Service Delivery in Fragile Situations

KEY CONCEPTS, FINDINGS AND LESSONS

OECD

OECD/DAC DISCUSSION PAPER

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Foreword

The international community is increasingly engaging in fragile situations and conflict-affected states and recognises that these situations require sustained attention and tailored approaches. This has led to the adoption of the OECD DAC Principles for Good International Engagement in Fragile States and Situations (April 2007) which provide guidance for decision making and practice.

The Principles see state building as the central objective of international partnerships in fragile situations. The priority is to support the legitimacy and accountability of states and strengthen their capability to fulfil core functions. Today it is widely accepted that the state has an irreducible role in the delivery of both basic social services and also justice and security.

In fragile situations, however, the state often fails to provide core services such as health, education and water to the poor and, at times, may not be seen by parts of the population as a legitimate provider of security and justice. Violence, endemic corruption, skewed budget allocations for particular ethnic or religious groups, and the exclusion of women and minorities can further increase social insecurity and undermine the foundations of just and equitable service delivery systems.

Yet, while fragility has a negative impact on public services, there is also evidence that improvements in service delivery can contribute to strengthening governance and reducing fragility. This has major implications for how donors choose to engage in different fragile contexts. Not only does it require well-designed and contextually adapted approaches, but also careful attention to ensure that enhancing service delivery in the short term can make a contribution to state building in the long term. Given the complexities of service delivery in fragile settings, this is not an easy task.

This publication, based on the work of the DAC Fragile States Group, identifies the challenges and dilemmas the international community and its partners face in delivering services in fragile situations and offers practical guidance on how to overcome such challenges.

Acknowledgements

In order to achieve its aims the OECD has set up a number of specialised committees. One of these is the **Development Assistance Committee**, *whose members have agreed to secure an expansion of aggregate volume of resources made available to developing countries and to improve their effectiveness. To this end, members periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies.*

The members of the Development Assistance Committee are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities.

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Executive summary

Delivering public services is a top priority in fragile states if these states are to make progress towards the Millennium Development Goals (MDGs). Strengthening the provision of essential services can also contribute to the long-term process of state building and may help to rebuild the legitimacy of the state and to strengthen civic engagement.

This publication is based on the work that the OECD Development Assistance Committee's (DAC) Fragile States Group (FSG) conducted on service delivery in fragile states from 2005 to 2007. It provides an understanding of the impact of state fragility on service delivery and offers policy lessons and recommendations for strengthening service provision and governance, based on examination of four strategically important sectors in the daily lives of most people, i.e. justice and security, healthcare, education and water/sanitation.

State fragility

Fragile states suffer deficits in governance, reflecting the internal dynamics of a society, or exogenous factors such as natural disasters and regional conflict. Definitions of fragility used by the DAC and several aid agencies emphasise the lack of capacity and willingness of a government to perform key state functions for the benefit of all. The effects of fragility stretch beyond poor services to include conflict, state collapse, loss of territorial control, extreme political instability, clientelist policies and repression or denial of resources to subgroups of the population.

The political economy of services

The quality and availability of essential services, such as health care and primary education, are a key measure of governance. Public services underpin the social contract between states and citizens and, as such, are an indicator of the health of a society. Grossly inadequate service delivery signals fragility.

Governments everywhere deliver services effectively when there is *accountability* between citizens and their leaders. Accountability emerges as a complex chain of relationships linking users, policy makers and service providers. Services reach the public in a two-step process: policy makers *allocate* and providers *produce* the services. But in fragile states this broad service *compact* often breaks down and service users must take an active role in imposing accountability by engaging directly with service providers.

How does fragility affect service delivery outcomes?

Several problems specific to fragile states can complicate service delivery. The incentives for delivery may be impaired by lack of government capacity, lack of government willingness, or the breakdown of social order through conflict. In those circumstances, capacity development is often supplanted by more urgent needs and staff are either demoralised or actively targeted by oppressive regimes. In the absence of an effective national policy framework, service delivery becomes fragmented. The

resulting problem of diminished central resources, coupled with declining control of services, gives greater prominence to local government solutions and to alternative, non-state provision.

Aiding service delivery: Approaches

In each fragile context, donors need to make a strategic choice about their engagement with the state and choose appropriate implementation mechanisms.

Choosing delivery models: The most basic choice is whether to help reform and rebuild the public functions of the state, or to work in parallel with it. In the absence of a willing and capable state, other delivery models such as contracting out, International Non-Governmental Organisation (INGO) provision, co-production, community-based approaches or market provision, are possible options.

Selecting aid instruments: Instruments include programme aid, projects, technical assistance, social funds and humanitarian aid. Each instrument has distinct advantages in different fragile settings. In addition, there are a variety of donor co-ordination mechanisms for pooling funding and harmonizing aid modalities, such as multi-donor trust funds.

Prioritising and bundling the service package: State fragility may require a re-design of basic service packages, in order to make wide coverage feasible under conditions where resources are limited. This may mean combining key services into a package of what is necessary and feasible.

Challenges

Recognising path dependencies: The choice of delivery mechanisms will create path dependencies for future service arrangements. The design of service delivery initiatives must therefore be guided by a specific assessment of context.

Building accountable governance: Accountability plays a central role in service delivery. Yet, external aid can have the effect of diluting the state's accountability for essential services and even weakening the governance framework over the long term. Misplaced paternalism on the part of the international community risks displacing the government's policy making responsibilities and stalling the evolution of governance institutions that are at the core of sustainable development.

Understanding access constraints: It is usually the poor who are cut off from services, whether by failures of the public sector or those of the market. Understanding access problems is essential for designing interventions to improve service delivery to poor people.

Improving women's wellbeing and economic opportunities: Women's organisations often play key roles in maintaining services, in supporting social cohesion and in negotiating safe space between communities in conflict. At the same time, issues such as early marriage, domestic violence, obstacles to educational opportunities and discriminatory family laws need to be addressed to enhance women's contributions.

Policy implications

Tailoring interventions to context

Donors need both *contextual analyses* of the country and a *mapping of current service realities*. Contextual analysis requires improved methods to better understand the fragility features of each service sector and sub-sector and to develop better indicators to monitor transitions and programme results, both short term (*i.e.* output, delivery) and long term (*i.e.* systems, capacities).

A more thorough *risk/benefit analysis of intervention options in each sector* needs to be incorporated into policies and practices. Sectors have unique features, with implications for programming risks and opportunities. Justice/security and education appear to be the most transformative kinds of services in a fragile setting, but they are also the most prone to polarisation and manipulation. Healthcare and water/sanitation, the most politically neutral sectors, seem to offer the best opportunities for co-operation across communal lines, as well as for civic governmental partnerships.

Long-term focus on governance and state building

A dilemma in fragile situations consists in balancing short-term versus long-term objectives. Donors need to achieve humanitarian goals while also advancing long-term sustainability – that is, helping to deliver essential services in a way that builds accountability and ensures government takes ultimate responsibility.

In order to manage this dilemma, donor programming for service delivery, state capacity and governance needs to be integrated. Aid programmes should be structured from the start in such a way as to promote sustainable service delivery and accountable governance in the long run.

The long-term goal of achieving sustainable capacity and accountability, country-wide, means working with the national government. Engagement with the state is not so much a question of either/or but rather of degree. Even in deteriorating situations donors should seek some form of state involvement and make use of the array of programming instruments at their disposal. Central government needs to remain involved in local-level programming, as long as some capacity for policy co-ordination exists.

Efforts at the level of national government need to be balanced with programmes linked to local authorities and communities. Community-based approaches show great potential and may be the only feasible, attainable option in very difficult environments. In the long term, however, multi-layered strategies should be used to create a mixture of state and non-state provision.

Managing transition and hand-back

Fragile states are in flux, more so than other situations. Donor agencies must recognise when a country or region changes status and adjust their strategies accordingly. Key points of transition for donor programmes are from humanitarian to development aid and the movement from non-state providers to primary government responsibility for service delivery.

In *stabilising contexts*, partner country government ministries should be active participants in planning and programme development. Contracts for non-state providers should include transition planning for hand-back of functions to government. Donors can promote investment in local community organisations, always mindful that there may also be issues of exclusion and capture at the local level.

In *post-conflict* settings, a key goal of support should be to speed up the move from external provision of services, in the early community-driven reconstruction phase, to resumption of public responsibility for services in the longer term. The end of conflict offers unique opportunities for addressing issues of social exclusion and inequality.

Deteriorating situations pose special challenges. Donors must make choices about reinforcing the government in power or, conversely, withdrawing support as a sanction and signal of distancing. The latter may involve shifting emphasis to strengthening local communities and households. Experience suggests that donors can create an external group or "cabinet" for co-ordination on sector issues and/or address service delivery issues through multilateral agencies.

I. Introduction

As the international community strives to clarify its policies for aid to fragile states, the aid donors have developed principles for engagement in these settings and commissioned several work streams to formulate guidance.

The work stream on *service delivery in fragile states*, initiated in 2005, attempts to gain an understanding of the impact of fragility on services and with that knowledge offers guidance to donors wishing to strengthen service provision and governance in these states. The work stream focuses on four strategically important service sectors: justice and security, healthcare, education and water/sanitation.[1] The sectors were selected for their importance in the everyday lives of most people and they represent core functions of a strong state. State fragility disrupts service delivery systems in general, undermining both the public and non-state agencies involved.

This discussion paper[2] analyses the major policy issues, trade-offs and approaches to good practice in this field, encapsulating the key findings of the work stream. Section II presents the core concepts, emphasising the mutual influence of state fragility and service delivery. A critical ingredient in the latter is *accountability*. While non-profit and civic organisations can deliver critical services such as healthcare in the short-term by acting in parallel with government, longer-term sustainability requires strengthening accountability linkages and developing government capacity, so that the state can perform its decision-making functions properly.

The remainder of the paper analyses service delivery strategies and options available to the donor community. Section III considers possible approaches and mechanisms for international donors in this area and highlights key challenges and dilemmas. Major concerns here include the mode of engagement with government and the choice of mechanisms to improve governance and capacity in the long term. The section also highlights the need to strike an appropriate (and context-sensitive) balance among alternative approaches to services, based on accurate analysis of the situation. Section IV discusses the policy implications for the international community and presents suggestions for the way forward.

The findings in this paper build upon the Principles for Good International Engagement in Fragile States and Situations[3] adopted by the donor countries under OECD auspices. The Principles begin with the admonition to take the context as the starting point and avoid doing harm through unrealistic and illegitimate interventions. Further, they link state building to the achievement of peace, effective governance and equity. The Principles merit detailed monitoring to ensure that they are observed in practice.

II. Fragility and services: Key concepts

A key measure of governance is the quality and availability of essential services such as healthcare and primary education. Services comprise a core element of the social contract. Public access to good services indicates that a society is well-governed and enables the political leadership to draw continued support for its programme.

In a fragile state, service delivery suffers. When services decline, the state and its leadership in most cases lose support. A fragile state may not have the resilience to rebuild service sectors (and thereby public legitimacy) on its own – and so it risks becoming still more fragile.

Efforts to aid fragile states must address the reciprocal influence between service delivery and fragility. Strengthening the provision of essential services – first and foremost in the security and justice sector – can help both to rebuild the legitimacy of the state and to strengthen civic engagement. Evidence suggests that in post-conflict settings, the rebuilding of social policy, including in service sectors such as healthcare and education, takes high priority among development policy choices and may have the greatest positive impact (Collier and Hoeffler, 2004). Reconstituting basic services is thus a *necessary* condition for overcoming fragility and should be an early target of the donors. But this is not to suggest that it is a *sufficient* condition: more is needed.

This section presents a conceptual framework for analysing these issues. State fragility and essential service provision are, as stated above, related. Each reflects the quality of governance, defined in terms of accountability – both to the service user and to the provider of funds (taxpayer, donor agency). As this paper shows, the governance nexus has an important bearing on approaches to external aid.

The governance perspective helps counteract the tendency to view essential services as akin to industrial outputs – that is, results of purely technical processes in which resources (tax revenues or aid funds) are converted into healthcare, policing, etc. The treatment of service delivery in the most advanced nations contributes to this impression. But experience in international development shows services to be something more: an outcome of the co-operative and hierarchical management of political aims. The quality of that outcome has proved highly sensitive to state fragility.

The fragile state

No single definition of a "fragile state" has been adopted by international consensus, but some common features can be identified. Fragile states suffer deficits in governance that hinder development. Conditions are too unstable for long-term planning and investment, with society focusing on short-term coping strategies to secure basic needs. Fragility may reflect the internal dynamics of the society, or it may reflect exogenous factors such as natural disaster or regional conflict.

Operative definitions of fragility used by the DAC and several aid agencies emphasise the lack of *capacity* (capability, effectiveness) and *willingness* (will, legitimacy) to perform key government functions for the benefit of all:

- *Capacity* in this context means having the core features that enable the state to mobilise resources for such key objectives as economic development and poverty reduction.[4] These core features include territorial control and presence, effective exercise of political power, basic competence in economic management and sufficient administrative capacity for policy implementation.

- *Willingness* refers to an explicit political commitment to policies supporting human welfare. It is reflected in actions and outcomes that are implemented following an inclusive approach (non-discrimination).[5] Legitimacy concerns the sources of support for the state and the regime.

A state's fragility is a function also of the strength of civil society and the extensiveness of social capital. A strong society can reconstitute missing state functions – either in a new (or reformed) state, or in the form of non-state alternatives such as associations and other structures. Breakdowns reveal the intimate connection of state and social institutions in fragile situations.

