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POLICY DIRECTIONS

WHY DEVELOPMENT ACTORS NEED A BETTER DEFINITION OF 'STATE FRAGILITY'

Professor James Putzel

HIGHLIGHTS:

- The new importance of 'fragile states' on the international development agenda has directed more aid resources to countries most in need and made state-building a legitimate object of international support.
- However, the definitions of 'state fragility', which guide resource allocation and programme design, are problematic and miss the most important question: why are some poor countries unstable and particularly subject to violence and warfare while others have achieved long periods of peace even in conditions of poverty and low economic growth?
- CSRC research demonstrates that the reigning definitions of state fragility can divert attention away from the factors most likely to provoke conflict in the poorest countries and cause misunderstanding of the factors that have allowed states to sustain peace. In the worst cases these definitions have led international actors to advocate inappropriate reforms, which aggravate fragility.
- State fragility is being used as a catch-all phrase for conflict, post-conflict, humanitarian crisis-prone or chronically poverty stricken states, but our research shows that these comprise both 'fragile' and 'resilient' states, where policy choices are starkly different.
- The distinctions between 'fragile', 'resilient' and 'developmental' states create specific and different challenges in terms of what is required for state-building and what security, governance and economic reforms are appropriate.

WHY DONOR IDENTIFICATION OF 'FRAGILE STATES' HAS BEEN IMPORTANT

Over the last decade, the international development community has been increasingly concerned about a set of poor developing countries, which today are labelled 'fragile states'. The concern with 'fragile' states took on particular importance after those responsible for the attacks on the World Trade Centre on September 11, 2001, were linked to Afghanistan – a weak and porous state crippled by decades of war. While CSRC research has questioned the idea that terrorist threats to the rich countries arise primarily in the south (Beall et al 2006), the identification of so-called 'fragile states' as an important focus of attention for bilateral and multilateral aid donors is welcome for three reasons.

First, the donor community's turn to pay greater attention to the weakest states has allowed a larger share of external assistance from the rich countries to reach the countries most in need. During the 1990s, with the rise of the 'good governance' agenda, aid was directed increasingly towards the 'best performers'. Looking at the 22 countries in Sub-Saharan Africa that the World Bank considered as 'fragile states' by 2009 (identified through the CPIA index discussed below), bilateral assistance began to decline in 1990 recovering and beginning to grow again only in 2001. Whether or not the trend toward directing more assistance to these countries will survive the inevitable reduction in overseas aid in the wake of the OECD countries' financial crisis remains to be seen.

Second, the identification of state fragility has put *state building* at the top of the international development agenda (OECD 2010), the need for which is clearly identified in CSRC research. The OECD's *Principles for Good Engagement with Fragile States and Situations* (2007, par.3) commits donor countries to 'focus on state-building as the central objective'. After many years of liberal discourse that was concerned primarily with down-sizing the state, the *Principles* recognise that donors need to 'strengthen the capability of states to fulfil their core functions' including 'ensuring security and justice' and 'mobilising revenue'. This has been reinforced in other international forums (Dili Declaration, 2010).

The third positive contribution of recent policy moves has been the recognition in the revised version of the *Principles* that there are not only fragile states, but also *'fragile situations'* within otherwise stable states. This is in line with the CSRC proposition that states *perform differentially* over time and within their territory (for instance in different cities, (Beall et al 2010a)) and in relation to different state functions, and they may move in and out of conditions of fragility. This moves away from a tendency to pathologise states, so common in the 'failed states' discourse

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(Di John 2008) and argues against applying uniform 'governance templates' without taking into account the historically and spatially specific dimensions of fragility (OECD 2010).

WHAT IS WRONG WITH THE DONOR DEFINITION OF STATE FRAGILITY?

Despite the achievements in recognising a condition of 'fragility', the definitions being used by the international community remain extremely problematic. A working consensus definition has emerged among bilateral donors around the OECD's *Principles*, which proclaim that, *'States are fragile when state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations'* (OECD 2007). Operationally, the World Bank has deployed the Country Policy and Institutional Assessment (based on in-house expert opinion designed to allocate concessional grants) to identify fragile states as those with no CPIA score or scoring 3.2 or less (World Bank, 2010: 222) – the problems of which are discussed in another CSRC Policy Direction (Gutierrez 2010a).

