak states. The main aim of this paper is to highlight the key issues surrounding donor aid coordination and ways to improve it in FS of Africa. The paper attempts to be comprehensive but will bring together the current research and evidence on donor coordination in FS concisely. Fragility is an interdisciplinary phenomenon. Thus what is discussed here hails from diverse perspectives of the social sciences. Among others, basic insights of game theory (due to the strategic nature of interaction between donors and states), ALC model (Carment, Samy and Prest, 2009); the CDF and principal-agent model from economics will be useful in our discussion of donor coordination (Sandler, 2004). UN's Development Assistance Framework will also inform our discussion.

### **Capacity Building (CB) in fragile states**

The international community is

singling out FS for CB. Even if it is the core of sustainable and stable livelihoods, CB in post-conflict African countries is under-studied. Donor engagement with fragile states takes different forms pointing to the lack of policy coherence which is not surprising in complex settings coupled with heterogeneous donor priorities and motives. These engagement routes include the OECD-DAC principles (OECD-DAC, 2007), the 'whole of government' approaches (WGAs) that bring together their diplomatic, defence and development instruments—the 3Ds (Patrick and Brown 2007); and the Coherent, Coordinated and Complementary (3C) approach (Anten, van Beijnum and Specker, 2009). Despite the complexity, it is encouraging to see the first-ever edition of the European Report on Development (ERD) focusing on fragility in Sub-Saharan Africa (ERD, 2009). In March 2010, a conference organised by the African Development Bank (AfDB) emphasised the importance of capacity development in post-conflict countries. The 2011 World Development Report of the World Bank is on *Conflict, Security and Development* and it recognizes how fragility of states can be a barrier to development. But neglecting

weak states as was done since the 1980s is detrimental to the citizens of these countries and donor support enhances not only development but also reduces the probability of fragility (Carment, Samy and Prest, 2008; Macrae et al 2004). In recent times, there is a consensus to re-engage with these states. CB can take, *inter alia*, the form of provision of public and other goods (roads, education, health, employment, water, sanitation, food security) by bilateral as well as multilateral donors and also demobilisation and integration of ex-combatants in places such as Liberia, Burundi, Angola, Sierra Leone, Rwanda, Cote d'Ivoire and Democratic Republic of Congo (DRC). In short, they focus on rebuilding the shattered human and social capital along with the inevitable requirement of building the physical capital of a given nation. However, for sustainable peace and economic development, key concepts need to be clarified, coordination/level/type of intervention decided, actors of intervention identified and successful/promising case studies carefully reviewed. This enhances our capacity to develop sensible policies and strategies to be followed in the future. One of the most important pressing recent developments is the current

economic recession. The economic downturn is a huge challenge for the donor community and is discussed in the last section. We also discuss other emerging issues tangentially (e.g. climate change) and the implications of all the big issues for the sustainability of peace and post-conflict nation building in Africa. This paper will review and discuss the extant literature critically with explicit recognition of the heterogeneous nature of the different fragile states and the diversity of donors in a given context. Heterogeneity of context is of paramount significance. For instance, in Liberia there is minimal ethnic strife. Hence, ex-combatants from different ethnic factions form a group and occupy rubber plantations for employment purposes (Cheng, 2010). But in other parts of Africa, ethnic tensions often jeopardise post-conflict reconstruction efforts.

The paper's key objective is to discuss current knowledge, the opportunities and challenges in relation to donor coordination in fragile states of Africa drawing on the complex quantitative and qualitative literature. In four major sections, the issues discussed in the paper will be the basis for possible recommendations which

can be pursued by donors and fragile states on effective coordination of donor support and nation building.

### **I. Theoretical Underpinnings: Conceptual framework for coordination**

A variety of frameworks have been adopted to conceptualise and operationalise donor support in developing countries. Except for some appropriate modifications, the frameworks developed so far are useful for our discussion of donor coordination in fragile states. For example, the donor coordination problem can be investigated in the context of the principal-agent model. Insights from game theory show us the reasons why coordination fails (e.g. Prisoners' Dilemmas as they are characterized by the selfish action of actors). Free-riding by some donors in a group aimed at building the capacity of fragile states is another potential source of coordination failure. As an alternative, Carment and Samy (2009) opt for an integrative framework referred to as the ALC (Authority-Legitimacy-Capacity) model instead of a specific case study approach pursued by economists, comparativists and international relations researchers. They suggest

that donors should channel aid to context-specific weak points in relation to ALC. Sandler (2004) provides a detailed account of the Country Development Framework (CDF) of the World Bank (see example CDF matrix in the Appendix).

Hence, the most important starting conceptual consideration is the need to think hard about how donors coordinate and manage their aid efforts in these highly volatile and unpredictable environments. Given a list of failed aid efforts, future actions should focus on improving the support allocated for building the capacity of weak states in Africa. Support for the continent and elsewhere is driven by political, historical and commercial motives including post-colonial links, the Cold War legacy, search for natural resources and recently the war on terror (Bourguignon and Sundberg, 2007). Today, there are approximately 38 international organisations that have a mandate and an interest in regional security covering virtually the whole globe (Tavares, 2010). There are also bilateral and multilateral organisations involved in the rebuilding process of post-conflict states. For instance, there are about 30 donors and 300 NGOs in Rwanda

each with its own reporting and working mechanisms and one can imagine the huge coordination problem of such a complex scenario. FS are disproportionately represented in Africa. But due to long term donor strategies and emergency situations, the focus of the international community is predominantly on Afghanistan, Iraq, East Timor, Haiti and Pakistan.

In Africa, MDG (Millennium Development Goal) targets can be met only if donors act decisively and forcefully to build the capacity of FS which are “falling behind and falling apart” (Collier, 2007). Since the ultimate goal of development is poverty reduction, CB has a major role to play in fostering this goal (Kedir, forthcoming). Neoclassical and endogeneous growth theories tell us that after shocks, countries move back to pre-conflict steady state growth trajectories. Donor support to struggling weak states is useful along with credible indigenous development effort and strong political will by recipients. For instance, Rwanda after 1994, Uganda after 1986, Ethiopia after 1991 made recoveries with some conflict episodes along the way. Relative internal political stability, governance efforts and

sustained donor intervention helped the respective recovery processes of these countries.

### **a. Definition**

In defining fragile states, we are not aiming to provide a definitive list of countries because there are numerous subjective and probabilistic elements and also controversies surrounding the issue. In the context our research, fragility and lack of capacity can be hypothesized as being the significant challenges for aid harmonisation. Fragility is not only a problem for coordination, but it is also detrimental to reconstruction efforts as it increases the likelihood of reversion to violence. Conceptually, fragility is multi-dimensional and the literature is the most diverse, confusing and controversial (Besley, 2010). However, the symptoms of a FS are discussed in detail in the literature and we draw the reader’s attention to those key elements that can be used with reasonable degree of confidence to determine whether a given state is fragile or display heightened degree of vulnerability to become one. Some argue that the international community needs to give special attention to the situations in FS like other global issues such as the climate

change, Afghanistan and Iraq. For development economists, other social science professionals and humanity in general, fragility of states is impossible to ignore due to its potential negative spillovers (Blattman, forthcoming). For the World Bank stabilising FS is the most pressing international security and development challenge (Zoellick, 2008). Both in academic and policy circles, there is a lack of solid understanding why some states display propensity to fragility.

Different organizations define 'fragile states' differently. However, they agree on the core features of such states as lacking the quality of governance and state institutions. For our purposes, the important point to note is that both donors and recipients must have a shared understanding of fragility for the donor coordination effort to succeed. Below we have the definitions provided by OECD, DFID and the WB respectively as follows;

*"...when state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations."* (OECD-DAC, 2007)

*"...those where the government cannot or will not deliver core functions to the majority of its people, including the poor."* (DFID, 2005)

*"...countries facing particularly severe development challenges such as weak institutional capacity, poor governance, political instability, and frequently on-going violence or the legacy effects of past severe conflict."* (World Bank, 2007)

In simple terms, FS are states that fail to provide security and basic services to their citizens. The OECD-DAC (2007) approach states that FS lack political commitment and are weak to design pro-poor policies. Individuals living in FS suffer from lack of services from institutions of safety like the police, education, health and roads. The issues surrounding fragility are important for the purpose of this paper because the degree/phase of fragility and the nature of the government running the fragile state are important elements to consider when donor coordination and interventions are contemplated. It is true that a dysfunctional government can be an impediment for recovery and reconstruction efforts. However, there might be groups with a given country (e.g. civil society) that can serve

as legitimate counterparts of the reconstruction effort. A typical example is Sudan. Most fragile states<sup>3</sup> are characterized by weak governments such as DRC, Sierra Leone, Burundi, Liberia but some others are fragile but with strong governments like Zimbabwe. The conceptual discussion above clearly indicates the diversity of the states which can be categorized as fragile.