> [S]ociety, as the generator of institutions of cohesion and maintenance, can no longer [function]…between them the links and overlaps of state and society fall away. The normal politics of demands and responses atrophies; the political processes for popular legitimization are discarded or prostituted; politics and economics are localized; and the center becomes peripheral to the workings of society. (Zartman, 1995, p. 6)

Thus, a fragile state lacks the capacity (effectiveness) and/or willingness (legitimacy) to sustain itself over time. It is unable to perform the basic functions of a state:

- to maintain security across its terrain.
- to enable economic development.
- to ensure the essential needs of its population are met.

These three key state functions are, in economic terms, *public goods*. The cost to an individual or group of individuals who might attempt to provide such goods would far exceed the benefit to them, since the gains are spread across society as a whole. These goods will therefore be underprovided in the absence of effective and legitimate state action.

This has important implications. The state is built and maintained through the collective action of the public, or at least of a large segment of the public, whose interests encompass much of the nation. In a fragile state this "public" is missing or weak. Thus, although self-serving and perhaps market-based provision of goods may be possible, the more public aspects of service delivery tend to crumble or disappear (*e.g.* vaccinations, school curricula, teacher training, law enforcement and water utilities). Co-ordinated policy making and leadership within (and across) service sectors suffers. Fragility also erodes the basis for efficient markets, making private provision more costly. Its effects stretch beyond poor services to include conflict, state collapse, loss of territorial control, low administrative capacity, extreme political instability, clientelist policies and repression or denial of recourse to subgroups of a population.

The distinction between countries that are fragile and those that are simply poor may be elusive at times. As an approximation of fragility indicators, one could use the criteria proposed by Collier (2007) to identify countries at risk of violent internal conflict. These countries are not just poor; they

experience little or no economic growth and are often economically dependent on natural resource exploitation. [6] The poorest billion of the earth's population, Collier suggests, tend to live in such settings. Some fragile states – for example, Zimbabwe – were stable and developing until they took a wrong turn or suffered a crisis (Commission on Weak States and US National Security, 2004).

Fragile states can be categorised, for example, as being on a downward path, in collapse, on an upward recovery path, or perhaps stalled at some precarious stage. A simple framework divides these states into two groups: a "declining" group, increasingly at risk of failure; and a "stabilising" group, emerging from collapse. Several more specific scenarios can be described under these two headings, as illustrated in the Annex.

The political economy of services

Different groups in society will have different visions about what makes "good" service delivery. In the education sector, *clients* (parents/learners) want low-cost, easy-to-access, safe, high-quality schooling that improves their children's/their life chances. *Policy makers* and political leaders want to deliver social benefits at low cost, with high propaganda value and political rewards. The *providers* (teachers) care about technically sound curricula, high salaries, respect and safety. Thus, the effectiveness of service delivery – and in turn, the legitimacy of the political order – depends on addressing competing goals and expectations in ways that satisfy the stakeholders. The result may or may not involve the state providing services directly, as long as the services are in fact delivered.

The state (or more precisely, the governing regime) plays a political "game" when it struggles to secure power; its success in doing so depends on, among other things, legitimacy. The source of legitimacy might be the leaders' ability to deliver economic growth, national prestige, or public services. Alternatively (a more partial) legitimacy might derive from signals of special allegiance to certain traditions or ethnic groups. Thus, legitimacy may or may not relate to equitable service delivery. Even well-established states can fail to provide services capably and equitably.

Public investments in services are always constrained by a range of influences reflecting a given state's social and historical context. These include limits on voters' knowledge and information, polarisation of the electorate and (especially) the credibility of political commitments. Such constraints have the strongest effect in low-income countries and particularly in fragile states: accountability is weak, as government does not "listen to the people".

Where credibility is low (the case in many developing countries), instead of making broadly beneficial policy commitments, politicians may focus their attention on specific localities or individuals, and devise special projects and patronage jobs. This pattern, *clientelism*, thus sacrifices collective benefit

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Box 1. Service delivery in a clientelist setting

President Museveni of Uganda made a commitment to universal primary education – a surprisingly broad goal, given the country's clientelistic environment. Museveni ensured he would reap political benefit by using the media to link the resulting improvements to his own policies. And he focused on delivering publicly observable benefits to communities, such as capitation grants and transparent local school financing. It later emerged, however, that the less easily monitored aspects of education – quality of teaching and the curriculum – were neglected.

Source: Keefer and Khemani, 2003.

– at times going so far as to create public ills – in the service of favouritism (Keefer and Khemani, 2003). Yet in certain cases public investment can enhance inclusive service delivery even while serving clientelist goals. A good example is the drilling of wells in rural areas. The wells may be meant to help particular political supporters (as they have in Pakistan, for instance), but the overall benefits are immediately visible. Another example is offered in Box 1, where in Uganda there were broad social benefits from the introduction of universal primary education.

The economy itself may have a broad or a narrow base. A broader base will have a narrower scope for government monopoly and exploitative regulation. A narrowly based economy enables the regime to extract benefits or "rents" from its control over natural resource exports, industrial monopolies, or strategic infrastructure (canals, military bases). The state is then free to ignore the non-strategic regions and populations in favour of narrow interests. A broader economic base forces the government to exert that much greater an effort to maintain effectiveness and legitimacy.

Toward the fragile end of the spectrum, the problem of clientelism is greatly compounded. The economy suffers from generalised risk aversion, short time horizons and distorted incentives. As the system spirals into greater dysfunction and possibly into crisis, the government may abandon any focus on service delivery (if indeed it ever had such a focus) and concentrate on the viability of the state itself – for example, by devoting increasing portions of the budget to security forces and weaponry. In some cases, the society may have the resilience to fill the void, through voluntaristic provision of public goods or an orderly change of regime. "Survival strategies" may emphasise traditional patron-client hierarchies, entrenching them as alternatives to formal state authority and government service delivery (Brinkerhoff, 2007).

The central role of accountability

Service delivery is not only a technical task but also a governance process. Adequate service delivery rests on a four-part relationship of *accountability* between the citizens and their leaders:

a)   Citizens elect political leaders, who are evaluated based (in part) on their policies regarding services.
b)   The policy maker chooses a package of services and allocates them to beneficiary groups.
c)   The policy maker selects agents to implement (produce) the services in the package. (These agents may be units of the public administration or, alternatively, non-state providers.)
d)   The policy maker sets standards for the expected level and quality of performance, monitors the outputs and rewards or sanctions the implementer as appropriate.

Services reach the public in a two-step process: *allocation* (by policy makers) and *production* (by service providers/implementers). Accountability between the policy maker and the implementer is defined by a *compact*, which includes service delivery standards, monitoring methods, rewards and sanctions. This service compact cannot fully specify outcomes, especially for services that are inherently transaction-intensive and hard to monitor (such as classroom education). Moreover, the user of the services – the client – is not a party to the service compact.

Users have two potential routes of accountability for securing essential services: a long route, *via* the policy makers; and a short route, directly to the producers, as shown in Figure 1.

Figure 1. Accountability triangle
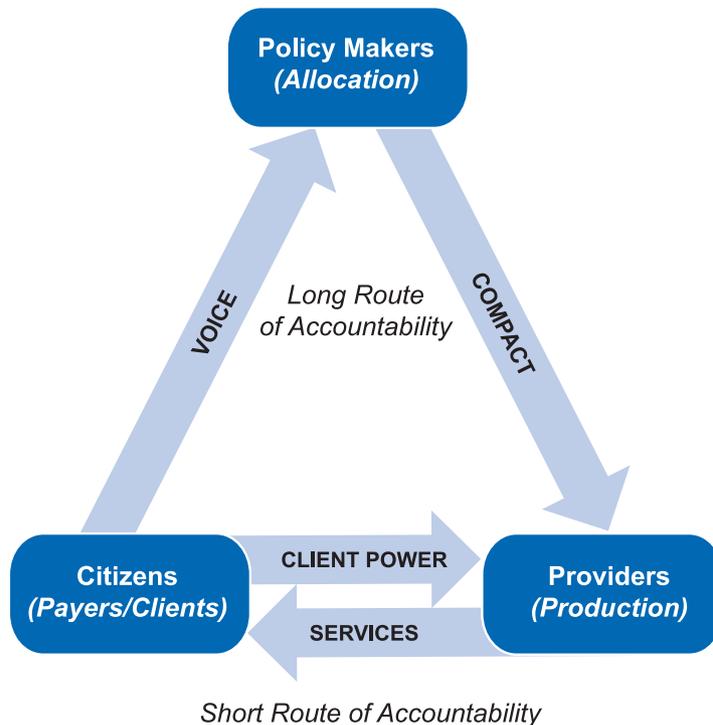
Source: World Bank, 2003.

The *long route* of political accountability is the more visible of the two. Whether the services are produced by a state agency or contracted out to a private provider, the state has an irreducible role in choosing, designing, allocating and often regulating essential services such as education, healthcare and water/sanitation. This is clearest in the case of security and justice administration, the area in which the state asserts its authority and shows that it is indeed a state. The long route can also be referred to as *voice*, defined as the expression of citizen satisfaction or dissatisfaction through political, administrative, legal and media channels. Citizens use these channels to voice public demands – including their preferences concerning policies of allocation and production of services. Note that the long route is especially relevant to national-level policy decisions and centralised programmes such as vaccination; here, the short route (see below) is weaker.

The long route of accountability depends for its functioning on a legitimate and effective state; thus, it readily breaks down in fragile situations, becoming problematic or even inoperative. Especially in low-income countries, ordinary people have little power over their elected officials, who may be embedded in a clientelist or non-competitive political system. Accountability links may be further disrupted by a repressive environment or by political distortions: the regime may favour particular ethnic or regional blocs, divert spending to military hardware or other uses, or grab resources for its patronage networks. Severe deterioration may reach a point resembling a post-conflict environment.

There is also an informational dimension to accountability. Policy makers must be informed of citizens' preferences and citizens must have information on policy decisions and service quality.

Where government is willing but lacks capacity, information flows may be impeded; weak communications and transport links can result in impaired public accountability.

In these situations, the national government (and the long route of accountability) may not be a viable channel. Service delivery is therefore likely to depend on *short-route* accountability – i.e. from service providers (producers) directly to users. Service providers may be local governments, private or NGO entities, or even dissident political movements or rebel groups.

Where short route accountability is effective, clients can help tailor the package of services to their own needs and monitor the producers. Producers must be responsive to information on local preferences and have sufficient discretion to respond to local needs. This can have a feedback effect on demand: in Pakistan for example, local demand led to the hiring of more female teachers, which in turn raised girls' school attendance. Monitoring by users requires public information and access to service facilities, as well as feedback opportunities. Regular monitoring can enhance performance – as in the Educo programme in El Salvador, where regular community monitoring visits reduced teacher and student absenteeism (World Bank, 2003a). These mechanisms are local variants of citizen *voice*, directed at local government service agencies and contractors.

Where sub-national governments and services are dysfunctional, *exit* (or "client power") becomes more important than voice. This form of accountability rests on the availability of alternative providers, or competition in the form of fee-based services. Clients can hold the producers of services (whether governmental or private) accountable by "voting with their feet" (moving to another district or travelling to obtain services), or by "voting" with their money (paying for services produced by a competitor). In some fragile environments, pure market provision – though often inequitable – may be the option that most reliably affords access to an urgently needed service. Where government produces (or contracts for) services, resources may be diverted to the well-off and contracts may be allocated on the basis of kickbacks or favouritism. The resulting waste and mistargeting most severely impact on the needy. Whatever its faults, market provision at least makes providers accountable to paying clients.

How does fragility affect service delivery outcomes?

Several problems specific to fragile states can complicate service delivery. First, the incentives for delivery may be impaired by lack of government capacity, lack of government willingness, or the breakdown of social order through conflict. Incentives may also be distorted through corruption and the private capture of public resources. Second, with deteriorating infrastructure and poor technical and managerial capacity (including weak information systems), service provision may be unsustainable. Often in those circumstances, capacity development is displaced by more urgent needs and local staff are either demoralised or actively targeted by oppressive regimes. Third, in the absence of an effective national policy framework, service delivery becomes fragmented. The resulting problem of diminished central resources, coupled with declining control of services, gives greater prominence to local government solutions and to alternative non-state provision – but these too may lack the resources to be sustainable.

Such difficulties may encourage social groups to withdraw altogether from engagement with public institutions, organising services privately on a family or ethnic basis. This will further weaken the legitimacy of the state and may encourage rent seeking and corruption by officials. Trust among social groups – and even within groups – declines. In the presence of instability or violence the downward progression is more extreme. Weak government begets weak services, in turn weakening society – the start of a vicious cycle. Persistent decline may undermine the social fabric itself: communal tensions arise that make civil society increasingly *un*civil.

Breakdowns are most dramatically manifested in the loss of state control over security forces. *Public security and justice* are central issues for poor people: without functioning systems, they are vulnerable to predation, violence and loss of assets. Other essential services depend on the establishment of at least rudimentary security. But in fragile states, the officials and agents responsible for these services are often the source of *in*justice and *in*security – especially security forces such as the police. Because the monopoly of force is a defining feature of the state, the central state is especially likely to interfere; and such intervention is likely to be ineffective or even predatory, since fragility compromises central policy co-ordination and disciplining functions. According to Hills (1996, p. 6), "When states are fragile and lacking in institutional capacity, their police are unlikely to be disciplined."

