

Fixing fragile states

Rethinking state building

Although the international community has focused on how to fix fragile states, none of its standard remedies has addressed the fundamental problems. Fractured societies require a new approach, one that is more firmly rooted in indigenous capacities and institutions.


Many countries struggle with weak governance, sectarian conflict and poor economic prospects, unable either to develop or democratize successfully. Although in recent years the international community has focused on how to fix these fragile states, none of its standard remedies – more aid, economic reform and larger peacekeeping forces – has really addressed the fundamental problems troubling these places. Indeed, such strategies can weaken the already feeble ties between the formal state and its surrounding society, exacerbating the difficulties that plague such countries.

The political illegitimacy and poor governance that debilitate countries such as the Democratic Republic of the Congo (DRC), Sudan, Bolivia, Somalia and Iraq can be traced to many factors – colonialism, for instance – that have combined to detach states from their environments, governments from their societies, and elites from their citizens. Whereas a successful state uses local identities, local capacities and local institutions to promote its development, a dysfunctional state's governing structures undermine these indigenous assets. As a consequence, the state cannot leverage its people's history and customs to construct effective formal institutions with wide legitimacy; nor can it draw on the social capital embedded in cohesive groups to facilitate economic, political and social intercourse; and nor is it able to employ the traditional governing capacities of citizens to run the affairs of state.

Fifteen years running businesses in developing countries has taught me that international efforts to help these

summary

- Development projects are often designed around a generic model of state building and implemented with inadequate attention to the local social, cultural and institutional context.
- If their assistance is to translate into locally propelled development, international actors must seek locally appropriate solutions for problems of governance, land and resource management, and knowledge transfer.
- If foreign assistance is to become a catalyst for state building, Westerners must adopt a far more humble and longer-term perspective.
- Helping underdeveloped countries should be about connecting the state to its surrounding society. A country without an institutional structure that its people regard as legitimate is unlikely to foster the conditions necessary for development.

countries will start proving effective only when they address these issues head on. As I write in my book, *Fixing Fragile States*, fractured societies call out for a new approach, one that is more firmly rooted in indigenous capacities and institutions, and more likely to foster sustainable state models built on legitimacy and social cohesion. 

The nature of development

Development is not, as the policies of Western development agencies imply, a technocratic exercise in which poor countries import an inflexible formula devised in distant capitals. On the contrary, development is an organic process that slowly transforms how the members of a society work together. Although improvements in areas such as education and healthcare can better prepare individuals to participate in development, a country's ability to advance is crucially tied to its citizens' ability to cooperate – both among

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Hollandse Hoogte / Jehad Nga

Hole in a wall, Mogadishu, August 2009. For the first time in decades, Somalia's leader, President Sheik Sharif Sheikh Ahmed, has both widespread grassroots support inside the country and extensive help from foreign governments.

themselves and in partnership with the state – in increasingly sophisticated ways. Development therefore needs to be firmly rooted in communities that possess strong social networks, durable shared loyalties, widely accepted institutions and deep reservoirs of social capital.

The non-Western countries that have developed most successfully – China, Japan, Korea and Taiwan – have all been able to make use of millennia of common social, economic and political evolution, and all have strong identities that are underpinned by some of the world's most sophisticated institutions. These cohesive groups of people all have high levels of social capital, well established informal mechanisms for working together, and deep reserves of group affinity that could be funnelled towards national modernization missions.

Outside northeast Asia, the countries that have achieved the most progress in terms of development have likewise been able to depend on the social cohesion and social capital of people with common backgrounds. The most successful countries in Africa and the Middle East – Botswana, Somaliland, Turkey and Kuwait – are all built upon traditional identities and institutions accepted by the great majority of their citizens. In contrast, countries whose governments are the least dependent on indigenous social structures – such as Nigeria, the DRC and Syria – are much

more likely to have corrupt officials, illegitimate leaders and ineffective systems of governance.

