STATE-BUILDING FOR PEACE

A NEW PARADIGM FOR INTERNATIONAL ENGAGEMENT IN POST-CONFLICT FRAGILE STATES?

Alina Rocha Menocal, *Overseas Development Institute*

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ABSTRACT

This paper is intended to analyse two leading approaches that have guided international efforts to promote peace and development in conflict-afflicted fragile states since the 1990s, namely peace-building and state-building. In a relatively recent development, a growing number of donors has sought to bring these two closer together, based upon the perception that the challenges posed by (post-) conflict fragile states need to be addressed through an approach that combines both – "state-building for peace", as the UNDP has put it. The paper thus seeks to explore how the processes of building peace are related to the processes of building more resilient, effective, and responsive states in (post-) conflict settings. The paper provides an overview of the evolution of these two concepts and analyses key complementarities between peace-building and state-building. It also explores the challenges that arise for both on the basis of these complementarities. The paper goes on to examine some of the most significant tensions that arise between the two, and what these tensions may imply for the international assistance community. By way of a conclusion, the paper offers a few key lessons that emerge from the analysis for improved donor policy and practice in state-building for peace efforts.

Alina Rocha Menocal
Overseas Development Institute
e-mail: a.rochamenocal@odi.org.uk

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1 Introduction[1]

Fragile states have emerged as a leading priority in current international development thinking and practice. While there is no firm consensus within the international community on exactly what constitutes a "fragile" state or situation (see Box 1 for a variety of donor definitions), there is general agreement on some key characteristics. These include the presence of weak institutions and governance systems, and a fundamental lack of leadership, state capacity and/or political will to fulfil essential state functions, especially in terms of providing basic services to the poor. A significant number of developing countries are characterised by some degree of fragility along different dimensions - institutional, economic, political, social, and global. In some of these states fragility is entrenched and systemic, while in others it is more local and temporary (Rocha Menocal *et al.*, 2008).

Box 1: Donor definitions of "fragility"

A leading trait that international development actors use to define fragile states is their (in)ability to provide basic services to the poor, either as a result of a lack of political will, weak capacity, or both. Such is the core of **DFID**'s and the **OECD**'s definition, for example. Other definitions of state fragility, including those used by the **European Commission**, **CIDA**, the **UNDP**, and **USAID**, go beyond this narrow focus on performing basic functions for poverty reduction and development to encompass other dimensions, including territorial authority and (political) legitimacy, as intrinsic components of fragility. The **World Bank**, for its part, defines fragile situations as those characterised by a debilitating combination of weak governance, weak policies and weak institutions indicated by a ranking below '3' on the Bank's Country Policies and Institutional Performance Assessment (CPIA) index.

Source: Rocha Menocal *et al.* (2008)

At its core, fragility is a deeply political phenomenon. A fragile situation is one characterised by a fundamental lack of effective political processes that can bring state capacities and social expectations into equilibrium (Jones *et al.*, 2008). In a fragile setting, the quality of the political settlement establishing the rules of the game is deeply flawed (especially in terms of its exclusionary nature), is not resilient, and/or has become significantly undermined or contested. A "social contract" binding state and society together in mutually reinforcing ways is largely missing.

All these characteristics of fragility are severely exacerbated by conflict. Clearly, countries that are not necessarily characterised by endemic violence may also be considered fragile. On the other hand, conflict, especially civil war, is a major trap for fragility. According to Paul Collier (2007), for instance, 73 percent of the people living in fragile settings have recently been through a civil war or are still in one, and having experienced a civil war doubles the risk of another conflict. Thus, while post-conflict transitions offer an important window of opportunity for (re-) construction and regeneration, they also entail high risks of crisis that can rapidly degenerate into renewed warfare.

In these particular, conflict-afflicted settings, the international community faces the dual task of promoting peace while helping to build more effective, inclusive, and responsive states.[2] This has led to a growing realisation among donors (including, for ex-

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[2] While it is essential to acknowledge that these two processes are mainly driven from within, the focus of this paper is primarily on the role of donors in supporting them.

ample, the UK Department for International Development (DFID), the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN) and the World Bank) that their peace-building and state-building interventions ought to be brought closer together – 'state-building for peace', as the UN Development Programme (UNDP) has put it.[3] But how are peace- and state-building processes linked, and what are some of the most significant complementarities and tensions between them? This paper considers these questions. It begins by providing an overview of the evolution of these two concepts (Section II). The paper then analyses key complementarities between peace-building and state-building (Section III), as well as the challenges that arise for both on the basis of these complementarities (Section IV). The paper goes on to explore some of the most significant tensions that arise between the two approaches, and what these tensions may imply for the international assistance community (Section V). Finally, by way of a conclusion, the paper highlights a few key lessons that emerge from the foregoing analysis for improved donor policy and practice in state-building for peace efforts (Section VI).

2 Understanding key concepts and their evolution

2.1 Peace-building

From a considerable hands-off approach to international "peace keeping" during the Cold War, mainly as a result of geo-political considerations and concerns about state sovereignty, "peace-building" emerged as a key focus of international attention beginning in the 1990s, with the United Nations playing a leading role. Since then, the concept of peace-building and its agenda have evolved significantly. Building on UN Secretary-General Boutros Boutros Ghali's 1992 *An Agenda for Peace*, peace-building was originally associated with the (post-) conflict phase in countries that had experienced internal warfare, and was defined as "actions undertaken by national or international actors to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into conflict"[4] (Call and Cousins 2007). These early interventions in war-torn societies tended to focus on the establishment of a "negative peace" (*i.e.*, absence of, or prevention of a relapse into, armed conflict) and operated under very short-term timeframes. The emphasis of this "liberal peace-building" model (Paris 2004) was on holding a successful post-conflict election as fast as possible (usually within a year or two of the signing of a peace agreement) and on laying the foundations of a market-oriented economy, with the assumption/expectation that these provisions would prove sufficient in themselves to enable host societies to embark on a road towards lasting peace almost automatically (see Paris 2004 and Paris and Sisk 2008).

However, the mixed results of these "first-generation" missions – with the relative success of the mission in El Salvador contrasting sharply with the renewal of violence in Liberia and Rwanda in the early 1990s, for example – led to a substantial rethinking about the complexity of post-conflict transitions, and of the challenges embedded in bridging the gap between relief and development (Wyeth and Sisk 2009). Perhaps the most crucial insight or lesson to emerge from these experiences was that promoting political and/or economic liberalisation without ensuring that a sufficiently strong and effective formal institutional framework was in place to channel new rights, freedoms, de-

[3] The UNDP is currently undertaking a project titled "State-building for Peace in Countries Emerging from Conflict: Lessons Learned for Capacity Development" that is being led by the Bureau for Crisis Prevention and Recovery.

