

Aid to fragile and conflict-affected countries: a review of the literature and Australia's approach

John Eyers

Abstract

Fragile states are those characterised by problems of weak governance or of conflict, internal or cross-border. They are also described, less crisply but more carefully, as countries in fragile and conflict-affected situations – hence the acronym used in this paper, FCA countries.

For about a decade the demands of providing international assistance to FCA countries have received explicit and increasing attention, both from aid organisations and from a range of others. These two kinds of literature, with their different perspectives, are what this paper describes. It also comments on how far Australia has a distinctive approach in its aid to FCA countries.

**Aid to fragile and conflict-affected countries: a review of the
literature and Australia's approach**

John Eyers

John Eyers is a former official of the Australian Treasury.

Eyers, J 2012 "Aid to fragile and conflict-affected countries: a review of the
literature and Australia's approach" *Development Policy Centre
Discussion Paper #21*, Crawford School of Public Policy, The
Australian National University, Canberra.

The Development Policy Centre is a research unit at the
Crawford School of Public Policy, The Australian National
University. The discussion paper series is intended to facilitate
academic and policy discussion. Use and dissemination of this
discussion paper is encouraged; however, reproduced copies
may not be used for commercial purposes.

The views expressed in discussion papers are those of the
authors and should not be attributed to any organisation with
which the authors might be affiliated.

For more information on the Development Policy Centre, visit

<http://devpolicy.anu.edu.au/>

Aid to fragile and conflict-affected countries: a review of the literature and Australia's approach

1. Principles developed by aid providers

It's obvious there are problems in programming and delivering aid in states which have weak governments, or where there are armed conflicts taking place or threatening. Aid agencies have from the beginning recognized that managing these problems is part of their business, even if they haven't said much about it. Similarly with textbooks about aid: for example, the recent book by Roger Riddell, *Does Foreign Aid Really Work?* (Oxford UP, 2007) has little explicit treatment of FCA countries, but it observes that aid can't be effective where there's political instability or civil conflict.

In the last decade, official aid agencies have addressed more directly the problems of providing aid to FCA countries. The main reason, probably, is pressure on them to explain whether their aid has been effective or ineffective, and why. This has driven them to search for better approaches in the "hard cases". The official aid agencies have also been responding to major industrial countries' strategic focus on FCA countries, of which more below.

Competent descriptions of the difficulties in attaining aid objectives in FCA countries, and of what seem the most effective approaches, have been produced during the last decade by the World Bank, the Asian Development Bank and the Development Assistance Committee of the OECD. No doubt there are many others as well, but these will be enough for an introduction. There has also been a parallel series of descriptions by AusAID with reference to Australian aid.

1.1. World Bank

The World Bank seems to have been the pioneer in adverting to the problems and needs of FCA countries – although, politely, it first called them "low-income countries under stress" or LICUS. A task force of staff specialists on LICUS was formed in 2001 and prepared a report published in early 2002; they then kept working to implement the proposed measures. The object group of "hard case" recipients of World Bank

assistance was renamed in 2005 “fragile states”, and later “countries in fragile and conflict-affected situations” (FACAS).

The 2002 World Bank task force defined the key principles of providing aid for these countries thus:

- Do knowledge activities, rather than finance
- Work on just two or three reforms which are feasible in socio-political terms and likely to result in a rapid and substantial payoff
- Engage with society – for example, set up think-tanks, and twin key organizations such as small business or women’s associations with successful counterparts in other countries
- Supplement, rather than try to improve, government provision of basic services – consider a range of possibilities, including the Independent Service Authority (ISA) model.

The LICUS task force also suggested changes within the World Bank:

- Senior management should give more attention
- Provide bigger budgets and better staff incentives
- Approach capacity building by emplacing staff, rather than by visits
- Collaborate and coordinate better with other donors.

This approach was reviewed in the World Bank in 2005, and the resulting report was published as [*Low-Income Countries Under Stress: Update*](#) in December 2005.

The update put greater emphasis on the task of state-building and on coordination with other agencies. The emphasis on state-building presumably reflected experience in Afghanistan and Iraq, where intervention was motivated by the intention of creating new state regimes of different characters. As for coordination, the World Bank broadened its perspective from seeing this in terms of itself and other aid providers, to recognizing that different types of agencies are involved in responding to humanitarian

or security emergencies – and that coordination efforts might be led by the UN or a coalition of military interveners, with objectives different from those of aid providers.

Apart from the emphasis on statebuilding, the 2005 report didn't change much of what was recommended for the selection and design of World Bank activities in FCA countries. However, there were some additional points about this in a 2006 report of the Independent Evaluation Group (IEG): [*Engaging with Fragile States: An IEG Review of World Bank Support to Low-Income Countries Under Stress*](#):

- The IEG review flagged some misgivings about whether statebuilding was the World Bank's job and about how feasible it was.
- It noted the conflict between wanting more resources to address countries' fragility and the stricture that concessional World Bank funding should be allocated according to how well policies and governance were scored under the CPIA system.
- The IEG made several observations about effectiveness: it characterised World Bank activities in FCA countries as having both high risks and potential for high returns; it said activities in these countries were generally harder to evaluate; and it observed that so far the World Bank had given attention mostly to success.

The IEG report of 2006 also observed that the issues posed for World Bank management in 2002 had been only partly addressed – in other words, activities in FCA countries were still under-resourced and under-recognized.

A further development in World Bank thinking at the end of the 2000s was to increase its analysis of conflict and the links between conflict and development. This was the basis for the [*World Development Report 2011 and titled Conflict, Security and Development*](#) (here called WDR 2011).

On program design in FCA countries, according to WDR 2011 the top five lessons of what works are, in summary:

- programs that support bottom-up state-society relations in insecure areas;

- complementary programs for institutional transformation in the priority areas of security and justice;
- “back to basics” job creation programs;
- involvement of women in security, justice, and economic empowerment programs; and
- focused anti-corruption initiatives, demonstrating that new initiatives can be well governed.

Compared with what had first been recommended ten years earlier for the WB approach in FCA countries, this seems to be emphasising that peacebuilding must receive its full share of attention alongside statebuilding. It seems also to reflect more modest ambitions, at least for the near term, in regard to economic development.

What else in the way of practical suggestions does WDR 2011 contain? In my view, there are several new ideas, formed from the decade’s experience of development-cum-security interventions.

- It calls for better monitoring of results, especially about security – for example, measures of violence reduction, and polling of citizens about confidence-building and other perceptions – and also about employment.
- It suggests to aid providers that instead of “20th-century paradigms” (too slow, too fragmented, too reliant on parallel systems, and too quick to exit) they should focus on preventing repeated cycles of political and criminal violence, and transforming institutions to provide citizen security, justice, and jobs.
- It has a vision for broader international cooperation, drawing on standing intervention capacity:
 - “A bolder approach could draw together capacities from development agencies, the private sector, foundations, and NGOs in a new global partnership to galvanize investments in countries and communities where high unemployment and social disengagement contribute to the risks of conflict.” (p. 31)

- “The starting point for deeper capacity in this area [of citizen security and justice] is government investment in standby, pretrained personnel for a range of executive and advisory police, corrections, and justice functions ... these capacities must be trained, and able to deploy, under shared doctrine to address the challenges of coherence presented by different national policing models. Increased investment through the UN and regional centers in the development of joint doctrine and pretraining of government capacities would increase effectiveness and reduce incoherence.” (p. 30)
- But it also makes clear that most of the decade’s experience has disappointed the hopes of the early 2000s: frequently international agencies operating in FCA countries have applied frustrating strictures which derive from their domestic accountability, and frequently they have refused to cooperate with each other. So the experience summarised in WDR 2011 provides no basis for thinking its vision will be realised quickly.