### **b. Economic security**

Peace precedes sustainable and stable social, political and economic development. On the 4th of March 2004, the former UK Secretary for Development (Hillary Benn) stated that “*Development without security is impossible; security without development is only temporary*”. His statement is a concise and forceful reminder of the necessity of improved economic performance (e.g. via employment creation, poverty reduction, infrastructure development) for stability and vice versa. Analytical studies corroborate this view (Carment, Samy and Prest, 2009; Miguel et al 2004; Gupta, 1990). Simultaneity or causality is the technical problem to be addressed

for empirical results that attempt to establish the relationship between security and development (Alesina et al. 1996). The key message for the donor community is to consider long-term economic development in aid allocation decisions and encouragingly this is being recognized recently (Collier, Hoeffler and Soderbom, 2008).

For the economic transformation of post-conflict states and fragile states in general, the provision of two key public goods are crucial- security and accountability. Accountability is strongly linked to corruption, sense of duty and moral obligation of citizens and institutions while security can boost investor confidence (Collier 2009c). Carment, Samy and Prest (2008) propose a framework which can guide aid allocation in FS by considering authority, capacity and legitimacy (referred to as the ALC framework). They emphasise the significance of assessing state effectiveness and legitimacy along political, economic, social and security dimensions. They argue that allocation of aid which fails to follow the ALC framework is more likely to induce state failure.

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<sup>3</sup>We opt for flexible and loose concept of fragile states. Hence, we use the terms fragile states and weak states interchangeably.

It is useful to briefly discuss the role of national efforts for peace building in FS in the form of truth and reconciliation commission of South Africa for lasting peace and security. Reconciliation efforts were instrumental to the peace as well as election processes in Burundi. In 2000, a multiparty Arusha Peace and Reconciliation Agreement was signed and the presence of Mandela put a positive pressure on the different actors to firmly recognize the need for lasting security (Beshoff, Very and Rautenbach, 2010). The African context with its rich historical and cultural practice of dispute settlement using community representatives and elders is conducive and can be used to facilitate peace negotiations. Some argue that these efforts might be limited in their outreach and recommend channeling foreign aid to reconciliation activities to reach a larger part of the population with an indication of the significant roles of CSOs (Johansson, 2008).

### **c. Copenhagen Consensus**

To give particular attention to the development and poverty reduction efforts in FS, it is also relevant to discuss the Copenhagen Consensus (CC). The CC project is aimed at promoting best ways of

spending aid money and combating challenges in FS. Collier and Lomborg (2008) warn against a potential post-conflict relapse in FS following the recent discovery of mineral resources in different African countries. They also argue for post-conflict aid rather than military intervention to ensure long-term security in FS and consequently facilitate recovery. In particular, they opt for discouraging states from building their military arsenal using aid money. Collier and Hoeffler (2004b) and Collier, Chauvet and Hegre (2008) set the tone to examine aid in a post-conflict setting. We focus on the relevant issues and build knowledge that relate to the aid-conflict link not only from these studies but also other studies that took place in recent times in the context of donor aid policy and fragility (Carmen, Samy and Prest, 2008). Most of the aid literature in post-conflict states point to its effectiveness and indicate the existing room for donors to maneuver to optimize recovery and reconstruction of the emerging states. Collier and Heoffler (2004b) highlight the importance of donor backed multidimensional and large volume aid in areas such as governance and policy making in order to boost post-conflict economic growth. The effect of aid on the

economic performance of post-conflict nations can depend on exchange rate (Elbadawi et al 2008; Rajan and Subramanian, 2005). Previous or war time inflationary and abnormal monetary developments can be averted by post-conflict donor aid (Adam et al, 2008). In post-conflict settings capital flight is sensitive to inflation making monetary stability one of the key aspects of the growth of fragile states (Davis, 2008).

#### **d. Sovereignty Axiom**

Outside intervention, whether well intentioned or to promote covert economic and other motives, is justifiably resented by most nations on the basis of sovereignty principles. However, this resistance has drawbacks as some flexibility of this principle facilitate peace building and security. For instance, the African Union (AU) replaced the principle of non-interference with the principle of non-indifference. The reversal of one of the basic principles of Organisation of African Unity (OAU) was made possible by the recently formed Peace and Security Council of AU. This reversal should not be confused with a complete surrender to interventions from outside but as a flexible arrangement that creates

a room for donor support to be effective in difficult environments. In other settings as opposed to FS, the reversal may not be necessary as country ownership and sovereignty are essential. The reversal has its merits in terms of bringing peace and security in Africa as evidenced in the peace mediations brokered in Ivory Coast, Burundi and the Democratic Republic of Congo (DRC) (Tavares, 2010). Now there is an increased interaction between AU and UN and this is also crucial for conflict anticipation, prevention and constructive intervention. For instance, to this effect, AU and UN signed a Ten Year Capacity Building Programme.

*Who owns the policy?* This question has strong links both with sovereignty and coordination of aid. In the new era of aid paradigm literature, there are concerns over country ownership of policies because donors often push for implementation of policies in their own priority areas. Country ownership is flagged up as a solution to aid chaos and welcomed by donors (Sandler, 2004). However, as argued above there is a limit to the potential viability of this solution mainly in fragile states where institutions are weak or non-existent to handle

the complexity of aid targeted at CB. Therefore, in a context where local institutions are well-functioning, country ownership can be pursued. To probe further the country ownership idea in Africa, we should learn a great deal from recent economic history of the continent. In the later part of the 1980's, the continent was subjected to numerous economic reform agendas pushed mainly by Washington based institutions. There was intense debate for and against the Structural Adjustment Programmes (SAPs) which put aid conditionality on recipient countries. Many academic commentators cautioned against the blanket push for faster, unsequenced and comprehensive free market reforms. The donors were pushing the reforms based on lessons learned from rich countries (which are far removed from the real structure of African economies) and some alleged 'success' but unsustainable stories within the continent such as Ghana. At present, there is a consensus that conditionality should leave the scene from national ownership. Not imposing conditionality is a feasible route in weak/fragile

states. For instance, they are unlikely to meet the requirements of preparing Poverty Reduction Strategy Papers (PRSPs) which qualify them to receive aid under the CDF. The argument for conditionality based on good policies is supported by many. If capacity is enhanced, some FS can be in a position to decide on their policies and demonstrate commitment to programme implementation. To realize this in FS, donors can provide and monitor the allocation of CB resources<sup>4</sup>. CB ensures the sovereignty concern and enhances the effectiveness of peace, security and economic reconstruction process driven by recipients. A good country ownership example is Burundi which ensured coordination with different donors such as Belgium and France by taking the lead in project planning and implementation.

#### **e. Traditional Peace Keeping Operations (PKOs) vs Multidimensional PKOs (MPKOs)**

Country ownership is relevant both in drafting and agreeing to economic policy and security blueprints. We take the security issue

<sup>4</sup>Some donors (e.g. DFID) are major supporters of many FS and allocate large sums of money for support. They also devised expenditure tracking mechanisms to monitor the destination of aid resources even if they do not always avoid the diversion of resources for unproductive uses as a recent aid scandal in India revealed.

here and emphasise recent developments in UN operations which has conceptual and engagement implications in the donor-recipient interaction. The current literature in peace keeping discusses the transition of traditional PKOs to multidimensional PKOs. Traditional PKOs can be considered as the first step of nation building in a typical sense of ending direct violent conflicts while multidimensional PKOs are the next step in the nation building process in post-conflict societies and they include investment in education, health, infrastructure, democratization and governance. This transition by the UN is a serious undertaking joining the peace, security and development agenda. It is an ambitious venture but an appropriate one<sup>5</sup>. It is perceived by some as threatening to central authorities of domestic actors (Dorussen and Gizelis, 2010). MPKOs build the peace component into traditional foreign aid (mainly economic and technical aid) and are concentrated in FS and hotspots such as the African Great Lakes Region. Since multilateral institutions such as the World Bank have donor support objectives in a multidimensional sense, the transition

gives donor coordination a promising future. This is feasible as far as the UN and WB have the commitment to work together in fragile environments. We discuss the complex coordination issue more in another section below.

