LESSONS FOR PEACE
Afghanistan

Fragile practice

Donor mistakes in war-to-peace transitions

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About this expert note

This expert note expands on a presentation made by the *Lessons for Peace: Afghanistan* project in October 2019 to the 5+4+3 Peace Working Group in Kabul. It draws on the author's personal experience as a World Bank staff member, including his acquaintance with multilateral literature on conflict and conflict resolution. The note describes how and why donors often underperform in conflict-affected countries, and then suggests how some such mistakes can be avoided. This present note takes a global perspective; a forthcoming paper (Roberts et al, November 2020) will focus on Afghanistan. The author draws a great deal on World Bank analysis and experience in this paper, but the opinions expressed, and any errors, are the author's own.

About the author

Nigel Roberts worked for 30 years in the World Bank, including as country manager in Nepal and Ethiopia, country director in the West Bank & Gaza and the Pacific, and co-director of the 2011 World Development Report on Conflict, Security and Development (the WDR 2011). Prior to that he worked for six years for various British development NGOs. From 2013-16 he was a delegate to Somalia's national Financial Governance Committee, and from 2015-18 chairman of the Advisory Board of the UN Peacebuilding Fund.

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1   What donors get wrong

Today's mainstream theories of conflict and guidelines for aid practitioners in fragile and conflict-affected countries are well-known and have been endorsed by all OECD donors. This does not mean donors stick to the guidelines. All aid practitioners can point to mistakes they have been party to, many of which were highlighted a decade ago in the WDR 2011:

- Insisting on their own individual institutional strategies and arguing that these support national goals. Sometimes they do; but, more often, these corporate strategies license donors to pursue priorities important to their own organisation or country. This results in a multitude of programmes that complicate the search for a focused set of host country priorities.
- Bypassing national budgets with the rationale that weak host government capacity and corruption demand direct donor financial control. Doing so at scale, however, interferes with the development of national systems and creates parallel, duplicative delivery channels that cannot be properly managed, monitored or sustained.
- Importing technical assistance on an unsustainable scale in search of satisfactory

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Box 1   Cambodia 1993—2006

Cambodia in the period after the signing of the Paris Peace Agreements and the deployment of the United Nations Transitional Authority in Cambodia (UNTAC) illustrates a number of common donor mistakes. The 1993 UN-run elections brought a huge influx of aid (rising from $89 million in 1991 to $551 million by 1995). Donor enthusiasm was based in part on a misreading of the election result: while Hun Sen's Cambodian Peoples' Party (CPP) lost the election, it retained effective power due to a continued hold over the state institutions it had dominated since the Vietnamese invasion of 1979. The CPP used the influx of donor funds to consolidate power - along with illicit rents from trafficking and timber smuggling, to which donor forestry, land titling and agriculture programs inadvertently contributed.

At a technical level, aid commitments were not guided by any core strategy, and in the absence of effective government coordination donors delivered most assistance through fragmented, supply-driven and duplicative projects. By 2006, according to OECD Development Assistance Committee (DAC) statistics, 39 donors were providing official development assistance (ODA) through well over 1,000 separate projects. The 2008 Survey on Monitoring the Paris Declaration showed that only 12% of development assistance was disbursed through government financial systems, that more than 1,000 donor-supported PIUs existed, and that fully 51% of total ODA between 1998 and 2006 was provided as technical assistance (OECD, 2008). While this helped counteract weak or negligent Cambodian government capacity, the extent of this parallelism eroded the possibility of sustaining donor institutional support. Aid was commonly programmed in pursuit of short-term targets and displayed persistent year-to-year volatility (OECD/DAC estimates show that aid was more volatile in Cambodia between 1997 and 2006 than in any other aid recipient country).

Data sources: Chanboreth & Hach (2008), Gottesman (2003), OECD (2008), Sothan (2008)

project outcomes, often displacing local officials rather than training and mentoring them.

- Adhering to short results horizons because they conform to domestic political or budget cycles and failing to commit to the long timeframes needed to build capable institutions. A common manifestation of this is donors' penchant for identifying sudden "windows of opportunity" (when peace agreements are signed, or reformist governments comes to power), and throwing as much as possible at them all at once, increasing the volatility of aid flows and raising the risks of wastage and corruption.
- Prioritizing global knowledge over locally adapted solutions, the design of which is expensive and requires long-term in-country staff exposure if viable solutions are to be identified. This tendency is more pronounced in insecure environments, where short staff deployments from home and headquarters have become the operational norm - as has limited contact with the world beyond the fortified compound.

- Continuing to work in distinct diplomatic, security, development and humanitarian silos that make little reference to one another or to each other's analytical frameworks, despite all the reassuring rhetoric to the contrary.
- Mistaking charismatic counterparts for reformers.
- Ignoring the role of patronage and rent seeking in recipient countries and failing to adapt programming to these realities.
- Confusing strong central government with political stability, especially in countries with distinct regional powerbases.

Some of these behaviours derive from aid practitioners' misunderstanding of the societies they are working in; others are more deliberate and are often justified as necessary ways to cope with weak or corrupt government systems and ensure accountability for aid funds. Their collective impact often undermines coherent national planning, stunts implementation and fuels the drivers of conflict.