1.2. Asian Development Bank

The Asian Development Bank (ADB) has currently eleven FCA countries among its borrowing members. In 2003 it described as conflict-affected Afghanistan, Cambodia, the Philippines, Solomons, Sri Lanka, Tajikistan and Timor-Leste; in 2004 it described as weakly performing a group also including Lao PDR, Nepal, Papua New Guinea and Uzbekistan. When the ADB identified the factors in under-performance, it nominated not only weak managing capacity and internal conflict, but also small isolated market conditions (or more recently, economic and geographic isolation), implying that many Pacific island states are included in this group.

The approach which the ADB formulated [here](#) in April 2007 was, in summary:

- to get a **fuller understanding** of social and political processes (than through the usual economic and sector analysis);

- to use **strategic partnerships** with other donors in order to limit demands on recipient governments' resources and to get help in addressing poor governance and conflict;
- to give special attention to the design and delivery of **capacity-building** efforts in order to avoid substitution and to foster participation;
- where possible, to devise projects for "**development dividend**" – but with selectivity and focus; and
- to make available **additional resources, fast and flexibly**, for short-term post-conflict or emergency assistance.

This still is the ADB's stated approach to FCA countries, as described in an August 2011 [paper for the ADF XI replenishment](#). The approach is summarised in a [website section](#) and related documents are accessible at the ADB's FCAS [resource centre](#).

The ADB's approach is, not surprisingly, broadly aligned with that of the World Bank. They have both been represented in a working group on harmonisation of multilateral banks' approaches to FCA countries which began in 2007 – see [here](#).

The implementation of the ADB's approach has been monitored in two ways accessible from outside: through a technical assistance project involving quarterly reports on how the approach is being mainstreamed, and through a handful of overview evaluation studies.

Only one of these [evaluation studies](#), done during 2010, directly addresses the approach formulated in 2007, and does so in a restricted fashion because it was thought that after three years it was too soon to evaluate the effects of the approach on project outcomes and development impacts. For the study, averages were compiled of the evaluation ratings of projects approved from 2000 to 2006 for a set of current FCA countries, and for a set of countries which by 2010 had exited from this classification.

- It found (see Table 10 p. 24) marginal or just adequate average ratings in most of the FCA countries, and somewhat better averages in those which had exited.

- The study made no comment on how the rating averages for FCA countries compared with those of other developing member countries of ADB.
- However, the study made numerous observations about shortcomings in the efficiency and sustainability of projects which were attributable to fragile conditions in the countries. Accordingly one should suspect that in general, uncertainty surrounds the projects' contributions to economic development.

1.3. Development Cooperation Directorate (DCD-DAC) of the OECD

Through consultation among the official aid agencies of its member countries, the DCD-DAC formulated a slim set [*of Principles for Good International Engagement in Fragile States and Situations*](#), published in April 2007.

The *Fragile States Principles* are easy to read and straightforward in content. Indeed, they seem fairly obvious prescriptions for aid providers. In summary, they are:

1. **Take context as the starting point** – avoid blue-print approaches.
2. **Ensure all activities do no harm** – be prepared when necessary to suspend aid-financed activities following serious cases of corruption or human rights violations; and accept responsibilities at home in addressing corruption.
3. **Focus on state building** as the central objective – address issues of democratic governance, human rights, civil society engagement, and peacebuilding.
4. **Prioritise prevention** – strengthen indigenous capacities, especially those of women, to prevent and resolve conflicts; and support the peacebuilding capabilities of regional organisations.
5. **Recognise the links** between political, security and development objectives – adopt a “whole of government” approach, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance; and aim for policy coherence and joined-up strategies where possible, while preserving the independence,

neutrality and impartiality of humanitarian aid.

6. **Promote non-discrimination** as a basis for inclusive and stable societies – promote the voice and participation of women, youth, minorities and other excluded groups.
7. **Align with local priorities** in different ways and in different contexts – where alignment behind government-led strategies is not possible, seek opportunities for partial alignment at the sectoral or regional level; and identify functioning systems within existing local institutions, and work to strengthen these.
8. **Agree on practical co-ordination mechanisms** between international actors, even in the absence of strong government leadership; and use simple integrated planning tools, such as the transitional results matrix.
9. **Act fast ... but stay engaged** long enough to give success a chance – recognize that capacity development in core institutions will normally require an engagement of at least ten years; and improve aid predictability.
10. **Avoid pockets of exclusion** (“aid orphans”).

While these principles individually seem entirely sound, they contain some near-impossible combinations of objectives, notably:

- to be fast and effective, but not use blueprints;
- to integrate economic aid with political and security interventions, but not let aid providers be identified with the interveners;
- to align with local priorities, but insist on overcoming discrimination; and
- to stay engaged, but cut aid in response to corruption or human-rights violations.

In the later 2000s, the DCD-DAC organised follow-up work on aid approaches for FCA countries.

First, it held consultations among donors and recipients about how well the agreed principles of aid-giving were being applied. The findings as published on the [DAC website](#) contain unpleasant home truths for aid providers. For example, a consultation held in July 2009 and focused on Democratic Republic of Congo, Haiti and Timor-Leste found:

- decentralisation is a key political dynamic;
- premature shifts away from security concerns are a source of danger, so international actors should maintain a credible rapid response capacity;
- problems remain in building institutional capacity – there are limited incentives for international advisers to develop local capacity, salary differentials between national and international staff lead to brain drain, and there is too much use of parallel implementation units instead of domestic government agencies;
- donors should accept a division of labour by sector, with one donor as the focal point in each; and
- there has been under-investment in rural areas and in youth.

Secondly, the DCD-DAC brought together reports and representatives from a group of thirteen FCA countries at a conference in Dili, Timor-Leste, in April 2010. Preparatory reports and a declaration from the meeting, which was called the International Dialogue on Peacebuilding and Statebuilding, are available [here](#). The content of the written reports and the Dili Declaration is unremarkable, although the process was presumably worthwhile.

Thirdly, the DCD-DAC has continued to monitor the provision of aid to thirteen FCA countries, in terms of how well the Paris/Accra principles and those in the Dili Declaration are being applied. This monitoring has drawn on perceptions of respondents in recipient countries as well as the reporting of aid providers. It has resulted in several reports, which can be accessed [here](#).

