

Institutions and a Comprehensive Approach to Conflict Affected Countries. A Personal View.

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Defining the Problem of Modern Conflict or Counterinsurgency

- Fundamentally, it is about *Statebuilding* where governments have local and international legitimacy that involves:
 - Creating durable institutions, accountable to citizens.
 - Strengthening credibility of government for delivering core services, the most important of which is security.
 - Binding citizens to the legitimate state.
 - Winning over, splitting away, marginalizing the insurgents and their foreign supporters and destroying their hard core.
- The statebuilding component of the Comprehensive Approach has much in common with economic and social development in fragile states.



How Aid is Delivered is as Important as its Volume.

- Paris Declaration on Aid Effectiveness sets out the principles of *Ownership and Alignment* with national programs and *Harmonization* of assistance among the donors aimed at *Mutual Accountability for Results*.
- A multi-year government budget should be the central coordinating mechanism for expenditures and foreign economic assistance.
- Aid should preferably be delivered through the national budget & subjected to fiduciary controls, or at least closely coordinated with and recorded in the budget.
- Aid outside the budget can disempower government, create aid dependency and destroy capacity that exists.
- Inefficiently delivered or inappropriate aid damages credibility of both donor and government.
- Community based approaches have been successful in environments of weak governance, e.g. National Solidarity Program in Afghanistan, and may be more resistant to insurgency.



Yet foreign aid is becoming more fragmented

- The number of bilateral donors has increased from 5-6 in the mid 1940s to at least 56 today.
- New donors have preferred bilateral to multilateral aid and have focused on a few countries: Afghanistan, Iraq, North Korea, Palestine.
- There are now at least 230 international organizations, funds and programs many of which specialize in a particular sector or theme.
- There are more aid agencies than the total number of countries they assist.
- Private aid flows have also grown substantially.
- Multiple aid channels strain capacity of recipient countries and increase transaction costs.

Source: World Bank "Aid Architecture: An overview of the main trends in official development assistance" February 2007

Implications for Coordinating a Comprehensive Approach that Delivers Results

- Coordinate around a host government strategy that is broadly owned within the country.
- Focus on facilitating results on the ground that are attributable to the state, not the interests of the country's partners:
 - The only flag on a project should be the host country's.
 - Cut back on the number of international meetings and devolve decision making to the field.
 - Focus on substance, not process.
 - Resolve issues through frank discussion.



Coordinating the Joint Effort

- Use existing multilateral frameworks as they convey international legitimacy, e.g. UN, NATO, World Bank.
- Form partnerships with country among multilateral, bilateral, regional actors around issues/themes/sectors relevant to the country.
- Encourage each institution to stick to its expertise...
- But ensure they coordinate with each other and the host government.
- Each host country and issues faced are different and coordination arrangements will need to be country specific.



Government

Donors
(about 60)

Donor Conferences
UN Security Council

Afghanistan
Development
Forum

Regional
Cooperation
Conference

ARTF Donor
Committee

Joint Coordination
& Monitoring Board
Chaired by
Government and UN

Policy Action
Group (PAG)

ANDS External
Advisory Group

**Pillar I
Security**

**Pillar II
Governance,
Rule of Law &
Human Rights**

**Pillar III
Economic &
Social
Development**

X-Cutting Issues
Gender
Narcotics
Regional Cooperation
Corruption
Environment

Consultative
Groups (8)



Working
Groups
(29)



Pool Resources for Greatest Effectiveness

Fragmented assistance, e.g. donor executed projects is the norm and has major disadvantages:

- Projects tend to be less cost-effective than national programs.
- Civil servants may see donor/NGO projects as a threat and seek to undermine them.
- Projects may not be sustainable in operation.
- Difficult to scale up nationally.
- Government not seen to deliver services.
- Plays into hands of insurgents who want to split people from state and divide the opposition donor countries.

Multi-donor Trust Funds are a proven instrument to pool financial assistance and need good fiduciary controls to maintain donor commitment.