2   What donors know

Over the past decade the international system has produced a number of flagship reports that explain the causes of civil war and promote policies to avoid or mitigate it. These reports focus on low- and middle-income countries, the recipients of most post-Second World War ODA.

2.1   Causes of violent conflict

The theory underlying these flagships draws on the work of a variety of scholars of state formation and violent conflict, notably Tilly (1990), Huntington (1997), Stewart (2008) and North et al. (2009). All the flagships see organised violence as emanating from governance failures: specifically, a failure to manage the various 'precipitators' or 'stress' factors present in a particular society (as North et. al put it, "over the last ten millennia, societies have used institutions to limit and contain violence. These institutions simultaneously give individuals control over resources and social functions and limit the use of violence by shaping the incentives that individuals and groups face"- page 55). The WDR 2011 groups these stress factors under three headings: security, politics and economics, distinguishing between those that are essentially home-grown, and those that emanate principally from outside.

    Both the WDR 2011 and the 2018 Pathways for Peace report conclude that perceptions of injustice, discrimination or exclusion are the most powerful drivers of violent conflict (World Bank, 2011; World Bank/UN, 2018). Evidence of the key role played by governance in helping (or failing) to prevent violent conflict can be found in the World Bank's Country Performance and Institutional Assessment (CPIA) system, which measures the quality of national policies and institutions and their ability to support growth and poverty reduction (and thereby serves as a proxy for governance fragility). Time-series CPIA data suggests a strong relationship between the overall quality of a country's governance, and the risk of civil war. Figure 1 shows how a sample of poor governance performers fared in the period from 1990-2009. Sixteen of the 17 countries that continued to register low CPIA scores experienced civil war, while 16 of the 23 that "exited fragility" avoided it.

Table 1   The security, political and economic stresses that underlie violent conflict

Violence and fragility	Internal	External
Political stresses	Ethnic, religious or regional competition Real or perceived discrimination, exclusion Human rights abuses	Great power competition, patronage Perceived global inequity, hypocrisy
Security stresses	International criminal networks Trafficking, especially drugs, arms and minerals Invasion/occupation External support for rebels Cross-border conflict spillovers Transnational terrorism	Mistrust of other groups, security forces Legacies of violence and trauma
Economic stresses	Low incomes, income inequality Youth unemployment Competition over land, natural resources Severe corruption	Global economic shocks Predatory resource extraction Donor economic ideologies Natural disasters

Source: Adapted from World Bank (2011)

2.2   Factors that support successful war-to-peace transitions

All of the cited flagship reports emphasise that peaceable exits from civil war violence have been home-grown and nationally led, and that donors cannot substitute for these key ingredients, nor will them into being. This, however, has not stopped donors from trying.

The 2011 WDR team took a deductive, not a prescriptive approach: the report looked in detail at over 40 developing country experiences since the end of the Second World War, seeking to understand if some formula for peace-making could be identified. The basic template, which subsequent flagships broadly accepted, runs along the following lines:

- **Leaders and leaderships built sufficiently inclusive political and societal coalitions**, which then determined how state power and resources were to be shared. Importantly, this did not mean absolute inclusion, but rather the inclusion of those with the power to mobilize destabilizing violence.

- **The state's leadership demonstrated an ability to focus on the most destabilising sources of grievance**, and to target them early and consistently. Targeting them did not mean immediately resolving these grievances; rather, it meant creating confidence that meaningful efforts to tackle them were in process. Often this was approached in two related ways. First, by providing signals that the story was changing. Signals of intent, or indications of what was to come, were often all that a state with weak and/or illegitimate national institutions was initially able to do. But such signals could buy time and build trust. To be meaningful, these signals needed to target major sources of grievance, albeit partially and often with symbolic actions – such as arresting a notorious human rights abuser, trying a corrupt politician, making budgetary provision for a neglected ethnic group, or

initiating a credible job creation programme for poor urban youth. These actions are not the same as 'easy wins': on the contrary, they required difficult, even counter-intuitive decisions that demonstrated a distinct break from the past.

- **State leaderships began building the institutions needed to manage grievances on a more sustained basis**. In the broadest sense, these grievances – and the institutions to address them – tended to relate to citizens' day-to-day security, access to justice (which might include economic injustice) and economic opportunity: hence the WDR 2011's policy mantra, 'security, justice and jobs.' Importantly, signalling intent and creating legitimate institutions were not sequential steps. As the 2011 WDR stressed, building legitimate, effective national institutions is the work of a generation or more: "How much time has it taken to move from current average levels around the world to 'good enough governance'? The results are striking. It took the 20 fastest-moving countries an average of 17 years to get the military out of politics, 20 years to achieve functioning bureaucratic quality, and 27 years to bring corruption under reasonable control. This did not mean perfection, but rather adequacy". This meant that there was a continuous need to sustain confidence - through repeated signals of intent.