India is one of the very few exceptions to this general pattern. At independence in 1947, it had an elite that was quite cohesive because it had acclimated itself to the relatively robust national identity and state structures that the colonizers had nurtured. It was also one of the few colonies with both the administrative and military capacity and the transportation and communication infrastructure to govern its territory.

Fragile states were born with none of these assets. To the contrary, their colonial legacy is one of weak, inappropriate institutions and a profoundly fragmented political identity. Together, these two structural problems preclude the formation of a cohesive population and prevent the incorporation of indigenous institutions and capacities into formal state structures. These countries were obliged to use alien state systems that could work only if every member of their heterogeneous societies learned and embraced the same, alien culture – complete with its foreign language, laws and ways of working together. Yet, the formal mechanisms of those state systems were – and remain – far too weak to compel such cultural reorientation, or even to win gradual and grudging acceptance over time by demonstrating their potency and impartiality.



Insofar as they do exhibit potency, it is the power to exclude rather than include. Many Latin American countries, for instance, have for centuries distributed resources and services inequitably while suppressing indigenous languages, religions, judicial systems, land management schemes and symbols of identity. The instability that has racked Bolivia, Ecuador, Guatemala and Venezuela in recent years is in large part blowback from hundreds of years of institutional alienation.

The combination of fractured societies and weak government warps incentives, encouraging short-term opportunism at the expense of long-term investments that could advance development. Society becomes obsessed by the conflict between identity groups, not with generating wealth or boosting national prestige. Meanwhile, formal governing bodies and regulations, disconnected from the informal institutional frameworks that guide people's behaviour, command only superficial allegiance and compliance. Real life goes on outside them. State laws go unheeded because no one acknowledges them as legitimate. In such an environment, corrupt governments, crooked systems of justice and weak property rights are inevitable.

Somalia and the secessionist territory of Somaliland offer one of the best contrasts between state building using imported institutional pillars, and state building using indigenous ones. The international community has tried no fewer than 15 times since the dissolution of the Somali state in 1991 to rebuild it in a top-down fashion – and 15 times it has failed. Isolated from political realities within the country, aid agencies, embassies and multilateral organizations have repeatedly misread the country's political dynamics and forced upon it what political scientist Ken Menkhaus describes as 'unimaginative, non-strategic, template-driven policy responses with little relevance to the Somali context and little input from Somali voices'. As a result, 'Somalis seeking to extricate their country from this deadly and protracted crisis have to do so in spite of, not because of, involvement by the international community'.¹⁶

In contrast, Somaliland, which declared independence from Somalia in 1991, has built its state institutions by adopting a bottom-up approach that takes advantage of long-standing and widely accepted clan structures. Offered little external help, it has been forced to depend on its own resources, capacities and institutions. Today, it is the most democratic state in the region and has established enough stability and prosperity to attract migrants from around the Horn of Africa. Yet the international community refuses to recognize Somaliland and persists in its Sisyphean efforts to forge a centralized Somali state.

What Menkhaus has said about Somalia applies to many other failed and fragile states: 'These extensive and intensive [informal] mechanisms [of self-government] . . . are virtually invisible to external observers, whose sole preoccupation is often with the one structure that actually provides the least amount of rule of law to Somalis – the central state'.

The problem with international policies

Most Western policy makers and practitioners today pay lip service to the idea that states will not prosper unless they are built by local people using local resources. But the great majority of development projects continue to be designed around a generic model of state building, and to be implemented with inadequate attention to the local social, cultural and institutional context.

Many fragile states have political geographies, infrastructures and governance capacities that make the standard Western model of state building (with its top-down state structures and strong emphasis on formal institutions and methods of holding officials accountable) highly problematic. Sprawling countries with diverse populations, such as the DRC and Sudan, are unlikely ever to produce stable regimes unless they decentralize far more authority to their regions and find a way to take advantage of local populations' indigenous capacity for institution building. National leaders have little incentive to serve distant areas populated by disparate groups because they are viewed more as competitors for state power than as compatriots. Thin road networks, limited administrative resources and weak nationwide societal bonds undercut the capacity of governments to project authority and serve their populations. In defiance of these realities, the recent UN-coordinated programme to stabilize the DRC concentrated first on national elections – at a cost of over US\$500 million. Unsurprisingly, stability continues to elude the DRC.

