STATEBUILDING IN SITUATIONS OF FRAGILITY AND CONFLICT

RELEVANCE FOR US POLICIES AND PROGRAMS

FEBRUARY 2011

STATEBUILDING IN SITUATIONS OF FRAGILITY AND CONFLICT

RELEVANCE FOR US POLICY AND PROGRAMS

CONTENTS

ACKNOWLEDGMENTS

ABBREVIATIONS

C3	Program on Crisis, Conflict, and Cooperation
CDCS	Country Development Cooperation Strategy
CMM	USAID's Office of Conflict Management and Mitigation
CPA	Comprehensive Peace Agreement
CSIS	Center for Strategic and International Studies
DAC	Development Assistance Committee
DDR	Disarmament, Demobilization, and Reintegration
GOSS	Government of Southern Sudan
LRA	Lord's Resistance Army
INGO	International Non-Governmental Organization
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
OTI	USAID's Office of Transition Initiatives
QDDR	Quadrennial Diplomacy and Development Review
S/CRS	State Department Office of the Coordinator for Reconstruction and Stabilization
SPLA	Sudanese People's Liberation Army
SPLM	Sudanese People's Liberation Movement
SSPS	Southern Sudan Police Service
UN	United Nations
USAID	United States Agency for International Development
USG	United States Government
WDR	World Development Report

INTRODUCTION

The use of statebuilding as a tool for U.S. foreign policy has undergone a dramatic transformation during the last months of 2010. Perhaps owing to an inaccurate association with the phrase "nation building," statebuilding has been conceptualized for many in terms of costly and politically risky endeavors to be avoided when possible. U.S. experiences in Iraq and Afghanistan in particular demonstrated how complicated and challenging whole-of-government donor approaches to state fragility can be, and illustrated the wide spectrum of issues that face the U.S. when supporting the statebuilding process of partner nations. Through the work of the International Network on Conflict and Fragility (INCAF) of the Organization for Economic Cooperation and Development's (OECD) Development Assistance Committee (DAC), statebuilding as a foreign policy objective has been more clearly defined, and is no longer to be avoided by donor nations. Quite the opposite: through a clear-eyed assessment of the practical importance of a political process owned and led by the host nation, and the targeted use of government capacity building and programs to strengthen state-society relations, statebuilding has been recast as a powerful aspect of foreign policy and development engagement to be implemented with a long-term vision for U.S. national interest.

Two major factors have changed in late 2010, reinvigorating the debate regarding statebuilding activities for the U.S. Government. First, on December 15, 2010, Secretary of State Hillary Clinton announced the results of the Quadrennial Diplomacy and Development Review (QDDR), the first such effort for the diplomatic and development agencies of the U.S. Government. This review placed conflict prevention and fragile states at the core of U.S. civilian foreign policy efforts. Chapter four of the QDDR focuses exclusively on *Preventing and Responding to Crisis, Conflict, and Instability*. Conflict prevention is cited as a core competency of the civilian mission in foreign policy, and the QDDR sets the goal of establishing a new Bureau for Conflict and Stabilization Operations within the Department of State, as well as an increased role for USAID's Office of Transition Initiatives (OTI). In addition to conflict prevention, the QDDR also proposes coordinated US Government (USG) efforts to strengthen justice systems and the security sector in fragile states by calling for the development of a common USG framework to set out US objectives and priorities in these sectors, and the interagency roles and responsibilities in carrying out engagements in justice and security. The QDDR provides a number of policy agendas for reforming USG planning and implementation of responses to fragile states.

Coinciding with the QDDR announcement, several international events have resulted in new national transitions that will likely necessitate donor support that employs good statebuilding principles. At the time of this report's publication, the presidents of both Tunisia and Egypt have been deposed through popular protest, and unrest has spread across the Middle East and North Africa contesting the legitimacy of the social contracts and political settlements of these states. Many of nations involved have not been considered "fragile" by modern measurements, and yet the political upheavals facing them illustrate the need for the U.S. to act quickly to assess the situations and identify potential responses in order to support these partner nations prevent devolution into more wide-reaching instability. Meanwhile, South Sudan's overwhelming vote for independence from the North has become the foundation for the world's newest independent nation. And voting in Haiti for the new presidency in the context of the earthquake recovery continues to unfold, with run-off elections expected in March 2011. Each of these country cases is unique, with varying degrees of complexity and requiring distinct foreign policy and development approaches. In

the context of these major international events, the U.S. Government's preparation for planning and implementing statebuilding efforts across all Agencies, and the selective use of statebuilding as a tool for pursuing U.S. national interest, has rarely been more urgent.

While these international events have recently played out on the world stage, a longer term effort that began in 2005 has culminated in new guidance and policy options for donors as they prepare to address these changing world circumstances. Beginning in 2006, member states of the OECD DAC's nascent INCAF initiated a wide-ranging debate regarding the traditional approaches taken by donors to address state fragility. Two competing paradigms of statebuilding came to the surface during these discussions. One methodology emphasized that statebuilding should focus on strengthening the capacity of the government institutions of fragile states to improve basic service provision and public administration. The second methodology argued for statebuilding as a more broadly defined process of strengthening the relationship between general society and formal government institutions within the fragile state. By 2007, it become clear to the DAC's members that these two approaches needed to be reconciled, and a series of studies were commissioned to bridge this divide. Some of these key steps are described in detail later in this paper, but the culmination of the debate was the 2010 OECD/DAC guidance on statebuilding, *Supporting Statebuilding in Situations of Conflict and Fragility*. This new guidance offers a synthesis of the two original approaches, positing that statebuilding includes building the capacity of the state to deliver services as a core function of the process, but also articulating two additional core factors: the political settlement process of creating the state (or settling a conflict), and building the legitimacy of the government in the eyes of the society and the general societal perceptions of formal government service provision. As an inherently endogenous process, international donors can expect to contribute to the conditions for success in statebuilding, but never to practically expect to control the outcomes of that process, which naturally rest with the host nation.

USAID's Office of Conflict Management and Mitigation (CMM) has been a major contributor to the thinking on statebuilding in fragile states and countries in conflict throughout this debate. The following series of papers commissioned by USAID/CMM seeks to introduce the new OECD/DAC guidance on statebuilding priorities, present a brief overview of the evolution of the statebuilding policy debate over the past several years, and to offer several insights on the challenges and opportunities facing the development community. At this critical juncture for several U.S. partner nations that seek U.S. backing, statebuilding is an important objective for the U.S. Government to pursue in supporting stable political transitions and developing positive long term state-society relations. These papers, and a case study of the new state of South Sudan, inform a new policy discussion regarding approaches to the remarkable new global statebuilding considerations facing the United States in the context of this new OECD/DAC guidance, the QDDR, and other USG reforms.

CHAPTER 1: RECENT EVOLUTION IN STATEBUILDING: FROM SUPPORTING CAPACITY-BUILDING TO POLITICAL PROCESSES

MEGAN GLEASON, BRUCE JONES, JAKE SHERMAN, AND CONSTANCE WILHELM

CENTER ON INTERNATIONAL COOPERATION
NEW YORK UNIVERSITY

Since 2005, there has been a significant shift in the way that international assistance to statebuilding is conceived. Recognition of the potential threat posed by fragile states to global stability, and of the risk of conflict relapse, has led to an increased focus on statebuilding as a core dimension of external engagement over the past decade.

Until recently, the dominant approach among OECD donors has viewed statebuilding as a *technical* challenge, with assistance concentrating on capacity development and institution building. This capacity-driven approach, however, frequently yielded disappointing results in terms of promoting medium-term stability, let alone development. International efforts to train and resource public servants, to reorganize state institutions, and to draft new legal codes proved insufficient for addressing underlying drivers of conflict and fragility. Consequently, as the 2005 USAID Fragile States Strategy stresses, international engagement must also "focus on the sources of fragility" (USAID 2005).

Accordingly, an alternative approach focused on the political dimensions of statebuilding has begun to emerge. This approach, laid out in the OECD's "Principles for Good International Engagement in Fragile States" (2007), stresses that assistance should be "concerted, sustained, and focused on building the relationship between state and society." External assistance should support the legitimacy and accountability of the state by strengthening the state's capacity to deliver on its core functions. This approach was further refined in the OECD's "Concepts and Dilemmas of State Building in Fragile Situations: From Fragility to Resilience,"[1] which stresses the importance of the political process for "negotiating the mutual demands between state and societal groups" (OECD 2008). Government legitimacy and resilience, rather than capacity, is the principal outcome of an effective statebuilding

---

[1] Hereafter "From Fragility to Resilience."

process. Most recently, the OECD's Statebuilding Guidance develops a framework of statebuilding that stresses its political nature and is centered on the premise that statebuilding must be conceived in terms of the relationship between the state and society (OECD 2010d).