The purpose of this encouraging transition by the UN and embedding good governance within peace keeping missions is to transform fragile post-conflict states into well-governed societies with enduring peace and economic development. The disaggregated event data analysed from four multidimensional UN peacekeeping missions in the African Great Lakes region provides useful insights for donor coordination in FS. Dorussen and Gizelis (2010) used a multinomial logit framework to analyse whether the actions and policies of PKOs produce cooperation and conflict. Their results indicate that democratisation is controversial (most likely due to the confusion over the concept of 'Western' democratisation) while policies that focus on state capacity building and elections led to cooperation outcomes between the UN and fragile states.

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<sup>5</sup>The forthcoming World Development Report (WDR) in 2011 also recognises the significance of addressing security, conflict issues alongside economic development and/or poverty reduction.

#### **f. War overhang, peace dividend and peace dividend insecurity paradox**

The concept of 'war overhang' is used here to highlight the importance of distinguishing post-conflict countries into different categories depending on the number of years of conflict they experienced. Fragile states were either in short or long civil wars in the past. Donors need to recognize the fact that those emerging from short wars are characterized by a 'war overhang' effect (Ansoms, 2005; Collier 1999). Hence, in the short run CB support and aid coordination can be skewed more towards to peace maintenance in countries which emerged from short conflicts than pursuing long term economic development goals. Growth trajectory in the first decade immediately after civil conflict is claimed to follow an inverted U path. Rapid growth is often preceded by peace settlement reached after long term conflicts (Colliar and Hoeffler, 2004a).

The economic benefits of peace dividend in post-conflict environments were criticized mainly on the grounds of the long-term nature of any peace related economic development benefits if

any (Akinrinade, 1999). Pointing to the need to consider a myriad of factors in peace maintenance, Ferreira (2005) argues that the peace dividend that is often alluded to is not guaranteed. This is mainly due to the fact that the reallocation of resources previously tied to military for development purposes is not straightforward. The concept of peace dividend insecurity paradox introduced by Ferreira and the war overhang effect discussed earlier are relevant for post conflict reconstruction effort whether they are undertaken by African states alone or in collaboration with external support. The theoretical concept gives us an insight to understand the dynamics of peace and development in fragile environments and the situations under which post-conflict peace can be vulnerable to fragility.

#### **g. Timing, and Sequencing**

One practical but complex process is the importance of reallocating the human resources released (e.g. ex-combatants) and building key physical infrastructure (e.g. roads and bridges) as short-term but intensive donor support component undertaken at the right time for the sake of a long-term peace building effort.

Ex-combatants are often labeled as rebels for life by existing African states that emerge from conflict and are excluded from normal life with financial and social humiliation. This can create a large and frustrated underclass group of young men who can derail all security and development efforts. Therefore, as African states tend to ignore and/or give little attention to the complex issue of the reintegration of ex-military personnel to society, donor coordination mechanisms can support grassroots organisations and NGOs that attempt to address the plight of ex-soldiers. Timing and sequencing are key ingredients of any support and intervention in volatile countries such as Liberia which has problems of forced seizure of large rubber plantations by ex-combatants<sup>6</sup>. This is alarming for the maintenance of peace. Angola too has its own share of potential problems with a history of long civil war in the recent past and large group of young ex-soldiers.

## **II. Donor Coordination: key issues, review of interventions and strategy papers**

There is no question of the need

to support fragile African states. Despite his cautious optimism about the effectiveness of foreign aid, in a special report for the World Bank Institute (Collier, 2009c) and also in his award winning book “The Bottom Billion” (Collier, 2008), Paul Collier suggests a Marshall Plan type big push and intensive injection of aid to rebuild failing states. At the same time, he mentioned the common frustration of aid coordination failure by giving an example in relation to three aid agencies that were planning to build a hospital in the same location. A large number of the fragile states with millions of residents are in Africa. The arrival and increasing involvement of China in the aid scene with all its political economy dynamics complicates the coordination problem. It is obvious that the effectiveness of aid for CB in FS can be enhanced if there is increased donor alignment, coordination and harmonization (Bourguignon and Sundberg, 2007). Based on context-specific needs assessments in FS, in recent years donors coordinated their efforts with some success using “*multi-donor trust funds, national programmes, social funds community driven development, and the*

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<sup>6</sup>They are referred to as extralegal groups by Cheng (2010).

*formation of national compacts, all of which are viewed as ways to align donor funds behind national and community priorities”* (Mcloughlin, 2010). A rigorous and careful investigation of the issue of donor coordination and aid ownership are the central objectives of existing efforts to reform the foreign aid system. This is evident by the 2005 Paris Declaration on Aid Effectiveness signed by more than 100 donor agencies and recipient governments. It is legitimate to criticize this declaration after 5 years. The verdict on its effectiveness is that the declaration has not significantly lead to a decline in donor fragmentation. However, the declaration is a big step towards aid harmonization among donors. Revisiting the signed commitment and changing the rhetoric into action is one of the ways for current donors to address the daunting donor coordination problem instead of signing other declarations to overwrite the previous one (Whitfield, 2009).

The 2008 Accra Agenda for Action (AAA) is step in the right direction in terms of fulfilling the harmonization of aid and makes coherent connections with the 2005 Paris Declaration and the Rome Declaration on Harmonisation. AAA recognizes the fact

that aid is only part of the development process and appreciates diversity and context-specific drafting of country action plans to be integrated to regional and global aid coordination efforts. It also focuses on meeting MDGs, promotes demand-driven country ownership of programmes and is explicit on what recipients and donors should do in their own accord. In line with our position above, it highlights the slow progress of coordination efforts which are more complicated in the recent introduction of new partnership working arrangements with the global funds, private sector and CSOs. In principle, AAA puts the coordination issue at the top of a list of challenging issues of the current aid delivery architecture. In the last section of the paper, I discuss new modalities of aid delivery as promoted by Birdsall et al (2010). AAA is timely and is consistent with some of the new forms of aid to poor states because it emphasizes accountability which is the core component of, for instance, the Birdsall et al (2010) proposal on cash on delivery. AAA’s promise to evaluate and identify best-practice in coordination programs starting in 2009 and future achievements (especially after the planned high level forum in 2011) remain to be

seen. For its implementation and effectiveness, we believe much of it depends on the commitment of donors to CB in FS. In difficult environments, the large number of actors both from the side of recipients and donors can compromise harmonization and alignment of priorities, policies and procedures. UN Development Assistance Framework (UNDAF) and Common Appeal Process (CAP) are important initiatives designed to address this problem and track the destination of aid resources. There is some improvement in CB but much has not changed on the ground when it comes to harmonization (OECD, 2005).

In an era of austerity, there is an immediate need to avoid fragmentation in aid delivery and the objective should be to achieve the best outcome using the ever shrinking global pot of funds. Therefore, donors should loosen their unreasonable allegiance to their own bureaucracies of aid delivery and work towards coordination. This is in their best interest or the tax payer in them given the budget crisis they are in. The global aid architecture is often wasteful, populated with multiple competing agendas and is putting administrative and

financial pressure on poor countries. A new aid model started after the end of the Cold War. The Millennium Summit in 2000 and Monterrey Conference in 2002 are prominent examples prior to the Paris 2005 declaration. This new model pushed for country ownership and aligning donors to national priorities and allocation of aid to better performing countries (Bourguignon and Sundberg, 2007). Although coordination is vital, its complexity should be recognized both in emergency or long term development situations. It is complex because different donors have heterogeneous priorities and motives and engage in different activities in different countries. Therefore, there cannot be a unified formula for donor coordination that can be applied in different settings. However, within a given country or region, donors can benefit from basic information exchange, expertise sharing, resource pooling and flexibility of working arrangements on the ground. At a country level, most donors provide support to promote trade (e.g. AGOA, GSP and EPA), peace/security, climate change, environment, infrastructure (e.g. WB on roads in Ethiopia), agriculture, governance, basic needs (i.e. water and sanitation), social services

(i.e. health and education), human rights and gender equality. At a regional level, political and economic development/integration is supported by donors, for example, through AU, NEPAD, UN, EU and the WB. Despite the legitimacy of heterogeneous intervention and the need to recognize context specificity, the need for coordination is a matter of urgency in the current climate of the worst global economic crisis ever to be witnessed in living memory.

**a. Asymmetry of Expectations:  
Fungibility, Cost-recovery and  
time inconsistency problem**

It is not only the neglect of the remobilization of human resources that can make the proceeds of a peace dividend a distant reality but also the way foreign aid is used in recipient countries. Fungibility of aid is a huge concern. Based on theoretical insights from public choice, McGillivray and Morrissey (2000) show how it can arise even when donors and recipients are in agreement how the aid budget should be allocated. Donors may have little control over the allocation when countries divert money away from immediate short term investments such as creating sustainable livelihoods

for demobilized soldiers. In relation to this, corruption, time inconsistency problem (i.e. breaching original contractual promises) and government commitment failure come to the picture.

