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Repairing failed states

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The Global Polity

Repairing Failed States

The Challenges

In a number of territories primarily situated in the poorer parts of the world, the state no longer performs its basic security and development functions. Beyond causing hardship for their own citizens, failed states provide breeding grounds of organized crime and terrorism.



The “failed states list” of 2008 of the Fund for Peace and Foreign Policy is topped by Somalia, Sudan, Zimbabwe, Chad, and Iraq (in this order). These states have failed for different reasons, for example a foreign intervention in Iraq or the presence of a stationary bandit in Zimbabwe, but there are often similarities in the mechanisms that lead to state failure, for example the availability of natural resources.

State failure causes massive movements of refugees and internally displaced peoples, severe economic decline, and the spread of violence and crime. 9/11 has made the world realize that the effects of state failures do not stop at national borders. (Re-)Establishing state authority in these territories is one of the most challenging tasks of our time. In particular in light of the experiences in Iraq and Afghanistan, pessimism is dominating today’s discourse. This pessimism should be motivation for searching for innovative approaches to state-building in such difficult circumstances. “Repairing failed states” requires solutions that are ultimately driven by the citizens of the respective country. Yet, the global community – governments, international organizations and multinational corporations – can (and sometimes must) assist the citizens in getting into the driver’s seat. From this perspective, this session discusses the following questions:

- How to transform disenfranchised populations into stakeholders of a process of state-building? Which are specific mechanisms to reach different groups of these internal stakeholders (political elites, business elites, “ordinary citizens”)?
- What is the role of external stakeholders? Do we need a new approach to “development aid”, as its current mode of delivery in weak states hampers state-building? How to improve the interplay between military interventions, humanitarian relief, and development assistance? What is the role of international business in state-building processes? Do we need special supervisory mechanisms for international investors in weak states, such as the Extractive Industries Transparency Initiative.
- Can we identify general lessons to be learnt from successes and failures of fixing failed states, for example from Iraq, Afghanistan or former Yugoslavia? Where to put priorities in re-establishing state-functions and how to sequence interventions and policies (security, infrastructure, basic service delivery)? Or are these situations too country-specific for any generalizations?



Proposed Solutions

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A framework for fixing fragile states: leveraging social cohesion and local institutions

The roots of fragility

The illegitimacy and poor governance that debilitate fragile states can be traced to many factors – such as colonialism – that have combined to detach states from their environments, governments from their societies, and elites from their citizens. Whereas a robust state uses local identities, local capacities, and local institutions to promote its development, a fragile state's formal governing structures undermine all of these indigenous assets. As a consequence, a weak state cannot leverage its people's histories and customs to construct effective formal institutions with wide legitimacy; nor can it draw on the social capital embedded in cohesive groups to facilitate economic, political, and social intercourse; and nor is it able to employ the traditional governing capacities of its citizens to run the affairs of state. The sociopolitical, geographical, and economic problems that typically lie at the root of state dysfunction are usually systemic in nature and complicate all efforts to reform governments and economies.

The political identity fragmentation that is a hallmark of fragile states directly impinges on their ability to foster the positive institutional environment necessary to encourage productive economic, political, and social behavior. In the early stages of development, when formal governing institutions are typically feeble, states must depend on the resilience of their societies to police members' behavior, to lower the cost of various transactions between members, and to encourage the security of property. Whereas many cohesive groups of people with long common histories have developed sophisticated political, economic, and societal systems that maintain stability and foster economic progress, divided populations have no such mechanisms.

Such societies suffer from severe shortages of trust – a prerequisite for any economic and political development. Democratic systems cannot function without trust; where there is little trust, there is, for instance, little incentive to accept the results of elections. Prosperous economies likewise depend upon a certain level of trust, which is a key ingredient in all but the briefest of commercial transactions.

The state in fragile countries is so weak because its societal roots are extremely shallow. Imported state structures and laws have little relevance for populations whose own institutions, norms, and systems of governance are deeply embedded in centuries of common history and intricate social relationships. A state that ignores indigenous capacities for institution building undermines the ability of its citizens to manage their own affairs – and reinforces a dependency on outsiders.

