

# ENSURING FRAGILE STATES ARE NOT LEFT BEHIND

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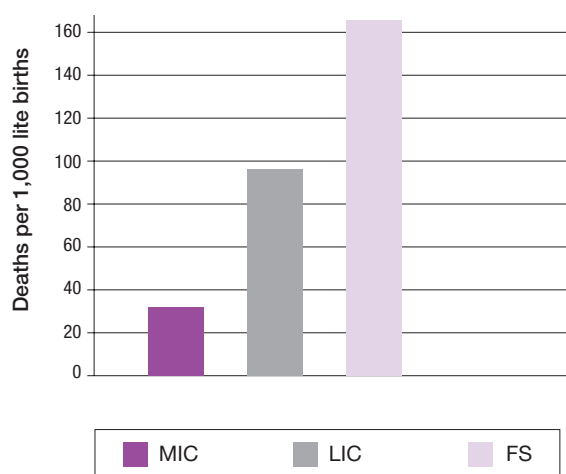
## MORE AID, BUT WHAT ABOUT FRAGILE STATES?

In 2005, many donor countries announced significant increases in aid as part of a renewed effort to help achieve the Millennium Development Goals (MDGs). Although it is not yet clear how and where the additional funds will be spent, it is likely that those low-income countries with relatively sound national institutions and policies will be favoured. Common sense – backed up by some influential research<sup>1</sup> – suggests it is these “good performers” that can best translate aid into poverty reduction. But what about the so-called “fragile states” – where the political and security conditions pose particular challenges for donors?

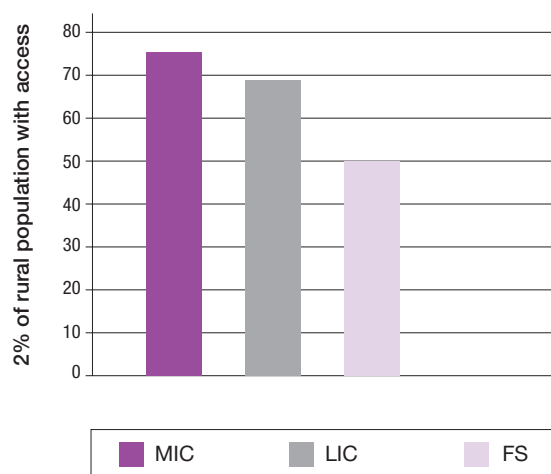
## IMPROVE ENGAGEMENT IN FRAGILE STATES

With a third of the world's poor living in fragile states, the MDGs will not be met without better performance in these countries (see child mortality and access to water graphs below).

Child Mortality Rate (2002)



Access to Drinking Water for Rural Population (2002)

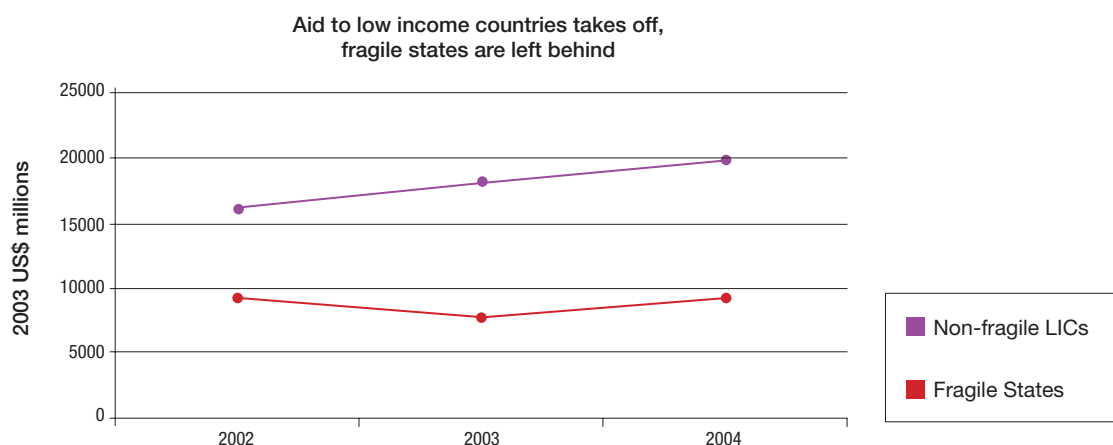


Note: MIC: middle-income countries, LIC: low-income countries, FS: fragile states.  
Source: OECD

Donor investments in fragile states may appear to be high-risk, but to address the causes of poverty, the international community must remain committed to getting the collective effort right between the development, security and diplomatic communities. This effort must be sustained over the long term, but there are also urgent actions required in the short term. Of immediate concern for donors is whether fragile states can make effective use of more aid.

## ARE FRAGILE STATES DONOR ORPHANS?

In 2005, the OECD DAC started to monitor resource flows to fragile states to help policy makers to take better informed decisions on how to engage with fragile states. At first sight, recent data indicates that while aid to low-income countries is taking off, many fragile states are being left behind (see chart)<sup>2</sup>.



## WHICH FRAGILE STATES NEED MONITORING?

Further OECD DAC analysis in 2006 identified three categories of fragile states where monitoring over time is recommended:

### Marginalised Countries

Countries that can be categorised as marginalised from international attention are those receiving less aid than would be expected, given their high levels of need and their relative rating of policy and institutional performance. In 2006 the following countries can be considered as marginalised:

- Burundi, Democratic Republic of Congo, Guinea, Nigeria, Uzbekistan, Yemen.

### Countries with high levels of need and weak governance

The monitoring exercise also identified a second category of countries needing special attention where state fragility is acute. Resource allocations to these countries are also low or declining, although their levels of need are relatively high. While in most cases there are clear indications to suggest that increased aid would not be warranted, coherent approaches to international engagement in these countries remain a challenge:

- Central African Republic, Côte d'Ivoire, Liberia<sup>4</sup>, Myanmar, Somalia, Sudan, Togo, Zimbabwe

### Countries with improving aid levels

A third group of countries identified have had low levels of aid in the past, but have recently experienced relatively higher levels of aid. This may not mean that the increasing trend in aid flows will continue and there is a case for monitoring this group of countries in the future.

- Cambodia, Chad, Eritrea, Gambia, Guinea Bissau, Niger, Sierra Leone, Tajikistan

### A cautionary note

The analysis presented here must be used modestly. It cannot prescribe policy guidance on how to improve international effectiveness in fragile states, and the results per se do not argue for increased aid for the countries concerned. Rather, the objective is to improve transparency and co-ordination by triggering a discussion in donor agencies both in the field and at headquarters about removing the bottlenecks, if any, towards more effective resource allocation to fragile states.

For more information on the work of the DAC on fragile states please consult our website at:  
[www.oecd.org/dac/fragilestates](http://www.oecd.org/dac/fragilestates)

<sup>1</sup>Dollar, David and Paul Collier (1999), "Aid Allocation and Poverty Reduction", World Bank Policy Research Working Paper No. 2041, World Bank, Washington D.C., <http://ssrn.com/abstract=629108>.

<sup>2</sup>Fragile states for this analysis were those countries in the bottom two quintiles of the World Bank's Country Policy and Institutional Assessment (CPIA) in 2003 with the addition of Afghanistan, Liberia, Myanmar, Somalia and East Timor, not rated in 2003.

<sup>3</sup>The indicators used for identifying countries which merit particular attention for this exercise cover need (GNI) and levels of aid (ODA levels), as well as policy and institutional performance (CPIA) - 2005 data.

<sup>4</sup>Liberia may be a special case, since it appears to be moving out of this group, due to recent elections and donor pledges.