Notably, this 2010 Guidance reflects a newfound consensus on statebuilding principles. It considers lessons learned from the technical statebuilding approach, as seen through a policy lens sensitive to local political processes and the drivers of state fragility. In order to achieve stability and legitimacy in a fragile or conflict-affected state, international actors must grasp the political and social context of that state. The policy recommendations of this new Guidance foster sensitivity to political context, and if followed could significantly increase the efficacy of statebuilding activities.

A parallel evolution has occurred in the area of peacebuilding, stressing the importance of conflict management and support to political processes beyond the signing of a peace accord. Rather than simply an absence of violence, peacebuilding is increasingly focused on addressing the underlying drivers of conflict and fragility, and on supporting political processes to peacefully manage competing demands. In 2007, the United Nations Secretary-General's Policy Committee defined peacebuilding as "a range of measures targeted to reduce the risk of lapsing or relapsing into conflict by strengthening national capacities at all levels for conflict management, and to lay the foundations for sustainable peace and developments." The 2009 UN Secretary-General's report on peacebuilding in the immediate aftermath of conflict also identified political processes as one of five priority areas for support.[2]

The central dimension of both statebuilding and peacebuilding, both conceptually and in practice, is therefore political. As recent analysis notes, both statebuilding and peacebuilding seek to "strengthen the relationship between the state and society and to promote representative and inclusive political systems and societies" (Haider 2010a). The political processes associated with building state capacity and responsiveness, and in particular the increased state-society interaction that accompanies negotiation of mutual expectations, require statebuilding actors to be sensitive to political context. International responses require a clear understanding of the facets and drivers of fragility, as well as the components required for a sustainable political settlement. Understanding both fragility and political settlements has important implications for how international actors respond to fragility and support nationally-led statebuilding.

FRAGILITY, RESILIENCE, AND POLITICAL SETTLEMENT

Fragility and resilience are intimately tied to expectations of both the state and its citizens. Fragility "arises primarily from weaknesses in the dynamic political process through which citizens' expectations of the state and state expectations of citizens are reconciled and brought into equilibrium with the state's capacity to deliver services" (OECD 2008). States experience fragility due to the weakness of political processes necessary for managing changes in the mutual expectations of the state and society. By contrast, resilience—the ability to cope with changes—"derives from a combination of capacity and resources, effective institutions and legitimacy, all of which are underpinned by political processes that mediate state-society relations and expectations" (OECD 2008). Both must be viewed at multiple levels: sub-national, national, regional and global. Once again, the ultimate aim of statebuilding should be establishing government legitimacy and resilience, which then allows for sustainability of technical assistance and capacity-building efforts.

---

[2] The other four areas are basic safety and security, basic services, core government functions, and economic revitalization.

Consequently, managing political settlements should not just be used as a tool to weaken elite obstacles to statebuilding efforts; rather, political settlements should be seen as encompassing in a larger sense the various political processes through which state and society are connected, principally involved in enabling the state to effectively fulfill its principal functions and provide key services, and to respond to and interact with societal expectations and perceptions.

As the mechanisms responsible for managing and negotiating the relationship between the state and society, political processes have a direct impact on fragility and resilience. Political settlements were, until recently, narrowly focused on peace agreements. Today, they are understood more broadly as "an agreement, principally between elites, on the balance and distribution of power and wealth, on the rules of political engagement and on the nature of the political processes that connect state and society" (OECD forthcoming). The political settlement is the result of bargaining between elite groups over the balance and distribution of power (Di John and Putzel 2009, and Khan 2000).

Political settlements are dynamic, contentious negotiations. At the elite level, they have to respond to shifting power dynamics and expectations, requiring regular re-forging. Political elites whose interests are either challenged or unmet can prove destructive to statebuilding and development objectives (Asia Foundation 2010). The relationships between elite interests and the interests of the broader society are also constantly evolving. They, too, require regular re-negotiation, and in this sense approach a social contract between the state and society. "From Fragility to Resilience" argues that the social contract is an interaction between five factors:

- Expectations of a society of its state;

- State capacity to provide services, including security, and to generate revenues from the population to provide these services;

- Elite will for diverting state revenues and capacity to fulfill social expectations;

- Political processes through which state and society negotiate competing demands; and

- Legitimacy, which shapes expectations and can facilitate the political process.

The political settlement then provides the channel for political processes between the state and society where each can communicate its expectations of the other. Responsive states supply services in line with articulated social expectations (OECD 2010d). Repeated iterations institutionalize and embed the settlement and yield legitimacy, and so state efforts to fulfill societal expectations of state responsibilities can become effective and sustainable.

A key characteristic of any political settlement is its degree of inclusiveness. Even if broad-based participation is not possible, the *perception* of inclusiveness is critical (OECD n.d.). Since settlements are negotiated between elites, they are all exclusionary to a certain extent; however, the level of inclusiveness of a settlement directly impacts its perceived legitimacy, thus its durability and, by extension, the likelihood of a resumption of violence. The forthcoming World Development Report similarly focuses on the inclusion of political settlements, but also notes that there are times and places where spoilers can undermine a settlement and where there is broad social consensus that their actions should exclude them from ongoing participation in political processes. The WDR thus stresses "inclusive enough" settlements.

While political settlements are becoming central to donor conceptualization of statebuilding and peacebuilding, there are substantial difficulties in translating this concept into aid programming. It is often

difficult for external donor agencies to discern what type of settlement is in place in a fragile state; the current settlement's degree of legitimacy (OECD n.d.); and the trade-offs to engagement, especially related to stability and inclusiveness (Asia Foundation 2010). Indeed, there may be many instances in which external donor assistance is not a particularly helpful tool for engagement. Mediation and diplomatic assistance, and similar forms of engagement, may in some contexts be the more important method of support.

Moreover, there are deeper questions that arise about the relationship between legitimate settlements and stability. In states with illegitimate or repressive governance, a movement towards a more inclusive settlement may be turbulent and potentially violent. For some, an illegitimate and exclusive political settlement may not be "automatically preferable" to a period of continued conflict (OECD forthcoming); for others, stability will trump legitimacy at least in the short term.

IMPLICATIONS FOR INTERNATIONAL RESPONSE

Notwithstanding the risks identified above, viewing engagement in fragile states through a political perspective can have a positive impact on external donor assistance to statebuilding and peacebuilding, particularly when focusing support on the dimensions of fragility that are most acute in a given fragile state. In addition, the viability of political settlements has a direct impact on prospects for economic growth and poverty reduction, as well as service delivery. When donors fail to support a political process, they risk inadvertently supporting an illegitimate or unresponsive settlement. This approach, therefore, has important implications for how international actors respond in fragile states at the policy, programming, and organizational levels.

AT THE POLICY LEVEL

At the policy level, first and foremost, the priority for external engagement in fragile states (and thus potentially also for statebuilding assistance) must be to support effective political settlements: "the overarching priority of statebuilding must be political governance: the articulation of a set of political processes or accountability mechanisms through which the state and society reconcile their expectations of one another" (OECD 2008). This requires a long-term perspective and long-term commitments from external actors (Papagianni 2008). Political settlements require years—if not decades—to institutionalize, and so require that external partners avoid short-term strategies that are only focused on ending conflict and attaining a peace agreement. Four desired outcomes for engagement are: (i) a stable settlement; (ii) a settlement favorable to development; (iii) an "inclusive enough" settlement; and (iv) reduction in elite predation, especially where predation undermines stability (Asia Foundation 2010).

Policies must be context-specific, and should also respond to the dimensions of fragility that manifest in each context, taking into account the particular weaknesses driving a state's fragility. This requires a robust and historically-informed assessment of the state's service delivery capacity, state-society relationship, and political settlements: a "state of the state" analysis that includes informal, customary, and non-state service provision (OECD 2008). Political analysis, including a focus at the sub-national and regional levels, should be ongoing to allow responses to continually adapt to the evolving statebuilding process.

International responses must also recognize their inherent limits. Political processes and statebuilding are endogenous processes led by national actors. USAID's Office of Transition Initiatives stresses that domestic political will is key for transitions, acknowledging, "OTI interventions cannot create it or substitute for its absence" (USAID 2009). Statebuilding assistance should be undertaken with an

appreciation of these limits, as well as how it can support or strengthen a political settlement. This awareness emphasizes the need for robust and on-going analysis, and the importance of understanding the dimensions of fragility and the nature of the political settlement. When a resilient settlement is developing, the international community should support the government directly (OECD 2008 and Ghani 2005), and focus on promoting the inclusivity of the settlement (OECD forthcoming). Where the state is not driving the development of a political settlement, international actors can support political reform and the core service delivery functions of the state (OECD 2008). The question of legitimacy and its importance, both for political processes and for international action, is underscored by the existence of resilient authoritarian regimes. Despite international condemnation, food and resource crises, and lack of political rights for their citizens, many of these regimes have managed to maintain the support of a significant portion of their population. They demonstrate divergent standards of legitimacy, whether domestically or internationally. The challenge for international statebuilding actors then remains: in authoritarian states, actors should identify opportunities for engagement in areas that are unlikely to inadvertently reinforce the state's legitimacy except at the margins (some aspects of health and education, for example). At the same time, they should seek to find ways to strengthen social capacity so that if and when an opportunity for a new political settlement arises, there are strong enough social forces to be able to take advantage of that opportunity.

