Crisis States Research Centre

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MEETING THE CHALLENGES OF CRISIS STATES

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INTRODUCTION AND EXECUTIVE SUMMARY

The research agenda

When our team began its research in the year 2000, we decided to focus on what we called "crisis states" for two reasons. We wanted to investigate the processes that led states to collapse into violence and war or to recover from episodes of extreme violence – that is, "states in crisis" – and we wanted to examine how communities at the local and national level in poor countries coped with severe internal and external shocks – or "conditions of crisis" – and managed to avoid violence. A "crisis", we argued, is a situation where the political, economic or social system is confronted with challenges with which reigning institutions (or rule systems) are potentially unable to cope. In other words, crisis is a condition of disruption severe enough to threaten the continued existence of established systems. In this paper, we take up the findings of our second phase of research from 2005 to 2010.

We have sought to understand the conditions, actions and organisational processes that have allowed conflict to be managed peacefully, and those that have led instead to violence.

By the time we began the research international attention was focused increasingly on what were becoming known as "fragile states", which were vaguely defined but generally understood to be poor developing countries, which either had experienced violence and warfare or were in danger of collapsing into violence (Di John 2008). We set out to answer two broad questions. First, why and how, under the conditions of late development, are some fragile states able to respond effectively to contestation while others collapse and/or experience large-scale violence? Second, what are the factors that contribute to and impede state reconstruction in post-war periods?

We anchored the research programme in multidisciplinary development studies, strongly influenced by historical political economy and were committed to bringing together the insights that could be derived from both qualitative comparative analysis of a small number of cases and quantitative cross-national research. We aimed to develop a conceptual framework that could be applied to any state and determine whether trends pointed toward what we then formulated as state collapse or survival, but later understood as trends towards state fragility, state resilience or accelerated development. This was an important conceptual innovation, which allowed us to develop our political economy approach and interact with evolving debates in the policy community. The programme was divided into three overlapping teams: one undertaking comparative country-level research; another comparative research on cities; and a smaller third effort devoted to looking at regional and global dimensions of conflict.

The core case studies adopted at the national level (Afghanistan, Democratic Republic of Congo (DRC), Uganda, Rwanda, Colombia, the Philippines, Tanzania and Zambia) were chosen partly with partners in mind, but primarily to compare countries with markedly different experiences of war, state collapse and state reconstruction – with the inclusion of two control cases that despite deeply rooted poverty had not experienced war or state collapse. A secondary group of countries evolved with time, including Mozambique, Tajikistan and Pakistan.

The fifteen city case studies (Ahmedabad, Arua, Bogota, Dar-es-Salaam, Goma, Gulu, Kabul, Kampala, Karachi, Kigali, Kinshasa, Managua, Maputo, Medellin, Quetta) were chosen in part on the basis of our choice of country cases and the partners involved, but primarily to explore a range of cities based on their scale, experience of conflict and degree of geographical and economic integration with their central states. The smaller third stream of research at the regional level focused primarily on a comparative study of the role of twelve regional organisations in processes of peace making and security, but additionally involved research on security-sector reform and peace mediation.

In studying processes of violence and war we do not subscribe to the view that conflict or violence is "development in reverse". We reject the use of the term "post-conflict", because conflict is ubiquitous and a normal condition in human society, often driving development in progressive directions. We have sought to understand the conditions, actions and organisational processes that have allowed conflict to be managed peacefully, and those that have led instead to violence. Neither do we

conclude that development will necessarily be a route out of violence, since the processes involved in development can be highly conflictual and at times violence can be constitutive of state formation and development (Cramer 2006: 199-244). In the countries we studied, developmental processes were unleashed by violent challenges to existing state authorities: for instance in Uganda, when Museveni and his National Resistance Movement fought its way to power in 1986; and in Rwanda, where the Rwandan Patriotic Front waged a war to bring an end to an exclusionary regime that had committed genocide in its efforts to stay in power.

However, "human development depends on investing in the future, whether it is in education, infrastructure or productive assets" (Beall and Fox 2011) and where violence is endemic it creates profound uncertainty and tends to inhibit investment and development more generally (Bates 2001). Recent cross-country quantitative research has identified that outbreaks of violence are heavily correlated with the incidence of poverty where political regimes "are paralysed or undermined by elite divisions" (Goldstone et al. 2010). In our cross-country quantitative research we have found that the poorest developing countries are sharply differentiated between those that have experienced violence and war and those that have managed to avoid it (Gutiérrez et al. 2011).

We have argued that "fragile states" can be best understood as countries particularly vulnerable to outbreaks of large-scale violence, and we have sought to understand what has allowed some states to avoid violence and achieve significant periods of "resilience" even in conditions of low growth and extreme poverty. In our research we have identified the central role played by elite bargains embedded in wider political settlements in determining trajectories of violence and change in developing countries, a finding that is supported by recent econometric evidence that identifies regime type and political institutions as central to patterns of violence and political order (Goldstone et al. 2010). Our findings also sit well with those of Douglass North and his colleagues who have argued that for most of human history states have presided over "limited access orders", guaranteeing privileged access to sources of income and political decision making to elites as a means for managing violence (North et al. 2007, 2009).

In this paper we present the main findings of our research, which we believe make a significant contribution to wider scholarship on the role of the state and development, the study of violence and war, the study of urban change and the use of measurement tools to understand social and political processes. We believe the results of this research have major implications for current policy debates, design and implementation in the countries of the developing world in general and in what we have defined as both "fragile" and "resilient" states. By way of introduction we summarise here the main findings and their policy implications.

1 Seeing the state as a political settlement: elite bargains and social mobilisation

The dominant position in the policy community when addressing the condition of a state, or public authority, in the developing world is based on the proposition that "good governance", defined as liberal democratic and free market institutions, is the source not only of a state's ability to preside over peace and stability, but also over growth and development. These are generally assessed by the formal rules adopted by a state and the policies articulated and implemented. Our research suggests that a better understanding of the possibilities of progressive institutional change and policy reform can be achieved by seeing the state as a political settlement embodying a set of power relations.

Policy implications

1. The "design of institutions" (the rules and norms that govern behaviour), particularly formal state institutions, does not determine either political or economic outcomes. Democratic institutions in one state may be associated with violent conflict and economic stagnation, while in another they may be related to peaceful social relations

and economic growth. It is the underlying political settlement that determines political and developmental outcomes.

2. Understanding the state as a political settlement places the goal of democratisation in a new light. The insight that every state is based on a historically specific political settlement provides a route to understanding why very similar sets of formal institutions – like democratic rules, or rules governing macroeconomic management or trade liberalisation, or industrial policy – can have extremely divergent outcomes.

3. Focusing on the political settlement directs attention to the crucial role of elites in securing stability in a state, which should lead international actors to be concerned about the incentives elites face to play by the rules of a state. A uniform approach to opposing rent seeking may provoke instability and violence, and rent allocation or special privileges allocated to elites may be central to the maintenance of peace and state-building processes.

4. Patterns of inclusion and exclusion are central to the stability and resilience of political settlements, but important more in terms of outcomes than the formal institutional arrangements governing access to state power. If democratic rules are likely to lead to significant exclusion of either powerful elites, or important regional, ethnic, language or religious groups, then they may be inferior to forms of power sharing.

5. Support for reforms that promote the interest of non-elite social groups must be determined by the extent to which such groups have developed their own organisations capable of articulating such reforms and engaging in the political contests necessary to enact them. International actors need to be able to identify organised social constituencies for major political reforms if external support for such reforms is not only to be effective, but also avoid disrupting political systems in unintended ways.

6. Incorporating an analysis of political settlements can take the work done by DFID and others on understanding "the drivers of change" in the developing countries a step further. This lens allows an analysis of the contending interests that exist within any state, which constrain and facilitate institutional and developmental change. It provides a framework to analyse how the state is linked to society and what lies behind the formal representation of politics in a state.

7. To undertake development-assistance programmes without understanding the political settlement on which a state rests can lead to unintended consequences of all sorts. Not only does the political settlement set the constraints for what can and cannot be accomplished with foreign assistance, but foreign assistance itself can have an impact on the political settlement.

2 Distinguishing state fragility and resilience

There is a distinction among the poorest developing countries, between those that experience a condition of fragility – or a real danger of state breakdown and internecine violence – and poor countries where the state has achieved considerable resilience, or peace, even when economic development has been elusive. Both fragile and resilient states among the poorest countries are also distinct from states presiding over accelerated development. Not understanding these distinctions renders the idea of state fragility meaningless and can lead to serious problems in international interventions.

It is impossible to understand patterns of state fragility and resilience by looking only at the national state. In practice, the architecture of state authority in every society is a complex network of public organisations and institutions. Within this network, towns and cities serve as critical spaces of state formation, consolidation, transformation and erosion. Cities are particularly significant sub-national units of analysis and intervention in "fragile" states.

Policy implications

1. Policy practice directed towards "fragile states" has been confounded by a failure to make clear what distinguishes the particular problem of "fragility" from general problems facing all developing countries. Our definition of state fragility directs attention to factors that are most likely to provoke violence and lead towards state collapse: the lack of a basic legitimate monopoly over the means of large-scale violence, the absence of control over taxation, the failure of state organisations to operate in significant territories of the country and the existence of rival rule systems that take precedence over the state's rules.

2. There is clearly a category of "resilient states" among the least developed countries, which has not been given due recognition in theory or policy practice. States that have achieved and maintained peace over time, even when they have presided over economic stagnation, have been able to consolidate national identity, institutions of citizenship, and inter-community communication in ways that can insulate them against both external crises and the disruptive and violence-provoking characteristics of future economic development.

3. Analysis and policy discussion around fragile states has concentrated almost entirely on the "central state", failing to see the particular place of cities in state formation historically and the contemporary importance of growing cities as key sites of state building and state erosion. The concentration of high-value economic activity within the cities of fragile states renders them central to state-building processes. Elites capable of challenging the bargains on which political settlements rest are often located in cities, and growing civic conflict and violence threatens to undermine state consolidation.

4. Consolidating basic security needs to be seen as a precondition for not only more elaborate programmes of security-sector reform, but also for a wide set of governance reforms, from implementing competitive elections to carrying out programmes of decentralisation and devolution. Where the state's own security forces are either incapable of defeating non-state armed challengers or where the state cannot maintain power without unleashing violence on its population, priority must be given to the establishment of a unified chain of command, an end to all abusive practices against citizens, and ensuring that officers and enlisted personnel are paid and have a basic capacity to provide protection to elites and non-elites within the state's territory.

5. Taxation is a key indicator for measuring state performance and assessing the extent of fragility or resilience of a state. A state's taxation capacity can provide an objective means to assess the power, authority and legitimacy the state possesses to mobilise resources and the degree to which it monopolises tax collection. The level, diversity and manner of collection of taxes all provide indications of a state's position on the fragility to resilience spectrum.

A state's taxation capacity can provide an objective means to assess the power, authority and legitimacy the state possesses to mobilise resources and the degree to which it monopolises tax collection.

6. Assessing the reach of a state's organisations into its significant territory is a crucial indicator of a state's resilience or fragility. When a state's authority does not reach important sites of human settlement, economic resource mobilisation or areas bordering on neighbouring zones of conflict, this can be considered a major indication of state fragility. Programmes that aim to decentralise or devolve power in areas where the state is hardly present can aggravate fragility, while programmes that promote economic and social integration of the state's territory, even if economically "inefficient", may be important to establishing state resilience.

7. The extent to which the state's institutions, or rules, trump non-state institutional systems, whether anchored among regional, ethnic, traditional, religious or warlord actors in rural or urban areas, is a key indicator of state fragility or resilience. Where non-state institutions are not subsumed within the state's own rule system, they can act as important sources

of legitimacy to those who mount violent challenges to the state. Programmes designed to promote participation and tap the resources of non-state organisations must be cognisant of this dimension of state fragility or they may potentially contribute to provoking or aggravating violent conflict.

8. Dominant approaches to measuring state performance, state fragility and state failure are poor guides to analysis and policy making. The advances made by the Crisis States Research Centre offer the basis for beginning to deal with the most important problems of ambiguity and aggregation, and to present a more useful database of performance indicators and a more powerful set of policy-relevant analytical tools.

Political organisations determine whether the executive authority has the power to articulate and enforce both positive incentives for elites to play by state rules and negative incentives that make it costly for elites to exit.

3 Political organisations and trajectories of fragility and resilience

Political organisations shape the ways elites relate to each other. They shape the relations between elites and their social constituencies, and the fundamental characteristics of the political settlement (the institutions and organisations of the state): most importantly, the powers and the limitation of powers over executive authority at central and sub-national levels of the state. State resilience is most likely achieved when the political organisation(s) that control the state: (1) mobilise their social base in ways that accommodate the demands of a sustainable elite coalition without pursuing violent repression of non-elites; (2) establish executive authority within the state with the power and resources to discipline defectors and reward those who play by state rules; and (3) establish the executive authority independent of the particular individual(s) who occupy high office and subject it to checks against the abuse of its power.

Policy implications

1. Executive authority within the state is crucial to determining the inclusiveness and stability of elite bargains and the wider political settlement. Political organisations determine whether the executive authority has the power to articulate and enforce both positive incentives for elites to play by state rules and negative incentives that make it costly for elites to exit. Crucially, in establishing executive power within the state, political organisations play the central role in establishing checks against the abuse of power by the executive. Efforts to influence patterns of governance need to focus on how any reform or policy package may affect or be affected by the executive authority of the state.

2. Understanding the particularities of political organisation must be a prerequisite to efforts to promote governance reforms. The techniques political organisations use to win and maintain power and the patterns of collective action they promote are diverse and often difficult for outsiders to see, but understanding these in any given country is essential to understanding how politics works.

3. External actors should focus on areas of good performance of a state and attempt to understand the interests that have led to state effectiveness, rather than attempt to assess performance in the aggregate. In this way they can determine whether such performance can be duplicated elsewhere or why it may not be, and ensure that interventions designed to address one domain of activity do not undermine another central activity of the state – most notably conflict management. Differential performance of a state is deeply related to the way political organisations deal with the interests of elites and their social constituents. The creation of state capacities is deeply influenced by political decisions and is never simply the result of having the technical expertise necessary for a particular activity.

4. Political possibilities, and therefore governance reforms, are decisively linked to reigning elite interests at a given moment in time. The ways politics are organised are intimately linked to the interests of elites and their constituents

at given moments in history. Strategies for political or economic reforms that are radically at odds with interests embodied in a political settlement will either fail or are likely to provoke conflict.

5. The promotion of democracy in a country needs to focus on establishing mechanisms for checks and balances on executive authority rather than the form of political party competition. In almost all cases of state resilience in poor countries forms of centralised patronage have been organised in national political parties, though not all states with national political parties have achieved state resilience. Where the basic parameters of the state – like who is a citizen and who is not, or the basic authority to allocate property rights – remain contested, the establishment of multiple political parties may allow rival elites and their social constituents to challenge the existence of the state itself, thus leading to exacerbated conflict.

6. Political organisations tend to imitate those who succeed in gaining and keeping power regardless of what advice they may receive from at home or abroad. Once this is understood, it is possible to understand why particular techniques and patterns of collective action are adopted by political actors, even when in doing so they may challenge long established elite bargains and political settlements, or reproduce the same despite having long fought for change.

7. Possibilities exist for transformative political coalitions to emerge committed to establishing security, particularly in urban environments where a diversity of relatively well organised interest groups can challenge reigning political practices. Reformist politics are most likely to emerge when it is in the collective interests of newly emergent elites who do not have the means enjoyed by traditional elites to finance their security privately.

4 Politics of violent conflict: rebels, warlords and urban civic conflict

Our research on states and cities challenges crude economic determinist theories that seek to explain violence as driven by individual utility maximisation, or the economic returns combatants can expect from engaging in violence. It also rejects the idea that differences between armed organisations are primarily due to differential access to economic resources. All non-state armed organisations are not the same, but rather they differ not only in terms of their motivations and objectives but also crucially in the organisational mechanisms they deploy as they attempt to survive and grow over time. These are essential to understand, if non-state armed groups are to be defeated or brought into peace negotiations.

Our research has also found that cities are increasingly fraught by civic conflict and violence that does not necessarily appear to be explicitly political in nature. It suggests that violent civic conflicts (as well as assaults and homicides) have a political dimension that is often overlooked. In a quantitative study we found that cross-country variation in homicide rates (a rough proxy for "social" violence) is explained by a combination of traditional socioeconomic factors and variations in political institutional arrangements. City-level qualitative research also points to the significance of political factors in spurring violent civic conflict.

Policy implications

1. Understanding the particular organisational mechanisms and incentive structures within non-state armed actors is essential to understanding what sustains them, how durable they may be and on what grounds they might be defeated or brought into peace processes. While these organisations are all likely to be deeply involved in illegal activities to fund their operations, likely to attract young underemployed men as fighters and may behave brutally towards civilians, there are profound differences between them based on who they recruit, how they operate,

and why combatants join and remain in the organisations.

2. Organisational incentives are a far better analytical indication of the nature of non-state armed movements than particular patterns of access to natural or illegal resources. In Colombia, the paramilitaries and the FARC guerrillas have both been deeply involved in narco-trafficking, while in Afghanistan warlords working with or against the state and the Taliban have all been involved in the production and trade of opium poppies. What differentiates these organisations in terms of their durability and strength are the structure of incentives faced by their leaders and members.

3. Only an analysis of the organisational dynamics and sources of power and legitimacy that underpin warlord power can predict their potential role in processes of state consolidation and state destabilisation. The extent to which powerful non-state armed actors like warlords or clan bosses can be won over to state-building processes depends on the trade-offs they face between imperatives of bureaucratisation involved in state-building projects and preserving the relations of patronage on which their power depends.

© Tom Goodfellow, Kigali building where 10 Belgian soldiers serving in the UN Assistance Mission for Rwanda were shot by government soldiers during the genocide of 1994.

4. Quantitative large-N cross-national studies of episodes of violent conflict can identify important associations between the multitude of variables related to complex processes of violence, but on their own cannot explain causal or dynamic processes. Large-N research needs to be backed up by small-N comparative studies that can shed light on the organisational dynamics that determine the sustainability of armed challenges to the state. Comparative analysis of the organisational dynamics of FARC in Colombia and the Taliban in Afghanistan allowed us to formulate a model to understand their differential behaviour along a spectrum separating army-like and network-like non-state armed groups. In this way we showed that differences between them in terms of their relations with civilian populations were not determined by their resource base, but rather by the imperatives dictated by their organisational dynamics.

5. Cities are often havens of relative security in civil war, but it would be a mistake to take urban security for granted when war has ended. Major population movements and socio-economic ruptures often lead to widespread conflict in cities after civil war. Often municipal state capacities are eroded with long-term implications for development. People will come into cities during and in the wake of war, whatever happens, and unless issues such as urban employment, housing and basic services are addressed, civic conflict is likely.

6. Forms of civic violence are ubiquitous in the cities of the developing world and they are deeply political in character. Gang warfare, crime, terrorism, religious and sectarian riots, and spontaneous riots or violent protest are increasing throughout the developing world. While these conflicts are rarely fought as direct challenges to state power, they are nevertheless usually expressions of deep grievances towards the state or politically and economically powerful urban elites. Treating them as criminal activities, or simply repressing them, may achieve some peace and order

in the short-term, but this can also lead to deferred and even more explosive violent conflict in the future.

5 Military interventions, regional organisations and prospects for peace making and peace building

Since the end of the Cold War the rules governing international relations have changed. Where long-established principles of sovereignty appeared to trump concerns for the protection of human rights or conversely the pursuit of national security through pre-emptive action, new doctrines have emerged advocating the judicial use of international military intervention in pursuit of these goals. A rigorous large-N study of the long-term impact of military interventions in the developing world revealed that there is a large and negative association with the consolidation of democracy after interventions.

With the disappearance of the bi-polar world there appeared to be new room for regional organisations to become involved in maintaining security and peace-making and peace-building efforts within the regions of the developing world. However, there is little evidence that the confidence international actors have in these organisations is warranted. International efforts have been developed to promote peace-making and peace-building operations and to attempt to bring conflicts internal to states to a conclusion through international mediation. There is an urgent need to professionalise approaches to mediation and to ensure they are well resourced and given time to operate effectively.

Policy implications

1. There is a strong, negative and significant association between military interventions and democracy. A majority of cross-country comparative analyses of the impact of military interventions over time on patterns of democracy and development found their effect to be either positive or neutral, but these have suffered from serious methodological problems. By applying a rigorous definition of military intervention and reconsidering all episodes since the end of World War II, we found that large-scale military interventions have had a decisively negative impact on subsequent patterns of democratic consolidation.

2. Military interventions have tended to destroy a state's conflict-resolution mechanisms, often unleashed forms of politics incompatible with democracy, upset political settlements and critically weakened state systems in general. Many interventions have provoked long periods of armed conflict in invaded countries. They have often given rise to polarised nationalist and identity-driven politics. Invaders have often combined motives of democracy promotion with measures that have redrawn elite bargains and political settlements in ways that have made democratisation more difficult.

Invaders have often combined motives of democracy promotion with measures that have redrawn elite bargains and political settlements in ways that have made democratisation more difficult.

3. Despite the optimism among international actors that regional organisations can play a major role in achieving regional security and make a positive contribution to peace building, their effectiveness is constrained by a lack of common values among their member states. The mandate, norms, decision-making modalities, goals, strategies, programmes, structure, capacity and culture of regional organisations derive from their member states. Among the cases studied the effectiveness of peacemaking was limited by the absence of normative congruence among member states in Central Asia, South Asia, Southeast Asia and the various regional organisations in Sub-Saharan Africa. Only the European Union achieved the degree of normative congruence necessary to forge a security community.

4. Opportunities for positive engagement in mediation to bring about an end to conflict arise when the interests of belligerents align to make peace a more attractive option than continued warfare. The dynamics of war and peace can be understood as cyclical, but also efforts to understand them through an analysis of the causes for the outbreak of war are often thwarted by the fact that the motivations for participation in violence

change over time. Opportunities for peace often emerge when processes of accumulation of financial, ideological or political capital change the economic and political landscape and a range of actors share an interest in securing what they have accumulated. Understanding the cycle of war and peace can help to identify the most propitious moment for intervention through mediation.

Centralised patronage underpinned by an inclusive elite bargain and state control over resources can play an important role in maintaining political stability but may come at the cost of economic development.

5. There is an immediate need for international actors to professionalise their approach to mediation. Four measures are required to bolster international mediation capacity: (1) the implementation of a rigorous system for appointing and evaluating perspective mediators; (2) mediators need adequate support in the field to allow them to deal with the complexity of conflicts; (3) a learning culture needs to emerge based on review, assessment, research and adaptation; and (4) a confidence-building model needs to be adopted to deal with national conflicts, breaking from power-based diplomacy.

6. Mediation requires time necessitating a shift away from approaches that attempt to find a "quick fix" in peace agreements. Mediation takes time to take account of the complexity of conflict and the need to overcome hatred and mistrust among conflicting parties, who must be brought to feel they own a peace settlement. Mediation, pitched at the right moment in the cycle of war and peace, can have an important impact, when those involved have proper expertise and have mastered the skills and techniques of mediation.

6 Economic resource mobilisation: trajectories of accumulation and links to fragility and resilience in states and cities

Our research on economic resource mobilisation identified different dominant trajectories of accumulation in the case-study countries and cities, which are related to elite bargains and patterns of state fragility and resilience. In analysing the results we distinguish between formal and informal capital-accumulation processes that predominate in different settings. Our findings challenge some conventional wisdom in development theory and practice. First, resilient states with predictable formal rules of the game do not necessarily generate dynamic economic development outcomes. Second, our research at both the country and city levels suggests that processes of capital accumulation in the informal sector are underpinned by fragile, competing and/or exclusionary elite bargains typical of fragile states. Third, external intervention and external conditions impose constraints and incentives that have a profound impact on the choices open to actors in fragile and resilient states.

