



EUROPEAN REPORT
ON **DEVELOPMENT**

TRANSFORMING POLITICAL STRUCTURES: SECURITY, INSTITUTIONS, AND REGIONAL INTEGRATION MECHANISMS

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1 Introduction: Insecurity, State Institutions and Fragility

One of the core features of states in situations of fragility is a weak or non-existent monopoly of coercion. The lack of capacity, infrastructure or willingness to enforce the rule of law, to prevent crime and to cope with the multiple insecurities that the populations have to face, leads to a high level of insecurity. In the worst cases, ungoverned territories exclude parts of the population from the delivery of essential services. They can provide the operational ground for networks that thrive on the shadow economy, challenge the state, threaten the survival of the population as well as aid and assistance workers, and may lead to security risks on a regional scale, and, sometimes, as in the case of piracy, even a global one.

High levels of insecurity reduce the quality and quantity of the aid and assistance that can be delivered, and make development more difficult. Aid and assistance workers require basic security conditions to be met. In such a context, donor resources might not reach the recipients, and the resources might not be spent as intended. Moreover, resources may become part of the local power struggles, and, if development policies do not rely on careful conflict analysis, might inadvertently fuel renewed violence or the persistence of it.

The security dimension of fragility stresses the need for development instruments that take into consideration how to cope with insecurity, how a monopoly of coercion can be restored, how development policies can be levelled against security concerns, and how development actors can optimally co-ordinate with security actors, such as the armed forces.

How these instruments can be designed and implemented, and how co-ordination between security and development policies can be facilitated, presented the topic of the third conference of the European Report on Development. The first day of the conference focused on the relationship between security and development policies, on the specific peace-building strategies which are needed for these states, which are in a post-conflict state or see ongoing large-scale violence. The second day focused on the formation of state institutions and whether the facilitation of regional integration mechanisms provides a complimentary, or even alternative, strategy to state formation in order to foster development.

2 Cross-cutting themes

A number of cross-cutting themes presented the most pressing challenges for coping with insecurity and assisting in the formation of institutions.

Firstly, the question of strategic priorities: Should policies towards states in fragile situations prioritise short- and medium-term measures which enhance security and stability? Alternatively, should the priority be on long-term objectives, such as protecting the social fabric and/or providing space for private sector activities? Some participants argued for a realistic viewpoint, suggesting that the reach of external interventions is limited, and that donors should strive to establish the “least bad situation” (for example, the least bad state). Others suggested that it was important to prioritise the long-term objectives of building long-lasting, sustainable institutions, and establishing a resilient and strong state with a functioning market.

Secondly, the question of how external actors (donors, aid and assistance workers, and soldiers) should relate to the local élites, population and society of a target state. There was general agreement that donor policies should take greater consideration of the interests of the élites, the local power-dynamics, the existing informal institutions, the needs of the society, as well as the cultural and symbolic specificities of a country.

Better integration of these dimensions into policy design is needed for at least four reasons:

- States cannot function without a minimum degree of social cohesion of society. There needs to be a minimum acceptance of the existing state as legitimate, as legitimacy is a cultural and historically determined factor.
- A sufficient degree of social trust in the working of institutions needs to be built. Trust is a social-psychological factor. To facilitate this, it is necessary to acknowledge cultural and historical dimensions, and to implement measures, such as mechanisms to cope with history (memory politics) or social-psychological programmes (for example, trauma work).
- Both the success and the failure of external intervention are, to a high degree, dependent on the meaning of donor resources in the local power struggles. A good understanding on how the provision of resources influences local power relations is therefore needed.
- Countries emerging from civil war have often been fundamentally transformed during the period of war. This societal transformation needs to be considered, and the goal should be to cope with the existing informal institutions and social arrangements creatively, rather than aiming merely to replace them.

The participants stressed that policies should be tailored according to local specificities. For some participants, this required a much higher degree of in-depth analysis of countries, as often the knowledge of a country's situation is very limited. Others stressed the need to recognise that institutions have to form from within a state and cannot be built externally. As was highlighted, it is important not to use the language of external "building", but to speak of "assisting in the formation", instead.

Thirdly, the question of how to conceptualise fragility was discussed. The existing indexes of failed states or fragility hardly capture what is going on in different countries. Moreover, classifying countries with very different trajectories of fragility into one category blurs the different needs and challenges existing in these countries. Four different types of fragile states should be differentiated:

- **Ongoing conflict:** States which are in civil war or see high levels of ongoing organised violence (for example, Somalia, and the Democratic Republic of Congo). In these cases, development assistance is often limited to humanitarian aid, and a peacekeeping or peace enforcement force might be necessary to deliver it.
- **Post-conflict/Early recovery:** States which are in an immediate post-conflict or early-recovery phase, and/or which face a high risk of renewed violence (for example, Burundi and Sierra Leone). In these cases, the presence of a peacekeeping force might be needed, and development measures have to be directed towards short-term stability instruments in order to provide the foundations for long-term engagements (peace-building).
- **Historical Fragility:** States which have historically never developed strong state institutions and which are in a permanent state of fragility (for example, Malawi). In these cases, the presence of armed forces might not be needed, and policies need to be directed towards the prevention of violence and towards mid- to long-term measures.
- **Temporary Fragility:** States which are in a temporary state of fragility and risk slipping into one of the other three categories (for example, Kenya and Zimbabwe). In these cases, policies need to prevent the slide into permanent fragility and need to work towards the strengthening of the local institutions.

Fourthly, there was the question of how co-ordination between different donors and different policy fields can lead to a better quality of aid. Fragile states require more co-

ordination, and different efforts of co-ordination, coherence and integration than those outlined in the Paris Declaration, the European Consensus on Development, or the Accra Agreement. It was suggested that co-ordination is needed to avoid aid orphans, overlap and the ineffectivity of development assistance. Some participants were optimistic that better coherence could immediately lead to better aid and assistance. Others were sceptical about what better co-ordination could actually achieve. Co-ordination can be a replacement for action, it can reduce accountability, and it becomes particularly difficult in situations which require the presence of armed forces.