[4] The concept itself predates *An Agenda for Peace*, however, and stems from decades of work in peace studies by leading pioneers such as Johan Galtung and John Paul Lederach (Paris and Sisk 2008).

mands and expectations peacefully could lead to considerable instability and even fuel further conflict.[5] This led to a growing recognition that (re-) building or establishing at least a minimally functioning state was essential to undertake political and economic reforms and maintain the peace, especially in the long term (Call and Cousens 2007, Paris and Sisk 2008). As a result, from the late 1990s onward, the concept of peace-building has become more expansive and more consciously focused on the importance of state institutions, while it continues to emphasise the centrality of non-state actors (mainly civil society) and bottom-up processes as key to building sustainable peace.

At its most ambitious, peace-building has shifted from the relatively minimalist focus of the "negative peace" towards the maximalist goal of transforming society by strengthening human security and addressing fundamental grievances, horizontal inequalities, and other root causes of conflict. Thus interpreted, peace-building is a multifaceted endeavour that includes building democratic governance, protecting human rights, strengthening the rule of law, and promoting sustainable development, equitable access to resources, and environmental security (Barnett and Zürcher 2008). On the other hand, as Charles Call and Elizabeth Cousens (2007) have suggested, it may be wiser to steer away from either a minimalist or a maximalist conceptualisation of the term, and to opt for a middle ground. As such, peace-building can be defined as:

> "those actions undertaken by international or national actors to institutionalise peace, understood as the absence of armed conflict ('negative peace') and a modicum of participatory politics (as a component of 'positive peace') that can be sustained in the absence of an international peace operation" (Call and Cousens 2007).

2.2 State-building

The (re-) discovery of the state in international policy-making circles as one of the keys to development is a relatively recent phenomenon (Fritz and Rocha Menocal 2007a), as insights emerging from a rich body of multi-disciplinary academic literature on the need "to bring the state back in"[6] took some time to be absorbed. The renaissance of the state is remarkable in the light of the anti-statist stance of the development paradigm under the *aegis* of the Washington Consensus. This was followed in the 1990s by the rise of the "good" governance agenda, which, in its initial incarnation, tended to be dominated by a de-politicised, technocratic approach, and was also relatively anti-statist. By the turn of the new millennium, however, state-building had become a leading priority for the international development community. Today, almost every major donor identifies state-building as one of its key objectives, particularly in fragile states (Fritz and Rocha Menocal 2007b). The Principles on Good International Engagement in Fragile States and Situations elaborated by the OECD DAC (2007), for example, stress that state-building should be the central objective of engagement in such settings.

This shift in emphasis, and the renewed international concern about the need to build capable, effective and responsive states, surfaced from the confluence of several factors. Firstly, as has been noted above, there has been a growing recognition of the institutional gap implicit in peace-building efforts and the challenges associated with such neglect of the state. The end of the Cold War saw the proliferation of new states (the Balkans, the former Soviet Union, East Timor, and, most recently, an independent Kosovo), some of which have remained weak and unstable. In addition, severe and sustained

[5] In Rwanda, political liberalisation before institutionalisation led to the strengthening of an "independent" but also highly irresponsible and polarised media that did much to deepen social divisions and incite the genocidal violence that ensued (Paris 2004). Snyder (2000) also argues that, where political competition is not properly institutionalised, it can lead to renewed conflict in the form of ethnic nationalism. In such cases, elections are "less an exercise of democracy than a census of loyalties commanded by previously warring groups" (Putzel 2007).

[6] See, for example, B. Moore (1966); Evans et al. (1985); Migdal 1988; and Evans (1995).

(and mainly internal) conflict and humanitarian crises have affected multiple fragile settings. Many of these places are struggling to lay the foundations for peace and (re-) construction, and there is an emerging international consensus that this cannot be done without strengthening the institutional structures of the state. As Vanessa Wyeth and Timothy Sisk (2009) have put it, in a sense,;

> "the concept of state-building initially emerged almost as an exit strategy for peace builders – an alternative way of thinking about war to peace transitions in response to the perceived pathologies of 'liberal peace-building'."

Secondly, there is a concern with poor development performance and how it is linked to state effectiveness. As the Commission for Africa emphasised in its 2005 report, the way states function is increasingly seen as one of the most important factors affecting development: institutions are crucial to promote development, and states are a critical hinge in achieving the transformations necessary to achieve and sustain the Millennium Development Goals (MDGs). Fragile states are home to approximately one third of the world's poor population (or what Paul Collier refers to as "the bottom billion"), and it has become clear that the MDGs cannot be reached without progress in such settings.

Finally, since the attacks of 9-11, there has been a growing emphasis on the linkages between under-development and insecurity (both individual and international). Fragile states are perceived as generating undesirable dynamics and problems not only at the domestic level, but also in terms of the spill-over effects associated with conflict, instability, terrorism, trafficking, and organised violence, among others. Thus, capable and effective states have come to be seen as essential both to promote development and prosperity and to counter terrorism and other security challenges (Fritz and Rocha Menocal 2007b).

In its simplest formulation, state-building refers to the set of actions undertaken by national and/or international actors to establish, reform and strengthen state institutions where these have been seriously eroded or are missing (Caplan 2005). Yet, as with peace-building, the concept of state-building has also evolved considerably over time. From a narrow preoccupation with building/strengthening formal institutions and state capacity, there has been an important shift within the international development community towards recognising that the state cannot be treated in isolation and that state-society relations are central to state-building processes. As such, the core of state-building, especially "responsive" state-building (Whaites 2008), has come to be understood in terms of an effective political process through which citizens and the state can negotiate mutual demands, obligations, and expectations (Jones *et al.* 2007). A fragile situation is one in which no such effective process is in place. This shift has rightfully placed the concept of legitimacy – both as a means to building state capacity and as an end in itself – at the centre of the state-building agenda (Wyeth and Sisk 2009).

The OECD DAC Principles express the current degree of international consensus on state-building as grounded in state-society relations and the need for legitimacy. As spelled out in Principle 3 (OECD DAC 2007):

> "International engagement [in fragile states] will need to be concerted, sustained, and focused on building the relationship between state and society, through engagement in two main areas. Firstly, supporting the legitimacy and accountability of states by addressing issues of democratic governance, human rights, civil society engagement and peace-building. Secondly, strengthening the capability of states to fulfil their core functions is essential in order to reduce poverty … Civil society has a key role both in demanding good governance and in service delivery."

Thus, state-building is not simply about "top-down" approaches of institution strengthening (*i.e.*, those focusing on state actors and/or national élites) but also about "bottom-up" approaches linking state and society (*i.e.*, working through civil society).