Moreover, although security and justice are central responsibilities of the state, in practice – more than in health or education services – there is a diverse and extensive array of non-state actors (OECD/DAC, 2007a). With regard to justice functions it is in fact normal (and beneficial) to have a diversified array of providers, from religious or customary mediators to civil courts. But fragility tends to reduce access to formal courts and increase reliance on the less formal local options. This makes it less likely that the formal judiciary will exercise a legal check on informal tribunals – just at the time when traditional rights are most likely to be overridden or abused (see *e.g.* Hendricks and Meagher, 2007). And in a situation of violent conflict, greater insecurity means less access to services of all kinds and greater risk to those seeking to provide services. Greater fragility can increase repression even as public security and justice systems weaken.

The state's capacity to provide *health services* declines sharply with greater fragility, at a time of increasing demand for them (Macrea, 1996). Especially in deteriorating contexts, basic health services may depend on community rather than central initiatives. The impact of failed health systems is often immediately visible in increased morbidity and mortality.

The health sector poses particular challenges for service delivery. Health services are often highly transaction-intensive and difficult to monitor. Setting priorities is a challenge, as many of the determinants lie outside the sector (*e.g.* water/sanitation, the mother's education, nutrition). Fragile states are often further burdened by HIV/AIDS and other sexually transmitted diseases (which impair the labour force, including health workers). Security problems are especially damaging. During Mozambique's civil war, for example, rebels consistently targeted the health system in rural areas. Referral and supervision systems broke down and health workers were murdered and kidnapped (Pavignani and Colombo, 2001). Even before the outbreak of conflict, as a country slides into violence, the most skilled health professionals may flee the country.

Water and sanitation systems also suffer in fragile states. For example, networks of piped water are often inoperative or otherwise inaccessible to most households. This is due partly to degradation of infrastructure and insecurity and partly to laws restricting market access or making alternative service providers illegal. These restrictive laws disproportionately impact the poor. For example, small-scale providers (including private companies and NGOs) have developed innovative products like water kiosks and independent networks, targeted at under-served populations. In some countries, these providers account for up to 70% of urban service delivery (Brocklehurst, 2002). However, these responses are often constrained (or outlawed) by anti-competition provisions protecting state-sanctioned water providers. Further, ordinary households often lack property titles and water hook-ups may not be available to those without formal land tenure. This can severely limit the impact of government efforts to encourage water utilities to serve the poor.

In fragile settings, policy making for and co-ordination of *education services* fall into disarray. States are often heavily involved in education due to concerns about equity, curriculum and other policy matters, as well as the politics of national identity. This involvement may take on higher priority for

primary schooling, given the importance of basic literacy and skills. But educational outcomes are determined by trade-offs involving secondary and tertiary education as well, since resources are limited. Teachers must be trained and skilled workers and entrepreneurs – educated beyond the primary level – are needed to create employment, growth and the revenue base.

Fragile states often have difficulty sustaining donor-funded education initiatives, due to a lack of their ownership of donor-driven programmes (Carlson *et al.*, 2005). Nevertheless, it should be possible to maintain basic levels of education provision in a fragile setting, based on a combination of market, voluntary and local government initiatives. This possibility diminishes, however, as instability grows and systems deteriorate, especially given the need for co-ordination and oversight to ensure quality. Education provision may ultimately depend on progress elsewhere – *e.g.* basic security (for schools, staff and students), health (and in turn water and sanitation) and livelihoods (so that subsistence needs do not interfere with student and teacher attendance).

Fragility also impairs *co-ordination among service delivery systems*, due to the influx of new providers and the lack of an effective central policy framework. An increasing proportion of services is provided either *ad hoc* or by non-state entities acting independently to fill gaps. A range of vertical programmes may be delivered by a number of different actors such as INGOs[7] in parallel to government systems, without a coherent plan (Carlson *et al.*, 2005). Also, there may be increased misuse of services for political purposes (*e.g.* controlling access, determining curriculum content, etc.). Insecurity affects decision making at all levels – and the likelihood of donor mistakes increases. Vulnerable groups are even more easily excluded. Fragility also coincides with a lack of investment in infrastructure and human capacity (though there may be increased elements of capacity in non-state actors).

The aftermath of violent conflict

Special problems arise in the wake of conflict, as discussed in Haughton (2002). During conflict, key social indicators typically fall – in contrast to those in similarly poor countries that have not experienced conflict. Post-conflict countries have fewer resources available for public health, as most funding is diverted to military spending. For instance, governments can no longer fund anti-malarial spraying and vaccinations. War will also cause healthcare personnel such as doctors and nurses to emigrate, leaving the post-conflict state with a deficit in these public health service areas. Other complicating factors are large numbers of refugees, continuing civil disorder, deteriorating infrastructure, small industrial and service sectors and very poor data collection capabilities. In post-conflict countries there may be a large volume of foreign aid immediately following war, creating the danger that the influx of financial transfers will feed theft and patronage (Debiel and Terlinden, 2005).

War is more destructive than other crises (such as natural disasters) to the norms and capacities needed for good governance. It disrupts social linkages and weakens institutions that are required for the proper functioning of the economy and basic public services. Institutional weaknesses might include an inexperienced civil service, with severe lack of skilled local personnel; a tax system that collects a small share of GDP; and a police force that is inexperienced and overstretched. Roads, ports and rail transport, all vital to the economy, are often disrupted if not destroyed. The collapse of formal state processes and institutions in post-conflict countries often forces entrepreneurs to rely on informal mechanisms. Only the simplest of commercial processes, such as cash-and-carry, can operate, since breach of contract cannot be prosecuted due to a weak or non-existent judiciary (Bruck, Fitzgerald and Grigsby, 2000; Aron, 2002; Haughton, 2002).

The end of conflict also, however, offers unique opportunities for rebuilding and reform. Research by Collier (2007) shows that the transition from conflict opens a short-term window to initiate a "turnaround", reversing fragile conditions and moving the country onto a developmental path.[8] This

builds on the earlier insight of Olson (1982), based on the postwar economies of Germany and Japan, that the devastation of war radically changes the political economy. Defeat triggers off the explosion of the narrow interest groups that earlier controlled policy, opening the field for new entrants and approaches. But turnarounds are hard to sustain. To make them succeed requires a whole-of-government approach by the donor countries, one that brings development officials together with policy makers in security, economic, public health and other fields (OECD/DAC, 2007b). A similar window of opportunity exists for reforming public services, which can provide a "bridge for peace".

Reciprocal influence of service delivery and fragility

Just as mounting fragility and deteriorating services can be mutually reinforcing tendencies, improving services may enhance social and economic recovery, overcoming fragility in a virtuous upward spiral. The influence is reciprocal. But effecting a turnaround is no easy matter. The same cluster of influences that created the vicious cycle of fragility will also tend to prevent its reversal.

Many of the key risk factors for civil conflict relate to living conditions addressed by basic services. Those factors include a low Human Development Index (HDI) score, reflecting health, nutrition, sanitation and education levels. Another factor is economic stagnation. Empirical findings analysed by Pillay (2003) suggest that a society with 5% annual economic *growth* is 40% less likely to fall into conflict than a country whose economy is *declining* by 5%. To the extent that growth reduces national indebtedness and dependency on natural resource extraction, it further reduces the risk of conflict. Education has a similar effect: each year of education of the school age population reduces the risk of conflict by about 20%. Thus, one year of education has an impact equal to that of 5% economic growth. Employment growth and education are also effective ways of dealing with the youth "bulge" – especially of males – that is associated with risks of instability and conflict. Last, HIV/AIDS is sometimes a critical factor in fragility, especially in southern Africa; services that address the problem would reduce conflict risks (Pillay, 2003).

Robust interventions aligned with the state[9] may make it possible to address the *sources* of fragility in addition to its symptoms. Improved service delivery can be a catalyst for broader transformation. Interventions in this area can help head off conflict, or may provide an entry point for longer-term "pro-poor" political and economic change in difficult environments. The provision of basic services can break the intergenerational cycle of poverty, increase economic opportunity and promote co-operation across social dividing lines (Box 2).

Education appears to offer the greatest possibilities for addressing sources of fragility. It can serve as a tool to protect children and prevent further harm by providing curricula on health, sanitation, human rights, etc. Schooling also offers an opportunity for educators to identify and assist children and young people needing special help to address problems of post-traumatic stress, sickness, malnutrition, disability or abuse. Attending school further protects children from being recruited into activities such as combat, forced labour, drug trafficking and prostitution (Vaux and Visman, 2005). "Safe schools" programmes offer a model in which schooling is bundled with security and safety guarantees. Education, as a service that both reflects and impacts the wider society, "can be a powerful inter-generational change agent" (Berry, Forder, Sultan and Moreno-Torres, 2004, p. 11). It affects the socialisation of youth, the understanding of public issues, political participation, women's empowerment and health. And it is often seen as a sign of normalcy when children can go to school again.

Box 2. Services and "neutral ground"

Where polarisation or violent conflict threatens, service delivery initiatives can offer a politically neutral arena for co-operation across ethnic or ideological lines. This helps to shield valuable services from interference while providing entry points for dialogue. Such an approach may be more promising in some sectors than in others. *Health services* have been treated as non-political since at least the early days of the Red Cross. So, for example, in post-conflict settings, urgent healthcare priorities such as addressing HIV/AIDS, Ebola or polio outbreaks have offered opportunities for reconciliation and partnership, especially on the local level. During Angola's "no war, no peace" period, UNITA, the government and certain NGOs worked together to control outbreaks of trypanosomiasis in northern Angola. A forum was established among these actors, operating under the technical authority of the Angola Trypanosomiasis Control Programme. The programme created a climate of neutrality that facilitated collaboration between UNITA and the government (WHO, 2001). The *water and sanitation* sector often benefits from a similar non-partisan treatment. In contrast, *education* and the *justice/security* sector are more prone to ideological intrusion and manipulation.

Service delivery can mitigate social exclusion, which is itself often a driver of fragility and conflict. Basic service improvement may also be an entry point for major governance reforms. Long-term social and political changes supporting good governance have more chance of success if linked to reforms in service delivery with tangible results. When these improvements are visible to the public, they can lead to pressure for wider and more systemic reforms. Improvements in services can be a "tangible peace dividend in countries emerging from conflict" (Berry, Forder, Sultan and Moreno-Torres, 2004, p. 12) – especially "quick wins" or quick impact projects that tackle high-visibility problems.

Improvements in service delivery can potentially strengthen, over the long term, the left side of the accountability triangle (Figure 1) – *i.e.* the critical relationship between citizens (clients) and policy makers. A central challenge (and opportunity) in fragile states is thus to find ways of doing this, such as building new mechanisms for accountability into service delivery initiatives.

III. Taking Action: Approaches, Challenges, Dilemmas

The international community and its partners in a fragile setting face a situation of *strategic choice*. Fragility causes deterioration of the public infrastructure, which needs to be replaced, rebuilt, or substituted. The same is true of the less "public", more "private" aspects of services (*e.g.* fee-for-service hospital care, secondary and tertiary education, household utility hook-up), though these are somewhat easier to reconstitute. The most basic choice for the donor countries is whether to help *reform* the public functions of the state, or to work *in parallel* with them. Modes of intervention range from indirect subsidy of governmental service delivery to the direct exercise of public functions by donor agencies.[10]

A strategic perspective can clarify the choice of approach. First, the capabilities, deficits and interests of the actors involved must be taken into account. For example, the government may have a strong incentive to re-establish security, but may lack the capacity to address most service sectors. Second, the longer-term effects of a choice should be considered. This means anticipating the responses of relevant actors and the weight of expectations and habits – or *path dependencies* – issuing from the choice. Some emergency measures – such as support for tribal militias, humanitarian aid streams and essential services programmes run independently of government – may in fact exacerbate adverse incentives and trends over the longer term.

Making strategic choices about service delivery requires the donor community to maintain a broad perspective. Restoration of services cannot be divorced from the social and political setting, but must be seen as an integral part of a sustained effort to rebuild the state and the society. In some cases, the deterioration of service sectors may actually open up a wider array of reform options, creating an opportunity to revisit basic institutional choices that might have been foreclosed in the pre-crisis political economy.

Policy makers, service providers and donor agencies have a wealth of experience to draw on in answering such key questions as: how should service delivery initiatives adapt to different fragility scenarios? And, can these initiatives enhance *both* services *and* governance? The choice of approach is rarely an either/or decision. Any aid configuration is likely to combine a mix of approaches, *e.g.* short-term and long-term, humanitarian and developmental, technical and political.

Aiding service delivery: Approaches

Degrees of co-operation with government

The "first best" solution for ensuring effective targeting of essential services to those in need is to have a willing and capable state take responsibility. Recall the two-stage process of service delivery discussed previously, comprising allocation and production. Government has several critical

functions to perform. These include the adoption of policies on allocation, the definition of service delivery standards by means of compacts with providers (state or non-state) and monitoring implementation by the providers.

In settings where there is some willingness and (even very modest) capacity at the central government level, the national government can be a partner. Pro-poor policy making should be strengthened where this is feasible (Berry, Forder, Sultan and Moreno-Torres, 2004). This means finding "entry points" to build "political will", wherever prospects exist in ministries or local governments. Since aid programming in fragile states is complex and multi-layered, engagement with the state need not be a question of *either/or* but rather of *degree* (Leader and Colenso, 2005).

Where the state is unwilling (typical in declining contexts), the case can nevertheless be made that partnering with the public sector may be worth the risk (Slaymaker, Christiansen and Hemming, 2005). The implicit argument is that in many fragile environments, the waste of some resources is acceptable as a cost of helping reverse decline, developing state capacity, or even merely involving state officials as partners – with the possibility of long-term improvement in service delivery. An array of state-centred assistance models addresses the variation in government capacity and willingness – from unconditional budget support to ring fencing and various public-private hybrids. Even so, the state is sometimes simply not a viable partner and alternatives must be found.

