

DEVELOPMENT COOPERATION WITH FRAGILE STATES IN CENTRAL AFRICA CHALLENGES FOR BELGIUM

E-CA — CRE-AC
Expertise for Central Africa

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2. What is state fragility

- In the **OECD** 's description, a fragile state : “has weak capacity to carry out basic governance functions, and lacks the ability to develop mutually constructive relations with society” (OECD 2012:15)
- For the **World Bank**, fragile states are “facing particularly severe development challenges: weak institutional capacity, poor governance, and political instability. Often these countries experience ongoing violence as the residue of past severe conflict” (Woolcock 2014:3)
- Many donors base their strategy on binary measures of state fragility. The World Bank e.g. uses three criteria
 - Being low-income and IDA eligible
 - a Country Policy and Institutional Assessment (CPIA) score of 3.2 or below
 - a UN peacekeeping mission present at any time in the last three years.

Fragility is best understood as continuous

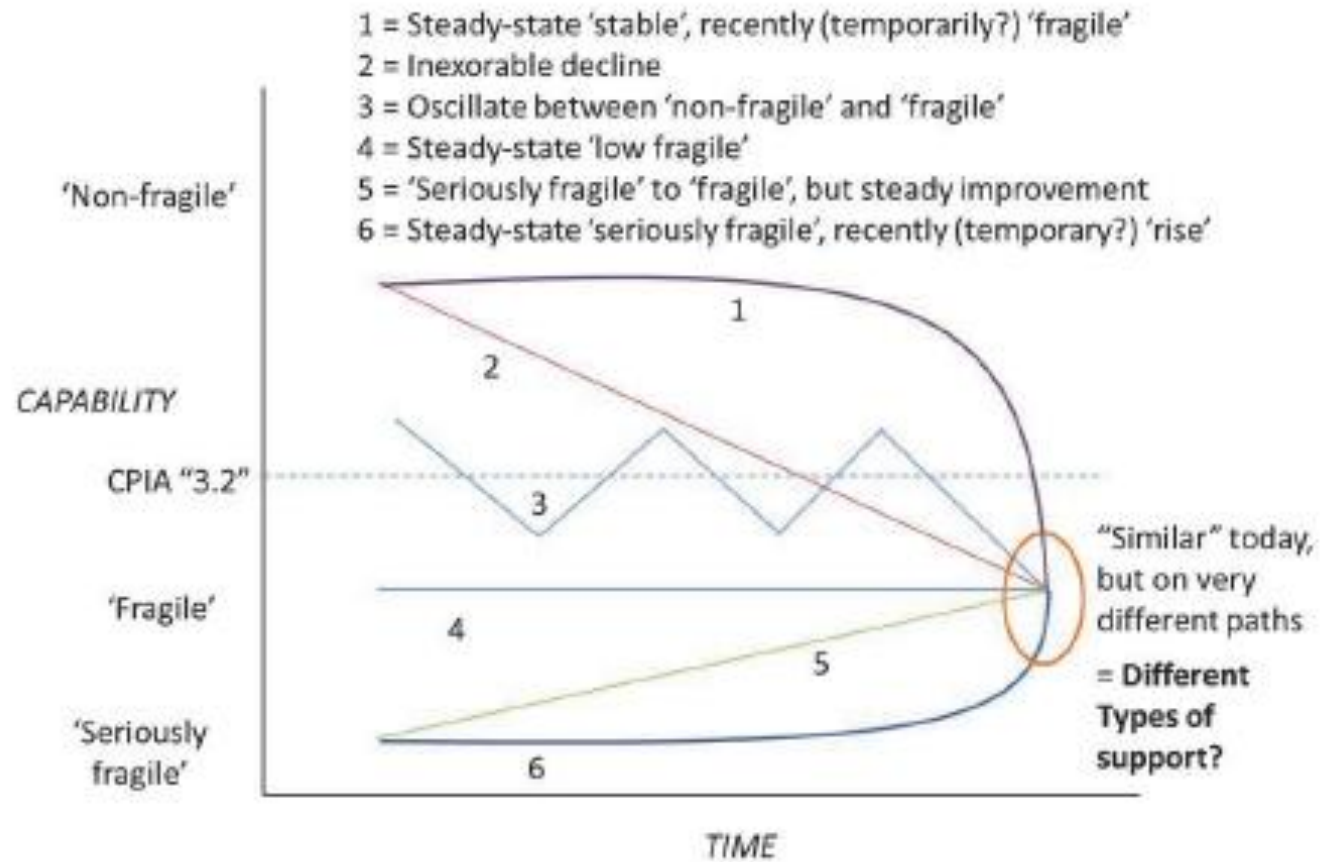
Country	Rank/178
DRC	5
Guinea	10
Burundi	18
Niger	19
Ethiopia	20
Kenya	21
Uganda	23
Mali	30
Sierra Leone	31
Rwanda	36
Burkina Faso	39
Belgium	163

