Beyond capacity – addressing authority and legitimacy in fragile states

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Abstract:

This article argues that state-building represents a lengthy process whereby the state’s authority, capacity and legitimacy are forged and strengthened to enable the state to deliver across key domains. Despite the emerging policy consensus that building institutions and strengthening state legitimacy are important, donors have in practice neglected both authority and legitimacy, and supported only a narrow approach to building capacity. If development practitioners wish to address state-building more effectively, a more sophisticated approach is required, reflecting a wider conceptualization of state-building – one that embraces legitimacy and authority, as well as capacity.

Points for practitioners:

By better understanding, disaggregating and investigating authority, capacity and legitimacy in fragile states, donors can derive more targeted interventions and better prioritize these interventions to advance state building. The article suggests that a multi-level diagnostic based on the three dimensions of resilient states can help donors identify context-specific state-building interventions. It also highlights some strategic implications that can emerge from the proposed framework on how donors can help strengthen authority, capacity, and legitimacy in fragile states.

Keywords

Authority, capacity-building, foreign aid, fragile states, institutions, legitimacy, state-building.
Introduction

It is now a commonplace to observe that the issues raised by fragile and conflict-affected states are among the most important faced by the international community. The ‘simple’ answer to overcoming these problems is to help build resilient states. But while donors increasingly recognize state-building as critical, the focus of activity remains on building capacity and delivering outputs, usually in the form of downstream public services. This article argues that if development practitioners wish to address state-building more effectively, a more sophisticated approach is required, reflecting a wider conceptualization of state-building – one that embraces legitimacy and authority, as well as capacity.

The paper is divided into six parts. The first part reviews theories of state-building and argues that there are three core dimensions of functional states that emerge from the academic literature: authority, capacity and legitimacy. The second part summarizes donor experience with state-building so-far. It concludes that donors have been overly focused on delivering outputs and building state capacity. The third part summarizes what can be called the emerging policy consensus among donors and other international actors regarding state-building. It concludes that donors are developing an increasingly sophisticated view of state-building, which recognizes institutions, legitimacy, and the need for gradual, ‘best-fit’ reforms. However, this emerging consensus has not yet been translated into practice and, in any event, riskily underestimates the importance of re-establishing state authority. The fourth part suggests a re-conceptualization of the emerging consensus based on the three core dimensions of statehood identified in the literature review. The fifth component briefly sketches out a multi-level diagnostic approach to help donors identify context-specific state-building challenges in different fragile states based on the proposed framework. The sixth part highlights some strategic implications that can emerge from the proposed framework, derived from the current literature about what works in fragile states.

Thus, the paper formulates a series of propositions:

(i) First, historically, successful state-building has represented a progression whereby three key dimensions of the state – authority, capacity and legitimacy – have been forged and strengthened to enable the state to deliver across four key domains. These domains are security, political/government, economic and service delivery.
(ii) Second, despite the emerging consensus that building institutions and strengthening state legitimacy are important, donors have, in practice, neglected authority and legitimacy, and supported only a narrow approach to building capacity.

(iii) Third, by better understanding authority, capacity, and legitimacy, and the interdependencies among them, donors can derive more targeted interventions and better prioritize these interventions to advance state-building.

The first two propositions are supported by the summary literature reviews in sections one, two, and three. The third proposition remains to be tested once donors take up the framework suggested in sections four, five and six, and pursue a more systematic support for state-building across all three dimensions of the state.

**Theories of state-building – the role of authority, capacity and legitimacy (ACL)**

In Max Weber’s classic formulation, a state is “an organization deploying a legitimate monopoly of violence over a defined territory” (Fukuyama, 2011). Weber defines authority – or “imperative control / co-ordination” – as “the probability that a certain specific command (or all commands) from a given source will be obeyed by a given group of persons” (Weber, 2009: 324). Rewards for obeying authority, or sanctions for disobeying it – including the threat of force – are, however, not enough to form a “reliable basis for a system of imperative coordination” (Ibid). Rather, they need to be accompanied by a belief in the legitimacy of the system. **Legitimacy** in Weber’s description is a claim that justifies the state’s authority, and which is shared among and internalized by its citizens. The three different ‘ideal-types’ of legitimacy claims – rational-legal, traditional and charismatic – are linked to different systems of governance or administration. These different systems of governance are comparable with North et al.’s (2009) description of limited access orders and open access orders, reflecting a progression from personal to impersonal (i.e. rational-legal) rule via the development of stable (i.e. impersonal) institutions.