But even in more compact countries there is a need to find ways to take advantage of indigenous capacities – and narrow the gap between informal and formal institutions. Most developing countries transact business, determine ownership, adjudicate disputes and generally regulate their affairs using informal mechanisms (this was true, too, of many of today's rich states during their formative periods). As the UK's Institute of Development Studies (IDS) has noted, 'the astonishing economic growth of countries in East Asia' was achieved 'despite a lack of formal institutions generally thought essential to good governance. Research in China shows how informal relations effectively substituted for more formal property rights in the early stages of market-led growth'.

One of the reasons fragile states have such difficulty in constructing effective systems of governance is that their foreign-imposed formal institutions are weak, and they conflict and compete with – and lose to – the informal institutions that drive much behaviour. 'Informal institutions structure incentives in ways that are incompatible with the formal rules: to follow one rule, actors must violate another', political scientists Gretchen Helmke and Steven Levitsky believe. 'Putting in place the formal institutions that have undergirded the spectacular growth of the developed world does not produce the desired results', explains Nobel Prize winner Douglass North. 'That is because the formal rules must be complemented by informal norms of behaviour (and enforcement characteristics) to get the desired results'.



Hollandse Hoogte / John Stammeyer

After decades of war and predatory regimes, Uganda is rebuilding itself from the bottom up. Villagers in Rhino, northern Uganda, elect their local council representatives.

The pattern established when the colonial powers arrived and built their administrations on top of, and disconnected from, local societies was essentially continued in most of today's fragile states at independence: governments are largely divorced from, and autonomous of, the societies that they are supposed to serve. In such environments, an enormous gap separates a small cadre that manipulates or controls the state, and the general population, who are highly ambivalent at best towards their own government.

Western policy has if anything only reinforced these trends. As a USAID report by Carolyn Logan concluded, the 'political disconnection [that existed at independence between state and society] was exacerbated by the economic disconnection that arose from the growing availability of external financial support. As the state became increasingly dependent on these foreign resources for its survival, it also grew increasingly autonomous of its own society and local resources and so lost interest in that resource base as anything other than a source of plunder'. The IDS report similarly pointed to 'the complicity of rich, highly developed countries in the governance problems of poor countries and to the need for external actors to take much more care about the impact of their actions on internal incentives and relationships in poor countries'. Abundant natural resources, such as oil, when controlled by a narrow ruling elite, can yield a similar result or exacerbate a society's dysfunctionality.

A new approach to state building

States deeply enmeshed with their surrounding society – financially dependent, geographically appropriate, institutionally synchronized and socio-culturally representative – are far more likely to be well governed than

those detached from their citizens. The peoples of Africa, the Middle East, Latin America and Central Asia have enormous political, socio-economic and cultural resources, built up over centuries, that can serve as the foundation for political, economic and social development. What they most need in terms of outside assistance are innovative forms of state building that take advantage of those resources. This does not mean that conventional, Western political models have no relevance to non-Western societies, but it does mean that those models need to be adapted to accommodate indigenous governance models, patterns of behaviour, needs, realities and capacities.

International actors must place far more emphasis on seeking locally appropriate solutions for problems of governance, land and resource management, and knowledge transfer if their assistance is ever going to translate into locally propelled – and thus sustainable – development. The goal should not be centralized states with Western-style laws and a democracy defined solely in terms of regular elections. Instead, aid agencies should strive to promote capable, inclusive, participatory, responsive and accountable governments, no matter what form they take.