This is a common criticism of state-building (Chandler 2006), but it leads to the creation of a straw man.

3 Complementarities between state-building and peace-building

3.1 Contributions of a state-building approach to peace-building

As can be seen from the discussion above, over the past several years, there has been a growing overlap between the peace-building and the state-building agendas. Lakhdar Brahimi, a (former) leading UN diplomat, captured this when he stated that:

> "[t]he concept of state-building is becoming more and more accepted within the international community and is actually far more apt as a description of exactly what it is that we should be trying to do in post-conflict countries" (Brahimi 2007).

However, it is also essential to bear in mind that growing international support for state-building is not intended as a call to supplant peace-building (Paris and Sisk 20008). While the two concepts have become more closely related, they remain distinct, both analytically and in practice. As articulated by Wyeth and Sisk (2009):

> "[P]eacebuilding is a transitional enterprise … focused on processes of war termination (usually, but not always, coinciding with implementation of peace agreements) and efforts to prevent renewed violence through processes to address the immediate causes of the conflict. Strategically, a goal of peace-building is to provide incentives for protagonists to commit to peace agreements, and help steer a process of political, social, and economic transition. State-building reflects the need for a stable, legitimate, and effective state that is responsive to its citizens and capable of providing basic services, security, access to justice, and a foundation for economic development, and is connected to the political processes through which state-society relations and power relationships among élites are negotiated."

As has been emphasised, a state-building focus has helped to provide an important and welcome corrective to the neglect of state institutions that long persisted within peace-building efforts. Other institutions, actors, and alternative sources of authority (such as tribal authorities, the private sector, civil society, and supranational institutions like the UN), may be essential in their own right, but they cannot adequately substitute for the state in a sustainable manner. Preliminary research findings from a research project on civil society involvement in peace-building activities from 13 different conflicts, for example, have suggested that, while civil society peace-building efforts are extremely valuable in their own right, they do not have a strong direct impact on conflict and peace- (building). Effective state institutions and involvement/buy-in of state and political élites are necessary to enable an atmosphere that is conducive to civil society activities.[7] As is also dramatically illustrated by the violence that took over East Timor in 2006, just a year after the departure of the UN peace-keeping mission, what is needed is a state that is organically linked to the society that it is intended to govern. The growing attention to state-building also provides a longer-term perspective than that usually embedded within a peace-building approach. This, again, is very welcome in terms of addressing the developmental needs of fragile states within a more realistic time-frame.

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[7] At the time of writing, this was an ongoing research project that Thania Paffenholz was leading on for the Centre on Conflict, Development, and Peace-building at the Graduate Institute of International and Development Studies in Geneva. For more information, see: http://ccdp.ch/projects_civil_society.pdf

3.2 Building more inclusive polities and societies

International efforts to promote state- and peace-building share a fundamental concern in working with domestic actors towards establishing and/or strengthening both arrangements and institutions that are more inclusive, representative and responsive, and that incorporate stakeholders that have traditionally not had a voice (including women, ethnic minorities, *etc.*). The aim is to develop new rules of the game that:

- are acceptable to a majority of actors that need to be brought on board in peace-building and state-building endeavours; and
- can create a legitimate political centre.

From a state-building perspective, issues related to the nature and quality of what analysts have come to define as the "political settlement" lie at the heart of this endeavour (Fritz and Rocha Menocal 2007b). The peace-building agenda, on the other hand, focuses more immediately on the peace process itself. While the term "political settlement" often lacks definitional clarity, even as it has acquired considerable currency in international development circles (Whaites 2008), there is broad agreement that it is the expression of a common understanding, usually forged among élites, about how political power is to be organised and exercised, and about how the nature of the relationship between state and society is to be articulated. Political settlements often incorporate, or are shaped by, features that are central to peace-building, including peace agreements and constitution-making processes. However, they are much deeper and broader than these. Political settlements include not only formal institutions adapted or created to manage politics – such as electoral processes, parliaments, constitutions and truth commissions, many of which may be the direct result of peace-building efforts – but also, crucially, the often informal and unarticulated political arrangements and understandings that underpin a political system. Political settlements also tend to evolve over time in the measure that state and social actors continue to negotiate the nature of their relationship and re-adjust their respective expectations as different needs, demands, and tensions arise (witness the recent events in Kenya and Bolivia, for example). On the other hand, in the measure that the political settlement is widely accepted, it is likely to fluctuate less over time and to provide a greater measure of predictability and stability.

Whether the focus is on the political settlement or on particular peace processes, however, the ambition to support the construction of more inclusive political orders is a daunting challenge, an issue that is analysed in greater detail later in this paper.

3.3 Fostering legitimacy

Another essential complementarity between peace-building and state-building, and closely linked to the one discussed above, is their concern for legitimacy. Peace-builders and state-builders share a fundamental preoccupation in ensuring that the peace process and the process to reconstitute the new polity enjoy broad-based legitimacy and support, so that they can prove resilient over time. One crucial implication of this, which the international community has not always followed, is that peace-building processes should not be rushed. Domestic ownership and support of the peace process and (ensuing) political settlement is critical for subsequent state-building efforts. If international actors move too quickly, stakeholders may not be able to garner effective local support, have local ownership and attain legitimacy of the process. In effect, the *quality* of agreements is more important than speed. Artificial timelines (*i.e.*, to hold an election/draft a constitution), often more to suit donor agendas than country needs, can be considerably counter-productive.

From a state-building perspective in particular, the issue of legitimacy also lies at the core of state-society relations and the nature of the "social pact" between state and society. It refers to "the normative belief of a political community that a rule or institution ought to be obeyed"; and states are legitimate when "key political élites and the public

accept the rules regulating the exercise of power and the distribution of wealth as proper and binding" (Papagianni 2008). Without a minimum degree of legitimacy, states have difficulty functioning (Brinkerhoff 2006). The need to build legitimacy is therefore at the core of state-building efforts and is a primary requirement for peace, stability, and resilience over the long term. As Seth Kaplan (2008) has put it, "[t]he key to fixing fragile states is … to legitimise the state by deeply enmeshing it within society" (p. 49).

Thus, in fragile settings, especially those that have been affected by conflict, what is at stake is not only national reconciliation through a peace process that is as inclusive as possible to ensure it enjoys buy-in from broad sectors of the population, but also the construction of:

- A state that is perceived as legitimate against a backdrop of mistrust, resentment and/or antagonism by the population;
- State institutions that serve the public good rather than the narrow interests of those in power through patronage and clientelism; and
- Positive and mutually-reinforcing linkages between state and society to sustain an effective and resilient public sphere.