The very nature of the formal state in many fragile states frequently exacerbates their problems. Overly Westernized legal, governance, and education systems preclude local communities from taking advantage of their own resources, capacities, and social networks and create unnecessary conflict between formal and informal institutions. Highly centralized governing structures in countries where formal state bodies remain ineffective and where alternative sources of income remain few forces groups to compete for scarce state resources, accentuating political identity fragmentation in the process. Society in such environments becomes obsessed by this conflict, not with generating wealth or increasing national prestige.

The deadly combination of weak social cohesion and feeble state institutions (in some cases complicated by difficult political geographies and a lack of a necessary critical mass of human



resources and market size) creates problems that are not amenable to the types of solutions – such as more aid, competitive elections, and economic reform – typically advocated by the international community. Sprawling countries with diverse populations, such as the Democratic Republic of the Congo (DRC) and Sudan, are unlikely to ever produce stable regimes unless they decentralize far more authority to their regions and find a way to take advantage of local populations' indigenous capacity for institution building. These countries' national leaders have little incentive to serve distant areas populated by disparate groups because the leaders view these groups more as competitors for state power than as compatriots. The inability of central governments to project authority much beyond their capital cities – due to thin road networks, limited administrative resources, and weak nationwide societal bonds – further reduces the capacity of centralized states in large countries to serve their populations. But even in more compact countries there is a need to find ways to take advantage of indigenous capacities – and narrow the gap between informal and formal institutions.

Rethinking international assistance

Most Western policymakers and practitioners today pay lip service to the idea that states will not prosper unless they are built by local people using local resources, but the great majority of development projects continue to be implemented with inadequate attention to the local social, cultural, and institutional context. By not seeking to better integrate indigenous institutions into the formal state – and thereby precluding the evolution of any organic process of reform led by local communities and driven by local resources – the imported, generic model of state-building has in fact perpetuated the most artificial aspects of postcolonial states, preventing them from developing real ties to their own citizens. Such an approach exacerbates existing ethnic, religious, and tribal divisions; encourages an unhealthy dependency on foreign aid; undermines whatever governing capacities local peoples have developed on their own; and torpedoes the chances of fragile states ever becoming self-sufficient.

States cannot be made to work from the outside. International assistance may be necessary but it is never sufficient to fix fragile states. Instead of seeking to impose a Western-style blueprint unsuitable for local conditions, international action should be first and foremost about encouraging the creation of governing institutions that better leverage or help form the cohesive societies necessary to promote development on their own. States work effectively when they are a logical reflection of their underlying sociopolitical, historical, geographical, human resource, and economic environments, and when they are deeply integrated with the societies they purport to represent, able to harness the informal institutions and loyalties of their citizens.

Indeed, it is not coincidence that the most successful countries in Africa and the Middle East – Botswana, Somaliland, the United Arab Emirates, and Kuwait – are all built upon traditional identities and institutions accepted by the great majority of their citizens. (Cohesive societies, it may be noted, are also able to escape the “resource curse” that seems to afflict all other developing countries.) In contrast, countries whose governments are the least dependent on their indigenous social structures – such as Nigeria, the DRC, Somalia, and Syria – are much more likely to have corrupt officials, illegitimate states, and ineffective systems of governance.

The key to fixing fragile states is, therefore, to deeply enmesh government within society. People in Africa, the Middle East, Latin America, Central Asia, and elsewhere have enormous political, socioeconomic, and cultural resources built up over centuries that can serve as the foundation for political, economic, and social development. What these people and these countries need are state models and structures that can be adapted to take advantage of those resources. Foreign assistance needs to complement and reinforce local capacities and institutions and be disciplined enough to avoid undermining or warping locally driven arrangements, which is all too common today, especially with the tendency of so many international programs to focus on financial aid targets, poverty reduction targets, and the importation of generic and typically centralized state models.



Such an approach would emphasize institutional changes that foster more decentralization, greater integration of traditional norms into state institutions, a stronger focus on security, greater accountability and the rule of law, and a stronger sense of unity.