Policy implications

1. Centralised patronage underpinned by an inclusive elite bargain and state control over resources can play an important role in maintaining political stability but may come at the cost of economic development. Policy makers need to consider the extent to which deregulating an economy across the board will be politically destabilising and actually undermine economic reforms.

2. State capacity varies substantially across functions and sectors within polities – a central feature of fragile states not acknowledged in aggregate measures of governance – but this variation needs to be taken into account in the design of economic reforms in fragile states. Detailed historical analyses of the political coalitions and settlements underpinning specific state capacities are essential to increase understanding of variable state capacity within a polity. As such, investigating under which conditions the achievement of state resilience hinders or facilitates economic development is an important area of research.

3. The creation of organisations that can provide support for informal sector firms is central to improving production capacity and thus sustainable employment creation. Tax collection and other government strategies need to be linked to providing incentives for informal firms to register as taxpayers. A promising approach to this challenge could be to link the expansion of the tax base to the informal sector in exchange for providing incentives for small and medium-sized firms to increase productive capacity.

4. While sectors such as construction and the drugs trade provide livelihoods in the informal sector for a substantial number of people, they are unlikely to be sustainable in political economy terms. This is because these trajectories of accumulation take place in the context of fragile political settlements that undermine state building. Moreover, the dynamism of the informal sector means that capital accumulation proceeds without increases in the formal tax base of the state. This further undermines the prospects of state building.

5. Governments need to effectively regulate land and housing markets and deliver key public goods in an effort to formalise urban informal economies to avoid the emergence of political and economic entrepreneurs with powerful incentives to resist state consolidation. In urban settings, policies that contribute to state withdrawal are often evaluated on grounds of efficiency and equity, but almost never for their impact on the institutional resilience of the state. This is a major blind spot which has far-reaching consequences for the ability of states to embark upon or return to a path of institutional consolidation.

6. Assessing the initial conditions of a polity and the parameters of the political settlement on which the state is based must be a prerequisite before prescriptions for far-reaching economic reforms are adopted. Rapid economic liberalisation associated with structural adjustment programmes in Africa, even when these programmes were only partially implemented, had a much more devastating impact where political settlements and elite bargains were factionalised than where more solid political organisations reigned.

7 From fragility and resilience to development

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. The way "state fragility" is defined in the policy community 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" or "transformational" 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.

While our research was focused more on the distinction between fragile and resilient states than on developmental success stories, we were able to observe several factors crucial to the transition from fragility and resilience to development. Many economically stagnant but resilient states depend heavily on resource extraction and we found that the ability of the state to create a regulatory framework to govern the sector is related to the political settlement in place when resource exploitation begins. We also found that the promotion of developmental patterns of capital accumulation may only proceed incrementally, sector by sector. Our research on taxation suggests that it can be deployed to encourage transformation of production and to establish a terrain favourable to the formation of political coalitions with an interest in growth and development. The research has contributed

to a growing body of work that illustrates that the way aid is delivered in fragile and resilient states can have a profound impact on its potential to contribute to sustained development. Finally, we conclude with a reflection on the types of coalitions that are most likely to provide the basis for positive developmental transitions.

Policy implications

1. Ensuring that resource-extractive industries contribute to wider developmental patterns through revenues generated and processing operations established, requires an activist state. A state needs capacity within its revenue and licensing agencies and in its law-making bodies, to design and implement sectoral development plans that ensure the contribution of resource-extractive industries to the creation of infrastructure, the emergence of processing activities and the development of skills among workers. In the face of political arrangements that block the development of a resource sector, the answer is seldom likely to be the wholesale withdrawal of the state from intervention within the sector.

2. The successful management of resource-extractive industries is most likely to happen in states that consolidate a national development coalition before the exploitation of resources begins. This means that the first step in assistance to a country that is engaging with international or domestic business to undertake exploration for minerals, fossil fuels or any other natural resource, should be the creation of knowledge, skills and agencies within the state capable of both bargaining with and regulating private investors.

3. Sustainable employment creation and poverty reduction in rural areas requires the development of effective organisations where the focus is on developing production strategies. Pockets of growth can emerge incrementally and these "islands of success" can form the basis of development projects. This approach is likely to yield greater success than "big push" macroeconomic reforms often advocated by international actors. The challenge will remain to replicate advances in single sectors to other sectors within agriculture and industry.

4. Taxation and tax reform can be deployed to promote investment in lines of production with good potential for growth. Tax allows governments to secure the revenues needed for social programmes and public investments. It can be organised both as a means to increase public accountability and as a nexus for political organising in society. Expanding the tax base geographically and sectorally can help to embed the state in society, and revenue expenditure by the state is one of the principal means to meet societal demands.

5. Aid needs to be channelled through the agencies of the state and it should give due priority to developing the core capacities of the state to govern economic development. Donors need to give due consideration to mechanisms that increase the capacity of states to raise their own finances. Aid channelled outside state systems or "off budget" can contribute to the creation of a "dual public authority" thus weakening states as the centre for decision making, in favour of potentially rival networks of patronage.

6. Developmental coalitions may emerge in less than democratic ways, or only within particular tiers or organisations of the state, but if they are inclusive and incorporate measures to check the abuse of executive authority they deserve the support of external actors. Political settlements and the elite bargains at their centre, which are capable of steering a course through the conflictual processes that may lift a government out of resilient stagnation, arise only rarely and are largely a matter of internal politics. External actors need to be able to recognise and support them even when they are organised along lines that fall short of the standards of modern liberal democracies.

1 SEEING THE STATE AS A POLITICAL SETTLEMENT: ELITE BARGAINS AND SOCIAL MOBILISATION

The dominant position in the policy community when addressing the condition of a state, or public authority, in the developing world is based on the proposition that "good governance" (defined as liberal democratic and free market institutions) is the source not only of a state's ability to preside over peace and stability, but also over growth and development. These are generally assessed by the formal rules adopted by a state and the policies articulated and implemented. The institutions or rules are seen primarily as incentive structures: get the institutions right and actors will face incentives to behave in ways that promote peace and development. This has led international actors – for instance in the Democratic Republic of Congo (DRC) after its peace agreement – to focus on adopting a democratic constitution, conducting elections and articulating policies to fight corruption, promote transparency and reduce poverty. However, these institutional and policy reforms have neither secured peace nor even the beginnings of a development trajectory in the DRC. In Tanzania and Zambia, similar reforms have been adopted peacefully but not led to growth, while in Rwanda institutional arrangements that limit democratic competition have nevertheless allowed the establishment of peace within its territory and significant growth with modest poverty reduction.

Formally designed institutions which are out of step with the dominant political settlement in a polity, are at best likely to be ineffective or at worst to provoke violent conflict.

Political settlements determine the impact of institutional reforms

A better understanding of the possibilities of progressive institutional change and policy reform can be achieved by seeing the state as a political settlement embodying a set of power relations. Every state is based on a political settlement that embodies the distribution of power between contending social groups and social classes (Khan 1995, 2000). Political settlements emerge from processes of conflict and bargaining (Di John and Putzel 2009). Looking at the political settlement focuses attention on: *intra-elite* contention and bargaining (political versus economic elites, landed and non-landed elites, regional elites, rural and urban elites, religious and secular elites, etc); contention and bargaining between *elites and non-elites* (the rich and the poor, employers and employees, land-owners and tenants or farmworkers); *inter-group* contention and bargaining (between genders, regional groups, ethnic or linguistic communities, or religious communities); and contention and bargaining between *those who control the state and the wider society*.

Institutions are not just sets of incentives that can be *designed* by those who occupy political authority to achieve peace-promoting and growth-promoting behaviour in society. Rather, they reflect and embody power relationships and distributional advantages. Property rights and state regulations – key institutions defined within any state – create incentives for behaviour, but also, by definition, specify *a historically specific distribution of control and authority over assets* (Dahlman 1980: 213-214). Formally designed institutions – whether related to an effort to control rents, prevent corruption, or promote social inclusion and democratic participation – which are out of step with the dominant political settlement in a polity, are at best likely to be ineffective or at worst to provoke violent conflict. Historically in Rwanda, the threat presented by the introduction of democratic reforms in the early 1990s likely contributed to the mobilisation by Hutu extremists leading up to the genocide in 1994 (Golooba-Mutebi 2008b) – an extreme case where institutional reforms pushed by the international community

were entirely incongruent with the reigning political settlement. The endorsement of decentralisation reforms in Afghanistan and Rwanda, with the objective of promoting democratic accountability, were actually used to project central authority to distant regions (OECD 2010; Lister 2007), with arguably positive developmental effects in Rwanda and negative ones in Afghanistan: outcomes were determined by parameters of power in the political settlement.

Elite bargains, state-society relations and legitimacy

In much of the developing world the immediate prospects for achieving or sustaining peace and promoting development are contingent on the complex processes of conflict and bargaining among elites.

Given the widespread goal within the development-policy community to work to promote poverty reduction and social inclusion, it is particularly contentious to suggest that careful attention must be focused on the conflicts, entitlements and power relations among elites. While the effective organisation of non-elites in a society can decisively influence the action of elites and the shape of a political settlement, in much of the developing world the immediate prospects for achieving or sustaining peace and promoting development are contingent on the complex processes of conflict and bargaining among elites. We have defined elites observable in the developing countries today as: a) those in possession of valued assets in agriculture, manufacturing, services (main capitalists); b) those who wield substantial power over the distribution and allocation of property rights (traditional chiefs, landlords, regional political leaders, warlords); c) those who possess authority to bargain on behalf of rural communities or organised religious communities (traditional leaders, religious leaders); and d) those who lead political organisations (Di John and Putzel 2009: 15).

The "bargain" that emerges between elites within a political settlement comes about as a means to manage violence and achieve peace, as Douglass North and his colleagues (2007, 2009) have so convincingly argued. In political economy terms, elites have privileged access to rents (Khan and Jomo 2000), such as licenses to engage in mining, establish telecoms networks, run bus networks or trucking, or control land. In exchange for privileged access to valuable resources, income streams and activities, elites agree not to fight one another, as they come to perceive that the costs of exiting the state or breaking from the political settlement – or in other words, the costs of not playing by the rules of the state – exceed what they chance to win by pursuing their interests through violence.

For an elite bargain to hold, the state needs to be structured in such a way that those who control it command coercive force that is solid and legitimate enough that: (1) rents allocated and property rights assigned can be protected and enforced – a positive incentive attracting elites to stick within the political settlement; (2) those who defect or choose to exit and challenge the state through violence face a threat of punishment – a negative incentive – that makes exit costly; and (3) those who control the state do not need to exercise its coercive force against citizens to maintain power – there is a basic acceptance of their right to rule, or a basic legitimacy. That is, states need to demonstrate a "credible commitment" to the defence of the terms of the bargain and a "credible threat" to defectors. As we will argue below, political organisation is crucial to structuring the state in this way. When externally promoted reforms threaten the power of the state to allocate rents they may well unwittingly contribute to breaking up an elite bargain and a reigning political settlement, leading to violence and even warfare – as arguably was the case during the decade of structural adjustment in Sub-Saharan Africa during the 1980s (Putzel 2005).

However, when social movements emerge domestically with organisational coherence and discipline, they may force a change in rent allocation and the shape of the elite bargain, as happened in Zambia (Di John 2010a). Recognising power equations of elites does not negate the wider importance of society for at least two reasons. First, elites are part of society and exist only due to their command of authority over non-elites – their constituents, followers or clients – and their actions need always to take into account the maintenance of their authority *vis à vis* their social base (this is valid, though in

different ways, whether we are considering democratic or authoritarian regimes, religious or tribal communities, warlords or regional strongmen). Second, non-elites not only can be decisive in sanctioning specific elites, or undermining them, but in doing so new forms and sites of social mobilisation can emerge, and have done so throughout history: "counter-elite movements" that can overturn an elite bargain or even give rise to new elites altogether (Wood 2000); or the reconstitution of old elites in a new or re-invented elite bargain and political settlement, as happened in Zambia (Di John 2010a; Putzel and Gutiérrez 2011). Our research in cities has documented the emergence of such "counter-elite movements" (Gutiérrez et al. 2009).

Inclusive or exclusionary elite bargains and political settlements

In dominant thinking within the policy community, democratic institutions are advocated as a means to promote participation and social inclusion. While the degree of inclusiveness appears to be central to the stability of elite bargains and wider political settlements, whether or not this can best be achieved with democratic or alternative institutional arrangements is a socially and historically specific issue. Inclusiveness is important to elite bargains in at least three ways. First is the extent to which a bargain is inclusive or exclusionary of rival elites (and their constituents) – particularly those anchored in diverse territories, religious, ethnic or language communities. This is what eluded state-building projects in Uganda before 1986, but then was achieved during Museveni's first two decades in power and what threatens the future of stability in the country today (Golooba-Mutebi 2008a; Putzel and Gutiérrez 2011); and what the post-apartheid state in South Africa achieved in cities like Durban (Beall 2005; Beall and Ngonyama 2009).

Second, it is crucial whether or not a state is formed of one overarching elite bargain, like that which was achieved and maintained during at least the first thirty years after independence in Zambia and Tanzania (Di John 2010a; Putzel and Lindemann 2011), or instead loosely knits together regionally or ethnically based elite bargains within a wider territory, as has always been the case in the DRC and Afghanistan (Hesselbein 2007; Giustozzi 2008a). Cities sometimes have been the locus of such local bargains, as in Lumumbashi in the DRC (Hesselbein and Garrett 2009), Mazar-i-Sharif and Herat for extensive periods of the Afghan conflict (Giustozzi 2009c) and Quetta on the border of Afghanistan and Pakistan (Gazdar et al. 2010).

The third dimension of inclusiveness concerns the relation between elites and the wider society. As we argued above, by definition elites require a social base and how they mobilise that base – for instance whether they resort to mobilisation on the basis of ethnicity as in the DRC or a developmental programme as in Rwanda – in large part determines the stability and developmental quality of a political settlement (Hesselbein 2011). In Durban, by promising a new era of peace so much desired by ordinary people, political leaders built an inclusive coalition at the city level around developmental objectives (Beall and Ngonyama 2009). In Ahmedabad, Chandhoke (2010) showed how a once stable and relatively inclusive political settlement could become exclusionary through patterns of political mobilisation.

Determining how inclusive or exclusionary a political settlement is can partly be understood by looking at the extent to which divergent elites and members of important social groups participate in the bargaining process, or gain appointments in the offices of the state (Lindemann 2010a, 2010 b). However, perhaps more fundamentally than actual participation of individuals within the agencies of the state, the inclusiveness or exclusionary character of a political settlement can be assessed through the distribution of rights and entitlements across groups and classes in society on which the settlement is based. It is possible that an imposed political settlement can be more inclusive than one reached through pluralist bargaining (as might be argued in the case of Rwanda since 1994). As society

is formed of contending groups and classes with different interests, the ultimate test of inclusiveness cannot be solely judged by examining positions of individuals within state organisations, but rather needs to be anchored in the distribution of rights and entitlements, which are the *outcome* of the settlement. Neither is inclusiveness of individuals necessarily an attribute more likely to lead to development or even pro-poor social policy (as we discuss below).

Our research has demonstrated that looking at the state as a political settlement and analysing the elite bargains and patterns of social mobilisation that underpin them can shed considerable light on the vexing problem of what makes some states more fragile than others.

Policy implications

1. The "design of institutions" (the rules and norms that govern behaviour), particularly formal state institutions, does not determine either political or economic outcomes. Democratic institutions in one state may be associated with violent conflict and economic stagnation, while in another they may be related to peaceful social relations and economic growth. It is the underlying political settlement that determines political and developmental outcomes.

2. Understanding the state as a political settlement places the goal of democratisation in a new light. The insight that every state is based on a historically specific political settlement provides a route to understanding why very similar sets of formal institutions – like democratic rules, or rules governing macroeconomic management or trade liberalisation, or industrial policy – can have extremely divergent outcomes.

3. Focusing on the political settlement directs attention to the crucial role of elites in securing stability in a state, which should lead international actors to be concerned about the incentives elites face to play by the rules of a state. A uniform approach to opposing rent seeking may provoke instability and violence, and rent allocation or special privileges allocated to elites may be central to the maintenance of peace and state-building processes.

4. Patterns of inclusion and exclusion are central to the stability and resilience of political settlements, but important more in terms of outcomes than the formal institutional arrangements governing access to state power. If democratic rules are likely to lead to significant exclusion of either powerful elites, of important regional, ethnic, language or religious groups, then they may be inferior to forms of power sharing.

5. Support for reforms that promote the interest of non-elite social groups must be determined by the extent to which such groups have developed their own organisations capable of articulating such reforms and engaging in the political contests necessary to enact them. International actors need to be able to identify organised social constituencies for major political reforms if external support for such reforms is to not only be effective, but also avoid disrupting political systems in unintended ways.

6. Incorporating an analysis of political settlements can take the very positive work done by DFID and others on understanding "the drivers of change" in the developing countries a step further (Leftwich 2006). This lens allows an analysis of the contending interests that exist within any state, which constrain and facilitate institutional and developmental change. It provides a framework to analyse how the state is linked to society and what lies behind the formal representation of politics in a state.

7. To undertake development-assistance programmes without understanding the political settlement on which a state rests can lead to unintended consequences of all sorts. Not only does the political settlement set the constraints for what can and cannot be accomplished with foreign assistance, but foreign assistance itself can have an impact on the political settlement.

2 DISTINGUISHING STATE FRAGILITY AND RESILIENCE

Since the attacks on the World Trade Centre on 11 September 2001, the problems of weak states, of state collapse and the unleashing of violence and war within developing countries and the particular challenges of re-establishing order in the wake of violent conflict have been a growing concern among international development agencies, governments of the North and South and indeed in the organisations that attempt to manage global affairs, like the United Nations. This was initially cast as a challenge of "failed states", later evolving into a more nuanced and less ideologically defined, though no less obscure, problem of "fragile states" (Di John 2008 and 2010d; Putzel 2010a).

Confusion still reigns among international actors over how to define "state fragility" and what distinguishes fragile states from general conditions of underdevelopment and poverty (Putzel and Gutiérrez 2011; Gutiérrez 2009). The OECD (2007a) consensus view proclaims 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."*

Similarly, in an evaluation of its work in fragile states DFID (Chapman and Valliant 2010) stated:

> *"DFID defines fragile states as countries 'where the government cannot or will not deliver core functions to its people'. This includes a wide variety of situations from collapsed states to strong states with little commitment to poverty reduction".*

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). These definitions confuse the particularity of "state fragility" with general problems that plague all poor countries

One of the more important insights that has emerged from CSRC research is that there is a distinction among the poorest developing countries between those that experience a condition of fragility – or a real danger of state breakdown and internecine violence – from poor countries where the state has achieved considerable resilience, or peace, even when economic development has been elusive. Both fragile and resilient states among the poorest countries are also distinct from states presiding over accelerated development (Gutiérrez et al. 2011). Not understanding these distinctions renders the idea of state fragility meaningless and can lead to serious problems in international interventions.

It is impossible to understand patterns of state fragility and resilience by looking only at the national state. In practice, the architecture of state authority in every society is a complex network of public organisations and institutions. Within this network, towns and cities serve as critical spaces of state formation, consolidation, transformation and erosion. Indeed, in the civil war literature, it is increasingly acknowledged that a sub-national focus can help enhance our understanding of violent civil conflict (Blattman and Miguel 2010: 34). Our contribution in this regard has been to highlight the importance of cities as particularly significant sub-national units of analysis and intervention in "fragile" states.

Historically, city states and commercial towns played a pivotal role in the emergence of the "modern" state by facilitating capital accumulation and stimulating institutional development through processes of elite bargaining and social mobilisation (Tilly 1992; Beall and Fox 2009). However, the formation of states in the post-colonial era was driven by very different forces than those that prevailed in Medieval Europe or Japan and occurred during a period of unprecedented demographic change. Since the end of World War II, the urban

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populations of developing countries have expanded at historically unprecedented rates, driven by declining mortality, improvements in food security and high fertility rates (Fox 2011).

This rapid urban population growth has been accompanied by a laissez-faire approach to urban management over the last 40 years, which has resulted in the "urbanization of poverty" (Ravallion et al. 2007) and created conditions conducive to urban conflict and violence (Beall and Fox 2009). Indeed, there is some evidence that the widely noted decline in the frequency of inter-state conflicts and civil wars has been accompanied by an increase in urban civic conflict and "social" violence (Harbom and Wallensteen 2009; Newman 2009; Fox and Hoelscher 2010). This may represent a significant shift in the geography and manifestation of historic struggles over rights and resources (Rodgers 2007, 2010), although further research is needed to confirm these trends. Nevertheless, it is clear that the challenge of ensuring human security is an increasingly urban one and that understanding the dynamics of urban development is essential to any sound analysis of state building and state breakdown in contemporary developing countries.

Understanding fragility and resilience in states and cities

The whole problem of "state fragility" is to understand why some poor countries are unstable and have been particularly subject to violence and warfare, while others have achieved long periods of peace even in conditions of poverty and low economic growth (Gutiérrez et al. 2011, Gutíerrez 2011). By suggesting that fragile states are those without the will or capacity to function in ways that reduce poverty, ensure development or safeguard human rights, the reigning definitions of state fragility in the policy community fail to distinguish between the particular conditions of "fragility" and the general conditions of "underdevelopment". By definition all of the least developed countries demonstrate a lack of capacity to reduce poverty or promote development. Many low-income and even middle-income countries are a long way from ensuring the protection of human rights. For instance, our research on violence in Ahmedabad and around secessionist movements in India (Chandhoke 2009, 2010) demonstrated the still imperfect protection of human rights in India, but it would be erroneous to stretch the concept of fragility so far as to label India as a "fragile" state. What is more, to make the definition of state fragility rest upon the presence or absence of "political will" is to confine the categorisation to overly subjective ex-post interpretation (Grindle 2004). A definition of "state fragility" that is useful both analytically and for policy intervention needs to highlight what distinguishes fragile states from the rest of low-income developing countries. Clearly, Afghanistan (Giustozzi 2008a) and the DRC (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 – pose a very different set of challenges than Tanzania or Zambia, or Malawi, where poverty remains profound, human rights imperfectly protected, but people generally live in peace.

The reigning definitions of "state fragility" employed by the policy community do not recognise the importance of the achievements of states like those in Tanzania or Zambia in establishing a significant degree of "state resilience" (Putzel and Lindemann 2011; Di John 2010a). Both these countries still suffer deeply rooted poverty, low agricultural productivity, tiny industrial sectors and weak economic infrastructure, but they have maintained peace and engaged in the slow process of nation building. In 2007, Tanzania and Zambia ranked 151 and 164 respectively out of the 182 countries in the Human Development Index (UNDP 2009: 173). In Sub-Saharan Africa 22 countries have avoided civil war despite conditions of poverty and stalled development (Lindemann 2010a, basing his assessment on a modification of Sambanis 2004a). At least another ten countries in Sub-Saharan Africa, which fell below Tanzania and Zambia on the Human Development

Index, have also avoided civil war (UNDP 2009; Sambanis 2004a). 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. Many middle-income countries in the developing world have achieved significant state resilience, but have great difficulty in presiding over a developmental take-off, including countries like Colombia and the Philippines (Gutiérrez et al. 2007; Putzel 1992).

At the urban scale as well, social tensions and civic discontent can be contained rather than translating into violent conflict or channelled into processes that promote dynamic development – resulting in what might be termed "resilient stagnation" at the city level. Box 1 demonstrates how Swahili creolisation bought peace in Dar es Salaam, but in doing so it co-opted those social forces that might have been most likely to push for developmental changes.