Fifthly, there was the questions of how the promotion of state formation and regional integration mechanisms can re-inforce each other and ultimately benefit development. If it comes to the provision of security, regional integration can be an important complementary tool. Regional security capacities can be employed more rapidly in the event of a crisis, and intervention is often more legitimate. Moreover, regional organisations can be important for the building of confidence among states and help states deal with transnational problems, such as environmental problems, problems caused by mass migration or transnational organised crime. Regional integration can produce effective economic benefits for African countries, as the European experience in the past has clearly showed. Europe, in this sense, can be identified as a strategic partner for Africa, as it can drive the regionalisation process in the continent.

The challenges of priorities, of local context, of conceptualising fragility, of co-ordination, and the role of regional integration were the major issues that the conference identified as core concerns. The significance of these issues continuously re-emerged, shaped the discussion in different forms, and are the issues that the European Report on Development should discuss.

3 Day one

3.1 Security, Development and the Role of the European Report on Development

The workshop was opened by a welcoming address by Stefano Bartolini, the director of the Robert Schuman Centre of Advanced Studies, which hosted the European Report on Development (ERD) and was followed by introductory statements by Georgia Giovannetti, team leader of the ERD, Françoise Moureau, representing the European Commission DG Development, and Pascal Vennesson, a team member of the ERD. Bartolini highlighted why the European University Institute (EUI) was an ideal host for the ERD, given that the EUI and its Schuman Centre are a genuinely European research institutions, which reflect the richness and the full scope of the European Union's research tradition. Giovannetti introduced the ERD project and presented the outcomes of earlier conferences. She highlighted that the insecurity dimension of fragility requires special caution, and that development thinkers have often not paid sufficient attention to the challenges posed by high levels of insecurity and situations of immediate threat, both for the local populations as well as for the development assistants and humanitarian aid workers. Moreau re-emphasised the priorities of the ERD and the concrete demands for advice on the part of the Commission. As she elaborated, the ERD represents a project to discuss development as a cross-cutting issue, and does not wish to reduce it to solely economic aspects. She emphasised that the ERD can help to create a Europe-wide consensus on fragility, and help to clarify the strategic priorities that policies should follow, notably the question of whether policies should be directed towards the creation of security, the protection of social fabrics, towards the building of institutions, or should create space for private actors. Vennesson introduced the work programme for the first day and indicated how the various contributions relate to one another.

3.2 The Core Challenges of the Security and Development Nexus

In the first contribution of the day, Christian Bueger, research assistant at the Robert Schuman Centre, and Pascal Vennesson presented a paper that identified the core challenges of the security and development nexus. Bueger and Vennesson distinguished between challenges on architectural, conceptual and implementation levels. On a conceptual level, they argued that there is currently a lot of conceptual confusion. Security and development are both essentially contested concepts, and connecting the two magnifies the contestation. While distinct definitions would not be practical, they argued for the importance of adding transparency, by asking whether frameworks, such as peacebuilding, human security or counter-insurgency, suggest the prioritisation of security or development, and whether convergence or divergence between security and development thinking is assumed. On an architectural level, they pointed to some of the major difficulties of the current co-ordination instruments. These have often been a replacement for action, increase the lack of accountability, and lead - in the worst case - to more bureaucracy with even less co-ordination. On an implementation level, they suggested that the major challenges arise over how, in the frame of integrated missions, the impartiality needed for the delivery of humanitarian aid could be guaranteed, and whether it is useful to perceive the networks of the shadow economy only as a threat, and not as an opportunity to work upon the basis of existing informal institutions. Moreover, they highlighted the need for greater awareness - in development discourses - that there is a *de facto* military involvement of the EU and its Member States in most fragile countries in Africa. As a consequence, analysts and practitioners should carefully consider what form of contribution the armed forces can realistically make to situations of fragility. Interventions in Iraq and Afghanistan are problematical situations and point to some of the limits of military instruments. However, we should not throw the proverbial baby out with the bathwater, and we should, instead, fully discuss how military tools can be employed in different ways, fully incorporating, for example, the need to protect civilian populations, as well as the need to avoid - as much as possible - placing the existing development projects in jeopardy.

Discussing the paper, Keith Krause, Professor at the Graduate Institute in Geneva, re-emphasised the problematical character of co-ordination and the current state of conceptual confusion. However, while the security-development concepts are essentially contested, we should still nonetheless aim at defining their meanings in the context of situations (by asking whose security and development are we primarily concerned about?). Krause also noted that the understanding of security should be broadened, and pointed out that, in some cases, the major sources of insecurity for the populations in fragile states are crime, as well as repression from the regime in power, and are not always military threats. In the following debate, the participants highlighted that we should cope with the existing concepts and frameworks for integrating security and development in a creative, situation-specific way, and should value the present confusion as an opportunity for deliberation, not as an obstacle. Several participants raised concerns as to whether a re-engagement with military instruments is a productive way for development, and expressed worries that this might lead to a subordination of development concerns under the strategic interests of security actors. Bueger and Vennesson agreed that the notion of security should not be limited to the military aspect, as the EU is involved in numerous initiatives relating to the security sector as a whole, including the police, the criminal justice system, and/or post-violence rehabilitation projects. They noted, however, that, when the notion of security becomes too broad, the risk of analytical and policy confusion is real. They concluded by emphasising that Europeans should fully acknowledge that security, including the use of force, is an important aspect of what they do in situations of fragility. The challenge to development in fragile situations posed by dismal security must be met, rather than avoided or evaded.

3.3 Should We Build the Least Bad State?

In the second presentation of the day, Michael Barnett, professor at the University of Minnesota, discussed the question of the objective policies/policy objectives towards which fragile states should strive. His main argument was that the objective of the policies should not be an ideal Weberian or Western state, but to build the “least bad state”. Barnett argued that we should conceive of any peace-building process as a game between foreign interveners (peace-builders) and local élites. In this strategic game, interveners want peace at low cost, while local élites want to protect their interests. Peace-builders want to transform this, which is why the local élites resist. But local élites do want what peace-builders can provide, namely, resources, such as foreign aid.