In February 2010, DAC published [*Do No Harm – International Support to Statebuilding*](#). It describes how international interventions can inadvertently undermine statebuilding, by:

- Failing to prioritise the consolidation of state security and to engage with state officials to transform political settlements when they embody incentives for violence and warfare.
- Advocating systemic governance reform (constitutional change, initiation of competitive elections, power-sharing arrangements or political devolution) without analysing existing political settlements, state-society relations or how reform might affect patterns of inclusivity, exclusion, elite buy-in and conflict in the future.
- Damaging or pre-empting the creation of state capacity by channelling large amounts of aid outside state systems and implementation structures.
- Delivering aid without ensuring incentives for local revenue raising.
- Not providing accurate and timely information on aid disbursements which prevents them from being reported on budget and weakens accountability mechanisms and the political processes that underpin budgetary bargaining.
- Failing to provide support for the creation of capacity within states to analyse, plan and implement the expansion of basic production activities in the formal and informal agriculture and manufacturing sectors of their economies.
- Channelling aid to civil society organisations with no regard to the legal or regulatory framework governing associations or how they interact with prevailing economic, political and social trends.
- Undermining state legitimacy by creating strong forms of accountability between governments and development partners while neglecting domestic accountability.
- Holding unrealistic assumptions about the pace and direction of statebuilding.

The DCD-DAC reformulated this as advice to its aid-providing members in [Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance](#), published in January 2011. This guidance runs to about 100 pages (the summary just above is in Box 1.3 on page 50).

The DCD-DAC produced in September 2011 a summary of its survey of the thirteen FCA countries about aid they had received, [International Engagement in Fragile States: Can't we do better?](#)

Fourthly, the DCD-DAC has convened and supported technical task forces in two areas where it's most difficult for aid providers in FCA countries to apply the Paris/Accra principle of using partner country systems – the areas of public financial management (PFM) and procurement. These task forces seem to have practical value: for example, the one on PFM produced in 2010-11 a stocktake of the instruments which donors were using to diagnose and assess PFM in recipient countries (see [here](#)).

2. Aid provision in wider perspective

During the 1990s the strategic context of OECD countries' aid to developing countries changed, with the end of most Cold-War competition between the United States and the Soviet Union, and as awareness grew of dangers arising from some FCA countries' harbouring of international terrorists and organised criminals. More positively, experiences in the 1990s and early 2000s formed a shared sense that international intervention could help manage humanitarian emergencies or internal conflicts, reducing the concomitant loss of life and displacement of people.

This new strategic situation contributed both motivation and ambition to aid-giving to FCA countries. But at the same time, it challenged the authority of the official aid agencies in the business of external intervention.

There's a variety of literature with wider perspectives on aid to FCA countries. As an introduction I recommend four sources – Francis Fukuyama, Paul Collier, the duo of Ashraf Ghani and Clare Lockhart, and the UN Secretary-General – and some studies on the political economy of FCA countries and interventions.

2.1. Francis Fukuyama, *State Building* - Cornell UP, 2004.

I recommend this small book highly – for its careful, concise exposition; for its balanced judgements; and for the way it puts both aid issues and economic analyses in their broadest possible context. Fukuyama’s main arguments in it were as follows.

- In parallel with the realization that economic development was blocked by state failures, despite the efforts of aid donors, came the realization that state failure was at the root of many humanitarian and security problems in developing countries.
- After the end of the Cold War, most international crises arose from state failure, and so interventions took the form of state-building – in Somalia, Cambodia, Bosnia, Kosovo, East Timor and Afghanistan.
- Hence the shift through the 1990s from preaching minimization of the scope of the state to preaching the need for strong, though modestly scoped, states – notably in the WB’s [*World Development Report 1997*](#).
- The trauma of 9/11 didn’t mark the beginning of US or OECD interest in failing states, but it swung the Bush Administration from its predecessors’ reluctance about intervention to a new determination – especially about Afghanistan, its neighbours in Central Asia, and Iraq.
- Statebuilding, even dealing only with public administration, is a difficult task for outside helpers – there have been few successes, and those few (in East Asia) are attributable to conducive domestic conditions before outside help was provided.
- Public administrative institutions are hard to run on a basis of accountability, except where their functions have high specificity and low frequency. More improvement is likely through influencing the norms and leadership within the institutions, when this is supported by the surrounding culture.
- Current US and aid-donor approaches are too short-term and too prescriptive. Trying to teach “best practice” probably won’t work. It would be better to offer

resources for recipients to use in ways of their own, and continue or discontinue the offer according to what results the recipients produce.

- International interventions involve major collective-action problems, and no satisfactory international authority or guidance has yet been established for them, particularly since the US and Europe disagree about it.
- The current rubric of temporary statebuilding interventions is probably mistaken – to quote Fukuyama on pp. 140-1:

“Solving the short-term problem and kicking the long-term institutional can down the road is often all one can do in such circumstances ... The problem with our current system is that contemporary norms do not accept the legitimacy of anything other than self-government, which makes us then insist that whatever governance we do provide be temporary and rule transitional. Since we do not in fact know how to transfer institutional capacity in a hurry, we are setting ourselves and our supposed beneficiaries up for large disappointments.”

Fukuyama wrote an interesting [paper](#) after an AusAID-sponsored visit to Timor-Leste and Papua New Guinea in December 2006. In this paper he described those two cases in comparison with state-building in other parts of the world and suggested, I think perceptively, aspects for further inquiry and thought.

2.2. Paul Collier, *The Bottom Billion* - Oxford University Press, 2007.

Although for most of his career an academic economist studying African countries, Paul Collier worked from 1998 to 2003 at the World Bank and played a part in its LICUS/FACAS work. He returned from there to the Centre for the Study of African Economies (CSAE) at Oxford University, where he has worked with teams of research students.

Collier’s academic articles are accessible on the [CSAE website](#), alongside *The Bottom Billion* (2007) and his subsequent books. He has co-authored frequently with Lisa Chauvet of the French development economics centre DIAL – see [here](#).

While all the work on FCA countries by Collier and his academic collaborators is valuable, I particularly recommend *The Bottom Billion*. By writing an extended, personal account, Collier has told a more striking and forceful story than the World Bank and other official aid providers. He has also pointed out their institutional interest in providing aid to FCA countries despite its frequent ineffectiveness.

Collier's main arguments in *The Bottom Billion* were as follows.

- Among the large group of developing countries which are progressing, there is a subset which will not progress if left to themselves, because their problems of under-development and poverty are chronic.
- The core of these problems is internal or cross-border conflict: hence the case for foreign interventions intended to resolve those conflicts.
- Most official aid to this group of countries has the same effect as finding diamonds – it creates incentives for internal or cross-border conflict.
- The exception is technical assistance, which can be effective – though only temporarily, and in support of domestic reform opportunities.

These arguments are well supported, but readers may wish to consider also the substantial disagreements in the following reviews:

- by [Michael Clemens](#)
- by [Hank Nelson](#)
- and by [William Easterly](#)

Collier has developed further his arguments about democracy and military interventions in *Wars, Guns, and Votes: Democracy in Dangerous Places*, 2009; and his arguments about use of natural resources in developing countries, and the international standards which should be applied to their use, in *The Plundered Planet*, 2010.