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 for managing the conflictual dimensions of development and become, over time, a site in which citizens' own struggles and organisational capacity can win and expand rights. The reigning definition among policy makers neither captures the difference and distance between conditions of fragility and stagnant resilience, on the one hand, nor those of a developmental state on the other. In its liberal impulse that "all good things go together" (Packenham 1973), the international community is still functioning within a world view that sees development in bifurcated terms: poor countries, suffering from economic backwardness, corrupt political regimes, poor human rights records; and rich countries, enjoying high levels of per capita income, competitive markets and liberal democratic political systems. The prescriptions they work with, as in the reigning definition of fragile states and the "good governance agenda" still underpinning most donor strategies, fail to capture the strategic challenges facing developing countries in relation to the condition of their state. The price of buying peace, of achieving resilience, may establish barriers to further developmental take-off.

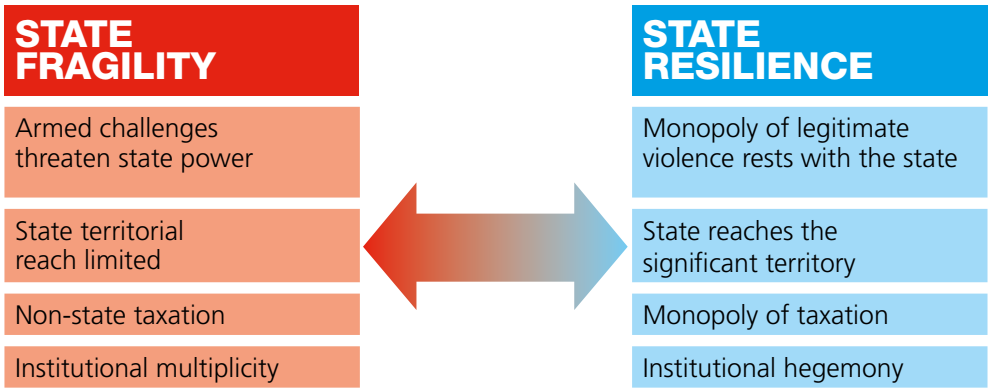
The CSRC has anchored its definition of state fragility in a coherent and well established theoretical tradition, around four basic attributes of the state (Gutiérrez et al. 2011; Putzel 2010a). The *key defining characteristic of fragility* is the failure of the state to exercise a monopoly over the legitimate use of force – for example, the failure to protect the population from

Box 1: Urban resilient stagnation in Dar es Salaam

The creolisation and Swahili culture that accompanied urbanisation in Tanzania helped Dar es Salaam remain unusually peaceful by African city standards. This was not only because Swahili creolism blunted ethnic differences and was a source of nation building, but because at the level of the local state the Swahili tended to avoid involvement in politics, which "precluded them from being perceived as threatening" by other groups (Bryceson 2008: 20). In a sense, some of the factors that have kept Dar es Salaam peaceful are the same as those that have prevented widespread demands being made on the local state in ways that might stimulate more dynamic urban development. Urban social forces in Dar es Salaam were eclipsed and co-opted by a centralised, Swahili-based nation-building project that succeeded in averting conflict, while at the same time deflecting some of the contested bargaining processes at the local and metropolitan scale that can help foster state transformation.

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 2010c). A *third characteristic of fragility* is a significant deficit in the state's ability to exercise territorial control (Gutiérrez et al. 2011). Our qualitative research has identified *a fourth 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. All four sets of characteristics (summarised in Figure 1) are observable, mostly measurable, distinguish fragile from resilient states, and avoid confusing fragility with a general lack of progress in achieving development, justice and democracy.

Figure 1: Four Dimensional State Fragility to Resilience Spectrum



The purpose of defining state fragility and resilience in this way is not to create a typology, since states perform differentially along each of these dimensions. Rather the purpose is to understand where a state at a given point in time stands along a fragility to resilience spectrum, in which direction it may be moving and why. It can help to determine the sequencing of reforms and whether particular reforms, projects or programmes are likely to contribute to resilience or make a state more fragile. We discuss each of these characteristics in turn and then the possibilities for measuring them.

Prioritising the legitimate monopoly of violence

When those who control the state have not succeeded in building security forces capable of defeating non-state armed challengers, or when the state's armed forces regularly unleash violence against its own citizens either as a condition to remain in power or because there is no unified chain of command or discipline to prevent security forces from preying on citizens in urban and rural areas, these are signs of significant state fragility. The state's consolidation of its armed forces and policing is central to its resilience, since other basic functions of the state – like establishing a monopoly over taxation, ensuring territorial control and establishing the hegemony of state institutions – are dependent on the state's basic security capacity. The state can only build a stable elite bargain and wider political settlement if it controls the coercive force necessary both to protect the property and livelihoods of elites and non-elites and offer a credible threat to those who might pursue political and economic objectives through violent means.

Most of the attention of the international community towards security in fragile states has been related to downsizing the state's security forces, demobilisation programmes, security-sector reforms and wider concerns of providing "human security" and respect for human rights (Giustozzi 2011; OECD 2007b: 13). While these are desirable objectives, they

are unattainable without the establishment of a basic security capacity within the state. The key indicators of state fragility in regard to security are an absence of a functioning chain of command within the armed forces, a failure to provide soldiers and police and their dependents with a living wage, incidents of wanton violence and extortion carried out by state security forces in society, the impotence or even involvement of police forces in urban riots, and the proliferation of non-state and vigilante armed organisations in rural or urban areas.

Establishing control over security and providing protection to those under its authority is central to the state's legitimacy (Paris 2004). Security is consistently the first concern and primary expectation people have of the state in every society and only declines in importance where its basic parameters have already been established (Asia Foundation 2008). When the state cannot provide security, elites or communities will turn to whatever non-state forces offer basic protection or even establish their own security forces in opposition to those of the non-performing state. In the countries we studied, this was the situation still prevailing in Afghanistan (Giustozzi 2008a) and the DRC (Hesselbein 2007; De Goede 2010). It was also the situation in Uganda in the late 1970s and early 1980s, and in Rwanda from independence right through to 1994 (Golooba- Mutebi 2008a, 2008b). In such conditions a failure to prioritise action to consolidate the state's security forces is likely to make all other action, whether to expand access to justice or to reduce poverty or improve services or governance, futile.

This poses particular challenges in the cities of fragile states. A focus on the city scale allows us better to understand why normal processes of social conflict and contestation – which inevitably accompany development and change and are particularly intense in cities, given high levels of diversity and compressed inequality – do or do not become violent (Beall et al 2010; Rodgers 2010). Understanding the dynamics of violence requires a clear set of definitions. To begin with, it is important to distinguish between *conflict* per se, which can be a constructive, generative political force, and *violent conflict*. Our work distinguishes three forms of violent conflict and highlights the role of cities in each, but also explores some of the constructive roles that non-violent urban conflict can play in bringing about positive developmental outcomes.

In terms of violent conflict, *sovereign conflicts* are those in which international actors are directly involved and cities are strategic targets. A second category is *civil conflict* between organised groups within a country fighting for control of the state itself; in this we draw our definition largely from Sambanis (2004a). In these conflicts cities may be a "prize" for victory, but during the conflict itself often remain a refuge from warfare, despite also being transformed by the economics and demographics of war in ways that can inhibit post-war state building. Finally, we develop a concept of *civic conflict*. This is a term that aims to capture forms of violent conflict that are distinct from civil war and also tend to take place in cities. It may spill beyond city boundaries, but is associated with the urban qualities of diversity and inequality, as well as the proximity to and visibility of state authorities and their organisations. These forms of violence can be as diverse as gang warfare, violent crime, terrorism, religious and sectarian riots, and spontaneous riots or violent protest over perceived state failures (Beall et al. 2011). They are often analysed under the rubric of "social violence" (Fox and Hoelscher 2010). Both our quantitative and qualitative work has shown that many such forms of violence are in fact linked to political institutions and agendas (Fox and Hoelscher 2010; Rodgers 2007, 2008). The term "civic conflict" therefore aims to capture the underlying political aspects of these forms of violent conflict and their frequent links to claims relating to citizenship rights (Earle 2010), as well as their geographical association with cities.

One of the key findings in our research is that civil conflicts can often reshape themselves into civic ones in the "post-conflict" phase after arms have formally been laid down. This builds on the growing

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recognition in the civil war literature that "civil war is only part of a cycle of violence" (Sambanis 2004b: 193) and that there are important interrelationships between civil war, coups, terrorism and crime (Sambanis 2004b: 195). There are several ways in which transitions out of civil conflict can sow the seeds of later violent civic conflicts. Very rapid urban growth and demographic shifts among the urban population during a civil war – such as that which took place in Gulu, northern Uganda – can have knock-on consequences after the war ends. Previously dominant social forces attempt to reassert themselves and social tensions that were kept at bay in wartime begin to surface, providing fertile ground for civic conflict (Branch 2008). Meanwhile Keen (2009) shows how sanctions imposed by external actors with the aim of bringing civil war to an end can lead to increased hardship over the medium term, which in urban areas can foster criminalisation and the violent expression of grievances against the state. "Post"-conflict urban stability therefore cannot be taken for granted even in cities that may have been islands of peace during wartime; these too are important issues to consider in relation to maintaining a monopoly of legitimate violence (Beall et al. 2011). Moreover, post-war reconstruction efforts can actually undermine the potential of cities to accommodate inclusive political coalitions that promote development and state transformation in the city and beyond (Esser 2009; Moxham 2008).

Post-war reconstruction efforts can actually undermine the potential of cities to accommodate inclusive political coalitions that promote development and state transformation in the city and beyond.

CSRC research on the building of national armies has demonstrated that there are difficult trade-offs involved in "taming violence" and establishing a modicum of state control over coercive force, essential to the consolidation of a country-wide elite bargain and achieving a degree of state resilience (Giustozzi 2011). In situations of state fragility, in the absence of strong political organisation, an army may be assembled through the incorporation of separate militias often previously engaged in fighting one another and loyal to different elite factions linked to different partners in the bargaining process. In Tanzania and Zambia solid political parties were able to mediate the bargaining process and incorporate factions and individuals into security forces in a regulated and institutionalised manner, which was one of the most important factors behind establishing a more resilient state (Lindemann 2010c). It involved ensuring a role for retired officers in politics and the distribution of rents, perhaps more so in Zambia than Tanzania (Giustozzi 2011). In the absence of a solid party a strong leader may be able to manage factionalised security forces for a time, but as Giustozzi (2011) observed:

> *"as leadership wanes or is distracted by other tasks, the agency is likely to suffer rapid decay in the command-and-control structure. This is the case of Uganda's army under Museveni, of Afghanistan in the 1990s and of DR Congo."*

In post-Taliban Afghanistan, the state authorities with foreign backing have maintained security as a high priority, but success in securing a legitimate monopoly of coercive force without a political settlement including non-state armed challengers appears to be increasingly unlikely (Giustozzi 2011). In the DRC after 2002, most external actors have attempted to pursue development interventions without prioritising the establishment of a disciplined integrated national army in what appears to be an increasingly misguided hope that maintaining a UN force would be adequate to provide civilian security (De Goede 2010).

In contrast, central to achieving stability and peace and establishing state legitimacy in Rwanda after the genocide has been the state's success in establishing disciplined armed forces and police (Putzel and Golooba-Mutebi 2009). Moreover, in Kigali a relatively small police force has been supported by forms of community policing such as District Defence Forces and the institution of a range of neighbourhood and community activities that facilitate "horizontal" urban securitisation, which together have helped reduce crime and

violent civic conflict dramatically in the city (Goodfellow 2011a; Goodfellow and Smith forthcoming). The resilience of states presiding over poverty in Tanzania and Zambia was also largely dependent on the consolidation of the state's control over basically disciplined armed forces and creating a basic policing capacity (Lindemann 2010c). The progress made in Uganda after 1986 was closely related to the state's provision of security to large parts of the territory and continuing sources of state fragility can be found in failures to extend security throughout the entire territory and the decline in discipline and effectiveness in both the army and the police in more recent years (Golooba-Mutebi 2008a).

Consolidating the state's control over security has in some cases involved maintaining large numbers of soldiers in the armed forces (Rwanda), providing appointments within the state to retiring officers (Tanzania and Mozambique), or ensuring balanced recruitment from across the territory (Tanzania and Zambia). It may well be that such measures have had a dampening effect on economic growth, sometimes creating rents for former military and police personnel, inefficiencies in the security forces and budget deficits, yet these trade-offs have been important in achieving a degree of state resilience.

Tax administration

Tax-collection capacity is a key indicator of state performance and provides important clues as to where polities lie on the spectrum between fragility and resilience (Di John 2010c). The process of tax collection is one of the most powerful lenses in political economy to assess the distribution of power in a polity. Taxation is also one of the few objective indices we have that measures the power, authority and legitimacy of the state to mobilise resources. Other well-known indices of governance such as "corruption" or "participation" are much more indirect and vague as measures and rely on subjective surveys (Kaufmann et al. 2008).

There are several components of tax collection that can be analysed to understand the relative fragility and resilience of a state.

First, the ability of the state to monopolise the collection of tax enhances state resilience. This is because it reduces the prospects of non-state actors financing rebellions and/or challenging state authority in the delivery of social services. Monopolisation of tax collection may reflect as much, if not more, a resilient state than the tax-collection capacity itself. In the post-1990 period, in Zambia, Rwanda, Tanzania and Mozambique, the state has maintained a monopoly over tax collection in the country even though there were substantial episodes of smuggling in all four countries. In Uganda, Colombia and the Philippines, there is monopoly of tax collection in most parts of the country, though there are territorially limited but significant episodes of non-state actors collecting or attempting to raise revenue. While there is significant smuggling in the Philippines and Colombia, its effect on conflict and violence (and ultimately resilience) is different than in Zambia or Rwanda. When communities, enterprises or those moving goods through the country are forced to buy protection from political organisations determined to challenge the authority of the state (Philippines and Colombia), this becomes an important source of conflict. In Zambia, Tanzania, Mozambique and Rwanda there is no evidence that smuggling is linked to such organisations and thus has less negative impact on state resilience. In the DRC and Afghanistan, the state is far from having a monopoly over taxation, and as a result these are the least resilient – that is, the most fragile, states. In both cases, because smuggling is controlled by political organisations determined to challenge the state, substantial violence and conflict emerge (Di John 2010c).

Second, levels of tax collection and the diversity of tax-revenue sources also matter for state resilience. Tax levels matter because greater tax-revenue mobilisation increases the prospects of financing broad-based service delivery and enhances the prospects of financing the security apparatus of the state. The diversity of tax-revenue sources

also matters for state resilience. There are several reasons for this. First, a state may have very high tax collection due only to mineral or fuel abundance. For example, in Angola, state leaders may not necessarily be accountable to their citizens because such revenues are "unearned". This is because revenues flow into state coffers without leaders having to bargain with domestic interest groups over tax policy and tax collection. This can sever state-society links and lead to predatory behaviour on the part of state elites (Moore 2004). Second, increasing the diversity of the tax base, and not just relying on VAT, has been central to keeping tax revenues from collapsing in the face of trade liberalisation (IMF 2005). Finally, diversifying tax revenue towards personal and corporate income tax has important consequences for state resilience since it is a direct tax that is particularly effective in institutionalising state-citizen relations. This is because direct taxes tend to be most effective in activating "voice" among citizens (Lieberman 2002).

In our cases, performance varies in terms of both tax collection levels and the diversity of its sources. Our research findings suggest that resilient states such as Zambia have relatively high tax levels and a diversity of tax sources (Di John 2010b). Our findings also suggest that low tax states (including those beyond the case studies such as Sierra Leone) have been vulnerable to episodes of political violence. These include Mozambique, Rwanda, DRC and Uganda.

What is also striking is that successful cases of post-war or post-genocide reconstruction have been accompanied by improvements in tax collection and tax diversity. In Rwanda, the tax take increased from 9 per cent of GDP in 1994 to over 14 per cent of GDP in 2008. In Uganda, the tax take increased from 7 per cent of GDP in 1986 to 12 per cent of GDP in 2005. In Mozambique, the tax take increased from 9.5 per cent of GDP in 1995 to over 16 per cent of GDP in 2008. In cases where the state remains fragile, the tax take has remained relatively low. The extreme case is Afghanistan where the tax-take averaged 4.7 per cent of GDP in the period 2003-05. In the DRC, the tax take averaged 6.5 per cent of GDP in the period 2000-03 but has increased to an average of 10 per cent of GDP in the period 2004-5 (see Di John 2010c, Tables 1-3 for more detailed evidence).

War and conflict can affect taxation capacity locally as well as nationally, with implications for state building at the city level and the ability of municipalities both to deliver services and avert civic conflict in the longer term. For example, we have noted how cities are often the "eye of the storm" in civil wars, but at the same time especially strong demands are made of municipal or metropolitan tiers of government in terms of service delivery, with local states being unable to cope with the rapid influx of people. This is often accompanied by increased dependence on financial transfers from the centre at the expense of developing their own taxation mechanisms. This has been evident in Srinagar, Kashmir (Venkatachalam 2007) and is exacerbated in contexts where international actors intervene and "over determine" urban decision making "above the heads" of local state organisations. As a result they become marginalised with long-term implications for local state capacity (Esser 2009). This can be particularly damaging in the case of metropolitan tiers of government that have potentially important taxation functions and have especially strong demands made of them in terms of service delivery.

Finally, the manner in which tax is collected and the degree of participation in the budgeting process can enhance state legitimacy and thus can contribute to state resilience. The extent to which tax is collected through quasi-voluntary compliance is a sign that the tax regime has at least a broad passive legitimacy among the population (Levi 1988). Our research suggests that most resilient states among our cases collect taxes in a non-coercive manner.

Establishing the basic taxation capacity necessary to achieve state resilience has also involved trade-offs that may have contributed to slow rates of economic growth and development. Every tax regime is embedded in patterns of state-created rent allocation, which form the essence of elite bargains. In some cases, increasing taxes and/or enforcing tax collection has proved difficult since this would reduce the income flows of elite and allied upper-income groups. In terms of elite rent creation, tax exemptions,

low income tax rates and the systematic toleration of tax evasion can create rents for particular companies, public or private. There are several ways in which tax patterns and policy contribute to the creation of rents for elites.

One of the common patterns that emerge in most cases is that high levels of tax evasion are tolerated. This is the case for all types of taxes. If one includes the substantial amount of assets held abroad by economic elites – a common feature in sub-Saharan African economies (Collier et al. 2004) – as well as suspected high levels of capital flight through transfer pricing by multinationals (often with domestic elites as junior partners), then the level of income-tax evasion rises further. Much of this toleration for tax evasion is linked to the fact that big business groups are important financers of political parties, as in the Philippines (Putzel 2010b).

A second common pattern that emerges in our cases (and elsewhere) is the negligible collection of urban and rural property taxes. This provides a large benefit, especially to elites who own valuable property assets. In Zambia, for instance, property taxes in the period 2001-5 comprised a mere 0.13 percent of GDP (Di John 2010b). In Rwanda, the coverage of the existing property-taxation system reaches only a tiny fraction of properties in Kigali, and even in these cases taxation is based on very old property valuations with little relevance to the current market (Goodfellow 2011b). This may be one of the more important pay-offs urban-based elites receive in the reigning elite bargain. Meanwhile in Uganda populist interventions by the central government prior to elections have deliberately undermined the ability of the City Council to collect property tax (Goodfellow 2010). This low property-tax collection both limits the degree to which local, and especially city, governments can fund public goods and social spending.

A third pattern that emerges in some of the cases (Zambia, Rwanda, Mozambique, Tanzania) is the relatively low rates of taxation on agriculture, which (while part of investment incentives) can be seen to benefit elite landowners and particularly large farmers and agro-processors.

Fourth, there has been a significant decline in the corporate tax burden on big business, which has benefitted both foreign firms (particularly in mining) and political and economic elites. This has taken place through several mechanisms. First, there is substantial evasion of taxation as discussed earlier. Second, there has been a decline in corporate taxes in most of our cases from an average of 35-40 per cent in the 1980s and early 1990s to around 25-30 per cent since the late 1990s. Much of this decline in corporate tax rates has been the result of worldwide trends and influential IMF advice and conditionality, but has nevertheless enhanced the profits accruing to big businesses. Third, tax regimes in mining and for other large "mega-projects" have tended to be extraordinarily investor-friendly through such mechanisms as low royalties, tax holidays, VAT and import-tariff exemptions among others (see Di John 2010c on Zambia, Mozambique and DRC).

Territorial reach of the state

A third dimension of the state that is fundamental to fragility and resilience is the reach of the state's organisations and institutions into its significant territory – that is, the main areas of human settlement, economic activity and borders, especially when the latter are contested, sites of conflict or sites for the passage of people or goods. A state can achieve considerable resilience without establishing its presence in remote areas only for so long as they remain sparsely populated, devoid of significant economic extraction and uncontested by either internal groups or interests from neighbouring countries. Historically, this was the case in middle-income countries like Colombia and the Philippines, but also in the least developed countries like Afghanistan. However, if any of these conditions change over time, then the absence of the state and its jurisdiction over land can lead to important sources of violent conflict and fragility.

When such lands become new sources of economic resource mobilisation, as happened with the rise of the coca trade in Colombia, forces promoting violence can become deeply rooted territorially and institutionally. Communist guerrillas,

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paramilitaries and drug barons have been able to sustain for decades their challenge to state authority (or often, as is the case with paramilitary organisations, their alliances with state authority) by occupying such lands. This has occurred in Colombia, which is a middle-income country where agricultural incomes no longer figure prominently in the formal economy as a whole (Gutiérrez et al. 2007).

We have looked at the territorial reach of the state from a number of perspectives. One important indicator of the state's failure to establish its presence in the significant territory under its jurisdiction is the production of major illicit crops, as has been the case in Colombia (Gutiérrez et al. 2011). In the southern Philippines the fact that most economic activities remain informal is also an indication of fragility (Hesselbein 2011; Lara 2011). The extent to which major economic extraction occurs in conditions of informality or illegality is a major indicator of state fragility. Since the breakdown of the Mobutu state in what is today the DRC, a huge proportion of the country's major economic activity (mining) has been undertaken beyond the purview of the state (Hesselbein 2011). A similar situation prevails in Afghanistan in relation to poppy cultivation (Goodhand and Mansfield 2010).

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State resilience in Tanzania and Zambia was achieved by extending the reach of state organisations to most parts of the country (Putzel and Lindemann 2011; Di John 2010a). In Tanzania the villagisation programme of the 1970s, while having little effect on increasing agricultural productivity, allowed the state to extend its authority throughout the territory. The compulsory villagisation policy was the "largest resettlement effort in the history of Africa" with about five million rural Tanzanians being resettled. Some have judged the ujaama scheme, if not an abject failure, at best to have had a neutral effect on agricultural production and productivity. But there is considerable evidence that not only did the programme provide significantly improved access to very basic social services for most rural Tanzanians, it also played an important role in national integration (Klugman et al. 1999). In Zambia, agricultural policy aimed to reduce the role of expatriate commercial farmers (Sandberg 1990). Marketing boards, while often paying below international prices for produce, nevertheless gave small farmers a guaranteed price and access to transport and storage. Bates (1974) pointed out that this limited the expansion of large-scale farming and underpinned the maintenance of low land productivity, but this may well be one of the trade-offs that ensured peace over long periods of time. In both countries, during the first two decades after independence, marketing boards contributed to developing state-rural interest-group links, and in providing social infrastructure and services. In both countries, poverty was equally spread across the countryside throughout the nation's territory, avoiding the kind of regional disparities that have generated violence in other countries.