Building unity among disparate peoples at both the national and local levels needs to be a major focus of development. Ghana, one of the more cohesive countries in Africa, has actively promoted national integration by investing in infrastructure, education, and health in the poorer northern areas; by supporting the study, teaching, and use in television and radio of all major indigenous languages; by prohibiting the formation of political parties based on ethnicity, religion or region; and by maintaining the ethnoregional balance in the political sphere. Burundi's The kind of consociational government introduced in Burundi offers a variety of opportunities to build coalitions and to reduce tensions by lessening or eliminating real or perceived imbalances in representation in cabinets, civil services, legislatures, and the military (Kenya was urged to take similar steps in the wake of its 2007-08 election turmoil). Similarly, apportioning the profits from natural resources in a fair and transparent manner, ensuring that social spending is impartially distributed (something the international community rarely considers even if it is the source of the funds), and reducing economic inequities between rival groups would dispel some of the potential for friction in divided polities.

The international community should also promote and fund programs that create stronger social and cultural bonds across groups, that institutionalize cooperation, and that promote reconciliation where there has been a history of intergroup hostility. Fostering strong "we" feelings through various educational, sports, and cultural programs can foster complementary or multiple cultural identities that strengthen national bonds, diminishing intergroup frictions in the process. South Africa, for example, has creatively used sports since the end of the apartheid era to unite its fissiparous peoples. Programs designed to reconcile long-festered intergroup wounds, such as South Africa's Truth and Reconciliation Commission and reconciliation programs in Burundi, have proved valuable in many countries.

In order to better integrate the state with the societies it purports to represent, far more emphasis must be placed on seeking locally appropriate solutions for problems of governance, land and resource management, and knowledge transfer if development is ever going to become locally propelled and thus sustainable. Certainly, no community that has successfully developed has depended as heavily on foreign resources, foreign political models, foreign languages, and foreign laws as fragile states typically do today.

States will work better if they are structured around cohesive population groups able to capitalize on their common interests and affinities. In some cases, government (and its authority, financial resources, and systems of accountability) should be decentralized around cohesive identity groups, such as the Kurds in Iraq, the Isaaq in Somaliland, and the Aymara in Bolivia. In large, sprawling countries such as the DRC and Sudan, locally driven models of development are more likely to succeed than state-based models, especially if gains within local arenas are extended over time both horizontally to other localities and vertically to higher-level government bodies. A locally based model would emphasize the construction of a series of competent city-based provincial bureaucracies built around relatively cohesive populations and based upon locally accepted institutions rather than trying to build a robust national government. It would also ensure that local communities were not held hostage to the dys-functionalities of a national government. Focusing aid on these "pockets of opportunity," would be more effective in the short-term – and encourage other areas to improve through competition in the medium term.

Where states are unable on their own to create and sustain some of the capacities necessary for them to promote stability and development, outside assistance might be more helpful if it was directed at supplementing capacity rather than providing more cash or technical assistance. Greatly strengthened regional organizations, foreign states, and even corporations all have a role to play here.



Multinational companies (MNCs) have been at the forefront of efforts to combat AIDS, reduce the incidence of malaria, and raise educational standards in many developing countries. This role could be extended further by mandating some MNCs to provide security and education, health, and infrastructure improvements to local citizens in areas where those companies prospect for natural resources if a weak state is unable to do so. In such cases, contracts would ensure a steady flow of royalties to the government while directing corporations – which typically have much greater administrative capacity than most fragile states – to tame the lawless areas around major mining sites and to ensure that people living nearby reap the benefits of their geography. In these cases, large firms with excellent labor and community relations reputations would be invited to participate in public, transparent bidding processes, and the winning firm would then be monitored by domestic and international oversight committees to make sure it did not abuse its position.