He suggested that such a perspective leads to four ideal types of relations between peace-builders and élites: 1) Co-operative peace-building; 2) Captured peace-building; 3) Confrontational peace-building; and 4) Compromised peace-building. It is only the last type, in which peace-builders compromise, that leads to a game-theoretical equilibrium in which no incentives to dissent exist. As a policy conclusion, Barnett argued that compromised peace-building is not so bad, given the alternatives available.

For Barnett, it is crucial that we think in these terms, as often a form of paternalism is assumed in which “we”, usually meaning “the West” or “the donors”, assume that we know what is best to do for a country. However, this is hardly ever the case, as peace-builders often lack knowledge of what is going on at ground level. Hence, local voices (in the model, local élites) need to be included. And this inevitably leads to a compromised model. Barnett suggested that peace-building should follow republican principles and not liberal ideals. From a republican perspective, the goal is to provide basic needs for the citizens. The goal of peace-builders should be the “least bad states”, not a liberal state. “Stabilisation” should be the prime goal, the creation of conditions in which basic principles, such as deliberation and participation, can thrive. Democracy is not necessarily the best form to do this. However, he admitted that it is very difficult to legitimise compromised peace-building, given that liberalism is deeply embedded in Western societies. In other words, following the idea of the “least bad state” creates a public relations problem, and it will be very difficult to change this mindset.

He concluded with the policy advice of avoiding attempts to integrate all the possible interests, but of trying to obtain a useful short-term or medium-term solution, instead. Less can often be better, and, crucially, we should ask what can be done first.

Des Gasper, professor at the Institute of Social Studies in The Hague, discussing the paper, suggested that the four scenarios were very useful. In the process of cooperation with the external programmes, there is an imbalance of power. Confrontation is unlikely to be fruitful and compromise is likely to be better. What is crucial for Gasper, however, is *how*, in practice, we enter into a compromise scenario. There is a high need for justification, which requires reasons to be given in public, and argument to be given in the public interest. Moreover, it is questionable that the local élites would always prefer compromise over confrontation. Indeed, evidence points out that, in some cases, local élites prefer confrontation.

He continued by stressing that Barnett’s argument casts doubt on the notion of giving more resources for peace-building. It is international resources that are required to facilitate the process of local accommodation. There is a need for sufficient resources to reach the local accommodation. Moreover, Gasper pointed to some of the fatalities of the current vocabulary. Using the term “fragility” brings together all different types of needs under one label. *De facto*, some vulnerable/fragile states are managing to survive and develop on their own. In addition, the label of “peace-builders”, as a way of grouping all sorts of external intervention together might be confusing, as it creates the impression that it is only comprised of good, unproblematical things.

In the discussion, participants criticised Barnett’s idea of assuming the existence of a coherent élite in fragile countries. Situations of fragility are often those in which no élite

exists, or the élite is fundamentally fragmented into different fractions. In this regard, the model is limited, as it does not address the question of with which élites to engage, or how to restore an élite. Focusing only on the élite in power might, moreover, even foster fragmentation and conflict. Other participants raised concerns of reducing the social fabrics of a fragile country to élites only. Societal actors, such as civil society groups and/or community initiatives, required careful consideration. In addition, élites require legitimacy, and need to mobilise society at some point of time. Hence, intervention needs to work with societal actors as well, and we need to pay attention to the relations between élites and populations. In addition, too close a focus on élites is problematical, as marginalised groups, whose integration is crucial for restoring social cohesion, are not taken into consideration. Moreover, we should not forget that there are other resources for élites in the game, than just the peacekeeping, peace-building and aid measures.

A second controversy arose around the question of what is to be understood by the “least bad state”, how do we decide it, and whose “least bad” is it going to be? By what criteria do we decide what is the “least bad state”? And when can a “least bad state” be considered as legitimate. Participants pointed to similarities between the notion of the “least bad state” and ideas of “good enough governance” and of building a “minimalist state”, or the “benevolent dictatorship”.

In his response, Barnett stressed that modelling exercises do, of course, have limits. He acknowledged that, in practice, it is difficult to delineate the different categories of the model.

Responding to the question of what can be understood as “least bad”, he pointed to the contribution entitled *Fixing Fragile States* by Ghani and Flockhart, who suggest that the role models should be states like Singapore and China. However, Barnett suggested that means and ends should be seen as being interwoven, and we hence need to focus on the questions of what kind of interventions are possible, and how we direct them. He pointed out that the initial goal should be to create a situation in which the least number of people get killed. However, “least bad” is not necessarily a minimal state. It is also about what kind of basic principles, such as deliberation and participation, can be institutionalised and deepened in the long run. However, he suggested that, in contrast to relying on ideals, dealing with the “least bad state” requires us to be very precise in what we are talking about.

3.4 Is the EU Desperate for Coherence?

Maurizio Carbone, lecturer at the University of Glasgow, discussed the question of how the EU can strive for more coherence. In picking up some discussion points from the first session, Carbone presented a much more optimistic view of precisely *what* instruments of co-ordination can achieve, and stressed that the new EU Code of Conduct can play a crucial role in it. Moreover, he argued that coherence and co-ordination is much more important in the case of fragility than in others.

Carbone suggested that three agendas need to be connected: the security dimension of fragility, the agenda striving for better quality and effectiveness of aid, and the general striving for coherence in the EU. Crucial for achieving coherence is coherence among Member States (what he called vertical coherence in contrast to horizontal coherence among policy fields). In reviewing the current state of the art on coherence and the history of the policy discussion, he stressed that the literature is relatively slim, that fragile states receive much less aid than is often assumed, and highlighted that coherence is a huge challenge given the diversity of the interests involved. He countered the criticism on coherence instruments, namely, the worries that co-ordination is very costly, that it leads to a consultation fatigue, to a lack of visibility of the donors, causing them to reduce their aid or withdraw it, to a reduced coherence at country level, and to the hesitation of the recipients, given that they might become more dependent on one source of aid.

While these criticisms are valuable, it does not mean that they strive for coherence. In arguing that we should be more realistic about coherence, he pointed out that the initial evidence on the Code of Conduct shows that there is a lot of value in co-ordination mechanisms. Aid is more successful with less donors, as the cost of donor fragmentation is high. In summary, the code of conduct will not only help aid effectiveness, but also the identity of the EU. He then concluded by stressing the importance of investing in fragile states and promoting the code of conduct.