Tilly (1985) argues that, historically, European nation-states emerged as the result of warfare where state agents eliminated internal and external rivals and set up the administrative structure – or the capacity – to extract the necessary resources to maintain the control they gained over a
certain territory. In their most basic form these were ‘raw power states’ (Ottaway, 2002). Yet, for states to become resilient, the initial consolidation of power has to be transformed into a set of depersonalized rules – or institutions – able “to transform that raw power into authority by regularizing institutions and processes of government” (Ottaway, 2002:1014).

Consequently, to maintain a monopoly of force, a state has to be based on a basic agreement among the elites about how power is obtained and exercised – the political settlement (Whaites, 2008). It also needs an administrative structure able to enforce this agreement and to prevent the (re-)emergence of violence. In other words, to exercise its authority, the state needs both to enjoy legitimacy among its elites and have the capacity to enforce its decisions. Furthermore, a minimum of legitimacy among the broader population is necessary to reinforce the elite agreement. The ability to maintain the political settlement and the administrative structure able to impose order and to mobilize revenues are called ‘survival functions’ (Whaites, 2008) and belong to the ‘constitutive domains’ of the state (Fritz & Rocha-Menocal, 2007). These constitutive domains refer to the political settlement or social contract, the rule of law, the establishment of security and the monopoly of legitimate violence.

Today’s world, with its economic and political interconnectedness, has resulted in a more expansive set of demands being placed upon states by their populations and by the international community (Fukuyama, 2011). First, to maintain legitimacy, states need to create basic conditions for economic growth and for ensuring the provision of basic services. These are sometimes called ‘expected functions’ (Whaites, 2008) in the so-called ‘output domains’, which include economic management and service delivery for the population (Fritz & Rocha-Menocal, 2007). Second, there are expectations about at least a minimum respect for human rights and political accountability. Taken together, this suggests that, historically, state-building represents a process whereby states not only acquire and increase their authority, capacity and legitimacy over time, but also expand them to other outcome domains, such as economic growth and service delivery.

Other recent quantitative and qualitative empirical literature on fragile states and state-building confirm the importance of the three dimensions of effective states. For example, Carment et al. (2008: 350), argue that “a state needs to exhibit three fundamental properties of authority, legitimacy, and capacity (ALC) and that weaknesses in one or more of these dimensions will
have an impact on the overall fragility of a particular country”. They find that an index of fragility comprising the three dimensions correlates well with typical predictors of state fragility found in the literature. Similar conclusions emerge from different case-study reviews. Looking at seven country cases, Stewart and Brown (2009) conclude that states can fail in three ways: there are authority failures, there are service failures, and there are legitimacy failures. Summarizing the lessons learned from a series of articles, Brinkerhoff (2005) similarly identifies three dimensions of restoring governance in fragile states: reconstituting legitimacy, re-establishing security and rebuilding effectiveness.

Other authors consider how the core dimensions of the state need to play out across key state domains for them to avoid or to exit fragility. Marshall and Goldstone (2007) conclude that a state will remain in a state of fragility if it lacks effectiveness or legitimacy in the security, economic, political, or social domain, and it is most likely to fail when it lacks both. Based on a set of five case-studies of states which have successfully emerged from conflict, Cadwell et al. (2011) develop a framework centred around state effectiveness, capacity and legitimacy. They argue that there is a recognizable sequence for (re)building the state in the aftermath of conflict that holds across countries. This starts with re-establishing (basic) security, and continues with ensuring political stability and legitimacy, maintaining macroeconomic stability, and, finally, addressing poverty reduction and service delivery. This reflects a similar progression as the constitutive and outputs domains. However, they warn that the tendency towards stronger, more centralized and autocratic regimes, observed in later post-conflict stages, can undermine state legitimacy and lead to a re-emergence of fragility and conflict over the longer-term.

There is therefore broad agreement, among academics at least, that these three analytical categories constitute the critical dimensions – the essential core – of what it takes to build a state. Clearly they are interdependent: failures in one of the three dimensions are likely to accentuate failures in another. For example: A state needs the ability to collect taxes throughout the territory (authority). To do so, it has to have professional and accountable civil servants capable of exercising this authority (capacity). At the same time, citizens have to regard taxation and its administration as a legitimate expression of state power, lest it fuels grievance and generates resistance (legitimacy).
There is also broad agreement in the academic literature that, although there is no linear process of state-building, there is a rough ‘sequence’ for how states become resilient. It commences with strengthening the constitutive domains of the states, including consolidation of basic security, justice and political institutions, and continues with improvements in the output domains, through better economic outcomes and inclusive service delivery. The common thread that links these domains together is the emergence of institutions – rules of the game – that bind and guide the actions of elites and citizens alike.

