Why Fragile States?

- **Link with USG National Security**
  - “America is now threatened less by conquering states than we are by failing states”
    » National Security Strategy, 2002

- **The international community is equally concerned…**
  - “Despite the recent Tsunami tragedy, it is important that we do not forget the silent Tsunamis -- the plight of millions of people living in fragile states …”
    » Senior Level Forum on Development Effectiveness in Fragile States (DFID, OECD/DAC, the UNDP and the World Bank)
The Context

• **National Security Strategy**

• **USAID White Paper on Foreign Aid in the Twenty-First Century**
  - Strengthening fragile states was identified as one of USAID’s core goals

• **The Office of the Coordinator for Reconstruction and Stabilization**
  - USAID will be principal operational partner
The Strategy

- Will be the guide to USAID’s work in crisis and crisis-prone states
  - **Key Messages**
    - Weak, ineffective and illegitimate governance is at the heart of fragility
    - We can’t make a difference everywhere
    - Effective response requires leadership and close coordination
  - **Major Initiatives**
    - Fragile state analysis and monitoring, strategies and programs
    - Fragile States Business Model
    - Program Flexibility
    - DCHA Restructuring
Program Flexibility

• *Expansion of the TI account*
  - FY 06 request of $275 million
  - Provide OTI-like flexibility to key Mission Programs
  - Better align resources with objectives
  - Expand magnitude of rapid response capability
  - Expand short-term and visible impact
  - Redirect as conditions change and opportunities emerge
Program Flexibility

- **Cash for Food**
  - $300 million from Title II to IDFA to improve flexibility, save time and result in more food and lower costs
  - Implemented by FFP largely through NGO and WFP Partners
  - Local and Regional Food Purchases
    - Non US food purchases limited to LDCs
      - Supports local farmers
      - Encourages local production
      - No disincentive to local prices
      - Stimulates local trading networks
    - Provides infusion of cash into local economy
  - Can be used to stabilize the prices of legitimate crops as a counter-narcotics and alternative livelihoods measure
Organizational Change

• **Sharpen DCHA as Leading Edge of Response**
  • Better manage crisis/transition/recovery continuum
    – Identification of Task Force Leader at the outset of crisis
    – Shared Joint Task Force Leadership: DCHA/Regional Bureau co-chairs

• Expand reserve response capability
  – Larger Pool of Technical expertise in the “Bullpen”
    » Personnel Service Contractors
    » Contractors and detailees

(continued)
Organizational Change

• **Sharpen DCHA as Leading Edge of Response** *(continued)*
  • Improve USAID-Military Interface
    - Better coordination of USAID-DOD relationship (training, conferences, details)
    - Lead operational planning unit for complex emergencies
    - Build a common structure for working with each field combatant command
  
  • Better integrate Global and Regional Bureau staff in crisis response
  
  • Recruit, train and deploy a “new” cadre of officers – Crisis, Stabilization and Governance Officers
Summing Up

• **The Strategy will guide USAID's work** in crisis and crisis-prone settings.

• **USAID D’s response to fragile states will be smart, fast, sharp and nimble.** Reforms highlighted today are necessary to assure this.

• **None of this will be possible** without your continued innovation, risk-taking and partnership