The OECD definition of state fragility fails to distinguish between the particular conditions of 'fragility' and the general conditions of 'underdevelopment'. By definition *all* poor countries lack the capacity to reduce poverty and promote development. The whole problem of 'state fragility' is to understand why *some* poor countries are unstable and have been particularly subject to violence and warfare and others, like Tanzania and Zambia, have achieved long periods of peace *even* in conditions of poverty and low economic growth (Gutierrez et al 2010b and 2010a). A definition of 'state fragility' that is useful for policy intervention needs to highlight what distinguishes fragile states from the rest of low income developing countries. Clearly, Afghanistan (Giustozzi 2008) and the Democratic Republic of Congo (Hesselbein 2007), like Somalia and Haiti, where state organisations hardly function and where wave upon wave of violent conflict or war have prevented a modicum of state consolidation are in a different category than Tanzania or Zambia, or Malawi, where poverty remains profound but people generally live in peace.

The reigning definitions of fragility do not recognise the importance of the achievements of states like those in Tanzania or Zambia in establishing a significant degree of 'resilience' (Putzel and Lindemann 2010; Di John 2010a). The counterpoint to state fragility is not development, but state resilience, which may be a stepping stone to more dynamic development, or a plateau marked by economic stagnation, beyond which it is difficult to pass. This appears to be a rather large category of countries in the developing world. Many middle income countries in the developing world appear to have achieved significant state resilience, but have great difficulty in presiding over a developmental take-off. But, from the vantage point of people in the Democratic Republic of Congo or Afghanistan establishing states presiding over 'resilient stagnation' would represent a huge leap forward.

Finally, the way 'state fragility' is defined loses sight of the huge distance that must be traversed from both conditions of fragility and stagnant resilience to a situation where the state is presiding over accelerated growth and poverty reduction. A 'developmental state' has to be able to create incentives and conditions for the holders of wealth to invest in productivity-raising economic ventures and incentives and conditions for labouring people to work for wages. This is all the more crucial since the movement of people from rural to urban employment, the transformation in forms of agricultural production and in urban and rural property rights required for capitalist development can well be *new sources of conflict* (Beall et al 2010b). Achieving state resilience, even at low levels of development, allows a period of state consolidation – the evolution of a shared national identity, acceptance of territorial boundaries and the recognition of national law – which can provide the basis to withstand the conflictual dimensions of development.

IDENTIFYING SIGNS OF STATE FRAGILITY IN UGANDA

After coming to power in Uganda in 1986, the National Resistance Movement (NRM) led by President Yoweri Museveni made great strides in launching a development programme rightly supported and celebrated by the international donor community (Golooba-Mutebi 2007). With the reigning definition of state fragility, the NRM state could be said to be performing well: promising economic reforms, pioneering poverty reduction strategy, and impressive fight against HIV/AIDS. However, if examined through the lens of state fragility and resilience that we propose here, signs of fragility were evident right from the start.

In terms of *security*, the government faced no less than seven significant armed insurgencies, which are estimated to have led to as many as 500,000 deaths. There remain worries about the integrity of the army and the extent to which its top positions are mostly occupied by individuals from Museveni's home region – recalling exclusionary patterns in the army under early regimes, which contributed to the outbreak of civil war. The NRM has only had partial success in ensuring the state's *territorial reach* and its conduct of the war with successive insurgent movements in the North has even led to some calls for secession (Lindemann 2010a). Looking at *taxation*, the still weak project of the Buganda Kingdom to build its own fiscal system based on earnings from land rents and other assets, plus corporate, household and individual voluntary contributions (Englebert 2002) operates as a potential rival to the state's monopoly over taxation. Riots in Kampala in 2009 were a sign that the state's exclusionary practices towards Baganda elites may be alienating the wider population (Goodfellow 2010). Museveni's presidency, for all its successes, has performed poorly in promoting the *pre-eminence of state institutions* in the face of rival institutional frameworks anchored in regionally and ethnically based communities (Lindemann 2010a). The President's highly personalised rule and the sluggishness with which he approached the institutionalisation of reforms did not contribute well to universalising state institutions in the face of rival institutions of the Buganda Kingdom. Had attention been paid to issues of institutional multiplicity, then the international community would have been less surprised at seeing this major fissure of fragility in the state.