Source: *Fragile State Index 2015*
<http://fsi.fundforpeace.org/rankings-2015>

The fragility concept is problematic

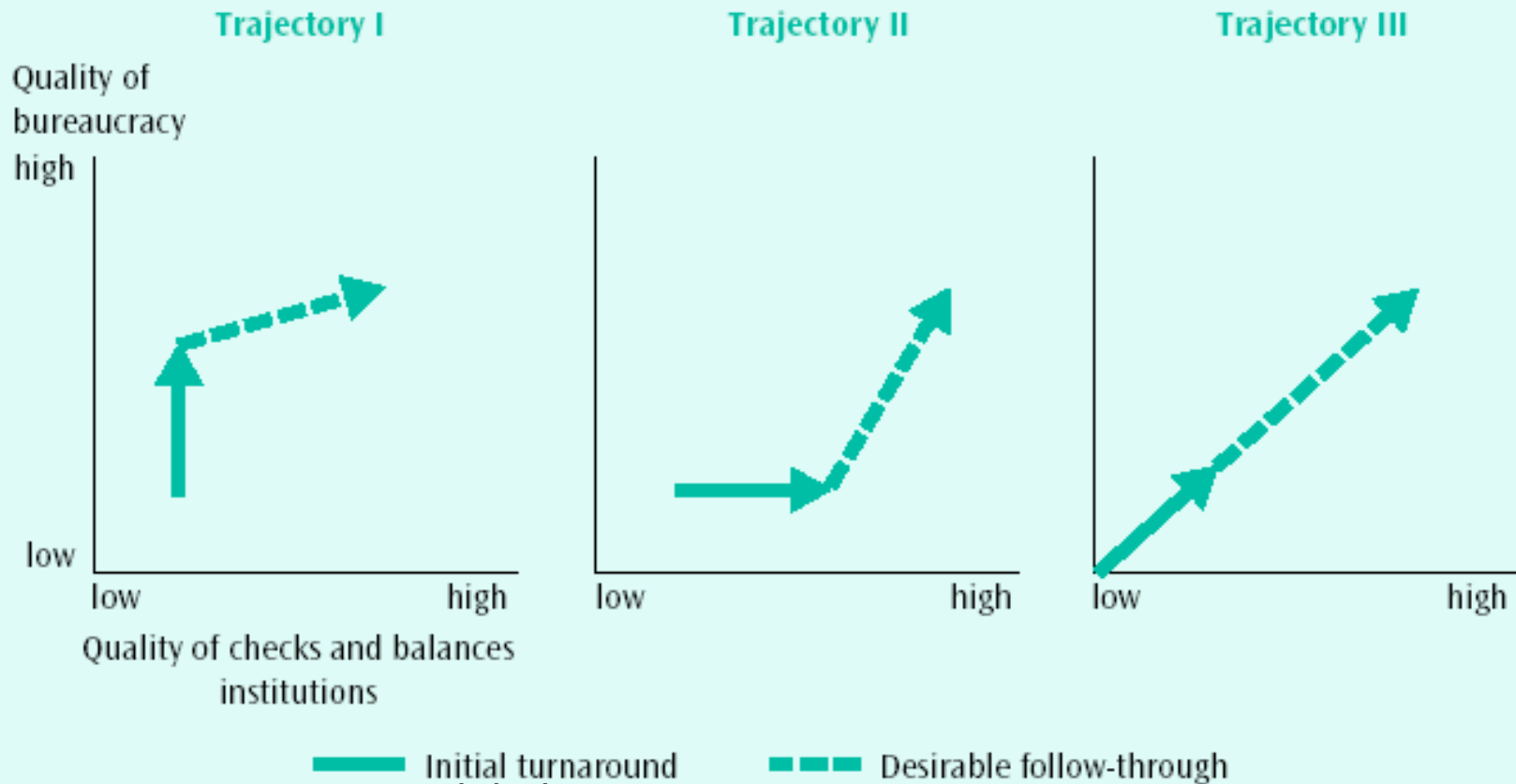
- It conflates many different dimensions
- In addition, for any dimension, the underlying reality is highly complex, multi-layered and country-specific
- We need to understand why a given state is fragile, and how and where it is fragile, before we can propose ways for donors to react to fragility
 - “Status as a ‘fragile state’ does not axiomatically map onto a coherent theory of change, array of strategies or battery of instruments that international or domestic actors can readily deploy” (Woolcock 2014:1)

