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DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

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## **DRIVERS OF FRAGILITY: WHAT MAKES STATES FRAGILE?**

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**Claire Vallings and Magüi Moreno-Torres**

This Working Paper is part of a series prepared by the Poverty Reduction in Difficult Environments (PRDE) team in the Department for International Development's Policy Division. It represents solely the views of those involved in its drafting and does not necessarily represent official policy. Please send all feedback to Claire Vallings at [C-Vallings@dfid.gov.uk](mailto:C-Vallings@dfid.gov.uk).

## **Contents**

Executive summary.....	2
I. Introduction: what drives fragility? .....	4
II. The central driver of fragility: weak political institutions .....	7
A. What makes the institutional set-up weak? .....	8
B. How does an unchecked executive relate to weak institutions?.....	10
C. How does limited political participation relate to weak institutions? ..	11
III. Other drivers of fragility .....	13
A. Economic development .....	14
B. Natural resources .....	17
C. Violent conflict .....	17
D. Transitions .....	20
E. External shocks .....	20
F. Geography, climate and disease .....	21
G. The international system .....	22
IV. Conclusion: policy implications .....	24
A. Some operational recommendations.....	26
REFERENCES .....	29

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## **Abbreviations**

DFID	UK Department for International Development
DRC	Democratic Republic of Congo
GDP	Gross Domestic Product
IMF	International Monetary Fund
LICUS	Low Income Countries Under Stress
MDGs	Millennium Development Goals
SFTF	State Failure Task Force
UN	United Nations

## **Executive summary**

- Weak institutions are the central driver of state fragility. Other factors associated with fragility include: economic development, violent conflict, natural resources, external shocks and the international system.
- Each instance of fragility is unique, but there are common themes that can be identified to inform better responses. There is a circular nature to all aspects of this discussion: drivers of fragility are often both self- and mutually-reinforcing.
- Just as states can be fragile in various ways, not all regimes (or combinations of institutions) show the same characteristics of fragility. Stable political systems have institutions that mutually reinforce each other and are therefore able to manage tensions without a population resorting to violence.
- The key to understanding fragility is understanding where weaknesses exist in a state's institutions. This relates to the incentives governing the behaviour of social groups, particularly those with political power. Academic research has shown that power selection mechanisms, control on a state's executive, and public participation in political processes are the three main components that explain institutional weakness.
- States whose political systems and institutions are in some form of transition are more likely to show signs of fragility. This may be due to frustrated expectations amongst a population previously accustomed to higher levels of service delivery or more opportunity for political participation.
- Economic factors have significant impact on state fragility but their effects are generally less significant than the strength of a state's institutions. Economic development is not a prerequisite for preventing fragility, but a lack of growth will mean that institution building is more difficult than otherwise.
- Natural resources, ethnic composition and a colonial heritage do not in themselves drive fragility. Rather, it is the political manipulation of these factors that can impact on state stability. This manipulation is more likely in states with weak institutions.
- Violent conflict is the ultimate manifestation of state fragility. However, it is not just an outcome of fragility, it can also be a driving factor of fragility, either continued or in the future. This is due to reduced levels of GDP, increased strain on political institutions, and the social tensions that often come to prominence as a result of violent conflict.

- States do not operate in isolation, yet regional drivers of fragility are often overlooked in responses to fragile states. There is strong evidence that fragility has far reaching consequences beyond a state's borders.
- The evidence suggests some important policy implications for DFID and other donors. Foremost is the need to support political institutions into the long term, beyond technical assistance and beyond short-term democracy and electoral interventions. There needs to be a broader understanding of institutional support than has been recognised up until now.