It is worth stressing that when the WDR 2011 refers to "national institutions", the term is intended to signify institutions of importance to the stability of the nation – not only central government institutions. The term thus encompasses local/

Figure 1   Poor governance increases the risk of violent conflict

Source: Adapted from World Bank (2011)

decentralised chapters of government, as well as civil society organizations. Global experience since the end of the Cold War shows how important it is to engage civil society in resolving long-running conflicts. While it would be naïve to imagine that all civil society organisations (CSOs) are liberally-inclined and public-service oriented, civil society often plays a key role in increasing social trust and cohesion in fractured communities by promoting dialogue across ethnic boundaries, holding governments and insurgents accountable for abuses of power or corruption, helping identify deep-set societal grievances, promoting citizen rights and freedoms, and delivering services to groups and areas where government programmes have proven inadequate (World Bank, 2010). The importance of exclusion and grievances as prime motivators of civil violence also argues for involving civil society in peace negotiations, as CSOs often represent wider constituencies than do the direct combatants (World Bank/UN, 2018).

Another important point is the psychological dimension of conflict prevention and mitigation. Stress factors are only stress factors because they are experienced as such. Rebellion is animated by grievances – perceptions of injustice, often fuelling radical perspectives. The creation of coalitions is premised on a degree of mutual faith and the pursuit of compatible interests. Astute confidence-building actions can change expectations. Governments achieve legitimacy by building trust, thereby changing perceptions and acquiring loyalty. These are all matters of the mind. The more successful war-to-peace transitions are those that have managed to change minds, not those that have displayed the greatest technical proficiency.

When a state is well-managed by a sufficiently legitimate government, the international community can play a valuable supportive role. Strong and consistent national leadership has generally been key to ensuring that the international community adheres to a core national strategy, stays fundamentally on budget or budget-coordinated, invests in productive infrastructure, deploys technical assistance judiciously and in a training/mentoring capacity, and supports initiatives that target key stresses and grievances. Examples of this include Japan after the Second World War, China after the death of Mao, Ethiopia in the 1990s, and Vietnam and Timor-Leste in the 2000s.

A couple of health warnings are needed when reading these institutional flagships. The first is their tendency to downplay the role of prominent shareholders in fomenting conflict. Proxy wars or aggressive great power competition has often served to destabilize developing countries, overwhelming domestic efforts to achieve, or maintain social and political stability – as countries like Afghanistan, Cambodia, the Democratic Republic of Congo, Mali, Nepal, Nicaragua, Ukraine and Viet Nam can all attest. Critiquing the WDR 2011, Watts (2014) observes that the report "cannot state the obvious: that US Cold War imperialism and post-Cold War globally imposed neoliberalism have created the conditions for all manner of reactive (and often reactionary) violent politics in the developing world" – adding that "the Bank writes itself out of the conflict story." This is largely true. During the preparation of the WDR 2011, the World Bank President intervened to minimize criticism of the US record in Iraq and Afghanistan, while any thorough exploration of the destabilizing role played by powers like China, Russia or India in the report would have been unacceptable, as 2011 WDR team consultations with Board members made clear. As a result, the WDR 2011's discussion of "external stress factors" focuses on border-war spill-overs, international trafficking, transnational ideological threats and climate and resource pressures, while skirting around the hegemonistic and/or acquisitive policies of powerful states - and the extent to which they have enrolled the IFI system.

The second caveat has to do with democracy. The exit narrative developed in the WDR 2011 and its successors suggests that the highroad to peace and prosperity is best approached through a consensual, inclusive form of politics. It is no coincidence that this exit path is congruent with OECD political orthodoxy. Desirable as this trajectory may be, it is the road less travelled in the low- and middle-income countries to which the flagships are addressed. In post-colonial Asia, Africa and the Middle East, sustained democracy has proven the exception (with India the most prominent example). The majority of the early transitions out of civil war or chronic political instability have taken place under authoritarian governments (e.g. Viet Nam after the 1975 reunification, China in the 1980s, Ghana after the 1979 Coup, Ethiopia after the fall of Mengistu in 1991, Taiwan under Chiang Kai-Shek). A typical social compact after long periods of civil war or occupation has involved civic willingness to accept a system based on political loyalty and elite patronage in return for better personal security,

Box 2   Ethiopia post-Mengistu

The collapse of the socialist Mengistu regime in Ethiopia in May 1991 followed the demise of the Soviet Union and offered western donors a political and economic opportunity that they were keen to exploit. The Ethiopian People's Revolutionary Democratic Front (EPRDF) adapted to the unipolar diplomatic reality of the early 1990s by pursuing a cautious path of economic and political liberalisation, especially during the period of Meles Zenawi's premiership (1995–2012).

This period of consistent, purposeful leadership offered donors an attractive policy framework and a degree of discipline that self-coordination rarely achieves. The EPRDF government organised initial multiparty elections in 1995 and 2000 that donors found acceptably fair, removed price controls, privatised many public enterprises and opened the economy to foreign investment – while unifying donor support around poverty reduction under its 1992 Agricultural Development Led Industrialisation (ADLI) programme and subsequent pro-poor policies.

Through the 1990s, the country's ODA to GDP ratio more than doubled, from 11.8% in 1990 to 25.2% in 2003, in this instance laying the foundation for GDP growth rates of 10.9% a year in the 2000s, and a reduction in absolute poverty from 44% in 2000 to 30% by 2011. Average household health and education standards improved markedly during this period. By the mid 2000s, with strong government encouragement, 74 percent of donor contributions were disbursed through the national budget, and in 2005 donors began to support a programme of transfers to local and municipal governments under a formula that ensured all regions received fair and continuous central government funding, irrespective of how they might have voted in the recent national elections.