Different histories of fragility



Source: Woolcock (2014: 9)

Different trajectories out of fragility



source: IMF-WB Global Monitoring Report 2006

Fragility is an issue in all aid

- If a recipient country would in all respects be at the opposite end of the spectrum in all dimensions of fragility, providing aid would be simple: just hand over the money
- Unfortunately, this is highly unlikely, because institutional weaknesses at state level are a major reason why countries stay poor and why they need international aid
- Of the two key dimensions of fragility – capability and willingness – willingness is the more problematic for aid policy and management

Back to the Aid Paradigm discussion?

period	preferred aid instrument	major constraints addressed
1960-1980	projects	<ul style="list-style-type: none">- physical capital- human capital
1980-2000	structural adjustment support	<ul style="list-style-type: none">- macroeconomic policies
2000-2010	budget support	<ul style="list-style-type: none">- ownership- governance

3. Fragility guidelines for Belgium

- Much of what we have learned over the decades about how to be more successful with aid applies to fragile states
- It is just that everything is much more difficult because there is a larger misalignment of preferences between donor and recipient governments, and because there are serious governance problems and huge capacity gaps
- In addition, security issues and political stability have to be taken on board
- The DAC has produced sensible general guidelines on aid to fragile countries, and Belgium has duly converted them in a national policy document (DGCD 2013)

Excerpt from the table of content of the Belgian policy paper on fragility

III. Comment pouvons-nous travailler dans les situations de fragilité ? 10 principes	11
1. Intégrer le contexte et ne pas nuire	11
2. Faire du renforcement de l'Etat l'objectif fondamental	12
3. Accorder la priorité à la prévention	13
4. Mettre en place une approche pangouvernementale	14
5. Promouvoir la non-discrimination comme fondement de sociétés stables et sans exclus	15
6. S'aligner sur les priorités locales d'une manière différente selon le contexte	16
7. Coordonner les actions	16
8. Agir vite ... mais rester engagé assez longtemps pour avoir des chances de réussite - Flexibilité	17
9. Eviter de créer des poches d'exclusion	18
10. Gérer le risque et être réaliste dans les attentes	19

