

Marrying State-building, governance & aid policy: Civil Partnership or Irreconcilable Differences?

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Focus of our presentation

Rise of state-building in the donor agenda

State-building and aid policy: issues emerging from the theory

Case study: Afghanistan

State-building and aid policy: issues emerging from the field of practice

Case study: Nepal

Policy implications and options for donors

Rise of state-building in the donor agenda

Clear current focus in donor literature, academic literature more cautiously adopting the term

‘Renaissance’ cuts across academic disciplines

Multiple definitions of statebuilding

Different ideas regarding the role of donors and external actors

Can identify a lack of consensus on what statebuilding actually is, and what an appropriate role for donors might be.

State-building and anti-corruption policy

DFID's 2008 paper places state-building, at least in part, within the political development literature of the 1950s-1970s

Emphasis on political settlement, survival functions & expected functions

Instead of 'good' or 'bad' governance, we have 'responsive' and 'unresponsive' state-building

Corruption not prominent in this particular work (only mentioned briefly twice!)

Linking this to corruption theory

Corruption theory during the same time period was very different to current good governance literature

Although no one argued that corruption was necessarily a 'good thing' in and of itself, they did tend to agree that overly moralistic approaches to (the study of) corruption hampered both academic study and effective policy-making

Corruption could be seen as inevitable and a commonplace feature of a state's political development

Summary of some main arguments

Corruption may -

- help to offset destabilizing factors resulting from rapid modernization

- enable peasants to interact with a new, large and impersonal state bureaucracy

- be an essential way for elites to build political settlements in order to ensure the stability needed for effective state-building

- serve an important function in terms of cutting through red tape

Case study: Afghanistan

Corruption a critical concern for donors

TI-CPI 2009: Afghanistan ranked 179th out of 180 countries

2010: UN survey estimates \$2.5 billion paid in bribes (25% of GDP) and 59% of 7,600 respondents rated it a higher concern than insecurity or unemployment

Afghanistan (cont.)

In early 2010, DFID announced £9.5 million over 3 years to give provincial governor's performance-based pay, piloted in Helmand Province under Gov. Gulab Mangal, and also in Khost, Herat & Panjshir

Leaving aside issues to do with technical capacity to manage a project like this, there are political/governance issues as well

Afghanistan (cont.)

Governors appointed, not elected, and most often former warlords

Not yet clear if they'll be accountable for the funds, or if it will be 'off budget' to be spent as pleased

Could encourage potential reformers, but how likely is it to have a wider impact?

From a governance, anti-corruption perspective, it could be used to create opportunities for expanding patrimonial networks

Afghanistan (cont.)

State-building lens looks different

Taliban currently receiving 'bags of gold' from donors (largely the USA) to buy loyalty

Drug cartels have massive revenue base

(Good) governors have very limited resources and so may not be able to compete with alternative power bases in the building of patronage networks/political settlements

Performance based pay for allied governors could be a good way to 'hide' case transfers to allies in order to support stabilization activities, regardless of the impact on good governance in the short-term

Linking to 'Aid Effectiveness' theory

Aid in fragile states should follow Paris Declaration principles:

ownership

harmonisation

alignment

managing for development results

mutual accountability

OECD guidance to 'apply but adapt' Paris Declaration to fragile states is too simplistic

The gap between theory and practice

OPM / IDL Group:

“PD is not straightforwardly applicable”

“increasingly applicable in improving situations” but
may be irrelevant in problematic partnerships

Ownership and alignment sound appropriate in a
statebuilding context but problematic due to:

weak capacity

corruption and patronage

donor aversion to risk

Nepal case study

PD implemented at a policy level

GoN's Nepal Peace Trust Fund

Revision of National Foreign Aid Strategy

National Aid Effectiveness Action Plan

Nepal Portfolio Review

Local Donors Transparency Exercise

But undermined by weak government capacity
and fragmentation

Interviews with DFID staff – not possible to fully
implement PD in Nepal

Nepal cont.

In fragile states, emphasise harmonisation and M4DR, not ownership and alignment

Donor aversion to risk creates problems

e.g. DFID Country Evaluation 2007

Need recognition of, and meaningful discussion around how realistic PD principles are in a statebuilding context

Policy implications & options for donors

1. Carry on as is, with constant potential for tension between good governance & state-building objectives
2. Revisit classifications of fragile states & use different approaches in different types of countries (as not all 'fragile states' are the same)
3. Wholeheartedly embrace a state-building approach and leave 'good governance' behind
4. Explicitly acknowledge the complexity of operating in fragile states and think in terms of 'good enough anti-corruption' or 'good enough aid effectiveness'