Box 3. Models of partnership with the state

In its Ugandan health programme, UNICEF "adopted" the Ministry of Health, providing strong leadership and close collaboration. Responsibility was eventually turned back to the Ministry, which had developed significant capacity under UNICEF's mentorship. Similarly, in Afghanistan WHO has provided overall co-ordination, policy making and strategy support for the health sector. Capacity development through humanitarian interventions around the country provided a basis for future service delivery. However, delivering services in Afghanistan has proved extremely expensive and the costs cannot simply be collected from the population (Carlson *et al.,* 2005).

In the most dysfunctional environments, the best options for ensuring service delivery to the largest number in need may be the options *farthest* from (central) government provision. In cases where local governments and traditional authorities exercise real authority and retain more legitimacy than the national government, they have sometimes proved effective partners. But there are trade-offs. Even though local service delivery may be ideal for certain services (*e.g.* drinkable water), the decision to work with local authorities may incur the hostility of the national government, or at least add to the incoherence and need for co-ordination among disparate service initiatives across the country. In some instances, the best options lie closest to pure market provision (see below).

Alternative delivery models

When the state is not willing or is truly incapable, aid donors need alternatives. This means more limited involvement with government – or, if necessary, avoidance in favour of non-state providers. Delivery of services by private firms or NGOs is not necessarily inferior to delivery by the state and in some settings is preferable, but state fragility inevitably reduces the role of the public sector in favour of non-state actors. There are several alternatives**.**

Contracting. Contracting out is a widely used option in many settings, including in both industrialised and developing countries. The choice depends on several considerations: political preferences about

the scope of state action; an analysis of efficiencies in service production by non-state contractors as compared to government; or, in fragile settings, a determination that government is insufficiently capable or trustworthy to produce services directly. In any case, the cost/benefit of contracting needs to be kept in mind. Making it work requires public accountability systems and government responsibility. In this sense it need not (and should not) remove political accountability for allocation decisions from government, even though it brings in outside agencies as producers with the support and oversight of international donors.

Box 4. Healthcare contracting in Cambodia

In Cambodia, health expenditures were found to be driving families into landlessness and poverty. A contracting approach was adopted with the aim of reducing these expenditures – and in that it largely succeeded. The contracts were let mainly to INGOs and this posed the need for a transition of responsibility to local organisations. Moreover, local and provincial Ministry of Health (MOH) staff saw contracting as a threat and resisted it. However, central MOH officials gained valuable experience in overseeing the programme and they supported it in the face of opposition (Vaux and Visman, 2005).

INGO provision. Autonomous programmes run by INGOs have been standard in humanitarian relief and are common in fragile settings. Here, speed and efficiency are sought at the cost of coherence, sustainability and capacity development. Newer models emphasise consultation and alignment with government agencies, as well as planning for eventual hand-back**.**

Co-production. This has been defined as "the provision of public services (broadly defined, to include regulation) through an institutionalised, long term relationship between state agencies and organised groups of citizens, where both make substantial resource contributions" (Joshi and Moore, 2002, p. 11). Co-production is especially helpful in developing countries, where government is overwhelmed in dealing with a great number of different clients and operating situations and needs a partner. Co-production builds on the need for co-operation inherent in many service sectors: for example, teachers and students, doctors and patients must each contribute actively for a positive result. Its success depends on the coherence and stability of the user groups involved. It also makes significant demands – for example, monitoring and mentoring – on donors and the implementing partners of these groups, whether governments or NGOs.

Community action. Community-based approaches encourage communities to identify their own priorities. They seek to mobilise communities to contribute resources, emphasising rapid rehabilitation of services resulting in "quick wins" and high-visibility "peace dividends" that will reduce the risk of renewed failure in post-conflict settings (Slaymaker, Christiansen and Hemming, 2005). "Community-based approaches" and "community-driven development" are variants of the same basic approach of according communities decision-making power over planning and resources. These kinds of efforts are distinct from co-production in that outside involvement – including a governmental role – is either absent or limited to resource inputs; the communities have greater autonomy.

Markets. The other option for non-governmental provision is the market. For the poor, this approach is less than ideal. But as the World Bank (2003a) argues, the needy will likely get more services in an efficient market than they will in a system where everything filters through a patrimonial system of allocation and government-provided services are inadequate or inaccessible for many. Basic markets for services can be self-enforcing in a wide range of circumstances and can prove resilient in fragile settings. Examples range from water vendors to local schooling (*e.g. madrasahs*) to cell phone service

providers. Yet the market cannot serve all needs (hence the desire for public provision in the first place). Non-government/non-market alternatives become even more important, especially for the highly vulnerable. Production or support must come from some combination of religious groups, emigrant remittances (domestic or international), co-operatives and foreign aid.

Figure 2 and Table 1 array all the above options to illustrate their public goods characteristics and their applicability across contexts. For example, hierarchy (or bureaucratic provision) tends to deteriorate quickly as fragility increases. By contrast, while market-based and participatory provision can function in fragile settings, they depend on minimum levels of transactional security and social capital, respectively. Intermediate options include forms of mixed bureaucratic, participatory and market provision.

Figure 2. Service delivery modalities

Hierarchy
(public goods)

State provision (A)

Contracting (B)   **Co-production (C)**

INGO provision (D)

Private provision (E)   **Community provision (F)**

Market
(private goods)

Participation
(common pool resources)
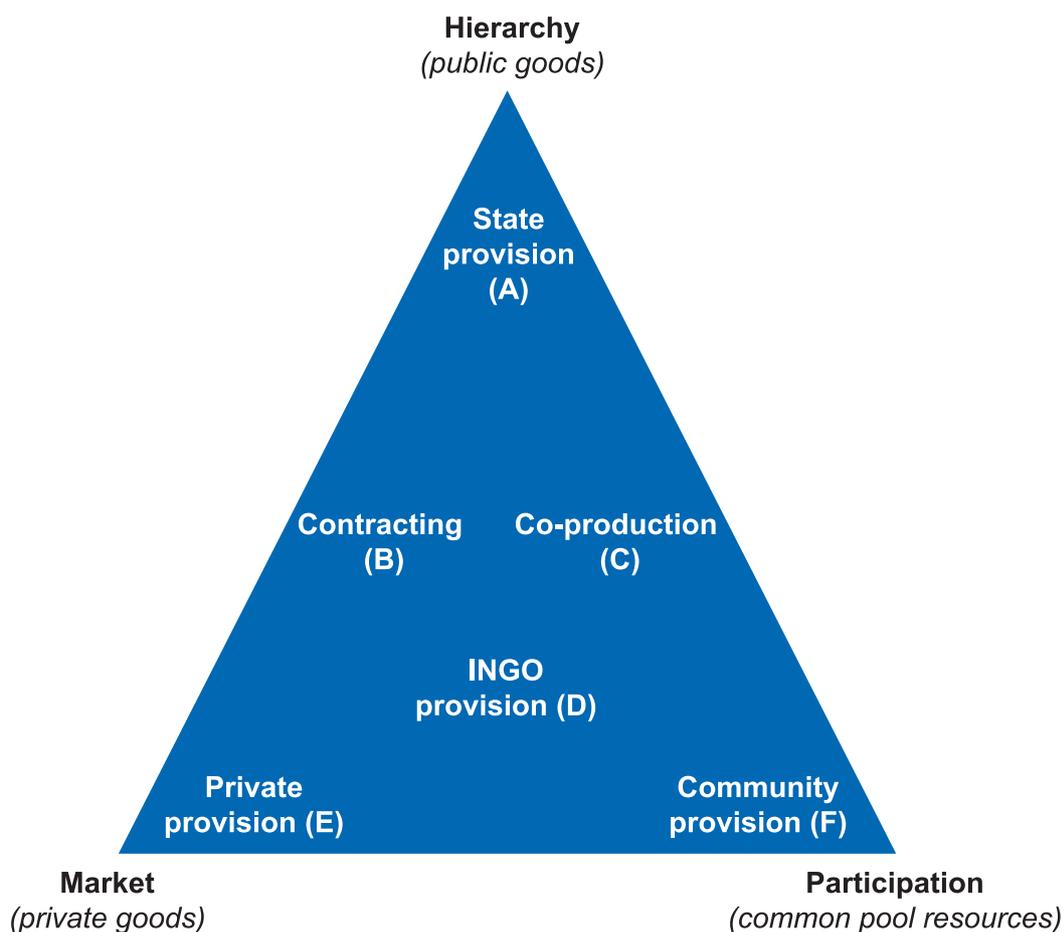
Source: Adapted from Picciotto (1997, p. 355).

Table 1. Service delivery modalities and fragility

Service modality	Type of goods & co-ordination	Fragility issues	Examples
(A) State provision	Public goods, hierarchy	Highly vulnerable to fragility, need to restrict to most important strategic sectors	Justice, security
(B) Contracting	Mixed public-private	Useful in fragile states, but state must exercise oversight and accountability	Roads, public tenders
(C) Co-production	Mixed public-common pool	Somewhat resilient at small scale, need cohesion/aligned incentives in user groups	Fish ponds, primary schools
(D) INGO provision	Mixed public-private-common	May be necessary for humanitarian aid, but sustainability concerns	Reproductive health
(E) Private provision	Private goods, market	Resilient, but basic market conditions needed, equity concerns	Household water supply
(F) Community action	Common pool, participation	Depends on social capital, leadership, security of basic needs	Public health, sanitation

Implementation options

The choices just described are taken at the *strategic* level, where aid designs are determined according to the features of the fragile context and the characteristics of the services targeted. A further level of choice is the *tactical* level, addressing the specific incentives of donors and recipients, as well as the challenges of implementation in fragile states. The effort at this level is generally to design aid mechanisms and service programmes that are resilient in highly fragile settings and that capitalise to the extent feasible on opportunities to develop capacity, reconciliation and accountability. Tactical decision areas include the following.

Selecting aid instruments. Donor agencies have a widening range of instruments, allowing for varying levels of engagement with government, discretion in the use of resources, disbursement timetables and co-ordination among donor agencies. Responding effectively to service delivery needs in fragile states requires finding the right overall mix of approaches; for the individual donor agency it requires finding the right tool to achieve its goals and co-ordinate and harmonise with others. The array of instruments includes programme aid (on-budget or not), projects, technical assistance, social funds and humanitarian aid. Each instrument has distinct advantages in different fragile settings: programme aid is the most aligned and allows the recipient government the greatest discretion; humanitarian aid is the most rapid, short term and fragmented; others tend to be donor-driven (*e.g.* projects, technical assistance), highly dependent on government willingness, or localised and participatory (social funds) (Leader and Colenso, 2005).

In addition to these programmatic tools, there is a variety of donor co-ordination mechanisms through which funding is pooled and aid modalities are harmonised. *Global funds* and *multi-donor*

trust funds pool resources for use in specified areas, thus enhancing both donor co-ordination and funding continuity. *Sector-wide approaches* (SWAps) involve harmonisation of donor approaches, close alignment with government and pooled donor resources managed by a co-ordinating ministry (or, in post-conflict settings, a UN agency). *Sector-wide management* (SWiM) similarly includes co-ordination and alignment, but without the pooling of resources (Slaymaker, Christiansen and Hemming, 2005).[11]

Further, whole-of-government approaches can position aid appropriately within an overall security, humanitarian and development strategy (OECD/DAC, 2007b). Increased dialogue between humanitarian and development actors is essential in this regard. And incentives must be structured – both within and across donor governments – to ensure that these approaches are followed consistently in practice. There is also a continuing need to improve adaptive co-ordination across donor agencies. For this reason, service delivery planning should make use of instruments such as Poverty Reduction Strategy Papers (PRSPs) and Transition Results Matrices (TRMs) (Leader and Colenso, 2005), as well as SWAps.

The services package: sequencing and bundling. State fragility may require a redesign of basic services packages in order to make wide coverage feasible in adverse conditions and with limited resources. This may mean paring down the array of services, limiting it to the combination of what is most necessary and feasible (and sequencing aid accordingly), or bundling services in new ways. Education is particularly amenable to bundled approaches with other basic service needs that can make use of the schools' information and youth outreach capabilities.

Box 5. Bundling health services

The WHO Commission on Macroeconomics and Health recommends a package of 49 priority health services that can be provided through basic primary healthcare facilities and outreach activities. In some fragile states, a scaled-down, basic package can be deployed. For example, in Afghanistan a Basic Package of Health Services (BPHS) was designed by international agencies and Afghan officials. The package addressed such matters as maternal mortality, obstetric care, child mortality, immunisation, nutrition for children and tuberculosis and malaria control services. (Due to limitations of facilities and staff, it did not include other services such as HIV/AIDs care [WHO, 2004].)

Humanitarian agencies can create "islands of dependability" to prevent the further deterioration of healthcare, particularly in conflict and post-conflict states. These "islands" are often clinics that offer dependable service but only for a certain geographic location. With severe limits on capacity imposed by conflict, providing dependable service to at least a portion of the population may be more valuable than stretching capacity to the point of failure (WHO, 2004).

Challenges

Sound analysis for choice of sector and approach

Choosing where and how to assist service delivery poses challenges. For this, a specific *assessment of the context* is essential. This assessment should include a mapping of the current service situation in the sectors of concern. Within a given overall scenario, any given sector (*e.g.* healthcare) or sub-sector (*e.g.* malaria control) will face a number of constraints, in terms of willingness, capacity, cohesion and impacts from overall fragility (especially lack of security). Also, each sector will have a distinct relationship to the public sector. Understanding the particular causes of fragility will be important for diagnosing and addressing the impacts of fragility on the specific service sector or sub-sector.