One way to accomplish this is to channel foreign aid away from corrupt and centralized governments and towards locally accountable entities, both governmental and non-governmental. Dambisa Moyo's recent book *Dead Aid* surely throws the baby out with the bathwater in recommending massive cuts in Western assistance, which she describes as 'an unmitigated disaster' for the developing world. 🇺🇸 But she is surely also right to condemn capital transfers that do nothing except sustain African despots and stifle entrepreneurship. Foreign cash has its place in kick-starting development, but only if it is used in politically astute ways



that reinforce the natural accountability mechanisms of society, and that do not prop up shell-like government organs unresponsive to the needs of their own citizens. The debate sparked by *Dead Aid* has also called attention to the fact that foreign assistance comes in many forms other than financial. As development practitioner Carol Peasley points out, ‘Good aid involves more than money. It responds to locally driven needs and includes technical assistance, institution building with governments and civil society, and the training of individuals’.

Another change that Western agencies need to embrace is attitudinal. If foreign assistance is to become a catalyst for state building, Westerners must adopt a far more humble and longer-term perspective. Teams of country specialists should spend substantial periods of time in the field and should live and work among ‘ordinary’ people rather than alongside the elites and Westernized parts of civil society. Doing so will give them the opportunity to discover exactly how best to target aid to enhance a broad range of governing capacities, both formal and informal, modern and traditional.


Indigenous institutions

From the Persian Gulf to Latin America, countries have sought to bolster their legitimacy and effectiveness by integrating various aspects of indigenous institutions – such as land tenure arrangements, customary law and traditional symbols – into formal mechanisms of governance. The international community must encourage similar steps if its aid programmes are to empower local people.

Literacy and training programmes – a major component of some international aid programmes – would be far more effective if they focused on improving people’s fluency, not in one or another European language, but in indigenous tongues such as Arabic, Hausa and Punjabi. Forcing indigenous peoples in Latin America to learn Spanish, say, or obliging non-Arabs in African countries to use Arabic, often disadvantages – and even disenfranchises – large segments of the population.

In many cases, the best chance for leveraging local capacities and institutions and improving governance will be to focus on building up local governments and tying them as closely as possible to their local communities. In some cases (especially in rural areas and small cities) this may mean trying to integrate governing structures and laws with traditional identities and social codes, and including chiefs and village elders where they retain strong legitimacy. But in many large cities whose populations are diverse and increasingly divorced from their traditional roots, the best way to introduce accountability into state organs is to structure them around greatly empowered urban administrations.

One should not idealize local governments. As James Manor of the World Bank says, they are often ‘afflicted by parochialism, factionalism, the danger of elite capture, inequity and injustice’ and require ‘resources, support and constructive initiatives from agencies (governmental and

non-governmental) at higher levels’. Even so, devolving government functions to villages, towns and city districts will bring citizens and government officials into face-to-face contact, which in turn will ‘allow greater scope for establishing trust, accommodation and a sense of mutuality than do the more anonymous relationships that exist at higher levels. The surviving human resources and bonds at the local level provide a platform on which to mount efforts at reconstruction’. For example, after decades of war and predatory regimes, Uganda has sought to rebuild itself from the bottom up by empowering local councils. 

Giving local – and provincial – governments greater authority to raise revenue, and helping them build up their capacity to generate and collect taxes, should make them more dependent on local companies and other taxpayers. Establishing various forms of iterative accountability loops and decentralized democratic bodies such as oversight committees, deliberative forms of public participation and traditional forms of consultation can institutionalize processes that tie the state more closely to society, thereby making it more legitimate, more accountable, more reflective of people’s needs, and more effective in the delivery of public services. Over time, accountable local governments in one region can be linked horizontally to those in other regions and vertically to higher-level governing bodies, integrating the more effective elements of a state and slowly changing the dynamics of a whole country.

States cannot be made to work from the outside, but outside assistance – of the right sort – is essential. International action should focus on facilitating local processes, leveraging local capacities and complementing local actions, so that local citizens can create governance systems appropriate to their surroundings. Helping underdeveloped countries should not be about propping up the state, but rather about connecting it – and making it accountable where possible – to its surrounding society. A country that cannot produce an institutional structure that its people regard as legitimate – because it represents their histories, desires and realities – is unlikely to foster the conditions necessary for development. This basic concept needs to frame all state-building programmes. ■

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