

‘State-building for peace’: navigating an arena of contradictions

Donors need to understand the links between
peace-building and state-building

Key points

- Peace-building and state-building may share basic characteristics, but there are important tensions between them
- ‘State-building for peace’ is an arena full of contradictions, which need to be recognised if they are to be managed
- Effective donor engagement requires humility, better political understanding, greater sensitivity to context, and sustained, long-term commitment

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What does it take to fix fragile states? This question has emerged as a top priority in current international development thinking and practice. In its White Paper (DFID, 2009), for example, the UK Government pledged to allocate at least 50% of new bilateral funding to fragile states.

Mired by poor governance, weak institutions, lack of accountability, and ineffective political processes linking state and society, fragile states are a leading source of instability (both internal and external), poverty, and social, political and/or economic underdevelopment. Very often, they are also characterised by conflict.

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. This has led to a growing realisation among donors (including, for example, 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 should be brought closer together – ‘state-building for peace’, as the UN Development Programme (UNDP) has put it.

But how are peace- and state-building processes linked, and what are some of the most significant complementarities and tensions between them? This Briefing Paper considers these questions and outlines key lessons for improved donor engagement in fragile states.



A boy in Afghanistan: one of many fragile states in need of peace-building and state-building

Complementarities between state-building and peace-building

Contributions of a state-building approach to peace-building

Over recent years, a growing focus on state-building has provided an important corrective to the neglect of state institutions that long-persisted within peace-building efforts. A consensus has emerged that a minimally functioning state is essential to maintain peace. Other institutions, actors and alternative sources of authority may be essential in their own right, but they are no substitute for the state in the long term. A state-building approach has also brought a longer-term perspective to address the developmental needs of fragile states in a more realistic timeframe.

Box 1: Key terms

Peace-building refers to ‘those actions undertaken by international or national actors to institutionalise peace, understood as the absence of armed conflict ... and a modicum of participatory politics ... that can be sustained in the absence of an international peace operation’ (Call and Cousins, 2007). Over time, the concept has become considerably more expansive, and there is growing awareness of the importance of state institutions, while continuing to emphasise the centrality of non-state actors and bottom-up processes in building peace.

State-building refers to deliberate actions by national and/or international actors to establish, reform or strengthen state institutions and build state capacity and legitimacy in relation to an effective political process to negotiate mutual demands between state and citizen (Jones and Chandran, 2008). State-building is not, therefore, only about the state in isolation – the quality and nature of the relationship linking state and society are also essential.

Box 2: What is a political settlement?

A political settlement is the expression of a common understanding, usually forged among elites, about how political power is to be organised and how the relationship between state and society is to be articulated. Political settlements often incorporate features that are central to peace-building, including peace agreements and constitution-making processes. However, they are much deeper and broader. Political settlements include not only formal institutions but also, crucially, the often informal and unarticulated political arrangements and understandings that underpin a political system. Political settlements also evolve over time as different needs, demands and tensions arise.

Building more inclusive polities and societies

International efforts to promote state- and peace-building share a desire to work with domestic actors to foster institutions that are more representative and responsive. The current context in which (post-) conflict fragile states are being transformed offers the potential for more inclusive statecraft. But whether the focus is on the political settlement (see Box 2) or particular peace processes, the challenges to the construction of more inclusive political orders remain daunting.

History shows that political settlements can remain highly exclusionary even after the negotiation of a peace agreement that is intended to be more representative (e.g. Guatemala). Many peace agreements may not be particularly inclusive of different sectors of society to begin with, such as those agreed in Angola and even in Mozambique, which is often cited as a post-conflict success story. In addition, while negotiated agreements and the political settlement thus rearticulated may look good in principle, translating their rhetoric into practice is a completely different matter. What is at stake is nothing short of redrawing the understandings and arrangements that underpin the basic order of society.

Guatemala offers a powerful reminder of how elusive efforts to build more inclusive states and societies can be. The 1996 Peace Accords that ended four decades of internal conflict were exceptional in their scope and breadth, and embodied an ambitious

programme of national transformation along more democratic egalitarian and representative lines. However, despite some undeniable progress (e.g. increased awareness of and respect for indigenous rights), the formal substance of these agreements has not altered power structures that have been in place for decades (if not centuries) in any substantial manner. The underlying (informal) understanding among elites – that their privileges and hold on power are not to be touched – appears to remain.

Fostering legitimacy

Another essential complementarity between peace-building and state-building is a shared ambition to ensure that the process to constitute the new polity enjoys broad-based legitimacy and support so that it proves sustainable over time.

Historically, states have relied on a combination of different methods to establish their legitimacy, including:

- external legitimacy (e.g. international recognition of the state)
- performance-based legitimacy (e.g. provision of public goods and services; economic growth)
- legitimacy based on ideology (e.g. nationalism; religious fundamentalism)
- legitimacy based on clientelism and neo-patriotism (e.g. the exchange of material benefits for political support)
- process-oriented legitimacy (e.g. the establishment of the rule of law; checks and balances; liberal democratic representation)
- traditional forms of legitimacy (e.g. non-state communal and customary institutions and authorities; socially-rooted norms of trust and reciprocity)

In fragile settings, especially those that have been affected by conflict, the challenge is to build a state that is perceived as legitimate against a backdrop of widespread mistrust, resentment, and/or antagonism. There is an acute need to foster more positive and mutually reinforcing linkages between state and society. A key difficulty for the international community is that the kind of legitimacy supported by donors (namely, that based on process-oriented legitimacy as well as on performance) can be hard to achieve, given the weak governance structures, lack of capacity, and impoverished economies that characterise fragile states.