Again, as with the need to build more inclusive, representative and responsive political orders, how to support fragile states to become more legitimate in the eyes of their population is a very difficult and complex undertaking. This search for legitimacy is discussed in further detail in the following section.

4 Common challenges and implications for donors

4.1 Inclusive political settlements and peace agreements as statecraft in contemporary state-building efforts?

As noted above, peace-building and state-building share a fundamental concern towards fostering more inclusive, representative, and responsive arrangements and institutions. In fact, the current context in which fragile states are being transformed and (re-) built, especially in (post-) conflict settings, offers a window of opportunity for a "new beginning", or for "rewriting the future of history", as Ashraf Ghani and Clare Lockhart (2007) have put it. In such situations, political settlements that are re-articulated through negotiated peace agreements have the potential to lay the foundations for inclusive and rights-based statecraft. As Ghani and Lockhart argue, such settlements, at their core, attempt to reconstitute state-society relations and create a new social contract based upon mutual rights and obligations. The majority of contemporary negotiated agreements also invoke human rights and a desire to end genocide, ethnocide, exclusion and the violation of fundamental human rights.

However, it is essential to bear in mind that this remains only a potential opportunity, and it is far from clear whether it can be fulfilled. History shows that political settlements can remain highly exclusionary affairs even after a peace agreement that is intended to be more inclusive has been negotiated (for example, Guatemala – see below). Many peace agreements may not be particularly participatory and representative of different sectors of society to begin with, such as those agreed in Angola and even Mozambique, which is often hailed as a post-conflict success story. In addition, while negotiated agreements and the political settlement thus re-articulated (including constitutions) may look good on paper, translating their often high rhetoric into reality is a completely different matter. In the context of fragile states, characterised, among other things, by weak formal institutions, reduced state capacity, and limited resources, this is a particularly acute problem. Informal institutions and practices based on exclusion and on the logic of concentrating power can prove remarkably resilient. Peace agreements are often

infused with a rights-based approach to economic and social development, containing detailed lists of rights for individuals in general and marginalised groups like indigenous people, refugees, internally displaced people, former combatants, and women in particular. But living up to these standards in actual practice is extremely difficult. Part of the peace- and state-building efforts needs to be dedicated to the establishment of priorities and the sequencing of interventions both among and within such priorities (Fritz and Rocha Menocal 2007b).

Thus, contemporary international peace-building and state-building efforts face a fundamental challenge in working towards ensuring that both peace processes and the process to reconstitute the new polity can be expanded to become more broadly representative and inclusive. This is an extraordinarily ambitious task: what is at stake is nothing short of redrawing the formal and informal foundations of the state so as to help build states that are more legitimate and representative, and that serve the public good rather than the narrow interests of those in power. It is also an inherently long-term endeavour, with the signing of peace agreements in post-conflict settings as only an initial (albeit very important) step in a protracted process that is likely to be non-linear and experience considerable fluctuations and setbacks. Redrawing the sets of understandings and arrangements that underpin the polity and bind state and society requires getting to the heart of embedded power structures and fundamentally altering them. This is likely to be an extremely difficult and sensitive (as well as highly political) endeavour, especially given that, in a very real sense, the drive behind both peace-building and state-building, especially in post-conflict settings, inevitably lies in negotiation and compromise, rather than on fundamental transformation.

The experience of Guatemala provides a powerful illustration of this challenge. At the end of a gruesome civil war that lasted four decades, Guatemala embarked on an ambitious project to develop a new political settlement to rearticulate the basis of the Guatemalan state along more democratic, inclusive, egalitarian, and representative lines. The Peace Agreements that culminated in 1996 were used as a basis for this. The Accords are exceptional in their scope, breadth, and vision. Grounded on the respect for the rights of all of the population, the identification of exclusion (social, economic, political, ethnic, *etc.*,) as the root cause of the confrontation, and the recognition of the multi-ethnic and multi-cultural character of the Guatemalan nation-state, the agreements contain an elaborate programme of national transformation which includes a number of policy actions and targets, covering areas such as economic and social reform, human development, public sector reform, justice and human rights, and security and reconciliation. The Accords also place considerable emphasis on active and sustained citizen participation. As such, they promote extensive participation in public policy-making processes, in order to keep the state representative and accountable, and they make provisions for the decentralisation of both authority and resources to local levels of government. All these processes – the modernisation of the political system, the creation of shared spaces of negotiation and decision-making processes between state and society, and the strengthening of power at the local level – are aimed at the construction of an inclusive and participatory democratic system which, except for a brief ten-year period in the 1940s and 1950s, is totally and radically new in Guatemala (Rocha Menocal 2008).

However, despite some undeniable progress (for example, increased awareness and respect of indigenous rights) the formal substance of this agreement has not managed to alter power structures that have been in place for decades (if not centuries) in any meaningful way. The fundamental (informal) understanding among élites – that their privileges and hold on power are not to be touched – still remains. This can be seen, for example, in the way the post-conflict Guatemalan state has dealt with acute problems related to the pattern of land ownership in the country – which is, essentially, by not doing very much. The country's deeply unequal social structure is both rooted and reflected in its high levels of land concentration. The Socio-Economic Accord that was signed as part of the peace negotiations recognises the centrality of the land question as

a structural cause of poverty and a source of conflict. However, it does not articulate a broad, national and long-term vision of development, and it avoids any direct challenge to the *status quo*. In this respect, the peace accords made little impact on a highly skewed land distribution, and the interests of large landowners have prevailed. In all probability, simmering agrarian unrest is not likely to lead to a full-scale rekindling of the war. Yet, the failure of successive governments to address land reform and introduce a rural social development policy that engages all stakeholders and improves the lives and welfare of indigenous populations has catalysed an increasingly violent series of land occupations, land-based conflicts, civil mobilisations and protests, and clashes between smallholders and the armed agents of wealthy landowners (Rocha Menocal 2008).

4.2 In search of legitimacy

As has been noted above, another leading preoccupation of both the peace-building and the state-building agendas centres around the need to build/enhance legitimacy so as to support stronger linkages between state and society and more resilient political orders. One of the fundamental questions that arises for both national and international actors is, therefore, how this challenge can best be addressed. An important step in beginning to tackle this question is to understand legitimacy as a very complex concept which includes many different dimensions. As Margaret Levi has put it, "no one – including Weber himself – has successfully sorted out which of the various elements [of legitimacy] are necessary or how to measure indicators or their interaction" (Levi 2006). Historically, states have relied on a combination of different and multi-faceted methods to establish their legitimacy and authority over those they rule. Some the most common sources for establishing and sustaining legitimacy are summarised in Table 1 below.