Another indicator of donor-recipient expectation mismatch is the expectation of donors for recipients to recover part of the costs incurred in the provision of social services such as education and health. This was mainly the case during the 1990's SAPs which proved unpopular. Recipients often do not realize such conditionalities are attached with the aid they receive. The obvious solution in future donor-fragile state relationships is for donors to refrain from attaching unpopular and ineffectual conditionalities and for FS to use the money they get for CB for the purpose it is intended for. The time inconsistency problem is well recognized in the aid literature (Sandler, 2004). Many recipients often agree to donor conditionalities but change their commitment promises once access to aid is guaranteed leading to high transaction costs to monitor alignment to original recipient pledges. Past experience of such breaches of promises might condition future interaction of FS and donors.

**b. Overlapping Donor roles**

Donors often fail to work on a common framework which leads to duplication of effort, lack of timely intervention and inevitable wastage of resources. In FS, there is a long history of donor intervention via international NGOs, bilateral and multilateral organisations. One of the immediate weaknesses of current donor participation in the reconstruction of FS is the lack of commitment to build on existing experience. For instance, the past experience of EU, WB, UN, Nordic and Scandinavian donors in poverty reduction efforts can be exploited to good effect for post-conflict reconstruction, peace building and security efforts. For this to happen, donors should share vital information in a transparent and sustainable manner. One area of improvement is to consolidate the Africa strategy reports of various donors. As it stands, most donors (e.g. Denmark) have separate African strategy reports. There is a room for developing some sensible coherence across strategy reports of bilateral, regional and multilateral donors on the continent. For instance, the EU has a regional strategy for Eastern and Southern Africa and there should be a

way to integrate the country level strategies within Europe. Norway gives most of its aid to climate change, conflict prevention, re-integration of combatants, training security forces, peacebuilding (mainly in Sudan and the horn of Africa), human rights, gender equality, governance, anti-corruption initiatives and capital access. Sweden has somewhat similar support regime particularly in the peace and security sector with its well-known focus on environment and conflict. There is a scope to identify, exploit and optimize the complimentary aspects of the strategies. DFID (2009a; 2009b) outline a strategic framework of the UK government in conflict and fragile states. The US provides, among others, CB support in Africa to prevent, mitigate and respond to conflicts. The peace and security CB with a focus on curbing extremism is conducted through the US military's Africa Command-AFRICOM. In 2009, AFRICOM issued an African position document. Other capacity and economic development initiatives are supported by USAID. UNDP has country action plans and continent level strategy document not only on conflict, peace building and recovery but also in areas of poverty reduction and achievement of MDGs (UNDP,

2007a; 2007b; 2007c). There are also country strategy papers by IMF and the World Bank predominantly on economic development but not completely devoid of reconstruction of fragile states. Under the Vulnerability Financing Facility (VFF), Low income Countries Under Stress (LICUS) approach and the Comprehensive Peace Agreement (CPA), the WB provides support for governance, safety nets, basic services and pro-poor growth in Ethiopia, Djibouti, Sudan and Somalia. It has less involvement in the latter two countries but promised to re-engage more in the future as detailed in its assistance and interim strategy papers (World Bank, 2008a; 2008b; 2009). There is a non-negligible and mind-boggling overlap of activities, plans, policies and strategies among donors. Most of these strategies have planned budgets embedded in them but often consist of pledges not commitments and with a provision to raise funds from other partners. This joint funding provision in most of the strategic papers justifies the need for coordination to assess how much is needed for what purpose and identify the arrangement(s) to share the funding, logistic and administrative responsibilities.

### **c. Transparency and intensity of CB**

Even if the scope of this paper is limited, it is worth mentioning briefly some issues that are associated with different aspects of donor coordination. These issues are concerned with issues such as the role of institutions and donor supported expenditure tracking mechanisms (as vigorously pursued by DFID though ineffectively). For instance, Gibson et al (2005) argue that the effectiveness of donor CB support is limited in weak states mainly due to the limited structure in its delivery. Other coordination issues relate to decisions on the level of intervention and intensity of CB activities. In places like Liberia and Somalia, interventions by donors need to be intensified over wide areas because conflicts destroyed much of the physical infrastructure as opposed to limited area destructions in the case of Ethiopia and Uganda. These heterogeneous interventions need to take the differing contexts prevailing in the FS.

### **d. Asymmetries**

Sandler (2004) argues that different asymmetries (i.e. informational, technological, cultural, size,

accounting and financial) should be addressed for donor-recipient partnerships to work. Collier (2008) also stressed the undesirability of introducing complex accounting systems by donors. This is particularly important in FS where there is poor level of budget management and the pretty dire system that goes with it. These asymmetries are obviously fundamental to coordination in addition to the potential free riding problem by some donors.

**e. Donor coordination case studies: UN's Peace Building Commission (PBC).**

PBC is an intergovernmental advisory body established in 2006. With Peace Building Support Office (PBSO) and the Peace Building Fund (PBF), it comprises the UN's new peacebuilding initiative. When it comes to coordination, PBC increases coherence through Integrated Peace Building Strategies (IPBS) that involve local and international actors. It benefitted countries such as Burundi which is the attention of multilateral institutions for macroeconomic support. The lessons so far include the need to avoid duplications of local plans and give a limited emphasis to national ownership in FS. The process

can be time-consuming and overwhelming on the ground but coherence and participation of civil society representatives is achieved in places like Sierra Leone and Burundi. On the side of African FS, governments should encourage and ensure the participation of any section of civil society instead of cherry picking only the urban-based organisations loyal to them. Based on evidence so far on PBC which has mixed results of success, there is a call for reforms within the UN to improve coordination.

**f. Post conflict peace: Boosting troops**

Some fragile states are characterized by building their military hardware in post-conflict periods. Sudan is geographically and ethnically diverse. The conflict between the south and the north nearly killed 2 million people. Resident coordinators and the UNHCR support war widows and refugees who are mainly stationed in Kenya. In relation to security, it is instructive to review what is recently taking place in the Christian southern Sudan which is seeking independence from Muslim majority in the North. The south is spending at least 40% of the national budget on military which

can be perceived either as a measure to boost troop levels to prevent future insecurity or as a tendency to engage in war with the North. There should be an international mechanism (facilitated by donors as well as the fragile state—here Sudan) to monitor this dangerous development for the sake of conflict prevention and channel resource to valuable investment such as roads which are still not well developed in southern Sudan. This brief detour emphasizes the centrality of the peace element in the economic development of FS as we pointed out in section one. The challenge for the international coordination body is to iron out the thorny issue of Sudan with respect to water, oil reserves, resettlement of refugees, education, child and maternal mortality and the military. Conflict over resources might make Sudan more fragile. The key message is in many fragile environments understanding of the complexity of political economy (coupled with donor motives) and identifying priority areas in a given context is the first coordination quagmire to be addressed. If peace is hanging by the thread (as in Sudan) and security is on the balance, the whole grand scheme of CB without consideration of the above key issues will potentially be another failure.

### **III. Lessons: What works where and under what circumstances?**

#### **a. Post-conflict reconstruction: timing and sequencing**

To examine issues of timing and sequencing and to recommend potential policy options for donors in fragile states of Africa, we closely follow the case studies and the empirical evidence provided by Carment and Samy (2010). We use the conceptual insights and the implications for donor policy interventions in the context of Africa without focusing on their detailed discussion of understanding the underlying causes of fragility. They defined sequencing as the order in which the dynamics of ALC occur over time while timing is, for instance, donor engagement to respond to changes in ALC. Another concept they alluded to is strategic timing which is “*a response to a sequence of changes within a fragile state in which a decision is made to allocate resources with the full understanding of the consequences of that resource allocation*” (Carment and Samy, 2010, p.4). It is interesting to note that accountability is embedded in the definition of strategic timing.

One of the areas where we

lack critical understanding is where, when and how donors intervene and allocate resources in FS. Carment and Samy (2010) did a good job of giving some insight on this issue for a global sample but their work is not a definitive guide. We summarise the basic messages of their cases studies relevant for Africa. In their case studies, they took a 40-year profile of changes in ALC structures of different countries with heterogeneous background of fragility such as the DRC, Somalia, Zimbabwe and Sierra Leone. In DRC and Somalia, they surmise that it is not clear whether donor support on authority leads to improved capacity mainly due to the volatility of the authority challenges and very low capacity. From a policy perspective, even Carment and Samy are critical of simultaneous policy interventions mainly due to the failure in Afghanistan. However, due to unique circumstances, they suggest a simultaneous donor support for capacity and authority in DRC and Somalia. Unlike Sierra Leone, in Zimbabwe, legitimacy scores move with changes in capacity.