**Donor support for state-building so far: some lessons learned**

Virtually all definitions of fragility in donor literature see the severe lack of state capacity and resulting ineffectiveness in delivering basic public goods as the core feature of fragility. Many definitions also include political instability (WB, 2005), lack of ‘political will’ (OECD, 2007c), lack of voice and accountability (WB, 2005) and a deficit of legitimacy (WB, 2011). Definitions of state-building are somewhat rarer in the donor literature, but they also center around improving state-society relations through increasing capacity and legitimacy of the state across key areas and functions (OECD, 2008). Thus, at least in theory, there is a recognition of the importance of both capacity and – increasingly – legitimacy in building resilient states.

However, while donors are increasingly recognising ‘state-building’ as critical, their focus remains on delivering outputs in the form of goods and services. A specific example of this emphasis is the notable absence of attention given to domestic political legitimacy. For example, Goldstone et al. (2004: v) argue that donor emphasis on state effectiveness, through “balancing the budget, training judges, upgrading telecoms”, and the corresponding neglect of legitimacy are key reasons for limited success in building resilient states. A similar critique is systematically formulated in a series of OECD reports. A 2010 review of academic and policy literature, as well of state-building experience in seven countries, concluded that “donors have not always paid attention to understanding how social groups may prioritise legitimacy” (OECD, 2010a: 14). The 2011 monitoring report on the implementation of the “Principles for Good International Engagement in Fragile States and Situations” rates the focus on state-building as ‘partially off-track’. This is primarily due to a technical, apolitical understanding of state-building that focuses on strengthening capacity of formal institutions at the central level, while neglecting political contexts and informal institutions (OECD, 2011a).
Other reports for multi- and bilateral donors come to similar conclusions about the neglect of legitimacy and authority in practice. A review of World Bank country strategies between 2000-2010 in 37 fragile and conflict-affected states reveals that state-building was rarely considered in the countries included in the study (Schnell, 2010). Even in the few cases where it is explicitly discussed, the documents do not convey a comprehensive or consistent understanding of state-building. Rather, the term is employed as a proxy for a range of concerns, from a very narrow perspective of state-building as service delivery through the state to a very broad understanding of state-building as a fundamental transformation in the political, economic, social and security spheres. Strengthening the capacity of the central state institutions is the most often encountered focus in the country strategies. Legitimacy is rarely explicitly discussed, thought it is occasionally addressed indirectly, through strengthening mechanisms of accountability. Authority is never explicitly mentioned, and addressed rarely even indirectly, for example through support to demobilisation and reintegration measures.

At the same time, despite the narrow interpretation of state-building and its neglect in practice, donor approaches are based on an expansive notion of ‘good governance’, sometimes referred to as “skipping straight to Weber” (Pritchett & Woolcock, 2002: 193) or “getting to Denmark” (Fukuyama, 2004: 22), i.e. to an idealized model of the ‘modern’ state of developed countries. This over-expansive approach is also reflected in the inadequate attention paid to the issues of prioritisation, sequencing and trade-offs, which is particularly pronounced in fragile states (Grindle, 2007). Conventional prescriptions for rebuilding governance in fragile states are thus criticized for being overly ambitious and aiming to replicate the modern Weberian democratic states of developed nations (IDS, 2010). This is what Ottaway (2002: 1021) calls the “bargain-basement imperial solution”, i.e. “the attempt to rebuild a collapsed state according to a favourable model but with minimal resources”.

**Emerging policy consensus**

As donors and the international community have learned lessons from decades of limited success in supporting the (re)building resilient states, it has been recognized that we can neither ‘skip straight to Denmark’, nor neglect the political dimensions of state-building.

Four aspects are worth noting:
(i) The importance of institutions. As the World Development Report (WDR) 2011 argues, while “quick wins” to restore confidence are important in the short-term, ultimately the goal in fragile states is to transform institutions in order to prevent further conflict and to overcome fragility. Building resilient states requires building stable institutions that can solve social conflicts over time. The WDR (WB, 2011:xvi) defines them as “the formal and informal ‘rules of the game.’ They include formal rules, written laws, organizations, informal norms of behavior and shared beliefs – and the organizational forms that exist to implement and enforce these norms (both state and non-state organizations”).