## **I. Introduction: what drives fragility?**

1. In order to better understand fragile states, we need to know how states become fragile in the first place. There is no internationally agreed definition of fragility but for the purposes of this paper, states are considered fragile when their government cannot or will not deliver the core functions to its people, including the poor.<sup>1</sup> Our definition of fragile states focuses on weak capacity and/or lack of political will to provide services and to sustain a development partnership with the international community.
2. Fragility is essentially a dynamic process. States may not always demonstrate signs of fragility; elements of fragility will be more obvious at some times than at others. This paper discusses the main pressures, or risk factors, associated with fragility, taking into account that there is no simple causal process and that each case is the unique outcome of a set of complex chains of events and interactions. While each context is different and each vulnerability distinctive, research points to a set of common and interrelated factors that affect, either in causing or sustaining, fragility. These include: weak political institutions, economic decline, poverty, and violent conflict. A state's geography and history can also play a role in driving fragility. And there are other factors, such as regional influences that are linked with fragility, but these require further study and will be examined in a separate paper.
3. The focus of this paper is to look at how these factors affect a state's effectiveness and strength, particularly with regards to its role in reducing poverty. The paper is not intended to be an extensive academic review of the available literature on causes of fragility. Instead, it is hoped that this paper will contribute to a better understanding of responses needed in fragile states. The principal questions we seek to answer are:
  - What drives fragility?
  - What does this mean for DFID as a donor in responding to fragile states?
4. Our conclusions represent the result of an analysis of the evidence examined, with reference back to the fragile state typology of willingness and capacity.<sup>2</sup> Given the diversity of 'fragility' under this typology, some of the conclusions drawn here may be rather obvious. However, our assertions seek to cover the full range of fragile states, be they areas moving towards fragility, or those that, over time, persistently do not improve conditions for development.

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<sup>1</sup> The most important functions of the state for poverty reduction are: territorial control; safety and security; capacity to manage public resources; delivery of basic services; and the ability to protect and support the ways in which the poorest people sustain themselves. See DFID Policy Paper (2005), "Why we need to work more effectively in fragile states"

<sup>2</sup> Moreno-Torres, M and Anderson, M (2004)

5. Why look at fragility? DFID's mandate is to promote sustainable development and reduce poverty with a commitment to work towards the Millennium Development Goals (MDGs). Fragile states contain 14% of the world's population but account for nearly 30% of those living on less than US\$ 1 a day.<sup>3</sup> As such, they significantly reduce the likelihood of the world meeting the MDGs. State fragility can also threaten regional and global security, and certainly, the costs of late response to fragility are much higher than its prevention. Transnational crime and the spread of disease will also be much harder to tackle if we ignore fragile states. And finally, there is now plenty of evidence that the incidence of state fragility is likely to grow in the coming few years. Thus ad-hoc, *reactive*, responses are clearly not enough. DFID and others must work to anticipate fragility, avert it when possible and help post-conflict and fragile states to lay solid foundations for peace, good governance and development.
6. In looking at the drivers of fragility, it is necessary to underline a few starting points:
  - Our definition implies a negative view of fragility. We make no value judgement on the durability of a state's institutional set-up: political systems that are durable are not necessarily better for being so. However, fragile states, irrespective of their characteristics, are deemed to have negative effects on, among others, the prospects for poverty reduction.
  - Incentives and expectations matter with regards to fragility, both for those in and outside power. A Drivers of Change approach is crucial in understanding why certain groups use institutions in certain ways. In most instances, the primary incentive for those groups with political power is to maximise it, often through personal enrichment. For example, a government's expectations of their longevity in power can influence the adoption of specific policies, which can in turn have consequences for other triggers of fragility. And however long a political regime has survived, the incentive structure changes drastically if the government is expected to collapse or change soon.
  - Drivers of fragility are often both self- and mutually-reinforcing. Each instance of fragility is unique, but there are common themes that can be identified to promote better responses to fragile states, in particular focusing on preventing fragility.

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<sup>3</sup> Branchflower et al (2004)

7. This paper examines each driver in turn (sections II-III), where necessary giving a working definition of the driver being looked at, and then setting out the available evidence that suggests the link to fragility. The last section explores some policy implications for DFID and other donors.