It is also possible to assess the territorial reach of the state through an analysis of patterns of tax collection. Taxation – particularly in the form of land and property taxes, customs and border collection – can help increase the territorial reach of the state. There are a range of outcomes across the cases we studied. In Zambia, Tanzania, Mozambique, Rwanda, Colombia and the Philippines, the state maintains border stations capable of collecting customs/trade taxes at least of most licit trade, though smuggling and illicit trade continue. There are also tax offices present in all provinces and at all levels of government throughout these countries (Di John 2010c). This has clearly not been the case in Afghanistan and the DRC, where state control over customs collection has been much more limited and concentrated geographically in the capital city, though the former has sporadically extended its territorial reach to most border stations.

Despite the widespread reach of the tax authorities, it is important to note that, apart from customs collection, in many of the countries the bulk of taxed economic activity is largely concentrated around the capital city (eg, Tanzania, Mozambique, Uganda, DRC and Afghanistan), though in Zambia and Rwanda the tax base was

more geographically dispersed. In the middle-income country cases, Colombia and Philippines, tax collection is even more geographically spread due to greater regional development (Di John 2010c), which despite the fissures of regionally based fragility discussed above is an indication of the overall resilience of these states.

However, while cities clearly often contribute disproportionately to national tax revenues and are thus important sites of state reach, ironically *within* cities themselves there are important issues regarding the limits of territorial reach. In many cities in low-income states (both fragile and resilient) there is highly uneven reach within urban areas, which contributes both to low urban tax revenues, poor local services and sometimes pockets of fragility and violent conflict. For example in Kampala the very limited effectiveness of the state with respect to implementing basic regulations regarding urban planning impedes the delivery of basic services and infrastructure, which in turn hinders taxation because urban dwellers in certain neighbourhoods resist paying taxes when they feel the state offers them nothing in exchange (Goodfellow 2012). This perpetuates vicious cycles of poor state reach even in the heart of the city from which state power emanates. This poor performance by the state also arguably contributes to explosions of civic conflict in the form of violent riots in the city (Goodfellow 2010, 2011a). In Kigali, by contrast, the reach of the state is much more thorough, which has facilitated the collection of certain kinds of local taxes (with the important exception of property tax, as noted above), and also the provision of urban security (Goodfellow 2011b; Goodfellow and Smith forthcoming). This intense state reach could, however, pose its own dangers if combined with the suppression of non-violent forms of political conflict and contestation over the longer term (Beall et al. 2011; Goodfellow and Smith forthcoming).

Institutional multiplicity

A final indicator of fragility, though one more difficult to precisely measure, concerns the dominance of state institutions or rules within a state's significant territory. The coexistence of rival authorities with competing claims to social and political legitimacy is a defining characteristic of state fragility and a situation referred to in CSRC research as "institutional multiplicity" (Hesselbein et al. 2006). Where a state has not been able to ensure that its own institutions (or rules) trump rival rules anchored in non-state institutional systems, long-run peace and stability are unlikely. When alternative rule systems – like those anchored among traditional authorities, warlords, religious organisations or regional power brokers – exist in rivalry with the state's own rules they can act as powerful sources of legitimacy to mobilise people in violent conflict against the state. When the rules of the state are consistently overridden by rival rule systems it is unlikely that a state can preside over peaceful processes of development.

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Extreme institutional multiplicity has characterised state fragility in the DRC and Afghanistan, where regional power brokers, warlords, traditional authorities and (in Afghanistan) religiously defined authorities, have long established institutions in which they anchor their claims to legitimacy, and their armed challenges to the state. Afghanistan provides a stark illustration of the challenges of institutional multiplicity. Military efforts to quash the Taliban have failed and alternative strategies of trying to incorporate diverse sites of authority into formal local and national government structures have not yet succeeded either (Beall and Esser 2005; Giustozzi 2009b). In conditions of institutional multiplicity conflict tends to be formulated in "indivisible" terms (Hirschman 1995) as a zero-sum game that escalates into violence and is a pernicious source of state fragility. The contrasting achievements of Uganda, Tanzania and Zambia in promoting state rules over those of traditional authorities presented in Box 2 illustrate why addressing institutional multiplicity is so central to achieving state resilience.

Box 2: Institutional multiplicity in Uganda, Tanzani and Zambia

In Uganda, for all its successes, the presidency of Museveni has performed poorly in promoting the pre-eminence of state institutions in the face of rival institutional frameworks. Uganda's experience of exacerbated conflict and civil war after independence was in no small part due to the failure of elites in control of the state to win over rival elites anchored in regionally and ethnically based communities (Lindemann 2010a; Golooba-Mutebi 2008a). Museveni's success in the guerrilla war in the mid-1980s was due largely to the alliance with, and support from, the Baganda and other communities excluded from power under previous regimes. The National Resistance Movement (NRM) state attempted, through the restoration of the Buganda Kingdom and its endowment with certain legal rights to preside over cultural affairs within its traditional communities, to incorporate and subsume Bagandan institutions within the state. However, violent riots in Kampala in 2009 by supporters of the Kabaka (King of Buganda) were stark evidence of growing social discontent married to identity politics (Goodfellow 2010). Museveni'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. Exclusionary practices of the state in terms of appointments to government posts and promotions within the military (Lindemann 2010a) reinforced the claims of Baganda leaders and others who are now challenging the very legitimacy and constitutional basis of the regime in their pursuit of a federal alternative.

This sits in sharp contrast to the experience of Tanzania and Zambia, where the state was able to either marginalise or subsume rival institutions (Putzel and Gutiérrez, 2011). The central issue here is not the obliteration of non-state rule systems anchored in local traditions or religions, but their subordination to the preeminent rules, or laws, of the state. In Zambia, actors prone to appeal to traditional sources of authority were incorporated into the ruling party. In Tanzania, when rural communities disheartened by the absence of state police forces established village security forces based on their own local traditions (the *sungusungu*), the state recognised, incorporated and subsumed their authority within its own security architecture (Heald 2002).

In cities, confrontations between rival authorities (including both state and non-state actors) are commonplace due to the size, density and diversity of urban populations. But it is also in cities where the possibility for negotiated settlements between rivals is greatest – as our research in Durban and other cities has illustrated. There, traditional authorities were incorporated into the organisations of city government (Beall 2005; Beall and Ngonyama 2009; Beall et al. 2011). If state consolidation is understood as a process of formalisation, such settlements can serve as important stepping stones in processes consolidating state resilience and transformation. While some observers see the incorporation of traditional authorities into formal governance structures as a throwback to colonial strategies of governance and antithetical to state consolidation (Mamdani 1996), it is instructive to consider the myriad institutional arrangements that persist in "modern" states. In Europe, for example, constitutional monarchies continue to exist alongside well-established and stable parliamentary democracies, highlighting the fact that political settlements, which evolve in diverse ways, can contribute to state consolidation and transformation in the long run. The key question, from the viewpoint of policy intervention, is whether and to what extent a politically negotiated incorporation of potential rival sources of authority and legitimacy into a political settlement might

lead to state consolidation or erosion in the medium to long term.

Measuring state performance

In our research we contend that this approach to understanding state fragility and resilience can also be explored through quantitative analysis. Our research on measures of state performance has provided a far-reaching critical assessment of current practices and an alternative approach that we believe begins to address the problems that mark most efforts and that can serve as an alternative to policy-makers (Gutiérrez et al 2011; Gutiérrez 2011). While many in the academic and policy communities are critical of current practices, they nevertheless deploy some form of measurement of "state fragility" in order to set priorities in the allocation of resources. While World Bank officials often proclaim that the CPIA index designed to allocate concessional aid to developing countries was never meant to be a measure of fragility, they nevertheless deploy it in identifying a list of fragile states. DFID, like other bilateral agencies, operates with its own list when it states, for instance, that 46 per cent of its bilateral expenditure in 2007-2008 was in fragile states (Chapman and Vaillant 2010), or when asserting as they do in their operational plan that only 10 per cent of fragile states have met the Millennium Development Goals (DFID 2011), or that fragile states account for a fifth of the population of developing countries and one-third of all who live in extreme poverty (DFID 2010). No one likes indexes, it would appear, but we cannot live without them.

In their present form, the majority of Poor State Performance Indices (PSPIs) are unsound. The reliability and validity of such high-profile PSPIs have been frequently challenged. Whilst not all criticisms are valid, some key points hold firm: many of the PSPIs are guilty of "conceptual stretching" where lack of definition and too many variables produce arbitrary and "noisy" results; aggregation (or weighting) of the variables is inadequately or incorrectly done, and in reality never discussed despite being the crucial step of index building after making the concept operational; and definitional inconsistency or the assigning of ad-hoc cut-off points for data groupings diminishes the usefulness of results.

On the other hand, at least two fundamental problems remain. First, PSPIs and other political databases are specific from the point of view of the type of data that they administer. Their databases "live" in a much more multi-dimensional and complex space than others like the datasets measuring economic growth. They try to operationalise concepts that are ambiguous and have no properly defined borders: when, for example, does an "adequate" provision of public services start or end? Almost all PSP variables therefore have crucial missing information, especially where it is most needed (such as information related to countries in deep conflict or suffering major disruption). Many indexes rely on expert assessments of general social processes, without clearly noting that they contain specific variables that can increase or decrease separately. For example, a variable about "repression" or "violence against civilians" is not really ordinal because it includes counts that do not necessarily increase simultaneously. Some forms of violence may go up, while others go down. In sum, PSPIs have to deal with deteriorated, incomplete and ambiguous data.

Second, all aggregation procedures can run into problems. This is particularly true when used in highly dimensional databases that are intended to operationalise complex concepts. For example, no reasonable aggregation procedure devised to produce a state-performance index can be fully compensatory: that is, it cannot assign a simple trade-off between one person who was tortured and the sound delivery of an immunisation programme. To do so is to embed in the index assumptions of equivalencies that are patently absurd and indefensible.

The team separated the operational definition of fragility and statehood from potential causes, consequences and correlates, in order to make tolerably good regressions between independent variables and both aggregated fragility and each of its dimensions separately.

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Until now, all indexes have used fully compensatory aggregation rules, and resulting rankings are thus deeply flawed. In Measuring Poor State Performance, Gutiérrez et al (2011) have created new tools that deal with the incomplete and ambiguous nature of the data. Typically, builders and managers of political indicators have to deal with incomplete, deteriorated, intrinsically ambiguous and highly multidimensional data. The team created specific tools (fuzzy regressions and clustering, for example) that have allowed them to produce systematic data analyses while taking into account any limitations of the specific type of data that is being utilised.

There are many different types of states at the lowest levels of development: some quite resilient, others quite fragile. Understanding that these different types exist and that different responses will thus be necessary should be the central focus of the policy community in relation to fragile states.

The team created a new Monopoly of Violence, Administration and Territorial Reach (MAT) database, which when deployed using the new tools provides important advances in measuring state performance.

First, it provides the systematic evidence emerging from our qualitative work to document our central proposition that fragile states constitute a specific subset of poor countries. If development (measured by GDP) and state fragility (measured by an aggregated index coming from the MAT variables) are correlated then a huge amount of unexplained variance remains and, furthermore, this variance is especially large at the bottom. This means that there are many different types of states at the lowest levels of development: some quite resilient, others quite fragile. Understanding that these different types exist and that different responses will thus be necessary should be the central focus of the policy community in relation to fragile states.

Second, different aspects of fragility have separate causes. Each component of state performance seems to be associated with a different set of variables. This coincides with our research on the nature of political settlements and elite bargains, which suggests that states do not perform uniformly across their functions and different power equations within the state can lead to differential performance.

Third, the quantitative analysis provides considerable systematic evidence for our proposition that achieving state resilience may make progress in development difficult.

Policy implications

1. Policy practice directed towards "fragile states" has been confounded by a failure to make clear what distinguishes the particular problem of "fragility" from general problems facing all developing countries. The narrow definition of "state fragility" presented here directs attention to factors that are most likely to provoke or sustain violence and conflict, and lead towards state collapse: the lack of a basic legitimate monopoly over the means of large-scale violence, the absence of control over taxation, the failure of state organisations to operate in significant territories of the country and the existence of rival rule systems that take precedence over the state's rules. Adopting a clearer definition of state fragility not only allows the identification of countries particularly at risk of collapse but also suggests priority areas of action that can stabilise states.

2. There is clearly a category of "resilient states" among the least developed countries, which has not been given due recognition in theory or policy practice. States that have achieved and maintained peace over time, even when they have presided over economic stagnation, have been able to consolidate national identity, institutions of citizenship and inter-community communication in ways that can insulate them against both external crises and the disruptive and violence-provoking characteristics of future economic development. External interventions need to value the factors that contribute to state resilience even when they have involved the allocation of inefficient rents and socially questionable elite privileges. The steps taken to secure state consolidation in this sense may serve to block state transformation or development, leading to what we have termed "resilient stagnation".

3. Analysis and policy discussion around fragile states has concentrated almost entirely on the "central state", failing to see the particular place of cities in state formation historically and the contemporary importance of growing cities as key sites of state building and state erosion. The concentration of high-value economic activity within the cities of

fragile states renders them central to building basic taxation capacities, and the size, density and diversity of urban settlements generates intense institutional multiplicity, which can result in challenges to the hegemony of state institutions at the very centre of the state. Elites capable of challenging the bargains on which political settlements rest are often located in cities, even when they derive wealth from non-urban activities, and growing civic conflict and violence threatens to undermine state consolidation.

4. Consolidating basic security needs to be seen as a precondition for not only more elaborate programmes of security-sector reform, but also to the wide set of governance reforms from implementing competitive elections to carrying out programmes of decentralisation and devolution. Where the state's own security forces are either incapable of defeating non-state armed challengers or where the state cannot maintain power without unleashing violence on the population, priority must be given to the establishment of a unified chain of command, an end to all abusive practices against citizens, ensuring that officers and enlisted personnel are paid and have a basic capacity to provide protection to elites and non-elites within the state's territory. Demobilisation may need to be delayed until there are opportunities for gainful employment and armed forces deployed in socially constructive ways.

5. Taxation is a key indicator for measuring state performance and assessing the extent of fragility or resilience of a state. A state's taxation capacity can provide an objective means to assess the power, authority and legitimacy the state possesses to mobilise resources; and the degree to which it monopolises tax collection, and the level, diversity and manner of collection of taxes all provide indications of a state's position on the fragility to resilience spectrum.

6. Assessing the reach of state organisations into its significant territory is a crucial indicator of a state's resilience or fragility. When a state's authority does not reach important sites of human settlement, economic resource mobilisation or areas bordering on neighbouring zones of conflict, this can be considered a major indication of state fragility. Programmes that aim to decentralise or devolve power in areas where the state is hardly present can aggravate fragility, while programmes that promote economic and social integration of the state's territory, even if economically "inefficient", may be important to establishing state resilience.

7. The extent to which the state's institutions, or rules, trump non-state institutional systems, whether anchored among regional, ethnic, traditional, religious or warlord actors in rural or urban areas, is a key indicator of state fragility or resilience. While institutional diversity is a valued characteristic of the most developed and stable states, where non-state institutions are not subsumed within the state's own rule system they can act as important sources of legitimacy to those who mount violent challenges to the state. Programmes designed to promote participation and tap the resources of non-state organisations must be cognisant of this dimension of state fragility, or they may potentially contribute to provoking or aggravating violent conflict.

8. Dominant approaches to measuring state performance, state fragility and state failure are poor guides to analysis and policy making. They have been plagued with the same problems of conceptual stretching and ambiguity that have characterised qualitative work on the subject, thus serving as poor guides to analysis and policy making. However the imperatives of resource allocation within the policy world and the revolution in statistical information and tools that are available mean that this line of research and analysis is both necessary and promising. The advances made by the Crisis States Research Centre offer the basis for beginning to deal with the most important problems of ambiguity and aggregation and to present a more useful database of performance indicators and a more powerful set of policy-relevant analytical tools.

3 POLITICAL ORGANISATIONS AND TRAJECTORIES OF FRAGILITY AND RESILIENCE

In assessing determinants of differential experiences of state fragility and resilience our attention has focused on patterns of political organisation (Putzel and Gutiérrez 2011). Political organisations are groups whose purposeful action is principally directed to achieving positions within the state and shaping its rules or institutions, and basic policy direction. They combine the deployment of techniques (for example, electoral competition, violent action, pact making) and they promote patterns of collective action – anything from loose networking, the organisation of armed militias to the building of hierarchical and disciplined political parties to pursue this goal. In the deployment of techniques and patterns of collective action, political organisations shape the ways elites relate to each other; they shape the relations between elites and their social constituencies; and they shape the fundamental characteristics of the political settlement – the institutions and organisations of the state – most importantly, the powers and the limitation of powers over executive authority.

State resilience is most likely achieved when the political organisation(s) that control the state: (1) mobilise their social base in ways that accommodate the demands of a sustainable elite coalition without pursuing violent repression of non-elites; (2) establish executive authority within the state with the power and resources to discipline defectors and reward those who play by state rules; and (3) establish the executive authority independent of the particular individual(s) who occupy high office and subject it to checks against the abuse of its power.

A diversity of forms of political organisations

The universe of political organisations and the forms of collective action they promote, particularly in developing countries where state formation is still on the agenda, are immensely varied. They comprise not only political parties (which are themselves a heterogeneous set), but can include clan alliances, territory-wide centralised personalist patronage networks, competing warlord realms, competing militia organisations and military dictatorship. Furthermore, in processes of state formation it is typical that state and party organisations merge, and that some of the main modalities of collective action are pursued through the agencies and networks of the state.

The ways in which political organisations mobilise their social base and on whom they rely to finance their activities and the influence this creates, can either unite or divide powerful elites and win over or alienate non-elites to the state's rules. Political organisations provide the ideas and strategies that define state rules and the techniques and patterns of collective action for managing elite bargains and projecting the authority of the state into the wider population. The executive authority within the state (which holds the powers of coercion, taxation and the public finance and essential service delivery) is the "glue" or "solvent" that holds together or dissolves an elite bargain. It is at the level of executive authority that an "encompassing interest," in Olson's (1971) terms, can be established in the state. Each of these dimensions of political organisation is crucial to the fragility-resilience equation.

Importance of executive authority

How a political organisation once in power structures and institutionalises executive authority within the state is crucial to trajectories of fragility and resilience. This is because executive authority needs to be powerful enough both to offer credible positive incentives for elites to forge a stable bargain (able to defend property rights

and allocate promised rents) and to offer credible negative incentives, or the power to punish elites who pursue their interests through violent means outside the terms of the bargain. Of course the problem with powerful executive authority is the ever present danger that it will abuse its power through exclusion or repression, which means that political organisations capable of promoting state resilience need to simultaneously incorporate checks on the abuse of power by executives. Executive authority needs to be understood not only at the level of the central state, but throughout the tiers of the state down to the local level. This is why in some states, forms of political organisation emerge at the sub-national level, particularly in cities, capable of effecting considerable change through local executive authority, as we discuss below.

The executive authority of a state is shaped by the patterns of political organisation from which it emerges. In Zambia an effective executive authority was established by a ruling party, UNIP, which was faced with fractious contending elites by concentrating power in the hands of the President. His office was given the means both to deal with internal factions and to buy in elites that were potentially capable of destabilising the state. In a sense, by bringing contentious elite groups into the state, the conflict between them could be managed peacefully. This took what would be an "indivisible", all or nothing conflict, in Hirschman's (1995) terms, and transformed it into a divisible conflict capable of negotiated resolution. At the same time the power of the executive was limited, first by allowing and institutionalising the position of powerful non-executive actors within the party/state rather than subordinating, marginalising or repressing them. Second, abuse of power by the executive authority was limited by a "third party" enforcer by respecting the independence and abstaining from attacking the Zambian trade unions. This was crucial not only in pre-empting elite factions from mobilising social groups to take up violence to pursue their demands, but also in developing an interest among all elite contenders in building a security sector that was both effective and loyal. In other words, it was a formula for creating state resilience (Di John 2010a; Putzel and Gutiérrez 2011).

The contrast to Uganda is striking. Museveni's National Resistance Movement (NRM), which banned competitive political parties, allowed the concentration of executive authority within the state, and this contributed in no small part to the development achievements of the regime over the last 25 years. But the loose structure of the NRM provided no means to impose limitations on the executive authority. This allowed the executive to abuse power both within the state – for instance by developing personalist patronage networks within the armed forces – and in relation to opposition forces made up of elites excluded from the state. In the end, this had a negative feedback loop with signs of damaging effectiveness as well, again observable in a weakening of the armed forces (Putzel and Gutiérrez 2011).

Political organisation and the differential performance within the state

The forms of political organisation and the patterns of collective action they pursue can create an executive authority that is effective in some areas while crippled in others – and importantly not by design, but by unintended and unpredictable consequences of particular courses of action. This insight provides an important corrective to the enterprise to assess and measure governance performance in policy-oriented research. Over the past decade research at the World Bank has attempted to "measure" seven key areas of "good governance" (security of property rights, voice and accountability, political instability and violence, government effectiveness, regulatory quality, rule of law, control of corruption) and identify their contribution to economic performance (see Kaufman et al. 1999). As discussed above the usefulness of these types of measurements and explanation is limited both because

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data is generated through subjective surveys and because serious problems of aggregation are not tackled. In fact, in their approach to aggregate measures they do not provide any information on the extent to which capacity varies across different state functions or sectors within a polity (Di John, 2008, 2010d).

In Zambia, the ruling party's efforts to forge an inclusive elite bargain and a stable political settlement led to the creation of a strong capacity for conflict management through rent allocation. But it was this very pursuit, which spawned an approach to marketing boards in agriculture and management of mining, that had huge economic costs. While marketing boards were central to party and state control over the countryside and were instrumental in expanding the territorial reach of the state, the resulting loss in economic production and productivity was high. In mining, in the early 1970s, in response to pressures from rent-seeking elites within the UNIP ruling party, President Kaunda used his executive power to terminate the management contracts in the mining sector and established direct state control despite a dire lack of management capacity. Proceeds from mining were not reinvested but used to finance patronage arrangements that bought peace, and production in the sector suffered a sharp decline (Di John 2010b). The ability to maintain political order has coincided with a state incapable of promoting sustained economic development. The Zambian state's strong capacity and performance in conflict management and its weak capacity and performance in economic management was not the result of a deficit in technical skills, but rather a result of deeply rooted interests and the way they were politically organised, which achieved state resilience at the expense of economic development.

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The Zambian experience sits in sharp contrast to that of Botswana in regards to both marketing boards in agriculture and the management of the mining sector (Di John and Putzel 2009). In Botswana, the ruling party incorporated cattle-ranching elites, but also relied on the support of the wider rural vote to maintain its power. The marketing board it established gave ranchers a good deal and ensured exchange rates were not overvalued stimulating exports, in direct contrast to Zambia's management of marketing boards. Internal party competition and the pressure of opposition parties provided both an incentive for performance and a check against executive abuse of power. The fact that diamond mining only emerged as a major industry after the country had developed broad-based political parties and efficient economic institutions to protect property rights helped avoid de-stabilising rent-seeking struggles. Due to the generally broad and inclusive coalition of the BDP ruling party, diamond rents were widely distributed in the form of infrastructure and social service delivery, which reduced the incentives of elites "to rock the boat" by forming large-scale challenges to the state authority. The pattern of political organisation that emerged in Botswana allowed the state to create strong capacities in economic management, which achieved resilience at much less cost to development. The construction of a legitimate, national political party, as the organisational expression of the political settlement, was central to both increasing the bargaining power of the government to maximise the tax benefits of mineral abundance and to organise spending and patronage in ways that promoted political stability and economic growth (Di John and Putzel 2009).