(ii) The importance of giving explict and particular attention to the constitutive domains and survival functions, in addition to the traditional focus on output domains and expected functions. The most salient feature of fragile states is that meta-institutions, embodied in elite pacts, political settlements etc., and their enforcement mechanisms lack authority in the eyes of key elites and groups of the population. This is reflected in the weakness of core state systems – the constitutive domains. The implication for donors is that priority may need to be accorded to those institutions and organizations that determine the performance in the constitutive domains of the states, i.e. basic security, justice and political institutions (WDR 2011, DFID, 2009, OECD, 2011b).

(iii) The importance of legitimacy, as opposed to capacity alone. Legitimacy has recently received increased attention from donors (OECD 2011b, WB 2011). However, its translation into donor intervention has lagged behind the rhetoric. The emerging consensus is that interventions need to include a mix of activities most likely to contribute to increased legitimacy in the short-term – i.e. what the WDR 2011 calls restoring confidence – and longer-term efforts to legitimize the state by strengthening its links to society – i.e. what the WDR 2011 terms transforming institutions.

(iv) The need for ‘best-fit’ rather than ‘blueprint’ approaches to rebuilding fragile states (WB, 2011). Both academic and donor literature increasingly recognize that institutional diversity matters – what form key institutions take, which of them plays a stronger role, and how they interact will differ from country to country.

However, while these insights represent a significant progress, they do not go far enough. This is for two main reasons. First, they neglect authority as a fundamental feature of a resilient
state. As a result, they underestimate the degree to which the state is linked to a political community and results from a complex interplay between constellations of power and institutions at different levels. This interplay starts with the overall political system, including the political ‘settlement’, the way elites bargain with one another, and the way they relate to the broader population. It continues with rules at the micro-level that determine individual behaviour over a wide range of situations, affecting how citizens relate to the state and ‘whose’ authority they follow. Second, the current consensus **underestimates the analytical effort required from donors to identify context-appropriate interventions**, if they want to move from best-practice to best-fit approaches and improve the likelihood of effective state-building. This makes it difficult to operationalize, leaving the risk that the emerging insights on state-building in fragile states will remain once again solely rhetorical.

**Proposing an alternate conceptualization – defining the ACL framework**

This article proposes ways to address these two limitations of the existing policy consensus. It involves reconceptualising state-building as a process through which all three dimensions of statehood are strengthened. Drawing on both academic and donor literature, the authors suggest the following interpretation of the concepts of authority, capacity, and legitimacy.

**Authority**

Authority is “the ability of the state to project its political power over all its territory, to reach all citizens regardless of their location, to maintain law and order and protect citizens from predation and violence. It is the ability of the laws and rules of the state to trump all other laws and rules” (WB, 2012: 10). To exercise its authority, the state will need some degree of capacity to operate, and some support from the population for what it is doing, i.e. some legitimacy. However, the concept of authority is not merely an equation of capacity and legitimacy: instead, it reflects the extent to which the state can exercise its legitimate power over its entire territory and the people within it.

While re-establishing security is typically viewed as the first step in re-asserting the central state’s authority, for this authority to be sustainable, it must be embedded in a wider structure of governance. In common usage, authority is used to mean legal (formal or de jure) authority, as in ‘who / what gives you the authority to do X’. However, most salient is the actual (de facto) exercise of authority, regardless of its source. Fragile states are ‘hybrid political orders’ (OECD,
2011b) in which informal institutions and organizations often exercise greater authority – are followed and respected more readily – than formal ones (IDS, 2010). This because they provide alternative venues for obtaining collective goods like security, justice, or social services, they are often “more effective, accessible, fairer, quicker, cheaper and in tune with people’s values” than weak or unresponsive states (OECD, 2007b: 6), and they have been able, over time, to establish a sense of allegiance, trust and loyalty (Clements, 2008). The result is that the state does not have pre-eminence over its entire territory.

Capacity

Capacity is “the ability of the state to deliver or procure goods and services, design and implement policies, build infrastructure, collect revenue, dispense justice, and maintain a conducive environment for the private sector” (WB, 2012: 9-10). Capacity is a latent concept: it is different from effectiveness, which is the extent to which the government actually achieves its objectives. Capacity constraints can arise at different levels (e.g. Brinkerhoff, 2010, Teskey, 2005). They can be caused by:

- Lack of physical resources to carry out key tasks (‘functional capacity’);
- Lack of individual skills and competencies (‘individual capacity’);
- Lack of appropriate processes, structures and incentives for making and implementing decisions and reaching organizational goals (‘organizational capacity’).