In addition, various forms of legitimacy that coexist in such settings may undermine rather than reinforce one another. Informal institutions, rules and processes, such as customary practices and clientelism, are often seen as more legitimate and reliable than formal institutions. But until now donors have found it difficult to deepen their understanding of, let alone engage with, non-formal forms of legitimacy. In addition, some donor practices have contributed towards undermining, rather than strengthening, the legitimacy of the state.

Tensions between peace-building and state-building

While peace-building and state-building share some fundamental characteristics and overall aspirations, the two do not always sit easily together. As outlined below, important tensions exist between them:

- *State-building may not automatically lead to peace.* The current vision of state-building espoused by the international donor community (the 2007 OECD DAC Principles on Good International Engagement in Fragile States, for example) seems to be based on the assumption that the process can be remarkably inclusive, democratic and frictionless. Yet, in the measure that state-building in the 21st century continues to create winners and losers, it remains an inherently political process. As such, it has the potential to spark further conflict, rather than simply reinforcing a consensual process through a virtuous circle linking state and society.
- *Steps necessary to consolidate peace may undermine the creation of a state that proves capable and effective in the longer run.* This can manifest itself in a number of ways. For instance, the need to appease ‘spoilers’ in the interest of peace and security can strengthen the hand of repressive rulers, and can crystallise politics along the same lines over which a conflict was fought (e.g. Bosnia and Herzegovina). In addition, provisions like power-sharing arrangements, which may be necessary to overcome distrust in the short term, can also have a negative impact on the capacity and effectiveness of state institutions in the medium to long term. A drive towards inclusiveness and broad representation at all costs can lead to such a dilution of authority that the political system becomes unable to function effectively.
- *Peace-building undermines state-building when it bypasses state institutions.* The provision of basic social services, such as health, water and education, offers a powerful illustration. 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. This is a valid concern, especially given the decrepitude, if not outright absence, of state institutions that can fulfil basic functions. But it has to be managed very carefully: the temptation to bypass the state in order to produce ‘peace dividends’ can have negative consequences on longer-term state-building priorities. A recent case study on the Democratic Republic of Congo (DRC) commissioned by the OECD DAC as part of a broader project on state-building in fragile situations, for example, found that schools and clinics are being built without the authorisation of the local administration (which would normally oversee these processes) and that such initiatives weaken the state and its linkages to society (LSE and PwC 2009).

- *State-building efforts can remain too focused on the formal institutions of the state at the central level.* One risk of state-building approaches in fragile states is that international actors may come to rely excessively on the state as their main partner, overlooking important non-state players, including traditional leaders and mechanisms and informal institutions. Part of the problem is that donors may not yet have sufficient knowledge to engage effectively with (often non-state and informal) processes and players at the local level. This is a time-consuming and resource-intensive endeavour that calls for nuanced analysis about suitable counterparts with whom to work. It also requires long-term commitment in the field.

Emerging lessons for donors

Engaging in fragile situations to build peaceful, more capable and more accountable states is now a critical strategic priority for many donors.

The peace-building and state-building agendas share fundamental complementarities which may, in general, outweigh some of the tensions that have been outlined. 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.

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. This implies that international actors should not impose institutions and blueprints from the outside, but rather focus their engagement on accompanying and otherwise facilitating existing domestic processes and on leveraging local capacities. Dilemmas should be addressed through inclusive dialogues at different levels of governance. In doing all of this, however, donors should be mindful not to unduly romanticise local structures and institutions.

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

outside. International actors have played an important, and often decisive, role in peace-negotiation processes in different fragile states. But it is clear that building more capable and effective states has proven a much more formidable task. The kinds of transformations sought are ultimately about fundamentally reshaping values, principles, interests, and power relations. Such transformations cannot be engineered from the outside, and they cannot be achieved overnight.

As a result, donors should also be careful that they do not create undue expectations about what the state can deliver, especially in the short term. This may increase popular disappointment about poor state performance, deepening the divide between citizens and state.

In addition, donors need to sharpen their political understanding and effective support for state-building. While donors have increasingly come to appreciate that both peace- and state-building processes are inherently political, much of the focus of donor interventions continues to be based on technical approaches. Donors need to sharpen their 'political intelligence' if they are to become more politically sensitive. As a first step, better and more sophisticated analysis is needed to develop a greater understanding of the political economy of peace- and state-building in several key areas, including the evolution of the political settlement, different sources of legitimacy and subnational institutions, as well as state and non-state actors with whom donors can engage.

In its new White Paper, the UK Government has embraced a commitment to place political analysis at the heart of its work in fragile states (DFID, 2009).

Other donors, such as The Netherlands, are also moving in this direction. But finding more effective ways to incorporate such analysis into donors' operational work remains a key challenge. Among other things, this calls for a re-examination of donor instruments to assess how compatible they are with a political economy approach and how flexible they are in responding to varied fragile situations. Given the growing interest in political economy analysis among donors, it is also vital to ensure that there is increased scope to coordinate efforts in this area and share emerging lessons.

Finally, donors need to commit over the long term if their peace- and state-building are to prove sustainable. Among other things, this means that donor time horizons and incentives need to be reconsidered, which will require substantially altering many of the ways in which external actors operate at present. A timeframe of five to ten years is not enough to turn a fragile state around. What is needed may well be a commitment of at least 15 years. Another important issue is that donor staff need to commit to remaining in the field for longer than is currently the norm. As mentioned, one of the key challenges that donors confront is the need to develop in-depth knowledge and build trust and contacts in-country. This takes time and requires continuity of personnel. A constant danger is that institutional memory is lost and has to be rebuilt every time new staff arrive in the field.

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