2.2. Ashraf Ghani and Clare Lockhart, *Fixing Failed States* - Oxford University Press, 2008.

This book contains the authors' general theory of what matters most for citizens in the functioning of states, and of the key factors in cases where the functioning of failed states has been restored.

Ghani and Lockhart worked together in Afghanistan from 2002 to 2005, and this was the core experience on which their argument is based. But in preparing their book they collaborated with many others, and examined a wide range of cases, historical and current, in all parts of the world. This seems to have meant taking into account many other people's views and trying to cover all the angles, with mixed results: *Fixing Failed States* has a committee style of drafting which makes for heavy reading, but what it says is well founded and thoroughly explained.

The book's main messages are not surprising. It strongly emphasises internal political reform, especially through able leadership, transparency in the use of money, and consultation with citizens. And it criticises the anachronistic approaches which many aid agencies have applied in Afghanistan and other FCA countries.

After the publication of *Fixing Failed States*, Ghani and Lockhart with their collaborators continued their advocacy and advice for several years by forming the [Institute for State Effectiveness](#) based in Washington. One of the Institute's co-authors is the Australian Michael Carnahan, who has been linked to AusAID and in 2011 was appointed its chief economist. Although the website shows a series of [publications](#) none is more recent than 2007. The [most recent program](#) it describes is one in 2008-09 reviewing foreign assistance in Afghanistan and there's a [brief critique](#) by Clare Lockhart of foreign aid to Afghanistan.

2.3. UN Secretary-General, *Peacebuilding Report*

The [perspective contributed by the UN](#) derives from its role of trying to broker settlements of armed conflicts, and following through by leading peacebuilding in conflict-affected places. This means it addresses situations of armed intervention by neighbouring or friendly states, in which civilian assistance accompanies these

interventions and is more or less subordinated. In simple terms, this reverses the aid providers' perspective by seeing them as part of urgent stabilisation efforts.

As an introductory piece I recommend the UN Secretary-General's [report on peacebuilding in the immediate aftermath of conflict](#), published in June 2009.

The report starts from the premise that the most urgent and important peacebuilding objectives are

- establishing security,
- building confidence in a political process,
- delivering initial peace dividends, and
- expanding core national capacity.

It explains that therefore international actors will need to help quickly in the following core areas:

- support to basic safety and security, including mine action, protection of civilians, disarmament, demobilization and reintegration, strengthening the rule of law and initiation of security sector reform;
- support to political processes, including electoral processes, promoting inclusive dialogue and reconciliation, and developing conflict-management capacity at national and subnational levels;
- support to the provision of basic services, such as water and sanitation, health and primary education, and support to the safe and sustainable return and reintegration of internally displaced persons and refugees;
- support to restoring core government functions, in particular basic public administration and public finance, at the national and subnational levels; and
- support to economic revitalization, including employment generation and livelihoods (in agriculture and public works), particularly for youth and demobilized former combatants, as well as rehabilitation of basic infrastructure.

It adds that there will always be additional country-specific priorities, such as organized crime and natural resources management.

The report contains several pointers for aid providers, presumably reflecting what they have often ignored, which parallel those of the DCD-DAC noted above.

The report notes several recent institutional improvements – pooled funds, partnership frameworks with regional organisations, the UN Peacebuilding Commission (formed in 2005), and standing international capacity for mediation support and for policing. However, its numerous observations about what the UN system needs in order to contribute better, notably in member states' ability to agree and readiness to provide funds, serve to indicate how extensive and basic the problems of collective action still were in 2009 – and presumably still are now.

2.4. Political economy of FCA countries

There's a wide array of literature about the internal dynamics of FCA countries which contributes to thinking about how external interventions can assist them. The examples noted here are chosen because of their focus on the economic functions which concern aid providers, or their express intention to inform intervention policies.

2.4.1. Acemoglu et al 2006

This paper – "[Emergence and Persistence of Inefficient States](#)", is one of a series in which Daron Acemoglu of MIT has collaborated, studying the political economy of fragile (and sometimes other) states.

In the 2006 paper (p. 1) "we construct a political economy model, which links the emergence and persistence of inefficient states to the strategic use of patronage politics by the elite as a means of capturing democratic politics. Democratic capture enables the elite to limit the provision of public goods and redistribution, but at the cost of aggregate inefficiencies. Our approach therefore provides a unified answer both to the question of why inefficient states emerge in some societies and why many democracies pursue relatively pro-elite policies."

The model is a simplified account of what has happened in many actual states, and serves to highlight the powerful vested interests in keeping FCA countries functioning as they do (although perhaps the internal more than external ones). It also serves to explain why external interventions include, where possible, efforts to build public demand for better governance.

2.4.2. Acemoglu and Robinson 2011

Daron Acemoglu collaborated with James A Robinson in a book published in 2011, *Why Nations Fail: The Origins of Power, Prosperity and Poverty* - see [here](#). This is a general theory about the nature of states and how it relates to their economic progress. It is undoubtedly interesting, with a sound base in previous scholarly work, but critics have noted some stretch marks, for example Fukuyama – see [here](#).

2.4.3. Center for Global Development (CGD) studies

The following three are among many valuable studies sponsored by the CGD and relating to FCA countries, with the aim of contributing to policy about aid provision or other types of intervention, see [here](#).

Birdsall 2007

In [this study](#) Birdsall argued that in view of the importance for development of the small and vulnerable middle classes in FCA countries, donors should be more concerned about the implications of high and unpredictable aid inflows for small entrepreneurial activity and job creation in the private sector. This work no doubt contributed to the similar theme in the 2010 publication by the DAC, also titled [Do No Harm](#) and noted above.

Chand and Coffman 2008

This [study](#) sets out to answer this question by estimating how long it would take to fund recurrent expenditures from local revenue sources, in the specific cases of Liberia, Mozambique, Solomon Islands, and Timor-Leste. The authors concluded that in the best case scenarios this would be from 15 to 25 years, and accordingly that it would be best

to make at the outset long-term agreements about withholding and restoring sovereignty.

Matanock 2009

In this [study](#) Matanock developed, on the basis of case studies in Melanesia (Papua New Guinea, Solomon Islands, Vanuatu and Fiji), hypotheses about the conditions in which arrangements for hosts to relinquish authority over some governance function to an external actor could be made as treaties, with incentives on both sides making them self-enforcing.

2.5. One perspective or two?

Much of the material in the aid providers' guides runs in parallel to what I've put under the heading of wider perspectives, and no doubt has drawn on those ideas. But there are important differences.

First, there is the assertion which Fukuyama and Collier have put most trenchantly, that aid alone won't fix FCA countries, and aid can help them only in conjunction with other external interventions which respond as opportunities are created by internal reform movements.

- This may be nearer the mark than aid providers' suggestions that they be mandated to help FCA countries continuously, though in modified ways and with lower expectations.

Secondly, the wider perspective emphasises that the relations of aid programs with internal political processes – although difficult, unpredictable and shifting – are critical for their success.