As the experience with capacity building has progressed, donors have increasingly recognized that “turning individual competence into organizational capacity requires institutional change” (Teskey, 2005: 10). In other words, organizational capacity development is about ensuring the right people are in the right posts at the right time facing the right incentives, in organizations that are ‘fit for purpose’ and which operate in an environment with appropriate formal and informal incentives. State capacity, however, is more than the sum of the capacity of individual organizations – it depends on how a broader set of institutions interact and how they align with existing power relations and the goals of the ruling elites. The ability to solve societal conflicts and struggles for power is thus a core element of state capacity (Hameiri, 2007a). The conclusion is that creating state capacity, including through civil service reform, depends less on formal or ‘technical’ institutional or organizational design than it does on creating alliances and coalitions.
that are able to agree how state institutions and capacity can be built – i.e. creating a durable political settlement among elites.

Legitimacy

Legitimacy is “whether citizens feel the government has the right to govern – and whether they trust the government” (WB, 2012: 10). While the categorization of legitimacy and its sources differs, two broad types of legitimacy emerge from the literature (OECD, 2010b, WB, 2011). Legitimacy can originate from either performance, including how well the government is maintaining security, creating jobs, or delivering water and sanitation services, or from process, including how the government of the day has acquired power to how it inclusive it is in the process of policy-making. Questions of performance will play a stronger role in buttressing the legitimacy of specific organizations or governments, than in establishing the legitimacy of the state itself, as the latter is grounded in identity and in the succesful development of ‘imagined communities’, to use Benedict Anderson’s term (1991).

Understanding legitimacy in fragile states poses two challenges. First, legitimacy is essentially a subjective feature. Even if ‘performance’ can be measured objectively, for it to translate into legitimacy, it has to be perceived as such by the population. What constitutes a ‘fair process’ is even more culturally embedded and subjective. Thus, equating process or political legitimacy with democratic, rational-legal legitimacy has increasingly come under criticism. For example, the OECD (2010b: 8) argues that “peoples ideas about what constitutes legitimate political authority are fundamentally different in Western and non-Western states”. Second, perceptions of legitimacy are also likely to differ among groups of citizens and elites, especially in fragile states. In other words, akin to authority, legitimacy in fragile states is often fragmented, reflecting fault lines that drive conflict and fragility in state and society.

Using the ACL framework to establish priorities for action

The proposed approach suggests three analytical steps that can help donors identify and prioritize interventions at the overall state level, the level of sectors or domains in which the state is expected to perform (security, political, economic, and social) and at the level of selected institutions or organizations. The point of departure is the political context and the resulting type of political regime. Different types of regimes will have different strengths and weaknesses across the three dimensions (Cadwell et al., 2011). For example, strong centralized (autocratic or
one-party) regimes are more likely to have high authority, particularly over security forces, and might enjoy some legitimacy for delivering security. However, if such regimes rely too heavily on coercion to exercise their authority, and engage in systematic human rights violations, they risk losing legitimacy among the population – which may end up weakening their authority in the longer term. In these cases, if donors want to strengthen the state overall, they should identify ways to open up the regime and prevent further deepening of autocratic tendencies.

The three dimensions of governance vary not only across countries and regime types, but also within the same country across the key domains where the state is expected to perform – security, political, economic and service delivery. For example, cooperative multi-party regimes can obtain some legitimacy from being inclusive in the political domain. However, if they are not successful in delivering a minimum amount of security, economic growth or basic services they will loose some legitimacy in the other domains. To identify key entry points, it is suggested that donors consider in which domains the state’s strengths weaknesses are most pronounced – starting with the constitutive domains (security, political). This suggests another set of questions to review how state authority, capacity and legitimacy are manifested in each domain. For example, donors can assess state authority the economic domain by looking at the size of illicit flows and the scale of the informal economy, capacity in the political or government domain by how well core government systems make and implement decisions, and legitimacy in the service delivery domain by how the level and distribution of social services are perceived by all social groups.

The next step is to identify which institutions and organizations determine the outcomes in the selected domains and to assess these in terms of their authority, capacity and legitimacy. Similar questions can be asked about each critical institution or organization:

- **Authority**: What *de jure* authority does institution/ organization X have? How far does its *de facto* authority extend (territorially and over groups of the population)? What is the basis/ source of that authority? If *de facto* authority is low, is it due to ineffectiveness, lack of legitimacy, or both?