This analysis will indicate which service delivery components are missing or compromised (Figure 3), what impact to anticipate and how international donor resources might be concentrated on points of vulnerability.

Figure 3. Service sector components subject to fragility
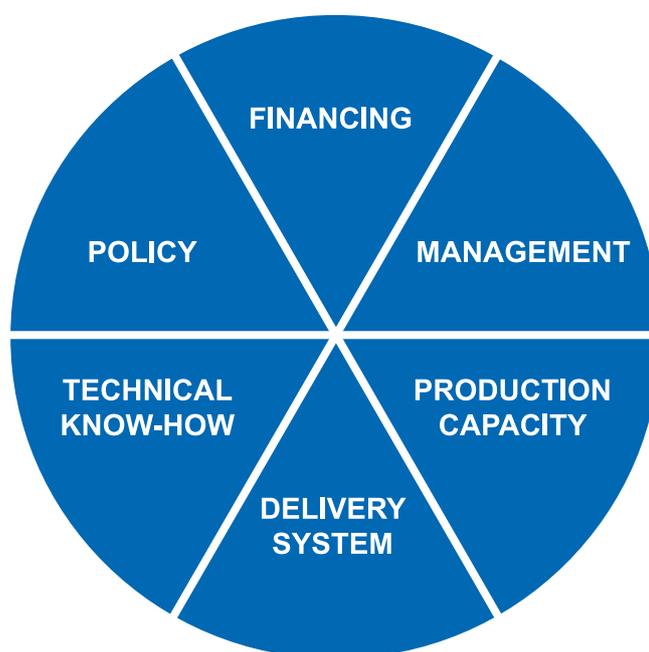
Further, an analysis of the *public goods characteristics* of the service and of proposed interventions can provide important guidance (Figure 2 and Table 1). This analysis should indicate the likely impact of fragility, the most appropriate interventions and the magnitude of time and effort needed for remediation. For example, household water supply in urban areas has some 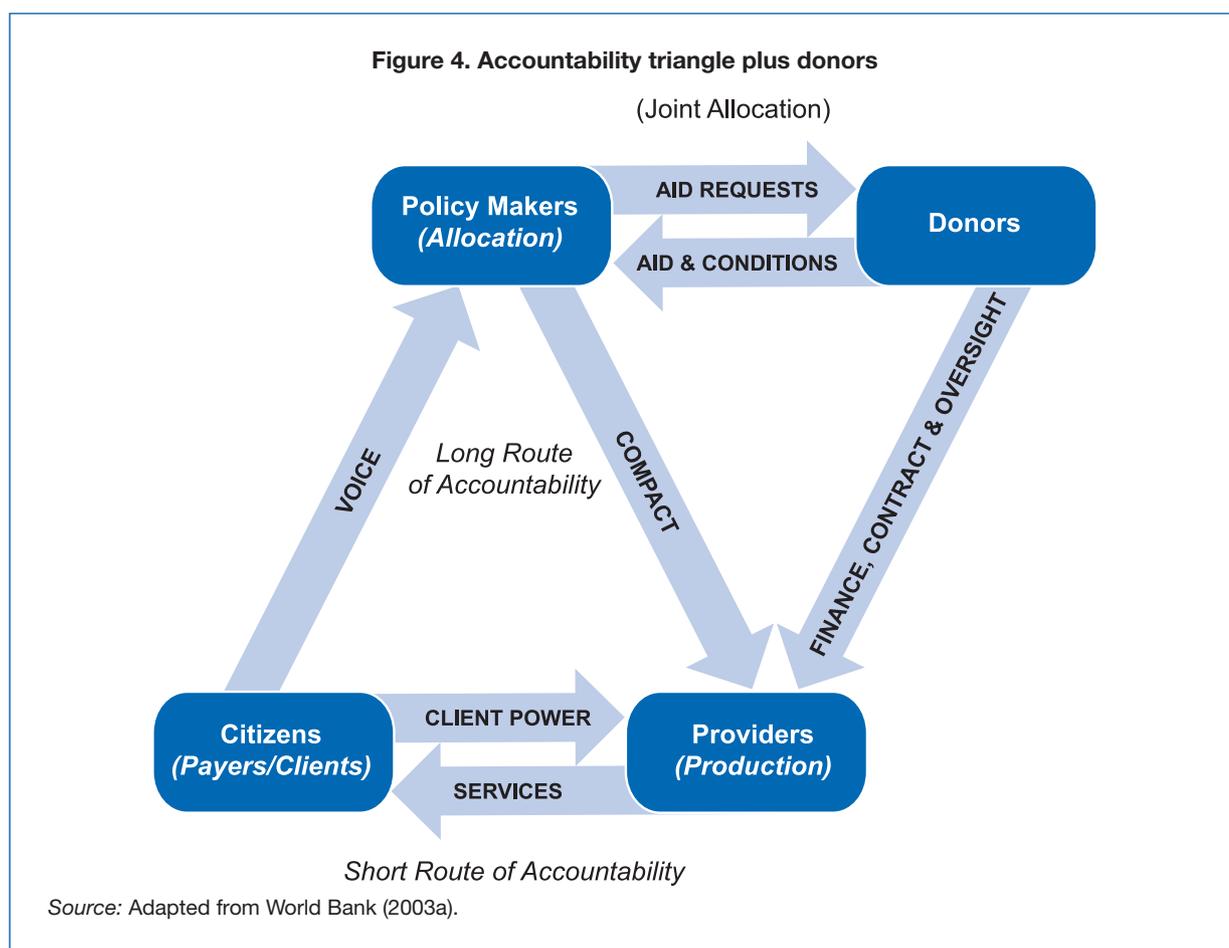*private goods* characteristics. Thus, market-based delivery is often available from water vendors or contractors who dig private wells or provide hook-ups to municipal water systems. State fragility and even collapse would probably not eliminate the service entirely; it can probably be restarted without great delay. But certain features of water service do have substantial public goods characteristics and thus require state involvement: *equitable access* to household water supply, control of water quality and piped water networks. Disruptions in these areas due to state fragility are likely to have a longer-lasting impact, take more time and effort to resolve and implicate the external donor substantially in questions of policy and governance.

The various service modalities pose different balances or trade-offs between rapid re-establishment of services on the one hand and strengthening of long-term governance on the other. The picture becomes more complex when service delivery is disaggregated into its two main components: allocation and production. A given service may be delivered with different modalities for these two components – for example, state or INGO allocation with contracting or co-production. Also, each model makes different demands of the donor agencies.

Building accountable governance

Accountability plays a central role in service delivery. Yet, external aid can have the effect of diluting the state's accountability for essential services and even weakening the governance framework over the long term. At the same time, a large influx of expatriate personnel can reduce local capacity development opportunities. Misplaced paternalism on the part of the international community risks displacing the government's policy making responsibilities and stalling the evolution of governance institutions that are the core of sustainable development. Experience suggests ways that external aid can not only ensure service delivery but also strengthen accountability – especially the left side of the triangle linking citizens and policy makers.

The institutional framework is thus altered by the emergence of new accountability relationships centred on the donor agencies themselves, as shown in Figure 4. Donors deal directly with both policy makers and service providers (producers), often assuming implicit authority over aspects of service allocation and compact. The role of clients in this framework is usually limited (although it continues to be important in market- and community-based provision). The relative weight to assign to each of these roles is a question of strategic choice.

Figure 4. Accountability triangle plus donors

(Joint Allocation)

Policy Makers *(Allocation)* — AID REQUESTS → ← AID & CONDITIONS — **Donors**

VOICE

Long Route of Accountability

COMPACT

FINANCE, CONTRACT & OVERSIGHT

Citizens *(Payers/Clients)* — CLIENT POWER → ← SERVICES — **Providers *(Production)***

Short Route of Accountability

Source: Adapted from World Bank (2003a).

Service delivery interventions (like many other development efforts) have a political dimension that should be carefully considered in donor agency programming. The long route of accountability may weaken or even collapse in a fragile state, thus reinforcing donors' tendencies to short-cut state-

building processes. Nevertheless, donors should continually seek opportunities to promote accountability relationships wherever and whenever possible, embedding service delivery governance in broader systems of accountability. Interventions must be designed not only to deliver services but also to strengthen the relationship between citizens and policy makers – the "left side" of the accountability triangle. This approach to programming can help to reverse fragility over the long term, as stabilisation and broader governance reform take hold.

The political relationships in fragile states make it unlikely that front line providers will find themselves under effective pressure from policy makers to improve services. Donors therefore need to find ways in which their support for alternate forms of provision can also improve community voice (*e.g.* supporting Parent-Teacher Associations [PTAs], health councils, water user groups and community security councils). Programmes can engage parents, teachers and communities in common agendas. In many fragile states, the historical pattern has been to discourage community participation. Thus, for donors, there is a chance to reverse these norms, giving communities a chance to see that they can contribute to improved services (Box 6).

Box 6. Services and accountability through community engagement

Each service sector presents opportunities to enhance citizen engagement and accountability. In education, donors can work to determine sources of social conflict, such as attitudes towards minority groups and then mitigate them through interventions (*e.g.* school curriculum design) that contribute to greater tolerance and cohesion. In the water sector, services have basic investment costs that may be borne by local communities working together to manage the common property water resource and to strengthen incentives for shared action or co-production of water services. There are also valuable opportunities for youth employment in infrastructure programmes. Community engagement can take the form of user committees to manage small-scale water and sanitation programmes. Similar community-grounded work has occurred in the development of community health councils – often in difficult contexts – which has created greater political engagement for previously marginalised groups (Spencer, 2006; Wang *et al.*, 2006).

Expanding access while confronting limits

No state has a perfect record of providing services to all. In fragile settings, differences in quality and access are especially glaring and may prove disruptive. The donor community must recognise the disparity in performance across different institutional settings, social groups, strata and geographic regions. Access depends on such factors as security, capacity and the success of local elites in capturing the gains. It is usually the poor rather than middle-income or affluent groups who are cut off from services, whether by failures of the public sector or those of the market. Analysing and understanding the access problem are essential for designing interventions to improve service delivery to poor people while advancing longer-term institutional goals.

Universal and equitable access to services may not, however, be realistic near-term goals in fragile states. Although access to healthcare, water, education and other basic services are all Millennium Development Goals (MDGs) and internationally recognised as a human right, there are nevertheless difficult decisions to confront in the short term. In many circumstances, differential access may be a necessary evil: for example, geographic factors – impacting not only physical access but also security and capacity – may make disparities unavoidable for the foreseeable future. Another factor – harder to accept – is the political need for leaders to strengthen support among key groups in ways that may disadvantage and even exclude, other sectors of society. This raises a strategic concern: should such pragmatic considerations, including political calculations, take precedence over the

implementation of human rights to equitable access – and if so, under what conditions would this be acceptable?

Regional differences in general present difficult trade-offs, especially in situations of violent conflict. Increased donor and government attention to particular regions can exacerbate conflict over resources and national identity and yet directing resources to certain areas rather than others can yield strategic benefits. Donors and government officials need to give greater attention to the specific needs of urban programmes – for example, employing youth in infrastructure, water and sanitation programmes. In countries affected by violent conflict, peri-urban areas may bear the brunt of migration by internally displaced persons. Finally, in situations where there are geographic "islands of stability", should donors give priority to these locations, where services can safely be provided? Humanitarian imperatives may conflict with the need to ensure safety for service delivery providers on the front line.

The *exclusion of certain social groups* from access to services presents a different challenge. The basis of exclusion might be age cohorts (either youth or aged), ethnic/religious groups, or political factions. It is important for donors working with "traditional structures" to realise that these may be captured by elite groups and exclude other groups. The *World Development Report 2007* on youth notes the central importance of engaging (or re-engaging) with young people in fragile states and investing in "second chance" opportunities.

Service delivery can play an important role in improving *women's wellbeing and economic opportunities*. Women should not be viewed merely as victims. Women and women's organisations, can do much to reduce fragility and strengthen social cohesion by maintaining services, supporting social cohesion and negotiating safe space between communities in conflict. Women can perform effectively as service providers, even when they have been excluded from education and community decision making in the past (d'Harcourt, 2006). Donors, governments and non-state providers should ensure that such work is not undone at the local level by initiatives that return males to prior hierarchical roles. Women's organisations and initiatives can be encouraged and strengthened with funding, training and – notably – inclusion in the decision-making mechanisms that shape fundamental questions of security and services. At the same time, such gender issues as early marriage, domestic violence, obstacles to educational opportunities and discriminatory family laws need to be addressed to enhance women's contribution.

Fragility and (especially) recovery from crisis present opportunities to revisit issues of social exclusion and inequity. For example, gender mainstreaming can be integrated into donor interventions: it can serve as a criterion for selecting service delivery options, to be backed up by resources and monitoring systems. In many situations, however, compromises may be unavoidable, given the need to link up with traditional authorities and to make services culturally appropriate. This is, again, an issue of strategic choice. Explicit mainstreaming requirements may be workable in some contexts; in others, indirectly bolstering the position of the socially excluded, in the course of re-establishing services and helping improve governance, may produce better results. Regardless of the form and sequence in which it is done, addressing gender and social exclusion is imperative for sustainable transition out of fragility.

Dilemmas

Whatever the model chosen by the aid donor agency, service delivery programming requires choosing from among objectives and priorities. The discussion in this section emphasises the need to strike a balance among competing objectives and suggests ways of doing so. The fundamental question is how to achieve near-term humanitarian goals while also advancing long-term sustainability – that is, helping to deliver essential services in a way that builds accountability and keeps government in

a role of having ultimate responsibility. The answer depends not only on effective design (for example, the use of decentralised or community-based approaches), but on trade-offs as well. Optimal policy choices may have to yield priority, in some circumstances, to the need for government to take responsibility and develop its capacity to handle service delivery over the long run.