A DEFINITION OF 'STATE FRAGILITY' THAT IS USEFUL TO DEVELOPMENT ACTORS

The CSRC has anchored its definition of state fragility in a coherent and well established theoretical tradition, around four basic attributes of the state (Gutiérrez et al 2010b). The *key defining characteristic of fragility* is the failure of the state to exercise a monopoly over the legitimate use of force – e.g. the failure to protect the population from large-scale violence and to ensure that non-state armed actors cannot rival the state's security forces (armies and police). The *second indicator of fragility* is the failure of the state to develop basic bureaucratic capacity, identified in our qualitative research by assessing the extent to which the state has achieved a monopoly over legitimate taxation powers

(Di John 2009). Our qualitative research has identified a *third characteristic of fragility* as the failure of the state to ensure that its institutions (or rules) trump rival rules anchored in non-state institutional systems. In our quantitative research we identified a *fourth characteristic of fragility* as a significant deficit in territorial control (Gutiérrez et al 2010b). All four sets of characteristics are observable, mostly measurable, distinguish fragile from resilient states, and avoid confusing fragility with a general lack of progress in achieving development and democracy.

Promoting development - or progress towards accelerated growth and poverty reduction - requires *both* transcendence of basic fragility and the creation of further state capacity to promote an intensification of economic integration within a state's territory and a step-change in productivity in agriculture, manufacturing, wider industry, trade and key service delivery. Unsurprisingly, qualitative and quantitative research provides plenty of evidence that achieving a developmental take-off is the best insulation against a decline into fragility.

WHY IT IS IMPORTANT TO DISTINGUISH 'FRAGILITY' FROM 'RESILIENCE'

There are at least three strategic reasons why it makes a difference in terms of policy to get the definition of state fragility right. First, this focuses attention on the areas of state weakness most likely to provoke violence. Second, it cautions against undermining patterns of state activity that have actually underpinned resilience. Third, it informs decisions about what are and are not appropriate reforms.

1. *The CSRC definition of fragility focuses attention on the factors that are most likely to provoke or sustain violence and conflict as demonstrated by our research:*

   - *Monopoly of violence*: In the Democratic Republic of Congo, the international community placed most of its attention on working towards elections and establishing poverty reduction projects in the hope that progress on these fronts could compensate for slow or no progress in building an integrated national army. But the failure to ensure the creation of an army with a functioning chain of command, the need for which was evident before the elections (**Hesselbein 2007**), led to the persistence of major outbreaks of violence not only in the conflict-prone Eastern DRC but in Equateur, Bandundu and Kinshasa (ICG 2010). With no common stance towards the Kabila government, external actors have attempted to promote bilateral and piecemeal programmes of police reform and military training, which so far appear to have been ineffective in establishing the foundations of peace in the country.

   - *Territorial reach of the state*: Over many years, governments in the Philippines and Colombia have failed to project the state's authority to the furthest reaches of their territory (**Gutiérrez et al 2007**; Lara forthcoming). This was not a state-threatening issue for as long as these territories were sparsely populated, produced very little wealth, and no significant conflict was spilling into them from neighbouring countries. However, with time these conditions have changed and territories beyond the reach of the state began to see the colonisation and establishment of rival authority by militant movements, financiers of illegal drugs production and trade and increased presence of armed actors from neighbouring conflicts.

   - *The fiscal monopoly of the state*: While all states need to pay attention to establishing a basic taxation capacity and improve it over time, from the vantage point of state fragility, what matters most is not how much tax is collected, but whether or not the state has achieved a preeminent position in taxation over non-state entities (**Di John 2010b**). Considerable amounts of customs revenue are lost in most poor countries through tax evasion and smuggling, as is evident in resilient countries like Tanzania and Zambia. However, when smuggling is controlled by political organisations determined to challenge the state as in the DRC and Afghanistan, or when communities, enterprises or those moving goods through the country are forced to buy protection from such organisations (Philippines and Colombia), this becomes an important source of conflict (Lara, forthcoming; **Gutiérrez et al 2007**).