- **Capacity/ Effectiveness**: Does organization X have the capacity to deliver on its functions? Does it have the necessary human and financial resources, organizational structures and
processes, incentive structure etc.? Does it actually deliver on its outputs / expected functions?

- **Legitimacy**: How is institution / organization X viewed by the population overall, specific groups, and key stakeholders? If trust / confidence is low, is it because of low performance legitimacy, low process legitimacy or both?

Depending on the answer to each of these questions, there is a myriad of possible interventions for donors to choose among in order to address the key weaknesses identified or build on existing areas of strength. A forthcoming World Bank publication will discuss more in-depth the questions that can be asked and the strategic and operational options resulting from them – some of which are highlighted in the next section of this article.

**Strategic Options – an illustration of the implications of the ACL framework**

*Where authority is low: align formal and informal authority and expand the reach of the state.*

One of the main challenges for donors is to find ways to align *de facto* and *de jure* authority, so that formal and informal institutions complement rather than undermine each other. This requires a thorough understanding of the local context, including the cultural roots of authority. It implies that attempts at formalization have to proceed gradually, developing key legislation through a consultative process that seeks to build ‘inclusive enough coalitions’ and builds on existing sources of authority rather than on standardized international legislation and institutional structures. Not all informal institutions can be built upon: sometimes, pre-existing institutions and organizations, including informal ones, are contributors to conflict and fragility (Brinkerhoff, 2005). Therefore, re-establishing or strengthening effective public authority in fragile states requires finding the right balance between control, co-optation or integration of non-state actors and sources of authority, particularly in the constitutive domains of the state.

The problem of fragmented authority is most critical in the security sector, where the existence of non-statutory security forces, such as liberation armies, guerrilla armies, private security companies, political party militias (OECD, 2007a) undermines the state’s monopoly of force. Yet, where non-state systems are the main providers of justice and security, dismantling these systems and replacing them with state security forces is unlikely to work, especially in the short-term (OECD, 2007b). An alternative is to pursue a multi-layered approach to security and justice.
provision, by building linkages between state- and non-state providers (Ibid). In the terms of the framework espoused here, it means that building the *capacity* of state security forces/ institutions is insufficient. Rather, a resilient state has also to be able to exercise *authority* over security forces via civilian control and increase their *legitimacy* by establishing institutions to prevent and punish abuses. This requires also strengthening civilian management and oversight bodies, justice and rule of law institutions.

Excessive fragmentation of *political* authority, e.g. between traditional and formal authorities, can also undermine the state’s ability to perform its core (survival) functions in the constitutive domains. Thus, after establishing a minimum of security, one of the first priorities is to expand reach of the state by deploying a rudimentary public administration throughout the country. This helps to restore a minimum ability of the government to raise revenue and deliver public services. It also sends a political signal about the pre-eminence of the state. As Van de Walle (2009: 11) argues: “Public services diffuse cultural symbols of statehood and nationhood (Shils, 1975: 39). They are symbols of state presence. […] Public services may serve as instruments for dispute settlement and for the creation of political loyalty”.

Rebuilding the physical and organizational infrastructure for the state to reach all the territory and people within is not by itself sufficient. Connecting formal and informal sources of political authority requires strengthening relations between the central government and local/ regional authorities. How to do that – in particular, when and how much to decentralize – remains a highly contested issue. Decentralization can either strengthen or undermine state-building, depending on how it addresses underlying causes of fragility, whether it helps bridge ethnic and other socio-political and economic divisions, and whether it gives central and local elites incentives to carry out the conflict through political or rational-legal rather than violent means. The key lesson is that in fragile settings, the best strategy is to pursue “decentralization that strengthens ties with the center” (Siegle & O’Mahony, 2007: 57).

Limited authority manifests itself also in in the *economic* domain through “the fusion of private and public roles (with military and government officials becoming ‘businessmen’), and the strong role of illegal and parallel economic activities.” (Peschka, 2011: 28). Limited authority in the economic and in the security sector are often linked, as illicit flows are used to finance para-statal security forces and fuel violence. Even when illicit flows do not directly fuel violence,
disputes over the distribution of resources are often what lies at the heart of conflict (OECD, 2011b, North et al., 2009). This generates the difficult choice between limiting rent-seeking activities and maintaining the underlying agreement about the distribution of economic rents, on which (informal) political settlements are often built. Where possible, transparent and equitable provisions for resource sharing should be introduced in peace agreements. Priority can be given to increasing transparency, reducing corruption, and eliminating human rights abuses in “high-risk” sectors, such as extractive industries (Bannon & Collier, 2003).