The discussant *Jean-Pierre Cassarino*, from the ILO International Training Centre in Turin, encouraged Carbone to think more broadly and not to reduce the problem of coherence to a question of development policy only. He highlighted that coherence is not a new problem, but a foundational problem of the EU. While it has clearly added value, a crucial problem with the Code of Conduct is that it is a non-binding, normative framework. He stressed the importance for relating the code to the EU economic partnership agreements and to the regional integration mechanisms (ECOWAS, NEPAD).

In the discussion, it was stressed that the debate on co-ordination often misses the point, as donor fragmentation is not one of the reasons for fragility. Instead of focusing on co-ordination, it is important to focus on *how* assistance can be given, and how it can empower the people. While limiting the number of donors is, in principle, a good idea, the core problem is not that the donors are fragmented, but that the recipient societies are fragmented. Hence, even if the donors do a better job, it will still not solve the problem.

Others followed Cassarino's suggestions and highlighted the importance of thinking of co-ordination in more broader terms which also include trade policies. Often, these policies can achieve much more than development aid.

As an additional problem, the question of absorption was highlighted. Often recipient countries receive sufficient aid, but lack the capacities to spend it where it is needed.

It was pointed out that there is a crucial difference between fragile and non-fragile states. In non-fragile states, it is easier to identify the issues where aid can make a difference, and budget support has proven a successful tool to implement aid. This has led donors to focus on non-fragile states as aid, here, visibly makes a difference. However, fragile states have much greater need. This raises the question of how we can increase the aid given to fragile states and which channels of allocation are best used. Although the problem of the sovereignty and the ownership of a development process is the same in fragile states, in these situations, we have to engage in project aid, and, here, we have to think clearly about which projects to push and which not.

In addressing the questions, Carbone admitted that not everything can be solved by co-ordination; it is not the answer to everything. However, co-ordination, despite its problems, is crucial for better policies towards fragility.

3.5 Why Indexes are over-simplified

Necla Tschirgi, Research Associate at the Centre for International Policy Studies, University of Ottawa, and former consultant to the United Nations Peace-building Commission, opened the first session after the lunch-break. Tschirgi discussed the problematical character of the existing indexes of failed or fragile states, and, by relying on a range of case studies, highlighted what these indexes fail to project. Drawing on her own experience from the UN, Tschirgi stressed the need for the ERD to be very focused, and pointed to the dangers, in that external agendas always influence processes such as the ERD. It should be clear whether we are focusing on domestic processes, donor policies, or other more global concerns.

In discussing the contemporary state-building agenda, she suggested that the idea of state-building is relatively recent, emerging largely out of post-9/11 discourses. Prior analysts and policy-makers did talk about stabilisation, but it only referred to economic

stabilisation, not political. The UN has not adopted the vocabulary of state-building at all, and prefers to talk about governance, as a more “sanitised” term. She argued against the tendency of categorising a lot of states as failed or fragile, as these states face very different problematical situations, and have highly diverse trajectories. Moreover, by this clustering, the cases of Iraq and Afghanistan are often taken as general role models, or paradigmatic cases. But these cases are very different and have hardly anything to do with other situations. Additionally, state-building should not be understood as a concept or strategy that only refers to situations of fragility, but should be considered as part of the general development agenda. Moreover, it should be considered as a genuine local political process. This understanding is often lacking from state-building discussions, and it appears that development lacks the toolboxes to cope with this domain.

To carve out the problematical character of the current agenda of simplifications, Tschirgi proceeded by pointing to the high divergence of country trajectories, which are currently grouped under one label. By relying on the cases of Somalia – one of the oldest African states, which, today, is one of the weakest - and Namibia – one of the most recent states, but today one of the best performers – she showed that very different internal and external political forces are at play when it comes to state formation. She summarised her argument by suggesting that much closer attention needs to be paid to local politics. Abstract templates of state-building will inevitably fail. Moreover, recognition is needed of how (past and present) regional dynamics and global security agendas are interwoven with local politics, and how they ultimately shape the environment of state formation processes.

In his discussion of Tschirgi’s paper Tobias Debiel, Director of the Institute of Development and Peace, Duisburg, suggested ways of improving the research design of the paper, and re-emphasised the fallacies of relying on quantitative indexes. Crucial attention needs to be paid to what the indexes leave out of the picture. These are often factors, such as ethnic fragmentation, the temporal dimensions, cognitive factors which can hardly be measured, and the role of local institutions. Local institutions are crucial arenas for state-formation and are hardly captured in contemporary indexes. In addition, Debiel re-emphasised that local actors are often much more knowledgeable than external actors, and that this knowledge needs to be used efficiently.

3.6 The Intangible Dimensions of Fragility

Following along these lines, Beatrice Pouligny, professor at Science Po CERI and currently affiliated to Georgetown University, made a strong case for the importance of local dimensions in the second paper presented in the afternoon session. Crucial to Pouligny’s argument is the differentiation of tangible (visible, quantifiable) and intangible (invisible, unquantifiable) dimensions. Tangible dimensions refer to resources, infrastructure, formal institutions, and employment opportunities, *etc.* Intangible dimensions include phenomena such as reconciliation, legitimacy, trust in institutions, informal institutions and memory politics. In other words, the intangible dimension refers to the “software” side of state-building.

As Pouligny argued, most of the existing international programmes deal with tangible dimensions only. However, the emphasis on formal institutions and technical procedures runs the risk of creating “empty shells” which have little meaning in local practice. To make a case for the importance of intangible dimensions, Pouligny discussed a range of examples from different issue areas by referring to cases such as Kenya, Mozambique, Sierra Leone and Haiti.

The first case in point is that of the informal institutions of corruption and black markets. These are often analysed as dysfunctional. However, especially in situations of fragility, these institutions perform important functions. International actors have been inclined to understand these institutions only in negative terms. However, we need to move beyond arguments of good or bad, and work towards a detailed understanding of

how corruption and black markets work, what functions they perform, and how these functions can be used to transform a society.