Some academic advice

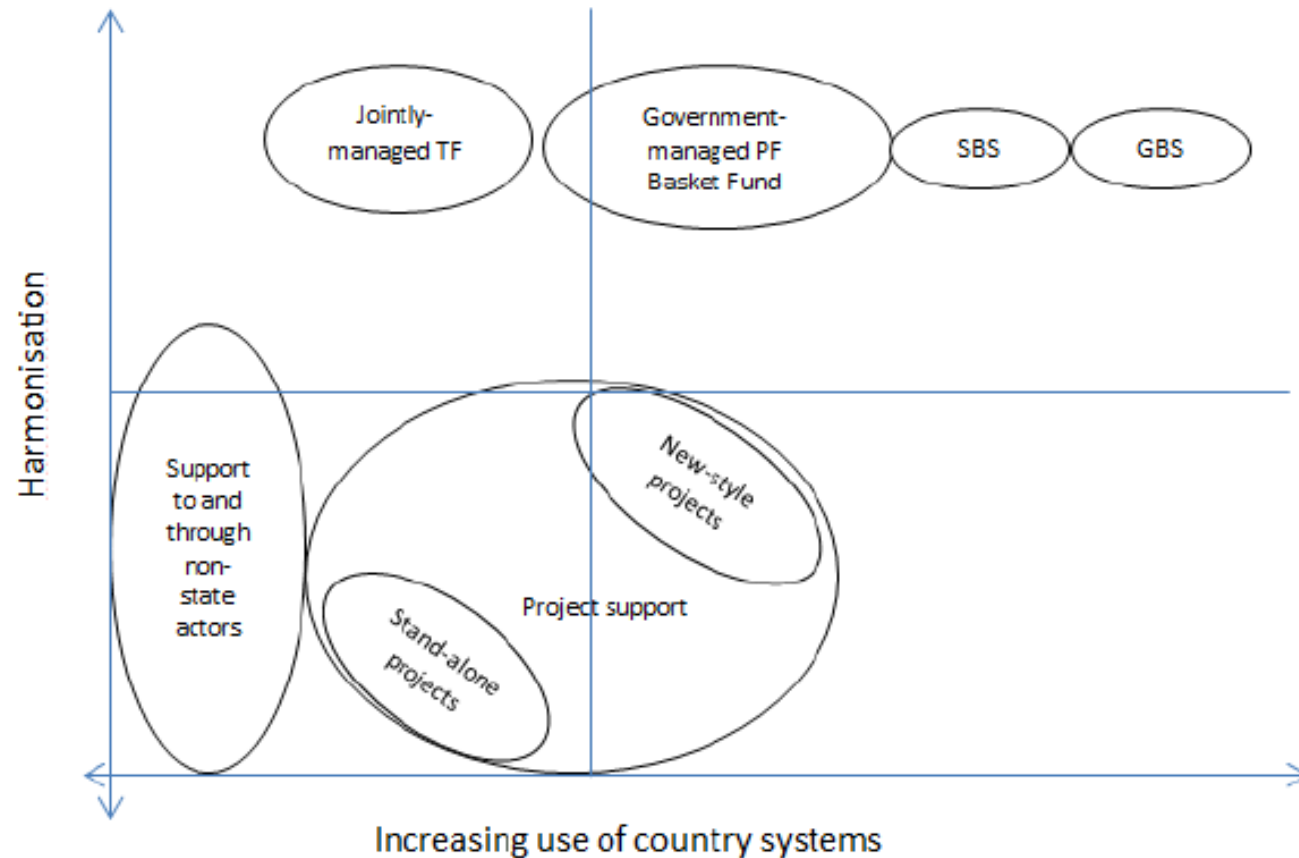
- ‘Problem Driven Iterative Adaptation’ (PDIA) is meant to be relevant for all aid (Andrews et al. 2013)
- It is a fortiori important in the case of fragile countries (Woolcock 2014)
- Elsewhere we have applied our proposal for a portfolio approach of aid instruments to fragile states (De Maesschalk et al. 2014)

Contrasting current approaches and PDIA

Elements of approach	Mainstream Development Projects/Policies/Programs	Problem Driven Iterative Adaptation
What drives action?	Externally nominated problems or 'solutions' in which deviation from 'best practice' forms is itself defined as the problem	Locally Problem Driven—looking to solve particular problems
Planning for action	Lots of advance planning, articulating a plan of action, with implementation regarded as following the planned script.	'Muddling through' with the authorization of positive deviance and a purposive crawl of the available design space
Feedback loops	Monitoring (short loops, focused on disbursement and process compliance) and Evaluation (long feedback loop on outputs, maybe outcomes)	Tight feedback loops based on the problem and on experimentation with information loops integrated with decisions.
Plans for scaling up and diffusion of learning	Top-down—the head learns and leads, the rest listen and follow.	Diffusion of feasible practice across organizations and communities of practitioners

Source: Andrews et al., 2012: 20

Different aid modalities



Source: De Maesschalk et al. (2014:20)

4. Challenges for Belgium

- Unfortunately it is much easier to produce guidelines or to prescribe methodological approaches than to apply them
- How can Belgium rise to the challenge of working in fragile contexts in a more effective and efficient manner?
- The constraints are not limited knowledge or good intentions, but barriers caused by administrative and political arrangements

