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STATEBUILDING STRATEGY WORKSHOP

FINAL REPORT

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STATEBUILDING STRATEGY WORKSHOP

FINAL REPORT

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ABBREVIATIONS

C3	Program on Crisis, Conflict, and Cooperation (CSIS)
COTR	Contracting Officer’s Technical Representative
CSIS	Center for Strategic and International Studies
DAC	Development Assistance Committee (OECD)
FSG	Fragile States Group
INCAF	International Network on Conflict and Fragility
M&E	monitoring and evaluation
NGO	nongovernmental organization
OECD	Organisation for Economic Co-operation and Development
PPL	Bureau of Policy, Planning, and Learning (USAID)
QDDR	Quadrennial Diplomacy and Development Review
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The Statebuilding Strategy Workshop task order involved collecting and disseminating the latest academic and policy guidance regarding donor engagements in statebuilding activities in failed and fragile states, and disseminating that information within the U.S. Agency for International Development (USAID) and among stakeholders in the development community.

The debate over statebuilding among development professionals has undergone a significant evolution since 2006, and the foreign policy guidance on statebuilding fluctuated during the course of the task order. However, as the activities of the task order came to a culmination in November and December of 2010, they correlated closely with both the conclusion of several policy efforts within the U.S. Government and in the Organisation for Economic Co-operation and Development and, most dramatically, with the initiation of multiple popular political revolutions and uprisings in North Africa and the Middle East, a major election in Haiti, and the vote for the new independent state of South Sudan.

The importance of statebuilding as a foreign policy tool for the United States has become increasingly apparent as nations such as Egypt, Yemen, Tunisia, and Libya struggle with the process of self-determination and work to develop political frameworks to create new formal systems of governance. At the core of this Statebuilding task order was an effort to identify the most critical strategic priorities for donors as they consider a framework to support these host country-led processes and best enable successful, stable transitions and strengthened interactions between the state and its people.

CHAPTER I: INTRODUCTION

PROJECT IDENTIFICATION

Statebuilding Strategy Workshop

DFD-I-00-05-00250-00

September 3, 2009–September 24, 2011 (as modified)

Contract Modifications:

- On September 24, 2010, the Contracting Officer’s Technical Representative (COTR) issued a no-cost extension of the task order to extend the period of performance to November 23, 2010.
- On November 24, 2010, the COTR issued a no-cost extension of the task order to extend the period of performance to September 26, 2011.

Geographic Scope: Activities took place in Washington, D.C., USA, although the geographic scope of the content was worldwide.

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Total Task Order Ceiling: \$24,817

Contracting Officer: Jim Reid

Contracting Officer’s Technical Representative: Kirby Reiling

PROJECT CONTEXT

With the release of its Fragile States Strategy in January 2005, the U.S. Agency for International Development (USAID) became one of the first aid agencies to recognize the particular development challenges posed by countries with weak or contested state-society relations. In the ensuing two years, these pioneering perspectives came to influence the development community: more and more development agencies formulated their own fragile states strategies. Furthermore, these perspectives brought about an agreement to establish a Fragile States Group (FSG)¹ under the auspices of the Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee (DAC) to harmonize donor approaches to these countries. USAID again advanced the evolution of this joint donor response through leadership of a DAC/FSG workstream on improving service delivery in fragile states during 2005 and 2006. By early 2007, there was sufficient shared vision

¹ Now the International Network on Conflict and Fragility (INCAF).

within the donor community for the OECD to release the Principles for Good Internal Engagement in Fragile States and Situations.

Now that the donor community has identified the particular development challenges posed by fragile states and a general policy framework for engagement, attention has shifted to devising effective approaches for reducing fragility. Focus on the concept of statebuilding has led to an explosion of books and monographs over the past two years that seek to define statebuilding, identify its dynamics, diagnose the statebuilding pathologies in fragile states, and hypothesize how fragility can be overcome by reinvigorating a country's statebuilding dynamic. Although there is considerable convergence among these perspectives on some of the essential ingredients of statebuilding, such as the importance of a strong but adaptable social compact, there are still important conceptual differences. More importantly, there is little agreement about the practical, programmatic implications of advancing a statebuilding agenda on the ground. For example, some advocate for prioritizing efforts to increase country capacity in a set of core generic governmental functions; others argue that establishing mechanisms for negotiating the social compact—including what constitutes a core government function—should be of paramount importance.