#### **b. Donors, Elections and Democracy**

Though important in the long

run, holding elections and giving priority to democratization in circumstances where there is no previous history and where political instability prevail should not be the immediate preoccupation of donors (Dorussen and Gizelis, 2010; Carment and Samy, 2010). A major myth that needs to be avoided is the misconception that democracy does not exist in societies outside the West. As Sen argues from philosophical and historical perspectives, “the implicit assumption that democracy belongs exclusively to the West” is inappropriate (Sen, 2010, p.322). Both fragile states and donors which embark on democratization should have a common shared understanding devoid of the above misconception. Such an understanding should recognize the potential and actual presence of democratic attitudes and participatory ways of decision making in FS. This will afford an opportunity to build on existing local governance process and donors’ capacity building support can play a complementary and effective role. It is obvious that FS have a lot to learn from the contemporary participatory democracy well developed in the West. Therefore, donor aid can be used to reinforce culture of participation, dialogue,

promoting freedom of dissent, freeing media and interaction among societal members. The donor support needs to be sustainable as these changes are rather long-term than short-term. So donors should not restrict their help to pre-election periods and highly successful democratic nations. Instead attention should be directed at the issues highlighted above.

**d. Case Studies on some key aspects of donor-recipient interactions**

*i. MDRP: Angola, Burundi, CAR, DRC, RoC, Rwanda and Uganda*

Many post-conflict societies completed the process of demobilising soldiers but fall short of re-integrating them to society. This failure is a serious weakness that may or may not lead to state fragility as peace cannot be guaranteed when there are thousands of disfranchised ex-soldiers. A good example of coordination of demobilization and re-integration programme relevant for FS is the Multi-country Demobilisation and Reintegration Programme (MDRP). MDRP is the largest of its kind in the world with the demobilisation and reintegration on 300,000 combatants by raising US\$450 million (Disch et al,

2010). The Multi-Donor Trust Fund comes from the WB, the AfDB and other 13 country donors such as Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Sweden, UK and EC. The seven countries that benefitted from the programme are Angola, Burundi, CAR, DRC, RoC, Rwanda and Uganda. UN agencies and NGOs were used as implementing agencies and contributed to the success of demobilisation and re-integration in Angola, Burundi and DRC (MDRP, 2008). In relation to lessons learnt for success, national ownership, sustainability, accountability, clear roles of actors and providing targeted and long-term support for vulnerable groups such as children and women were singled out. For future improvements, it is suggested that the WB reviews its operational and administrative procedures that match the ambition of key coordination ventures such as MDRP.

*ii. Liberia*

Of particular focus for FS is the need to give priority to employment creation for the youth. A dissenting group of frustrated and hopeless youth filled with anger,

frustration and alleged societal inequality in a given nation can be a threat to the hard earned peace in FS. Hence, integrating the young through employment programmes and giving them a sense of worth and social inclusion should be at the heart a long-term nation building process (Collier, Hoeffler and Rohner, 2007). The social safety net programmes of nations (often financed by the WB) can be designed to target the youth. Other complementary local initiatives, like the rubber plantations of Liberia (despite an ongoing property rights dispute with local authorities), can also be used to engage and benefit the young (Cheng, 2010).

### *iii. Ethiopia*

Donor support to Ethiopia is characterized by a stop-start pattern. Donors withdrew particularly following major conflicts such as the 1998-2000 war with Eritrea and the post May 2005 elections. Withdrawal of support by donors serves as a signal to reward states with a genuine security and development objective. Arguably, as the only uncolonised nation in Africa, country ownership is zealously guarded in Ethiopia and sometimes stretched to unreasonable levels. Though

country ownership of policies is useful to dictate the pace and degree of reforms, it should not be confused with state intervention to manage all affairs of the economy and select civil society representatives. Undesirable intervention can be a barrier for effective coordination of aid for CB and reconstruction. The WB and UN take most of the in-country donor coordination with a recent shift towards bilateral donors. As in many other countries, donor-recipient coordination is relatively easier in less contentious areas such as education, health and infrastructure. But there are tensions over the government's biased focus on tertiary education at the expense of primary education and building health facilities without having the trained health personnel. Hence, the mismatch in preferences between donors and the government leads to coordination failure and recipients need to minimize the occurrence of such conflicting preferences. One of the major contributory factors for failure in coordination is the incompetence of the public sector employees who are negotiating with donors. This is not restricted to Ethiopia as most African states lose their competent and bright labour force either due to international migration or

absorption in the well-paying private sector within the continent. Hence CB in the form of technical assistance will be beneficial to address the problem but it cannot be a long term solution. Co-ordination failure is more likely if recipients engage partially with donors. For instance, Ethiopia excludes significant donors such as the USAID and the Netherlands from high level policy discussions by focusing only on donors that provide budget support. CB need assessments are often done by politicians with little input from technical experts. Establishing surveillance missions by donors (as IMF did in 2006 to check the 'Protection of Basic Services') will lead to reduced resource leakages, corruption and fungibility of aid (Furtado and Smith, 2009).

#### *iv. Rwanda*

The 1<sup>st</sup> and 2<sup>nd</sup> PRSPs of Rwanda were compiled in 2002 and 2007 respectively. PRSPs are prepared by almost all recipients as a requirement to benefit from programme support from donors and to qualify from the Heavily Indebted Poor Countries (HIPC) initiative as well as development aid under the CDF. In Rwanda more aid is channeled to promote the growth-led poverty reduction

agenda (Hayman, 2009) or the Vision 2020 as opposed to the Agricultural Development Led Industrialization (ADLI) strategy of Ethiopia. One of the lessons of aid coordination in Rwanda for other fragile states is the need to avoid the creation of numerous coordination agencies. Rwanda created a number of these agencies. Inevitably overlapping responsibilities with ill-thought heavy mandates simply exacerbate the existing complication of aid delivery coordination matrix. In the health sector, there are unclear leadership roles both from the side of donors and Rwanda while there is a clear county ownership for education. Rwanda's example is a passive recipient case unlike the active engagement of Ethiopia. By excluding Norway from the discussion of policies in relation to justice, Rwanda displayed lack of transparency and partial engagement like Ethiopia. There seems to be a pattern of partial engagement across many countries in Africa and it needs to be avoided.

Harmonization of aid for CB is unlikely to succeed when donors give mixed messages. For instance, the WB continued supporting the Rwandan governments while some bilateral donors such as the UK withdrew

due to Rwanda's policy towards DRC (Hayman, 2009). The same mixed signal from donors was observed in the post May 2005 election in Ethiopia. The aid coordination architecture gets more complicated when donors switch from previous direct support to governments to NGOs as done by Norway in Rwanda. Condemnation of bad governance by withdrawing support is a good signal and provides a strong incentive for FS to maintain peace, respect human rights and prevent potential violence. But it should be done in a coherent manner by the donor community.

#### **e. The Illusion and Reality of Emerging partnerships: AU vs donors**

As pointed out in section one, there are encouraging interactions between AU and other international organisations such as the UN. AU is more effective than its predecessor (i.e. OAU) in preventing instability and further disintegration of some countries. For instance, it helped Sudan, Togo and Madagascar in peace making negotiations and criticised unlawful governmental structures in those states. However, it has not lived up to expectations. Most actions by AU are ad hoc interventions,

biased towards personal initiatives, without any systematic follow-up and limited resources. As a key intra-continental group, it should take the initiative to coordinate the donor activities that are aimed at peace keeping and reconstruction.

It is clear that there are a number of high level institutions with capacity development mandate in Africa. The AU/NEPAD Capacity Development Strategic Framework (CDSF) gives details on how qualifying capacity development projects are implemented in the African continent. It is not clear how the continent based CB via ACBF and AfDB fit in the larger scheme of CDSF. A clearer joint structure of capacity development from each of these institutions for FS is useful for coordination. For instance, recently (i.e. August 2010) the Liechtenstein Foundation for State Governance (LFSG) and the NEPAD Planning and Coordinating Agency (NEPAD Agency) signed a comprehensive cooperation agreement. This continent wide and project based support for qualifying countries is an initiative in agreement with CDSF.

