

Closing the Sovereignty Gap: How to turn failed states into capable ones

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Increasingly, there is agreement that building effective and capable states is the only effective and sustainable way to bring about social stability, create wealth and reduce poverty. This consensus was forged more than a year ago at a conference in Berlin on the long term future of Afghanistan, which brought together security, diplomatic, development and humanitarian experts. However, in such cases, the way the international community works makes it extremely difficult to translate the good words into deeds.

This lack of coherence gets in the way of effective action by the international community to address failed or failing states. The typical response to crisis is either to provide humanitarian aid that bypasses the state, or to deal only with functioning states. The international community has not yet found concrete ways to help turn failed states into functioning ones. One only has to look at a range of post-conflict countries, from Sudan and Somalia to Iraq, to see the effects of this shortfall.

The definition of global public interest has changed radically since 9/11. It is now widely accepted that as long as large swathes of the globe are mired in violence, poverty and bad governance, global security will remain a pipe dream. Stable sovereign states are a prerequisite to addressing poverty and insecurity. Only sovereign states can act to prevent creation and export of terror and insecurity. Only sovereign states can create opportunities for their citizens to participate in the economy. Functioning state institutions can also make the critical difference between effective and ineffective aid – whether doubled or not.

Today, there is a glaring gap between de jure sovereignty and de facto sovereignty. We call this the “sovereignty gap”. Although all governments fiercely guard their autonomy, many consistently fail to meet the basic prerequisites of a sovereign government. In the absence of rule of law in the least developed countries, poverty deepens and potential investors are frightened away.

Confronted with a failing state, the aid system has often tried to deal with symptoms of bad governance, rather than with the causes. Provision of core services has been taken from the state and outsourced to networks of bilateral and United Nations agencies, and non-governmental organisations, creating parallel bureaucracies which drain capacity from the recipient government. Conflicting procurement rules and reporting arrangements divert energy and resources from core management tasks. Aid financing is unpredictable and short-term, resulting in the misalignment of means and goals. The broader international community has operated in stovepipes, with the UN focusing on political issues, organisations such as the North Atlantic Treaty Organization on security issues, the international financial institutions on financial issues, and development agencies on social and development issues. This lack of coherence has tended to diminish, rather than build, state capability.

The challenge is to mobilize the international system around this goal of enhancing the sovereignty of states. Long-term compacts must be created that bind the international community and weak or failing states in a common endeavour to close the sovereignty gaps. We propose that long term “sovereignty strategies” be used as a vehicle for such partnerships. These strategies would integrate the current raft of interventions in the economic, political, security, judicial administrative and social domains into a single compact whose implementation is carefully monitored over time.

In Berlin, the idea of a coherent, long-term compact for Afghanistan was unanimously endorsed by the international community. The strategy constituted a holistic plan spanning security, political, development and humanitarian sectors, and proposed benchmarks towards a functioning state to be implemented over a number of years. This agreement has formed the basis for a coherent approach adopted by international actors working in Afghanistan. How can such an approach be generalized? The first step is to agree on the functions that a state must perform in today’s

interdependent world. We argue that states must perform a constellation of interrelated functions, in marked contrast to their one-dimensional function of providing security in the 19th century. We have identified ten functions that a modern state should maintain (see box).

Ten Key Functions for the Modern Sovereign State

1. A legitimate monopoly on the means of violence;
2. Administrative control;
3. Sound management of public finances;
4. Investment in human capital;
5. The creation of citizenship rights and duties;
6. Provision of infrastructure;
7. Market formation;
8. Management of the assets of the state;
9. Effective public borrowing;
10. Maintenance of rule of law.

If this basket of state functions is agreed, the second step would be to construct a “sovereignty index” to continuously track movements in the sovereignty gap across countries and over time. The index would also enable an overall assessment of the extent to which the proliferation of international actors and interventions are affecting sovereignty gap. Such an index would bring together in a coherent framework a number of partial indices – such as the Human Development Report, Transparency International’s corruption measurements and the risk ratings on governments’ abilities to borrow responsibly. It would also ensure that more holistic indices such as the US’s Millennium Challenge Account have broader international, multilateral and civil society buy-in.

The third step would be to agree on a broad set of principles to govern an approach to building sovereignty strategies – governing their nature, duration, funding and incentives. Planning and financing would need to address a close to ten-year horizon as opposed to the current yearly approach. To be effective, donor governments and development banks would need to make far greater use of pooled arrangements when allocating their resources. Incentives and evaluations would have to be changed to emphasize performance in creating and building credible institutions. Based on these principles, developing country and OECD leaders would enter into a compact underpinned by a series of benchmarks related to accountability and the provision of rule of law, as well as on annual, medium and long term revenue collection targets.

Designing and implementing sovereignty strategies will call for a fundamental change in the way the international system works, towards a model where partnership and co-production of sovereignty becomes the aim of both national leaders and international partners. It will require agreement among both bilateral and multilateral organizations responsible for the political, economic and security domains to subordinate their existing processes, mental models and bureaucratic interests to the common objective of creating capable states, as well as a culture of collaboration. The G8 Gleneagles Summit presents an opportunity to confront this challenge. Engaging around the sovereignty gap would also serve to bridge the gap between US and UK positions, providing a way to reconcile increased aid flows with the promise of more accountable incentives for and measurement of its effectiveness.

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