- This implies that in FCA countries the effectiveness of aid cannot be assured: there may be occasional quick successes, and there may be valuable effects which become evident in the long term, but in many cases there may be only disappointment.

Thirdly, Fukuyama's unpalatable argument is probably still correct: success in state-building requires diminished sovereignty for a long time, which current international political norms don't permit.

- This implies that external support for state-building will continue to be provided, but on terms meaning there will be little hope of success.

3. Australia's aid for FCA countries

For a decade, around half of Australia's bilateral aid has gone to FCA countries, or such regions within countries. Much of Australia's aid through multilateral banks and funds also goes to FCA countries or regions, although there are no published figures for that proportion. Since 2005 when it started using the term "fragile states", AusAID has published a series of accounts, at increasing length, of how it approaches aid for them.

- In June 2005 it published a short paper titled [*Fragile States: What is international experience telling us?*](#)
- The 2005 [annual statement to Parliament](#) on the aid program included a section on "Fragile states: A long term and integrated approach". This was accompanied by sections on strengthening political governance and tackling corruption, addressing transnational threats, and contributing to stability and security.
- AusAID's [annual report for 2004-05](#), published in October 2005 was the first to refer to fragile states, saying that the aid program's objectives included "developing long-term innovative approaches to the challenges faced by fragile states in our region and beyond", and noting the creation of a Fragile States Unit for this purpose.
- The [White Paper on the Australian aid program](#) published in early 2006 had only a brief section (2.5, p. 17) on fragile states, emphasising the need for long-term assistance with new, non-traditional ways of providing and coordinating aid. Elsewhere, in its description of the context and content of Australia's aid, it included security, transboundary issues, functioning and effective states, an integrated approach to law and justice, and anti-corruption.

- Subsequent annual reports by AusAID until the change of government in late 2007 grouped some of AusAID's activities under the heading of "fostering functioning and effective states", and contained a short section describing activities of AusAID's Fragile States Unit in advising on program design and collaborating with other donors. In neither of these places did the annual reports set out to specify how far aid to FCA countries differed from other aid, in its content and timeframe or in the results obtained. But several noted that in FCA countries AusAID had a "particular focus ... on service delivery, government and civil society capacity development, peace-building and security sector reform".
- The four AusAID annual reports since the 2007 change of government have modified the framework for reporting on aid program performance, but have continued to have brief sections about cross-regional activities on fragile states. In 2008-09 there was a new summary of this work, saying it "includes practical guidance on state-building, early recovery, decentralisation, sub-national engagement and alignment with partner government systems." There was no longer mention of a Fragile States Unit, but instead (in 2009-10) of a Crisis Prevention, Stabilisation and Recovery Group.
- AusAID has recently provided a comprehensive account of its approach by publishing in December 2011 a book of about 100 pages titled [*Framework for working in fragile and conflict-affected states: Guidance for staff*](#)

AusAID's approach is mostly similar to what's outlined in the section above on approaches of the World Bank, the ADB and the DCD-DAC. This is what one would expect, since AusAID has worked closely with them in exchanging experience and lessons on how best to assist in FCA countries. Nevertheless, its 2011 guidelines for staff suggest that AusAID remains unconvinced about several World Bank suggestions of best practice, preferring to make case-specific choices about them:

- pooling of donor funds, with authority for disbursements being delegated to the agency managing the fund;
- linking of disbursements from such funds to progress indicators agreed among donors; and

- making of multi-year commitments to support individual FCA countries.

In a [blog](#) in March 2012 I made other comments on the 2011 AusAID guidelines which are not repeated here. The rest of this section focuses on distinctive aspects of Australia's aid to FCA countries:

- combining national-interest and development objectives,
- developing a whole-of-government approach, and
- the manner in which effectiveness of aid to FCA countries has been assessed.

3.1. Combined objectives

Australia contributed civilian aid in conjunction with military contributions to interventions in Timor-Leste, the Solomon Islands, Afghanistan and Iraq. In these situations, the civilian aid was made difficult, and at times dangerous, by its association with military forces. The post-conflict conditions also implied that the civilian aid had situation-specific, and unavoidably low, standards of development effectiveness. Local ownership of the aid was bound to be limited, given the weakness of political settlements and uncertainty about who would be the long-run military winners.

In several Asia-Pacific countries from the late 1990s, Australia's aid has included among its objectives to improve the local authorities' capacity to cooperate in countering transnational crime, including terrorism. Accordingly Australia's aid has involved police, customs and passport-control elements, alongside more familiar aid elements directed at alleviating poverty.

Addressing security and transnational crime in combination with other aid objectives is not unique to Australia, but is a characteristic which became pronounced in Australia's aid in the 2000s, and remains. It involves the questions of how far cooperation in countering transnational crime which affects Australia is also in the interests of the countries concerned, how far it can be regarded as contributing indirectly to economic development, and how far it is owned by partner governments. There are related questions about how much funding for such cooperation belongs in Australia's aid budget, and whether it's amenable to donor coordination as much as other aid. And

while aid components directed at transnational crime may well be effective, it's likely that assessing this involves confidential aspects which constrain what can be said in published evaluations.

3.2. Whole-of-government approach

Since the early 2000s, Australia's aid for some FCA countries – Timor-Leste, Afghanistan, the Solomon Islands and Papua New Guinea – has been characterised by what Australian ministers and officials have called a whole-of-government approach. This built upon, but took much further, increases which AusAID had made during the 1990s in bilateral programs, in:

- support for good governance, both economic and political – notably through improving public financial management, through strengthening accountability agents such as government auditors, leadership codes and ombudsmen, and through support for electoral processes, civil-society organisations and independent media; and
- funding technical assistance, especially for building the capacity of government agencies.

The key elements of the whole-of-government approach reflected its association with restoring or bolstering security, as noted in the previous section. They were:

- provision of police, prosecutors, judges and prison officers – the cutting edge of restoring order and enforcing law after civil conflicts;
- more intrusive contributions to public financial management by providing teams of seconded Australian officials – accountants, auditors, IT experts and budget advisers – mandated to “join up” key agencies to improve the integrity and transparency of government finance;
- a practice of analysis and networking against security threats, transnational crime and anti-corruption, through the contributions of the AFP, the ADF and intelligence agencies; and

- in some cases, in-country coordinators whose responsibilities included identifying the changing opportunities for effective influence, and public-relations teams trying to reach and educate the general public.

Australia has also used limited versions of this approach – civilian secondees from Australian government agencies, although without major security elements – in Nauru (PRAN, from 2004) and in Indonesia (the Government Partnership Fund, from 2005).

Fostering “twinning” arrangements by a range of government agencies alongside AusAID-managed programs has been an Australian approach which, while not unique, is unusual in the aid world.