Given the high level of donor attention to statebuilding as the route out of state fragility, and given the prominence of fragile states among the U.S. Government's current foreign policy priorities, USAID's incoming political leadership must be aware of the contending perspectives on statebuilding and their implications. Furthermore, because fragile states—and supporting a statebuilding response—are likely to play a large role in foreign policy priorities in the years to come, articulating a strategy for USAID engagement on statebuilding—both in the field and with donor partners—will be an important issue for USAID leadership to tackle.

The catalyst for these activities came from the release of new guidance from the OECD/DAC's INCAF. *Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance*, argues that state fragility is based on the relationship between a society and its government. A variety of factors at play between these two entities can be strengthened by foreign assistance from donors. The purpose of the USAID Statebuilding Series is to introduce this new guidance and begin a dialogue in the development community to frame a process for USAID to adopt the guidance in its strategic and programmatic efforts in coming months. Critical to this process will be analysis of the practical implications of integrating the guidance, with attention to potential gaps and challenges in the new policy.

PROJECT OBJECTIVES AND APPROACH

USAID OBJECTIVES

The original task order objectives involved a literature review of statebuilding materials, design and delivery of a statebuilding workshop for USAID staff, and a final report of the findings of the workshop. In early 2010, the OECD/DAC began to finalize efforts on a workstream to develop guidance for member states on how best to approach statebuilding programs. The final framework developed by INCAF, released in January 2011, was titled *Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance*, and represented the culmination of several years of debate and analysis.

The Statebuilding Strategy Workshop was thus an opportunity to announce, review, and analyze this new guidance, and to begin a dialogue in the development community on how USAID could adopt the guidance in its strategic and programmatic efforts in future years. Therefore, the objectives of the Statebuilding Workshop task order became: (1) to introduce the 2011 OECD/DAC guidance on a

statebuilding framework, (2) to educate new and veteran USAID officers on the evolution of the statebuilding policy debate over the past three years, and (3) to initiate a policy discussion within USAID on implementation of the new OECD/DAC guidance in USAID strategy and program planning.

PROJECT OBJECTIVES, DELIVERABLES, AND GOALS

Task order efforts began with a review of major literature on statebuilding and interviews with several influential academics and practitioners in late summer 2010.

The task order paper, *Statebuilding in Situations of Fragility and Conflict: Relevance for U.S. Policies and Programs*, introduced the new OECD/DAC guidance on statebuilding priorities, presented a brief overview of the evolution of the statebuilding policy debate over the past several years, and offered several insights on the challenges and opportunities facing the development community. At this critical juncture for several U.S. partner nations, statebuilding is an important tool for the U.S. Government to pursue in supporting political transitions and developing positive long-term state-society relations. The paper also included a case study of the new state of South Sudan in order to illustrate a specific illustration to consider during the policy discussion of statebuilding challenges facing the United States

The final activity of the task order was to bring together scholars and practitioners to discuss the public announcement of the OECD/DAC guidance, debate its strengths and weaknesses based on the experiences of donors, and consider the policy implications for implementation of the guidance in new U.S. Government efforts in fragile states. Hosted by CSIS, more than 50 representatives of the development and foreign policy field attended the panel discussion. The panel was moderated by Stacey White of the CSIS C3 program; participants included Steven Groff of OECD, Mark Quarterman of CSIS, and Susan Reichle of the USAID Bureau of Policy, Planning, and Learning (PPL). The key findings and major comments from this panel discussion are captured in Chapter II of this report.

STATEBUILDING IN SITUATIONS OF FRAGILITY AND CONFLICT: RELEVANCE FOR U.S. POLICIES AND PROGRAMS

February 2011

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USAID SUPPORT

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- Andrew Sweet, Office of Conflict Management and Mitigation
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COOPERATION WITH COUNTERPARTS AND CLIENT

Cooperation between counterparts and the client were extremely positive. Although the task order was extended multiple times, and the objectives changed several times, the reasons for the prolonged implementation of this series of activities had much to do with the very positive evolution of thinking on statebuilding within OECD/DAC. Rather than a re-hash of the debates with INCAF, the Statebuilding Strategy Workshop was crafted into a public announcement of the guidance, an explanation of its framework, and an initial kick-off of the policy considerations for donors such as USAID to make in preparing to implement the statebuilding guidance.

CHAPTER II: BEST PRACTICES AND LESSONS LEARNED

BEST PRACTICES

The identification of best practices in statebuilding was at the heart of both the drafting of the task order paper, *Statebuilding in Situations of Fragility and Conflict: Relevance for U.S. Policies and Programs*, and the panel discussion hosted by CSIS.