Initiatives such as constitution-drafting are crucially about questions of what citizenship may mean and about identity. Rule of law policies deal with questions of what law is, and what order may mean. Hence, these are questions which need to take the existing values of a society closely into consideration in order to avoid a mismatch that may lead to a failure in practice.

Socio-psychological aspects may be crucial in developing social trust in both the state and its public institutions. Elements, such as history, memory or trauma need to be considered in state-building projects. In addition, in the security dimension, it is crucial to acknowledge what security and insecurity means for the local populations, and which informal institutions exist to cope with insecurities. For instance, the meaning of owning a weapon is very different in different contexts. And we have to look at the different motivations for using them. The perception of insecurity and the possession of small arms vary considerably from city to countryside.

Pouligny stressed that situations of fragility do not mean the existence of a vacuum of order; rather, it is in these situations that we find organised anarchy. Based upon existing norms, practices and rituals, populations have often found methods to cope with unstable situations at community level. These local resources and methods of coping have to be better understood and used in state-building processes. In other words, often, resilience does not have to be built from outside, as it is already there.

Pouligny concluded that we have, either been ignorant towards local dimensions, or romantic about them. However, neither romanticism nor ignorance leads us to a proper understanding of the intangible dimensions. Instead, what is required is a value-neutral assessment of local resources, institutions and practices. For Pouligny, this translates into three major policy recommendations.

Firstly, more efforts need to be undertaken to cope with the persistent knowledge deficit. More of the local experiences need to be documented. More ethnographic work is needed on both the contemporary situations and the trends in fragile countries. The existing research has been too normative and too theoretical, and there is a general lack of trans-disciplinary thinking and of attempts to integrate local researchers in the research process. Moreover, there is a need to pre-access and monitor the situations continuously, as fragility is about constant change. Only through continuous monitoring can donor strategies be adapted to reflect the needs of fragility. Secondly, an increase in external resources is needed, which must be centrally channelled towards the intangible dimensions. Thirdly, very concrete mechanisms are needed to support local ownership. In other words, “capacity development” is needed, instead of “capacity building”, because capacity is already there).

Drawing on her experience in Rwanda and Sierra Leone, the discussant Anna Schmidt, from the Institute of Development Studies, University of Sussex, agreed with Pouligny that more emphasis needs to be placed on the local context. However, she urged Pouligny to be more precise with regard to what the relationship between tangible and intangible dimensions and between formal and informal institutions is or can be, and how we can transform informal institutions into formal ones. Schmidt pointed out that formal institutions are not necessarily “only empty shells”, but perform important functions in parallel to the informal ones. Hence, we have to understand both types of institutions and how they inter-relate. Pouligny’s argument risks over-emphasising and over-burdening informal institutions.

3.7 Intangibility and Indexes

The joint discussion of Tschirgi’s and Pouligny’s contributions focused on the questions of how the intangible dimensions can be integrated into both policy and analysis, and what conceptual problems and effects indexes of fragility have.

The participants shared Pouligny's view about the importance of the intangible dimensions, and that, in cases such as corruption, the functionality of these institutions is often neglected for normative reasons. However, the criticism was made that Pouligny's suggestions have too much the character of a wish list. Instead, priority areas, in which external intervention can achieve the most, need to be identified. In addition, it remained unclear to some participants what actually changes when we take intangibility into account. Some felt that emphasis on intangibility might even be a risky strategy, as it might lead to the creation of parallel structures. Instead, both society and the state, as well as the inter-relationship between the two, need to be taken into consideration.

Concerning the diagnosed knowledge deficit, the creation of think tanks in fragile countries was proposed as a solution. However, one participant pointed out that it is not necessary to create new institutes, as so many policy research institutes in Africa already exist. Instead, the problem is that these are either not heard or are compromised. Others pointed out that, although the call for more in-depth knowledge is certainly welcome, it is unclear what we actually need to know. Given that knowledge production can be very costly, on which issues should we actually do research? Surveys and studies of local legal traditions were emphasised as promising types of research. Others pointed out that, basically, any kind of research which can help us to get away from the obsession with numbers could be helpful to change the current paradigm.

Concerning the question of the indexes of fragility, it was hotly debated what these actually say. While some general scepticism was presented, others suggested the importance of having a meter by which progress, and the working and evolution of institutions can be measured. General agreement existed that the indexes need to be better tailored to reflect what is happening in different countries, to diagnose whether there is progress or not, and to identify which issues require more intervention.

In her response to the comments, Tschirgi re-emphasised the need for better indexes and the need to disaggregate countries. The situations in Afghanistan, Iraq and Guinea-Bissau should not be put in the same basket. She stressed that too many templates are in use, and that we should, instead, strive for pragmatic typologies and solutions. Reacting to the debate on intangibility, she suggested that the rule of "supporting local actors" could easily become just another meaningless policy mantra if it was not carefully specified. She suggested that the ERD should have a section in which these issues are presented as controversial and in need of ongoing examination. We should avoid pretending that we have all the answers, or that there is a consensus.

In her response, Pouligny re-emphasised the need to focus more on details. Under each recommendation, there are often many details, and these are what matter in the implementation of policy. Responding to the argument that knowledge production might be very costly, she argued that basing policies on better knowledge and constant monitoring does, in fact, save money and time. Practitioners in the field need much better guidance. Acknowledging informal institutions might be difficult at the beginning, but we should hope that, in the medium-run, more experience and more learning will ease the initial costs.

3.8 The Functioning of Security Sector Reform

Following a coffee break, Niagale Bagayoko-Penone, from the Institute of Development Studies, University of Sussex, discussed, in her presentation, the role of the EU in Security Sector Reform (SSR) from a multi-level governance perspective. As she highlighted, SSR policies are a crucial component in the policies towards fragile states, and the EU has been very active in this field. She investigated the case of the EU support to the SSR in the Central African Republic (CAR). A multi-level governance approach is a useful tool for investigating what the different levels of decision-making in the EU are, and how the diverse actors are involved in the processes of decision and implementation. While her first objective was to map out the different levels and actors, her second objective was to show how domestic (recipient) countries intermingle with international actors.

