We must be careful as a nation donating to fragile states

BY DAVID CARMENT AND YIAGADEESEN SAMY, THE OTTAWA CITIZEN AUGUST 19, 2012

In the last decade, Afghanistan and Haiti have been the two largest recipients of Canadian official development assistance (ODA), receiving more than the traditionally large recipients of Canadian aid of the 1990s such as Bangladesh and China. Key reasons for this transformation in Canadian priorities were the 9/11 attacks and perceived need to remove the Taliban regime from power in the case of Afghanistan, and the forced exit of Jean-Bertrand Aristide in 2004, as well as the more recent earthquake in the case of Haiti.

Canada is certainly not alone in throwing large sums of money at these countries. Globally, Haiti has received $8.1 billion (U.S.) in aid from 2001 to 2010 while Afghanistan has received a staggering $36.5 billion, not to mention the billions more spent on security and diplomacy initiatives in Afghanistan and to a lesser extent Haiti. Nor are Afghanistan and Haiti alone in the category of countries classified as fragile. In its assessment on resource flows to fragile states, the OECD reported that approximately $47 billion (37 per cent) in ODA went to 45 fragile states in 2009.

Based on a 2012 fragile states report that we have just completed for the Canadian government, we question whether aid is having an impact in fragile situations such as Afghanistan and Haiti. In our report, Afghanistan ranked second only to Somalia — a failed state — in 2012 and has been in our top five for almost a decade. In fact, since 2001 there has been deterioration in key measures of Afghanistan's governance, security and crime, economic performance, human development and even the environment.

In the case of Haiti, the situation was improving in the two years prior to the 2010 earthquake. In particular, improvements in the state's capacity to provide a safe environment to its citizens and in the political sphere were, to a certain extent, offsetting the country's poor economic performance.

However, the earthquake's devastating effects mean that the situation in the country is beginning to deteriorate again. Specifically, our report shows increasing problems in governance, security and crime, human development, gender and the environment, and only a very minor improvement in Haiti's economic performance.

Needless to say the results for both these countries are far from encouraging, especially considering the money their governments have been given. Examining the big picture allows us to draw two basic conclusions. First, we have clear evidence that Afghanistan is stuck in a fragility "trap," whose situation can best be characterized as worsening, despite receiving global support over the last decade, with promises of billions more by the international community at the recent Tokyo Conference.

Second, we have evidence of volatility and quick reversal in the case of Haiti where rapid gains in the previous decade were quickly evaporated when the earthquake struck.

Given the difficult financial situation faced by many donor countries, global aid flows will not increase over the next few years and may even decline more than they already have. Canada will be no exception as the projected freeze to the international assistance envelope will mean that its aid to gross national income ratio will remain stagnant. It is essential now more than ever that our aid dollars be more effectively used and carefully monitored.

For that reason, having the right tools to monitor how donor money is spent must be a priority if Canada is to avoid another lost decade of aid spending. An effective donor program on fragile states must be linked more thoroughly to development planning through a three-step process.

First, detailed structured risk analysis, covering everything from governance and security to environment and demography, should be properly used by donor agencies. Most agencies work from different starting points and assumptions; by using a common set of benchmarks, misinterpretation, duplication and redundancies are avoided.

Second, this multi-sector approach should be demand-based and not supply driven. This means that agencies need to identify links between key causes of fragility and identifiable focal points of activity in which the donors must be engaged, not where they want to be engaged.

Third, these multi-sector risk assessments should be used constantly and we must consistently monitor and evaluate progress. The key goal is to determine if aid is having the desired impact and if course corrections are required.

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