Table 1: Different sources of legitimacy

Form of legitimacy	Key characteristics and/or examples
Legitimacy bestowed by international standards and external actors	International recognition of the state as a member of the United Nations and as signatory of international declarations and covenants, for example. This kind of legitimacy can converge with domestic legitimacy or be at odds with it.
Legitimacy based on performance	This kind of legitimacy can emanate from, among other things: - the provision of public goods and services, including social security (e.g., the modern welfare state), and/or - sustained economic growth (e.g., the so-called East Asian Tigers – South Korea, Taiwan, Singapore and Hong Kong – as well as China and Vietnam) In fragile states, a key dimension of such legitimacy hinges on the (in-) ability of the state to provide or otherwise ensure the provision of basic services, first and foremost security (London School of Economics and PricewaterhouseCoopers LLP 2008; Whaites 2008), but also health, education, *etc*.
Legitimacy based on ideology and/or nationalism	Examples include Cuba and Iran (revolutionary ideology based on communism and religious fundamentalism respectively, and largely defined in opposition to the United States in particular).
Legitimacy based on populism	This legitimacy is derived from a mass model of politics in which charismatic leaders appeal to the people directly as the source of their right to rule. Examples include Juan Perón in Argentina and, more recently, Hugo Chávez in Venezuela.
Legitimacy based on clientelism and neo-patrimonialism	This form of legitimacy rests on the rewards that accrue from exchange of material benefits for political support. Linkages between state and social actors are based on personalised relations rather than mediated through formal institutions. Examples include much of Latin America and Sub-Saharan Africa.
Process-oriented legitimacy	The legitimacy of the state is here tied to agreed-upon formal rules and procedures through which the state both takes binding decisions and organises people's participation (participatory processes, bureaucratic management, justice, *etc.*) (Bellina *et al.*, 2009). Examples of such procedural legitimacy include: - the establishment of the rule of law; - liberal democratic representation (including not only elections but also respect for fundamental civil and political rights); and - accountable and transparent decision-making processes. This form of legitimacy exists mainly in advanced/highly developed industrial countries, but can also be found in developing countries such as Costa Rica and India. Since the 1980s, with the advent of the "Third Wave" of democratisation, many countries (including fragile states) throughout Africa, Asia, Latin America and elsewhere in the developing world are attempting to strengthen this form of legitimacy, although this remains a challenge (Rocha Menocal and Fritz 2008).
Traditional forms of legitimacy	This kind of legitimacy derives from non-state communal and customary institutions and authorities and is based on norms of trust and reciprocity rooted in social practices. As explained by Kevin Clements (2008), "[t]he core constitutive values that lie at the heart of traditional legitimacy are the values that enable kin groups, tribes and communities to exist, satisfy basic human needs and survive through time. Traditional legitimacy rests on complex patterns of power, responsibility and obligation which enable social groups to exist and co-exist". This kind of legitimacy can be found across the developing world (Africa, Asia, Latin America, the Pacific, *etc.*), and is particularly dominant in rural communities at the sub-national level.

As can be appreciated from the table above, some of these methods have been more inclusive than others, and many of them can be considered to be imperfect and considerably problematic (for example, populism and neopatrimonialism) depending on who is included in and who is left out of the social compact thus established between state and society. Patronage networks, for example, make the provision of state services highly differential between groups, where some groups receive much more than others. This

may reinforce state legitimacy with some groups, while undermining it with others (Bellina *et al.*, 2009).

Since the 1990s, the form of legitimacy that tends to be emphasised by the international assistance community is that based on democratic representation and accountability, as well as justice and the rule of law:[8] From a normative perspective, it seems imperative to link a fundamental respect for the rule of law (including justice and human rights) and democratic accountability to any contemporary notion of state legitimacy. In fragile states in particular, as Frances Stewart and Graham Brown (2006) have argued, establishing a legitimate government based on inclusive democratic governance "is arguably the most important precursor of corrective policies…, as groups experiencing historical social exclusion or deprivation of human rights are unlikely to respond favourably to corrective policies if they continue to regard the state as illegitimate".

However, one of the main challenges encountered in fragile states is that this type of legitimacy can be particularly difficult to achieve, given these states' weak governance structures and substantial lack of human and technical capacity. Against a backdrop of financial mismanagement, often impoverished economies, and widespread poverty and inequality, it is also difficult for fragile states to build their legitimacy on the basis of their performance, which is another dimension of legitimacy that donors seek to support. Moreover, various sources and forms of legitimacy co-exist in such settings, and these may not necessarily reinforce each other but rather compete with or undermine one another. Fragile states can be characterised as "hybrid political orders" in which informal institutions, rules and processes (for example customary practices of rule, religion, and clientelism) often enjoy more legitimacy and a greater degree of trust than formal ones – not only because these provide alternative venues for security and social services, but also because they have been able, over time, to establish a sense of allegiance, trust and loyalty (Bellina *et al.*, 2009; see, also, Clements 2008).

As noted by Wyeth and Sisk (2008), "despite widespread reference to political legitimacy, [the international assistance community has] inadequate understanding of the various sources of legitimacy, [and] the process by which states legitimate their authority". Until now, donor approaches to enhance the legitimacy of fragile states have tended to over-privilege a focus on building/strengthening formal state institutions. In addition, as discussed earlier, while seeking to build support for peace from the bottom up,[9] the international community has also engaged in activities that have unwittingly undermined, rather than strengthened, the legitimacy of the state itself. Moreover, in general, international development actors have not adequately engaged with traditional and more grounded forms of legitimacy (Clements 2008) or "explore[d] pathways for strengthening state legitimacy in contexts where other actors and institutions (often informal, non-state) compete with the state for legitimacy (for example, Afghanistan and Lebanon)" (Wyeth and Sisk 2008). How to do so remains a key challenge for international peace-builders and state-builders alike. Among other things, it requires the development of deep local knowledge and trust among different interlocutors at the subnational level, as well as substantial time and commitment over the long term. So far, however, experience with international peace- and state-building efforts suggests that donors may not always be best placed to deliver these. But, at the very minimum, donors need to ensure that their interventions do not have a negative impact on domestic legitimacy processes, which unfortunately - as has been noted - has often not been the case (see Section V below for more on this).[10]

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[8] See Brinkerhoff 2007, among others.

[9] As will be discussed later, donor efforts to provide basic services have not necessarily been linked to strengthening the legitimacy of the state, a tendency that has been problematic.