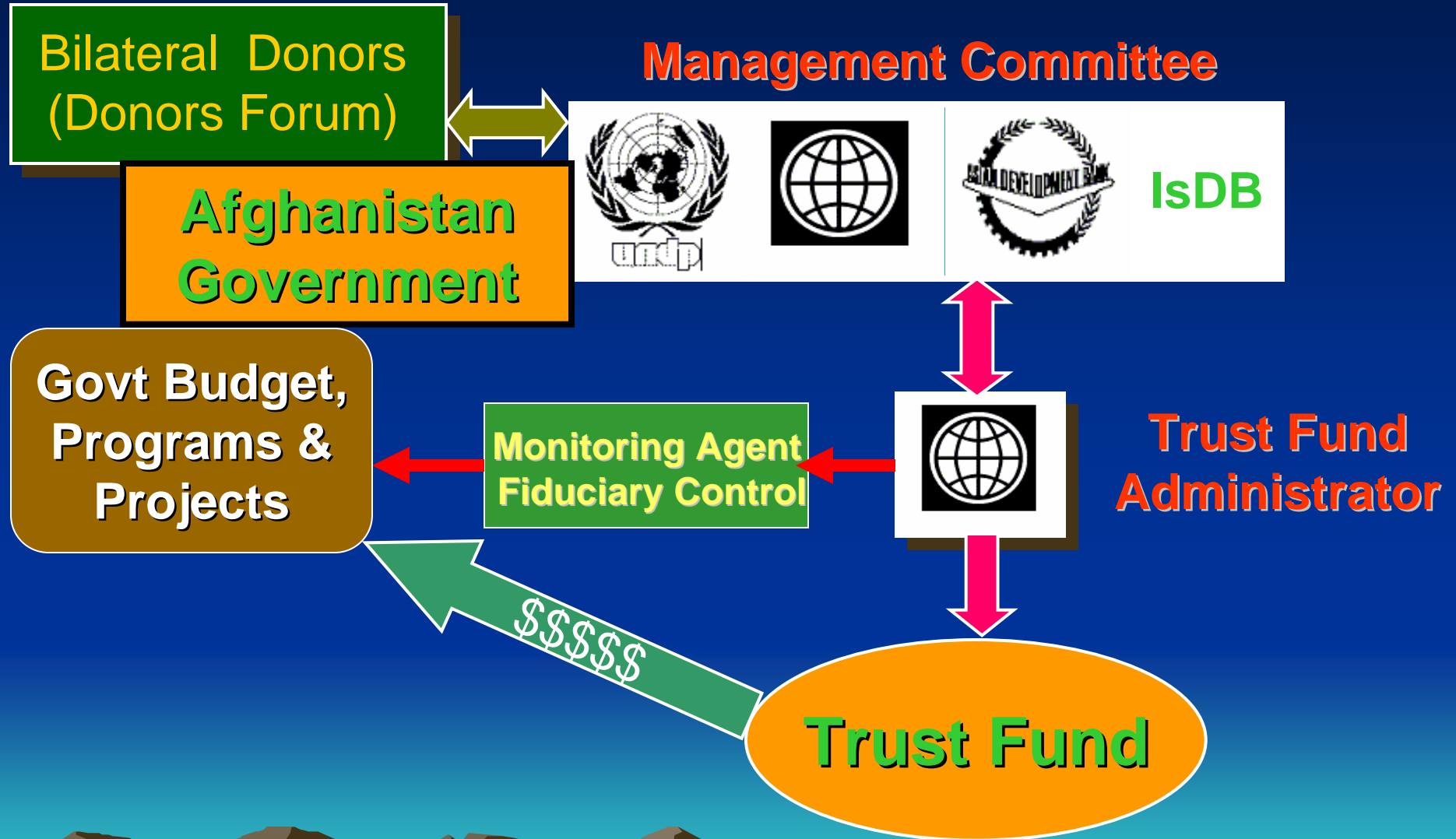


Pooling Resources: The Afghanistan Reconstruction Trust Fund (ARTF)

- Set up to pool donor resources and align them with the budget.
- Promotes transparency & accountability.
- Reduces burden on government capacity and builds capacity.
- Funds recurrent budget to allow government to operate effectively.
- Supports government ownership & leadership of reconstruction.
- Now a vehicle for serious policy dialogue between donors and government.
- Has raised \$1.7 billion in five years, of which 75% funded civilian wages & operating costs of government.
- Governance arrangements that provide a role for multilateral organizations, a policy role for donors and voice to the government.
- Investment income offsets administration fees.



ARTF Management Arrangements



Building institutions

Items for Partner Countries to Consider

- Create internal cohesion within own government, e.g. among Defense, Foreign Policy and Development ministries. Internal divisions get transferred outside.
- Be inclusive. Small countries may be contributing more troops per capita or a larger share of GDP and get prickly when excluded. Diverse inputs can lead to better strategy & tactics.
- Find, use and build country knowledge. Maintain institutional memory. We have to learn faster than the adversaries.
- Since development is an important component of modern conflict, strengthen role and independence of development assistance capacity.
- Devolve decision making. Transform 19th century bureaucracies into networks of practitioners connected by modern information technology.