Ethiopia is an example of how clear government leadership can bring about strong and effective donor support; it is also an example of the dilemmas that liberally-inclined donors face in supporting authoritarian regimes (the Economist Intelligence Unit's 2010 Democracy Index rated Ethiopia 118th out of 167 countries). Meles' Ethiopia positioned itself successfully as a stable African state in the wake of the Cold War, and as a Western ally in the War on Terror by helping oust Somalia's Union of Islamic Courts in 2006. At the same time, the fairness of the 2005 and 2010 elections was widely criticised and donors, particularly those that focused more on economic and technocratic factors, were accused of turning a blind eye to government corruption, repression and human rights violations. While donors expressed unease and pressed for further reforms in light of these counter-currents, their economic support did not waver: ODA continued to climb, reaching $3 billion in 2007 and $4 billion by 2016, when Ethiopia replaced Afghanistan as the largest single recipient of OECD Development Assistance Committee (DAC) and multilateral assistance.

Data sources: AfDB (2008), Alemu (2009), Brown and Fisher (2020), Human Rights Watch (2010), OECD (2008), World Bank (2011) and World Bank (2015)

a degree of legal predictability and tolerable economic prospects. Authoritarian regimes can of course calcify and founder or lose their legitimacy in the face of demographic changes, economic transformation, and rising expectations that nullify an earlier political settlement – as Eastern Europe in the 1980s, the post-Soviet Colour Revolutions of the 2000s and the Arab Spring from 2010 onwards have demonstrated. This further underlines the point that no exit from civil war can be seen as permanent: political equilibria are unstable by nature. If emerging sources of grievance are ignored or mismanaged, violence can once again erupt.

3   Why donors do what donors do

There is no shortage of literature on the causes of violent conflict, on how countries have handled it and what this implies for development partnership. Donors have a good idea of what they should and should not do, and of the damage they can cause. So why do donors continue to make so many mistakes?

The first reason has to do with the nature of ODA, which combines self-serving global diplomacy and genuine humanitarianism. Development assistance was created in the aftermath of the Second World War, propelled by the Western Allies' determination to counter the spread of communism in Europe by reviving market capitalism in the countries of Western Europe recently occupied by Nazi Germany. This led to the creation of the key IFIs, the International Monetary Fund (IMF) and the World Bank, institutions to which the USSR was never a party. The International Finance Corporation, IDA and the regional development banks emerged as Cold War competition shifted to the developing world.

Whatever the motivations of those of us who have made careers in the international donor system, geostrategic imperatives determine the trajectory of our work. Donors often find themselves supporting weak or illegitimate regimes well past the point of sound technical judgement, looking for workarounds to stay engaged and achieve some positive welfare outcome. Geopolitical drivers may be more overt for bilateral aid agencies, but they also determine the engagement decisions of self-styled apolitical agencies like the World Bank and the IMF. Economic performance criteria do not explain the absence of the international financial institutions (IFIs) from Viet Nam for 18 years after the end of the Viet Nam war, or the suspension of World Bank lending to Iran since 2005; conversely, of the top four non-Pacific aid recipients (Somalia, Central African Republic, Liberia and Afghanistan, as measured by the ratio of ODA to GNI – see OECD/World Bank 2018), three are of clear strategic concern to the OECD membership. Lavish aid sustained for political purposes can, however, produce outcomes distinct from the stability, fairness and prosperity that most OECD donors would like to see, particularly when counterpart governments are weak or illegitimate.

The second reason is related to the first. The nature of the states with which donors are dealing is often very different from the liberal, inclusive entities that donor agencies and many of their voters would like to help create. Donors will always find supporters of a liberal conception of statehood, but these groups may have little influence on the elites who determine national politics. A failure to understand patronage systems can create significant disconnects between the incentive structures assumed in donor programming, and local realities. Such misunderstandings often result in perverse outcomes - although at times, with positive results. Such is the case in Nepal (Box 3).

Some will argue that these are simplistic explanations that do not help aid policymakers navigate the conflicts between their own and recipient countries' interests or address the challenge of working with deeply flawed governments, or prioritise between many competing demands. How can donors avoid doing harm, and ferret out opportunities to make a positive difference? What practical advice can be shared with policymakers and aid managers?

Box 3   Nepal 1950—present

I have followed Nepalese politics for the past forty-five years, eight of which I have spent in the country working for various non-governmental organisations (NGO) and for the World Bank. Development assistance in Nepal today demonstrates many typical donor shortcomings: inconsistent funding for essential infrastructure; a multiplicity of small projects that duplicate one another or repeat prior abandoned efforts; short donor attention spans and a lack of sustained commitment to building core government institutions (such as national utilities and basic service delivery agencies); and excessive donor recourse to PIUs, replacement technical assistance, off-budget programming and NGO implementation that both work around, and further undermine, ineffective government delivery systems. The consensus among aid observers is that all post-1950 governments – monarchic and democratic alike – have underperformed, and that a great deal of public resources has been wasted or stolen, a process to which donors themselves have contributed by unwittingly facilitating corruption. Why, it is frequently asked, can donors not learn from their mistakes?