All this is further complicated by the fact that new actors—specifically, the emerging powers and regional powers—now have significant influence in fragile states. These actors often have different approaches to statebuilding and different political relationships to the governments in question. The efficacy of OECD engagement on political settlement will in many cases be substantially shaped, or undermined, by the sometimes large gulfs between regional powers' strategies and those of the OECD. There is no way around this issue, and so serious strategic engagement with the emerging powers is required to find common ground on promoting long-term stability in fragile states.

AT THE PROGRAMMING LEVEL

Focusing on the political dimensions of fragility and resilience also has implications for the five broad areas of state functions: political processes, governance functions, security functions, economic functions, and social welfare (OECD 2008). For political processes, international support tends to focus on four areas: (i) support for elite pacts; (ii) support to constitution-making processes; (iii) support for building local-level conflict-resolution skills and processes; and (iv) direct mediation (OECD 2008). Again, because these are endogenous processes, they can be internationally supported, but must be internally-led.

International support to governance has typically focused on building state institutions, rather than on bolstering the state-society relationship, and by extension the political settlement. International support to the rule of law is a critical area of engagement in the area of governance, particularly in post-conflict states, as weak governance acts as a key driver of fragility (USAID 2005). Rule of law support, however, is intensely political, and experience again demonstrates the importance of political analysis to inform programming. USAID's Guide to Rule of Law Country Analysis underscores the importance of this analysis by including an evaluation of the historical and political context, as well as a review of the political incentives facing national actors to inform programming (USAID 2010). Technical approaches focused on replicating the laws and institutions of Western countries are incapable of addressing underlying issues in these states. Donors should instead focus on supporting dialogue around state-society negotiations and around legitimate and durable political settlements as part of the peacebuilding and statebuilding process (OECD 2008 and OECD forthcoming).

There are important programming implications for key sectors and functions, including security, service provision, economic growth, taxation, and anti-corruption and combating organized crime. Again, engagement must be informed by the state's unique political context, and by nuanced insight on the effect on the political settlement and state-society relationship. Taxation, for example, which provides a critical interaction between the state and its citizens, becomes de-prioritized in highly aid-dependent states. International statebuilding should therefore support governments to develop the capacity to tax and to use these revenues for service provision (OECD 2010b).

AT THE ORGANIZATIONAL LEVEL

Organizationally, donor governments are developing new mechanisms to ensure policy coherence and shared strategy across security, development, political, foreign and trade policies, including whole-of-government approaches (OECD 2008 and OECD 2010b). In the United States, recognition that policy incoherence had a negative effect on strategy and effectiveness (USAID 2004), allowed for new thinking on institutional structures and the creation of the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) to bring together the diverse areas of stabilization expertise in the U.S. Government and ensure a more coordinated response to crises.

When used in a coordinated manner, these different policies can have a strong impact on political settlements in fragile states (OECD n.d.). However, such approaches are not without risks. Increased internal coordination structures can "crowd out" coordination among donors, for example. It may also risk reducing effective strategy development between external partners and the government in question (OECD 2008). The recent Quadrennial Diplomatic and Development Review (QDDR) acknowledges this tension and argues for an approach that places greater emphasis on the ability of in-country ambassadors to drive inter-agency coherence. Within USAID, the new Bureau of Policy, Planning, and Learning has a core coordination role to play in strategic planning, as well as in applying technology throughout the Agency's work. The analytical Office of Conflict Management and Mitigation (CMM) undertakes conflict assessments, and is charged with mainstreaming conflict resolution throughout USAID. A high percentage of the more "operational" Office of Transition Initiatives (OTI) go to local people, particularly NGOs, women, student groups, and entrepreneurs; OTI keeps its country involvement relatively short following a "constitutive settlement" (Smith 2009).

Multilateral institutions also face several challenges for effective statebuilding assistance. The UN's integrated mission approach and Integrated Strategic Framework has the same aspiration as the QDDR suggests for US assistance, if not always the same reality. Financing mechanisms continue to be hampered by a lack of coordination, a lack of accountability to recipient societies, and a lack of flexibility and predictability. Adequate and appropriate civilian capacities, while growing, are still nascent. The United Nation's forthcoming Review of International Civilian Capacities is expected to find a wide variance in available expertise across institutions. The report is expected to provide guidance on broadening civilian capacities, while making the most effective use of those currently in existence—especially in light of recent guidance for increases in trained field personnel (OECD 2010a).

Note that throughout, we have referred to "external engagement" rather than "donor engagement". One question that has been raised by some in the donor community is whether traditional donor mechanisms are able to support a nuanced political process as described above; this is a good question. External providers of assistance should not be fooled into thinking that development assistance could generate elite interest in a political settlement where none exists. In some contexts, longer-term mediation and diplomatic support, security assistance, security and justice sector reform, and other forms of engagement

that fall outside of traditional donor agencies' competences might well be the more suitable mode of support to political settlements. Sometimes OECD governments' assistance in these issues will be welcomed, sometimes not. Regional and sub-regional organizations may have greater access and greater legitimacy than western actors—support to their efforts will at times be the most effective form of western support.

CONCLUSION

Recent policy discussions and approaches in fragile states underscore the evolution in focus from capacity-development and institution-building to support for political processes in statebuilding and peacebuilding. Political processes, including political settlements, are the mechanisms through which the social contract is negotiated, and they are endogenous processes that must be nationally led. To support resilience in fragile states, external engagement must be political informed, focused on the most acute aspects of fragility, and oriented towards supporting inclusive political settlements.

CHAPTER 2: DEVELOPMENT, DIPLOMACY, AND THE FUTURE OF STATEBUILDING

FARHA TAHIR, MARK QUARTERMAN, AND ROBERT D. LAMB

CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES (CSIS)
PROGRAM ON CRISIS, CONFLICT, AND COOPERATION (C3)

The "fragile states" paradigm is at an important stage in its development. Western policy makers during the 1990s came to recognize that fragmented countries with fragile governance institutions lay at the core of much of the world's instability. Conflicts within fragile states were understood not only as threatening to the citizens within their own borders, but as having spillover effects to their neighbors and at times more far-reaching implications such as terrorism, transnational crime, refugee flows, and infectious diseases.

By the turn of the century, and especially after the terrorist attacks of September 11, 2001, "statebuilding" had become both a development and strategic imperative, intended to benefit not only people within fragile states and neighboring countries, but the broader international community as well. It was argued, especially among European thinkers, that fostering the development of strong, well run, democratic states that serve their citizens with transparency and accountability would play a stabilizing role, and help prevent or mitigate the effects of conflict at the local, national, regional, and international levels.

Today, this statebuilding agenda is pursued by a range of international actors operating in conflict, post-conflict, crisis, and disaster-affected environments. The paradigm has been tested sufficiently that its record of success or failure is increasingly under scrutiny. This record shows mixed results. There have been real successes in fostering institutional development, but progress in addressing less technical issues, such as the power imbalances that drive much of the fragility, has been less impressive (see Chapter 1).

Development agencies have been enthusiastic adopters of the statebuilding agenda, supplementing traditional economic and social programs with broader attention to capacity building, institutional development, accountability, financial management, governance, and democracy, to name but a few important features of modern states. Formative experiences in places such as Afghanistan and Haiti, however, and the evolving global power landscape in general, have provided some impetus to redefine what statebuilding means to development and other international actors.

The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) and the United States Agency for International Development (USAID) have both been undergoing processes of self-reflection in which they have grappled with some of these issues. OECD/DAC, with broad input, including from USAID, has developed new guidance on statebuilding, "Supporting Statebuilding in Situations of Fragility and Conflict" (the Guidance, for short). USAID and the State Department have just completed the first Quadrennial Diplomacy and Development Review

(QDDR) following a Presidential Policy Directive on Global Development, and USAID also launched a reform initiative known as USAID Forward.