Dramatic change – including abrupt moves to fully competitive elections – can be highly explosive in fragile states, leading to instability that severely undermines the whole reform agenda. The example of Iraq springs readily to mind, but it is by no means the only instance of an overhasty and ill-considered reform strategy. Many internationally mandated reform efforts, especially those that emphasize economic reform with little regard for the political consequences, have inadvertently undermined social cohesion and security. Therefore, instead of trying to sequence reforms in a specific order, efforts to tackle state fragility should introduce reforms gradually and incrementally, in a way that does not threaten a society's fragile social bonds. The aim should be to create an iterative and self-sustaining process of change that seeps through a system, affecting society and the state on many levels and transforming their relationship over time. Such an approach would root the state more firmly in society and hold elites more accountable to their populations. Democracy is far more likely to take hold where it is introduced steadily and advances on many fronts; hasty efforts to introduce elections on tight schedules, even when generously funded by the international community (as in the DRC in 2008), are more likely to tear a fragile society apart than to dramatically improve governance, especially in the short term.

Initiatives that improve the fiscal relationship between governments and their peoples – such as increasing the transparency and conduct of budget-making procedures (e.g., the Extractive Industries Transparency Initiative), bolstering the capacity of watchdog NGOs, boosting the proportion of revenues coming from taxes – all promise to make leaders more attentive to their citizens.

Amara Konneh

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Liberia: rebuilding for growth and development

Liberia is a case study both of Africa's terrible tragedy and for the recent emergence of hope. For the past two decades, the world came to know Liberia as a land of political comedy, widespread corruption and unimaginable brutality. Liberia became the strange footage that flickered on television screens with terrible images of savagery. The Liberian people became refugees and fled to all corners of the globe for shelter. It was a period of darkness and insanity. But fortunately, things have finally begun to change.

Conflict and recovery

The origins of the Liberian conflict can be traced back to various forms of exclusion and marginalization which have characterized the country for most of its existence. The founding constitution was designed for the needs of the settler population, which subjugated the indigenous people for over a century. Land and property rights of the majority of Liberians were severely limited. Political power was concentrated essentially in the capital city of



Monrovia and primarily at the Presidency, with few checks and balances and little accountability. Most infrastructure and basic services were concentrated in Monrovia and a few other cities fuelling uneven development, a dualistic economy, and a major dichotomy between urban and rural areas. The political and economic elite controlled the country's resources for their own use and to consolidate their power. These factors led to wide gaps in the distribution of the nation's wealth and fuelled ethnic and class animosities and rivalries. These realities and the dependence of the nation on a small range of natural resources eventually sowed the seeds for the 1980 coup d'état and the subsequent 14-year violent conflict that began in 1989.

The economy began to unravel in the 1970s with the combination of the sharp increase in fuel prices and the decline in the prices of key export commodities. By the latter part of the decade all indicators pointed to a looming crisis. Unemployment, consumer prices, and food prices in particular all rose at alarming rates. The lack of a long term vision and the absence of an effective short term response to the onset of the economic stagnation coincided with political repression, social exclusion and corruption in high places, thus accelerated the gathering storm of crises that were to engulf the nation.

The April 1980 coup marked the beginning of Liberia's steep descent into crisis. A decade of gross mismanagement and dictatorship led to the outbreak of civil war and fourteen years of chaos, plunder, and violence, which did not end until international peacekeepers finally ousted the government in 2003 and established the basis for stability, peaceful elections, and the beginning of recovery.

Liberia was decimated by the war. More than 270,000 people were killed, and 500,000 more were forced to flee their homes as either internally displaced persons or refugees in neighboring countries. Families were shattered; entire communities were uprooted; and social, political, economic, and governance systems were destroyed. Commercial and productive activities collapsed as warlords looted and vandalized the country. Economic output declined precipitously, with GDP per capita falling more than 85 percent between 1980 and 2003. Poverty increased sharply, and more than 75 percent of Liberians now live below the poverty line of \$1 per day. The decline was across the board: agricultural production dropped as people fled their farms and the supporting infrastructures collapsed, mining and timber activities shut down, rubber plantations closed, manufacturing essentially stopped, and services ground to a halt.