[10] The OECD DAC commissioned the London School of Economics and PriceWaterhouse Coopers to carry out a study on "doing no harm" in situations of fragility that discusses state legitimacy

5 Tensions between state-building and state-building and further implications for donors

As has been highlighted above, a peace-building approach and state-building efforts share some fundamental characteristics and overall aspirations that point to very strong complementarities in terms of building more peaceful, inclusive, representative, effective, and legitimate states and societies. On the other hand, it is also important to bear in mind that the two remain distinct processes. Thus, the growing international instinct to move in the direction of combining a peace-building and state-building approach in their engagement with fragile states needs to be framed within an understanding that peace-building and state-building may not always go hand in hand in a mutually reinforcing manner and may, at times, pull in different directions. That is to say, all good things may not automatically go together. There is a growing body of literature that has begun to analyse some of the tensions between the two and the difficult trade-offs and dilemmas that are often involved (see, for example, Call 2008; Paris and Sisk 2008). Four of the most salient ones are highlighted below.

i) State-building may not automatically lead to peace. The current vision of the international donor community on state-building (as illustrated in the OECD DAC Principles, for example) seems to be based on the assumption that the process can be remarkably consensual, inclusive, bottom-up and democratic. However, historical experiences with state formation and state-building suggest otherwise. State formation and state-building have emerged as long-term, non-linear, tumultuous, inherently violent and conflict-ridden processes often associated with war (see Tilly 1992 in particular). Such efforts have frequently been top-down, heavily driven and controlled by national élites, and concern for human rights and justice has been minimal. In cases in which social mobilisation (often driven by élites as well) has played a formative role in state-building processes, the relationship between state and society has more often than not been contentious and conflict-ridden.[11]

Clearly, as has been noted, contemporary state-building efforts are qualitatively and contextually different from earlier state formation processes. The current devastation within which many fragile states are attempting to become reconstituted, or rather transformed, offers a crucial window of opportunity for more inclusive and non-discriminatory state-building processes that may also be more peaceful. Given the weakness and/or lack of legitimacy of much of the state apparatus, there is a significant opportunity for civil society actors (NGOs, religious organisations, indigenous groups, women's organisations, social movements, *etc*.) to become key players or interlocutors in the re-articulation of a social pact that is more legitimate and inclusive. In addition, as leading actors in contemporary state-building attempts, international players (and for the purposes of this paper donors in particular) have come to assume particular responsibilities, and they are committed, at least in principle, to fomenting peace and constructing a domestic basis of legitimacy for the interventions that they undertake in different fragile settings. This notwithstanding, state-building remains deeply political in nature. This is something that donors have become less reluctant to acknowledge more openly over the past few years (see, for example, OECD DAC 2008), at least in principle. But the practical implications of this still need to be more fully internalised: in the measure that state-building in the 21st century continues to create winners and losers, it has

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among other things. Some of the outputs of this project are cited in the References section of this paper/chapter .

[11] For a good example of such processes, see K. Polanyi's (1957) analysis of the "Great Transformation" that entailed the collapse of 19th century civilisation in Europe and the emergence of the welfare state (in England for example) and fascism (in Germany). Another, more recent example of the confrontational/antagonistic relationship between state and society in state-building is provided by the struggle against apartheid in South Africa.

the potential to spark further conflict rather than simply reinforce a consensual process through a virtuous circle linking state and society.

ii) *Steps that may be necessary to consolidate peace and arrive at a "formal" political settlement (in the form of a peace agreement) may undermine the creation of a capable and effective state in the longer term*. This can manifest itself in a number of different ways. For instance, the need to appease spoilers in the interest of peace can strengthen the hand of repressive rulers and/or crystallise politics along the lines over which a conflict has been fought (for example, Bosnia). Both of these undermine the sustainability of the state – and the peace itself – in the long run. Especially in post-conflict settings where a peace settlement needs to be negotiated, a significant challenge lies precisely in the fact that there are no clear winners and losers, so that difficult compromises need to be made. Among other things, there may be a need to include unsavoury actors responsible for considerable human rights atrocities at the negotiating table. In a context of high insecurity, the international community often has the temptation to co-opt local militia commanders with a view to ensuring their support for the government. In Afghanistan, for example, short-term stability has been consistently prioritised over the need to build a long-term and sustainable security apparatus. Thus, warlords continue to be co-opted into key positions of power and tribal leaders bribed, while the army and police were sidelined for several years in the prioritisation of aid (London School of Economics and PricewaterhouseCoopers LLP 2008).

There is also a danger that different parties will refuse to enter into negotiations unless a general amnesty is granted.[12] In some contexts, bringing individuals to account too early may compromise a political settlement. Conversely, failing to bring individuals to justice may undermine people's trust in the political process. In addition, a culture of tolerance towards the actions of political actors may lead to further perpetration of violence or criminality in an unaccountable climate. Thus, it is not always clear that the goals of achieving peace and those of achieving justice can be easily reconciled – and a careful and context-sensitive balance between these twin needs is an essential component of (and challenge to) successful statecraft. Different societies have attempted to experiment with different methods and mechanisms in search of such a balance. South Africa's use of so-called "restorative justice" (first through the Truth and Reconciliation Commission and more recently through the justice system) offers one such creative, if not entirely unproblematic, example (Batley 2005).

In addition, confidence-building measures, including provisions such as power sharing arrangements and compromise, come with advantages and drawbacks that need to be taken into account. Such measures may be necessary to overcome the distrust of the state and to foster the legitimacy of the peace settlement and the post-conflict political order in the short run, but they can also have a negative impact on the capacity and effectiveness of state institutions in the medium and long term. One of the basic tensions in this respect is to over-privilege the pursuit of peace over state coherence and effectiveness. A drive towards inclusiveness and broad representation can lead to such a dispersion of power and authority that the political system becomes paralysed, unable to function, and unable to carry out critical governance reforms. In Afghanistan, for example, the central state remains weak and thoroughly ineffective, in large part as a result of the need to accommodate potential spoilers and preserve internal peace (Call 2008). In the Democratic Republic of Congo (DRC), a study on "Doing No Harm" led by the London School of Economics and PricewaterhouseCoopers (2009) has found that:

> "the internecine wars of the late 1990s made it a humanitarian imperative to reach a peace agreement … Donor countries endorsed [an imperfect peace] process, despite its flaws, as they were determined to do what they could to see peace main-

[12] By way of illustration, as one observer has put it, warring factions in Sudan may disagree about everything except calling for a general amnesty.

> tained… [As a result] peace-building objectives trumped state-building objectives in this context."

iii) *Peace-building undermines state-building when it bypasses state institutions, even though doing so may make a lot of sense in the short term.* Again, there are multiple manifestations of this. Michael Carnahan and Clare Lockhart (2008), for example, have been critical of donor practices that entail channelling funds outside the domestic system of public finance through the creation of parallel mechanisms, and they have argued that international assistance needs to run through state institutions and rely on the formal budget process. This is essential to build the capacity of these institutions to perform basic functions that were depleted or destroyed by war, as well as to strengthen legitimacy by enhancing the state's ability to address citizen expectations and demands.