The increased attention to these challenges suggests that the statebuilding and development agendas stand at a critical juncture. Whether these efforts ask the right questions, or go far enough in their answers, is the topic of this paper. We argue that it is important for development professionals and state builders in general to recognize the reality of nonstate actors and hybrid governing institutions, especially at the local level. Such actors, whether benign community groups or malign power brokers, and hybrids, such as participatory process and warlord-bureaucrat, have the potential in some cases for constructive engagement and in others to be spoilers. Likewise, it is important to recognize that development and statebuilding are fundamentally political activities: they change incentive structures and power balances or imbalances. If done naively, therefore, development and statebuilding can risk destabilizing an already fragile society, so they should always be undertaken strategically, to account for—and constructively interact with—local and national politics. Finally, all good things cannot be accomplished at once: development or reconstruction plans with long lists of "essential" tasks or objectives, without guidance on prioritization or sequencing, can do harm in the interest of doing good, by raising, and dashing, expectations, or by stretching limited resources too thinly across too many lines of activity.

Many staff and consultants for OECD/DAC and USAID have evolved in their thinking on these issues over the past few years, and in many ways their most recent publications present some cutting-edge and rather hard-nosed perspectives. However, we question the degree to which either institution is dedicated to, or capable of, the enormous intellectual, cultural, and institutional changes necessary to turn these perspectives into reality. Variations on these warnings and "best practices" have been circulating in the development field for years, while the institutions that do development and statebuilding have in many cases made only marginal improvements in implementing them. Whether USAID is capable of reforming its policies and practices remains to be seen. After discussing some of the evolution of thinking on these critical issues, we offer some modest suggestions to nudge reform.

EVOLVING NOTIONS OF STATEBUILDING

Traditional conceptions of statebuilding correctly emphasize the importance of effective government partners. However, recent experience has taught that a broader coalition that includes nonstate partners can be even more effective. Newer understandings of statebuilding acknowledge that governance is broader than the state alone and that the alternative to the state is not lawlessness—as implied by the term "ungoverned," sometimes used in reference to areas not controlled by state actors—but in many cases traditional practices, informal governance, or hybrid forms that link informal practices to state institutions.

Among the most progressive elements of contemporary thinking on statebuilding include the importance of legitimacy in state-society relations, the role of nonstate actors, and the recognition of context-specific policy solutions. The means by which state capacity is built should vary according to a particular state's needs, conditions, history, and politics. To determine how to achieve sustainable outcomes in fragile contexts, therefore, international actors need to acquire a deep understanding of this history, domestic stakeholders, the limits of formal governance, the nonstate entities governing the periphery, those indigenous statebuilding efforts already in train, and the values upon which a more effective social contract can be built. These are the things that put constraints upon state formation in general and the ability of international actors to influence state formation in practice.

In preparing its new guidance, OECD/DAC recognized the significance of these points in its very definition of statebuilding: "an endogenous process to enhance capacity, institutions, and legitimacy of the state driven by state-society relations (OECD 2008)." At its core, this concept is not far removed from the traditional conception of statebuilding, in which external actors were believed capable of encouraging state formation by, for example, mediating disputes and building the capacity of formal institutions, into which nonstate structures were then expected to be subsumed. What has changed in OECD/DAC's new Guidance, however, is the explicit recognition, likely based on an evaluation of the success of the former model, that state formation occurs mainly through internal processes rather than external assistance, and that state-society relations are among the core factors. The Guidance therefore acts as a bridge to the more forward-leaning conceptualizations of statebuilding.

The Guidance defines fragile states by reference to both what they have (patronage structures, elite competition, and multiple political systems), and what they lack (rules, procedures, and institutions). Statebuilding, it argues, should build from the ground up, beginning with what already exists. Because this is largely an internally driven process, external actors, it suggests, necessarily play a secondary role, mainly to support the strengthening of institutions, capacity, and legitimacy.

To translate these insights into a broader statebuilding strategy, the Guidance offers fundamental baseline considerations for international actors, encouraging them to recognize context and domestic statebuilding efforts, the responsibilities of local actors in defining statebuilding objectives, the role of local partners (both within and outside of government), and potential regional and global implications. Building on this, the Guidance sets out a model for program design that includes working, to the degree it is constructive, with government and nonstate actors to ascertain the most urgent sectors to address, to create integrated programs that strengthen the social contract between government and its various constituencies, and help prioritize efforts that prevent destabilization.

Although it explicitly addresses both program development and aid delivery, the value of this Guidance comes mainly in planning for development, particularly as it encourages pragmatism in the definition of objectives and mechanisms for achieving them. USAID has an opportunity, then, to translate this conceptual guidance into programs on the ground.

LINKING STATEBUILDING AND DEVELOPMENT

OECD/DAC envisions development and statebuilding as mutually reinforcing processes. It suggests that aid can be most effective if linked with statebuilding, specifically because effective governance helps aid agencies address societal needs more comprehensively. "Effective states," it says, "matter for development (OECD 2010)." For its part, USAID has recognized that development aid can be used to support statebuilding, and its "Democracy and Governance" portfolio works not only to build state capacity in general, but capacity to undertake poverty alleviation in particular.

For some years, USAID has recognized that governance and development activities take place even in the midst of crisis and conflict, that it is limited as an external actor in what it can accomplish in such environments, and so needs to partner more with local actors who have a better understanding of the history, culture, and context, and are better positioned to clarify development objectives. Both USAID and OECD/DAC have argued in favor of working more closely with some kinds of nonstate actors, mainly civil society organizations, local communities, private businesses, and international nongovernmental organizations (INGOs). And many of USAID's "democracy and governance" programs work hard to build the capacity and influence of civil society.

But neither institution clearly acknowledges that it is occasionally necessary to work with some rather less savory nonstate actors as well, namely the strongmen, warlords, and power brokers who control urban neighborhoods or large rural territories outside of central control, or who hold government posts but govern mainly through their patronage networks or private militias. It is probably a bridge too far at this point in their institutional thinking to suggest that OECD/DAC and USAID recognize as well that some of these less benign nonstate actors do not in all cases play unconstructive roles in development or statebuilding. State formation almost by definition goes through a phase in which such actors play a key role. The failure to account for the realities of power relations during program implementation (such figures can make or break a project's success), or to shape the incentives of such actors to nudge them toward institutionalizing their power (a key step in state formation), is a mistake development professionals should be encouraged to avoid. The interagency has taken note of this and now places Key Actors as a component of its conflict assessment tool. While more work remains, this is an important step toward accounting for these realities.

USAID has traditionally worked with government partners to implement "big push" programs. These programs are designed to achieve fundamentally important goals, but are not always appropriate to the needs of the recipient, especially in terms of scale: many of its programs are simply too large to be sustainable. The insight it may derive from the statebuilding guidance is to consider coupling these large-scale, top-down development projects with smaller, more sustainable projects aimed at incremental change. And in fact, USAID is moving in this direction with its call for contextualized, individualized solutions in the QDDR and USAID Forward.

In broad strokes, the QDDR envisions development as an equal pillar with diplomacy making up U.S. civilian power (Department of State/USAID 2010). It envisions USAID as the lead agency carrying out "high-impact" development, "shifting from aid to investment (Department of State/USAID 2010)." This is a significant challenge for an organization that has been weakened rather than strengthened in recent years. The QDDR sets out the substantive development priorities on six key areas: sustainable economic growth, food security, global health, climate change, democracy and governance, and humanitarian assistance. To work effectively in these areas using the new methods, it recommends context-specific development strategies that highlight those issues that are most relevant and necessary in particular countries. The QDDR recognizes partnership as the core of USAID's work, including not only with other U.S. agencies but with recipient governments, other donors, nonstate actors, and private development actors as well.

The QDDR offers some innovative thinking, but there is a clear gap between its innovative ideas in the diplomatic sphere and those in development. For example, the QDDR recognizes the emerging role of nonstate actors, but that recognition appears in the diplomacy section of the report, not the development section. USAID has rectified this in part through innovative efforts such as USAID Forward and the Development Innovation Ventures Awards, through which the Agency provides grants for cutting-edge scalable development projects.

A key precondition to USAID being capable to fulfill the tasks set out for it in the QDDR and President Obama's Directive on Global Development—and to changing its overall approach to development in line with some of the more innovative items on the new statebuilding agenda—is building its own capacity. This includes not only appropriate staffing, but ensuring that the Agency has sufficient technical expertise to carry out its new responsibilities, especially with regard to fragile contexts. USAID Forward is USAID Administrator Rajiv Shah's attempt to address these practical shortcomings, focusing on implementation and procurement reform, talent management, rebuilding policy capacity, strengthening monitoring and

evaluation, rebuilding budget management, science and technology, and innovation (USAID 2010) . These key areas of reform are a means by which USAID is seeking to build the credibility necessary to function more freely in its policy space.