Whether and how to deal with the state

A challenge in each sector is to achieve a balance between state and non-state service providers. The long-term goal of achieving sustainable capacity and accountability, country-wide, means working with the national government. The key responsibility at this level is to set policies and to ensure their implementation in the design, allocation and monitoring of services. Even where services must be contracted out to non-state providers, there needs to be a "…strategic space for state actors to sit, in policy making, regulating and monitoring services" (Carlson *et al.,* 2005). Capacity evolves through responsibility. Donors should seek some form of state involvement in service delivery – even in deteriorating situations and complex emergencies, where state involvement may be purely political or symbolic.

Partnership with the state is not so much an either/or question as a matter of degree. Where elements of government are amenable, the donors can set out step-by-step measures for developing state capacity. If specific ministries can be engaged, donors should work with them to increase their policy, regulation and information roles along with accountability mechanisms. When government is a partner in stabilising contexts, donors can work to develop the capacity of government agencies in areas such as finance, regulation, supply management, development of infrastructure and facilities, information, policy making and the setting of standards.

But state bureaucracy and the political economy of service delivery are going to create obstacles for any assistance approach in this field. Thus, direct engagement with government may not be advisable at first. In such a case, donors should endeavour to align with government by sharing a common policy framework and preparing for hand-back of service functions (Berry, Forder, Sultan and Moreno-Torres, 2004; Vaux and Visman, 2005). Donors can seize opportunities to engage in dialogue and joint planning with government and negotiate governance commitments as part of an assistance package. They can exert pressure to improve accountability to service users, make access more equitable and strengthen quality and administrative governance.

There are several risks in and drawbacks to a government-aligned strategy. In supporting government provision, donors risk enriching corrupt networks that feed on service sector resources. In developing state capacity for service delivery, donors may in fact help to legitimise an unwilling regime. Political regimes survive in part through their ability to take credit for things beyond their control, whether a stock market boom or an improvement in service delivery that is entirely due to INGO efforts (and may have had to overcome government resistance). Success depends on the ordinary citizen's lack of information and while the better-educated constituents in the capital cities are less likely to be taken in, they may not be decisive politically. Government alignment may also put service providers at risk in violent contexts (Box 7).

What if there is nothing for donors to align to? While this is always a possibility, it is unlikely in most circumstances. Even in Afghanistan under the Taliban, research showed evidence of resilient public administration and finance systems at local levels, despite national political collapse (OECD/DAC, 2006). In very weak contexts, donors should consider working with national systems but impose special accountability safeguards on funding (*i.e.* "ring fencing"). Donor experience in difficult post-conflict settings shows a sometimes surprising degree of success. If there is truly no acceptable government partner, then parallel initiatives independent of the state can be used.

Box 7. Risks of siding with government

Government's failure to provide adequate healthcare and other services to much of the population was a factor contributing to the civil conflict in Nepal. A DFID programme targeted the immediate lack of public services, while helping the government reduce its legitimacy gap. This reflected DFID's decision that it should "take sides" with the government against the Maoists, but it created the risk not only of alienating populations who were more sympathetic to the Maoists, but also of making aid personnel (and service providers) targets of the militants. The latter risk was somewhat mitigated by the Maoists' apparent acceptance of government intervention in the health sector (as compared to other sectors). However, the programme's effort to reap "quick gains" through rapid distribution of basic supplies meant that non-target groups could capture benefits. In short, DFID in this case chose to make state legitimacy a higher priority than the programme's developmental sustainability (Berry and Igboemeka, 2005).

Parallel (non-government) approaches evade the problems of state partnership and alignment, but at a cost. NGOs can play a constructive role in building accountability and helping poor and excluded populations (*e.g.* women) represent their interests. Non-state approaches are flexible. They can be tailored to cultivate political constituencies, align with supportive officials and build in hand-back options to afford some capacity-development impact. In situations of high willingness and very low capacity, contracting out services to the private or NGO sector is an appropriate option, especially if government is able to play a role in allocation decisions and if local personnel are integrated into production. In dealing with a predatory (unwilling) government, the options are fewer. Indeed, in the near term, parallel approaches that avoid government may be the only ones available. Over the long term, NGO predominance in service provision is a less-than-optimal solution, as it takes government out of the accountability channel and deprives the public sector of opportunities for capacity growth. A transition path toward hand-back of functions to the state is needed.

Decentralising: when, how much, to whom

Efforts at the level of national government need to be balanced with programmes linked to local authorities and communities. Especially in settings of low capacity or low willingness at the central government level (typical of stabilising and declining contexts, respectively), decentralised approaches are an option. Studies of aid to fragile states, especially turnaround cases (*e.g.* Manor, 2006; Rosser, 2006), suggest the importance of linking up with resilient local communities and local service delivery arrangements. The fiscal federalism literature shows the governance and efficiency benefits of devolving service delivery responsibilities to lower levels of government, especially in the absence of significant country-level spillovers. This is particularly true in fragile states, where the effective scope of central initiatives are highly constrained and local provision assumes more importance. The region or locality may command enough resources to provide many public services. An analysis of case studies in fragile states by Manor (2006) found unexpected resilience at the local level, in the form of continued capacity and potential for improved governance. Furthermore, regional and local governments are often more responsive to their electorates and more easily monitored, than national governments (Azfar, Gurgur and Meagher, 2004).

In Nigeria, for example, the willingness of states (provinces) to support education varied depending on the quality of the state-level commissioner. Local governments and traditional leaders showed greater willingness and small-scale programmes run by community service organisations were the most successful. Analysis suggests that requiring counterpart resources and achieving critical mass were important in mobilising local efforts. The national (federal) government of Nigeria proved to be

mainly a bureaucratic checkpoint rather than a source of support and co-ordination (Carlson *et al.,* 2005).

Local government financing for services may be available in some fragile states, but this is likely only in special circumstances. The political, administrative and fiscal systems must be sufficiently devolved for sub-national governments to take independent initiative with their own resources. Alternatively, there may be enough of a power vacuum for regions and localities to act independently even if they have no basis in public law for doing so. In most low-income countries, regions and localities have very limited ability to act on the basis of their own fiscal receipts. Revenues are often collected by or turned over to the centre, with residual local receipts amounting to very little. Only major commercial centres have any real fiscal independence. As with any devolution, there is also the distinct possibility that key elites will be favoured or the resources stolen or diverted – indeed, capture by local elites appears to be at least as great a risk as capture by narrow interests at the centre.[12] Often, any improvement in service delivery must be financed externally or on a market basis.

Community-based approaches show great potential, especially those that can bring together local government and civic organisations. These initiatives strengthen the connection along the base of the accountability triangle (between the citizens and service providers), with accompanying gains in social capital. Such donor-supported initiatives include community-driven development and community-driven reconstruction, as well as programmes to strengthen such local organisations as parent-teacher associations, health action councils and water user groups (Cliffe and Guggenheim, 2003; International Rescue Committee, 2002; de Silva, 2000; Spencer, 2006; Mercy Corps Central Asia, 2003). While these initiatives involve non-state production, they have a different dynamic from arrangements with large service providers. Social funds, for example, give communities and user groups a voice in project planning, budgeting and supervision, while boosting capacity for self-governance at the base. However such approaches depend on social capital (Box 8).

Box 8. Community-based approaches and social capital

In the water sector, community-based models seem especially appropriate for a fragile environment: they depend not on government but on community capacity development to maintain local water infrastructure. According to Isham and Kahkonen (2002), projects such as the Orangi Pilot Project in Karachi facilitated community participation and proved effective in meeting service objectives. A key contributor to success was the high level of social capital that already existed within the community. In some cases, ethnic cohesion within the community and the involvement of migrants from the community, may help in terms of both speed and monitoring.

Societies with low social capital (*i.e.* a lack of community associations and strong social networks) and those suffering from polarisation may not benefit as much from an exclusively community-based approach to water service. For example, in Sierra Leone – a setting where rural communities lacked cohesion in the wake of conflict – *ad hoc* groups appointed by relief agencies often become dominated by leading lineages, thus intensifying social divisions (which were a primary cause of the war) and delaying much-needed reform of local-level institutions (Slaymaker, Christiansen and Hemming, 2005). Similarly, in Haiti, UNICEF undertook a Water and Environmental Sanitation programme, working with community management committees. Some 150 committees were set up to respond to community needs in a situation of weak central authority. However, UNICEF found that about half of them fell into old patterns of authoritarian control by elites and it did not have sufficient resources to counteract this through training, management co-ordination, etc. (Alley, Richardson and Berard, 1996).

Having the right intermediary between the community and local government is often key to development impact – but may be hard to find in a conflict setting. Sometimes local traditional authorities play this role. But such entities, while they may be appropriate for certain functions (*e.g.* conflict resolution), may not be effective in providing basic services. Some programmes (for example, in Afghanistan) have therefore been designed to avoid traditional local authorities. Community-based approaches are subject to other dangers as well: creating artificial communities of beneficiaries in response to aid projects; elite capture (domination of decision making); and capture of benefits through theft or corruption (Slaymaker, Christiansen and Hemming, 2005). The choice of non-state partners requires careful consideration, especially in the more challenging settings (Box 9).

Box 9. Non-state providers in violent contexts

In countries such as Mozambique, Sri Lanka and Sudan, opposition movements have provided services and developed extensive outreach to under-served populations in a quest for legitimacy. In some cases, such groups are eventually brought into the national government after resolution of the conflict. Donors face difficult choices in deciding how to deal with these movements in the context of violent conflict. The difficulty is magnified in dealing with groups that have been designated as terrorist organisations and that also have a strong political base. This was brought into sharp focus recently when international agencies and bilateral donors had to decide whether or not to engage with Hezbollah and Hamas. Effective service delivery by other state-sanctioned providers could possibly undermine the appeal of such groups.

The ideal sustainable outcome would be to absorb service delivery programmes into the government structure. Elected local councils are often eager to take on responsibility for successful programmes that will bring political benefits. The programmes also benefit, gaining enhanced public legitimacy, institutional sustainability and support from the government. And as local councils become more involved in development, they may attract better candidates and enhance governmental legitimacy in general. Participation and responsibility afford all involved the opportunity for learning about planning, accountability and development (Manor, 2006; Meagher, 2004).

Programmes that generate demand for services and that work with communities can strengthen incentives for local officials to respond to community needs. Civic organisations can play a role in policy formation, monitoring service delivery and engagement with public officials. Over time, such efforts help improve governance at higher levels (regional and national). This reduces the large gap in responsiveness and accountability between citizens and policy makers and so has positive effects on fragility. Mechanisms such as participatory monitoring of expenditures, scorecards, independent media and public expenditure tracking surveys (Paul and Sekhar, 2000; Reinikka and Svensson, 2000; de Silva, 2000) may contribute to better services.

In the near term, local and community-based approaches may be the only feasible options for participatory development in very difficult environments. Over the longer term, multi-layered strategies should be used to create a mixture of state and non-state provision. Emphasis should be on involving the state where possible and enabling it to develop its capacity rather than undermining it. For this purpose, donors need to be adept at mapping and revising their information on the mix of international NGOs, local community providers, community-driven development efforts, user groups and the various religious or ethnically based traditional organisations (OECD/DAC, 2006b).

Donors should also look for ways to improve the *market* for essential services, including enhanced communication and broadening access. For example, a large and increasing amount of healthcare in

developing countries is delivered through unorganised (informal) markets (Standing and Bloom, 2002). But where costs are significant (*i.e.* for the poor), many illnesses are self-treated. The poor bear a greater burden of sickness. They manage costs by adjusting the threshold of sickness at which they seek professional treatment – and self-treatment often leads to buying incorrect or inadequate doses of drugs. Informal markets thrive where governance is failing. Thus, strategies are needed to improve user information, encourage consumer action and enhance efficiency. These tasks are challenging in the absence of a capable state, but civic action can provide a rough approximation.

Efficiency and sustainability trade-offs

Donors in fragile states face competing imperatives, forcing them to make trade-offs. Often, the most efficient methods of service delivery will yield little benefit in terms of broader political economy objectives. There are no single, consistent, "right" answers.

The *humanitarian imperative* requires delivery of essential – even life-saving – services. Traditionally, the standard response to humanitarian problems has been to fund international NGOs that have the resources, capacity and staffing to quickly scale up services. But there is increasing awareness that this is not always the best answer. Free-standing INGO programmes running parallel to government systems – necessary as they may be in many emergencies – will in the long run have a number of developmental drawbacks. The prototype is a vertical relief programme, where accountability for funds and results runs to the INGO (and ultimately to the donor) rather than to governments or communities. These agencies often use a large number of expatriate personnel, reducing the local capacity-development impact. Also, many NGOs receive their financing through core grants that are not tied to any specific projects or benchmarks. Thus, the focus on urgent intervention ignores capacity development and makes it difficult to re-engage in a more developmental way later on.

The near-term *political imperative* of rebuilding services may, similarly, divert attention from the long-term investment in technical capacity and governance. This is more than a short-term versus long-term issue: it relates also to the tension between technical programming objectives and institution-building (including state-building) objectives. The *technical imperative* means providing the most effective services and producing the greatest results – preferably, results that can be measured. The most efficient technical methods may entail bypassing inefficient government or civic institutions. Similarly, pressures on donors for financial accountability (the *fiscal imperative*) may discourage partnering in alignment with government programmes, sacrificing opportunities to build greater capacity and co-ordination. These seemingly near-term questions also entail important longer-term structural decisions, creating path dependence for services and service systems.