The principal best practice identified in this task order was the core message the task order sought to deliver to the development practitioner community in Washington, D.C., and represents the culmination of six years of debate among members of the donor community regarding the strategic approach to statebuilding used by donors in fragile or failed states. From the OECD Guidance: *Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance*:

To broaden understanding of the dynamics of statebuilding, this Guidance focuses on three critical aspects of state-society relations that influence the resilience or fragility of states. These aspects should also be understood to exist within a larger regional and global policy environment and to operate at multiple levels—national and sub-national—within the domestic polity. The three dimensions are:

- The political settlement, which reflects the implicit or explicit agreement (among elites principally) on the “rules of the game”, power distribution and the political processes through which state and society are connected.
- The capability and responsiveness of the state to effectively fulfill its principal functions and provide key services.
- Broad social expectations and perceptions about what the state should do, what the terms of the state-society relationship should be, and the ability of society to articulate demands that are “heard”.

Central to the interaction among these three dimensions lies the matter of legitimacy, which provides the basis for rule by primarily non-coercive means. The new guidance offers a synthesis of what have been, since the early 2000s, two distinct approaches to statebuilding. One approach focused mostly on donor resources working to improve capacity of the fragile state’s formal government; the other strategy emphasized improving the relationship between the formal polity and its people. The new OECD/DAC guidance provides a framework that presents statebuilding as a process that includes building the capacity of the state to deliver services as a core function, but also articulates the equally important core factors of the political settlement process that creates the state (or settling of a conflict), and the legitimacy of the government in the eyes of the society and the general societal perceptions of formal government service provision. International donors can expect to contribute to the conditions for success in statebuilding, but never to practically expect to control the outcomes of that process, which naturally rest with the host nation.

Several best practices and critical observations were offered during a panel presentation and discussion period at the CSIS-hosted event, *Toward Capable and Responsive States*.² As related to the OECD guidance, a large number of the foremost recommendations addressed high level policy and strategic considerations for the U.S. Government when deciding and planning statebuilding engagements. However, during the panel presentations and discussion period, several issues surrounding the implementation of statebuilding programming were also identified, demonstrating the importance of ensuring the coherence between the policy and implementation levels of statebuilding. Indeed, a pragmatic eye to the implementation of statebuilding activities during the strategic planning and design process is imperative for eventual success on the ground. As such, the lessons learned from the statebuilding event have been divided between items that are most directly relevant strategic policy level considerations for statebuilding, and a second section highlighting issues that are most relevant for the implementation of statebuilding activities in the field.

LESSONS FOR POLICY DESIGN OF STATEBUILDING SUPPORT:

- Agree on a Common Conceptual Framework:** The OECD's guidance on statebuilding should be approached as a common conceptual framework for donors. There is no blueprint or magic bullet to resolve state fragility. This framework is meant to help development practitioners analyze a fragile state environment based on many of the lessons learned over years of donor engagement in the field, and to provide policy recommendations on strategy, program design, analysis, aid delivery, and operations.
- Understand that Statebuilding is an Endogenous Process:** A lack of commitment and political will within the host nation will prevent statebuilding efforts from making progress. The international community can support statebuilding primarily by providing facilitation assistance, enabling resources, and moderating local processes to broaden the pool of stakeholders in the process, rather than by attempting to bring outside fixes to local problems.
- Recognize that Statebuilding is a Political Process:** Creating legitimacy is a core component of statebuilding efforts, and addressing local perceptions of the state will be necessary to strengthen the state-society relationship. Political order is a critical foundation for statebuilding and usually involves some sort of exclusive political settlement that is commonly recognized as legitimate in the eyes of the general population. The political process is often seen as a key destabilizing factor in fragile states, and patronage systems, parallel processes, and corruption contribute to reduced trust between the state and society.

TOWARD CAPABLE AND RESPONSIVE STATES

February 17, 2011

Center for Strategic International Studies

Featured Speakers:

- Stephen Groff, Deputy Director, Development Co-operation Directorate, OECD
- Susan Reichle, Assistant to the Administrator, PPL, USAID
- Mark Quarterman, Senior Advisor and Director, C3 Program, CSIS

Moderator:

- Stacey White, C3 Program, CSIS

² February 17, 2011, Center for Strategic and International Studies, 1800 K Street, NW, Washington, DC 20006