The approach implemented by the EU in the Central African Republic is the one suggested by OECD-DAC, and focused on increasing efficiency and professionalising the armed forces in accordance with the rule of law norms. The Central African Republic accepted to become involved in SSR. A view of the co-ordination on the ground revealed that the SSR policy is not only a supranational policy, but is also, in fact, composed of several bilateral players who, although they might not be very influential in Brussels, are influential at ground level. She focused on the ambiguous roles of experts, who are often individuals with different hats. Bagazoko-Penone discussed the role of different national stakeholders and highlighted that several parallel policy-making processes exist, which are, in part, resistance to the SSR policy. She concluded by arguing that the SSR policy *de facto* undermines the sovereignty of the Central African Republic, and should be seen very critically.

The discussant of the paper, Yves A Chouala, from the International Relations Institute of Cameroon, pointed out the importance of investigating the *de facto* complexities of security governance. He argued that the paper carves out the indigenous procedures of governance as well as the modes of control that prevail on technical arrangements very well. He re-emphasised the importance for further studies to discuss informal actors and procedures. He raised the question of whether state sovereignty and multi-level governance should be understood. We have to take into consideration that sovereignty has never been absolute and has always been porous, in the sense that we should approach the notion in a flexible manner. He also raised the question of whether it is adequate to speak of a reform of the security apparatus in fragile states. In contexts such as the Central African Republic, the challenge appears to be one of building a formal and accountable security sector, given that the existent structure is mainly informal.

3.9 Regional Capacities in Africa

In the last presentation of the first day, Emmanuel Fanta, from the United Nations University Centre for Comparative Regional Integration Studies, presented the results of a survey on the capacities of regional organisations in the field of peace and security. Fanta suggested that the contemporary record was very promising and that much had been achieved to construct capacities. Fanta distinguished between different forms of capacities, namely, 1) organisational capacity, referring to the structural ability to make decisions and ensure their implementation; 2) resource capacity, referring to the existence of resources to undertake effective and sustained action; and 3) operational experience, referring to the procedural ability to undertake action in the field. Furthermore, he differentiated between the different forms of activities to which these capacities refer. These are: 1) early warning, defined as systematic collection and analysis of information in order to anticipate the escalation of violence; 2) conflict prevention, defined as actions, policies, procedures and institutions in both vulnerable places and times, in order to avoid the use of violence to settle disputes; 3) peace-making, the use of diplomatic means to persuade parties; 4) peace enforcement, defined as the use of force to enforce the end of hostilities; 5) peace-keeping, referring to the use of force under consent of the target states and the mandate to use violence only in self-defence; and 6) peace-building, understood as post-hostility activities. The paper finds that, while considerable progress has been made along these domains, there are major discrepancies between the various sub-regions, calling for more activity at the level of the African Union, and the need for ongoing support from the UN.

In discussing the paper, Jose Garcia Montalvo, from the University Pompeu Fabra and CREMed, highlighted the importance of finding regional solutions for peace and stability, but criticised the overly technical, descriptive approach taken in the paper. Although a mapping of the existing resources is important in principle, we need to identify good practices in which regional organisations should engage. This concerns, firstly, the question of whether regional organisations should specialise functionally, or whether they should take a comprehensive approach, and secondly, whether it is a good mechanism to have one more general regional organisation which primarily focuses on mediation

and diplomatic activities, which is then performed by smaller functionally specialised sub-regional organisations.

3.10 Joint Discussion: Multi-levels and the Security Sector

The presentations were followed by a joint discussion that concentrated on the questions of how SSR relates to other instruments of state-building, on how security can mean very different things in different spaces, and how local and regional dimensions interact.

Some scepticism was shown with regard to what “multi-level governance” actually means, and whether it is something that is distinct to the EU. In fact, colonialism was already a form of multi-level governance. In talking about multi-level governance, we should also consider the private and NGO sectors and their contributions. It was pointed out that SSR requires compromises to be made with local actors, although this raises the question of how sustainable SSR actually is. In order to guarantee sustainability, it is important to make it part of a more general state-building strategy, and not to see it in isolation. Concerning regional approaches, the participants were sceptical with regard to what these approaches could actually achieve. Fanta’s contribution was criticised for focusing too much on treaties and formal structures, and not on actual practices. It was stressed that local actors are often much more flexible and pragmatic, while regional actors are often slow and dogmatic. Moreover, a multi-level understanding has to be extended further, in the sense that we need to investigate how the levels of the UN, donors, such as the EU, regional organisations such as the AU, recipient governments and regimes, as well as aother local actors, all interact with each other. Some doubts were raised as to whether there is any clearly identifiable innovation in regional approaches.

4 Day two

4.1 Institutions and Regional Integration

The second day of the conference zoomed in on the question of how strengthening institutions can help to cope with fragility, and how regional integration mechanisms can complement existing strategies.

The first two presentations of the day focused on an analysis of the impact of institutions on the pattern of economic growth of African countries. As was clarified, institutions, understood in the sense of the North as the essential “rules of the game”, are of the utmost importance for developing countries.

Augustin Fosu, the director of WIDER, pointed out that institutions are key for economic development, since they can contribute to improved developmental governance in fostering government quality, reduce corruption, and, furthermore, may increase policy coherence and public services provision. However, he also argued that, what is known in the literature as “policy syndrome” – *i.e.*, political instability, especially when linked to the ineffectiveness of the élites (EPI) – has, to date, been detrimental to the economic growth of many Sub-Saharan African countries. Resource-curse, for instance, is basically an institutional problem. According to Fosu, EPI reduces the extent to which economic growth can finally translate into Human Development. On this point, however, Allister McGregor objected that the logic should be reversed. He first questioned what the finality of good institutions was, and then affirmed that the priority of good institutions should be that of promoting Human Development which, in this case, can translate into economic growth. Fosu continued by arguing that democratic institutions can help by addressing the negative effects of ethnicity. The empirical analysis presented by Mina Balliamone-Lutz, of the University of North Florida, found a negative impact on ethnic fragmentation (her proxy for social cohesion) on economic growth in Africa, especially when the group of fragile countries was taken into account. In a previous work, the