Basic infrastructure was left in ruins. Roads were destroyed, and there was no electricity or piped water anywhere in the country for 15 years. Schools, hospitals, and clinics are badly damaged, and most government buildings are in shambles. There are less than 50 Liberian physicians to cover the nation's public health needs, one for every 60,000 Liberians. Government finances collapsed in tandem with the economy. Total annual government revenues fell to less than US-\$85 million a year between 2000 and 2005, translating into public spending per capita of only about US-\$25, one of the lowest levels in the world. At the same time, years of mismanagement left a huge external debt burden, mostly as a result of large borrowing (and imprudent lending by the creditors) in the 1980s and steady accumulation of arrears since then. Liberia's total debt is estimated at about US-\$4.5 billion, equivalent to an astonishing 800 percent of GDP and 3,000 percent of exports.

The economy finally stabilized and began to rebound in 2004 after the ouster of the previous government and the signing of the Accra Peace Accords. Following the elections in late 2005 and the inauguration of the new government, the pace of economic recovery accelerated. The signs of recovery are clear: storefronts are newly painted, restocked, and open for business; families are repairing homes; trucks are lining up at building supply stores for cement, gravel, and tools; road and port traffic have increased markedly; and construction projects are sprouting throughout the country. Liberia is on the rebound.



The reconstruction and development framework

The new government of President Ellen Johnson Sirleaf faced the daunting task of rebuilding Liberia from the ashes of the war. It recognized that to be successful, it would need to implement policies aimed at both political stability and economic recovery that were mutually reinforcing, and that to sustain development over time, it would have to rebuild institutions and invest in human capacity.

Crucially, for Liberia to be successful it cannot simply recreate the economic and political structures of the past that led to widespread income disparities, economic and political marginalization, and deep social cleavages. It must create much greater economic and political opportunities for all Liberians, not just for a small elite class, and ensure that the benefits from growth are spread much more equitably throughout the population. It must decentralize political structures, provide more political power to the regions and districts, build transparency and accountability into government decision-making, and create stronger systems of checks and balances across all three branches of government.

Dr. Amos Sawyer, a former interim President of Liberia and one of the country's leading political analysts, makes the argument this way:

“Democracy [and development] have seldom flourished without evolving through processes of contestation [and cooperation] among a people themselves. Even when imposed from outside, [they] must be sustained by empowered citizens. Empowerment of those who have not had opportunities or cannot imagine being in control of their own destiny is the greatest challenge – but the surest path to success – in the quest for democracy and development in Liberia...A major question for Africans generally and Liberians in particular is how to establish governance [political, economic, social] arrangements that build on the capabilities of local people and advance their prospects of working together to build democracy and attain development from the bottom up.”

Thus, Liberia's basic economic challenge has three dimensions. It must (1) quickly restore rapid growth, (2) achieve a much better distribution of the benefits from growth to overcome the disparities of the past, and (3) make equitable growth sustainable over time. It has designed its strategy to achieve these goals around a framework of four basic pillars.

1. Expanding peace and security. Without peace and security, there will be little new investment, economic rebound, or job creation, which in turn will undermine stability and threaten a return to conflict. Since the ouster of the previous regime in 2003, a force of approximately 15,000 UN peacekeepers – the second largest such force in the world – have done an outstanding job of maintaining peace, supporting two rounds of successful elections, and helping establish the foundation for Liberia's recovery. Going forward, the government is building new security and police forces that are sufficiently strong to maintain peace and security, but that remain firmly under democratic civilian control. It has deactivated 17,000 members of the old security forces, disarmed more than 75,000 ex-combatants and placed them in reintegration programs, and initiated the process of recruiting and training new professional security forces.

2. Revitalizing economic activity. The government has begun to put its financial house in order by strengthening both government budget operations and central bank functions. It balanced its budget in just four months, and moved to a cash-based budget in which all expenditures are approved by a cash management committee. It pushed hard to improved tax compliance, especially on import tariffs. Partly as a result, government revenues have doubled in just 18 months.

