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FROM THE AMERICAN PEOPLE

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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'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