- **Increase the Expeditionary Capability of U.S. Government Civilians:** The QDDR emphasizes the need of the U.S. Government, particularly of civilian agencies, to take more risks and to improve the quality of risk management in the field. A significant tension has developed between the need to strengthen security resources and procedures for civilian representatives in the field and an over-insulation of U.S. Government civilians from the government counterparts with whom U.S. Government representatives work. Kidnapping and terrorist threats are a concern in some countries, and obtaining Regional Security Officer approvals for individual trips is sometimes as difficult as receiving broader endorsements of more flexible security strategies. U.S. Government officials must get outside the wire in order to know the people of partner nations. This is particularly important in statebuilding situations, in which support for an endogenous process cannot be well-informed when U.S. Government officials are insulated behind heavy security apparatuses.
- **Conduct Sound Local Analysis:** Understanding the local context is critical in statebuilding efforts. Without good analysis, donors cannot hope to understand the unique distinctions between fragile states nor the highly localized considerations that undermine statebuilding. Planning the time to analyze strategically at the policy level is equally important as incorporating time for analysis at the implementation level. Analysis must also be performed on a rolling basis because the fragile state context is usually fluid. Repeated analyses that feed back into future programmatic efforts will ensure that statebuilding activities remain relevant in a changing environment.
- **Apply a Whole-of-Government Approach:** The QDDR provides several specific recommendations for U.S. Government reforms in line with better preparation for statebuilding. In general, the U.S. Government must align various agencies and actors within a whole-of-government approach to achieve improved policy coherence, including the identification of clearer divisions of labor within the U.S. Government, both in Washington and at the country level.
- **Ensure Consistent Donor Funding:** Long-term funding sources are a critical aspect of effective support to statebuilding. For the U.S. Government, improved communication with Congress will be important to guarantee effective long term statebuilding planning and implementation. Implementing agencies must make a better distinction between short- and long-term priorities in statebuilding contexts, and how to measure results in both scenarios. Funding imbalances from year to year must be stabilized so as to maintain attention to priority sectors or government functions in host-nations, and to mitigate potentially negative impacts of domestic political fluctuations within donor nations on long-term statebuilding efforts abroad. Pooled funds between several agencies have been used occasionally, and USAID is currently working with Congress to try to use this mechanism more often.
- **Set Clear and Reasonable Objectives:** Donors must be transparent and realistic about their objectives in statebuilding activities. The host-nation government and society should be part of the priority-setting process and must be made aware, at a minimum, of the efforts and the objectives during implementation. Donors also need to balance their objectives with their resources and continually updated, sound local analysis. Reasonable objectives will lend themselves to reinforcing formal government legitimacy and will help consolidate the statebuilding process as it moves forward. Democracy and a free market might not be the most reasonable short-term objectives, but could be long-term objectives for the host nation and donor partners. Donors should work to prevent normative values and Western approaches from driving the statebuilding process and should instead entrench programs in local contexts and societal perspectives.

- **Set Practical Timeframes:** Even the fastest transitions from fragility to more stable institutionalized states take between 15 and 50 years. The average is 25 years, or one generation. Donors must be careful to balance requests for reform with timing and to avoid potentially destabilizing demands on the host-nation government and society.
- **Address Regional and Global Drivers of Instability:** Such drivers include weapons, narcotics, environmental concerns, extractive industries, and transnational corruption issues. Regional approaches are often the only way to successfully address transnational threats to stability. Donors must also seek policy and funding mechanisms for regional approaches. The U.S. Department of Defense has successfully developed systems to address regional approaches, and U.S. Government civilian agencies can learn from these lessons.
- **Align Aid Modalities with Statebuilding Objectives:** Donor activities must be jointly managed with the host-nation government and seek to build the capabilities of the host-nation government systems and civil servants to implement development programs.
 - Donor strategies must be grounded in the principle of “do no harm.”
 - Donors must be wary of bypassing state institutions simply because of weak capacity and must endeavor to increase the basic services being provided by the host-nation government.
 - Sector-wide approaches, particularly in the security and justice sectors, are often valuable.
 - Jointly managed and pooled funds can ensure more aligned donor funds and can be powerful for effective statebuilding.

LESSONS FOR COUNTRY-LEVEL IMPLEMENTATION OF STATEBUILDING SUPPORT:

- **Coordinate Efforts Among Donors:** Statebuilding efforts are most successful when a coalition of international partners agrees on objectives. Sector-wide approaches are often extremely valuable in statebuilding, and the lead-donor approach at the sector level is often the most effective strategy to coordinate donor activities.
- **Choose a Broad Range of Partners:** Historically, donors have emphasized formal state institutions in statebuilding activities. Experience has shown the importance to the statebuilding process of broadening the pool of stakeholders to acknowledge what local community members define as legitimate, and to include non-state actors that may otherwise be excluded or have been traditionally undermined. A sound understanding of all stakeholder interests and their potential support to, or disruption of, statebuilding objectives is also necessary.
- **Apply Best Practices in Program Design:** Statebuilding programs must be tailored to the needs of the specific host-nation context, taking into account history, political situation, security environment, and local-level atmosphere.
 - Programs can most improve state legitimacy when they are developed in close partnership with the host nation and focus on what the host nation wishes to accomplish.