Attention needs to be given early on to the cost structure of services: there are regular criticisms of "gold plated" services, funded for the short term, that cannot be maintained on the basis of domestic resources and longer-term aid flows. Along with ensuring financial sustainability, donors can contribute to building service systems by establishing transparent systems for tracking their own commitments over a multi-year time frame. In rebuilding state capacity, attention should be given to mobilising various types of local resources and tax revenues for service delivery. Especially in post-conflict contexts, programmes should aim to "build back better" by supporting the renegotiation of service delivery roles. State systems weakened by crisis or collapse could thus be reconstituted in ways that enhance democracy and administrative accountability (Box 10).

For all countries, donors should undertake a contextual analysis that moves beyond typologies to identify patterns, recognises the political dimension and seeks areas of adaptation. For *transition phases*, donors can set out goals with built-in mechanisms for adjusting programmes/projects to reflect progress made in governance and capacity development as well as service delivery. Contracts can be designed to provide flexibility and be linked to monitoring and evaluation results.

Box 10. Building back better

Aiding the reconstruction of services after conflict involves a trade-off between *restoration* of prior systems (which may enhance near-term legitimacy) and *systemic transformation* (which may be needed for sustainability). In many post-conflict situations, there is a window of opportunity to introduce radical reforms – or even to leapfrog ahead to a new threshold of quality – but it is open only briefly and failure to seize it can have a lasting negative impact. For example, in its Health Sector Rehabilitation and Development projects in Timor-Leste, the World Bank adopted a flexible and responsive model that enabled it to incorporate planning processes and institutional development into the rehabilitation work. This made it possible to implement systemic changes and to avoid simply rebuilding and entrenching previous systems. By contrast, Uganda focused on the restoration of pre-conflict services, but failed to place sufficient priority on long-term sustainability of public health services such as immunisation. When the donors withdrew their financial support for recurrent costs, the public's use of these services dropped – and the resulting health benefits were lost (Rosser, 2006; Vaux and Visman, 2005).

A fundamental transition – and a key objective in stabilising contexts – is the movement from alignment to establishing primary government responsibility for services. The latter does not mean that the government delivers all or most of the services, but the government does have final responsibility for regulation, monitoring and enforcement in the service sectors. In short, programming in fragile states requires built-in transition planning, with sequencing that leads to the hand-back of functions. This, however, is more easily and frequently said than done (Box 11).

Box 11. Planning for hand-back in Sudan

The Child-Friendly Community Initiative (CFCI) is an integrated UNICEF-sponsored programme in Sudan, aimed at improving primary healthcare, primary education and drinkable water services. It has the additional aim of empowering communities by helping set up local committees and linking them to state planning structures and developing capacity for programme management in government and communities. CFCI has partnerships with key central ministries. However, its main partners are local governments and communities and it builds on demonstrated willingness and capacity that often exist at this level but not at the centre. Given the weak partners at the centre, the programme faces the challenges of deepening alignment with government, scaling up and handing responsibility back to the public administration (Moreno-Torres, 2005).

IV. Policy Implications

State fragility impairs the delivery of essential services to the people who need them and poses difficulties for donor countries attempting to remedy this problem. The earlier parts of this paper have explored the issues, challenges and dilemmas involved. The present section offers a view of the way forward, focusing on the key policy lessons from the preceding discussion.

Tailoring interventions to context

As suggested at the outset, this discussion builds on the OECD Principles for Good International Engagement in Fragile States and Situations. These Principles need to be implemented in practice and merit careful attention in the field of service delivery. The first of the Principles is to *understand and be guided by the context*. This is essential to targeting interventions effectively. Fragile states do not fine-tune their institutions – they struggle to avoid (or overcome) collapse. The task of situating an aid programme in a turbulent social environment is at least as important as the technical aspect of producing primary education, sanitation and so forth. Contextual analysis requires improved methods to:

- Link the overall fragility scenario to features of each service sector and sub-sector.

- Develop country-wide, localised and sector-specific indicators of fragility and recovery.

- Develop better indicators to monitor programme results, both short term (*i.e.* output, delivery) and long term (*i.e.* systems, capacities).

- Develop effective analytical tools in the areas of sector mapping, patterns of fragility and monitoring of transitions (for example, into and out of fragility or violent conflict).

Further learning is needed to implement this principle. Discussion in this field depends to a large extent on general scenario descriptions and scattered lessons from idiosyncratic contexts. The evidence base is thin and lacks rigour: findings come more often from self-reported success stories and anecdotes than from professional evaluations. This is, however, beginning to change. Donor organisations need to develop and share a more complete record of documented experience in the field. Evidence-based findings will be important in determining what interventions can be effective in meeting specific challenges, such as delivering services while enhancing longer-term accountability, strengthening capacity for governance and service provision and building peace and social cohesion. Further, regular inter-donor meetings should take stock and refine approaches to the Principles for Good International Engagement and review experiences in addressing each of the Principles.

Programmatic strategies and sequences need to be carefully thought through and there needs to be greater flexibility in the use of resources and management of mid-course corrections. All fragile settings are not alike.

Post-conflict situations present unique opportunities: for turnaround, building back better service sectors and using service interventions to build peace, reconciliation and political legitimacy. Entry points for long-term reform must be rapidly identified and exploited. Evidence shows that these lessons have been learned; it remains for donor agencies to develop appropriate structures and guidelines and inter-donor co-operation mechanisms, to take better advantage of them.

A more thorough *risk/benefit analysis of intervention options in each sector* needs to be incorporated into policies and practices. Sectors have unique features, with implications for programming risks and opportunities. Justice/security and education appear to be the most transformative kinds of services in a fragile setting, but they are also the most prone to polarisation and manipulation. Healthcare and water/sanitation, the most politically neutral sectors, seem to offer the best opportunities for co-operation across communal lines, as well as for civic-governmental partnership. Risk/benefit analysis must also pay close attention to specific social factors. More focused and rigorous research into the potential for different interventions across sectors and contexts would reap real rewards.

Long-term focus on governance and state building

The choice of donor approaches must balance near-term and longer-term considerations. The near-term concern is to ensure essential services to those urgently in need. Even with regard to short-term results, fragile settings make it difficult for donors to recognise and respond to changed situations and assure equitable access. There are a number of ways to ensure that the service delivery mechanism is resilient (*i.e.* relatively impervious to the instability and other problems posed by fragility). The key long-term objective is to strengthen public institutions for sustained development. In order to balance these competing near-term and long-term priorities, *donor programming for service delivery, state capacity and governance needs to be integrated*. For example, an integrated approach to education would link schooling to security, public finance, health, sanitation and the economic basis of livelihoods.

It is critical for donors to realise that *decisions made today have long-term implications*, creating path dependencies that shape – and limit – future options. Will today's humanitarian aid *prevent* or *facilitate* a timely transition to sustainable, accountable service delivery systems? What long-term considerations should guide programming in the near term? In each case, the *options should be tested for their consistency with the overarching objective of state building*.

Donors need to take a long-term strategic view of assistance to fragile states and develop tools that will implement this vision. That will entail flexible programming designs; innovative co-ordination, including joint long-term financing mechanisms; and refined procedures for alignment and hand-back of functions to governments. Donors are active stakeholders in recipient countries' governance (as illustrated in Figure 4) and therefore need to be more accountable to citizens and agencies of partner countries. Better understanding of the sustainability of services, in terms of both governance and resource mobilisation, needs to be incorporated into donor practice. To further this agenda, *co-ordination and coherence must become central objectives of programming*. Whole-of-government approaches and increased dialogue between humanitarian and development actors is essential in this regard. There is also a continuing need to improve instruments for co-ordination across donor countries and international agencies, including SWAps and PRSPs.

Critical decision points in the design of interventions are whether the state can be a viable aid partner and what the appropriate level of engagement and alignment is with state systems. Equally important, aid *programmes should be structured from the start in such a way as to promote a timely transition to sustainable service delivery and accountable governance*. The politics of services are linked to the ability of clients to be heard and to "vote" – by exercising choices linked to the quality of service outcomes.

Information flows and client perceptions must be kept carefully in mind and service programmes designed with built-in feedback mechanisms.

In settings where there is some willingness and some (even very modest) capacity at the central government level, the national government can be a partner. *Pro-poor policy making should be strengthened where this is feasible.* This means finding *entry points* to build "political will" and to leverage change, wherever prospects exist in ministries or local governments. An entry point might come from the goodwill of key officials, or perhaps from strong donor leverage in a given situation.

Since aid programming in fragile states is complex and multi-layered, *engagement with the state is not a question of either/or but rather of degree.* Where the state is unwilling, the case can nevertheless be made that partnering with the public sector is likely to be worth the risk. An array of state-centred assistance models addresses the range of variation in government capacity and willingness – from unconditional budget support to ring fencing and various public-private hybrids. Even so, sometimes the state is simply not a viable partner and alternatives must be found. Assistance can be designed to limit state involvement to co-ordination or contract oversight functions – or to bypass the state altogether.

Central government needs to remain involved in local-level programming, as long as some capacity for policy co-ordination exists (*e.g.* in declining contexts). Experience shows that surprising gains can be made even in difficult post-conflict settings. Multi-layered strategies can provide creative mixtures of state and non-state provision. In the near term, local and non-state approaches may be the only feasible options for participatory development in very difficult environments. But over the longer term they may, if continued, set a pattern of working around – and even delegitimising – government and result in lost opportunities to promote learning and accountability.

Efforts at the level of national government need to be balanced with programmes linked to local and non-state actors. Even in exceptionally difficult and conflict-laden contexts, where work with higher levels of government may face intractable problems, there are opportunities at the local level for creative programming. Community-based approaches should be supported where appropriate, especially those that can bring together local government and civic organisations. Such donor-supported initiatives include community-driven development and programmes to strengthen local organisations, *e.g.* parent-teacher associations, health action councils and water user groups. Social funds can be used to give communities and user groups a voice in project planning, budgeting and supervision, while boosting capacity for self-governance at the base. These approaches may be constrained by low social capital – but where the potential exists, the projects can focus on realising that potential.

Service delivery interventions (like many other development efforts) have a political dimension that should be carefully considered in donor agency programming. Therefore *donors need to find ways in which their support for alternate forms of provision can also improve community monitoring and voice.* But working with alternative providers presents challenges that call for more focused attention. What monitoring and accountability systems are most appropriate? How can donors ensure that their work serves the objectives of state building and reducing fragility? More specifically, what are the most effective methods for managing hand-back to the state and for absorbing community-driven programmes into local government?

The programming mix should include strengthening markets for services, with initiatives to promote efficiency and access. Such initiatives could involve microfinance, enterprise development, technical assistance to private service providers in such areas as quality control and regulatory reform in the service sectors. Programming should aim, wherever appropriate, to develop well-governed and competitive markets in essential services.

Managing transition and hand-back

Fragile states are in flux – more so than other countries. The international community constantly struggles to recognise and cope effectively with changed environments. *Donor agencies must recognise when a country changes status – and adjust their strategies accordingly.* This is especially challenging at the onset or termination of a violent conflict or other crisis. Key points of transition for donor programmes are the *humanitarian to development aid* transition and the movement *from non-state providers to primary government responsibility* for service delivery. Donors need to be adept at documenting and mapping existing providers and adapting their mix of support for international NGOs, local community providers, community driven development efforts, user groups and traditional organisations.

Experience recommends *early intervention by the donors to strengthen service delivery in stabilising contexts* – and this includes policy-making functions. Vaux and Visman (2005) suggest that early engagement is important in post-conflict settings, to allow for the capacity development that will be necessary for a successful transition. Examples of this come from Mozambique and Timor-Leste, where major policy changes were charted with the future governments before the fighting concluded, so that they could be rapidly implemented once peace was declared.[13]

The international community increasingly recognises the need to incorporate capacity development and sustainability into programming in fragile states. This includes humanitarian aid funnelled through INGOs. The trend is shifting towards donor and INGO engagement with government and local civil society, countering the traditional emphasis on near-term supply of relief and avoidance of government involvement (Berry, Forder, Sultan and Moreno-Torres, 2004; Laurence and Poole, 2005). This has led to hybrid approaches, where INGOs align with or hand off to governments – either central or local. In this context, *donors need to develop mechanisms for ensuring that the providers they support will implement programmes within the alignment framework.* And in general, donors should promote mechanisms of accountability for large NGOs, ensuring that both public sector contracts and privately funded operations make optimal use of local capacity, skills and resources.

Transition planning should be built into programmes and aid systems. In stabilising contexts, government ministries should be active participants in planning and programme development. Contracts for non-state providers should include transition planning and allow the alignment of state administrative practice, donor systems and humanitarian principles. Donors can promote investment in local community organisations, always with the recognition that there may also be issues of exclusion and capture at the local level. Donors can also work to identify potential linkages between humanitarian mechanisms and longer-term development, governance and state building goals.

In a *post-conflict* setting, sound strategy requires the recipient country and its partners to *maintain a consistent focus on the objective of turnaround.* This means not only sustained peace but also continuous, shared economic growth – which in turn requires establishing the conditions for market-oriented reform. Economic reform must be managed in such a way as to retain the support (or at least the neutrality) of elites, beginning with "zero generation" reforms, such as economic stabilisation and basic restructuring and moving on to more ambitious governance changes (Rosser, 2006). A key goal of support for the conflict-to-peace transition should be to speed up the move from external provision of services, in the early community-driven reconstruction phase, to resumption of public responsibility for services in the longer term (hand-back), though not necessarily state production. Improved service delivery, as discussed above, can influence state fragility – but sustained improvement will depend on a broader turnaround (Box 11 above).