If you look at donor activity in Nepal from the perspective of conflict prevention, however, you can argue that development diplomacy has made a positive contribution to Nepal's political economy precisely because of those leakages. Alongside India's critical (and controversial) role as a stabilising political influence, foreign assistance has helped keep the peace for most of the post-Second World War period. Before 1950, Nepalese elite domination ensured that almost all surpluses accrued to one family and its retainers, and the patronage- and loyalty-based networks and practices associated with rentier government remain important. Since the fall of the Rana regime, Nepalese politics has featured a sustained struggle for inclusion: the circle of state patronage has been extended, with periodic relapses, to encompass a wider range of actors (although most new entrants still come from the dominant Brahmin and Chhetri castes). Because the rental benefits of holding state power have remained attractive throughout – despite a weak national economy and largely because of sizable foreign assistance transfers – political leaders of all stripes have had a strong incentive to contest power in ways that the donor community can see as legitimate, and can reward. This has made for a chaotic, relatively peaceful ongoing transition towards greater inclusivity, albeit with setbacks and interruptions.

The main two political adjustments of the past 30 years exemplify this. By 1990, the Cold War-related donor incentives for bankrolling an autocratic monarchy had disappeared, and donors switched allegiance to a multiparty coalition that then captured state power. The Maoist Rebellion that followed stemmed from the radical left's inability to succeed at the ballot box, and a decision to default to armed rebellion. In 2008, after Indian mediation, the Maoists re-engaged in competitive politics and won power through national elections. Once in power, the leaders exhibited fiscal behaviour consistent with every other elite coalition that has held power since 1950, acting as a distributor of rents to themselves and their followers. This approach is accepted by most citizens, with varying degrees of enthusiasm. Nepalis might prefer a state that acted as a neutral, technically efficient arbiter, but will settle for one that helps their own particular identity group.

Thus, for all that Nepal's development record can be found wanting, the involuntary political impact of development assistance has been a constructive one

Sources: Bell (2019) and Devkota (2007)

4   What can be done?

There are no easy answers: the thrust of geostrategic and security priorities and the drag of rotten governments often leave little visible space for good aid practice. Dire governance, in particular, sits awkwardly beside what the flagship reports all say about the correlations between capable, legitimate national leadership and success in tackling organised violence – and the same reports' insistence on working through government systems under virtually all circumstances. Policymakers can be forgiven for feeling overwhelmed and confused by a modern mountain of international exhortations, good guidance manuals and donor fragility strategies (for an account of these, see Institute for State Effectiveness, 2020). Nonetheless, there are steps that aid managers can take that I believe can make a difference to the quality and efficacy of their contributions. I will briefly discuss four of these:

1. Understanding politics and society
2. Supporting a single national strategy and working with national budgets
3. Providing sustained, long-term support to national institutions
4. Approaching corruption more coherently

4.1   Understanding the countries we work in

Underlying the truism that effective reforms are home-grown lies a need to understand what that home really looks like. In his introduction to Working with the Grain, Levy writes "To achieve progress, we need to begin by seeing things as they are, and to work from there. If we do that, we have the possibility of forward movement" (Levy 2014). This is much better understood than it was a generation ago – but aid practitioners can still struggle to grasp the incentives driving the societies they work in (Boxes 1 and 3), and to apply the insights of political analysts to the practical world of programme design. In its new strategy for fragility, conflict and violence, the World Bank admits that while Bank "analytics on FCV [fragility, conflict and violence] drivers have improved over time, their recommendations have

not always carried over into Country Partnership Frameworks. The result is a partial disconnect between enhanced analytical capacity and the World Bank Group's portfolio of operations" (World Bank, 2020 page 9).

Bridging this gap requires a much deeper immersion in these societies than most development partner agencies are prepared to countenance. The World Bank strategy goes on to say that "resident staff are better able to understand the political economy; provide proactive support to clients in preparing and implementing operations; find practical, agile, and best-fit solutions to problems; build relationships with partners, including CSOs; travel to supervise project activities; and ensure that operations become more tailored to FCV drivers" (World Bank, 2020, page 10). However, despite an increasing emphasis on the recruitment of national staff, the locus of institutional culture and decision-making remains in Washington, where the incentive structure privileges lending volume over fine-grained country analysis. International staff are not expected to live for long periods in any particular country, learn local languages or spend extended periods outside the capital, in the field. These deficits are more pronounced in violence-prone societies, where the social distancing caused by post-9/11 corporate security policies isolates donor staff from local conditions and favours brief in-country postings.

While many actual or potential agency staff would accept greater operating risks or longer in-country assignments in insecure environments, radical moves in this direction evoke little support from aid managers who face political and career blow-back if their staff are harmed in the line of duty. Creative workarounds are possible, however, if greater responsibility is entrusted to national staff and civil society interlocutors, and by making better use of consultants. By devolving the duty of care to third-party contractors, trusted (and willing) consultants are able to work in more exposed situations than agency staff – an approach used by the World Bank to supervise projects in Iraq and to embed advisers in government agencies in Somalia. Such approaches can go part way in helping aid organisations develop the political economy understanding needed to

support relevant, functional policies and projects and to monitor programme developments in real time.