The provision of basic social services, such as health, water and electricity, provides another, powerful illustration of this issue of undermining state-building efforts in the long term to address short-term imperatives. In principle, the state itself should play a leading role in providing such services, or, at the very least, in ensuring their provision by other parties. The successful undertaking of such functions is not only an important source of legitimacy for the state, but is also an obligation under different international, regional, and national laws and a key characteristic of statehood. In fragile settings, however, the state's institutional capacity to deliver in this area is likely to be considerably limited. This entails certain dilemmas that need to be taken into consideration.

In fragile settings, donors have often put service delivery in the hands of international and local non-governmental organisations (NGOs) to generate quick and visible improvements in everyday conditions. The creation of such "peace dividends" not only constitutes a key objective of the peace-building agenda but is also an extremely valid concern, especially given the decrepitude, if not outright absence, of state institutions that can fulfil basic functions. And yet it has to be managed very carefully: the temptation to bypass the state because of the challenges faced in (re-) building public provision can have potentially negative consequences on longer-term state-building priorities (Fritz and Rocha Menocal 2007).. In the DRC, for example, schools and clinics are being built without the authorisation of the local administration (which would normally oversee these processes), and such initiatives have contributed to the weakening of the state and its linkages to society (LSE and PwC 2009).

In many ways, as Francis Fukuyama (2004) has put it, "there is a conflict in donor goals between building institutional capacity and providing end-users with the services that the capacity is meant to produce". As highlighted by a recent UNDP/USAID study (2007), international non-governmental organisations (NGOs) are very good at service delivery. This may be extremely useful in the short term, but it can also reduce the incentives to build national systems and to invest in strengthening local capacity over the long term. Moreover, the contracting out of tasks such as service delivery detracts considerable legitimacy from the state. The state comes to be perceived by the population as unreliable and unable to meet basic needs that then have to be provided by the international community.

Donors therefore need to maintain a mixture of different aid modalities, investing in central government capacity-building while also maintaining and expanding the delivery of basic services. Thus far, this has proved a difficult balancing act. Overall, donors need to be much more highly cognisant of the kinds of impact/consequences that their short-term activities and priorities are likely to have on the more long-term goal of helping to build strong, effective, and responsive states. It remains essential for them to ensure that, when they work with non-state counterparts to provide basic services in the first instance, such support is framed or understood as part of the state-building project, rather than as an alternative to it (Rocha Menocal *et al.*, 2008).

iv) State-building efforts can remain too focused on the formal institutions of the state at the central level. Despite the emphasis that has been placed on state-society relations

as central to state-building efforts, another enduring risk of adopting a state-building approach in fragile states is that state builders continue to rely on the state at the national level as the main partner to engage with. In the process, as noted earlier, they may overlook important non-state forms of social authority and capacities for peace, including traditional actors as well as informal institutions.

Very often, however, engaging with the state can prove challenging because it may lack basic capacity, will, and/or legitimacy to be a reliable partner for transformation. What can the international community do when it is confronted with a malign or "toxic" government, for instance? Engagement through government may shore up regimes with little national legitimacy, but international withdrawal may condemn the population to increasing poverty and/or abuse at the hands of the state. In such situations, it becomes instrumental to engage with non-governmental counterparts, including NGOs, the private sector, trade unions, religious associations, social movements, *etc.*, as a deliberate strategy aimed at improving governance and accountability. Even where the state is not necessarily "toxic" but simply weak and incapable, a comprehensive plan for state-building cannot occur without an understanding of the role, capacities and potentiality of non-state actors (Rocha Menocal *et al.*, 2008). In these cases, efforts to build the capacity of both the state and the non-state actors to work together in a constructive manner to the benefit of the community are essential (see Rocha Menocal and Sharma 2008; Kaltenborn-Stachau 2008). State-building approaches need to be adapted to the local context so that traditionally ingrained values and dynamics are not upset to the point that the state-building process is undermined.

Another dimension of this challenge is the need to achieve a balance between interventions at the central and the decentralised level. In a state-building situation in fragile states, strengthening the centre first may be a more important consideration in order to allow an overall system to emerge (Fritz and Rocha Menocal 2007b). When decentralised governance is not well managed, for instance, it can lead to instability and conflict, rather than peace. However, excessive centralisation should be avoided. And an initial focus on building a relatively centralised state structure should not be confused with neglecting to develop capacity and legitimacy at the local level as well. As Sarah Lister and Andrew Wild (2007) have noted in the case of Afghanistan:

> "[t]he precondition for strengthening subnational administration should have been an overarching political strategy to rebuild and strengthen the *de jure* [central] state … The wresting of control from regional and local commanders … would have weakened their ability to influence the structure of sub-national administration. It would also have provided revenues that could have been used to link the provinces and districts more strongly to the centre, and enable local government to carry out activities that would have increased the legitimacy of local government structures."

Once again, however, donors may - as yet - not possess sufficient knowledge to engage with (often non-state and informal) processes and institutions at the local level. This is a very time-consuming and resource-intensive endeavour that requires long-term commitment in the field, which may prove particularly difficult for donors, given the frequent turnover of their field staff. Thus, although the discourse has evolved, in practice, donors continue to struggle with the challenges of coming to grips with the local political context. It has proven especially difficult for international development actors to identify suitable non-state counterparts to work with at the sub-national level (Rocha Menocal and Sharma 2008). As Wyeth and Sisk (2009) have put it, "not only do international actors lack the tools to identify and map such potential local partners, they also face normative dilemmas about how to support customary or traditional approaches that may violate international norms and treaties".

6 Towards a more effective model of state-building for peace? Emerging lessons for improved donor practice

Engaging in fragile situations with the objective of building peaceful, more capable and more accountable states has emerged as a critical strategic priority for the international aid community. The peace-building and state-building agendas share fundamental complementarities which may, in general, outweigh some of the tensions that have been outlined in this paper. This suggests that the intuition to develop a more holistic approach towards 'state-building for peace' is well placed. However, donors need to recognise more fully that this is an endeavour that remains full of contradictions, and not a linear sequence of cumulative or mutually reinforcing steps. Much as donors would like to assume that "all good things go together", there will always be difficult dilemmas and trade-offs between different and equally compelling imperatives. In the end, it is unlikely that all of these tensions will be resolved, but if they are better understood they can, at least, be managed more adequately (Paris and Sisk, 2008).

Managing the challenges embedded in state-building for peace efforts also requires donors to internalise and act on lessons that have emerged from cumulative years of experience on peace-building and state-building, as well as from a growing body of scholarly literature on these subjects.