same author had also found that aid effectiveness was likely to be reduced in the presence of high ethnic fragmentation and low social cohesion. Thus, Balliamone-Luz suggested that the development agenda needs to prioritise aid intervention on the process of social cohesion, and that policies targeted to investments in education may help to enhance social cohesion. Finally, Fosu remarked that more advanced forms of electoral contestation and democratisation contribute positively to governance and development. In summary, he suggested that “good governance” was necessary for development. Conversely, Balliamone-Luz’ empirical results also showed that an improvement in the quality of institutions (as well as an increase in openness to trade) might have a negative effect on economic growth in fragile countries, at least in the short-term. These results place the CPIA-based aid allocation criteria in question. Quite paradoxically, in fact, she proves that, if a fragile state reformed its political institutions and its openness to trade, it would improve its CPIA score, but might find itself with lower income. On this respect, however, Seth Kaplan claimed that the nexus between democracy and good institutions was not so straightforward. He referred to the case of China, where institutions have improved dramatically in the absence of any major democratic participation. Related to social cohesion, he pointed out that the good functioning of informal institutions is somewhat more relevant than the construction of democratic forms of institutions.

Fabrizio Coricelli, from the Paris School of Economics, commenting on the papers of Fosu and Balliamone-Lutz, focused on the fragility-growth nexus. He looked at the pattern of growth in some fragile country (the Democratic Republic of Congo, Angola, the Ivory Coast and Burundi), finding strong heterogeneity. Thus, he concluded that collapses were not detrimental to growth *per se* and suggested looking at the experiences of individual SSA countries emerging out of fragility. On the same line, François Bourguignon suggested that empirical studies should be carefully combined with case studies, this being especially true in cross-country analyses whose results apply to an average country. He recommended caution about these kinds of quantitative approaches and affirmed that indicators of governance have their drawbacks.

4.2 Regional Integration in Africa: The Way Forward?

The second session of the day focused on the issue of regional integration in Africa. In the first presentation of the session, Faustin Mukela-Luanga, from the WTO, summarised the state of the art on Regional Economic Communities (RECs) in the African continent. He stressed the relevance of such organisations for African countries, since they can provide positive externalities in terms of market potential, increased bargaining power, pooled resources to deal with trans-boundary issues such as climate change, water, HIV/AIDS, frameworks for co-ordination, and conflict prevention. He discussed some of the main problems that need to be addressed. Factors which are a hindrance to more efficient integrations are to be seen in:

- the lack of political will to strengthen integration;
- the complex, overlapping membership structures of the diverse regional integration initiatives on the continent;
- the persistent fear of a loss of sovereignty without a considerable gain in return;
- the lack of compensation mechanisms for political investments in regional integration;
- the often weak bureaucratic infrastructures of regional integration initiatives; and
- the extremely weak macroeconomic and financial environment in which regional integration aims to thrive.

In the second presentation, Seth Kaplan, of Alpha International Consulting, focused on the case of regional integration in West Africa. He argued that West Africa has a

strong resemblance to the EU, since much of the local institutions of this group of countries are modelled on the systems of their ex-colonizers. Currently, many West African countries are particularly weak. Kaplan highlighted that 10 out of 15 of them, in fact, have been included in the DFID list of countries in a situation of fragility. Indeed, many of these countries are conflict affected and have, in general, poor institutional records.

Taking a regional approach in development policies matters because, according to Kaplan, problems in one state spill over into neighbour states. Up to now, however, donors have rarely focused their aid on regional groups. Conversely, aid in regional public goods represents only 2 – 3.5 per cent of aid, even though – in the words of Kaplan – they have a much higher return on investment than the national projects in place.

Kaplan concluded his intervention by providing some examples of best practices on regionalisation in West Africa, such as the CFA franc and the West African Economic and Monetary Union (UEMOA), which have contributed to financial stability and good economic performance in the respective member countries, and – concerning regional security – the Economic Community of West African States (ECOWAS), which played an increasing role in establishing a peace-keeping force in 1990, and, subsequently, in mediating and helping to enforce peace agreements in many countries, including some fragile states (Liberia, Sierra Leone, Guinea-Bissau, and the Ivory Coast).

4.3 Discussion: more, less, or Different Regional Integration to cope with Fragility?

The discussion following the two presentations focused on the policies of supporting regional integration. Commenting on Kaplan's and Mukela-Luanga's proposal of concentrating development efforts on the establishment of supra-regional institutions such as Unions, Sanjeev Gupta of the International Monetary Fund objected that overlapping organisations only impose an additional burden on countries with limited capacity, as is the case for fragile countries. A more realistic solution to the puzzle of regional integration should hence be to reduce the burden and decrease multiple memberships.

Lucia Tajoli, of the Politecnico of Milan, concentrated on the incentives of building regional integration, and argued that institution-building is of the utmost importance. The following discussion focused upon whether regional institution-building should be *centralised* – as suggested by Barnett – or whether some of the main functions (such as fiscalisation) should be used to speed up the process remain at state level – as suggested by Balliamone-Luz. Fanta proposed that informal networks should also be taken into account, when considering reforms at the sub-regional level.

The majority of participants agreed that the EU has, and should have, a major role in promoting regional integration in Africa. However, it was suggested that its role should be that of following-up the process, rather than super-imposing its policies. On this respect, Tajoli pointed out that the EU could help African regionalisation by better targeting its aid policies towards institution-building. This could be done by:

- setting clear and realistic targets to be met before joining; setting different and flexible deadlines;
- through the provision of realistic incentives in the frame of aid and infrastructure projects, and
- a strengthening of the promotion of “front runners” in order to initiate domino effects.

4.4 A Round Table: Institutions and Integration

The following session was conducted in the format of a round table, the aim of which was to debate jointly across the academic-practitioner divide what the priorities of EU development aid should be, and whether regional integration should be among the pri-

orities. The round table was followed by a session which was devoted to the analysis of the external interventions of the EU and other external actors in both institution-building and regionalism.