<b>Box 1: Some basic notions and assumptions</b>	
<b>Fragility</b>	<ul style="list-style-type: none"> <li>• In simple terms, fragility is understood here to refer to ineffective states, those that cannot or will not fulfil minimal functions of government. The term is used interchangeably with weakness and instability.</li> <li>• The features of weakness combine in different ways and can change over time, but include the following: state collapse, loss of territorial control, low administrative capacity, political instability, conflict, pervasive corruption, and low acceptance of the Rule of Law.</li> </ul>
<b>Political Instability</b>	<ul style="list-style-type: none"> <li>• Political instability is a contested, broad term that means different things to different people. It is often used to refer to political violence in a given country, be it severe (coup d'états, assassinations, constitutional or regime changes, state failure) or more moderate (government crises, riots).</li> <li>• Political instability is here understood as any process by which a state is fundamentally challenged, be it through violent conflict, or regime change. The assumption is that the state is a crucial element of stability.</li> </ul>
<b>Drivers</b>	<ul style="list-style-type: none"> <li>• A driver is a factor in a process, and relates to how a new circumstance comes about. For our purposes, it includes structural features (natural and human resources, economic and social structures), institutions (see below), and agents (individuals and organisations pursuing particular interests).</li> <li>• A driver can move in either a positive or a negative direction or both: a driver is often self-reinforcing, so that it can cause another event, but in turn be influenced by that event as well.</li> </ul>
<b>Political Institutions</b>	<ul style="list-style-type: none"> <li>• Political institutions are the frameworks of rules structuring the behaviour of, in this case, political actors that exercise, distribute and enforce political power. They can be formal (national police) or informal (customary legal courts), state (parliaments) and non-state (NGOs) institutions, and they vary in scope and force. This paper focuses on formal and informal state institutions.</li> <li>• Political institutions vary across countries and over time. Political institutions will be shaped by a wide variety of factors, including geography, economic development, history, culture &amp; social norms, and by the state's interactions with its neighbours and the wider world.</li> <li>• Strong political institutions are those that can effectively constrain abuse of power by those in political office. Weak institutions are those that cannot. 'Strong' institutions should not be equated with 'repressive', but rather 'well-functioning'.</li> </ul>
<b>Legitimacy</b>	<ul style="list-style-type: none"> <li>• The most authoritative governments are those that are legitimate in the eyes of citizens because they are in some way accountable and responsive to the people they represent.</li> <li>• Legitimate regimes are those that can induce compliance without resorting to force and are less likely to be confronted with violent challengers.</li> </ul>

## II. The central driver of fragility: weak political institutions

8. This paper argues that the central driver of fragility is weak state institutions. All other factors associated with fragility are in themselves linked to weak state institutions as a driving force. For example, we shall see that poverty is certainly linked to fragility, but not all poor areas are necessarily fragile. Fragility can occur when poverty or economic decline are *combined* with the presence of weak state institutions that cannot manage the very real grievances caused by, for example, inequitable distribution of resources or unequal access to formal institutions. Essentially, this means that in fragile states political institutions are not strong enough to manage effectively the natural conflicts that occur in society. This 'fragility' or weakness will be most evident at any time that the state undergoes processes of economic, political and social change.
9. The way political institutions are arranged in a state can provide a useful way to categorise the state's regime or the specific form of government. As such, a state can be categorised as a 'full democracy'; an 'autocracy'; or as somewhere in the middle. However, this section argues that the type of regime or government is not related to political stability per se. Rather it is the consistency of institutions that is more important. Strength is understood to mean that under diverse political and institutional arrangements, individuals and groups in society act in ways that serve to maintain the effectiveness and authority of the Rule of Law, and guard against abrupt challenges from within political institutions.
10. Most developing countries (and most fragile states) fall into the grey middle ground between quite distinct and fully-fledged political regimes of democracy and autocracy.<sup>4</sup> Therefore thinking in terms of political regimes is not useful when thinking about fragility. Instead it is necessary to look in greater depth at how a state's political institutions relate to each other, to understand their likelihood of experiencing fragility.
11. This paper uses the Polity IV Dataset typology to distinguish between various combinations of political institutions, ranging from what is commonly called democracy and autocracy. Using the Polity IV Dataset (which collects and analyses data on political regimes around the world from 1955), academic research finds that states that have combinations of democratic and non-democratic institutions have historically shown exceptionally high risk of state failure.<sup>5</sup> Figure 1 shows the worldwide odds ratio of state failure against varying combinations of political institutions. Clearly, those areas with *partial democratic institutions* (see Box 2 below) are much more prone to fragility than others. If we look at the same findings only for Sub-Saharan Africa, the evidence is much more stark (see Figure 2). What is particularly interesting is how, according to this research, other factors such as trade openness, population density,

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<sup>4</sup> Carothers (2002)

<sup>5</sup> Goldstone et al (2004)

ethnic composition and rate of economic growth are much weaker indicators of the risk of fragility.