- An integrated approach to statebuilding programs works with the host-nation government and the local society to prioritize which government services or functions are the most critical.
- Successful statebuilding activities support local conflict management and resolution mechanisms, look for opportunities to promote inclusive political settlements, strengthen state-society interactions, and prioritize support for principal state functions.
- Drivers of instability must be addressed at the core of statebuilding efforts, and the factors that drive conflict locally (such as a youth bulge, food prices, unemployment, government services, security services, or lack of rule of law) must be clearly understood.
- **Align Technical Assistance with Statebuilding Objectives:** Technical assistance must balance short- and long-term objectives. If capacity building is pitched at a high level of government, and more basic functions are not addressed early on, service provision to the general population will be weak in the long term and citizens may question the capacity and/or legitimacy of the government. Donors must develop both technical assistance programs *and* the capacity of the host-nation government to participate in such programs.
- **Reform Donor Operations:** Statebuilding requires some reform of how donors engage in statebuilding.
 - Donors and their partners should focus on attracting more high-quality staff. Postings of a longer duration must be considered for donor staff to help avoid the constant fits and starts of yearly turnover.
 - Strong local national staff members are most often better placed to make difficult decisions within the context of the highly localized environment of the fragile state.
 - Donors should reduce disbursement-driven performance and emphasize successful implementation and creative problem solving. Broadening performance review emphasis beyond program design also includes successful program management and implementation.
 - Branding policies are a perennial challenge and can often lessen the perceived legitimacy of the host-nation government. In many contexts, donors must reduce the amount of their branding to reinforce the notion that the host-nation government is the primary service provider.
 - Monitoring and evaluation (M&E) must inform future programming.
- **Results-Oriented Approaches to Statebuilding:** Donors are increasingly asked to demonstrate the value of using national resources for development and statebuilding activities. Benchmarks for success must be identified early on and reviewed over long periods to reflect progress over the long time horizons of statebuilding efforts. Statebuilding activities require creative ways to identify success as defined by the host nation and its government, and as defined by international donors. Donors must develop stronger qualitative measures as well as better quantitative measures of performance, which are severely lacking.
- **Monitor and Evaluate Statebuilding Activities:** M&E can be used to demonstrate results both to the host-nation government and population and to the donor nation governments and parliaments. USAID has renewed its commitment to better M&E through the USAID Forward reforms. Many more outside evaluations will be undertaken, ensuring that implementing partners do not evaluate their own work. Because ownership of results must be at the country level, the host-country government must be

integral in the prioritization of collecting metrics for critical statebuilding sectors, and in the development of metrics for impact and outcomes. Finally, rigorous M&E, especially evaluation, is necessary to inform donor government decision-making on sustained funding of long-term statebuilding activities.

- **Build the Legitimacy of the Host-Nation Government:** Statebuilding must be process-driven, and it takes time to accurately assess how donor contributions are working. Legitimacy can have many different aspects that fluctuate over time and donors must be flexible enough to adapt. One consideration is to create feedback loops within programs that help collect multiple points of view/perceptions of how the process-driven approach is working during implementation. Furthermore, donors must make local branding, rather than donor branding, a priority in statebuilding contexts. Legitimacy of the host-nation government is one of the most desirable legacies of donor statebuilding efforts.

CHAPTER III: IMPACT

OPPORTUNITIES FOR FUTURE USAID WORK

The Statebuilding Strategy Workshop task order presented an opportunity for early analysis of potential U.S. Government approaches to statebuilding and identification of best practices for statebuilding activities. The task order also identified several lines of continued analysis that could be considered for future strategic planning of U.S. Government statebuilding engagement. Follow-up analysis would drill deeper into the core issues and as yet unexplored focus areas for statebuilding. Such analysis would critically evaluate the implementation implications for the OECD/DAC guidance and consider the most relevant aspects of the guidance for USAID for future program planning activities.