The end of conflict offers unique opportunities for rebuilding and reform, in the service sectors as elsewhere. In this phase, focusing efforts on improving the social policy framework is critical – and this can be done even while front-line service delivery is in the hands of NGOs. Social policy reform can enhance the impact of aid and thereby reduce conflict risk. Unfortunately, this insight has not been incorporated into practice. When the focus on rebuilding diverts energy away from policy improvements, including budget allocations for key services, the opportunity for reform is lost. *Recovery from crisis also presents opportunities to revisit issues of social exclusion and inequity.* For example, gender mainstreaming can be made an integral part of donor interventions.

A decade-long perspective is needed for a post-conflict transition, to take into account the fragility of peace settlements and the need for social cohesion and government legitimacy in all phases of programming. Too short a time perspective has led to regular failures in the "transition phase", *i.e.* donor funding drops suddenly and the risk of renewed conflict increases (Laurence and Poole, 2005; U.N. Institute for Social Development, 1993). It is essential to recognise that "transition" is a stage in itself, with a time frame that can last several years in terms of adjusting governance and service arrangements. An example of the sequencing of service delivery assistance during such a period is given in Box 12.

Transition also requires the adjustment of parameters. *Sustaining the transition to peace requires a context-specific balance of technical and political considerations.* In a post-conflict health programme, for example, technical analysis may give highest priority to vaccination programmes, whereas the need to meet local expectations in order to sustain the transition to peace may dictate a different priority, *e.g.* the establishment of clinics, as a visible signal that normalcy has returned.

Box 12. Post-conflict service sector rebuilding sequence: Healthcare in Timor-Leste

International donors supported a phased transition strategy to rebuild healthcare services. The strategy consisted of the four phases described below. The process lasted about two years (early 2000 to end-2001). The case illustrates the sequencing of post-conflict service delivery activities.

1. Emergency re-establishment of services: NGOs re-established essential services disrupted by the violence. An Interim Health Authority (IHA) was established, with a team of senior Timorese health professionals in Dili and one in each district, along with a small number of international experts. IHA staff made assessment visits to all districts in preparation of a first sectoral planning exercise.

2. Establishing the policy framework and planning: The health authority started work on the establishment of a policy framework, as well as on medium-term planning and national preventive programmes, including immunisation campaigns. Memoranda of understanding were signed with NGOs for each district, formalising district health plan service standards.

3. Hand-back and capacity development initiated: The Ministry of Health took over the financing of a majority of the NGOs in the districts. The first round of recruitment of health staff was completed and included many who had previously worked with NGOs. Several senior staff members in the department were also sent for public health management training.

4. Hand-back completed: At the request of the government, NGOs gradually withdrew from the districts and the Ministry of Health assumed management control of all health facilities. International doctors replaced departing NGO practitioners while Timorese doctors received training overseas. A few NGOs remained to provide specialised services on a country-wide basis.

Source: Brinkerhoff, 2007.

Situations of deterioration pose special challenges. Governments in decline may become increasingly unreliable as they yield to polarisation, perhaps taking a side in a social conflict or engaging in repression. Here, the donor countries must make choices about reinforcing the sitting government, or conversely withdrawing support as a sanction and signal of distancing. This transition and the modes of adapting aid to it are less well documented than the post-conflict transition.

Examples of work in such deteriorating contexts come from the GTZ experiences with water in Eritrea and Yemen, USAID work in health in DRC and education in Guinea and the DFID assessment of HIV/AIDS programmes in Myanmar (BMZ/GTZ, 2007a, 2007b; Berry and Igboemeka, 2005; OECD/DAC, 2006; Waldman, 2006). Experience suggests that in a declining setting, donors could create an external group or "cabinet" for co-ordination on sector issues, without close engagement with government officials.

In *declining situations where the threat of violent conflict or other crisis looms*, donors are faced with critical decisions concerning their programme planning horizon. Should they continue to promote public governance reforms, or shift their emphasis to strengthening local communities and households? In the worst situations, all options for alignment with government may have to be abandoned and programmes must bypass state mechanisms (at least at the national level). These contexts may be addressed through multilateral agencies such as UNDP, IFRC and UNAIDS. Some examples of donor-supported interventions include rule of law support in Sudan (Maguire, 2006), HIV/AIDS programmes in Myanmar (Berry and Igboemeka, 2005) and basic services in Puntland (World Bank, 2003).

Equally challenging is *a sudden downturn in a country that has been stabilising.* Donors experience pressure for aid reductions based on human rights and governance criteria, even as urgent human needs call for continued engagement. There may be scope for working through selected ministries that maintain some credibility with donors and communities. Such initiatives may have the unintended effect, however, of enhancing the legitimacy of a disfavoured government.

Fragile states present donors with dynamic, complex, even chaotic conditions. Thus, *the capacity to analyse changes and to respond to transitions is of paramount importance,* as the experiences discussed in this paper illustrate. As a more extensive body of learning develops, the guidelines and tools for service delivery assistance in fragile states will gain greater precision. This paper and the service delivery work stream as a whole are intended to contribute to this process of learning.

NOTES

1. In the report, "services" refers to these essential needs, which are usually considered a public responsibility, whether they are in fact delivered by the state or by non-state providers.

2. This paper benefited greatly from research and synthesis contributed by Steve Commins of UCLA, as well as the papers written by the four sectoral groups (healthcare, education, water/sanitation and justice/security) commissioned by the DAC (see Bibliography). It draws substantially on the papers by Meagher (2005) and the OECD/DAC (2006). Invaluable comments and edits were contributed by Dennis Wood of IRIS and Clare Wolfowitz and research assistance was provided by Mike Reeves of IRIS. Finally, the work would not have been possible without the guidance and support of Stephan Massing and Karim Morcos of the OECD as well as Tjip Walker of USAID.

3. DAC, April 2007 (www.oecd.org/dac/fragilestates).

4. A broader definition of "*capacity* is understood as the ability of people, organizations and societies as a whole to manage their affairs successfully." (OECD, 2006a)

5. A proposed test for willingness is to determine the government's "trend of development orientation," *i.e.* whether the following are in evidence: pro-poor policies, respect for human rights, democracy and rule of law, efficiency and transparency in the state and a co-operative stance within the international community. Comments by BMZ (Federal Ministry for Economic Co-operation and Development, Germany).

6. Rosser (2006, p. 2) includes the experience of "severe violent conflict" (at present or in the recent past) as one of three possible indicators of a fragile state, the others being lack of economic growth and failure to reduce poverty.

7. International non-governmental organisations, also known as private voluntary organisations or PVOs.

8. Rosser (2006) defines "turnaround" as the move from fragility to its opposite – that is, i) from no real growth to sustained high growth, ii) from failure to reduce poverty to sustained and significant reductions and iii) from current or recent violence to durable cessation of violent conflict. Some (*e.g.* DFID) agree with this explicit reference to poverty reduction in the definition of fragility/turnaround, but others do not (*e.g.* Collier, USAID, Commission on Weak States).

9. The literature makes frequent use of terms such as "alignment" and "shadow alignment". *Alignment,* a key principle of both the Paris Declaration on Aid Effectiveness and the Principles for Good International Engagement in Fragile States and Situations, refers to donors' adoption of systems (*e.g.* project cycle, accounting) that fit with those of the recipient government, in order to ease the eventual hand-back of functions and activities. *Shadow alignment* adds to this the idea of "shadowing" the co-operating ministries, in order to both build capacity and facilitate hand-back. This paper uses "alignment" to refer to both of these approaches.

10. Among recent initiatives is the Partnership for Democratic Governance (PDG). Launched in October 2007, the PDG is a multilateral group of like-minded countries whose goal is to assist states in fragile situations, post conflict countries and emerging democracies in developing their governance capacity and in improving service delivery to their citizens in line with OECD standards and principles for aid effectiveness and capacity development.

11. Another model, proposed by the World Bank's LICUS Group (World Bank Group, 2002), is the *independent service authority*, a quasi-autonomous agency with temporary responsibility to deliver basic services. It is strictly accountable to the donor agencies, but operates under the policy guidance of a key ministry to which it eventually hands over its functions. Elements of this approach have been used in such places as Uganda and Timor-Leste, but no fully fledged agency of this kind has yet been established.

12. The decentralisation literature suggests that competing political interests at the national level often have greater success in blocking capture by narrow interests than their local/regional counterparts. See Bardhan and Mookherjee, 1998.

13. This also occurred in Bosnia. World Bank officials consulted with Bosnian officials for months before the ceasefire was signed. The World Bank was thus ready to move once the fighting ended (Haughton, 2002).

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Annex
Fragile State Scenarios

Category	Scenario	
Declining	**Arrested development**	Stagnation with low levels of effectiveness and legitimacy
	Deterioration	Declining levels of effectiveness leading to lower legitimacy, rising risk of violence or collapse
Stabilising	**Post-conflict transition**	Low levels of effectiveness, transitory legitimacy, recent violence, humanitarian crisis
	Early recovery	Rising levels of effectiveness and legitimacy, declining international resource requirements, emergence from conflict or other crisis

DECLINING

Situations of stagnation or worsening conditions, where the risk of collapse is increasing

Arrested development is one of two entry points into state fragility. Here, a state that may have been relatively capable has either stagnated for some time or has just experienced a major reversal, whether due to a shock or to rigid authoritarian rule. External shocks take various forms. The shock might be a major setback in the terms of trade, as where reliance on a limited range of commodity exports for economic growth and revenue exposes the state to severe risk. Such a commodity price shock may undermine the state's ability to perform core functions and thus challenge the legitimacy of the regime – whether or not it is formally democratic. A financial crisis may have a similar impact, especially if corporate and financial governance are weak and if there has been a build-up of risky (or even corrupt) undertakings in the banks. Another version of this scenario occurs when an authoritarian regime squelches economic and political initiatives that seem to threaten its control. In this setting, heavy-handedness, economic stagnation and international isolation may sap the regime's effectiveness in maintaining itself.

The loss of capacity/effectiveness is the precipitating cause of fragility, but impaired will or legitimacy is also a factor. What may have been an acceptable level of progress gives way to stagnation. Mismanagement by a flawed or autocratic government is increasingly understood as the cause of the current malaise. This may result in further popular discontent and the defection of key elites. The critical issue is whether regular, institutionalised processes can reverse the trend before a coup or revolt occurs. In the authoritarian version of this scenario, political and social processes are not sufficiently free or developed to address the problem. Social capital is limited, diminishing the likelihood of either a peaceful alternation of power or adaptive non-state responses to the need for public goods.

Deterioration is the second entry point into state fragility. In this setting, low state capacity/effectiveness, whether chronic or due to a period of arrested development, combines with an erosion of legitimacy. Developmental indicators show a decline over time and the state cannot control all of its territory or guarantee even an imperfect rule of law in core areas. Continued deterioration breeds hardship among the majority of the population and the state's ineffectiveness leaves it unable to respond to voices of discontent – or for that matter, to effectively suppress them. The state is on a downward slope towards failure and an external shock or an illegitimate transfer of leadership could provoke a crisis. The misalignment between state policy and evident social needs, such as poverty reduction, shows the inadequacy of channels of political expression, mechanisms of accountability and administrative capabilities. At the same time, the society may have the capacity to respond on a limited scale to government failures through voluntary self-organisation.

STABILISING

Situations of emergence from crisis, *where the risk of collapse is static or receding*

Post-conflict transition describes the situation where a state has gained some control, but the situation remains unstable. This is a precarious situation, where combatants have stood down but may not yet have disarmed. The devastation – physical and emotional – is raw, but the situation is stable for now. An accord on a new governing framework is in place and perhaps an initial election may have taken place. But there is little in the way of effective government, beyond an international presence and the beginnings of a new regime. Will and legitimacy are not yet in evidence – although the population, exhausted by conflict, may be ready to place their hopes in the emerging new order. The recent experience of polarisation and violence makes extensive social co-operation problematic, although informal co-ordination within status groups may be effective. Thus the society's trajectory is essentially flat, with an equal chance of moving upwards to recovery or sliding back into failure.

Early recovery refers to a setting where failure has occurred (whether due to civil war, natural disaster or economic meltdown), but the situation has stabilised sufficiently for a government to be in place and have its basic state functions re-established. From a modest starting point the capability of the state is growing and the national leadership is demonstrating will and legitimacy in helping society re-emerge from crisis. This leadership may lead the way to full recovery – or it may have reached the limits of its capacity. The performance of government is extremely weak in terms of policy development and implementation. The society is still coping with trauma (and, if civil conflict was a precursor, mistrust). Depending on the nature of the recent breakdown, society may be either polarised (but exhausted) or united by a shared experience of suffering. The country is on an upward path from crisis, but still at risk of slipping backwards.

Service Delivery in Fragile Situations
KEY CONCEPTS, FINDINGS AND LESSONS

The international community is increasingly engaging in fragile and conflict-affected states – countries where the Millennium Development Goals (MDGs) are a distant prospect and where special efforts from donors are needed. The establishment of effective and durable public services is a first priority if donors and partner countries are to make more rapid progress towards the MDGs and advance the long-term process of state building. Yet, the wide range of policy, technical and political issues in each specific country situation makes this a complex task and requires tailored approaches.

This report is based on the work that the DAC Fragile States Group conducted on service delivery in fragile situations in 2005-2006. It provides an understanding of the mutual influence of state fragility and service delivery and offers guidance to donors wishing to strengthen service provision and governance in these states. Based on an analysis of the major policy issues and approaches available, the paper identifies the challenges and dilemmas the international community and its partners face in fragile settings. It concludes with a set of policy lessons and recommendations intended to help donors better target their interventions.