- Twinning has had several advantages. Considerable influence can be exerted where the senior managers of other government agencies run a dialogue on policy issues with their developing-country counterparts, and see to “quality control” of outward secondees and inwards training visits. Even without that element, where current officials go on long-term secondments their knowledge and their practice of “joining up” across agencies and sectors enable them to exert strong influence.
- But twinning has also had disadvantages – high costs, greater difficulties in coordination both within Australian programs and with other donors, and hazards associated with the secondees’ inexperience in aid roles. And while some Australian agencies, notably the AFP and Finance, have had their secondees run substantial in-service training programs, others seem to have substituted for local officials more than they contributed to training them.

During the decade that Australian governments have applied this whole-of-government approach, some countries’ need for it may have diminished, and some recipient governments’ resistance to its intrusiveness has stiffened. Under the present government it represents a smaller proportion of Australia’s aid than in the mid-2000s. At the same time, the capacity behind this approach has improved in several respects: the AFP has formed and developed its International Deployment Group; the government agencies involved in the Canberra coordinating bodies have been learning from

experience; and most recently, in 2011-12 AusAID has formed the Australian Civilian Corps.

3.3. Assessing the effectiveness of Australian aid to FCA countries

Published evaluations and reviews have assessed the effectiveness of Australia's aid to FCA countries from several angles – the usual one of how far initial objectives are attained, plus how well aid has helped to counter corruption, and how much it has improved delivery of services to the poor.

These evaluations and reviews are described in an annex to this paper. Some of them set out to assess systematically the effectiveness of current programs, while others were more focused on lessons about how to be more effective in future. From them readers can form the general picture that Australia's aid to FCA countries is different from its other aid, both in the content of programs and in there being more obstacles to achieving program objectives.

But readers must gather together for themselves the observations they contain about where the performance of aid programs has been impaired by countries' fragile situations; and while there are references to innovations intended to address difficulties particular to FCA countries, most of these are not followed by reporting in later years on how successful or otherwise they had proved to be.

Similarly, readers must make their own inferences about how the effectiveness of Australia's aid in FCA countries compares with that of programs in other countries. As far as I can see, none of the published evaluations or reviews has addressed this question directly.

Another surprising gap is that the relative effectiveness of the whole-of-government approach has received little direct attention, and less as the years have passed. The independent evaluations published by AusAID have mostly been addressed to programs designed and managed by AusAID itself, or in addressing countries where Australia has whole-of-government programs have given most attention to AusAID's own programs. There are several exceptions, noted in the annex to this paper, but none is recent – not until a mid-term review of the PNG Strongim Gavman Program, done in late 2011 and

early 2012, is published. Some other agencies taking part in Australia's whole-of-government approaches have included descriptions of these activities in their annual reports, and in a few cases (notably ACIAR and the AFP) have reported systematically on results. But as far as I can see, only ACIAR has yet published independent evaluations. The AFP in its annual report for 2010-11 said the University of Queensland had produced for it a comprehensive framework for monitoring and evaluating the operations of its International Deployment Group, but left it unclear whether the new system would involve independent evaluations or publication of evaluations.

In May 2012 an Independent Evaluation Committee was established to oversee and direct AusAID's evaluation work and its Office of Development Effectiveness, as the Independent Aid Review had recommended a year earlier. By the time of writing in June 2012, only the terms of reference and membership of the Independent Evaluation Committee have been published. These indicate that its mandate will include whole-of-government programs funded through the Australian aid budget, and that it will oversee ODE's preparation of annual reports summarising the year's set of independent evaluation reports and providing "quality assurance" of program performance reports.

These new arrangements will not remove the difficulties in assessing the effectiveness of Australia's aid to FCA countries; and they may reduce some, but cannot remove all, of the constraints in publishing evaluations of the effectiveness of this aid. Circumspection will still be necessary – especially about leadership links with corruption, and about internal political conflicts. Evaluations may have to use narratives, based on subjective judgements about counterfactuals, more than empirical measurements. But aspects of administrative capacity can be measured, using internationally agreed frameworks and third-party assessments.

So, in conclusion, let's hope that independent reviews of Australia's aid to FCA countries will continue to be done – but with a more comparative perspective, with more systematic follow-through from year to year, with more evaluation of parts played by agencies other than AusAID, and with more prompt publication.

4. Annex

Assessments of the effectiveness of Australia's aid to FCA countries

4.1. Annual program performance reports by AusAID and RAMSI

AusAID has since 2007 published annual performance reports for individual country programs, including in FCA countries, and for various thematic programs (for example, law and justice) implemented in these and other countries. These reports are accessible on the AusAID website [here](#) and [here](#).

However, at the time of writing, in June 2012, some of the reports listed on these website pages do not have active links and so are not readily accessible for viewing or downloading.

One very recent report is from an independent mid-term review of the Strongim Gavman Program in Papua New Guinea, carried out in late 2011. This report was drafted in early 2012 but at the time of writing in June 2012 has not been published.

Annual program performance reports for RAMSI – since 2003 the main program of assistance for the Solomon Islands, with Australia the principal contributor – were prepared from 2005-06 onwards, and are available [here](#).

All of these reports which concern FCA countries contain information indicating, more or less clearly, how their fragile situations have affected both the content and the progress of programs, and what risks there are to results being sustained when assistance is reduced or withdrawn. For this purpose I particularly recommend the three performance reports for East Timor / Timor-Leste programs published from 2008 to 2011. They are concise and highly informative.

The annual performance reports for RAMSI from 2006 to 2008 are equally informative, although more lengthy. They too indicate how the progress being made towards RAMSI's objectives has been fragile, and describe setbacks or adaptations resulting from chronic weaknesses or political difficulties in the Solomon Islands. They contain detailed reports on capacity development from which readers can form a picture of how especially difficult this aspect has been, despite the variety of ways it has been

addressed. Oddly, this is the only aspect in which the reports offer any observations about the relative effectiveness of the whole-of-government approach and the more conventional approach of using managing contractors and consultants: the report on 2007/2008 notes (p32) that for advisers to have capacity development skills and cross cultural sensitivity, as well as technical skills, “is more likely to be the norm where advisers are contracted than where advisers are whole of government deployees.” Unfortunately, the annual performance reports on RAMSI for 2009 and 2010 are much less substantial, but that for 2010 describes increasingly evident limitations on effectiveness in many programs, and the reasons for them.

Some further valuable information about the relation between FCA countries’ situations and the design or outcomes of programs can be obtained from published evaluations of individual programs in them, among the array of [published evaluations](#).

In addition, there are impact assessment studies for aid-funded projects in FCA countries undertaken by the Australian Centre for International Agricultural Research (ACIAR) – see [here](#) and in particular the adoption study reports [here](#).

4.2. AusAID’s Office of Development Effectiveness (ODE)

4.2.1. Approaches to anti-corruption through the Australian aid program: Lessons from PNG, Indonesia and Solomon Islands, 2007

[This assessment](#) was done for ODE by a panel which included experienced outside experts. The panel considered that the whole-of-government approaches used for assistance in countering corruption in these countries were still too new to be formally evaluated. So they confined themselves to observations about a number of ways in which these approaches seemed to be working successfully, and suggestions of adaptations they thought worth considering.