In Colombia the executive authority produced by a consociational agreement forged in the late 1950s to resolve a decade of internecine conflict known as "La Violencia" could act effectively around issues that did not step on the toes of the local politicians with interests in rural lands who were empowered by the consociational agreement. This is why the Colombian state could build strong capacities and achieve considerable success in macroeconomic management, but not in designing and implementing an effective land reform. The agreement that bought peace in effect imposed too great a check on executive authority, and in the process ushered in a transformation of the elite bargain by stealth, incorporating within its fold networks of criminals and narcotraffickers who emerged as prominent on the local scene. This explains both the

differential capacities within the Colombian state and why, despite the resilience it achieved in many respects, it suffers from deeply rooted fissures of fragility (Putzel and Gutiérrez 2011).

National political parties and state resilience

Our research has found that the construction of national political parties is central to the institutionalisation of centralised patronage and can reduce the possibility of political contests around more narrow regional or ethnic lines. This is consistent with recent econometric evidence that the main factor responsible for reducing conflict is the extent to which political organisations are cohesive (Gladstone et al. 2010; Di John 2010c).

It may be more likely, particularly where a state is poorly formed or deeply damaged after a period of intense civil war, to secure a modicum of democratic functioning within a single party than in open competitive electoral politics. This was the case in Tanzania and Zambia in the decades following independence and more recently in Uganda and Rwanda after emerging from civil war and genocide. This was because a single party could ensure that those engaged in politics accepted the basic rules of the state, for instance governing citizenship and the parameters of rent allocation within the elite bargain. Organising to secure state power did not require recruitment on the basis of identity politics either among elites or their social constituents. In Tanzania and Zambia, the ability of the state to reach throughout the country's territory was a by-product of the development of nationally based political parties, which developed an inclusive system of patronage across all agricultural regions (Hesselbein et al. 2006; Di John 2010a).

But for such a model of political organisation to contribute to state resilience, there must be checks on executive authority (particularly its exercise of coercive force) built in to the party's basic structure. There must be a means to replace leaders and to express differences in viewpoints and strategy. The single party organisation in Zaire under Mobutu had precisely the opposite effect, leading to extreme state fragility since it embodied no checks on the abuse of executive authority (Hesselbein 2007; Putzel et al. 2008). In establishing his one party state, Mobutu imitated the successful form of political organisation in Tanzania, but without the historical foundations and checks and balances that the CCM had established during forty years before independence.

Political organisations evolve through imitation

Learning by imitation of the dominant actors produces a rapid spread of skills and techniques that may have developed by chance, but that end up affecting the political settlement in quite consequential ways (Gutiérrez 2007). When the Liberal Party had to accommodate to the terms of the consociational agreement in Colombia, to survive in electoral politics and to be able to exercise authority in any domain it made big concessions to local elites who could deliver the votes, thereby welcoming into its fold actors anchored in illicit economies and deploying violent techniques who previously were shunned. When this allowed them to win votes, then the Conservatives adopted the same techniques thus bringing about a transformation of the political system, the shape of the elite bargain and a fundamental weakening of the state's monopoly over the means of violence.

© UN Photo/Mario Rizzolio, Ntabila camp in Tanzania 12 July 2007. Despite hosting hundreds of thousands of refugees from neigbouring conflicts, Tanzania has remained peaceful.

A more fortuitous outcome was generated by similar dynamics in Zambia. When UNIP came to power it adopted a practice of "tribal balancing" to get beyond tribal social mobilisation that could well have led to violence, and it managed to hold onto power in part by perpetuating this practice. It was so effective that when the disaffected opposition groups – some of which had actively mobilised on the basis of ethnolinguistic identities and others which had shunned tribal balancing (the trade unions) – mounted their challenge to UNIP, they appeared as the MMD in the mirror image of UNIP adopting the same successful practices at least during the party's first decade in office, with a similarly positive impact on state resilience (Putzel and Gutiérrez 2011).

Transformational politics in the cities

Patterns of political organisation can change over time and the terrain of urban politics offers some of the most opportune possibilities for redrawing elite bargains and reshaping political settlements. One of the consequences of the changes in Colombian politics described above was the increased dissatisfaction of urban elites with the way power in the major political parties shifted to local rural elites and eventually criminal actors. This increasingly affected the fortunes and patterns of conflict in the urban areas and led to the emergence of new coalitions (Beall et al. 2011).

Since the 1990s, Bogotá and Medellín have seen an extraordinary reduction in civic conflict, described by Gutiérrez et al. (2009) as a "metropolitan miracle". Against a backdrop of soaring levels of urban violence, a fresh style of politics accompanied a new constitution adopted in 1991. This allowed for wider political participation and debate, which in turn saw coalitions of essentially middle class and elite interests emerge. They were politically heterogeneous but homogeneous in their collective commitment to the provision of public goods targeted at wider urban society, but ultimately for their own benefit as well. Simply put, "the bourgeoisie discovered that its own interests sat well with the urban modernisation programmes" proposed by the capital city's mayor. Consequently a relatively diverse combination of urban interest groups, who traditionally had pitted their interests against one another and continued to do so in other cities such as Cali, came together in the realisation that "the factionalism of traditional politics made collective action difficult and the costs paid in terms of the need of provision of private security were too high" (Gutiérrez et al. 2009: 14).

The "miracle" was achieved by the particular configuration of the political coalitions forged in the two cities at critical junctures, alongside the creation of institutions and processes for generative engagement. The subsequent drop in homicide rates was not achieved in the third city, Cali, where a developmental coalition did not emerge and where violent civic conflict persists. In Bogotá and Medellín it was the presence of a substantial and differentiated vocal urban middle class that made the critical difference. Had only a narrow coalition of dominant elites been involved in decision making, the costs of providing private security for themselves would not be prohibitive and thus the motivation for broader urban public goods provision would not have been present. Indeed, this is what has arguably occurred in contemporary Managua, the capital city of Nicaragua (Rodgers 2004, 2008).

The formation of developmental urban coalitions in Bogotá and Medellín is one of the most compelling examples we have of institutionalised mechanisms for generative civic engagement in a state marked by deep fissures of fragility. However, it is important not to overplay the inclusionary nature of class coalitions that came to dominate political organisation in these cities. The majority of poor urban residents in Bogotá and Medellín were not welcomed into public debate and attention needs to be paid to the "illusion of the bourgeoisie that the defence of its interests equals the defence of society as a whole" (Gutiérrez et al. 2009: 15). While there has been a reduction in violent crime

and homicides, the institutionalisation of mechanisms to allow for the articulation and negotiation of conflicts between the lower and higher rungs of urban society needs further attention, and the challenge of replicating the gains made throughout the state is formidable.

Policy implications

1. Executive authority within the state is crucial to determining the inclusiveness and stability of elite bargains and the wider political settlement. It is fundamentally shaped by the techniques and patterns of collective action deployed by the political organisation(s) that control the state. Political organisations determine whether the executive authority has the power to articulate and enforce both positive incentives for elites to play by state rules and negative incentives that make it costly for elites to exit. Crucially, in establishing executive power within the state, political organisations play the central role in establishing checks against the abuse of power by the executive. Efforts to influence patterns of governance need to focus on how any reform or policy package may affect or be affected by the executive authority of the state.

2. Understanding the particularities of political organisation must be a prerequisite to efforts to promote governance reforms. In the developing world, where state formation and consolidation is still very much on the agenda, there are a plethora of different forms of political organisation that matter. The techniques they use to win and maintain power and the patterns of collective action they promote are diverse and often difficult for outsiders to see, but understanding these in any given country is essential to understanding how politics works. External actors tend to (mistakenly) assume that the familiar models of political organisation found in developed liberal democracies are present or can be easily created in developing countries. While forms of political organisation can be, and widely are, mimicked, the way they operate is historically and societally specific.

3. External actors should focus on areas of good performance of a state and attempt to understand the interests that have led to state effectiveness, rather than attempt to assess performance in the aggregate. In this way they can determine whether such performance can be duplicated elsewhere, or why it may not be, and ensure that interventions designed to address one domain of activity – for instance the provisions of state subsidies to agriculture – do not undermine another central activity of the state, most notably conflict management. Prominent attempts to assess governance performance in the aggregate are bound to present a distorted understanding of reality, both because they are based on subjective and impressionistic perceptions and because they do not account for or focus on the ways in which states perform differently in the different domains of their activities. This differential performance is deeply related to the way political organisations deal with the interests of elites and their social constituents. The creation of state capacities in this regard is deeply influenced by political decisions and is never simply the result of having the technical expertise necessary for a particular activity.

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4. Political possibilities, and therefore governance reforms, are decisively linked to reigning elite interests at a given moment in time. The ways politics are organised are intimately linked to the interests of elites and their constituents at given moments in history. Botswana's successful management of its mining resources is related strongly to the fact that the political organisations that shaped the executive authority of the state did so before mining resources were available, and built a strong and inclusive bargain on the basis of its cattle-ranching economy, which fortuitously proved solid enough to manage the windfalls derived from diamonds. Strategies for political or economic reforms that are radically at odds with interests embodied in a political settlement will either fail or are likely to provoke conflict. The birth of progressive political movements in

some cities in Colombia in recent years was based on a profound realignment of interests within the city.

5. The promotion of democracy in poor countries needs to focus on establishing mechanisms for checks and balances on executive authority rather than the form of political party competition. In almost all cases of state resilience in poor countries, forms of centralised patronage have been organised in national political parties, though not all states with national political parties have achieved state resilience. There are important reasons why, in fragile states, even the achievement of a modicum of democratic functioning may be more possible in the context of a single national party than in a competitive party system. Where the basic parameters of the state, like who is a citizen and who is not, or the basic authority to allocate property rights, remain contested, the establishment of multiple political parties may allow rival elites and their social constituents to challenge the existence of the state itself, thus leading to exacerbated conflict.

Where the basic parameters of the state, like who is a citizen and who is not, or the basic authority to allocate property rights, remain contested, the establishment of multiple political parties may allow rival elites and their social constituents to challenge the existence of the state itself, thus leading to exacerbated conflict.

6. Political organisations tend to imitate those who succeed in gaining and keeping power regardless of what advice they may receive from at home or abroad. The evolution of dominant forms political organisation and strategies and tactics, whether in directions conducive to promoting state resilience or fragility, development or stagnation, often appears to be incomprehensible. Our research indicates that leaders of political organisations learn by imitating the behaviour of dominant (successful) political actors. This allows for the rapid spread of skills and techniques of "doing politics", which can break from long established traditions in both positive and negative ways. Once this is understood, it is possible to understand why particular techniques and patterns of collective action are adopted by political actors, even when in doing so they may challenge long-established elite bargains and political settlements (as in Colombia), or reproduce the same despite having long fought for change (as in Zambia).

7. Possibilities exist for transformative political coalitions to emerge committed to establishing security, particularly in urban environments where a diversity of relatively well organised interest groups can challenge reigning political practices. A large and diversified urban middle class in Bogotá and Medellín had an interest in collectively addressing growing civic violence, in contrast to the traditional wealthy elites who could organise their security privately. The new groups also had the organisational clout to rise above the confines of the increasingly discredited traditional political organisations. They recast an elite bargain at the level of the city primarily centred on their own interests rather than the interests of the urban poor, but nonetheless their capture of power at the level of the city significantly reduced violent conflict. While challenges to move further in a developmental direction or in organising around the interests of poor communities remained, the dynamic of politics in these Colombian cities illustrates the more likely and possible route for reformists politics that shore up state resilience in developing countries today.

4 POLITICS OF VIOLENT CONFLICT: REBELS, WARLORDS AND URBAN CIVIC CONFLICT

Since the late 1990s analytical work on violent conflict in the developing world and the policy prescriptions based on it has been dominated by propositions that non-state armed actors are fundamentally motivated by "greed" rather than "grievance" (Collier and Hoeffler 2002) and that wars of the late 20th and early 21st Centuries are of a "new" type (Kaldor 1999), characterised by high levels of criminalisation. Recent cross-country quantitative analysis has cast considerable doubt on much of this work, identifying poverty and political institutions as major determinants of violence (Goldstone et al. 2010). But in policy domains the propositions of Collier and his colleagues still influence thinking about why people participate in armed conflict. A wide range of CSRC research on states and cities challenges these propositions, demonstrating the strategic importance of understanding not only the different motivations that lead non-state actors to take up violence, but also the ways in which the structure and dynamics of armed organisations affect trajectories of war, peace and state building. The research included: a comparative study of the main guerrilla organisation (FARC) and the paramilitary organisations in Colombia; a comparative study of non-state armed organisations in Colombia and Afghanistan; a range of research on warlords, the Taliban and other armed organisations in Afghanistan; a study of the Islamic and clan-based armed movements in the southern Philippines and comparative studies of urban violence in both fragile and resilient states.

Bringing politics back in to the study of violent conflict

CSRC research challenged one of the basic propositions coming out of the crude economic determinants of conflict literature, namely that all non-state armed organisations are essentially the same in that those who lead and join them are motivated by individual utility maximisation, or the economic returns they can expect from engaging in violence. For Collier rebellion can be studied as a form of criminality explained by the rent-seeking behaviour of leaders and the existence of a labour market for unemployed young males. A detailed study in Colombia of the main guerrilla organisation, the Fuerzas Armadas Revolucionarias de Colombia (FARC), and rival paramilitary organisations, found that not only do non-state armed organisations differ in terms of motivations and objectives in pursuing violence, but also the differences between them cannot be understood as a result of differential access to economic resources (Gutiérrez 2008). Understanding the organisational dynamics of armed groups is central to assessing their likely durability over time as well as possibilities for combating or making peace with them.

In Colombia both the FARC, which has posed the longest standing armed challenge to the state, and the paramilitaries, which have often been allied with it, are deeply embedded in narco-trafficking, other illegal businesses and in attacks against each other. Indeed there is evidence that like the political organisations described above, they have evolved through processes of imitating the "successful" tactics of each other. However, there are profound differences between them, based on who they recruit (in terms of gender, education and occupation), *how* they operate – the organisational mechanisms they have employed as they attempted to survive and grow over time – and *why* combatants join the group and *why* they remain over time. Detailed analysis of a wide variety of data sources demonstrated that FARC members are younger and less educated than paramilitaries, and comprise a higher proportion of peasants and women in contrast to the more socially heterogeneous male membership of the paramilitaries

(Gutiérrez 2008). Paramilitaries recruit more delinquents and former state soldiers, with leaders drawn from territorial elites including cattle farmers, other rural rich and narco-traffickers. FARC operates more as an army, and is more bureaucratised with tougher discipline and collective rather than individual economic incentives, in contrast to the paramilitaries whose organisations are based more on networks of personal relations. While both engage in illegal economic activities, the clearly established chain of command in FARC ensures resources are centralised with the organisation, while the paramilitaries offer individual incentives to profit from these activities, allowing a degree of property accumulation and upward social mobility not found in FARC. While both types of organisation behave brutally towards civilians, FARC combatants are more likely to do so as part of a strategic plan and under orders, while paramilitary brutality is likely to be more widespread and arbitrary due to the licence given to individual combatants.

Individual economic incentives have made the paramilitaries a weaker organisation, more prone to internal disputes and desertions than FARC. FARC requires a life-time commitment of recruits who are more likely to come from the ranks of the employed, while the paramilitaries demand no such commitment and draw more foot soldiers from the ranks of the unemployed. FARC have been more prone to enforce rules of moral behaviour, restrictions on drinking, wife battering, incest, drug consumption and prostitution whereas paramilitaries generally have been unconcerned with such rules. Ideology places a greater role in the FARC than among the paramilitaries. The paramilitaries are more of a "cadre army", led by legal and illegal elites, operating more as a mafia, while the FARC are more of a "mass army", whose leaders come from modest social backgrounds and function as a disciplined fighting force.

By undertaking this type of analysis it becomes much more possible to assess the sustainability of a non-state armed group and the possibilities for engaging in peace negotiations, not to mention the tactics and strategy that would need to be employed by a state to achieve victory and to pre-empt the re-emergence of violent challenges. It also allows an understanding of the challenges posed in demobilisation and reintegration processes after war, which far too often are treated with a uniform template that does not account for profound differences between non-state armed combatants. For instance, in Colombia paramilitary child soldiers have a strong problem of drug and alcohol consumption, while FARC children do not (instead, FARC girls have a history of abortions, with the particular psychological and social legacies incurred).

© UN Photo/UNODC/Zalmai, Opium poppy fields in Afghanistan, 2005. The income from opium has been an important source of finance for continued warfare in Afghanistan.

Can warlords be state builders?

CSRC research in Afghanistan and in the southern Philippines, looking at the role of regionally based warlords, has similarly pointed to the importance of understanding differential organisational dynamics and incentive systems among non-state armed actors for assessing the prospects of peace making and indeed of state building and state consolidation.

In Afghanistan, warlords prioritised the accumulation of power through the monopolisation of large-scale violence and the centralisation of patronage, though through markedly different means (Giustozzi 2009b). The research illustrated how processes of primitive accumulation of power needed to

pursue state formation were difficult if not impossible to carry out within bureaucratised or representative systems. Still, once confident in the solidity of their territorial base, in pursuing their goals Afghan's warlords, who relied on patrimonial forms of authority, were compelled to engage with processes of bureaucratisation in efforts to get beyond the limits of what Giustozzi called the ephemeral "empires of mud", which disappear with the passing of the patrimonial leader. However, this process took the shape of a difficult and precarious transition between a patrimonial and a more institutionalised system, with negative implications for their legitimacy among key constituencies. The departure from pure patrimonialism led to an increasing difficulty in exercising authority over what Giustozzi has labelled the "military class". Still they achieved too little in terms of institution building to be able to capture the organisational and economic bases of the cities. The transition was made particularly problematic by the establishment of a central government with the backing of foreign armed force. But while the government stood in the way of the warlords they did not succeed themselves in establishing control over the country's territory.

Research in the Philippines looked at why political-military actors of the Moro National Liberation Front (MNLF), who engaged in a peace process with the central state in exchange for gaining control over a new autonomous region, soon lost popular legitimacy and political control over the region (Lara 2011). The study carefully examined the differential institutional basis underpinning the power of three sets of actors in the region (political-military organisations, Islamic clerics and their networks, and warlord/clan leaders) and the leverage this gave them with the central state. It demonstrated that the legitimacy of political-military organisation had been based largely on their ability to protect local communities, both in terms of physical security and in terms of securing livelihoods. Giving up their armed power without building new alliances, the political-military organisations could not rival the warlord-like power of clan leaders whose own claim to legitimacy and leverage with the central state was based on both their command of coercive force and the durability of their own institutions, or rule systems, governing access to the informal and illicit economy.

From armies to networks: the organisational dynamics of non-state armed actors

Building on comparative research within single countries, the CSRC also undertook comparative analysis across country cases, most interestingly in a study of the FARC in Colombia and the Taliban in Afghanistan, to explore the role of organisational dynamics in determining variance of behaviour of non-state armed actors (Gutiérrez and Giustozzi 2010). We discovered the power of an analytical lens that assesses where a challenger lies on a spectrum between two polar types of organisation: an army and a network association. This has reinforced our findings that we can learn more about the dynamics of violent conflict through organisation-inspired, than through resource-inspired, explanations (Collier and Hoeffler 1998). It also challenges the important work of Weinstein (2006), who suggests that armed groups that are strategically dependent on support from civilians refrain from attacking them, while groups that can rely on illicit resource income are more likely to exercise violence against civilians. This research also demonstrated the advantages of deploying qualitative comparative small-N studies over single case studies on the one hand, and the insights they permit that quantitative cross-national investigations on their own do not. Their great strength over the other approaches is to identify explanatory mechanisms that travel across contexts.

This research demonstrated the advantages of deploying qualitative comparative small-N studies over single case studies on the one hand, and the insights they permit that quantitative cross-national investigations on their own do not. Their great strength over the other approaches is to identify explanatory mechanisms that travel across contexts.

Both the FARC and the Taliban are heavily reliant on income from illicit crops: coca and opium respectively. Both have undertaken rebellions over a long period of time and have been relatively successful in surviving the offensives of adversaries who command huge technological superiority. Both are violent and repressive but within limits. However, the Taliban are deeply rooted in society while the FARC is not. Our research has found that the differences between them can best be understood through organisational dynamics. The

FARC operates as an army, which maximises separation from civilians: physically, by establishing camps; symbolically, with insignias and uniforms; and socially, by creating new hierarchical structures independent from those of the peasant world in which they largely operate. The Taliban functions as a network, maximising integration with civilians, adopting existing social hierarchies and merging with society both physically and symbolically. Armies can survive only through internal cohesion and require denying access of fighters and middle-ranking officers to rents, and punishing any internal conflict. Networks survive by expanding their social base offering incentives to members and followers, and internal conflict is a price for broad inclusiveness.

While the FARC is an army without substantial political support, the Taliban are a powerful movement without an army proper... Understanding the divergent practices and survival mechanisms of armed organisations that challenge the state is crucial to attempts either to defeat them in combat or make peace with them through negotiation.

The research compared the two armed challengers according to military hierarchy, membership and discipline, ideology, funding and their relations with civil society. They differ sharply along each parameter. The Taliban are decentralised, based on "fronts" formed on the initiative of local commanders, whereas the FARC has evolved into a centralised organisation with a non-personalised leadership organised in columns with territorial commands in charge of military actions, tax collection and other rackets. Discipline is loose among the Taliban, where criminal behaviour is tolerated, and only occasionally punished, factionalism is rife and fighters and commanders are paid, while commanders recruit community followers often for a short engagement with the network and of course do not recruit women (Giustozzi 2008b, 2009b). FARC members receive no payment and rents collected are generally centralised, membership is for life and community mobilisation is minimal, while membership is highly reliant on women recruits and factionalism almost absent. The Taliban are inspired by religious ideology and a claim to nationalism bolstered by a deeply rooted network of organic intellectuals or clerics who command social respect. FARC is a radically lay group, originally inspired by communist ideology and disconnected from local mores. Funding is highly centralised in the FARC, with little individual rent allocation, while decentralised in the Taliban with wide access to individual rents – though both have usurped important "regulatory functions" from the state in centrally tapping into the resources from illegal drugs. Both organisations undertake military operations that cause great civilian casualties, and practice "rough justice" among members and citizens accused as traitors. But the Taliban are rooted in society through religion, the coordination of rural elites (traders, smugglers, clerics and landowners) and through their network structure. The FARC is isolated from society; its ideology appears almost alien, with its presence concentrated in sparsely populated areas and has no capacity for long-term connections with regional elites.

As our research concludes, "while the FARC is an army without substantial political support, the Taliban are a powerful political movement without an army proper" (Gutiérrez and Giustozzi 2010). The organisational techniques deployed (closer to those of an army or of a network) resulted from their experience of conflict as they sought solutions to urgent problems of the day, and solidified through practices, routines, identities and know how applied over time. They were not in this sense determined by access to resources, but they have been marked by path dependencies in that organisational choices taken influence possibilities in the future. Understanding the divergent practices and survival mechanisms of armed organisations that challenge the state is crucial to attempts either to defeat them in combat or make peace with them through negotiation.

Political drivers of urban civic violence

Cities have always been focal points of sovereign conflicts given their strategic importance as containers of capital, concentrated population centres and the geographical locus of state institutions. Historically, control of a capital city has been the de facto legal basis for a political organisation to claim sovereignty over associated territory (Landau-Wells 2008). While the frequency of sovereign conflicts has declined in recent decades, they remain a source of great destructiveness,

as illustrated in our discussion of military interventions in the next section.

Similarly, cities are often implicated in civil conflicts over control of the state. Civil conflicts have historically been rooted in the countryside, with cities serving as spaces of relative security and refuge for those fleeing violence, as in Northern Uganda (Branch 2008), Nicaragua (Rodgers 2008), Kashmir (Venkatachalam 2007), the South Bolívar region of Colombia (Vargas 2009) and in several cities of Afghanistan in the 1980s (Giustozzi 2009c). Cities often play a crucial role in the economy of war, as they have in Afghanistan, which can both be an incentive to all sides to keep them relatively secure and also create a degree of autonomy from the central state as they seek protection from rebel groups, as happened in Goma in the DRC (Vlassenroot and Buescher 2009).