It is important to acknowledge that USAID has significant challenges ahead as it tries to take up the expanded role it envisions for itself. Over the last decades it has suffered a loss of independence as well as cutbacks that have fundamentally changed its way of working. For example, between 1990 and 2009, USAID lost nearly 40% of its staff, and its budget and policy planning capabilities (Korb 2009). Those particular capacities are now back in the form of the Bureau for Policy, Planning and Learning and the Office of Budget and Resource Management. USAID must continue to rebuild its broader capacity while pushing forward toward its future role. The President, for his part, has articulated his commitment to this in his Policy Directive for Global Development Policy.

Whatever reforms USAID believes are necessary, it also is important to acknowledge that USAID is not the only U.S. government actor in the field. The Foreign Assistance Act of 1961 sought to redress this issue by consolidating American economic aid under USAID, but as of 2008 the Agency accounted for only 45% of foreign aid. This stems from two central problems. First, the objectives of foreign assistance are not clearly defined. According to one source, there are 33 competing goals, 75 priority areas, and 247 directives (Oxfam America 2008). Second, American foreign assistance is spread among 12 departments, 25 agencies, and nearly 60 offices (House Foreign Assistance Committee 2009).

USAID remains under-funded, under-staffed, and generally underutilized as a strategic tool in American foreign policy (only last month, a number of lawmakers essentially recommended defunding USAID) (Jordan 2011). The disjointed nature of foreign assistance challenges the ability to create a whole of government planning and implementation strategy, a critical component for statebuilding. If the Agency is to link development policy to realities on the ground, it needs a broader coalition of support within the U.S. government than it currently has. The QDDR and USAID Forward are, in part, efforts to rectify these challenges.

In addition, it is important that statebuilding not be defined by recent experiences in Afghanistan and Iraq. It is likely that new development and policy priorities will emerge to replace the precedents created by these two experiences and that they will be seen as sui generis. It is more likely that statebuilding will occur not in contexts of occupation and war, but in fragile states where such an intervention might prevent or mitigate an escalation of conflict. When so much of the Agency's resources are being focused on two countries, it is tempting for the bureaucracy to shift its work to accommodate those situations.

Contemporary interactions and political dynamics are shaped by history and affect both formal and informal actors and institutions. Histories matter. Cultural interactions matter. Ethnic relations matter. Nonstate actors matter. Social cleavages matter. Essentially, context matters. These factors are fundamental to the success of development policies. They demonstrate that assessment is critical and that local ownership is necessary for success in statebuilding, and many of these factors are considered first Principles in the OECD/DAC 2007 Principles for Good International Engagement in Fragile States and Situations, signed onto by the US.

All these factors are adequately acknowledged—if not addressed in detail—in the QDDR. The purpose of that report was not to provide a detailed blueprint for USAID as much as to set out a general guide for future work. The greater imagination and focus on diplomacy does leave unanswered questions about development. OECD/DAC has offered some guidance on how it might flesh out some of the aspirations

identified in the QDDR. To some degree, it questions deep-seated assumptions about statebuilding, namely the concept of top-down, one-size-fits-all approaches that plagued previous discourse on the subject.

First, therefore, USAID should aggressively pursue a better understanding of how nonstate centers of power that most development professionals would refer to as corrupt might affect program design and implementation. A study of the role of "malign actors"—to use the term of art to refer to corrupt power brokers in Afghanistan today—in state formation through history should be used as the basis for figuring out how USAID projects could be used to nudge such actors toward more formal mechanisms of governance.

Second, USAID should abandon the laundry-list approach to development planning. Of course fragile states have a wide array of unmet basic human needs, as well as tenuous governance structures. But that fact often means as well that the government and society do not have the capacity to absorb large amounts of aid all at once. USAID activities should be sequenced, with a series of modest intermediate objectives so that later projects can build on the successes of earlier projects, and can be sustained by local capacity.

Finally, and related, development strategies should be designed in a way to better account for how foreign aid changes power dynamics in recipient societies. Instead of claiming that development assistance is intended to be politically neutral, it should be used in a way that nudges politics toward more constructive balances of power.

There is no question that the QDDR offers a more sophisticated understanding of development that more strategically focuses it in those areas where the United States can have the greatest impact. It narrows its objectives simply to those it can maintain. The next step is translating these efforts through implementation. What now needs to happen is an evaluation not of the agency, but the agency's implementation of its mandate. OECD/DAC's work on statebuilding offers one important source of guidance in that effort.

Mark Quarterman is senior adviser and director of the Program on Crisis, Conflict, and Cooperation (C3) at the Center for Strategic and International Studies in Washington, D.C. Robert D. Lamb is senior fellow and deputy director, and Farha Tahir is program coordinator and research associate.

CHAPTER 3: CASE STUDY: APPLYING OECD/DAC GUIDANCE ON STATEBUILDING IN SOUTHERN SUDAN

RICHARD DOWNIE, DEPUTY DIRECTOR AND FELLOW, AFRICA PROGRAM

CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

INTRODUCTION

Southern Sudan represents perhaps the greatest statebuilding challenge in the world today and therefore offers a robust testing ground for some of the ideas set out in the OECD/DAC policy guidance on supporting fragile states. Many of the tensions and contradictions highlighted by the DAC which lie at the heart of the statebuilding enterprise are evident in the ongoing effort to enhance the capacity, institutions and legitimacy of the Government of Southern Sudan (GOSS) while recognizing the political, social, economic, and conceptual barriers which stand in the way of success.

The task of integrating the DAC guidance into USAID strategy in Southern Sudan is straightforward in some areas, more complicated in others. On the one hand, elements of the DAC paper reinforce points made in the QDDR. Both documents emphasize the value of 'whole of government' approaches that integrate efforts not only within but also between governments and other international development partners. Both reports highlight the need to focus more narrowly on core development activities, the importance of engaging with a range of state and non-state actors at the national and local level, of attracting the right staff, particularly at senior levels, and devolving more responsibility to chiefs of mission. Both reports identify the need for results-focused approaches and better evaluation procedures. Many of these ideas are already being implemented in the development of USAID Country Development Cooperation Strategies (CDCS), which emphasize the need for setting tightly defined goals based on solid on-the-ground analysis, and closer cooperation with other international partners.

On the other hand, the DAC guidance explores themes which receive less attention in the QDDR; ideas which could sharpen U.S. thinking as it approaches the task of statebuilding in Southern Sudan. First, the DAC places the search for state legitimacy at the center of the statebuilding enterprise. It argues that all development efforts should be undertaken with this central objective in mind. The DAC guidance also emphasizes that fact that purely technical approaches to statebuilding will fail unless they are accompanied by a genuine attempt to understand the motivations and constraints faced by the local actors upon whom the development community is forced to rely. Finally the DAC warns against exaggerating the role of outside actors in statebuilding, making the obvious but important point that it is an endogenous process. The international community should align its development objectives to fit with those set by the host government, in consultation with its citizens. This warning is particularly pertinent to Southern Sudan, where the lack of capacity and expertise within the GOSS can tempt outsiders into taking the lead

but where at the same time the scale of the development challenge dwarfs the ability of the international community to meet it.

THE DEVELOPMENT CHALLENGE IN SOUTHERN SUDAN

Southern Sudan has come a long way since the signing of the Comprehensive Peace Agreement of 2005. The foundations of a government are in place, development is gathering pace and the peace deal has remained fragile but largely intact. The referendum of January 2011 went more smoothly than anyone could have hoped and set Southern Sudan on a course toward independence in July. These achievements should not be underestimated. But there are enormous outstanding challenges and Southern Sudan will be a weak state for many years after independence.

Indeed, the challenges are of such magnitude that there are dangers in applying lessons learned from other statebuilding exercises to Southern Sudan. In many ways Southern Sudan stands in a category all by itself. First of all, it has never been a state. So the task facing international partners is not to help rebuild a fragile state, but rather to help support building from scratch and win its acceptance among a people who may struggle to conceptualize the very idea of the state. Second, in developmental terms Southern Sudan is starting from such a low baseline that it resists meaningful comparison with other countries. Internationally recognized benchmarks on development such as the UN Millennium Development Goals are essentially irrelevant. South Sudan's health indicators are among the worst in the world. Nearly two in every 10 children die before their first birthday. Only a quarter of people have access to clean water, barely a tenth have sanitation. Socially, an entire generation went without education during the second civil war with the North, from 1983-2005. Literacy is just 15 percent and just one in 50 children completes primary school. A majority of the working-age population does not possess the skills to perform basic jobs, having spent their productive lives employed as full-time warriors instead of workers. There is no domestic private sector to speak of.

The GOSS is ill-equipped to meet these challenges. It is still struggling to make the psychological transition from a rebel group used to issuing orders to a professional government that is accountable and responsible to its citizens. It suffers from a chronic shortage of human and technocratic capacity outside of a small group (perhaps as few as 50) of senior officials. This capability gap is even more worrisome given that independence will mean taking on even more technical responsibility, such as running a fully independent central bank. Economically, the South remains one of the poorest corners of world. Outside of Juba, there is an almost complete absence of infrastructure. The cost of linking the main towns in Southern Sudan with the basic roads essential for economic development is estimated to be at least $7 billion; a cost that is far beyond the ability of the government to meet, even with the oil revenues upon which it is so hopelessly dependent. The 2009 budget for GOSS was a mere $1.44 billion.