Those suggestions of adaptations are as close as the panel came to indicating limitations on effectiveness. In relation to the whole-of-government approach in PNG, they suggested:

- aligning better within a joint strategy the objectives of the secondee program and of AusAID’s consultant program;

- hiring more non-Australians to provide technical advice – in order to lower the profile of Australians and to access experts with experience in PNG-like situations – while keeping the advantages of twinning arrangements with Australian institutions such as Treasury;
- ensuring all advisers receive basic training in PNG’s budget system and fiduciary controls; and
- ensuring all secondees have explicit guidelines on what to do when they confront corruption - guidelines shared with the partner government, and specifying the consequences for advisers should they be seen to condone or participate in corruption.

4.2.2. Annual Review of Development Effectiveness 2007

[This report](#) was the first of the intended flagship series by ODE. It was based on ODE’s review of the effectiveness of Australian aid programs at both activity and country levels.

At activity level, in a section on Economic Governance (p. 21) it noted successful results in several FCA countries – Timor-Leste, Papua New Guinea and Vanuatu.

At country level, referring to trials of annual performance reports for country programs in Fiji, Indonesia, Philippines, Vietnam, Vanuatu, Papua New Guinea and Solomon Islands, it said that one quarter of objectives were “considered to require urgent attention”. But this represented only a preliminary assessment, and clearly not a basis for comparison with programs in other countries.

This report contained a section (5.1) about “broadening the ways Australia engages with fragile states” which noted that Australia’s aid programs “have underinvested in evaluations, particularly those that explore the real outcomes and impacts of Australian aid”. It contained another section (5.4) which suggested, without any specifics, that some of Australia’s technical assistance in fragile states might not have been appropriate and effective.

4.2.3. Annual Review of Development Effectiveness 2008 (see [here](#))

[This second report](#) in the annual series still contained only limited information about the effectiveness of Australian aid in FCA countries, and none about how program objectives or success rates in FCA countries compared with elsewhere. The main obstacle was apparently the “work in progress” nature of program performance frameworks, noted in Appendix A (p. 56).

What can be gleaned from this report about effectiveness in FCA countries is:

- a good proportion of activities were achieving their objectives, although there were difficulties with sustainability;
- results had been better in economic governance (notably programs in Vanuatu and Indonesia), infrastructure (notably roads in Papua New Guinea) and law and justice (notably in Solomon Islands and PNG) than in other sectors;
- health-sector support had been more effective in Solomon Islands, where it included funding some operating costs, than in Papua New Guinea where “assistance was not well matched to the fundamental problems affecting provincial health services” (see the separate reviews of service delivery summarised below);
- public sector linkage programs needed to be better prioritised (no specifics were mentioned); and
- the Afghanistan Reconstruction Trust Fund (a multi-donor fund) had served well in coordinating assistance in a difficult environment.

4.2.4. Studies of service delivery

In 2009, ODE commissioned studies on Australian aid programs in three service sectors in selected FCA countries:

- [basic education for the poor in Lao PDR](#), April 2009
- [basic education for the poor in Papua New Guinea](#), May 2009

- [health service delivery in Papua New Guinea, Solomon Islands and Vanuatu](#), June 2009
- [water supply and sanitation in East Timor and Indonesia](#), December 2009 –
- [an overview on service delivery to the poor](#), November 2009 –
- a [study](#) of whether, in these same countries, support to public sector and governance reform had contributed to improving service delivery, March 2010 –.

These studies acknowledged ineffectiveness in some past programs, on the way to suggesting how future programs might be made more effective.

- The review of basic education found that in Papua New Guinea, project outputs didn't have much impact because of their unsustainability in the face of sector-wide problems.
- The review of water supply and sanitation noted problems of sustainability in Timor-Leste and Indonesia, related to capacity shortages in local governments and to weaknesses in public financial management (which in the case of Timor-Leste were not addressed in a differently focused project for the finance ministry).
- The review of health service delivery observed that there had been generally poor outcomes in Papua New Guinea from technical advisers and provision of buildings and equipment; this was because of shortages of funding, institutional problems, and lack of political commitment or policy leadership.
- The same review argued (pp. 24-25) that in Solomon Islands and Papua New Guinea, controls designed to reduce fiduciary risk had been excessive and prevented AusAID from providing enough funding of operating costs at provincial or lower levels. (As an observation on the difficulty of providing effective aid this is unexceptionable, but as a suggestion that fiduciary risk could have been managed differently (Box 5.2 p. 32) its realism can be questioned.)
- The overview on service delivery for the poor contributed two key observations: that policy dialogue in the health, education and water sectors had been impeded

by AusAID's reliance on managing contractors and its shortage of sector specialists in-country; and that a lot of technical assistance had been about providing capacity to deliver donor-designed projects, rather than improving local systems – which was second-best in long-term effectiveness.

- The study of support to public sector and governance reform referred to two instances where effectiveness of AusAID's programs to improve services at provincial and local levels had been impeded by disagreement or poor coordination with other agencies' secondees to central ministries.

4.2.5. Annual Review of Development Effectiveness 2009

[This third report](#) in the annual series was focused on delivery of basic services, summarising the studies just mentioned. It therefore did not address the effectiveness of other types of Australian aid in FCA countries, including the extensive whole-of-government programs in the law and justice sector and in economic and financial management.

By the time when ODE might have prepared its fourth annual review of effectiveness, for 2010, the independent review of the Australian aid review (noted below) had recommended that the series be discontinued and replaced by reporting overseen by a new Independent Evaluation Committee, and the Government had accepted this recommendation.

4.3. Assessments other than by AusAID

4.3.1. Joint review of the Enhanced Cooperation Program (ECP) in Papua New Guinea, 2008

A [review of the ECP](#) was conducted from December 2007 to March 2008 by a panel of three appointees of the governments of Australia and Papua New Guinea. The panel's report includes an account (pp. 45-52) of how well it had worked, sector by sector.

- This was a “freestyle” assessment of effectiveness, but detailed and informed by much discussion with PNG officials and others involved in or observing the ECP.

- The panel concluded that ECP had achieved a great deal, while noting two major issues from the PNG side – what seemed an unequal partnership in managing it, and concerns in a few agencies that their capacity was being “hollowed out” rather than developed.
- The panel commended the key features of the whole-of-government approach as it applied in ECP – secondment of senior officials, “twinning” relationships and the “joined-up” or whole-of-sector method of working – and recommended that this approach be continued.

4.3.2. OECD DAC Peer Review, 2009

In late 2008 the Development Assistance Committee of the OECD organised a [peer review](#) of Australia’s aid program. The review report includes a chapter (pp. 51) titled “aid effectiveness”, but this is not a direct assessment of effectiveness: rather, it describes AusAID’s policies and processes for improving effectiveness, and its findings as already published in the first Annual Review of Development Effectiveness, noted above.