#### **f. High Level Meetings (HLMs) for effective coordination**

After the end of the Cold War,

there is an increasing recognition of the importance of working with regional organisations both on security and economic development. This is mainly driven by the necessity of engaging with developing countries including FS based on a different and new approach. One of the challenges of donors (e.g. the UN) is lack of resources to execute planned rebuilding activities in FS. This financial pressure also necessitates effective engagement with regional organisations with different mandates. So there is an encouraging momentum of collaborations, for instance, between the UN and regional organisations in Africa. In this partnership, the existence of clear guidelines on the roles of each collaborating party is of paramount importance. In an attempt to create collaborative and coordinated environment, there have been HLMs since 1993 by the UN. The primary issues of discussion on these meetings include security, peacekeeping and peacebuilding. These reforming meetings are recently threatened by Ban Ki-moon's reluctance to facilitate them. Hence, there are no longer HLMs and this may exacerbate the donor fragmentation problem and militates against the aim of donor coordination. Currently, there are plethora of good

intentions from various quarters that lack implementation and proper adoption. A case in point is the proposal put forward in Kofi Anan's report "*In Larger Freedom: Towards Development, Security and Human Rights*" (Tavares, 2010). In 2006, there was a promising report *Regional-Global Security Partnership: Challenges and Opportunities* which states that "*the opportunities before us lie in the establishment of a more effective partnership operating in close cooperation with the Security Council based on a clear division of labour that reflects the comparative advantage of each organization. As important is the development of a programme of action for capacity-building across the globe*" (UN, 2006). Even if there is an increased realization of partnership on the ground among different donors and organisations, the lack of guidelines to coordinate activities will force one to label the current working arrangements simply as illusions than realistic and effective options.

The OECD-DAC's principles for good engagement in fragile situations stress that aid should be flexible, long-term, harmonised and integrated to bridge humanitarian, recovery and longer-term development. The Accra Agenda for Action adopted at

the 3rd High Level Forum on Aid Effectiveness reinforces these principles, committing donors to monitoring their implementation (McLoughlin, 2010; OECD-DAC, 2007).

**g. Good governance and service provision: NGOs vs ISAs**

It is increasingly recognized that good governance is a precondition for development and maintenance of peace and security (Kaufmann, Kraay and Mastruzzi, 2005; Dorussen, 2005; Fukuyama, 2004). In service provision, it is difficult to identify what works where and under what circumstances. We draw here a lot on Collier's vision of Independent Service Authorities (ISAs) after providing a brief general historical view of service delivery in Africa. Collier (2009b) argues that the service delivery structures inherited from colonial times are not suitable for Africa, most notably for post-conflict states. Delivery systems that account for local context realities can be attempted and we will identify the ones that can potentially succeed in fragile environments. The colonial heritage of service delivery in Africa is based on ministries which structure their activities on central planning principles.

The planning element was reinforced in the Cold War era especially in countries that were loyal to the socialist bloc. Currently, mainly due to the complex heterogeneous composition of the population and poor financial incentives, public sector service delivery staff in Africa lack strong sense of identity, social equity, accountability and spirit of serving the public. Hence, Collier argues that the centralized service delivery model which worked in Europe after the World War II is unlikely to succeed. The failure is commonplace not only due to the behavior of the public sector staff but also due to the intensive up-to-date information requirement of a planned system which is literally absent in much of Africa let alone in fragile states. Monitoring and evaluation structures are also poorly designed.

There is a need to support Africa financially to build its capacity for service delivery and the historical route of channeling all donor support via government ministries is unlikely to succeed but this does not mean no service delivery capacity should go to governments. Rather, we should think hard to deliver this donor support to minimize the leakage and years of failure. It is

increasingly accepted to bypass the government ministerial set up and provide CB for services to NGOs and CSOs. As Collier (2009b) pointed out, this alternative has drawbacks such as undermining state capacity, poor political accountability and has short life span. Such an alternative may also lead to tension between governments and NGOs as the recent crackdown of the Ethiopian government on internationally funded local NGOs shows. We should not also forget the role of NGOs in many of the regime changes in the late 1990's which worsens the existing suspicious dialogue between NGOs and governments. To compound the already complex issue of service delivery, there is also a growing suspicion between donors and governments (Macrae et al 2004). Potential coordination failure is also a disincentive for donors when they contemplate engaging with NGOs because the non-state sector is highly fragmented. There is no guarantee that service delivery efficiency is going to improve if support concentrates on NGOs and CSOs as these very organisations could be very corrupt. It is common to hear that NGOs often engage in profit making ventures and other corrupt activities such as selling vehicles locally for

exorbitant prices by abusing their duty free status for most of their imports including cars and machinery. Hence, there is a delicate balancing act and weighing up of tradeoffs to be seriously considered by the donor community without losing sight of what we can learn from history.

Since post-conflict societies are the focus here, we will emphasise the details of ISAs which are believed to be a workable alternative for public service delivery in weak states. The idea of ISA is based on the common model we now see in Europe. Public agencies (with possible non-governmental appointees in board membership) are commissioned or financed by governments to deliver one or more of activities of a given ministry. ISAs can be designed to evolve into permanent delivery outlets and can take different forms. For transparency reasons, donor agencies and civil society representatives should be in the board of directors of an ISA. Government ministries are also part of this board. One should note that ISAs are complementary alternatives not substitutes for the usual government sponsored service delivery responsibility. The CB support via ISAs can be conceptualized as a ring-fenced

budget support for specific service delivery breakdown in post-conflict environments (Collier, 2009b). Some fragile states are more capable than others to provide a service delivery framework through ISAs. Therefore, donor coordination effort to support CB for service delivery should be heterogeneous based on the context and the capability prevailing in each country.

#### **h. Food Security and climate change**

Most food crises emanate from climate change, conflict and its consequences (Alinovi, Hmerich and Russo, 2007). A reverse causality is also a possibility as food shortages (both for humans and cattle) mainly driven by environmental degradation can lead to conflicts (UN 2006b). Most FS in Africa undoubtedly lack the institutional and technical capacity to prevent shortages and secure food for their citizens. The improvement in early warning systems in Ethiopia is encouraging but not sufficient. Donors can use carefully planned food security interventions with geographical equity in mind as an effective tool to stabilize FS. International efforts that fail (succeed) to

support local people and institutions that attempt to address food insecurity will not (will) solve the crisis as in the case of Southern Sudan below. Coordinated outside help can be used to link humanitarian emergency assistance with development if the ultimate goal is to address the dynamic and long-term food insecurity which in turn leads to better security and state stability. This entails that the CB support of donors may take the huge role of transforming the productive capacity of African agriculture (along with local actors) in its big picture of improving the resilience of FS. This can be done by reinforcing existing agricultural sector development strategies of the public sector while the immediate task of access to food is better coordinated with NGOs.

There are some good lessons from field interventions that can be taken as good examples to follow with adaptations to local contexts. For instance, the Nuba Mountains Community Empowerment Project (NMPACT) in Sudan is innovative in the sense that it takes the participatory approach seriously and addresses the food crisis via livelihood supports and peace building. It is the

only programme which brings conflict and food crisis into discussion among policy makers, the southern People's Liberation Movement (SPLM) and the government of Sudan (FAO, 2008). This should be noted and encouraged by donors in other FS contexts.

#### **i. WB and UN**

The World Bank's LICUS initiative which began in 2002 is criticized for its unsatisfactory outcomes. The lessons include i.) putting capacity development and governance support as part of the WB's agenda; and ii.) putting more human resources to support field staff of LICUS in different countries that work on reforms and sequencing of programmes (WB, 2006). It is encouraging that there is a change of heart and some degree of commitment by the WB and this is evident in the establishment of the Conflict Prevention and Reconstruction Unit (CPRU) and the adoption of an Operational Policy (OP) on Development Cooperation and Conflict (DCC).

In the context of working with other multilateral organizations, some issues are worth discussing. For instance, the

WB-UN coordination of activities has not been smooth due to the different procedures and at times ideological leanings of the two institutions. The WB is often reluctant to integrate peace and security issues with its overarching poverty reduction agenda. It also ignores engaging with informal groups and this might be true for most donors working in fragile environments (International Alert, 2008). At an operational level, there is a room for improvement when WB and UN attempt to coordinate joint operations. Procedures and ideology aside, they can maintain their relative historical comparative advantage (i.e. WB in economic development and UN in peace building) and support FS. They can work to avoid confusions about their respective roles, mandates and operational procedures.

#### **j. AfDB (fragile state facility-FSF of AfDB)**

AfDB coordinates Fragile State Facility (FSF) operations with bilateral and multilateral donors. It is not entirely clear why it established OSFU the fragile state unit in the bank along with FSF in 2008. As a commitment to engaging in active aid coordination, OSFU participates in the OECD

International Network on Conflict (INC) and fragility which is focusing on aid and development effectiveness in FS. In the future, the household conflict research programme based on micro/household survey level welfare information will be a useful source of evidence to gauge effectiveness of donor support in FS at the micro level.