On top of the development challenges, the security situation in Southern Sudan remains precarious. The peaceful staging of the referendum may have taken some of the heat out of tensions with the North, for the time being at least, but the external threat posed by Khartoum remains real. Other external threats include the Lord's Resistance Army, which has plagued communities in Western Equatoria. The North-South border remains chronically unstable and has yet to be fully demarcated. Abyei is a permanent source of tension. The Darfur conflict has the potential to spill into parts of the South. The security situation internally is perhaps even more volatile. The South is a violent place, awash with arms. Internal administrative boundaries are disputed by rival ethnic groups. Access to water, grazing and other natural resources is a constant source of tension. Land tenure is unclear, leading to frequent tensions. Cattle-raiding is endemic in states like Warrup and Lakes. The ability of the security apparatus of the state to

impose itself on this situation is extremely limited. The SPLA remains the primary enforcer of law and order, a role it is ill-suited for. As a result it is a primary instigator of violence against civilians. The Southern Sudan Police Service has made great strides in a short time but does not penetrate below the county level and is unlikely to do so for many years to come. For most people, security is not provided by the central state but by informal groups within their community, under the leadership of traditional chiefs.

RESPONSES TO SOUTHERN SUDAN'S DEVELOPMENT CHALLENGES

Faced with such a formidable array of pressing and interlinked challenges, international development agencies and their partners have struggled to prioritize and too often succumbed to the temptation to take on too much. The ability of the GOSS to absorb ill-directed assistance has been exhausted. Money has been wasted and some has been lost through corruption because the local institutions of accountability are not robust enough. Too many projects have been centrally directed, top-down initiatives relying too heavily on a small circle of state officials. In the same way that the surfaced roads tend to disappear within a few miles of the Juba city limits, the reach and relevance of development projects tail off the further one moves away from the capital. Development practitioners have struggled to come up with ways of balancing and strengthening both state and traditional authorities.

The picture is not overwhelmingly negative. The months leading up to the referendum witnessed a greater unity of effort and purpose from the international community. Donors coalesced around achieving a focused and urgent goal, dividing up labor and devoting significant resources to getting the voting process on track. The results were impressive. For the most part, however, donor organizations struggle to translate development theory into working solutions on the ground. The value of the OECD/DAC guidance is that it addresses this central problem of why development plans so often come unstuck when applied to the messy reality of life at the operational level. By defining the core objective of statebuilding as the quest for state legitimacy, it is easier to identify the various barriers which stand in the way of state-society relations and to come up with ways of overcoming them. The DAC paper identifies three critical aspects of state-society relations which influence statebuilding: the political settlement, the capability and responsiveness of the state to fulfill its functions, and the social expectations of the state and what it should do. Understanding how these relationships play out in South Sudan helps to illuminate the challenges of shaping an effective statebuilding policy there.

THE POLITICAL SETTLEMENT

The political settlement in Southern Sudan is an elite bargain. The SPLM is the power broker, its position as the dominant force in the South enshrined by the Comprehensive Peace Agreement, cemented by victory in the April 2010 elections and sealed by its role in presiding over the referendum process which will lead the South to independence in July 2011. The SPLM's primacy may be acknowledged but it does not go unchallenged. The SPLM is not a monolithic organization, more an every-shifting alignment of rival ethnic groups. Loyalty cannot be guaranteed. Demands are rising on the SPLM to repay the faith people have shown in it. Political opponents of the SPLM agreed to come under the umbrella in a show of unity during the run-up to the referendum. But this is a shallow unity and divisions are likely to re-emerge once the unifying goal of independence is reached. Rebel leaders like George Athor still command large militia groups, and many believe they will not hesitate to return to violence in order to extract concessions from the government.

For external actors like USAID, inserting themselves into this political process is hazardous and risks tipping the balance in favor of one faction over another. This is particularly the case during the period leading up to independence, which is likely to witness a power grab in the GOSS. It is vitally important that development funds are applied evenly, do not distort the balance of power, and that effective ways are found to disperse resources outwards from the center in order to avoid an overconcentration of wealth and power in Juba. Attempts have been made to do this by focusing on public accountability, transparency and anti-corruption mechanisms in the GOSS, and by prioritizing the need for economic diversification, which would help reduce rent-seeking in Juba. However, the good governance mantra eventually hits the wall of political reality. It must be assumed that the decisions of senior GOSS officials are determined by political calculation just as much as a desire to advance good governance, bureaucratic competence and accountability. Donor demands for increased transparency, merit-based appointments and professional conduct will inevitably confront the fact that Southern Sudan's leaders have to juggle a wide range of interests including the need to maintain the political settlement by paying off rivals through the provision of goods or sinecures, and balancing the tribal composition of the leadership. While such behavior can be classified as corrupt, it also helps keep the peace. Building strong institutions will in the long term help weaken this informal system and development agencies are right to pursue this objective. But in the short term, compromises will have to be made at the expense of these long-term goals.

Another effort to broaden the political settlement has been to encourage the GOSS to proceed with a policy of decentralization or deconcentration. This is a laudable aim. But as the OECD guidance suggests, decentralization is not a silver bullet. In some instances, it has brought the state and the people into closer contact with each other and strengthened accountability mechanisms. Equally, there are signs that pushing money and authority out to the state level without the accompanying institutions to manage them could lead to the establishment of authoritarian ethnic fiefdoms which replicate the worst elements of the government in Juba. For this reason, building up the strength of non-state authorities --whether traditional leaders, civil society groups or churches --becomes very important.

STATE CAPABILITY/RESPONSIVENESS

As the OECD/DAC guidance points out, there are several key capabilities that are common to all effective states. Without them the legitimacy of the state, and by extension the statebuilding project, is put in jeopardy. These capabilities include security, rule of law, and the provision of public services such as schools, clinics, roads and employment opportunities. The GOSS is light years away from being able to provide these essentials, even with the sustained efforts of the international community. (Neither do its priorities necessarily align with those expressed by its citizens). Besides, a prerequisite for legitimacy is that citizens associate service provision with the state rather than international donors. It is unlikely that the presence of the GOSS will be felt below county level for a long time to come. This requires a realistic evaluation of what the state can reasonably be expected to provide, combined with efforts to position the state in a more realistic way in the minds of citizens: as just one of several potential providers of goods and services, alongside traditional authorities, community groups and, for a period of time, the international community.

The number one priority for South Sudan remains the provision of security, without which public services cannot be developed. While security provision does not primarily fall within the remit of organizations like USAID, a lack of security hinders its efforts to pursue the core objective of helping the host government develop and deliver public services. There is a danger that people will quickly lose faith in the state if their basic security cannot be guaranteed. Until that point is reached, communities are less likely to participate in disarmament campaigns because it remains the fact that for many people, their gun

remains their sole source of security. Indeed, disarmament efforts themselves have been a focal point of violence, with communities subjected to brutal treatment from the SPLA soldiers who carry them out and from rival communities who have not been disarmed simultaneously.

For all these reasons, Security Sector Reform must be closely aligned with the development strategy in Southern Sudan in the coming years. This will include such diverse activities as conducting conflict analysis assessments, forming community conflict prevention programs, developing conflict early warning systems, building the capacity of the Southern Sudan Police Force (SSPS), providing an effective border force, and reforming the SPLA. The latter task is perhaps the most important challenge of all. It also illustrates the interlinked nature of the statebuilding project in Southern Sudan. The SPLA will have to be downsized because paying the salaries of its soldiers consumes an unsustainable chunk of the national budget. Yet downsizing is a politically risky strategy as long as the external threat from Khartoum remains real. The SPLA serves an important political function, both as a repository of patronage and a way to keep rival forces in the fold. Downsizing also carries a potent safety threat unless there are jobs or pensions for demobilized soldiers. The interlinked challenges of providing security in Southern Sudan will remain at the top of the agenda for a long time to come, with clear implications for the legitimacy of the state. USAID must reflect this reality, ensuring that its development activities are closely coordinated with efforts by other international partners such as the UN to address security challenges in Southern Sudan through Disarmament, Demobilization and Reintegration (DDR) programs.

SOCIAL EXPECTATIONS OF THE STATE

Aligning citizens' expectations of what the state should provide with what the state is actually capable of providing is the OECD/DAC's third element of statebuilding. This is crucial in the context of South Sudan, where there is a large gap in expectations. In addition, the very idea of the nation state is a challenged concept. Many people continue to see their identity first and foremost in terms of ethnicity, rather than as citizens in a nation state. A history of predatory government or lack of formal government means people are distrustful, even hostile of the state, as represented by the GOSS.