Task order activities revealed several issues that USAID may wish to address in future research or strategic planning:

- **Markets and Fragile States:** Local markets and economic conditions play a critical and under-addressed role in the stabilization of fragile states. For USAID to make better use of programming to advance stability and statebuilding, further research could offer initial ideas for statebuilding programming in light of the absence of this concept from the OECD statebuilding guidance. Market building is a critical aspect of stability and is not focused exclusively on the government building its own capacity. Reducing blockages to enable a freer market can contribute to improved stability. But, what kind of market is immediately conducive to stability? Free or open markets can present major pitfalls in fragile states, especially when free markets are too-quickly put in place in a fragile or weak state. Meanwhile, there is evidence that centrally administered economies with high import tariffs can reinforce domestic development and avoid dependency on external aid and imports. How can USAID balance these options to leverage market-focused programming to strengthen states?
- **Financing of Statebuilding:** How do donor nations finance statebuilding? The OECD/DAC intends to undertake a workstream on this topic the coming year, and USAID may wish to initiate deeper research into the mechanisms of the USG to utilize pooled funding, information needs of Congress to support longer-term financing of statebuilding efforts, and other aspects of interagency collaboration for funding statebuilding activities at the country level. What are key issues for USAID to consider in this discussion?
- **Donor Coordination:** The DAC guidance does not give much attention to coordination among donors, especially non-DAC actors such as nongovernmental organizations (NGOs), international organizations, and, most importantly, influential non-DAC member states, such as Gulf Region nations, India, China, Brazil, and so on. There are major challenges in the way donor strategies relate to one another in a statebuilding context, not just regarding de-conflicting specific activities on the ground. Donors often work at cross-purposes, especially when dealing with such complex issues as security sector reform, differing aid implementation mechanisms (contractors and NGOs versus general budget support), and the absence of a unified front vis-à-vis the host nation to provide its own strategy with

which to coordinate donors. Will this guidance offer a real opportunity for donors to become more uniform and coordinated in their approaches to statebuilding?

- **Locally Owned Solutions:** The DAC guidance gives considerable attention to the “endogenous” nature of statebuilding—noting that, without a locally owned solution, statebuilding is unlikely to succeed. But a truly endogenous process is not driven by the aspirations of donor nations for elections, free markets, and other first-world examples of democratization that a fragile state may not be prepared to sustain. Donors such as USAID must also consider what to do when the host nation lacks the political will to engage in statebuilding? From an implementation standpoint, donors also struggle to focus efforts on strengthening existing assets of fragile states. Donors regularly invent new governmental institutions and systems rather than building upon existing local assets. The DAC guidance emphasizes sound analysis of the country’s context, including efforts by donors to coherently identify the existing assets/resiliencies of a fragile nation (governmental, cultural, social, political, etc.). Statebuilding entails strengthening host-nation institutions, even when initially weak, rather than donors immediately opting to build entirely new host-nation institutions or bureaucracies. Not doing so often increases state fragility. The guidance also suggests that donors must learn to distinguish between the negative effects of outright corruption and the beneficial aspects of patronage in a fragile state. These grey areas provide insight into the reality of development program implementation in unstable places, but it is a reality that donors may struggle to justify to their taxpayers. Additional research and development of practical systems to mitigate these risks during implementation could prove to be useful impact multipliers of future USAID engagement in statebuilding.
- **Donor-Nation Capacities:** Successful statebuilding requires many tradeoffs. Donors have historically engaged in statebuilding only when it is critical to national interest and often with steadily deteriorating commitment. Most donors do not have the political resources to commit to long years of taxpayer funding that are required for successful statebuilding. What is the correct mix of technical expertise that must be prepared before undertaking a statebuilding effort? Often, donors do not have qualified personnel to support statebuilding. Donor contributions to improving non-technical and societal/political aspects of statebuilding are critical to addressing societal expectations, but may not best be addressed through traditional development assistance. Meanwhile, the lines of communication and authority within a whole-of-government approach to statebuilding are critical to the strategy and overall outcomes, but often the long-term planning horizon for interventions that cover multiple administrations is missing.

Furthermore, additional country case studies could be drafted to provide alternative country contexts and share lessons that have been learned in historic donor experiences in statebuilding. Audiences for this effort would include both experienced USAID Foreign Service Officers and incoming Foreign Service Officers through the Development Leadership Initiative. The case studies would analyze statebuilding efforts in the given countries (much like the South Sudan case study prepared by Richard Downie) through the lens of the new DAC guidance and the QDDR. The case studies could also provide forward-looking analysis to offer strategic priorities for critical and recent statebuilding cases such as those in North Africa and the Middle East, including Yemen, Tunisia, Libya, Syria, Somalia, and Egypt. Some further cases might include:

- **Afghanistan:** The Obama Administration has moved away from using terms such as statebuilding, choosing to focus more on the counterinsurgency strategy being used in Afghanistan. However, the long-term interests of the U.S. Government continue to be committed to continued U.S. foreign assistance to Afghanistan, and will most likely continue to build the state of Afghanistan.