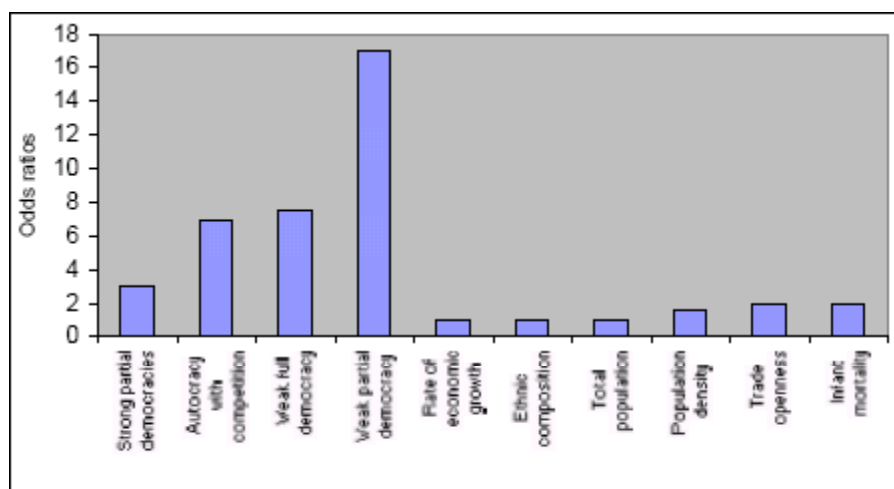


Fig. 1: Relative importance of political institutions in state failure (All countries), Source: Goldstone (2004)

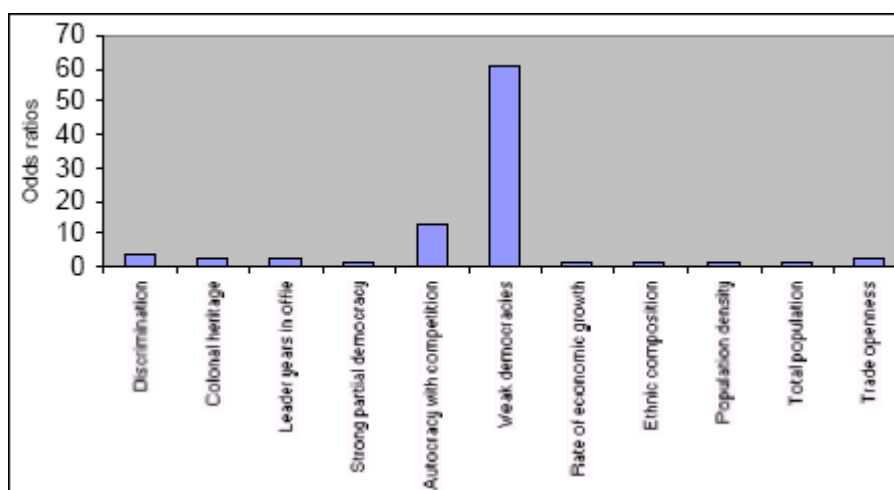


Fig. 2: Relative importance of political institutions in state failure (Sub-Saharan Africa), Source: Goldstone (2004)

**A. What makes the institutional set-up weak?**

12. Any state's stability depends on a balance in its core political institutions that is self-enforcing.<sup>6</sup> In a democracy, a state's institutions - whether the national police service, or the legal definition of property rights - transmit the rule of law. This is the legal limit by which individual, collective and political activity is managed. Where such institutions are governed openly and transparently they reinforce each other, providing the constraints on an executive, the so-called 'checks and balances', necessary for stability.

<sup>6</sup> Gates et al (2003)

13. Conversely, in areas where these institutions are continuously changing, or in a state of transition, (partial democracy and autocracies with some political competition and participation), there is only a weak system of institutional coherence, so that individual parts of that system fall open to abuse by powerful groups and interests. In these areas there may often also be higher levels of illegal or informal activity as the population finds alternative means of support, bypassing the state institutions, which in many cases may be newer than traditional non-state ones. In doing so, the institutions are further undermined.
14. Note that it is not the process of change itself that is synonymous with fragility (crises can allow more flexibility over policy choice, for better or worse outcomes) but rather the balance between a state's institutions that will determine whether particular incidents or conditions destabilise the state.
15. In thinking about the balance of state institutions, we primarily refer to three key elements, which make up what we call political regimes (See box 2). These are selection, control and participation:
  - a. **Selection:** the method of selecting and replacing the government leaders. This ranges from the most open (competitive elections) to the most closed (royal succession). In between are mixed methods such as designation (a small group chooses its leaders without formal competition). Finally there is self-selection through seizure of power, usually by force.
  - b. **Control:** the limits on the executive's power by holding it accountable. Some examples of checks and balances on executive behaviour include parliaments, a single state-party (i.e. Communist Party in China) or a separate judiciary.
  - c. **Participation:** the degree of involvement of the public in the political process. It is assumed that participation is greater when there are relatively stable and enduring political groups (not necessarily parties), and that it is institutionalised when they regularly compete for national political influence. Participation can be factional where intense, often violent, competition exists between those groups that hold power and those that do not. Restricted participation means there are persisting, institutionalised limits to the involvement of groups or individuals in the political life of a country.