One particular distortion that can occur as a result of inadequate country knowledge is a tendency to support overcentralized governance. While the rationale for prioritizing core revenue, expenditure, and security institutions is clear enough, this does not mean an exclusive focus on central government institutions, lest this unwittingly privilege the centre at the expense of regional interests, drawing donors into centre-periphery power contests that in many countries (such as Afghanistan, Ethiopia and Somalia) are of fundamental importance to political stability. The antidote for this is a more nuanced donor appreciation of how power and resource sharing can contribute to, or detract from, stability. As the World Bank's FCV strategy states: "The war economy is often resilient, and illicit networks often continue to operate even after conflicts end. In many cases, the situations warrant more decentralized systems or some levels of subnational autonomy" (World Bank, 2020 page 30).

4.2   Aiming for a single operational strategy

4.2.1   One national strategy

An effective way to incorporate political realities into donor programming as well as avoid fragmentation is to commit to a single strategy led, or at least owned, by the government. Again, this is a truism; as long ago as 2011, the Busan New Deal was insisting on a single "country-led fragility assessment" and "country-led one vision and one plan" and a "country compact to implement the plan" (g7+, 2011).

To be meaningful, the strategy needs to be the right kind of strategy. Political context is everything when it comes to programmes designed to address violent conflict. Certain technical principles can be distilled from international experience, but the exact form and timing of any economic intervention must be checked against local needs and local perceptions of need. A host of agency and interagency guidelines tell us we need to understand the nature of institutional fragility and that we should focus on the drivers that prolong or precipitate violence (World Bank, 2011; International Dialogue, 2016). But this is not how development strategies are generally formulated: governments and donors typically devise plans that prioritise the material modernisation

Box 4   Rwanda's Vision 2020

The Institute for State Effectiveness (ISE 2020) describes how Rwanda put together a national strategy aimed at containing potential violence and ensured that all donors stood behind the strategy. "In Rwanda, the National Vision 2020, published in 2000, outlined six pillars (good governance and a capable state; human resource development and a knowledge-based economy; private-sector led development; infrastructure development; and regional and international integration) for Rwanda to transition into a middle-income country by 2020. These pillars emerged from extensive national consultations across society, but also from the imperative in the late 1990s to provide a simple plan for the government and donors to start negotiations and delivery. The central goals of Rwanda's Vision 2020 strategy remained consistent and present across subsequent strategic documents, at national, sectoral, and subnational levels, and in public messaging. In an otherwise unstable political environment, this consistency provided an anchor for donors', citizens', and bureaucrats' investment and focus.

The leadership throughout the government had a great deal of confidence to push back against donors to maintain alignment of programming and funding to the country plan, Vision 2020. This confidence came from a number of factors, including: a) backing from the President, who was willing to decline donor funding if it did not match the priorities and instruments outlined in the Vision 2020; b) the extensive national consultation process behind Vision 2020, which gave the plan such credibility and political weight that donors were more compelled to prioritise its goals above competing donor incentives; c) the government harnessing in its own national documents the language of international commitments such as the Paris Declaration and framing programming discussions through this, appealing to donors' own commitments and propelling it to the fore among domestic incentives; d) most significantly, the government and the broader population having lost so much trust in the donor community after the genocide, changing the power balance in the policy dialogue on development programming".

Source: ISE (2020)

of the state – the formula for which includes a combination of sound economic policies, a set of institutions that resemble those in OECD countries and the provision of infrastructure and public services. Most such plans cover a waterfront of needs and are unaffordable; they do not articulate which actions are the most important, or when they are needed (microeconomic analysis can indicate what is likely to give a good economic return, but internal rates of return have no political dimension to them). Nor have the World Bank or other development agencies been eager to set aside their own planning tools (e.g. EU/UN/World Bank Recovery and Peace-Building Assessments or IMF/World Bank Poverty Reduction Strategy Papers) in favour of such national strategies.

Knowing what to do first is essential in unstable environments, and tools for assessing this exist. The WDR 2011 proposed an approach to country or regional strategy formulation based on an analysis of stress factors and institutional/societal capabilities (pages 22-3, 111-2, 249-50); the World Bank now uses Risk and Resilience Assessments (RRAs) to pinpoint the grievances that can trigger violence, dividing them into broad categories like insecurity, discriminatory politics and an absence of economic opportunity, and assessing the extent to which different identity groups (ethnic, regional, class) feel excluded. Unfortunately, RRAs are internal to the World Bank, are not widely shared with governments or donors due to their political sensitivity – and have only variable influence over the World Bank's mainstream Country Partnership Frameworks.

A variant of the RRA could be used at a national level, however. Since potential solutions will always include non-economic factors – such as local governance reform, new security measures, better access to justice and the reintegration of militias – the programme that flows from an analysis of key stress factors or conflict drivers can be used to define complementary roles for each of the various ODA silos: humanitarian, development, security, political. Rather than privileging economic growth per se, the objective of such a national strategy would be the prevention, or management of violent conflict; this principal objective would then determine programme priorities.