In terms of productive sectors, a central aim is to quickly restore agricultural production, where the majority of Liberians are employed. To jump-start agriculture from years of neglect, the government distributed large amounts of seeds, tools, and fertilizer, and re-established research and extension institutions. In addition, it will be critical to reinvigorate the natural



resource-based activities that were once the engines of Liberia's economy – rubber, timber, mining and cash crops – and ensure that the gains are much more equitably distributed. The keys will be negotiating fair concession agreements; ensuring the financial flows are transparent; and using the gains to build infrastructures, create economic opportunities in areas surrounding the concessions, and deliver more effective health and education services throughout the country. The government negotiated a US-\$1.5 billion iron ore concession agreement with Arcelor Mittal Steel; re-negotiating its agreement with Firestone Rubber Company; negotiated a US-\$2.6 billion iron ore concession with China Union; concluded a US-\$112 million energy contract with Buchanan Renewable Energy; and is initiating negotiations on a variety of other concession agreements. Over the medium term, by opening the economy to trade and reducing barriers to investment, the government hopes to attract new investments in manufacturing and services so that Liberia can export labor-intensive products to the region and the world.

3. Strengthening governance and the rule of law. Liberia's institutions were left in ruins by the war, and they must be rebuilt nearly from scratch. The government is in the process of building a more professional and better paid civil service. It has introduced a variety of systems to guard against corruption and to ensure transparency and accountability, including the cash management system, a new procurement and concessions commission, and a requirement that all Cabinet Ministers and other senior officials of government declare their assets. It quickly dropped 17,000 ghost workers from the payroll, and is in the process of rebuilding a smaller, more professional, and better compensated civil service. It is strengthening both parliament and the judiciary to move away from the system of supreme powers in the executive as in the past. It also is beginning to build capacity at the county and district levels to move over time to a more decentralized power structure.

4. Rebuilding infrastructure and providing basic services. The war brought widespread destruction of roads, bridges, power supplies, water, schools, clinics, and government buildings throughout the country. Rebuilding these infrastructures is central to Liberia's recovery. Roads in particular are essential to supporting peace, reinvigorating agriculture and natural resource based industries, creating jobs, ensuring access to health and education services, strengthening local and district governments, and creating economic opportunities for those left out in the past. The government has started to rehabilitate some key roads with the support of the donor community, but the process is difficult. Donors moved away from road projects in the early 1990s, so finding adequate financing for these purposes has been a particular challenge. Nevertheless with donor support the government was able to turn on electric power and piped water to parts of Monrovia for the first time in 15 years. Health and education services need to be rebuilt for their immediate benefits to the people, but also as the foundation for sustained growth and development over time. Schools and clinics are being rebuilt. The government eliminated school fees, and partly as a result primary school enrollment rates shot up by 50 percent in one year.

Importantly, actions in each of these four pillars are mutually reinforcing. National security is a pre-requisite for economic progress with substantial impact on poverty. At the same time, peace and national security will be severely threatened if chronic poverty continues to rise. Sustainable peace will largely depend upon the ability to deliver basic social services throughout the country. Similarly, without basic infrastructure the private investments needed to fuel growth will not be forthcoming. Governance and the rule of law provide the institutional base for strong economic performance and poverty alleviation, and the justice that is needed to ensure that grievances are settled through dialogue within the political system, as opposed to violence.

The initial signs of Liberia's recovery are encouraging. Economic growth for 2006 reached 7.8 percent, and growth accelerated beyond 9 percent in 2007, before declining to approximately 6% in 2008 due to the economic meltdown. Infrastructures are being rebuilt, jobs are being



created, kids are back in school, and clinics are being reopened. There is a long way to go, but Liberia is finally on the path to recovery, accountability, and development.

Consolidating the progress across Africa

The recent changes in Liberia and other countries in Sub-Saharan Africa are a welcome reversal of the near universal bad news from the past, and provide hope for a brighter future. The fact that the changes are rooted in important historical and structural changes, and not simply high commodity prices, gives reason to believe that they can be sustained, at least in many countries, and that other countries across the continent can join in the progress.

But the emerging success over the last decade by no means guarantees future success. There is considerable risk that these countries might slide back, sparked by violence, opposition from the small elite minority that lose from these changes, or adverse economic shocks. There is no room for complacency. The governments of these countries and the international community must both take steps to consolidate the progress to date, sustain it going forward, ensure the economic gains are more equitably distributed, and spread the beginnings of progress to other countries in the region.