Supporting the integration state and non-state, formal and informal organizations and institutions is perhaps easiest in the social service delivery sector, where the potential dangers of undermining state’s monopoly of force are less pronounced. Donors can do this through supporting dialogue and other forms of mutual engagement between the state and no-satte providers, encouraging cooperation around basic services, setting up quasi-government agencies or public-private partnerships, and building the indirect or ‘stewardship’ functions of the state, such as policy making, regulation and contracting (Batley & Mcloughlin, 2010).

Where capacity is low: strengthen the capacity of organizations, not just individuals.

The severe lack of capacity in fragile states and the pressure for donors and governments to deliver quick results creates “a trade-off between the exercise of capacity and building it” (Brinkerhoff, 2010: 69). The tendency to resort to quick fixes, such as habitually using expatriate staff, setting up separate project implementation units, or relying on contractors and international NGOs, risks further weakening state capacity by drawing away resources from already weak government institutions (Baird, 2010). Donors have to find the delicate balance between delivering services quickly to those in need and ensuring accountability in the way their money is spent, on the one hand, and strengthening public institutions in the long-term, on the other (OECD, 2008, WB, 2011).

This requires careful transition planning from the beginning, which builds on a more holistic view of capacity. Endowing organizations temporarily with more resources, training selected individuals, or even setting up domestic training institutes, will not be sufficient in the longer term.

Furthermore, while donors can help set up organizations, for them to become established they have to fit in the broader institutional environment (Teskey, 2005). For example, effectiveness
and efficiency of public service delivery organizations is difficult to improve unless public service-wide rules and regulations (e.g. regarding pay and recruitment) set the right incentives. The political dimension of state capacity suggests that building the capacity of individual organizations will not be sufficient if they are not aligned with broader power relations, and if they do not enjoy support among key domestic constituencies. In other words, organizational capacity building will have limited success if the authority and legitimacy of these organizations and of the state overall are not strengthened simultaneously.

Where legitimacy is low: build on domestic sources/ interpretations of legitimacy.

Addressing legitimacy requires that donors not only understand domestic sources of legitimacy, including their cultural roots, but also pay careful attention to the actual perceptions of legitimacy of both elites and citizens – including different social groups, such ethnic minorities, women, or other previously excluded groups. Differentiating between the types of legitimacy can help in this regard. If an organization has low performance legitimacy because of its ineffectiveness, then the priority would be to invest in capacity building. If the process through which the organization makes and implements decisions is perceived as unfair or otherwise diverging from expectations, the focus should be on improving accountability, reducing corruption or preventing abuses.

One of the main sources of performance legitimacy is the degree to which the state succeeds in maintaining basic security and delivering basic services. This is why some visible form of state engagement in the delivery of these services is so fundamental. Otherwise, “unpopular functions such as taxation are recognizably attributed to the state, while popular functions are perceived to stem solely from donors or NGOs” (Baird, 2010: 20). However, given that fragility often stems from inter-group tensions and inequalities, what matters is not just the absolute level of services, but also their distribution. Particular attention should be paid to those groups and regions that are systematically excluded and were most affected by conflict (Ibid). The need to maintain legitimacy in fragile states can trump other concerns that tend to dominate in established ones. Thus, sometimes efficiency needs to be carefully balanced against the need to maintain political stability, e.g. by maintaining “inefficient” programs if they give a visible benefit to the population thus increasing government legitimacy, or by accepting a somewhat oversized civil service if this to gives warring groups a stake in government (Keefer, 2008).
From the perspective of *process or political legitimacy*, a highly salient problem is generalized corruption. Distinct anti-corruption agencies have shown little success in fragile contexts (Spector, 2008). Nevertheless, indirect ways to address corruption in key institutions via “public financial management and oversight, civil service reform, justice sector reform, and support to national legislatures and executive branches” can offer alternative entry points (e.g. UNDP, 2010: 39). So can bottom-up modes of accountability, e.g. via social funds and community-driven approaches (Baird, 2010), especially where the ‘long route’ of accountability via elections and top-down state control is weak. Again, it is important to be aware that corruption can have a stabilizing or destabilizing role, depending on the context and the type of corruption (Hussman, Tisne, & Mathisen, 2009). ‘Classic’ patronage politics can contribute to maintaining social and political cohesion (Brinkerhoff & Goldsmith, 2005). Trying to eliminate this can result in a backlash against reforms and in renewed instability (e.g. Hameiri, 2007b). On the other hand, corruption tied to organized crime or corruption in the security sector can fuel fragility and instability, and thus addressing these should represent a high priority in fragile states.