4.1. Belgian achievements

- A strong willingness to give priority to aid to fragile states
 - Historically Belgium has spent a large share of its aid in fragile countries
 - This tendency will be reinforced by the recent decision to review the list of priority countries further in favour of poor and fragile countries
- A strong awareness among decision makers and staff of the need to address the challenges of working in fragile environments
- Good expertise on some fragile countries especially in Central Africa in public sector, NGOs and academia
- A tradition of getting things done, pragmatically, and preferably at grass roots level

4. 2 Room for improvement: the easy bits

- Reinforce government coordination in dealing with fragile aid recipient countries
- Within DGDC, further integrate humanitarian aid and structural aid budgets, and consider them as a continuum rather than a binary choice
- Better integrate different aid modalities (projects, basket funds, budget support) so that they can be used flexibly as a portfolio
- Provide incentives for BTC to work in a more decentralised way, along PDIA lines
- Reinforce the role of DGDC in supporting field offices through feedback, training, quality control, learning evaluations

4.3 More ambitious reforms

- Public sector management reform has stalled at Belgian federal level since 1990s
- To some extent the creation of BTC as an autonomous implementing agency was part of that reform dynamic
- But in other respects BTC suffers from a faulty design, such as a weak and politicised management board in which DGDC is weakly represented, and excessive centralisation
- The resilience of the “cabinet” system, even if the name has changed and means have been reduced, makes it very difficult to introduce management by results and decentralize sufficient decision making to field offices
- The system of ex ante budgetary control does not allow sufficient flexibility in managing aid portfolios in fragile contexts

5. How much aid for fragile states

- Given the inherent difficulty of working in fragile countries, and the difficulty to reform Belgian federal institutions, why not reorient more aid towards more stable MICs?
- This argument has acquired serious credibility by the empirical work of A. Sumner (2011) who has shown that the share of poor people living in MICs has massively shifted in recent decades
- According to his data only 1 in 3 poor people live in Fragile and Conflict Affected (FCAS, 16 countries, OECD) (see next two slides)

Where did the poor live in 1988-1990

Source: Sumner (2011)		1988-1990
MICs	Total (101 countries)	7%
	Fragile and Conflict Affected (FCAS, 16 countries, OECD)	
	Non-FCAS	
LICs	Total (43 countries)	93%
	FCAS (26 countries)	
	Non-FCAS	
FCAS (43 countries)		
SSA		13%

And where did they live 20 years on

Source: Sumner (2011)		1988-1990	2007-2008
MICs	Total (101 countries)	7%	72%
	Fragile and Conflict Affected (FCAS, 16 countries, OECD)		11%
	Non-FCAS		61%
LICs	Total (43 countries)	93%	28%
	FCAS (26 countries)		12%
	Non-FCAS		16%
FCAS (43 countries)			23%
SSA		13%	27%

Targeting poor countries or poor people

- Principle 1: give aid to poor countries
- Principle 2: give aid to poor people, wherever they live
- Principle 3: give more aid to poor in non-fragile countries, where aid is better absorbed by a more able and willing public sector
- Principle 4: give aid to poor people living in poorly governed fragile environments

Belgium follows principle 4

- Even more so if proposed review of partner countries is implemented
- This strategy is in line with the 'bottom billion' thesis (Collier 2008)
- Some key arguments in its favour (Verbeke and Renard 2011):
 - Lack of prospects for growing out of poverty in one generation in poor fragile countries
 - Prognosis that in future more of the poorest will be again found in countries that are poor and fragile
 - Lack of national redistributive capacity in LICs
 - Comparative advantage of aid versus other policy instruments in fragile countries (trade, investment, addressing global public goods)

6. Conclusion

- Belgium will largely remain focused on fragile countries
- Effective and efficient aid management in fragile countries requires flexibility, speed, and risk taking
- This is impeded by
 - Limited tolerance for fiduciary and political risks
 - Micro-management by Ministerial cabinets and DGDC and BTC Brussels headquarters
 - Compartmentalization of aid modalities and instruments in different budgets and administrative units
- Administrative reform is necessary and feasible, starting with the easy parts

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