The CPA interim period is widely viewed by Southern Sudanese as having failed to deliver a 'peace dividend.' People expect things to be different now that the referendum has been achieved and independence is within touching distance. Expectations of what the state is willing and able to provide have soared. There will be an inevitable 'honeymoon' period of celebration once secession is confirmed but it will not last long. There is a palpable sense of impatience with the GOSS and rising demands that it start acting like a government and a provider of services. Layered on top of this are public perceptions, many of them justified, that corruption and incompetence are rampant within the GOSS and that goods and services are distributed according to ethnic preferences. Unless expectations are carefully managed, this sense of impatience and suspicion will quickly turn to resentment, loss of faith in the Government, and even violence. So far the GOSS has failed to clearly formulate the message that it cannot be expected to provide schools, clinics, roads, and jobs overnight. Getting that message across is crucial, particularly in the coming months while there is still an opportunity to ride the wave of national feeling associated with the referendum. The international community can do more to help the GOSS do this, both by assisting with its communications strategy and by promoting civic engagement and education projects.

Another important way of institutionalizing society's relations with the state is by teaching citizens about their own responsibilities toward the state; for example that they will in the future be expected to pay taxes in return for services. Citizens should also be empowered to play their full part in the life of the state. Political participation must be fully opened so that credible alternatives to the SPLM can develop.

People should be consulted on a new constitution and the international community has a role to play in ensuring that this consultation process is truly inclusive, bringing in civil society actors, churches, and other important stakeholders. The announcement of the referendum result provides a timely opportunity for the GOSS to lay out a national vision, a blueprint for the future which would go a long way toward helping cement the concept of the state. The international community cannot guide this process but it has an important role to play in facilitating the discussion and providing advice. In this area, learning from countries which have gone through the statebuilding process can be useful. One forum for this dialogue is the International Dialogue on Peacebuilding and Statebuilding, where fragile and post-conflict states have exchanged ideas, knowledge and advice about their statebuilding experiences.

STRATEGIC PRIORITIES

Combining the OECD/DAC guidance on supporting statebuilding with some of the challenges facing this effort in Southern Sudan, what are some of the strategic priorities which should shape USAID's approach and inform the development of its CDCS process?

- *Develop expertise*: Southern Sudan is an incredibly diverse and complex territory, with complex problems to match. It is a place which does not lend itself to generalizations. Local context is all-important and the challenges of statebuilding vary enormously from place to place. There is no substitute for solid on-the-ground analysis, which means deploying qualified people on the ground in sufficient numbers and ensuring that staff receive basic conflict and political analysis training. USAID staff must spend more time out of Juba, which is not typical of the South. Understanding a place as complex as Southern Sudan requires a depth of knowledge that can only come through extended deployments. Building relationships with local actors is crucial to getting a firm understanding of the political and social dynamics but this effort is undermined by frequent rotations of staff in and out of Juba. USAID must take a long-term approach which tries to cultivate expertise on Southern Sudan by encouraging longer deployments and more staff continuity.

- *Multi-level engagement*: The statebuilding effort in South Sudan cannot succeed without efforts to bolster both state and non-state institutions, at both the central and local level. The reality in Southern Sudan is that the authority of the GOSS will not extend throughout the territory for many years to come. At the same time, traditional leaders lost much of their authority during the civil war and can only play a limited, albeit important role. At the moment, half of the development community's programs are geared toward extending the authority of the state while the other half try to buttress local and traditional authorities. A more coherent way has to be found of joining these two halves and looking for practical ways for them to operate successfully together. To this end, efforts have been made in the justice sector to meld customary and statutory law. These are moves in the right direction but must be careful to avoid Western institutional assumptions that the customary has to be subservient to the statutory.

- *Greater awareness of the regional picture*: The OECD/DAC advice to look at the bigger picture is particularly pertinent to Sudan and the Horn of Africa, which are interlinked to a large extent. This is particularly true of the security situation, which is characterized by weak border controls enabling a steady flow of arms, militia groups such as LRA, and, when humanitarian crisis strikes, refugees. Layered on top of this picture is the tendency of the countries in the region to interfere in each others' conflicts. Statebuilding strategies which do not take account of developments in Southern Sudan's six neighbors (most notably the North, which has the obvious potential to play a spoiler role) will be limited.

OPERATIONAL PRIORITIES

In terms of operational priorities for USAID, the OECD/DAC report raises a number of important lessons which can be applied to the statebuilding effort in Southern Sudan. Some of them, including the need to prioritize objectives and coordinate more effectively with other international partners, are already being incorporated into Southern Sudan's CDCS process.

- *Prioritize*: The OECD call to prioritize support for those state functions that are strategically important for statebuilding is particularly pertinent to South Sudan, where choosing priorities is difficult due to the simple fact that there are so many for the GOSS to grapple with. The U.S. is obliged to follow the GOSS lead but at the same time it should try to encourage it to become more effective and responsive to the demands of its people for public services. . One strategically important area in which USAID can play a role is in opening more effective channels of communication between GOSS and the public, facilitating a discussion on the future of the state. The process of establishing a new constitution provides an opportunity to conduct such a discussion. Ensuring that the voices of non-SPLM political parties, civil society groups, and women are included in this debate will serve an important purpose, helping to broaden the political settlement in Southern Sudan, and thereby boosting the legitimacy of the state.

- *Better coordination*: Development partners must constantly remind themselves of the limited absorptive capacity of the GOSS. This will not change substantively for many years to come because of the time it will take to educate and train the large numbers of Sudanese needed to run an effective bureaucracy. Coordinating and consolidating efforts with other international partners is crucial if the GOSS is not to be completely overwhelmed. This means speaking with one voice, as far as possible, through bodies like the Inter Donor Coordination Forum, and trying to bring on board other partners who tend to act independently, such as Kenya and the African Union. (The same lesson applies to the various agencies of the U.S. Government working in Southern Sudan.) Also, in light of the QDDR call for leaner, cheaper and more focused overseas engagements, collaboration and resource-sharing makes sense from a budgetary as well as a strategic perspective. The OECD's recommendation that coordination should also extend to the use of pooled funding mechanisms needs to be carefully considered in the Sudanese context given the well-documented problems with the Multi Donor Trust Fund in Southern Sudan.

- *Measure outcomes rather inputs*: The OECD's call for a more results-focused approach to statebuilding is echoed by the QDDR as well. In Southern Sudan, this means looking less at whether the capacity of the GOSS has been strengthened, more at whether increased capacity has led to improved government performance.

PITFALLS AND DILEMMAS

The OECD/DAC guidance identifies a number of hazards associated with statebuilding. Some of those which are of particular relevance to South Sudan include:

- *Avoid the temptation to lead:* The OECD/DAC guidance emphasizes the important but frequently forgotten point that statebuilding is an endogenous process. In Sudan, outside actors must resist the urge to direct the GOSS in spite of its obvious shortcomings, and respect their host's desire to select its own goals and methods for achieving them. Southern Sudan cannot become a legitimate state in the eyes of its people unless it is clear that the GOSS is the lead agency in making strategic decisions about the country's future.

- *Do No Harm*: As the OECD points out, statebuilding is a political process. The insertion of a powerful external actor such as USAID into a fragile environment can easily upset the political process, leading to competition for access or resources. International donors must guard against being manipulated by self-interested local actors or played off against each other. This is another reason why cooperation and communication between international development partners is important. This problem is likely to intensify as more and more NGOs and other organizations launch programs in Southern Sudan. Many of them do not possess the local knowledge required to operate successfully and risk doing more harm than good. USAID could play a useful role in trying to monitor and educate these groups before they embark on well-meaning but possibly counter-productive efforts. Solid analysis will be central to achieving this goal.

- *Avoid cookie-cutter approaches:* The lessons of statebuilding in other countries are not easily applicable to Southern Sudan, which has no history of nationhood and begins the statebuilding process from a uniquely low baseline in terms of development. Approaches must be carefully adapted to suit local context. This rule applies to operations within the South itself: what works in one part of the South will not necessarily work in another.

- *Avoid overreaching*: Another temptation the development community has succumbed to in Southern Sudan is to try to do everything, and by doing so, spreading resources too thinly. This is an understandable impulse in Sudan, where the needs are so great that everything is a priority. At the same time, it is impossible to tackle everything at once.

- *Engagement must be long-term*: Results should not be expected overnight even though it might be necessary to provide some 'quick wins' to satisfy demands in Washington. There will be setbacks and Southern Sudan is likely to be a weak state for many years to come. Delivering this message to an impatient Congress during a time of domestic budget pressure will pose a strategic challenge.