- **Haiti:** Although there have been three major U.S. military interventions in Haiti, and decades of assistance from multiple donors, the most recent involvement following the major earthquake in January 2010 is unique. This intervention in Haiti is a case of statebuilding purely because donors appear to agree that this is a country that needs to develop the ability to solve its own problems.
- **Indonesia:** In the post-financial crisis (1998) environment, Indonesia experienced a wave of democratization. Dramatic gains in economic and democratic areas led to improved stability and a peace accord with Timor-Leste.
- **Nepal:** According to one initial contributor to the preparations for the Statebuilding Strategy Workshop, the OECD/DAC guidance did not offer a very strong overview of the Nepal case study. This individual would be very happy to draft a case study that will give more detail and a broader scope of issues in analysis of statebuilding in Nepal.
- **Guatemala:** Guatemala illustrates a situation in which the locally driven peace movement, led by religious groups inside the country, combined with a concentrated U.S. Government involvement to support clear policy objectives.
- **Timor-Leste:** This is another case that presented a concentrated U.S. Government involvement to support clear policy objectives. Timor-Leste also combined strong international support through the United Nations and other donors and a charismatic leader for the movement (Jose Ramos-Horta) who led Timor-Leste toward a new status with Indonesia.

Finally, a series of facilitated policy planning events could be considered, potentially within the Bureau of Policy, Planning, and Learning and among the USAID Administrator's senior staff, to identify and plan strategic policy reforms that address priority recommendations from the OECD/DAC statebuilding guidance and in response to the QDDR. This series of internal USAID events could be held with an eye to initiating a policy-level discussion of the ramifications of the OECD/DAC guidance and QDDR and to begin a decision-making process within USAID to select key guidance from the DAC paper.

One example event could be a high-level policy presentation to USAID senior staff, headlined by a major scholar who would present on the topic of statebuilding and the new DAC guidance and followed by discussion. Administrator Raj Shah has traditionally hosted a weekly meeting with a format that provides 20–25 minutes for a presentation and 35–40 minutes for discussion among the senior staff.

Another possibility is a second internal USAID event held by PPL and building on the initial senior staff discussion. This event would involve a facilitated policy discussion to produce three to four key efforts, taken from the DAC guidance, to be carried forward in FY2012 by the PPL Bureau. The session would be designed to produce priority proposals from among the PPL senior policy team and would include preparatory interviews by the facilitator to identify and capture those proposals. The facilitated session would then lead the PPL team through a process of brainstorming the proposals, drilling deeper into the implications for USAID, and selecting a small number of priority policy items for a statebuilding reform agenda. PPL could then apply the results of the session to ongoing policy processes such as the USAID Counter-Insurgency Policy, implementation of USAID Country Development Cooperation Strategies, adaptation to the QDDR findings, and general U.S. foreign assistance reform.

ANNEX A: PROJECT DOCUMENTATION

REPORTS PROVIDED TO USAID

- *Statebuilding in Situations of Fragility and Conflict: Relevance for U.S. Policies and Programs.*

SUPPORTING DOCUMENTATION AND INFORMATION

- Written notes from the CSIS-hosted event *Toward Capable and Responsive States*, February 17, 2011, at the Center for Strategic International Studies
- Audio recording of *Toward Capable and Responsive States*, February 17, 2011, Center for Strategic International Studies. <http://csis.org/event/toward-capable-and-responsive-states>

ANNEX B: COMPANION DOCUMENTS

Presentation: *Supporting Statebuilding in Situations of Conflict and Fragility*, OECD Policy Guidance, Stephan Groff, OECD, February 16, 2011.



Supporting Statebuilding in Situations of Conflict and Fragility

OECD Policy Guidance

Stephen Groff, OECD
Washington D.C., 17 February



Introduction

- Fragile states most off-track to meeting the MDGs
- Spill-over effects pose significant regional/global risks
- 1/3 of global ODA to fragile states but track record is mixed
 - Broad recognition that fragile states require different responses
 - Statebuilding at the core of OECD thinking about a new approach





What does the Policy Guidance offer?

No blueprint but...