Where any one of these three elements of institutional set-up is more influential on a political system than the others, the state will show signs of fragility<sup>7</sup>. We examine why in the following sections.

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<sup>7</sup> Please note that we refer to formal rules rather than specific current political reality, and we assume the central government has full control over the national territory and any local authorities.

16. Several academic studies find that control and participation have a strong and positive effect on a state's stability. If the executive is subordinated or controlled by other levels of government and if political competition is institutionalised and functional, the relative odds of political instability are dramatically lower than they might be otherwise, even in unfavourable conditions. Where these conditions are absent, even in contexts of growth, the relative odds of fragility are large.<sup>8</sup> According to the statistical research based on the Polity IV, democrats and dictators alike can create stable states; it is the weakness of the state's institutions (authoritarian or democratic) that has effects on fragility.

**Box 2: Political regimes typology**

**OPEN AND COMPETITIVE SELECTION OF POLITICAL LEADERS**

<i>Strong full democracies</i> (India, Costa Rica, Botswana)	<ul style="list-style-type: none"> <li>• Highly institutionalised and cooperative political participation</li> <li>• Executive is formally controlled by other government institutions</li> </ul>
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<i>Weak full democracies</i> (Mexico, Romania, Philippines)	<ul style="list-style-type: none"> <li>• Either an unconstrained executive power</li> <li>• Or a restricted or factionalised participation</li> </ul>
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<i>Weak partial democracies</i> (Indonesia, Cote d'Ivoire)	<ul style="list-style-type: none"> <li>• Neither control on the executive power</li> <li>• Nor cooperative/institutional participation</li> </ul>
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**LIMITATIONS ON ACCESS OR COMPETITION IN THE SELECTION OF LEADERS**

<i>Strong partial democracies</i> (Russia, Turkey)	<ul style="list-style-type: none"> <li>• Either a degree of control over the executive</li> <li>• Or a highly institutionalised and cooperative participation</li> </ul>
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**RESTRICTIONS ON ACCESS OR COMPETITION IN SELECTION OF LEADERS**

<i>Autocracies</i> (Burma, North Korea)	<ul style="list-style-type: none"> <li>• Executive is selected through succession, designation, self-selection or a mix</li> <li>• Authority is not subordinate or constrained</li> <li>• Political participation is highly restricted</li> </ul>
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<i>Autocracies with some competition</i> (Egypt, Morocco, Pakistan)	<ul style="list-style-type: none"> <li>• Limited space for political competition, although with little real power</li> </ul>
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*According to research based on the Polity IV dataset, political types in shade have a higher risk of political instability*

**B. How does an unchecked executive relate to weak institutions?**

17. Institutions establish and embody the rules and procedures for how a state is governed. These include constraints on a ruling entity once it has

<sup>8</sup> Goldstone et al (2004). This model accurately identified 75% of state failures and 76% of the controls in the historical data.

gained power, as well as provision for how that body is selected in the first place. In a full democracy, the legislative, executive and judicial arms of state structure have distinct shares of power, and are intended to reinforce each other; when power is separated into these three distinct areas, each institution acts as a counter-balance against any possible abuse of position from the others. The result is state stability: the state has the ability to settle disputes and conflict peacefully, without recourse to violence. Where the power distribution amongst these institutions is unequal, there will be no constraint against internal jostling for power, and each institution will be highly unstable as a result. The result for the state is fragility. It is particularly important to note that a lack of constraint on a state's executive arm is much more critical for stability than the method in which those entities are selected.<sup>9</sup>