1) Donors need to be more humble in their approach to fragile states and more realistic about what international actors can achieve from the outside

As Paris and Sisk (2008) have noted, the entire peace-building and state-building enterprise has the quality of an enormous experiment, especially given the magnitude and scale of the transformations that are being sought within a rather compressed period of time, and how complex, uncertain, and ambiguous this transformational process is likely to be. Critically, states cannot be made to work from the outside, and donors should be especially careful not to place undue expectations about what the state can deliver, especially in the short term, while it may not have the capacity to do very much. This may lead to increased popular disappointment with poor state performance and further social alienation from the state. It is thus essential to bring expectations into closer alignment with what is possible to achieve in fragile states.

International actors certainly have an important role to play. But rather than imposing institutions and blueprints from the outside, they need to start by building on what is already there, and focus their engagement in fragile states on accompanying and facilitating domestic processes, leveraging local capacities, and complementing, rather than crowding out, domestic initiatives and actions (Cliffe and Manning 2008). Donors can also prove influential in helping to shape or alter the incentives of domestic leaders and élites for the promotion of peace and more responsive and accountable state institutions (in Guatemala, for instance, the efforts of the international community proved instrumental in giving momentum to the peace process and in achieving an eventual peace agreement). But this requires in-depth and sophisticated knowledge, a point highlighted further below.

2) Donors need to build or sharpen their political understanding and effective support for state building

As mentioned earlier, the international assistance community has increasingly come to appreciate that both peace- and state-building processes are inherently political in nature. There is also growing awareness, at least at the conceptual level, that state-society relations lie at the core of state-building. However, in actual practice, much of the focus on state-building to date continues to be based on a technical and functionalist approach.

Understanding state-building not only in terms of building the technical capacities and effectiveness of state institutions, but also in terms of the dynamic political process of reconstituting the political and social contract between state and society so that it may become more resilient and sustainable over time has important implications for donors which have yet to be fully realised in practice. It suggests the need for wide-ranging engagement in fragile situations that not only focuses on supporting and strengthening the capacity to perform certain core functions (public financial management, security, justice, and basic services), but also on the political processes that can transform the state or place it at risk of serious conflict or collapse. Among other things, in their efforts to build state institutions, donors need to pay particular attention to the creation of entry points for public participation and to the capacity of civil society to express its voice, and to the creation of both central and local state structures which are responsive and accountable (Rocha Menocal *et al*. 2008).

The need to become more politically sensitive and aware in actual practice calls for donors to sharpen their "political intelligence" in order to engage in fragile situations more effectively (Rocha Menocal and Sharma 2008). As a first step, better analysis is needed to develop a greater understanding of the political economy of state-building. Deeper and more sophisticated knowledge is needed in several key areas. For instance, donors need to develop a good understanding of the evolution of the political settlement and the rules of the game, and of the fundamental challenges embedded in trying to make these more inclusive, representative, and responsive. This should help increase awareness about the kinds of power relations that are at play, and the kinds of incentives, challenges and opportunities that domestic actors face in their efforts to build better and more effective state institutions and more productive bonds linking state and society. Another area in which much greater knowledge is required, which has also been highlighted in this paper, is sub-national (formal and informal) institutions and state and non-state actors that donors can engage with at the local level. Part of this needs to entail developing a better understanding of alternative sources of legitimacy that can be harnessed to support state-building processes – while donors should be mindful not to romanticise informal institutions and traditional customs. In addition, it is also essential to build stronger partnerships with other organisations that are more capable of advancing the political dialogue.

The second step is to find more effective ways to incorporate such analysis into the operational work of donors, which has so far proven considerably challenging. Among other things, this calls for a re-examination of donor instruments to assess how compatible they are with a more political economy approach and how flexible they can be to respond to contrasting fragile situations.

Thirdly, given that a growing number of donors either undertake political economy analysis or are aware of the need to do so, it is also important to ensure that there is increased scope to coordinate such donor efforts. The Post-Conflict Needs Assessments (PCNAs) and the resulting Transitional Results Frameworks (TRFs), which the World Bank has coordinated jointly with the UN in collaboration with other donors and national stakeholders in a small number of (post-) conflict states, represent an important initiative in this area, which needs to become more widespread and extend to other fragile settings beyond those affected by conflict. While more coordinated joint analysis may be difficult to achieve in the short term, at a minimum, donors should make a concerted effort to exchange and share the lessons emerging from such work, so that they can carry out their activities from a shared basis of understanding. Moreover, this kind of political economy analysis should not be viewed as a "one-off". Instead, contextual changes need to be updated continuously on the basis of shared monitoring in order to inform on-going donor programming (Rocha Menocal and Sharma 2008).

3) As the OECD DAC Principles and Situations (2007) stress**, donors need to start with the domestic context in order to make informed policy decisions among competing priorities**.

Dilemmas and trade-offs should be addressed through inclusive dialogues at different levels of governance, in order to ensure (yet again) that realistic expectations of what can be accomplished are set and the population at large can buy into them.

4) Donors need to be prepared to remain committed over the long term

This is, again, one of the key principles elaborated by the OECD DAC for engagement in fragile states, and it merits re-emphasising. State-building processes are inherently long-term, and, as has been noted, the kinds of transformations that are being sought are very ambitious. This is ultimately about fundamentally reshaping values, principles, interests, and power relations, and not just about "bricks and mortar" (Engberg-Pedersen *et al.*, 2008). Thus, donor time horizons and incentives need to be reconsidered if external support to state-building efforts is to make a meaningful and lasting contribution. This might be more easily said than done, given that it requires substantially altering many of the ways in which external actors currently operate, but it is an issue that requires urgent attention (Fritz and Rocha Menocal 2008).

Five-to-ten year timeframes are not sufficient. What is needed may well be a commitment of at least 15 years. Clearly, such a prolonged commitment poses its own perils (which, once again, helps to highlight the fact that the state-building endeavour is riddled with dilemmas and difficult trade-offs) – including, among other things, growing dependency on outside assistance and the de-legitimisation of international actors in the eyes of the domestic population. But accompanying state-building efforts over a sufficiently long period of time in order to enable them to take root and remain sustainable once international actors have left seems essential as well, and this cannot be achieved within the timeframes in which donors currently operate.

Another important dimension of this issue is that donor staff need to commit themselves to remaining in the field for more prolonged time periods than currently seem to be the norm. As has been discussed throughout this paper, one of the key challenges that donors confront in fragile states is to develop in-depth knowledge and build trust and contacts in-country, especially at the sub-national level, and these learning processes take time and require continuity of personnel. A constant danger is that institutional memory is lost and that it has to be rebuilt every time new staff arrives in the field.

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