The key responsibility lies with the leadership and the citizens of African countries themselves. Governments must establish much more transparent and accountable systems of governance, with timely, open, and audited financial accounts; strong judicial systems; a free press with open public discourse; a full embrace of the Extractive Industries Transparency Initiative and similar instruments; and a responsible, professional, and well-compensated civil service. They must also take bold steps to diversify their economies and create new economic opportunities for the poor, including removing unnecessary regulations and red tape, building infrastructure that provides opportunities for rural development, and facilitating the development of competitive labor-intensive manufacturers. In Paul Collier's language, these countries should aggressively take all possible steps to escape the governance and natural resource dependence traps.

The international community can support these countries in several ways. The industrialized countries can and should open their borders to much greater trade from low income countries. If for political reasons they cannot reduce trade barriers to all developing countries, they should begin by focusing first on the countries that are taking major steps to escape poverty and have a chance to stimulate labor-intensive exports. Foreign assistance should be focused primarily on countries that have moved to more accountable and transparent governance and implemented strong economic policies. Many of these countries can absorb much larger aid flows, for example through building basic infrastructures to support private sector growth. And in countries with stronger governance systems, the donors should give the recipients much greater authority over where the funds are spent.

Finally, for low-income countries recently emerging from conflict, maintaining security is a top concern. The international community should support a standing, professionally trained African military force that can be called in on short notice when necessary rather than the current approach as assembling ad-hoc international forces when the need arises.

The good news out of Africa is that many countries across the continent are finally beginning to emerge after thirty years of misrule and economic stagnation. Democracy, stronger economic management, and growth are slowly replacing dictatorship, mismanagement and decline. This is the best opportunity in many years for these countries to escape poverty. But continued progress is far from assured. African governments and the international community must seize this opportunity to accelerate the process towards stronger, more accountable governments and economic revival. The people of Africa want and deserve nothing less.



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There is of course no universally applicable formula how to turn disenfranchised populations into stakeholders of a process of state-building. A natural first step is that such a process should start from the *identification of the main obstacles* to state-building, such as outstanding legal settlements of past conflicts or ethnic and religious tensions. Then, country-specific processes addressing the main obstacles need to be designed and implemented. In general, these processes need to ensure that internal stakeholders acknowledge each other's claims within a framework of politics and the rule of law rather than violence, for instance in the form of institutional arrangements that are moderated by the United Nations.

Obviously, *sequencing of activities* is crucial. Even before the above steps can be taken, (some) state authority needs to be established. This is a decisive step and wrong decisions at this stage are very difficult to be corrected later in the process. In these circumstances, donor governments or intervening external military forces typically play a central role. In fragile states, there is no legitimate partner for reconciliation negotiations to begin with. Rather, this partner (partly) is being legitimized by becoming the partner of external stakeholders. The sequencing of (1) establishing an interim authority, (2) holding a general assembly with the participation of all internal groups, (3) the subsequent ratification of a new constitution, and (4) the first democratic elections has been tried in Afghanistan but still has to prove its effectiveness in establishing a sovereign state.

On top of their very influential role in the initial phase of state-building, donors should later *prioritize activities targeted at state-building* such as the provision of an effective public service, police, and military forces, instead of mainly delivering humanitarian assistance or development projects. While ownership is important in delivering development assistance in general, it is even more so in fragile states, where building up "ownership" in a much wider sense (rather than ownership of a single project) is required.

With regard to the private sector, much more action is needed to *encourage private firms to stabilize fragile environments*. This holds in particular for activities in the resource sector, where a lack of legitimized government authority can easily sustain corrupt regimes and hence undermine state-building. Possibly, the establishment of a supra-national agency or institution with a special mandate to focus on the role of private companies particularly in fragile environments would give such efforts the needed impetus. Alternatively, the International Court of Justice could be provided with the resources to examine this role. Existing initiatives, such as EITI, the OECD code of conduct for multinational companies or single UN enquiries so far appear to remain too patchy to have a real impact on business activities in fragile state environments.