However, cities are also increasingly fraught by civic conflict and violence that does not necessarily appear to be explicitly political in nature. For example, gang warfare, communal violence, criminal assaults and homicides are rarely classified as "political" violence. Yet our research suggests that violent civic conflicts (as well as more prosaic forms of violence such as assaults and homicides) have a political dimension that is often overlooked. For example, in a quantitative study, Fox and Hoelscher (2010) found that cross-country variation in homicide rates (a rough proxy for "social" violence) was explained by a combination of traditional socioeconomic factors (such as poverty, inequality and ethnic diversity) and variations in political institutional arrangements. City-level qualitative research also points to the significance of political factors in spurring violent civic conflict. For example, the deadly riots that shook Ahmedabad in Western India in 2002 were clearly linked to a Hindu ethno-religious project within the state of Gujurat (Chandhoke 2009). We also found instances where suppression of political competition designed to prevent such violence has merely deferred its onset, as in the case of riots in Maputo, Mozambique (Sumich 2010). Questions also remain about the medium and long-term impact of limitations on political competition for Kigali, particularly given the spate of grenade attacks in the city in early 2010 (Goodfellow and Smith forthcoming).

Policy implications:

1. Understanding the particular organisational mechanisms and incentive structures within non-state armed actors is essential to understanding what sustains them, how durable they may be and on what grounds they might be defeated or brought into peace processes. It also is necessary for assessing the particular requirements for their reinsertion into society after war. The dominant view in policy circles that non-state armed organisations are all essentially the same and that they can be studied as a form of criminality based on individual rationality and economic motivations is fundamentally flawed. While these organisations are all likely to be deeply involved in illegal activities to fund their operations, likely to attract young underemployed men as fighters and may behave brutally towards civilians, there are profound differences between them based on who they recruit, how they operate and why combatants join and remain in the organisations.

2. Organisational incentives are a far better analytical indication of the nature of non-state armed movements than particular patterns of access to natural or illegal resources. The differences between non-state armed organisations cannot be understood by their differential access to economic resources. In Colombia, both paramilitaries who in the past were often allied to the state and FARC guerrillas challenging the state have been deeply involved in narco-trafficking. In Afghanistan, warlords at times working with the state and at times challenging it and the Taliban who present the greatest challenge to the Western-backed Karzai regime are all deeply involved in the production and trade of poppies. In the Philippines, clan-based warlords, the Islamic armed movements fighting for autonomy and armed communists who mobilise the rural poor have relied only marginally on wealth generated by natural resources. In Colombia, the structure of individual

economic incentives offered to fighters and officers of paramilitary organisations have made these organisations weaker than the FARC, where the mobilisation of resources is centralised.

3. Only an analysis of the organisational dynamics and sources of power and legitimacy that underpin warlord power can predict their potential role in processes of state consolidation and state destabilisation. Crucial to assessing the likelihood that non-state armed actors, like warlords or clan bosses, may contribute to state consolidation or state unravelling is an examination of the trade-offs they faced between imperatives of bureaucratisation involved in state-building projects and preserving the relations of patronage on which their power depends. In Afghanistan, warlords participated differentially in alliances supporting and opposing state-building projects over time precisely on these grounds. Similarly in the Philippines, the possibility of enlisting clan-based warlords in efforts to bring about peace in the conflict-torn southern regions of the country has depended on reconciling their personality-based patronage systems on which their power is based with the formal democratic and legal procedures of the central state.

Major population movements and socio-economic ruptures often lead to widespread conflict in cities after civil war... People will enter cities during and in the wake of war and unless issues such as urban employment, housing and basic services are addressed, civic conflict is likely.

4. Quantitative large-N cross-national studies of episodes of violent conflict can identify important associations between the multitude of variables related to complex processes of violence, but on their own often cannot explain causal or dynamic processes. Large-N research needs to be backed up by small-N comparative studies that can shed light on the organisational dynamics that determine the sustainability of armed challenges to the state. Our comparative analysis of the organisational dynamics of FARC in Colombia and the Taliban in Afghanistan allowed us to formulate a model to understand their differential behaviour along a spectrum separating army-like and network-like non-state armed groups. In this way we showed that differences between them in terms of their relations with civilian populations were not determined by their resource base but rather by the imperatives dictated by their organisational dynamics. As an army the FARC had to remain aloof from local populations while as a network the Taliban could not survive without deep roots in society. This has led to decidedly different strategies and tactics deployed by these challengers of state power, crucial to understand in efforts to confront them or win them over to peace processes.

5. Cities are often havens of relative security in civil war, but *it would be a mistake to take urban security for granted* when war has ended. Major population movements and socio-economic ruptures often lead to widespread conflict in cities after civil war. Due attention needs to be paid to the often-overlooked effects of sovereign and civil conflict – and post-conflict reconstruction – on the local, as well as national state. Often municipal state capacities are eroded with long-term implications for development. People will enter cities during and in the wake of war, whatever happens, and unless issues such as urban employment, housing and basic services are addressed, civic conflict is likely.

6. Forms of civic violence are ubiquitous in the cities of the developing world and they are deeply political in character. Gang warfare, crime, terrorism, religious and sectarian riots, and spontaneous riots or violent protest are increasing throughout the developing world, but contrary to much recent analysis these need to be understood as deeply political in character. While these conflicts are rarely fought as direct challenges to state power, they are nevertheless usually expressions of deep grievances towards the state or politically and economically powerful urban elites. Treating them as criminal activities, or simply repressing them, may achieve some peace and order in the short-term but this can also lead to deferred and even more explosive violent conflict in the future.

5 MILITARY INTERVENTIONS, REGIONAL ORGANISATIONS AND PROSPECTS FOR PEACE MAKING AND PEACE BUILDING

Since the end of the Cold War the rules governing international relations have changed. Where long-established principles of sovereignty appeared to trump concerns for the protection of human rights or conversely the pursuit of national security through pre-emptive action, new doctrines have emerged advocating the judicial use of international military intervention in pursuit of these goals. With the disappearance of the bipolar world there appeared to be new room for regional organisations to become involved in maintaining security and peace-making and peace-building efforts within the regions of the developing world. In this context international efforts have been developed to promote peace-making and peace-building operations and to attempt to bring conflicts internal to states to a conclusion through international mediation.

CSRC research has shown that military interventions since 1945 have made democracy less likely, increased the risk of coup d'état and have had a deleterious effect on economic development.

The Centre engaged in three dimensions of research addressing problems of international security. First, we undertook a large-N study of military interventions over time in an attempt to analyse the extent to which external military intervention has promoted or retarded moves towards democracy and development. Second, we undertook a comparative study of regional organisations across the globe to assess to what extent they have achieved effectiveness in peace making and peace building. Finally, based on historical studies of war particularly in Afghanistan, we attempted to analyse the logic of passages from peace to war and war to peace, and what this could tell us about the most propitious moments for international intervention in attempts to broker peace. Connected to this was a further effort to assess experiences of international mediation in various peace processes. We report on each of these in turn.

Perils of international military intervention

External military intervention into the territory of a state, particularly where there is an asymmetric balance of military power in favour of the invading country, can lead to the outright collapse of the state and the unleashing of widespread violence. The military conquests of territories, both historically and in recent times, have caused collapse of state organisations and greatly increased mortality rates over extended periods of time. External military interventions have always been undertaken with an ideological justification, whether it was the "*mission civilisatrice*" of colonial times, or interventions to safeguard international security around a self-defence logic, to protect human rights, to overthrow dictatorship or to fight terrorism, which have been the official and unofficial justifications for more recent military interventions. While some recent military interventions can be argued to have led to pacification and state building (Sierra Leone), most – as in Afghanistan, Iraq, the DRC and Palestine – have led to prolonged periods of state collapse and violent conflict.

CSRC research has shown that military interventions since 1945 have made democracy less likely, increased the risk of coup d'état and have had a deleterious effect on economic development (Gutiérrez and González forthcoming). This is not an argument for the international community to abstain from mounting interventions in a cause that is deemed just by international law (for instance to halt a genocide), but the record of interventions give pause in relation to many of the other goals of military intervention, which often have been articulated by invading powers.

In the period following World War II, military invasions have had a major impact on trajectories of state fragility. Since the end of the Cold War, politicians, think tanks, public intellectuals, human-rights advocacy groups and academics have suggested that external military interventions can advance democratisation in the developing world. A number of quantitative studies have provided backing

for this proposition, though usually with caveats that have generally been forgotten in debates among policy practitioners over the efficacy of military interventions. The most pessimistic evaluations of the impact of military interventions on prospects for democracy argue that they have no effect. CSRC research contradicts this consensus and has found that there is a strong, negative and significant association between military interventions and democracy. By re-examining the data on military interventions we found that when military interventions are rigorously defined (that is when we distinguish between invasions and minor skirmishes), large-scale military interventions have had a decisively negative impact on subsequent patterns of democratic consolidation. The methodological innovations of this research were bolstered by both theory and common sense. As Gutiérrez and Gonzalez (forthcoming) argue:

> *"It does not seem too sensible to put in the same bag a hot pursuit of the Venezuelan army in Colombia in the late 1980s, or a three hours interchange of shots [across] the border between Tanzanian and Ugandan troops, and the Soviet invasion in Afghanistan or the US interventions in Iraq. They are different kinds of things – maybe simply quantitatively, maybe qualitatively".*

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By applying a more rigorous coding of events that actually constituted military interventions, the data tell a story very different than the reigning consensus.

There are four reasons why military interventions have been so noxious for democracy. First, they tend to destabilise and often destroy an existing state's conflict-resolution mechanisms, often provoking long periods of armed conflict. Second, military interventions have often, though not always, unleashed highly polarised nationalist and identity-driven politics that usually are incompatible with democratic practices (Laitin 2008). Third, invaders often combine discourses of democratisation with policies that favour their own supporters, redrawing what we have called elsewhere the elite bargain and political settlement in ways that may favour the invading country but be dysfunctional for democratisation or even state consolidation. Evidence of this is abundant in research on Afghanistan (Giustozzi 2008b), but none of the quantitative analyses of the impact of military interventions to date have considered how interventions may affect the political economy of an invaded country. Fourth, military interventions can simply critically weaken all state systems, a finding familiar to social historians like Skocpol (1998), who argued that civil wars cannot be understood without accounting for international variables like military interventions.

It would clearly be wrong to conclude that international actors should never intervene militarily. The failure of international action to halt the genocide in Rwanda in 1994 still casts a long shadow. However, as Mamdani (2007) has pointed out, in recent years there has been a dangerous tendency of those advocating military intervention to stretch the definition of genocide, and certainly, as our research has demonstrated, to use an argument that intervention will promote democracy when the empirical evidence demonstrates precisely the opposite. As Gutiérrez and Gonzalez (forthcoming) conclude:

> *"We have shown … [that military intervention] has promoted globally (very) negative practices. If democratization is really one of the key objectives, to invade cannot be more than an ultima ratio method".*

A new approach to regional organisations and security

Our research on regional organisations has found that their effectiveness in achieving security has been constrained by the character of their member states and the extent to which their members share common values. In this sense the outcome of efforts to build effective regional security organisations has been very much determined by the reigning political settlement in each state. The CSRC undertook comparative research on the role and impact of regional

organisations in relation to peace and security (Nathan 2010b). The project covered the African Union (AU), the Arab League (AL), the Association of Southeast Asian Nations (ASEAN), the Conference on Security and Co-operation in Europe (CSCE), the European Union (EU), the Gulf Co-operation Council (GCC), the Intergovernmental Authority on Development (IGAD), the Organisation of American States (OAS), the Organisation for Security and Co-operation in Europe (OSCE), the Shanghai Co-operation Organisation (SCO), the South Asian Association for Regional Co-operation (SAARC) and the Southern African Development Community (SADC).

In contrast to the uncritically positive view of regional organisations' contribution to conflict prevention and resolution dominant in the policy community, we found huge variation in outcomes in the organisations' peacemaking effectiveness, from highly successful (EU) to completely ineffectual (SAARC). In assessing the effectiveness of these organisations the research considered (Nathan 2010b):

> *"the scope, duration, severity and prevalence of violent conflict between and within the member states of a regional organisation; the organisation's strategies and activities (or lack thereof) aimed at preventing and resolving violent conflict; and the outcome of the organisation's peacemaking endeavours".*

Effectiveness was shaped by a range of historical, geographical and political factors. However, fundamentally, the mandate, norms, decision-making modalities, goals, strategies, programmes, structure, capacity and culture of regional organisations derive from their member states.

The research found that an organisation's peace-making effectiveness depends largely on whether its members want the organisation to be effective (that is, whether they perceive the organisation as acting in their own state interests) and on whether they have the political trust and cohesion that are needed to make it effective in the realm of peace and security. This trust and cohesion is born from "congruence in the core values of member states to enable them to engage in close political co-operation on conflict prevention and resolution" (Nathan 2010b). In the cases studied, the absence of normative congruence between the Central Asian states kept them from setting up a viable regional organisation; in South Asia, it was so low that SAARC could not function as a forum for conflict management; nor for the most part could IGAD. ASEAN has effectively dealt with inter-state disputes, but political diversity among them and strict adherence to principles of non-interference have barred the organisation from dealing with intra-state conflicts. SADC members have struggled with peace-making in the region because "they lack common values in terms of domestic governance and policy on peacemaking" (Nathan 2010b). Only the EU had achieved the degree of normative congruence to forge a security community.

The sacrifice of sovereignty required to make regional organisations work requires trust. In the absence of common values, member states are unable to resolve or transcend their major disputes, build trust and cohesion, develop regional policies and act with common purpose in crisis situations. Recognition of these dynamics means that the process of addressing regional conflict dynamics must still be

© UN Photo/Stuart Price, African Union High Representative for Somalia, former President Jerry John Rawlings, in Mogadishu, 19 July 2011.

focused largely on the positions, role and practices of each state. Support for regional organisations can be no substitute to working with individual states both in the prevention and in the resolution of violent conflicts.

Cycles of war and prospects of mediation in peace making

War and peace are commonly understood as separate processes, and international actors have analysed and developed strategies for intervening in these processes in a disconnected fashion. Our research has suggested that it may be more useful to understand processes of war and peace as part of a cycle where opportunities for intervention in processes of mediation and peace making may appear at specific points in time and then subside again. Attempting to understand singular causal factors behind a war may be futile since through the cycle the causes or driving factors behind war tend to change over time. When possibilities for peace making emerge, international actors have often been ill-prepared for constructive engagement since mediation skills have not been developed in a systematic and professional manner.

While participants and observers of violent conflict often find themselves caught up in what appears to be an inexplicable spiral of violence, our research in Afghanistan suggests that there is an underlying logic underpinning the passage from peace to war, and importantly that there are opportunities during war for peace making. The common approach to studying war and policy work to intervene in peace is centred on understanding initial causes. While wars often begin with limited challenges to existing authority, they can escalate as processes of accumulation of financial, social and political power provide incentives for new actors to enter a conflict even if they did not start it. In Afghanistan, at particular points in time when the state sponsored by external forces appeared weak, warlords and the Taliban entered the conflict even though they had not started the war (Giustozzi 2009b, 2010). Opportunities for peace often emerge when processes of accumulation of financial, ideological or political capital change the economic and political landscape, and a range of actors share an interest in securing what they have accumulated.

In outlining the cycles of war and peace in Afghanistan since the Soviet intervention in 1989 through to 2009, Giustozzi (2009a) identified two major patterns of external intervention designed to bring war to an end – the provision of financial support and large-scale military intervention. Depending on where actors are in the cycle of war, financial support to build a local state bureaucracy to address the presumed causes of war or large-scale military intervention to change the balance of power may or may not be effective. Much depends on whether the bureaucrats involved in a state-building project, or the combatants involved in opposing it, are convinced that the state will survive or fall, or whether they believe they can earn more through the prolongation of conflict or its cessation.

Giustozzi identified two moments when peace was possible in Afghanistan: when the Soviets withdrew and most factions were ready to make peace, but international actors failed to offer effective mediation; and in 1994, when the Taliban emerged as peacemakers and its main rivals were exhausted and had accumulated enough wealth to make peace attractive, but this was brought to an end with US-led intervention in 2001. By the middle of 2010, Giustozzi (2010) suggested that while several protagonists in war had accumulated considerable financial resources and would like to secure them, the prospects for further gains – particularly given the external resources flowing into the country – were still very good. Both the Karzai government and the Taliban tapped into these resources.

Understanding the cycle of war can help to identify the most propitious moment for intervention through mediation – the moment missed in Afghanistan after the Soviet withdrawal – but then international

agencies need to possess the right skills to mediate effectively. The most effective is of course to intervene before conflict leads to war, but this requires constant monitoring (Wulf and Debiel 2009), detailed knowledge and understanding of a country and a developed understanding of cycles of war and peace. The international organisations charged with this role often are hamstrung by their members and cannot intervene at the right moment (Giustozzi 2010).

Nathan's (2010a) research and analysis of mediation experience suggests that there is still a dearth of expertise and understanding of what is required for effective intervention. While mediation requires all the understanding of complexity of war as that required by military commanders, there has been little effort to train or educate mediators, or to develop doctrines, strategies, operating procedures and standards specific to the requirements of peace mediation. No clear criteria have been adopted for the appointment of mediators, leaving the task within the general realm of diplomacy. All of this has fundamentally weakened the capacity of international actors to effectively engage in mediation.

Nathan concluded that there were four measures required to bolster this capacity: (1) the implementation of a rigorous system for appointing and evaluating prospective mediators, discarding the practice of appointing prominent individuals without regard for their expertise in mediation; (2) mediators need adequate support in the field to allow them to deal with the complexity of conflicts – support for monitoring and analysis, thematic specialists capable of dealing with issues concerning land, law, gender, economic welfare and human rights, as well as communications and management expertise; (3) a learning culture needs to emerge based on review, assessment, research and adaptation; and (4) a confidence-building model needs to be adopted to deal with national conflicts, breaking from power-based diplomacy (Nathan 2010a, 2009b).

Too often international actors have attempted to achieve peace through a "quick fix" (Healy 2009; Nathan 2005, 2009a; Pinfari 2009). Mediation takes time to take account of the complexity of conflict and the need to overcome hatred and mistrust among conflicting parties, who must be brought to feel they own a peace settlement. Efforts to reach a quick fix have bedevilled processes of mediation in Darfur (Nathan 2006). No peace is possible if the parties to a national conflict are unwilling to work for a peace agreement. However, mediation pitched at the right moment in the cycle of war and peace can have an important impact, when those involved have proper expertise and have mastered the skills and techniques of mediation.

Understanding the cycle of war can help to identify the most propitious moment for intervention through mediation – the moment missed in Afghanistan after the Soviet withdrawal – but then international agencies need to possess the right skills to mediate effectively.

Policy implications

1. There is a strong, negative and significant association between military interventions and democracy. A majority of cross-country comparative analyses of the impact of military interventions over time on patterns of democracy and development found their effect to be either positive or neutral, but these have suffered from serious methodological problems. By applying a rigorous definition of military intervention and reconsidering all episodes since the end of World War II, we found that large-scale military interventions have had a decisively negative impact on subsequent patterns of democratic consolidation.

2. Military interventions have tended to destroy a state's conflict-resolution mechanisms, often unleashed forms of politics incompatible with democracy, upset political settlements and critically weakened state systems in general. Many interventions have provoked long periods of armed conflict in invaded countries. They have often given rise to polarised nationalist and identity-driven politics. Invaders have often combined motives of democracy promotion with measures that have redrawn elite bargains and political settlements in ways that have made democratisation more difficult.

Despite the optimism among international actors that regional organisations can play a major role in achieving regional security and make a positive contribution to peace building, their effectiveness is constrained by a lack of common values among their member states.

3. Despite the optimism among international actors that regional organisations can play a major role in achieving regional security and make a positive contribution to peace building, their effectiveness is constrained by a lack of common values among their member states. The mandate, norms, decision-making modalities, goals, strategies, programmes, structure, capacity and culture of regional organisations derive from their member states. Among the cases studied the effectiveness of peacemaking was limited by the absence of normative congruence among member states in Central Asia, South Asia, Southeast Asia and the various regional organisations in Sub-Saharan Africa. Only the European Union achieved the degree of normative congruence necessary to forge a security community.

4. Opportunities for positive engagement in mediation to bring about an end to conflict arise when the interests of belligerents align to make peace a more attractive option than continued warfare. The dynamics of war and peace can be understood as cyclical, but also efforts to understand them through an analysis of the causes for the outbreak of war are often thwarted by the fact that the motivations for participation in violence change over time. Opportunities for peace often emerge when processes of accumulation of financial, ideological or political capital change the economic and political landscape and a range of actors share an interest in securing what they have accumulated. Understanding the cycle of war and peace can help to identify the most propitious moment for intervention through mediation.

5. There is an immediate need for international actors to professionalise their approach to mediation. Four measures are required to bolster international mediation capacity: (1) the implementation of a rigorous system for appointing and evaluating perspective mediators, discarding the practice of appointing prominent individuals without regard for their expertise in mediation; (2) mediators need adequate support in the field to allow them to deal with the complexity of conflicts – support for monitoring and analysis, thematic specialists capable of dealing with issues concerning land, law, gender, economic welfare and human rights, as well as communications and management expertise; (3) a learning culture needs to emerge based on review, assessment, research and adaptation; and (4) a confidence-building model needs to be adopted to deal with national conflicts, breaking from power-based diplomacy.

6. Mediation requires time, necessitating a shift away from approaches that attempt to find a "quick fix" in peace agreements. Mediation takes time to take account of the complexity of conflict and the need to overcome hatred and mistrust among conflicting parties, who must be brought to feel they own a peace settlement. Mediation pitched at the right moment in the cycle of war and peace can have an important impact, when those involved have proper expertise and have mastered the skills and techniques of mediation.

6 ECONOMIC RESOURCE MOBILISATION: TRAJECTORIES OF ACCUMULATION AND LINKS TO FRAGILITY AND RESILIENCE IN STATES AND CITIES

Our research on economic resource mobilisation identified different dominant trajectories of accumulation in the case-study countries and cities, which are related to elite bargains and patterns of state fragility and resilience. In analysing the results we distinguish between formal and informal capital-accumulation processes that predominate in different settings. Our findings challenge some conventional wisdom in development theory and practice. First, resilient states with predictable formal rules of the game do not necessarily generate dynamic economic development outcomes, as illustrated by the Zambian and Tanzanian cases. In conventional new institutional theories such as North (1981, 1990), countries with well specified institutions and property rights are argued to have lower transaction costs, which should induce greater long-run investment and growth. Such theories do not consider that a stable set of property rights may be part of a settlement where dominant asset owners are not compelled to be productive or to reproduce themselves. As such, secure property rights can be associated with growth-restricting processes. We show, in the case of Zambia, how the construction of elite bargains, while instrumental in maintaining political stability and state resilience, did not provide an incentive structure that promoted productivity growth in the main economic sectors.

Our findings also challenge some influential views on the informal economy, which is widespread in most of the countries and cities we studied. One view popularised by De Soto (2000) suggests that the informal sector is the site of dynamic capital accumulation opportunities, filled with innovative and risk-taking entrepreneurs. A second view, widespread in the donor community, suggests that the informal sector is an important part of the creation of livelihoods and thus should receive greater attention in poverty-reduction strategies. Our research at both the central state and city levels suggests that while the informal sector does contain pockets of dynamic capital accumulation, these processes are underpinned by fragile, competing and/or exclusionary elite bargains typical of fragile states. At the same time, processes of dynamic capital accumulation in the informal sector, particularly in mining, can further weaken already fragile states.