#### **IV. Emerging Issues**

The world as we know it is a place with insurmountable challenges. Fragile states are overwhelmed by a multitude of these challenges at any point in time. The brief discussion of the emerging issues here attempts to draw attention to the enormity of these challenges in the context of FS. From a policy perspective, coordination needs to put these challenges at the heart of any initiatives because they either serve as barriers or opportunities to securing stable peace and development. In addition to highlighting the important challenges, we provide a list of potential hotspots in Africa which can serve as a guide for policy makers. In this list we leave out those countries that are heavily dependent on exports of primary commodities, minerals, remittances and foreign direct

investment (FDI) to keep our discussion within the scope of the paper. We, thus, identify FS that are heavily dependent on foreign aid.

##### **a. The global economic and financial crisis and price hikes**

There is well-founded fear that the current global economic and financial crisis might plunge the African continent into conflict. Even if Africa is least integrated to the global financial infrastructure, it will be hard hit as donors attempt to revive their economies and recover from the devastating crisis they are in (Naude, 2009). Most studies focus on the impact of the global crisis on the economy of African countries in a generic fashion. Hence, there is limited relevant literature emerging on aspects of potential state fragility that emanates due to the crisis and this is more significant for countries that are coming out of conflict and on the road to rebuilding stable states and economies (Bakrania and Lucas, 2009; ERD, 2009). The empirical link between economic factors (i.e. income) and conflict was provided by Collier and Hoeffler (2002; 2004b). Studies by Blomberg and Hess (2002) and Arbarche and Page (2007) also provide similar

evidence on the income-conflict link which is sometimes termed as 'poverty-conflict trap'.

The crisis makes fragile states more vulnerable to revert to conflict via the withdrawal or drastic reduction of support from donors. It jeopardises existing and future safety net initiatives, delivery of services, employment creation, education and health development (Cord et al, 2009). As argued above, unemployment of the youth warrants special attention. The August 2010 ILO report states that youth unemployment is at record high and is likely to get worse. Conflict is more likely in fragile states where disengaged and idle young people are many in number (Collier, 2008). The report of the Africa Commission in 2009 focused on job creation and can serve as a useful resource for future policy design (Africa Commission, 2009).

The limited aid resources available are being used for emergency relief purposes such as in Pakistan, Haiti and other natural disaster zones. This tightens the squeeze on the aid budget with detrimental consequences future CB efforts in FS. Declining donor support leads to fiscal pressures and retrenchment

of employees as civil service and army wages become unsustainable. In turn this leads to potential erosion of power and fuel instability (Jackson, 2009). Given their history of volatile aid and projected declines in aid DRC, Burundi, Eritrea, Chad, Guinea, Guinea Bissau, Liberia and Sierra Leone will be disproportionately affected (Bakrania and Lucas, 2009). According to the Brookings Index of State Weakness in the Developing World and IMF's assessment of vulnerability of developing countries, countries such as Somalia, Sudan, Angola, Niger, Rwanda and Ethiopia can be included in this list with their protracted history of relative state weakness. If peace and security are likely to be compromised during times of economic hardship, it is also probable that economic development targets such as the MDGs are to be missed (e.g. see details of the September 2010 UN meetings in MDGs).

Dramatic fuel and food price hikes might lead to public unrest (Von Braun, 2008) and collapse in government finances in cases where fuel price subsidies are provided. Recently unbearable living cost frustrations were expressed through demonstrations

in Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Guinea, Mali, Mozambique, Senegal, Somalia and Zimbabwe. Additional hotspots include the volatile DRC, Horn of Africa, vulnerable West African states such as Liberia, Nigeria, Sierra Leone, Niger and Togo.

### **b. Governance of natural resources and Corruption**

Governance is crucial because in weak states peace and development are not guaranteed if the focus is only on ending violent conflicts. There needs to be a system/structural change in the way institutions and resources are governed to benefit citizens in post conflict environments. For instance, inability to provide and allocate public goods can lead to reversion to conflict and perpetual 'conflict trap' (Collier et al 2003). Rigorous theoretical work shades some light on how donor support for CB can lead to increased efficiency in the provision of public goods and economic development. The proceeds from natural resource extraction can be used to increase the size of the wealth pie in a mineral rich setting and good governance might lead to changes in citizen's probability of getting hold of the share of the pie (see

Powell 2004 and 2006 for bargaining insights). The conflict literature clearly indicates that un-governed states lead to onset of conflict through different pathways such as power struggles between ethnic and ideologically distinct groups (e.g. Sudan); mismatch between the establishment of state institutions and pre-existing social structures (e.g. Rwanda and Chad) and rent-seeking as in DRC, Sierra Leone and Liberia (Dorussen and Gizelis, 2010). The control of the proceeds of natural resources is often contested in many parts of Africa (e.g. the Niger Delta problem) and often leads to corruption which takes the form of diversion of resources by high ranking state officials and other strategically placed elites. CB for good governance through good resource collection and allocation for the benefit of citizens (with all the regulatory mechanisms in place), establishing court and justice systems to bring a reduction/stop to corruption of the proceeds of natural resources of African states is one of the fundamental ways of preventing future conflicts and effective instrument of conflict management in weak states. In the context of this paper, donors are expected to have a common stance on how they approach the sensitive issue

of corruption and governance of natural resources in fragile environments without compromising the legitimacy of the actions of the beneficiary countries. Their support might generate the maximum possible pay off if they concentrate on coordinated technical and financial assistance to improve the court, justice, transparency and regulatory mechanisms of the states in question.

Obviously, donors' aid effectiveness depends on whether what is allocated for capacity development is not diverted away. Therefore, donors should work together on a clear and strong framework and make decision whether to channel aid via governments and/or other institutions that can do the job better than public entities. Strong international NGOs, for instance, might be the alternatives in some contexts of weak states. Another important initiative to reduce corruption is to learn from the existing system of expenditure tracking as pursued by DFID-UK. The tracking system has a huge potential to shed light on what works and where and the experience can be shared with other donors to enhance the delivery of their CB support. However, so far its success is limited. For instance, a

recent evidence (as given by Daily Mail newspaper report published in the UK on 18/09/2010) revealed that huge aid resources are diverted for personal gains out of the DFID education budget allocated to India.

### **c. Intracontinental coordination**

When we are talking about donor coordination, we often forget to think carefully about the first and most important coordination failure in Africa and that is the weak intracontinental coordination. There is weak dialogue and effective communication between AU and Sub-regional organizations which are bogged down with overlapping, unclear and overambitious objectives (e.g. ECOWAS, ECCAS, SADC, EAC, IGAD, COMESA). Neighbours matter in Africa. Governance structure for better cooperation with adjacent states should be there. Deep effective regional integration are needed even if most integration efforts have already failed. African nations don't cooperate for mutual economic gains. Political barriers are exacerbated because there are not commitment technologies. It is useful to note that the East African Community is

more successful for establishing, enforcing agreements and creating commitment technologies.

**d. Sino-Africa links: the increasing role of unconditional aid of China to Africa**

The global aid scene is getting more complex as new (non-traditional) donors such as China (a heavyweight new entrant into the aid scene), India, Brazil and Saudi Arabia come into the picture. In addition, donor supported aid business is made chaotic as new interventions are conducted to respond to new global and regional challenges. This opportunity or challenge will likely change the dynamics of political and economic relationships of African FS both with the traditional donors and the new entrants in the form of changes in the policies adopted and capacity development interventions on the ground. These new changes are interesting on practical grounds. Mostly there are aid pledges by traditional donors which were not converted to actual disbursements. China is doing quite the opposite. It is lending to Africa more than the World Bank in recent years and there are increasing FDI inflows to Africa. The \$5 billion concessionary loan to

DRC in 2007 is a case in point to build the country's infrastructure and mining industry. China promised to double its aid effort to Africa and most likely committed itself to its promises unlike some disappointment from traditional donors. As opposed to traditional donors that disproportionately provide CB support based on the social agenda, China is willing to provide support for infrastructure in a big way. A lesson for other donors is to mimic China's willingness to support African countries in the areas they chose investments and capacity development. This might improve future aid coordination efforts regardless of the fragility of the state concerned (Whitfield, 2009). However, China's arrival in the aid scene should be accepted with cautious optimism as it tends to disregard the legitimacy status of some governments as it stepped in to sign a major mineral extraction deal with the current illegitimate government of Guinea. The emergence of new donors (competitors) has implications for the bargaining power of aid recipients often in a positive way even if it introduces a new dynamics between donors and recipients as well as among donors themselves to the existing complex aid architecture.