4.3.3. ANAO performance audit of AusAID, 2009

The Australian National Audit Office (ANAO) [published a report](#) in November 2009 on its performance audit of AusAID’s management of the aid program. This did not contain any new evaluation of the effectiveness of aid programs. But it was based on fieldwork in Papua New Guinea, the Philippines and Vietnam, and contained a chapter about whole-of-government coordination. Its recommendations included suggestions of how this could be improved:

- the costs and benefits of participation of other government agencies in the aid program should be considered in comparison to alternate approaches for delivering aid; and
- the mechanisms for coordination established after the 2006 White Paper (the Development Effectiveness Steering Committee, country strategies, and ODE’s role in monitoring and evaluation) needed to be better used, especially to make aid activities more selective and to improve external reporting.

4.3.4. Joint review of PNG-Australia Development Cooperation Treaty, 2010

[This review](#) was undertaken in early 2010 by a panel of appointees of the Australian and Papua New Guinea governments. Its essential function was not to make a new assessment of the effectiveness of Australia's aid to PNG, but to address widespread dissatisfaction on both sides by suggesting changes to the form or terms of that aid. However, in the course of this the review panel indicated some substantial shortcomings in Australia's aid, as well as substantial successes.

The successes noted (pp. 20-21) are the following: maintenance for PNG's most important roads; in health, non-salary recurrent funding to primary health care, notably for health mobile patrols, the drive against HIV/AIDS, and training of PNG's doctors; in education, teacher training, school building, school maintenance grants, and support for community oversight of schools; tertiary scholarships; and support to important government and non-government institutions.

The review panel acknowledged further successes by recommending the expansion of aid through non-state actors (notably church-run health services), and of the volunteer and NGO programs.

The shortcoming to which the review panel gave most attention was the extensive reliance on technical assistance from Australian advisers. They observed: "The emphasis on technical assistance for capacity building and the lack of much to show for it is at the heart of the political difficulties the Australian aid program to PNG is facing" (p. 26).

They cited a range of reasons for the ineffectiveness of much of Australia's technical assistance for capacity development (pp. 24-25). Most of these were, as they noted, generic problems in the PNG public sector which it was beyond the capacity of the aid program to address. But their recommendations in this area indicated there had also been design shortcomings – allowing many advisers' terms to be too short, their activities too fragmented and their remuneration too great.

As for the whole-of-government approach, the panel commended it by referring to successful support to important government and non-government institutions, as noted

above. But they also said (p. 30) that the former Enhanced Cooperation Program contained the flaw that any aid-funded in-line positions had to be filled by Australian government staff, which “created the perception, if not the reality, of conflict of interest, and infringement of sovereignty” (p. 30). They recommended the piloting of aid-funded in-line positions without reliance on Australian government staff.

The panel’s other recommendations indicate further shortcomings in effectiveness – through Australia’s aid being spread too thinly over too many activities, and through under-funding of recurrent expenditure on road maintenance, health and education which it was intended to complement. The panel’s report makes it clear – at least in my reading – that while Australia had its share of responsibility, these shortcomings were mainly due to characteristics and decisions of PNG’s government.

4.3.5. Independent Review of Aid Effectiveness, 2011 (see [here](#))

This review did not produce detailed findings about the current effectiveness of Australia’s aid program, but rather recommendations about how its effectiveness might be improved, including by knowing more about results through better use of AusAID’s system for monitoring and evaluation.

Its report (in ch. 3) mentioned visits by its members to six recipient countries, but made little comment on the comparative effectiveness of programs in these countries: it said that despite the difficult operating environment in Afghanistan, parts of the aid program there were having a positive impact (p. 68); and it endorsed the finding of the 2010 joint review (noted above) about Australia’s aid in Papua New Guinea (p. 69).

Similarly, in referring to the whole-of-government approach (pp. 78-79) the review did not say much about its effectiveness, either overall or in comparison with more conventional aid approaches. It merely noted that whole-of-government coordination had been successful in crisis situations in East Timor, Solomon Islands and Afghanistan. But it did suggest improvement in the management of whole-of-government aid, especially to reduce aid fragmentation and to provide consolidated performance information.

4.3.6. Brookings benchmarking study, 2011

This [study](#) analysed how Australia's aid in 2009 and 2010 compared with that of other donors in terms of QuODA – the Quality of Official Development Assistance (QuODA) assessment, developed jointly by the Brookings Institution and the Center for Global Development, as published in the 2011 QuODA Update.

The use of QuODA means the comparisons were based on assessment of institutional or procedural features of Australia's aid, applying to the aid program as a whole. The connection to effectiveness is that these are features widely held to be conducive to effectiveness. The key findings are:

- in terms of four dimensions into which indicator measures are aggregated, Australia is close to the average for donors assessed, and ranks second among the six donors which direct 50% or more of their aid to fragile states; and
- In terms of certain indicators Australia is above the donor average: administrative cost ratio, untied procurement, support for global public goods, publication of forward spending plans, channeling of aid through one agency, organising joint missions to partner governments, and aspects of transparency.

It is clear from the nature of these indicators that they signify conduciveness to effectiveness in only a weak sense. Accordingly, despite its title this study tells us little about the effectiveness of Australia's aid, either in general or for FCA countries. Nevertheless AusAID made much of it, which [led to a critique](#) by the ANU's Stephen Howes.

4.3.7. Evaluation of activities of the International Deployment Group of the Australian Federal Police

The AFP's most recent published annual report, for 2010-11, has a section (pp. 45-46) about measuring the impact of operations of the AFP's International Deployment Group (IDG). It describes work commissioned from the University of Queensland to prepare a suitable system for establishing mission objectives and measuring mission success. It says the work was completed in June 2011 after field testing using AFP missions in Marshall Islands and Vanuatu, and is embodied in practitioner manuals.

The university [website describing](#) the work done for the AFP lists various products from it in 2010 and 2011, but none seems to represent impact evaluation of IDG activities.

5. References

Selected references only, see hyperlinks in text for bilateral and multilateral reports and references to website and online material.

Acemoglu, D, Ticchi, D & Vindingi, A 2006 “Emergence and persistence of inefficient states,” *NBER Working Paper no. 12748*. <<http://www.nber.org/papers/w12748>>.

Birdsall, N 2007 “Do no harm: Aid, weak institutions, and the missing middle in Africa,” *Centre for Global Development Working Paper no. 113*.
<<http://www.cgdev.org/content/publications/detail/13115>>

Chand, S & Coffman, R 2008 “How soon can donors exit from post-conflict states?” *Centre for Global Development Working Paper 141*.
<<http://www.cgdev.org/content/publications/detail/15464>>

Chandy, L 2011 “Benchmarking against progress: an assessment of Australia’s aid effectiveness,” *Brookings Institute Global Working Papers no. 42*.
<<http://www.brookings.edu/research/papers/2011/12/australia-aid-effectiveness-chandy>>

Collier, P 2007 *The Bottom Billion*, University Press: Oxford.

Fukuyama, F 2004 *State Building* University Press: Cornell.

Ghani, A & Lockhart, C 2008 *Fixing failed states*, University Press: Oxford.

Matanock, AM 2009 “Learning to share: explaining the conditions under which states delegate governance,” *Centre for Global Development Working Paper 181*.
<<http://www.cgdev.org/content/publications/detail/1422780>>

Ridell, R 2007 *Does Foreign Aid Really Work?* University Press: Oxford.