Finally, we consider briefly the ways in which external interventions in the economy affect trajectories of accumulation, elite bargains and patterns of state fragility and resilience. While our research has demonstrated that patterns of political organisation play a decisive role in the extent to which external interventions affect a polity, nevertheless external action and conditions create constraints and incentives that have a profound impact on the choices open to actors in fragile and resilient states.

Resilience-development trade-offs in the formal sector

Our research on Zambia (Di John 2010a) points to an important phenomenon in many LDCs: namely the maintenance of a resilient state that coincides with economic stagnation and decline, a syndrome that we have called "resilient stagnation" (Putzel 2010a).

Over the period 1970-2010 Zambia exhibited many of the major risk/stress factors commonly associated with the onset of civil war including: high ethnic fractionalisation; one of the continent's most unequal distributions of income; severe economic decline throughout much of the 1980s and 1990s; extreme dependence on primary commodity exports (copper); political institutions riddled by neo-patrimonial rule and high levels of corruption; and a very "bad neighbourhood" with prolonged and

large-scale political violence in most of its neighbouring countries. Despite these conditions, Zambia has not only managed to avoid large-scale violent conflict throughout its post-colonial history but has also become an example of peaceful regime change and democratic transition since the early 1990s.

Our research showed that state resilience in Zambia has been the result of a relatively stable and inclusive bargain among contending elites, which has been underpinned by the construction and maintenance of a dominant national political party. This arrangement reduced the possibility of substantial capital accumulation and political power outside of the formal political system. While there has been significant faction fighting within Zambia, the maintenance of a centralised form of patronage prevented such faction fighting from developing into alternative sources of authority and power in the polity, which have proved destabilising to political order in more fragmented patrimonial regimes, like in the DRC (Hesselbein 2007). The effectiveness of the elite bargain is manifested in continued state resilience despite changes in electoral competition and the transformation of the economy from a heavily interventionist model to a more liberal model with economic liberalisation in the 1990s.

In terms of economic strategies, the main party from 1964-1991 (UNIP) controlled nearly all the paths through which access to state resources and employment in the formal sector could be obtained. These included tariff protection, subsidised agricultural inputs, subsidised credit, state-enterprise jobs and preferential exchange rates. The Party monopolised office holding at the national, provincial and municipal levels. To rise in the civil service or military one had to be a member of UNIP. By centralising and controlling politics and patronage, the only way elites could advance economically was to bargain with the party and its government. Party office became dependent on executive patronage – a strategy exemplified in the slogan "It Pays to Belong to UNIP". In essence, in Zambia, just like in Tanzania, the implementation of one-party rule created incentives for elites to bargain with the state rather than exit and form challenges to state authority.

Our research also pointed to the large economic costs of conflict prevention in Zambia. The elite bargain and accommodating urban consumers with low food prices led to a series of economic policies that were based on the deployment of subsidies and access to valuable rights based more on political rather than economic criteria. While marketing boards, for example, were central to party and state control over the countryside and were instrumental in expanding the territorial reach of the state, the resulting loss in economic production and productivity was high (Di John 2010a).

To get a rough (and indeed conservative) indication of the costs of conflict prevention, we examined the lost revenues from the copper industry as a result of the complete nationalisation of the industry. Before 1972, the state had a 51 per cent share of the industry and contracted out the management of the industry to experienced foreign firms (Di John 2010a; Hesselbein and Garrett 2009). The management of the industry was generally effective up to this point. Given the pressure to nationalise the industry from high-level UNIP elites, Kaunda decided to terminate all of the management contracts in 1973 and placed the entire industry in the state where there was a severe lack of management experience. Moreover, copper proceeds were then used to fund non-copper businesses as a mechanism to widen patronage to elites. This policy starved the copper industry of resources to maintain competitiveness. The economic consequences of this decision were very costly. Exports declined from 622,900 metric tonnes in 1972 to 228,000 on the eve of privatisation in 1999. We conservatively estimated that over fifteen years the industry lost some US$ 690 million (Di John 2010a). Of course, this was exacerbated by the collapse of world copper prices in 1974 and again in 1979. Laden with debt, per capita income in Zambia declined by 50% between 1974 and 1979. In the years

that followed, the state used the dwindling resources from mining for everything but reinvestment, with no new mines opened between nationalisation and privatisation (Hesselbein and Garrett 2009).

In a larger sense, the Zambian case has two important implications. First, state capacities across functions are clearly not monolithic. Maintaining peace and state resilience has come at the cost of economic development. Second, and closely related, the creation of formal rules of the game and political stability are not sufficient conditions to promote rapid economic development.

As noted previously, it is not only states but also at the city level that we can observe "resilient stagnation" for long periods where cities are kept relatively insulated from wider civil conflict but in ways that do not spur development. In some cases we see cities remaining in a state of "resilient stagnation" only to see this break down due to dynamics that ultimately lie beyond the city. For example, between the end of Uganda's countrywide civil war in 1986 and the outbreak of riots in late 2009, similar processes of clientelistic co-optation of elites and their constituents were characteristic of politics in Kampala. Despite a much higher level of ethnic tension than in Dar es Salaam, for decades this did not manifest in violence, not because social tensions were channelled into effective institutionalised bargaining but because informal systems of rent-sharing and elite collusion kept the lid on tensions in the city. This has been at the expense of development and state transformation at the metropolitan level (Goodfellow 2010). Largely due to increasing national level tensions that extend beyond the city, elites in Kampala have begun aggressively to manipulate violent civic conflict, which became a significant feature of capital city life in 2009.

The political economy of informality and state fragility

A second major theme that emerges in this line of research is the dynamics of capital accumulation in the informal sector and its links to elite bargaining and political settlements. The informal, sometimes illegal, activities provide a veritable powerbase for violent entrepreneurs, be they warlords, drug barons or insurgents. This leads to a situation where there is no consolidated elite bargain within a country. This makes a state very fragile and violent, with the clearest examples among our countries being Afghanistan and the DRC (Hesselbein 2011).

Even in otherwise more consolidated states, elites – based largely in the informal economy – can violently challenge the state and the state finds it difficult to extend its authority. These mounting violent challenges have been observed in middle-income countries in Colombia (Gutiérrez 2008) and the Philippines (Lara 2011).

Research on Afghanistan provides a useful illustration of these points (Goodhand and Mansfield 2010). The country underwent a profound transformation during the war years. A new class of military entrepreneurs with regional politico-military structures and warlord politics developed. Fractionalisation of the country can be observed through the fact that provincial cities are often better integrated into the economy of neighbouring countries. A further transformation related to the shift from subsistence farming to the export of poppies, which is the main export product of Afghanistan. Modernisation meets fierce resistance, and there are continuities that survive in an economy heavily marked by war: the country remains characterised by informal institutions, insecurity and lawlessness. The formal taxable sector of the economy amounts to less than 10 per cent of the GDP, more than 90 per cent of economic activities are informal, decentralised and fragmented. Local power holders collect "taxes" at borders and rival both the state and other locals in control over taxation. There are some islands of growth, but they depend on construction financed by development aid. Otherwise growth does not happen in agriculture, mining or manufacturing. Levels of poverty are growing, from 33 per cent (2005) to 42 per cent (2007), and there is very limited

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infrastructure (Goodhand and Mansfield 2010; Hesselbein 2011).

The opium industry has experienced important changes in the pattern of capital accumulation contributing to shifts in power within the factionalised political networks in Afghanistan. In 2005 poppy cultivation took place in all 34 provinces, whereas by 2010, 70 per cent of the production was generated in the five provinces bordering Pakistan, with Helmand alone responsible for 50 per cent of the production. This is not so much the result of counter-narcotics policies, but due to political arrangements, security regimes and protection rackets. The bulk of the value added is added outside Afghanistan (76 per cent), with only 24 per cent remaining with the farmers. Linkages to other sectors of the economy – inside and outside the country – are provided by money dealers (Hawaladar), who organise money flows to banks, aid agencies, smugglers and warlords. Drugs have led to an expansion of labour-force participation and to accelerated inequality, and are shaping economic opportunities.

The elite bargains underpinning capital accumulation in the informal economy in Afghanistan are fragmented and violently contested. This is remarkably different from neighbouring Tajikistan, where drugs constituted an important variable in peace negotiations, and the settlement involved the dividing up of drug-trafficking routes between key protagonists.

The elite bargains underpinning capital accumulation in the informal economy in Afghanistan are fragmented and violently contested. This is remarkably different from neighbouring Tajikistan, where drugs constituted an important variable in peace negotiations, and the settlement involved the dividing up of drug-trafficking routes between key protagonists. There, an elite bargain was forged in the wake of violence, which allowed the establishment of a relatively stable state (Matveeva 2009). In Afghanistan, like in the DRC, there is not one grand elite bargain as in Zambia but rather a set of multiple and fragmented bargains that reflect the contestation of different regional elites.

The bargaining processes play themselves out differently in different parts of the country depending on a range of different factors, including:

> *"the contradictory policies of international actors; the extent to which the regions/groups benefited from rights and entitlements distributed at the Bonn agreement and afterwards; the power base of provincial elites; the perceived legitimacy of the central state at the local level; the magnitude and types of resources available at the provincial level relative to resource flows from the centre; the strategic and economic significance of the border region; the level of insurgent activity; and the degree of external (state and non-state) involvement in the region" (Goodhand and Mansfield 2010: 13).*

Drugs have also played an important role in reshaping the political settlement and the conduct of political competition. This is not only the case for the Taliban, who finance part of their activities through the "taxation" of the drug trade, but is the case as well in "official" politics, where poppies are important to buy votes, gain access to parliament or senior positions. Furthermore, drugs provide the basis for political and military entrepreneurs. As Giustozzi and Orsini (2009) observed, because of the combination of patrimonial politics and periodic elections, drugs shorten the life cycles of political alliances.

Our research suggests that similar processes are occurring in informal sectors of mining and agriculture in the DRC (Hesselbein 2011). Both illegal and informal mining provides the livelihoods for about two-million artisanal miners and their dependents, which constitutes about 18 per cent of the population (Hesselbein and Garrett 2009). Despite the presence of state companies and multinationals in mining, the mining sector still suffers a remarkable absence of the state, both in terms of tax collection and in terms of a development vision to harness wealth in minerals for the wider economic development of the country. Underpinning this chaotic and unregulated economy is a set of (often violently) contested and fragile regional elite bargains.

The informal mining sector in the DRC, particularly in the Kivus, is taxed by private and usually armed actors. Not only is this onerous for the artisanal miners, but also makes the consolidation of formal mining activities difficult if not impossible. No single actor in the elite is capable of imposing a bargain on rivals inside or

outside the state. Neither the national army, the former Rwandan genocidaires in the FDLR nor the several rebel armies opposing one of these or both of them, nor the central or provincial officials, are strong enough to preside over the imposition of a stable elite bargain. Any agreement reached locally can be challenged by violence (Hesselbein and Garrett 2009).

In Katanga, the provincial governor appears to preside over a local elite bargain. Efforts by the governor to compel mining companies to cultivate lands for food crops for their workers were nevertheless thwarted by the high costs involved in acquiring and preparing the land and contestation over land rights, often between traditional authorities. Agricultural inputs all had to be imported from abroad. Fractured authority has meant that those raising livestock are often confronted with demands for taxes from three different authorities: the commune, traditional authority and the mayor. The few efforts to establish larger-scale farming faced constraints of poor rural to urban infrastructure and attempts to tax operations by local armed groups (Hesselbein 2010).

Laissez-faire urbanisation and the political economy of urban informality

A defining characteristic of urbanism across the global South today is the phenomenon of informality. While the urban informal economy is often celebrated as a pro-active response by urban dwellers to difficult circumstances, from the perspective of state consolidation and sustainable urban development, pervasive informality is highly problematic. Indeed, one of the key insights that emerged in the course of our research is the importance of recognising that state consolidation is, in essence, a process of formalising the institutions that govern security, economic activity and the delivery of public goods.

Rapid urbanisation and urban growth over the past 30 years has been accompanied by a retreat of the state as an active force in managing urban affairs in many parts of the world, including the regulation of land and housing markets, public service provision and urban economic activity (Beall and Fox 2009). In some cases this has been a passive process in which city expansion is not actively addressed by government authorities. In other cases governments have actively withdrawn their presence from cities due to local political and economic dynamics and/or as a result of pressure from international actors to "downsize" the state through privatisation and deregulation, and to focus resources on rural poverty alleviation and development. The result in both cases has been laissez-faire urbanisation in recent decades. As a consequence, political and economic entrepreneurs have stepped into the breach as informal providers or regulators of key goods and services such as land, housing, water, policing, transport, credit provision and contract enforcement. There are effectively two aspects of this phenomenon that are problematic from a state-building perspective.

First, in most of the cities we studied, state actors such as politicians, bureaucrats and other state personnel such as police, use their positions of authority to extract rents from informal economic activities. In Kampala, for instance, the multi-million dollar urban transport industry remains beyond state regulation and taxation due to the participation of local and national politicians in the taxi business, depriving the state of a potentially lucrative revenue stream and making it impossible for planners to effectively manage congestion and ensure public safety (Goodfellow 2010). In Dar es Salaam, Tanzania, the participation of local officials in the informal governance of urban land and housing markets has served as a tool for the ruling CCM party to maintain its support base in urban areas at the expense of the rational execution of urban planning regulations (Kombe 2010). A similar dynamic of official interference in informal land and housing markets can be found in Karachi, Pakistan (Budhani et al. 2010). In all of these cases, the lack of effective, formal state regulation of markets creates opportunities for public officials to extract rents. Consequently, the very people who should be supporting the consolidation of state authority and legitimacy in the eyes of

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urban residents actually undermine the state and have powerful incentives to maintain the informal status quo.

A second dynamic is the emergence of non-state authorities who carve out fiefdoms within cities and establish their authority by providing (or regulating) critical goods and services where governments fail to do so. We see this dynamic at play in Managua, where gangs provide neighbourhood protection and finance themselves through drug rackets (Rodgers 2005, 2008); in Karachi, where social networks bound by ethnic and religious identities serve as an important mechanism of contract enforcement (Budhani et al. 2010); and in the history of Colombian cities, where at times paramilitaries controlled the political economy of whole cities (Gutiérrez-Sanín et al. 2009). Where rival authorities compete for control of urban space, state consolidation is retarded and the spectre of state fragility remains. The emergence of intermediaries and powerful informal service providers in urban areas can be read as both a consequence of state withdrawal and as a contributing factor to the persistent failure of governments to actively project formal authority across the urban landscape. Policies that contribute to the withdrawal of the state as an active manager of urban affairs are often evaluated on grounds of efficiency, but almost never for their impact on state consolidation. This is a major blind spot which has far-reaching consequences for the ability of states to embark upon or return to a path of state consolidation and economic development.

Box 3: Urban regulation in Kigali

In our research an obvious outlier to this general trend is the case of Kigali, Rwanda, where the government has unambiguously asserted its regulatory authority in and over the city (Goodfellow 2012). In the aftermath of the 1994 genocide, proactive physical planning and investment in infrastructure was accompanied by the mobilisation of people working in the informal sector into cooperative associations closely supervised by the City of Kigali (Goodfellow 2011a). The functioning of these urban associations is arguably linked to security imperatives and the political dimensions of the government's agenda. While the government's approach to post-conflict urban governance has been controversial, it has served to transform Kigali from a city scarred by devastating violence and disorder into one characterised by orderly urbanisation and low levels of crime despite a trebling of its population (Baker 2007: 348; UNPD 2009; Goodfellow and Smith forthcoming). In 2008 the city was even awarded a UN-Habitat "Scroll of Honour" for these achievements. Interestingly, the Rwandan case echoes Tilly's argument concerning the importance of conflict as an impetus for state consolidation. The ruling RPF in Rwanda clearly developed a remarkable level of discipline and focus in the course of its struggle to capture the Rwandan state apparatus – attributes that have been essential to its success in cultivating peace and order in Kigali, and to positioning the city as the spearhead of national economic and political recovery (Goodfellow and Smith forthcoming).

In sum, laissez-faire urbanisation in the global South has created a political economy of informality in cities that may inhibit the consolidation of legitimate, accountable state organisations. It should be stressed that this is a hypothesis emerging from our research and one that requires further empirical investigation. It is not clear from our research the extent to which the political economy of urban informality has implications for national level organisations. However, as the primary spatial interface between state and society there is little doubt that what happens in cities does have broader political implications.

Impact of international actors on elite bargains and trajectories of accumulation

In all of the countries we studied, elite bargains, political settlements and the trajectories of accumulation to which they gave rise were deeply shaped by interaction with international actors and processes within the international economy. In the DRC and Rwanda it is possible to observe what we have called a "deadly sequence" where sharp external shocks to the economy were followed by deeply cutting austerity programmes managed by the international financial community causing extreme economic contraction and social hardship, followed then by international pressure to introduce political competition. In the DRC the sequence resulted in two wars with massive loss of life and in Rwanda in the genocide of 1994 (CSRC 2008). The severe constraints on state action and capacity imposed by structural adjustment programmes in the 1980s created the context in which many states unravelled (Hesselbein 2009). Only where political settlements and the elite bargains within them were robust enough could such external shocks be absorbed, as we have observed in Tanzania and Zambia.

Nowhere has international intervention been so important in shaping elite bargains and the possibilities for a political settlement than in Afghanistan, through on-going military intervention. The fragmentation of elites in Afghanistan and the forms of violent contestation in the informal economy have been aggravated by international actors where:

> *"military and financial support for the central state had the effect of lowering the price of loyalty, thus decreasing the necessity for central state elites to negotiate with peripheral elites. Conversely, CIA funding of regional 'warlords' artificially inflated the price of loyalty, strengthening their bargaining powering in relation to the central state" (Goodhand and Mansfield 2010: 13).*

In fragile states, the pattern of aid distribution can have a crucial effect on political settlements. In Afghanistan and the DRC aid inflows that provide some of the elite with rents have contributed to the creation of a "dual public sector", partly provided by the state, partly by NGOs (Ghani and Lockhardt 2008; OECD 2010), and aggravated divisions are found between the centre and the periphery and between the north and the south of the country. This pattern of aid distribution can create sites of decision making outside the state and contribute to the emergence of rival sources of patronage breaking up existing political settlements or pre-empting the consolidation of a new settlement that encompasses the territory of a country. The resulting trajectories of accumulation reinforce the tendencies towards disaggregation and state fragility.

The severe constraints on state action and capacity imposed by structural adjustment programmes in the 1980s created the context in which many states unravelled.

Policy implications

There are several policy implications that emerge from our research on economic resource mobilisation.

1. Centralised patronage underpinned by an inclusive elite bargain and state control over resources can play an important role in maintaining political stability, but may come at the cost of economic development. Policy makers need to consider the extent to which deregulating an economy across the board will be politically destabilising thus undermining economic reforms. We discuss in the next section how some polities have been able to overcome this "resilient stagnation".

2. State capacity varies substantially across functions and sectors within polities, a central feature of fragile states not acknowledged in aggregate measures of governance, but this variation needs to be taken into account in the design of economic reforms in fragile states (Di John 2010d). There are numerous examples of this. South African tax-collection capacity is much greater than its ability to undertake industrial policy or tackle HIV/AIDS. Botswana's democratic institutions are among the most robust

in the developing world yet it has also been very poor at controlling HIV/AIDS. Tanzania and Zambia have had relatively poor records of economic performance but have been able to prevent large-scale political violence, unlike most of their neighbours. This variation in capacity is not picked up by aggregate measures of governance (for example, Kaufman et al. 1999), and our understanding of why capacity varies so much within polities is limited. Detailed historical analyses of the political coalitions and settlements underpinning specific state capacities are essential to increase understanding of variable state capacity within a polity. As such, investigating under which conditions the achievement of state resilience hinders or facilitates economic development is an important area of research.

Governments need to effectively regulate land and housing markets and deliver key public goods in an effort to formalise urban informal economies to avoid the emergence of political and economic entrepreneurs with powerful incentives to resist state consolidation.

3. The creation of organisations that can provide support for informal sector firms is central to improving production capacity and thus sustainable employment creation. Firms are in the informal sector precisely because not paying taxes is part of their competitive advantage and survival strategies. Thus tax collection and other government strategies need to be linked to providing incentives for informal firms to register as taxpayers. A promising approach to this challenge could be to link the expansion of the tax base to the informal sector in exchange for providing incentives for small and medium-sized firms to increase productive capacity.

4. While sectors such as construction and the drugs trade provide livelihoods in the informal sector for a substantial number of people, they are unlikely to be sustainable in political economy terms. This is because these trajectories of accumulation take place in the context of fragile political settlements that undermine state building. Moreover, the dynamism of the informal sector means that capital accumulation proceeds without increases in the formal tax base of the state. This further undermines the prospects of state building.

5. Governments need to effectively regulate land and housing markets and deliver key public goods in an effort to formalise urban informal economies to avoid the emergence of political and economic entrepreneurs with powerful incentives to resist state consolidation. In urban settings, policies that contribute to state withdrawal are often evaluated on grounds of efficiency and equity, but almost never for their impact on the institutional resilience of the state. This is a major blind spot which has far-reaching consequences for the ability of states to embark upon or return to a path of institutional consolidation.

6. Assessing the initial conditions of a polity and the parameters of the political settlement on which the state is based must be a prerequisite before prescriptions for far-reaching economic reforms are adopted. Rapid economic liberalisation associated with structural adjustment programmes in Africa, even when these programmes were only partially implemented, had a much more devastating impact where political settlements and elite bargains were factionalised than where more solid political organisations reigned, as in Tanzania and Zambia.

© Tom Goodfellow, Owino Market in Kampala

7 FROM FRAGILITY AND RESILIENCE TO DEVELOPMENT

Promoting development – or progress towards accelerated growth and poverty reduction – requires transcendence of basic fragility as well as the bargains that may have achieved resilience at the cost of growth and development. This means creating state capacity that can manage 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. Even the most resilient state will remain vulnerable to pressures to move back into fragility caused by long-term poverty, inequality and low growth.

The way "state fragility" is defined in the policy community 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" or "transformational" 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.

While our research was focused more on the distinction between fragile and resilient states than on developmental success stories, we were able to observe several factors crucial to the transition from fragility and resilience to development. First, a comparative study of mining in four countries suggests the need for the creation of extensive regulatory and organisational capacity within the state if the gains of privatisation in a major resource-extractive industry are to be harnessed for developmental purposes. It also suggested that the developmental potential of resource-extractive industries is likely to be profoundly affected by the parameters of a political settlement in place when resource extraction begins. Second, a comparative study of coffee production in two of our case-study countries underlined the likelihood that processes of incremental change in a single sector may be the most likely route to achieving developmental progress, but the challenge will remain the replication of such progress across a nation's economy. Third, our research has demonstrated that taxation can be harnessed to influence the direction of development in the production sectors and to create a political terrain favourable to forming coalitions with an interest in growth and development. Fourth, the research has contributed to a growing body of work that illustrates that the way aid is delivered in fragile and resilient states can have a profound impact on its potential to contribute to sustained development. Finally, we conclude with a reflection on the types of coalitions that are most likely to provide the basis for positive developmental transitions.

Bringing political settlements in line with developmental trajectories of accumulation: a comparison of experience in mining

The challenge facing developmental coalitions in resilient states that may be locked into poverty and economic stagnation is to transform existing political settlements in ways that are favourable to developmental trajectories of accumulation. This will often require confronting elite privileges that have been entrenched in the process of achieving a degree of resilience and peace. We discussed above the costs incurred in Zambia by placing the mining industry within the state and allowing copper proceeds to be used for non-copper businesses as a way of "buying in elites", but at a high cost for economic development. The response of mainstream development policy, endorsed by political authorities in Zambia, was to privatise the mines in 1999. While this ended one form of preferential access it created another, largely captured by

foreign mining companies and local elites aligned with them. While a developmental breakthrough required a transformation of the political settlement, the strategy of state withdrawal from mining and agriculture clearly did not succeed in igniting a more developmental trajectory of accumulation as Box 4 illustrates.