One of the most difficult tasks for strengthening state legitimacy is to build a shared national identity and restore social capital. Often, this is attempted through promoting interactions between people from different groups in community-based approaches or other participatory modes of service delivery, planning and monitoring. However, this is likely to show only localised effects, and scaling up remains a challenge. Ambitious projects, such as reinforcing a common identity through unified school curricula take longer, are more politically sensitive, and more difficult for donors to support.

*Balance authority, capacity and legitimacy.*

The interdependence between the three dimensions of resilient states highlighted in the previous chapters means that all three need to be addressed in tandem – both at overall state level, and at the level of selected institutions or organizations. Strengthening the capacity of organizations with low legitimacy can harm government stability and even re-ignite conflict. Investing institutions with authority before they have the capacity to fulfill their functions and the necessary support from key stakeholders can be ineffective at best and counter-productive at worst. This suggests an approach where capacity-building needs are derived not only from perceived gaps in the effectiveness of an organization, but also from an assessment of how much
legitimacy is enjoys in the eyes of the population and what role it plays in establishing the authority of the state. For example, where an institution, organization or regime has high capacity, but low legitimacy (quadrant IV in the figure 1 below), efforts can focus on finding ways to increase legitimacy. Capacity-building efforts can be the priority for organizations that enjoy a significant degree of legitimacy (quadrant II). Where both legitimacy and capacity are low, careful efforts can be undertaken to strengthen capacity, as long as particular attention is being paid to avoid reinforcing a source of fragility while doing so (quadrant III). An organization is best positioned to exercise its authority when it enjoys a reasonable level of both capacity and legitimacy. Such organizations can thus be endowed with additional powers to expand their authority (quadrant IV).

[Insert Figure 1 here]

Conclusion

This article presents a framework through which donors can approach and operationalize state building. The proposition is that authority, capacity and legitimacy represent fundamental dimensions of any state – whether traditional or modern, limited- or open-access. Historically, states have developed through progressive expansion of all three dimensions to new areas or ‘domains’. In their earliest embodiment, ‘raw-power states’ exercised their authority by maintaining a monopoly of force and dispensing basic justice, their capacity consisted mostly of coercive capacity, and legitimacy was drawn primarily from the provision of a minimum of security backed up by claims to traditional or charismatic authority. While these remain survival functions of the state, today expectations of the state have risen. Even without ‘skipping to Denmark’, states are expected to fulfill basic economic and service delivery functions to earn some legitimacy.

This article of course does not aim to answer all questions about state-building and the role of donors within it. Building resilient states is a complex and long-term undertaking that goes beyond the relatively short time-frames of donor project and political cycles. It also remains a primarily endogenous process, driven by national elites and citizens, to which donors can often only indirectly contribute. Yet, their interventions can support and facilitate state-building, or inadvertently harm its prospects. What is argued here is that the current donor approach to state-building can be improved by better understanding how the state and its institutions develop
authority, capacity and legitimacy. If, as this paper argues, the three dimensions of resilient states have to evolve in a relatively balanced way in order for it to deliver in key domains, then the focus of donors on delivering outputs – thus taking over functions of the state – and on capacity building will be ineffective at best and counterproductive at worst.

To date, donors have begun to think more fundamentally about state-building, prompted both by experience and by the emerging literature. Academics have extensively explored fragility and state-building, and developed complex frameworks to explain them. Donors need practical guidance on how to operationalize this complexity. This article, and the forthcoming toolkit from the World Bank on state-building in fragile states, represent an attempt to close the gap between research and practice, by suggesting questions donors can ask and interventions they can pursue if they wish to help states overcome fragility and become resilient.

Endnotes

i Indonesia, Nepal, Guatemala, Cote d'Ivoire, Nigeria, and Sudan.

ii Articles cover, among others, experience from Cambodia, Mozambique, Rwanda, Uganda, and Vietnam.

iii Afghanistan, Bolivia, Democratic Republic of Congo (DRC), Nepal, Rwanda and Sierra Leone.

References