- *Conflicting objectives*. As the OECD says, conflicting goals are inevitable amid the rush of competing priorities and agendas common in fragile statebuilding processes. A common clash is between short term and long term goals, particularly in the need to provide basic security and public services now at the cost of developing sustainable, accountable institutions to deliver them more effectively down the line. These tensions must be recognized and acknowledged by the international community even if they cannot be overcome.

- *Deciding on an exit strategy:* The task of development will never be complete in Southern Sudan but at the same time the United States cannot afford an open-ended, unconditional commitment. It must be clear about the essential objectives it is trying to achieve and be resolute about signaling its departure to scale down operations when these goals are met. In preparation for this, ongoing efforts must be made to manage the expectations of the GOSS, which clearly believes it can count on an open-ended commitment from the United States.

CONCLUSION

The DAC guidance is an important addition to the literature on statebuilding and deserves to be taken seriously by organizations like USAID which engage in this difficult enterprise and which, indeed, contributed so much to its development. Its main value for policy makers and program implementers lies in its attempt to show the dangers of applying statebuilding theory without an appreciation of the realities on the ground. Interventions which do not attempt to understand the complexities of the political settlement in the host country, which do not pay sufficient attention to what the people want from their

government, and which do not try to help the state meet these aspirations will not only fail; they may make matters worse.

The guidance asserts that the dynamics which help to determine the statebuilding process -- the political settlement, the ability of the state to provide services, and society's expectations of the state -- are all linked to the concept of legitimacy. The search for state legitimacy is a useful guiding principle for assessing, organizing and implementing development activities. The objective of reaching state legitimacy is an ambitious one in the context of Southern Sudan, where the institutions and functions of the state are in such embryonic form. Added to the challenge is the fact that legitimacy cannot be imposed from outside. This means that the international community must accept a backseat role, ceding leadership to the host nation. Appreciating the limitations of what external actors can do is an important lesson for the international community as it continues to assist South Sudan in its statebuilding project. By remembering that it cannot transform Southern Sudan overnight, and by focusing on meeting core objectives such as enhancing state legitimacy, international development organizations like USAID can use their limited resources more effectively and enhance the chances that their efforts will achieve concrete results.

BIBLIOGRAPHY

Barnes, C. (2009). *Renegotiating the Political Settlement in War-to-Peace Transitions*. London: Conciliation Resources.

Call, C. T. (2008). *Conclusion: Building states to build peace?*. Chapter 15 in ed. C. T. Call and V. Wyeth. *Building States to Build Peace*. Colorado: Lynne Rienner.

Department for International Development (2010). *Building Peaceful States and Societies*. London: DFID.

Department of State/USAID. (2010). *Leading through civilian power: the first quadrennial diplomacy and development review.* Retrieved from http://www.state.gov/documents/ organization/153142.pdf.

Di John, J. & Putzel, J. (2009). *Political settlements: Issues paper*. Governance and Social Development Resource Centre and International Development Department. Birmingham: University of Birmingham.

Ghani, A., *et. al.* (2005). *Closing the sovereignty gap: An approach to state-building.* London: Overseas Development Institute.

Guterres, J. L. (2011). *Address by vice prime-minister of Timor-Leste to the UN Security Council open debate on post-conflict peacebuilding, insitution building.*

Haider, H. (2010a). *Topic guide supplement on statebuilding and peacebuilding in situations of conflict and fragility.* Governance and Social Development Resource Centre and International Development Department, Birmingham: University of Birmingham.

Haider, H. (2010b). *Topic guide supplement on state-society relations and citizenship in situations of conflict and fragility*. Governance and Social Development Resource Centre and International Development Department. Birmingham: University of Birmingham.

House Foreign Assistance Committee. (2009). *Concept paper for foreign aid reform*. Washington, DC: Unpublished draft.

International Dialogue on Peacebuilding and Statebuilding. (2010a). *Dili declaration: A new vision for peacebuilding and statebuilding*. Dili: OECD.

International Dialogue on Peacebuilding and Statebuilding. (2010b), *Synthesis Report: Key findings from country consultations in Burundi, Central African Republic, Democratic Republic of Congo, Liberia, Sierra Leone, South Sudan, and Timor-Leste.* Dili: OECD.

Jordan, J. & Teller, P. (2011). *Spending reduction act of 2011*. Republican study committee. Retrieved from http://www.foreignpolicy.com/files/fp_uploaded_documents/110120_spending%20reduction%20Act--twopager.pdf.

Khan, M. H. (2010). *Political settlements and the governance of growth-enhancing institutions*. Other. (Unpublished).

Korb, L. J. (2009). *Development, diplomacy, and defense as a policy framework.* Retrieved from http://www.americanprogress.org/issues/2009/03/pdf/korb_africom.pdf.

Management Systems International. (2009). *Government of Southern Sudan functional prioritization assessment.* Internal document prepared for USAID.

Management Systems International. (2010). *Government of Southern Sudan strategic capacity building Study.* An internal document prepared for USAID.

OECD/DAC. (2010a). *Building stable states: Policy guidance for good international engagement: executive summary.* Retrieved from http://www.oecd.org/dataoecd/14/23/46382637.pdf.

OECD/DAC. (2008). *Concepts and dilemmas of state building in fragile situations: From fragility to resilience.* Paris: OECD.

OECD/DAC. (2010d). *DAC guidelines and reference series: Supporting statebuilding in situations of conflict and fragility: Policy guidance for good international engagement.* Paris: OECD.

OECD/DAC. (2010b). *Do no harm: International support for statebuilding*. Paris: OECD.

OECD/DAC. (*n.d.*). *From power struggles to sustainable peace: Understanding political settlements*. Paris: OECD.

OECD/DAC. (2010). *International dialogue on peacebuilding and statebuilding factsheet*. Paris: OECD.

OECD/DAC. (2010c). *Monitoring the principles for good international engagement in fragile states and situations: Fragile states principles monitoring survey: Global report*. Paris: OECD.

OECD/DAC. (2007). *The principles for good international engagement in fragile states and situations*. Paris: OECD.

OECD/DAC. (2010e). *The state's legitimacy in fragile situations: Unpacking complexity.* Paris: OECD.

OECD/DAC. (2008). *Statebuilding in situations of fragility.* OECD Initial findings. Retrieved from http://www.oecd.org/dataoecd/62/9/41212290/pdf.

OECD/DAC. (2010f). *Transition financing: Building a better response.* Paris.: OECD.

Oxfam America. (2008). *Foreign aid 101: A quick and easy guide to understanding US foreign aid.* Retrieved from http://www.oxfamamerica.org/files/foreign-aid-101.pdf.

Papagianni, K. (2008). *Participation and state legitimation*. Chapter 3 in eds. C. T. Call and V. Wyeth, *Building states to build peace*. Colorado: Lynne Rienner.

Parks, T. & Cole, W. (2010). *Political settlements: Implications of international development policy and practice*. Washington, DC: The Asia Foundation.

Rogin, J. (2011). *165 house Republicans endorse defunding USAID.* Retrieved from http://thecable.foreignpolicy.com/posts/2011/01/20/165_house_republicans_endorse_defunding_usaid?.

Schomerus, M. & Allen, T. (2010). *Southern Sudan at odds with itself: Dynamics of conflict and predicaments of peace.* London: Development Studies Institute, London School of Economics and Political Science.

Scott, Z. (2007). *Literature review on state-building*. Birmingham: University of Birmingham.

Smith, Jr., D.F. (2009). *U.S. Peacefare: Organizing American Peacebuilding Operations.* Washington, DC: CSIS.

United Nations Secretary-General. (2009). *Report of the Secretary-General on peacebuilding in the immediate aftermath of conflict*. S/2010/382.

United Nations Secretary-General. (2010). *Progress Report of the Secretary-General on peacebuilding in the immediate aftermath of conflict.* A/63/881–S/2009/304.

USAID. (2005). *Fragile states strategy*. Washington, DC: USAID.

USAID. (2010). *Guide to rule of law country analysis: The rule of law strategic framework: A guide for USAID democracy and governance officers.* Washington, DC: USAID.

USAID. (2004). *White paper: U.S. foreign aid: Meeting the challenges of the twenty-first century*. Washington, DC: USAID.

USAID Forward. (2010). *USAID announces USAID forward reform agenda.* Retrieved from http://forward.usaid.gov/about/overview.

USAID/OTI. (2009). *Office of Transition Initiatives: 15 Years: 1994-2009.* Washington, DC: USAID.

Whaites, A. (2008). S*tates in development: Understanding state-building: A DfID working paper.* Governance and Social Development Group, Policy and Research Division. London: DFID.

White House Fact Sheet, The. (2010). *U.S. global development policy*. Washington, DC: Office of the Press Secretary.

World Bank (*n.d.*). *World Bank Development Report: Conflict, security, and development.* Washington, DC: World Bank.