Box 4: Zambian privatisation contributed little to development

In Zambia, the radical shift from the highly costly nationalisation of mining discussed in the previous section to the wholesale privatisation of the sector by 2001, did not present a recipe for a big developmental advance. On the positive side it brought new foreign investment into the sector, allowing the opening of new mines and the expansion of production. However, criticisms of the arrangements came from a wide variety of sources. Secret deals, called "Development Agreements" struck with foreign investors permitted wide tax exemptions, exemptions from environmental regulations and the refusal to honour pensions. While the World Bank assisted with the design and implementation of the privatisation plans, by 2008 officials said that the industry was "privatised without a plan" (Hesselbein and Garrett 2009). There is a basic absence of any regulatory influence on employment, health, minimum wages or local processing (Fraser and Lungu 2007).

Officially, the law demands that royalties of 3 per cent be paid by the companies, but in reality royalty payments amount to only 0.6 per cent, which the Ministry of Mines says are the "lowest in the whole of Africa" (Hesselbein and Garrett 2009). The IMF (2008) reported that a plan had been adopted in 2008 to increase royalties and corporate income tax and to introduce a windfall tax linked with international copper prices as a major drive to increase state revenues. However, under company pressure the Zambian parliament scrapped the windfall tax in 2009. The realignment of the political settlement in Zambia that ushered in privatisation and the state's withdrawal from an active role in the mining sector has done little to catapult a more developmental trajectory of accumulation.

In both Tanzania and Rwanda traditionally mining played only a minor role in the economy. However, both countries have now embarked on new strategies to develop their mineral resources, though with decidedly different prospects. Unlike in Zambia, the CCM in Tanzania survived the introduction of competitive politics as the dominant political party at the helm of the state, whereas in Rwanda the RPF has been in power since the genocide and rules under conditions of limited political competition.

While historically mining played only a small role in Tanzania's economy, by late 2006, Tanzania was the world's only producer of tanzanite and accounted for 2% of the world's gold output, putting it third in Sub-Saharan Africa after South Africa and Ghana. Privatisation post-1985, driven by the IMF, weakened the state's capacity to engage with private business. However, mining companies were still subject to licences and contracts – controlled by CCM officials in the state. Mining contributed 2.3 per cent of GDP in 2008, not quite reaching its peak of 2.9 per cent in 1966, but with a government objective that it reach 10% by 2025. There are some 1.5 million artisanal miners, meaning that even a greater percentage of the population is dependent on artisanal mining income than in the DRC (22 per cent versus 18 per cent in the DRC). The challenge is to scale up the mining sector (Hesselbein and Garrett 2009).

The strategy adopted by the CCM has been understandably to attract foreign investment into the sector, succeeding on a large scale in Mwanza. To do so, government lowered tax rates on corporate income, reduced VAT and provided tax exemptions on fuel. Mining firms have developed few

connections with local supply chains and have not developed local processing operations. Only modest contributions have been made to local community development. These have been directed to the local governments where mines are located, but without linkage to other sectors such as infrastructure, agriculture, manufacturing or energy. However, a large proportion of those working in mining remain in the artisanal sector. The state has attempted to draw artisanal miners into the formal sector by supporting the formation of savings cooperatives, while foreign corporations have done the same through contract arrangements. The highly decentralised and small-scale character of these operations has made them targets for "gold laundering from the Eastern DRC" (Hesselbein and Garrett 2009).

The political settlement that bought peace in Tanzania and the state organisations based on it existed before the establishment of significant mining operations in the country. This partly accounts for the state's governing of the sector in a relatively law-bound fashion, in contrast to the DRC. However, it also has meant that rents derived from mining have accrued to the coalition of interests embedded in the CCM and the state organisations it controls. In the era of liberalisation this has led to little state involvement in leveraging resources from the sector in pursuit of a comprehensive development plan. This sits in sharp contrast to the experience of Botswana, where the political settlement that presided over the state when diamond mining was launched was dominated by those with an interest in mobilising rents for developmental purposes (Di John and Putzel 2009). Something similar to Botswana may be occurring in Rwanda.

There are indications that mining could become an important industry in Rwanda in the future, though it is nowhere near the size of the sector in the DRC or Zambia. While there was some mining as early as the 1930s it later fell off until exploration in 2006 found significant gold and cassiterite deposits (Hesselbein and Garrett 2009). The fact that a consolidated state preceded the launching of major mining activity may allow Rwanda to create a more developmental regulatory framework in the sector than has emerged in either Zambia or Tanzania.

In Rwanda the state has established a number of agencies to work with the private sector along the lines of its development strategy. The Rwanda National Innovation and Competitiveness (RNIC) Program laid out an objective to use public investment in the mining sector to promote both the export of metals and precious stones, and to launch import substitution in quarrying. Rwanda's Investment and Export Promotions Agency (RIEPA) promoted private sector investment in the sector through the privatisation of the government-owned wolfram (tungsten/wolframite) operations. The programme involved setting up skills training for the mining sector, improving distribution channels and supporting the development of Rwanda's national brand. The state has offered tax exemptions on investments and inputs to private investors, but on condition that they upgrade production and processing facilities in what appears to be a corruption-free environment (Hesselbein and Garrett 2009). The Rwanda Geology and Mines Authority (OGMR) provides specific administrative and regulatory support for expansion of the sector, bringing together all government departments involved. In the legal sphere, the state passed a mining law that removed dysfunctional four-year contracts in the sector that had deterred investment and promoted only short-term profiteering, while at the same time they have ensured that the longer-term contracts issued are performance-based. The state has also supported the formation of cooperatives and the provision of extension services among artisanal miners (Hesselbein and Garrett 2009).

In Rwanda, both in mining and in agriculture the national elite has pushed miners and farmers to become more organised, which in turn prompted significant national and international investment and increased productivity (see Hesselbein 2009, 2011; Booth and Golooba-Mutebi 2011). Clearly, if resilient but economically stagnant states are to embark on a more developmental trajectory of accumulation, coalitions need to be built that can use the leverage of the state to provide incentives for productive investment.

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Incremental changes towards a developmental trajectory: the historical case of coffee in Colombia and recent experience in Rwanda

Our research suggests that pockets of growth can also emerge in an incremental fashion in conflict-affected and post-war countries, which may be the most likely way in which stagnant resilience may be transformed into more dynamic development. This is important for policy because wholesale changes in governance are unlikely in low-income and/or conflict-affected environments. Pointing to sectoral successes may direct attention towards creating successful development projects rather than the unrealistic and unfeasible "big push" macro-institutional reforms that are advocated by the "good governance" agenda. Our research suggested that the creation of state and state-private institutions have been central to driving capital accumulation and growth in the agricultural sector (Hesselbein 2011).

Pointing to sectoral successes may direct attention towards creating successful development projects rather than the unrealistic and unfeasible "big push" macro-institutional reforms that are advocated by the "good governance" agenda.

One case that stands out is the historical experience of the coffee sector in Colombia (Ramos 2009; Hesselbein 2011). For over eight decades, the National Coffee Federation developed into one of the developing world's most successful examples of collective action. Financed by a small surcharge (or levy) on members' coffee sales, the Federation was instrumental in organising improvements in quality, pest control, technical advice, research, storage credit and international marketing and branding for nearly 400,000 smallholder producers. The Coffee Fund under its auspices guaranteed internal minimum prices for coffee, acting as a buyer of last resort, which reduced the risks of production. The political influence of the Federation historically made it a powerful lobby to demand prudent macroeconomic management, particularly the avoidance of exchange-rate overvaluation.

The problem in Colombia, of course, was that the kind of coalition that emerged within the coffee sector, which promoted sustained growth over time, could not be replicated across the economy as a whole. While developmental change may be more possible in a single sector of the economy, the challenge remains to examine the means by which progress in one sector can be replicated in others. We pointed to some of the reasons for this in our discussion of Colombia's political organisations above. Nevertheless, a great deal more research is required to understand why progress achieved in one sector of an economy is so often difficult to replicate in others.

Similar progress has been made in the coffee sector in Rwanda since the National Coffee Strategy was adopted in 2003 (Hesselbein 2010, 2011). By the late 2000s, the Rwandan Coffee Development Authority OCIR-Café had helped to organise around 100 producer organisations with 300,000 members. It pushed the establishment of coffee-washing stations, of which there were over 1,000 in 2008. Each of them required between US$ 100,000 and 200,000 investment, secured through the government's encouragement of the private sector. The owner of a coffee-washing station, which could be a cooperative or a private coffee merchant, buys the coffee. Furthermore, OCIR-Café provides the certificate of origin and undertakes marketing activities to get Rwandan coffee into Northern supermarkets and coffee shops.

The Rwandan example shows how informal activities can be transformed into formal ones and contribute to a step-by-step transformation of production. Promising is the fact that the mechanisms deployed by Rwanda in the coffee sector have been replicated in other parts of the country's agriculture. The state has mobilised its agencies to create a system of positive incentives promoting the modernisation of agricultural, both in terms of cultivation and in agriprocessing (Hesselbein 2010), which have been directed both towards the domestic private sector and towards rural communities.

Using taxation to promote developmental outcomes

We have discussed the importance of taxation in determining trajectories of state fragility and resilience, but it can also play a pivotal role

in promoting developmental progress. There are at least four reasons why taxation and tax reform are central to developmental state-building (Di John 2010c). First, governments must be able to ensure sustainable funding for social programmes, and for public investments to promote economic growth and development. Second, taxation is the main nexus that binds state officials with interest groups and citizens. Not only can taxation enhance government accountability, it also provides a focal point around which interest groups (such as producer groups, labour unions and consumer groups) can mobilise to support, resist and even propose tax policies. In other words, taxation is as constitutive of state formation as it is of interest-group formation. Third, taxation, particularly in the form of land and property taxes, customs and border collection can help increase and consolidate the territorial reach of the state. The diversity of the tax base is a telling indicator of the ability of the state to engage with different sectors and regions and is indicative of the degree to which state authority permeates society. Fourth, fiscal capacities are needed to build a legitimate state. Democratic elections do not themselves ensure state legitimacy. Elections provide an avenue for the citizenry to voice demands; responding to those demands requires capacity to mobilise, allocate and spend public resources effectively.

Often, tax-administrative reforms are designed to increase the tax take and are not coordinated with how taxation affects production patterns. That is, a pro-revenue approach often takes precedence over a pro-growth approach in tax policy. History provides several examples of the importance of land tax in increasing agricultural production. In the case of Japan, Taiwan and Korea, a land tax was introduced as part of a production strategy to help improve agricultural production (see Bird 1977; Grabowski 2008). Extensive land surveys were undertaken that mapped all plots of land in the territory and classified it according to type, productivity and ownership. As a result of land surveys, the state in each country secured a revenue base, and was able to finance improvement in agricultural production through investment in roads and irrigation.

The case of the Colombian National Coffee Federation discussed above suggests that the state can use taxation of agriculture to solve collective action problems in production (such as the provision of funds for storage, distribution and marketing for thousands of dispersed smallholder producers) and help forge strong state-society negotiations and mutual obligations (Thorp 2000).

Ensuring aid contributes to creating states' development capacity

The way foreign aid is delivered can also have a big effect on the possibility of transiting from a situation of fragility or resilient stagnation to a more developmental trajectory. There is a risk in heavily aid-dependent countries (that is where aid is at least 50 per cent of government expenditure) that aid acts as a disincentive to domestic revenue collection. However, in most of our cases this problem was avoided. In Rwanda, Mozambique, Tanzania and Zambia (though aid there is less important at 25 per cent of government spending) tax collection was increased over the period 1990-2010.

There are, however, important policy lessons that have emerged that are relevant to the process of state building. The first concerns large taxpayer offices. In Rwanda, DRC and Afghanistan, IMF assistance to ministries of finance in designing and reforming tax administrations seems to have made at least some contribution to improving the efficiency of tax collection.

The second concerns the extent to which aid by-passes the state in the delivery of social services and other programmes. Ghani et al. (2007) and Boyce (2007) suggest that the most damaging impact of aid on processes of state building may be the way in which foreign assistance gives rise to a "dual public sector". By this they mean that only part of the funds deployed in delivering public goods are channelled through the state, while an important part are channelled directly to sub-national or non-state actors (Boyce 2007: 14). If power to decide on spending is located in NGOs or private contractors, those who

wish to make a claim on these resources will look to and interact with those NGOs and contractors and not the state. This can leave the central state weaker, giving much more room to organised rivals to emerge as more important actors than the state.

In the DRC, a study we led for the OECD estimated that as of 2008, 146 parallel management units established with donor funds could be observed. In Afghanistan, research suggested that the problem of the dual public sector in aid delivery could be overcome through setting up "dual-control oversight mechanisms" that could reduce corruption and still ensure resources flow through the state. The Afghanistan Reconstruction Trust Fund, which was World Bank-funded, seemed to play this role. The ARTF allowed donors to put their money into a pooled bank account subject to certain minimum fiduciary oversight (OECD 2010).

The third concerns the high levels of project aid which wind up "off-budget", that is, not reported to finance ministries. In most of the cases studied, nearly two-thirds of aid was project aid, most of which was not "on-budget". This exacerbated problems of macroeconomic planning and the coordination of aid. The problem of "off-budget" aid is of most concern for very fragile states that have yet to build sound fiscal systems such as the DRC and Afghanistan. In the latter, our research suggested that one important mechanism to avoid off-budget aid is the sector-wide approach (SWAp) where donors pool funds to be applied to an integrated sectoral programme designed by the government (OECD 2010).

The most positive experience of aid's contribution to enhancing developmental outcomes have not surprisingly been where states have a clear development plan and the capacity to "manage" foreign donors. Historically, this was underlined by the experience of Taiwan and South Korea (Wade 1990; Amsden 1989). In our comparative research on economic resource mobilisation three of the countries had a long-term development plan: "Vision 2020" in Rwanda, "Development Vision 2025" in Tanzania and "Vision 2030" in Zambia (Hesselbein and Garrett 2009; Hesselbein 2010). In undertaking research both among government officials in the capital but also those outside and among business actors, the striking difference was that in Rwanda the plan was known chapter and verse whereas elsewhere there was only a vague knowledge of such plans (Hesselbein and Garrett 2009).

Supporting transformational development coalitions

Just as political organisation appears to have been decisive in steering a state from fragility to resilience, so too it is crucial to moves from fragility and resilience to development. The push for development requires a shift in patterns of investment where those who hold wealth and who have enjoyed privileged access to the means to make it and to sites of political decision making, begin to invest in more risky but potentially more lucrative productivity-enhancing enterprise. It means also that those who have anchored their livelihoods in subsistence production need increasingly to work for wages and compete for jobs requiring often uprooting themselves or their families from communities, and acquiring the education and skills necessary to secure employment. There are new opportunities for both elites and non-elites, but also great risks. The coalitions of interest that have solidified around arrangements that have secured state resilience usually need to be disrupted. In Zambia, UNIP and later the CMD, and in Tanzania, the CCM, have built organisations within the state that have secured stability but entrenched interests (Di John 2010a; Putzel and Lindemann 2011). Even the disruptive processes of economic and political liberalisation have not undermined the main parameters of elite access to the means for wealth and political decision making.

Commonly, elites enjoying privileged access to income streams and political decision making have moved toward more risky patterns of investment and economic transformation only when they were confronted with threats. This is perhaps why it is not so surprising that among our case-study countries the clearest evidence of the crafting of a political settlement amenable to accelerated development has emerged in Rwanda (Hesselbein 2011). There the RPF emerged out of a minority community from

among survivors of the genocide in 1994, and families that had been forced into exile during long periods of exclusion and repression. They have a keen sense that in order to survive they must succeed in delivering developmental progress (Golooba-Mutebi 2008b; Putzel and Golooba-Mutebi 2009). Elites have supported the establishment of a centralised political organisation subjected to little political competition, and a state with significant powers and increasing capacities to govern the economy because the alternatives are so stark.

Often where governments have emerged with the singular authority to influence the direction of development – that is, with powerful executive authority – that power has been abused. In the history of the countries we studied we have seen this pattern in the DRC (Hesselbein 2007; Putzel et al. 2008), Rwanda and Uganda (Golooba-Mutebi 2008a, 2008b), but many more examples among late-developing countries can be observed. The endowment of a state with an executive authority with real power to impose positive and negative incentives on elites and non-elites has to be accompanied by checks against the abuse of executive authority. The executive powers a state requires to achieve resilience, as we have seen, are difficult enough to secure. Considerably more authority and especially capacity is required to endow an executive authority with the means to promote more rapid capital accumulation in developmental and socially beneficial directions. This makes the likelihood of such "developmental states" rare. Foreign actors can do little to bring about the rise of such a state, but should be at least able to recognise and support embryonic developmental states when conditions have given rise to them, as may be the case in Rwanda.

However, development coalitions may emerge more incrementally, as the reformist movements around mayors formed in two cities in Colombia discussed above illustrate (Gutiérrez et al. 2009). Similarly, alliances may be formed that can advance developmental progress in particular sectors of the economy, as we noted in the historical case of coffee in Colombia, or within particular departments of the central or local state, as can be potentially seen in even in the most fragile situations – around the Ministry of Finance in the early days of the Karzai regime in Afghanistan or the Health Ministry in Uganda during the fight against HIV/AIDS in the late 1980s (Putzel 2006).

Most experiences of accelerated development have required an activist state, not directly running operations within an economy, but working through positive and negative incentives to shepherd private investment towards the most promising and most productive activities. We could see this in the comparative study of mining in Rwanda on the one hand and in Zambia and Tanzania on the other discussed above. External actors tend to uniformly recoil in the face of such active state management of the economy (Putzel and Golooba-Mutebi 2009), where instead they should support states to develop the capacity to intervene intelligently in developing sectoral priorities and using taxation and other administrative measures to steer investment. This also requires an understanding that such activist states need to be given the room to make mistakes, or to pursue strategies that may in the first instance prove unsuccessful.

Like in the struggle to achieve basic state resilience, the kinds of political settlements and patterns of political organisation that can preside over accelerated processes of development may appear less than fully democratic – as in Rwanda today, or (at least for its first ten years) the NRM "no party democracy" in Uganda. What matters more than the formal rules of democracy are the checks on abuse of executive authority and the mechanisms within the state and reigning political organisations that ensure inclusive developmental outcomes. External actors in Rwanda have demonstrated that it is possible to provide extensive support for a less than democratic but developmental regime while keeping up pressure for increased political freedoms (Putzel and Golooba-Mutebi 2009). They have to be ready to endorse developmental movements from below as well, but to do so they need an analytical lens which can recognise such movements when they emerge.

What matters more than the formal rules of democracy are the checks on abuse of executive authority and the mechanisms within the state and reigning political organisations that ensure inclusive developmental outcomes.

Aid channelled outside state systems or "off-budget" can contribute to the creation of a "dual public authority", thus weakening states over time as the centre for decision making, in favour of potentially rival networks of patronage.

Policy implications

1. Ensuring that resource-extractive industries contribute to wider developmental patterns through revenues generated and processing operations established, requires an activist state. This does not mean that a state must run the operation of mines or even maintain ownership of the land in which they are located, but it must have the capacity within its revenue and licencing agencies and in its law-making bodies, to design and implement sectoral development plans that ensure the contribution of such industries to the creation of infrastructure, the emergence of processing activities and the development of skills among workers in the sector. In the face of political arrangements, which block the development of a resource sector, the answer is seldom likely to be the wholesale withdrawal of the state from intervention within the sector.

2. The successful management of resource-extractive industries is most likely to happen in states that consolidate a national development coalition before the exploitation of resources begin. In Botswana and more tentatively in Rwanda the effective regulation of mining was in no small part due to the fact that developmentally oriented coalitions were in power when mineral extraction began. At the very least, this should mean that the first step in assistance to a country, which is engaging with international or domestic business to undertake exploration for minerals, fossil fuels or any other natural resource, should be the creation of knowledge, skills and agencies within the state capable of both bargaining with and regulating private investors.

3. Sustainable employment creation and poverty reduction in rural areas requires the development of effective organisations where the focus is on developing production strategies. As discussed in the example of the Colombian National Coffee Federation and in Rwanda, pockets of growth can emerge incrementally and these "islands of success" can form the basis of development projects. This approach is likely to yield greater success than "big push" macroeconomic reforms often advocated by international actors. The challenge will remain to replicate advances in single sectors to other sectors within agriculture and industry.

4. Taxation and tax reform can be deployed to promote investment in lines of production with good potential for growth. Tax allows governments to secure the revenues needed for social programmes and public investments. Taxation is also one of the central mechanisms that binds states to their citizens, and it can be organised both as a means to increase public accountability but also a nexus for political organising in society. Expanding the tax base geographically and sectorally can help to embed the state in society and revenue expenditure by the state is one of the principal means to meet societal demands.

5. Aid needs to be channelled through the agencies of the state and it should give due priority to developing the core capacities of the state to govern economic development. There is always a risk that aid can decrease incentives for expanding domestic revenue collection, so donors need to give due consideration to mechanisms that increase the capacity of states to raise their own finances. Aid channelled outside state systems or "off-budget" can contribute to the creation of a "dual public authority", thus weakening states over time as the centre for decision making, in favour of potentially rival networks of patronage.

6. Developmental coalitions may emerge in less than democratic ways, or only within particular tiers or organisations of the state, but if they are inclusive and incorporate measures to check the abuse of executive authority they deserve the support of external actors. Political settlements and the elite bargains at their centre, which are capable of steering a course through the conflictual processes that may lift a government out of resilient stagnation, arise only rarely and are largely a matter of internal politics. External actors need to be able to recognise them and support them even when they are organised along lines that fall short of the standards of modern liberal democracies.

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This is an impressive example of academic research leading to good policy advice. It challenges much of the current conventional wisdoms, but makes clear forward looking proposals. All who pontificate about failed states should read it, and re-examine their policies.

Clare Short, UK Secretary of State for International Development, 1997-2003

The Crisis States programme at LSE has generated a huge trove of evidence and thinking that has changed the way we now see the fragile states phenomenon – defining the state as a political settlement, and then looking at how such settlements emerge in contexts with fractured histories and complex, competing elites. This pioneering work has underpinned new principles and approaches for support by the international development community. And it has stimulated the emergence of the g7+, a group of fragile states providing a new voice at the frontier of these fundamentally difficult issues, as they interface with external actors in piecing together and sustaining political settlements which enable a politically fragile country to find the way forward to peace and a transformational development path.

Richard Carey, Former OECD Director for Development Co-operation and former member of the World Economic Forum Agenda Council on Fragile States

The work on crisis states provides vitally important conceptual and practical clarifications for terms such as "fragility" and "resilience" that currently frame much development discourse. The power of this work lies in the rejection of loose thinking about "state fragility" and "state failure" focusing instead on the preconditions for "resilient states" that trump disorder and provide legitimate solutions to public goods challenges. External agencies seeking to support transitions out of conflict should take note.

Alison Evans, Director, Overseas Development Institute, London

This synthesis report of the work of the Crisis States Research Centre is a powerful testament to the importance of independent political research if the donor community wishes to be serious about thinking and working politically in development. The strength of the evidence and analysis about the politics that shape violence and conflict and the consequences of various kinds of external intervention is a stark reminder that the real binding constraints on development, stability and inclusion are political, in both crisis states and in the development agencies of the west.

Adrian Leftwich, Director of Research Developmental Leadership Program and University of York

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