The WDR 2011 concluded that the countries that have managed violent conflict best tend to have built sufficiently inclusive social and political coalitions, targeted core grievances through confidence-building measures, and laid the basis for

effective, legitimate institutions. National strategies in conflict-prone countries should logically ensure adequate inclusion, both in their formulation and in the reach of their measures, should prioritise the destabilising sources of grievance, and should focus on strengthening a select few essential national and regional institutions. Taken together, this amounts to a strategy oriented towards continuous prevention: "Transitions out of fragility and repeated cycles of violence occur more through preventive actions than from post-conflict recovery" (World Bank 2011, page 108).

The formulation of such a strategy is best done in consultation with key citizen groups, offering governments the opportunity to create public confidence in the state's willingness and ability to address pressing concerns.

What if a country is unwilling to create or subscribe to such a strategy, either because this departs too far from mainstream planning approaches, or because identifying sources of grievance demands too much self-criticism? This is arguably less of an issue than it might seem; the 20 members of the g7+ - the (self-described) fragile states' own policy action group – have, at least on paper, signed up to a series of principles compatible with such an approach. Of more concern is possible donor resistance to supporting the priorities identified through such a process, since it could exclude programmes which they and their constituents favour.

But there are cases where government behaviour undermines donor confidence that such a strategy would be implemented with any degree of sincerity. Here donors' internal guidelines generally dictate some degree of disengagement (thus the World Bank (2020, page 17): "When a government's actions or policies are directly responsible for causing fragility, conflict, and violence, the WBG would adjust its approach. In such cases, the WBG may maintain a low-key engagement and risk-mitigation strategy, including policy dialogue and interactions with relevant stakeholders, guided by 'do no harm' considerations"). Whether donors heed their own guidance or not, however, is often determined by geostrategic considerations.

At the very least, donors can subscribe to a single, integrated donor strategy of the type described above. As an example of donor self-organisation, the multidisciplinary UN Peacebuilding Fund has in several African countries (including Burundi, the Democratic Republic of the Congo, the Central

The 2016 Central African Republic Recovery Peacebuilding Needs Assessment (RPBNA) aimed to help the new government achieve political stability and prevent a relapse into conflict, following presidential elections early that year. The RPBNA was prepared jointly by the government of Central African Republic, the UN, the World Bank and the European Union. The government adopted the RPBNA as their national plan for recovery and peacebuilding and presented it at an international donor financing conference in Brussels in November 2016. The assessment was grounded in a shared understanding of the conflict and was built on a World Bank Risk and Resilience Assessment. The RPBNA assessed urgent stabilisation needs at $120 per capita – more than twice annual historical aid levels, and focused on measures aimed to strengthen security, support political reconciliation and inclusion and boost economic recovery.

Source: World Bank/UN (2020)

African Republic and Sierra Leone) served to bring different UN political, peacekeeping and development actors into coordinated stabilisation and post-conflict transition processes. Thus, in the Central African Republic in 2014 (Box 5), the Peacebuilding Fund financed salaries for the security services, while the World Bank – unable to do this because of mandate restrictions – financed essential civil service salaries.

4.2.2   Single plan, single budget
In addition to supporting a single national plan, donor contributions should pass through the national treasury and be administered through national financial systems, as IMF, World Bank and regional development bank contributions routinely do (thus placing donor funds 'on plan', 'on budget' and 'on treasury' – CABRI, 2008).

 In cases where donor regulations preclude direct government administration, contributions (including those disbursed through non-government partners) should be explicitly recognised and tracked in the national budget – as numerous

international declarations insist. As long ago as 2011, the International Network on Conflict and Fragility, to which all major OECD donors, the UN, the European Union (EU) and the IFIs belong, stated that "mechanisms in support of sustained development should only be established once these can show a clear link to national priorities and budgets and be used to strengthen country systems and facilitate the move towards budget support" (INCAF 2011, page 4).

External funding thus accounted for reduces the risk that donor projects will be seen as disconnected from government, or even as compensating for a weak or uncaring government, and thereby undermining citizens' perceptions of state legitimacy.

4.2.3   Strategy implementation
A multiplicity of small, independent, supply-driven activities complicates the achievement of strategic coherence, effective impact monitoring and sustainability. Strong governments will sometimes push back against such practices, but aid-dependent governments may not, and can be further undermined by them. Donors can minimise such tendencies by focusing on direct support to key national programmes emanating from an agreed national plan, and by pooling funds under coordinated donor management.

Donor projects are often accompanied by large infusions of technical assistance (TA). Donors should articulate clear performance criteria for TA staff and should emphasize training and mentoring ability in their selection and evaluation. More consideration should be given to employing experts who have experience of working in institutions similar to those they will encounter – for example, as finance officials in other low- and middle-income countries.