### **e. New ways of delivering aid**

Birdsall et al. (2010) propose a new modality of aid delivery which is referred to as Cash on Delivery (COD). It is innovative and is necessitated by weak accountability and the complexity exacerbated by the presence of multiple donors in the current aid delivery system. The proposal suggests a payment of fixed amount of aid money to poor countries when they fulfill the pledges they entered into. It is innovative because it focuses on output instead of input, improves transparency and more importantly facilitates local ownership. Hence it contributes to the promotion of aims stated in the Paris Declaration and AAA for improving aid effectiveness. COD is attractive and relevant here because it is likely to work in FS. It is imperative to recognize the peculiar difficulties in these countries such as weak information systems and institutions. However, unlike traditional recipients, such a new aid delivery system works in FS due to the flexibility of FS with less vested interests of actors, the high probability of adopting a new system of aid by new leaders in these states and the tendency of traditional aid delivery to perpetuate dependence. These arguments strongly

suggest that donors can consider COD as one of the effective ways of supporting FS in the future.

## **CONCLUSIONS AND RECOMMENDATIONS**

For sustainable development, African states should engineer their own CB without recourse or heavy reliance on external support. The case studies reviewed showed that FS should avoid partial engagement with donors. Equally harmonization of aid for CB is unlikely to succeed when donors give mixed messages. There is a need to integrate the separate Africa strategy reports and exploit their complementarity.

It is encouraging that there is a growing consensus among donors to respect country ownership. It is also appropriate to allocate aid on time (by cutting the usual long duration of donor-recipient negotiations) to countries based on performance indicators. However, performance on the basis of governance and quality of institutions for service delivery leaves out the weak spots from the eligibility list for donor support. As we are focusing on weak states, this might be a worrying trend for FS of Africa and the donor community needs to recognize the

need for special needs of these states (i.e. quick and large inflows to fix problems). Since CB in FS includes investments not only on improving governance structures and quality of institutions but also provision of services and poverty reduction investments, it should not be confused with foreign aid which is often allocated on the basis of ex-ante good performance. But this does not mean that recipients know best and funds will ultimately attain the desired objective of CB in the absence of checks and balances. This highlights a complex situation whereby donors are challenged to choose between good performance and greatest need. So the international community has an ethical and balancing decision to make between these two choices and in the case of FS, the choice of 'greatest need' comes first and this should increasingly be recognized among donors. There is also emerging confusion in the aid literature when it comes to FS. This confusion relates to the multidimensional peacekeeping operations (MPKOs) and the traditional foreign aid allocated to development projects. Both have somewhat similar objectives the former encompassing not only peace but also economic development objectives and much wider

in scope compared to the foreign aid we normally discussed in academic circles solely on the basis of economic development objectives. Here, there is an opportunity for UN, World Bank, bilateral donor governments and NGOs to agree on level and type of intervention in different FS in a coordinated manner. The traditional foreign aid by donors is a subset of the recent MPKOs and the complexity introduced by such developments should be clarified and recognized among the donor community.

To avoid counterproductive reactions, high compliance costs and failure of donor objectives, CB should not ignore local or regional parameters with a blanket requirement of heavy-handed 'conditionality'. Insights from empirical economic analysis are often ignored by donors. For instance, principal-agent model applications to aid give support to the idea of giving more freedom to recipients of aid (Svensson, 2002). This freedom of recipients can be linked with performance assessment by donors. Time inconsistency (whether to assess effectiveness over a short or a long period) is the challenge of performance assessment (Bourguignon and Sundberg, 2007).

Hence, respecting local policy priorities, not expecting ex-ante good governance, states' vulnerability and need are the significant criteria to coordinate and allocate CB support to fragile African states. In special circumstances of weak governments, there might be a need to completely bypass the existing state structures for the benefit of citizens. Somalia is a case in point. There will always be trade-offs and dilemmas in donor support regardless of the nature of the recipient. One of the challenges emerges from recent quantitative studies based on PKOs. For instance, the findings by Dorussen and Gizelis (2010) show that if PKOs last longer, conflict becomes more likely and cooperation by local governments less likely. However the dilemma, here linked to multidimensional PKOs which are long term in nature and the new quantitative evidence, points to less use of long term governance and development interventions. The above evidence is in contrast to Doyle and Sambanis (2006; 2000). Hence to resolve this dilemma in the duration of donor support, there should be more research on UN PKOs.

Coordination assumes that resources are there at the disposal

of FS. However, many well-intentioned CB initiatives lack the resources. Collaborations and joint resource pooling with coordination among donors is a solution to the shrinking global resources. In addition, coordination need to give particular emphasis to local knowledge as most operations have little or no knowledge of the reality on the ground. Donor support should create a balance between central and local authorities. If they support only the centre at the expense of local authorities, the maintenance of peace will be an illusion. Therefore, the specific locations where donors work within weak states should be mapped out in the donor coordination negotiations. It is feasible to expect a backlash or reversion to violent conflicts if the post conflict reconstruction is characterized by regional imbalance of resource allocation. In fact this problem has long and protracted political, social and historical routes behind it and this is one of the key areas of urgent focus for the development community. For instance, this is particularly the challenge the UN faces in the implementation of MPKOs.

Regardless of the level of development, for aid effectiveness, donors need to have a common

agenda on – what Birdsall (2004) called their ‘seven deadly sins’ - impatience (the limited commitment to build institutional capacity); envy (collusion and coordination failure); ignorance (or the failure to monitor and evaluate in a synchronized manner); pride (failure to exit or the absence of an exit strategy in interventions); sloth (pretending participation is sufficient for ownership); greed (unreliable as well as stringy/inadequate transfers), and foolishness (the tendency to under fund global and regional public goods). Some donors such as the UN may impede capacity building and recovery of post-conflict society if they do not seriously look into their working procedures. High turnover of staff, cumbersome bureaucracy and slow reaction are some of the outstanding problems often linked with the UN and addressing them improves the effectiveness of UNDP-BCPR. Another equally important issue is the need to scrutinise and design flexibly the pace and complexity of coordination from time to time depending on the different transitional phases FS go through.

Overall, even if democratization is essential for open debate,

transparency and accountability in society, recent evidence indicates that donor coordination efforts on state CB and elections bring better dividends. Donor programmes with clear objectives that build infrastructure, support women and children, create employment for the youth and actively seek to solve the different asymmetries flexibly (i.e. technical, cultural, financial asymmetries) are also likely to produce better outcomes.

### **BIOGRAPHY**

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### **LIST OF ABBREVIATIONS**

ACBF=African Capacity Building Foundation

AfDB=African Development Bank

AGOA=African Growth and Opportunity Act

ALC=Authority-legitimacy-capacity

AU=African Union

CAP= Common Appeal Process (CAP)

CB=Capacity Building

CC=Copenhagen Consensus

CDF=Country Development Framework

COMESA=Common Market for Eastern and Southern Africa

CSOs= Civil Society

### **Organisations**

DRC=Democratic Republic of Congo

DFID= Department for International Development (UK)

EAC=East African Community

EC=European Commission

ECOWAS= Economic Community of West African States

ECCAS=Economic Community of Central African States

EPA= Economic Partnership Agreement

EU= European Union

FS=Fragile States

FSF=Fragile State Facility

GSP= Generalised System of Preferences

OSFU= Fragile State Unit

GSP=Generalised System of Preferences

HIPC=Heavily Indebted Poor Countries

IGAD=Intergovernmental Authority on Development

LICUS=Low income Countries Under Stress

MDGs=Millennium Development Goals

MDRD=Multi-country Demobilisation and Reintegration Program (MDRP)

NEPAD=New Partnership for Africa's Development

OECD= Organisation for Economic Cooperation and Development

PBC= Peace Building Commission

PRSPs=Poverty Reduction Strategy Papers

SADC=Southern African Development Community

SAPs=Structural Adjustment

Programmes

UK=United Kingdom

UN=United Nations

UNDAF=UN Development Assistance Framework

UNDP-BCPR= UN Development Programme-Bureau for Post Conflict Recovery

UNHCR=United Nations High Commission for Refugees

USAID=United States Agency for International Development

WB=World Bank

**Appendix: Sample CDFMatrix**

	Structural			Human		physical			Specific strategies	
	justice	Financial	governance	Education	health	energy	roads	environment	rural	urban
partners										
National government										
Provincial government										
Local government										
Multilaterals										
Bilaterals										
Civil society										
Private sector										
NGOs										
Charitable organisations										
Donor countries										

Source: Sandler (2004), p. 130.