- A common conceptual framework
- Policy recommendations on
 - Strategy
 - Programme design & delivery
 - Analysis
 - Aid Delivery
 - Operations

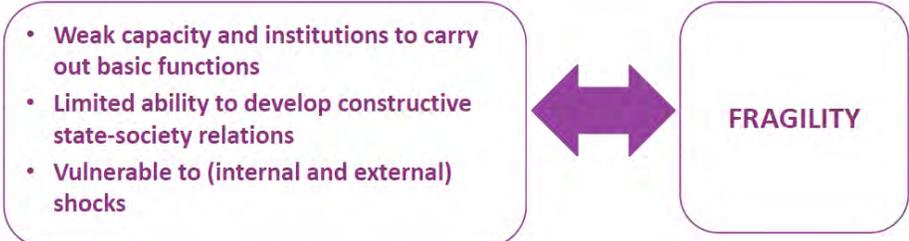


What is statebuilding?

*“ **Statebuilding** is an endogenous process to enhance capacity, institutions and legitimacy of the state driven by state-society relations.”*

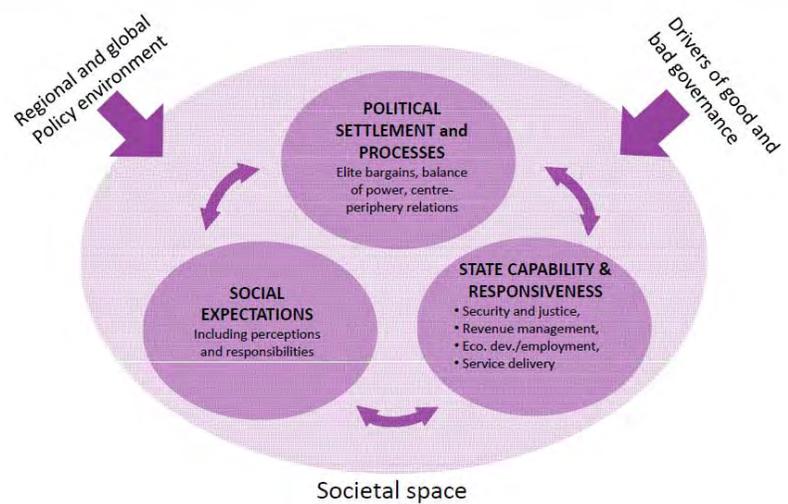


Statebuilding in fragile contexts



- Political order in fragile states often characterized by :**
- Exclusive political settlements
 - Resort to patronage and personal solutions
 - Co-existence of parallel systems (hybrid political orders)
 - Weak trust between state and citizens

Three critical aspects of statebuilding





Principal state functions

Security and justice

Revenue and
expenditure
management

Management of
economic
development and
employment

Service Delivery



Implications for overall strategy

- Understand the context and local dynamics
- Consider feasibility of change/scope for engagement and think about a variety of roles
- Identify trade offs, make strategic choices and set core objectives
- Engage with a broader range of actors, including non-state, and work beyond the capital





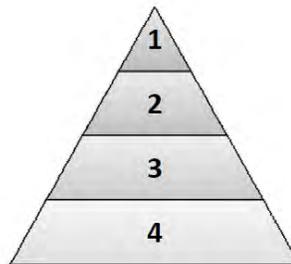
Implications for overall strategy

- Work towards greater coherence across your government/system
- Work at the regional and global level to address factors fuelling fragility and conflict
- Develop regional programmes/ approaches to support statebuilding and address conflict



Implications for country programme design

- Agree with government and partners on key priorities
- Design integrated interventions to foster constructive state-society relations
 - Support local conflict management/resolution mechanisms
 - Look for opportunities to promote more inclusive political settlements
 - Support political processes to strengthen state-society interaction
 - Prioritise support for principal state functions





Implications for aid delivery

Align aid modalities with statebuilding objectives

- Beware of bypassing government institutions and ensure that you **do no harm**
- Adopt gradual strategies to deliver sector-wide and budget support
- Prioritise jointly managed and pooled funds

Align technical assistance with SB objectives

- Pay more attention to balancing short-term and long-term TA
- Recognise that TA can do harm
- Coordinate TA and develop state capacity to manage it



Implications for donor operations

Making “a statebuilding approach” operational

- Increase staffing levels and capacity in the field and devolve responsibility
- Review incentives
- Improve risk management and learning from failures
- Review branding policies, procedures and regulations in light of SB objectives





Thank you!

For more information visit www.oecd.org/dac/incaf
or contact the INCAF Secretariat
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