2. *The understanding of fragility presented here would lead development actors to support and value state achievements that have underpinned state resilience, where risks of violence have been reduced and the conditions for gradual nation and state formation achieved.*

   - *Elite 'buy-in' to state rules*: Patronage arrangements in the state, often at best seen as sources of economic inefficiency or at worst as corruption, like the access ruling parties in Tanzania and Zambia had to the resources generated from marketing boards, or parastatal corporations, provided the basis for elite buy-in to state-building projects (**Di John 2010a**). Privileged access today to become partners to foreign interests in privatised corporations, or international telecoms firms, ensure that elites continue to work in and through the state. States need enough resources to enforce property rights and enough regulatory authority and financial means to be able to provide investment incentives to a cross section of elites.

   - *State as the location of decision making*: When access to aid resources requires coordination with the state, as in Rwanda, or when public revenues and aid receipts are distributed through central budgeting processes – even when these are highly imperfect - this ensures that the state and its executive and legislative offices remain the central site of decision making (OECD 2010). This is a necessary condition to promote more democratic, representative and participatory involvement in decisions of public policy and the allocation of resources.

   - *Central state's leverage over the periphery*: Where states provide extension services through central state administrative organisations, it can reinforce farmers' loyalty to the state lessening their dependence on local landlords (Putzel 1992). When redistributive authority exists within the central state there is at least the possibility for the state to counteract trends of horizontal inequality, where the unequal distribution of resources aligns with regional or ethnic divides, particularly prone to sparking conflict.

3. *Appreciating the differences between fragility and resilience will allow development actors to avoid advocating inappropriate reforms that may actually aggravate fragility*

The templates for economic and political reforms that have been advocated by international development actors have seldom been informed by an appreciation of the sources of state fragility. This has left too much to chance, with reforms sometimes contributing to strengthening resilience, but at other times contributing to exacerbating state fragility.

- *Introducing competitive elections* where the grounds of citizenship are not accepted, or where demographic patterns of ethnic politics mean that a persecuted minority cannot achieve a voice, risks increasing violence. In the early 1990s pressure on the Rwandan state to introduce competitive politics provided fuel to the fire of Hutu *génocidaires* who feared empowering Tutsi communities. Today, a precipitous move to elections in the country could unleash a spate of political competition based on ethnic hatred. (Putzel and Golooba-Mutebi 2010). By contrast, the move to competitive politics in Tanzania and even in Zambia (leading to the defeat of the ruling party), where citizenship was institutionalised and politics largely free of ethnic hatred, did not lead to violence (**Di John 2010a**, **Lindemann 2010b**).
- *Downsizing and privatising* state enterprises and services without the regulatory, taxation, or job-creating investment prospects to fill the gaps created leads to increased informalisation of the economy and at best the loss of tax revenue but at worst to revenues being captured by criminal gangs or groups that plan to challenge the state. Privatisation without regulatory powers and capacity can increase horizontal inequalities or non-state elite capture of national resources (Putzel et al 2005).
- *Demobilising* security forces where soldiers and officers have poor chances for finding employment or careers outside the military can provoke violent conflict as has surly happened in the DRC (**Hesselbein 2007**). In Rwanda keeping soldiers in the army, employed in army-owned businesses or in public works has been a guarantor against social violence (Putzel and Golooba-Mutebi 2010).

CONCLUSION

At the core of the problematic definition of state fragility used by the international development community is a misguided belief that the institutional practices of advanced democracies and developed economies need to be transferred all at once to the poorest countries. There is also a resistance to identifying that some of the practices which have allowed poor states to achieve peace and stability – state resilience – violate precepts of market liberalism and notions of good governance. Operating with a faulty definition of state fragility is not merely bad practice, but can actually lead international actors to *miss the signs of fragility* (See Box on Uganda). What is more, the reigning definitions of fragility comprise no understanding of "state resilience" in poor countries. It is crucial not only to ask why countries like Tanzania and Zambia remain so poor, but to ask how and why have they remained peaceful. While the move to increase aid efforts and attention to the problems of weak states is positive, to improve those efforts, and to ensure against practices that might aggravate fragility, it is high time a more rigorous definition of state fragility is adopted by international actors.

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Crisis States Research Centre

Crisis States Research Centre
LSE
Houghton Street
London WC2A 2AE

e: csp@lse.ac.uk

www.crisisstates.com

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