In presenting the issues of the round table, Giorgia Giovannetti recalled the relevance of the concept of state-building, emphasising the fact that relationships between the state and society are central to state-building process, which must not be considered only as a “top-down”, but also as a “bottom-up”, approach, linking state and civil society. During her presentation, she questioned whether an effective state-building process could produce positive spill-over to neighbouring countries. This made the link with the other part of the round table, which was devoted to the regional integration. Giovannetti stressed the potential benefits that regional integration may produce for fragile countries. On the one hand, regional integration may represent a concrete way of reducing some of the root causes of fragility, especially those related to security. On the other hand, however, it may increase tensions if the benefits do not accrue evenly to all the members. In addition, she outlined that it has been observed that many fragile states may not be willing to transfer their power to a supranational entity, and that, where this occurs, it is likely that an integration of weak states may result in a weak form of integration.

In the subsequent round of discussion, the focus was on institution-building. Francois Bourguignon, of the Paris School of Economics, outlined that the specificity of the ERD project might lie in clarifying the issue of institution-building in fragile contexts. Sven Grimm, from the DIE, called for caution, and expressed the view that we should distinguish between the idea of state-building (constructing it from the outside) and the support of state-formation (providing assistance to a locally-driven process). Allister McGregor, of the Institute of Development Studies, argued that the state-building agenda had its limit. In his view, states, in themselves, are not going to provide well-being for their people. Instead, they contribute to providing conditions in which people can cope. In contrast, (private-driven) economic growth needs to be considered as the core driver creating conditions for well-being. McGregor claimed that an approach focusing on state-building is, in itself, a conceptual mistake, especially in fragile countries. Historically, in his opinion, strong states tend to be built on strong people and communities. He therefore proposed that the emphasis be re-shifted from the state to institutions that operate at a meso level.

The importance of including institutions at different levels was strongly emphasised by the participants of the round table. Bourguignon suggested that aid, especially in the form of project finance, must promote bottom-up approaches, pushing institutions working at the micro level, by overlapping central government and focusing on the local communities. In their presentations, in the successive session, Tanja Börzel (Freie Universität, Berlin) and Verena Fritz (the World Bank) both stressed the need to consider actors from civil society, the private sector and the local communities. These actors, they maintained, were crucial to enhance the provision of collective goods, especially in those fragile countries whose governments are not in the position to provide them.

Concerning the modalities of intervention, Grimm argued for the centrality of distinguishing between the different situations in which action is required (conflicts; post-conflicts). Targeting policies at such a heterogeneous group as that of “fragile” countries is inadequate. Post-conflict situations are very different from situations of historical state weakness, and hence require different forms of intervention. Bourguignon suggested that it might be useful to differentiate between four types of interventions that can be used in different situations. These are:

1. Project financing, meaning the provision of funds to support local and limited projects such as in civil service or training;

2. The direct conditionality of which the HIPC (Heavily Indebted Poor Countries) initiative is a paradigmatic instance of how conditionality can be an important factor for strengthening the institution-building process;
3. The promotion of transparency at different levels;
4. Intervention in situations of high corruption, given that corruption heavily influences the distribution of power in a state, and is hence a considerable component of a process of state-formation.

Grimm agreed with Bourguignon that aid conditionality may be used as an incentive. Nonetheless, he suggested that also budget support, especially if channelled to local institutions, is more efficient if proper indicators are used to adopt a carrot and stick policy. Grimm also pointed to the importance of considering the organisational structure of EU development policy. In development policy, the EU acts as a system of donors, a 27+1 system. This system should be utilised in an advantageous way. The EU can act differently in different countries. Policies can be centralised or a division of labour enhanced, corresponding to each country's specificities. It is also important to keep in mind how the EU interacts, competes or co-ordinates with other donors. The EU is by far not the only donor in Africa and other (non-DAC) "emerging donors" are coming into the field.

In her presentation, Tanja Börzel highlighted that the 27+1 system is *de facto* much more complex, making the identification of policy options very difficult. The system also includes different levels of decision-making within each single donor state; for example, there are not only different ministries involved in development and foreign affairs, but also the different development and security agencies in each state. This, in turn, makes the EU approach towards institution-building very complex, as there is no identified shared understanding or vision of what actually constitutes the "good institutions" to be built in situations of fragility.

In the contributions that focused on regional integration, a strong case was made for increasing support for it. Richard Gibb, from the University of Plymouth, went as far to argue that the future of Africa will be determined regionally, and that many international institutions have already taken up this challenge. All fragile African countries are actually members of one (or more) regional economic communities. He went on to say that, in Africa, regionalism is a state-led process. Therefore, a focus on the relationship between state-building and regional integration is needed, as they are, by no means, exclusionary options. Major parts of the discussion focused on the extent to which the EU can be understood as a role model for Africa. Gianmarco Ottaviano, from the Bocconi University, recalled the historical evidence that Europe's regional integration had mainly originated as a political process, and that economic motivations were basically instrumental. The EU experience of integration shows, that, among its positive aspects, there is an improvement in bargaining power and in the importation of best practices from other Member States. Diversity can become a resource as well. Regional Integration in the EU is a success story which has bought peace and development. Regional Integration contributes to institution-building through "getting to know each other" and the diffusion of best practices.

Nonetheless, it was generally recognised that the European model, at this stage, does not fit the African context. Roderick Abbott, of the World Trade Organisation, argued that the EU should be considered more realistically as a goal, rather than as a model, for African integration. Gibb highlighted that the EU process was based upon strong states with strong civil societies which voluntarily shared their sovereignty. This is not likely to happen in Africa, and it is, indeed, true that – at the moment – weak African states can produce only weak integration.

One possible lesson is that dominant or strong states within a regional agreement will effectively have to accept a degree of financial transfer to weaker states in order to establish successful integration. John Oucho, from the Centre for Research in Ethnic Rela-

tions, at the University of Warwick, drew attention to a relevant aspect about the final aim of regional communities in Africa. All the Regional Integration Communities have been created in the process of the creation of an African Economic Community. This is very important, and this is where the EU should focus its interventions, avoiding fragmentation into the different *blocs*.