TA is often associated with donor-financed, self-standing PIUs in which national consultants are paid better than their government counterparts. While this can be divisive and demoralizing for line agency staff, the case against parallel structures is not clear cut. For the past decade, OECD policy statements have tended to view parallel structures as undesirable, drawing away scarce national talent, retarding institutional development and offering only questionable performance advantages over government implementation (European Commission, 2008); yet parallel structures have proliferated in conflict-affected environments. Blum et al. (2019) point out that they are "are three times more prevalent in fragile and post conflict

states than in other developing countries, and they are here to stay" (page xxxi), and argue that they constitute a sensible adaptation to the realities of government performance in conflict-prone societies, where public sector jobs are often important sources of patronage and are used to build or maintain coalitions. On the basis of five detailed case studies (including Liberia, Afghanistan and Timor-Leste) they argue that parallel structures are "likely to be the single most important lever that development partners have for augmenting state capacity in post conflict settings" – but that while these structures can "provide a temporary 'scaffolding' to support weak public bureaucracy", they "entail the risk of boom-bust dynamics once aid dries up" (page xxx). The issue is then one of design: the rationing of and proper coordination between such structures, the avoidance of complex approaches that cannot in time be transferred, and ensuring there is a clear exit pathway – but one that recognizes the realities of how long it takes to build effective institutions: "One of the strongest messages emerging from the five case studies is the importance of providing continuous uninterrupted support far beyond the five-year life cycle of a typical project" (page xxxii).

4.2.4   Strategy evaluation

Progress is best assessed by a continuous process of monitoring the perceptions of key identity groups. This is a basic tool in mature democracies. Such information is available for fragile and conflict-affected low- and middle-income countries (e.g. from the World Values Survey, the work of Latinobarómetro/Asian barometer/Afrobarometer, global Gallup surveys and Asia Foundation country opinion surveys) but is inconsistently used in country-level strategy formulation and assessment. Astute perception polling and focus group discussion can provide a valuable proxy measure of the legitimacy of the state and its programmes. Since perceptions may change rapidly, these exercises should be repeated frequently, and the national strategy continually adjusted to ensure it is targeting important grievances and concerns. These approaches can be supplemented by other forms of citizen feedback, such as Uganda's local government council scorecards (Muyomba-Tamale and Cunningham 2017) and Rwanda's Imihigo reviews, in which all implementing parties, from central and local government to donors, submit report on agreed performance targets for citizen discussion (Scher 2010).

4.3   Committing to long-term institutional support

If donors accept that legitimate national institutions are the bedrock of state stability, they need to devise ways of providing them with long-term support that can survive agency budget, staff assignment and policy cycles. While this is easier for international organisations like the World Bank and the IMF that can make multi-year financial commitments, it remains a largely haphazard process even for them, with repeater projects based more on the success of a predecessor than on any firm commitment to generation-long support for core institutions - other than ministries of finance and central banks. Bilateral organisations have shown that they can provide long-term support if they so choose, as in the case of the Dutch government's 10-year commitment to support security sector reform in Burundi. But donors have yet to create instruments that can sustain support to core national institutions over 20+ year time horizons.

4.4   Coherence around corruption

Post-war, donor-supported reconstruction often implies policies of economic liberalisation, and these can turbocharge corruption if poorly managed. While it is essential that donors achieve a more analytical, less moralistic understanding of the role of rents in conflict-affected societies, this does not mean that theft of donor contributions can be tolerated. For every Nepal or Timor-Leste, where rent distribution has helped contain violent conflict, there are many cases where gross corruption has destroyed trust and state legitimacy and fuelled violence.

Most public financing for reconstruction flows through two broad channels:

1. salaries for government employees, and operating costs for core government functions; and
2. the procurement of infrastructure, goods and services from private contractors.

There are no fool-proof ways of tackling the purposeful diversion of donor resources. The creation of improved systems of public financial management and accountability remains the best default, along with smart performance measurement. Instruments such as the Public

Expenditure and Financial Accountability framework (which assesses functionality) and the Open Budget Survey (which assesses the extent to which budgeting is transparent) can be useful, provided they are not mechanistically applied. One effective method of ensuring that government salaries and operating costs are well-managed was pioneered by the World Bank in the 1990s in the West Bank and the Gaza Strip (the Holst Fund), and has subsequently been adopted with success in other fragile institutional environments, such as in Somalia from 2014 onwards (the Recurrent Cost Reform and Financing Project). A crucial part of this approach is frequent, sometimes monthly tranching, and the employment of embedded external accounting firms to pre-audit payments made prior to authorization of tranche releases. Citizen audits of public budgets can also be highly effective. A well-known example is the work of India's Mazdoor Kisan Shakti Sangathan: such audits are now used worldwide, from the Baltic states and Germany to Kenya and Rwanda (Ramkumar 2008).

In procuring from private suppliers, it is important that governments and aid agencies alike use transparent bidding processes; citizens will otherwise assume that contracts are being gifted to those with influence. A common mistake in post-conflict situations is to short-change competitive procurement because it is seen as taking too long or because of government inexperience with the complexities of procurement. Outside professionals can be brought in to make up such deficits, and simplified forms of competition can be used until more elaborate protocols become feasible. To allay suspicion, governments can create independent boards to oversee public procurement and can invite multilaterals like the World Bank or the EU to nominate independent external members; in Somalia, in a variant of this, multilateral delegates on the national Financial Governance Committee review all public concession contracts valued at $5 million or more. There are several good procurement toolkits of which governments can make use, including OECD's Public Procurement Toolbox' (OECD n.d.) and the work of the Construction Sector Transparency Initiative (CoST).

Citizen reviews of government procurement are valuable and are becoming more common, as in the Philippines, where the work of Procurement Watch Inc. in the early 2000s led to a new national procurement law and to NGO-government monitoring partnerships, both of which have served to enhance the credibility of local governments in the country (Ramkumar 2008).

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