18. Effective states also depend on effective political leadership equipped with the skills to manage conflicting interests, agree effective policies, and see through structural change. Where institutions are weak, personalities often dominate. In the worst cases, predatory leaders unchecked by institutional constraints can steal property, kill people, and ruin the economy.<sup>10</sup>

**C. How does limited political participation relate to weak institutions?**

19. Where a state's institutions are weak, the rules and procedures for selecting a ruling body will be undermined. It is important to note here the distinction between the election process itself and *participation* in election processes. Free and fair elections for a President or Prime Minister are not enough to ensure stability. Indeed, elections themselves can be destabilising. The nature of the election process (presidential or parliamentary system; 'first past the post'; proportional representation) is shown to be much less important for stability than how far institutions are constrained to regulate access, authority and political competition.<sup>11</sup> If significant elements of the population are prevented from participating in electoral processes a state's level of fragility will increase. However, the point here is that expectations matter and that, in many fragile states, holding elections has a legitimising effect, particularly in post-conflict, transition situations. They are 'an important staging post, but not the finishing line'.<sup>12</sup> Donors and other external actors often push for and have overly positive expectations of elections, particularly in post conflict settings.

20. Just as limited electoral participation can lead to fragility, so too can limited participation in wider political processes. Weak institutions will be unable to prevent wider discrimination against individual societal groups. Effectively, this can mean that significant proportions of a population are

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<sup>9</sup> Goldstone et al (2004),; Gates et al (2003)

<sup>10</sup> Rotberg (2004)

<sup>11</sup> Goldstone et al (2004); Cheibub & Limongi (2002)

<sup>12</sup> Kofi Annan, Speech at Banqueting House, Whitehall, 10 February 2005

entirely excluded, not only from the leadership selection process, but from wider political representation as well. At its most extreme, this exclusion can drive fragility, as large sections of the population express their grievances at not being represented through violence.

21. This is often evidenced in states with two large and roughly equal ethnic groups. If one ethnic group is dominant across the political spectrum and discriminates against the other, that state is at a high risk of fragility.<sup>13</sup> Exclusionary politics motivates discriminated groups to resist, which may in turn motivate ruling authorities to repress even further.
22. Reynal-Querol has developed a theoretical model that captures the links between political systems and rebellion, arguing that the more inclusive the system, the smaller the probability of fragility.<sup>14</sup> Conversely, there are several studies that show both that extremely diverse or homogeneous societies tend to be at a lower risk of conflict.<sup>15</sup> Note, however, the combination of factors at work here. A country's ethnic composition has no direct impact on stability.<sup>16</sup> Rather it is only when ethnic differences are combined with active political discrimination or mechanisms of social exclusion against particular groups that fragility is found.
23. This supports the findings shown earlier in Figures 1 and 2: it is not ethnicity that can drive fragility, but weak state institutions that cannot manage tensions between a population's different groupings. See Box 3.

**Box 3: Kosovo**

Kosovo lost its Yugoslav status of provincial autonomy in 1989. There followed 10 years of discriminatory political practice which saw members of the majority ethnic Albanian population systematically removed from positions of public office and state-owned enterprises. The decade was also characterised by little investment in any state infrastructure for the province. After an initial period of peaceful resistance, a violent rebellion force gained support: with little opportunity for employment or economic development, and near complete lack of access to representation in the official political institutions of the time, popular discontent turned to violence.

24. It is worth mentioning a line of enquiry about the strength of state institutions that has focused on the legacy of colonialism. The impact of European colonialism on states was significant in some cases, particularly in fragmented pre-colonial Sub-Saharan Africa. External actors created structures that often conflicted with, or were superimposed onto, pre-existing political institutions and forms of governance. By ignoring customary sources of political authority, the newly-imposed state structures were undermined from their creation.<sup>17</sup> Since institutions were not embedded in domestic power relations, they lacked legitimacy and capacity. And those working with the new institutional set-up would often accommodate it within traditional political relations by resorting to

<sup>13</sup> Collier (2003)

<sup>14</sup> Reynal-Querol (2002)

<sup>15</sup> Collier (2003)

<sup>16</sup> Goldstone et al (2004)

<sup>17</sup> Englebert (2000)

patronage and what has been called the ‘hollowing out of the state’ in favour of particular interests, away from the notion of ‘national interest’. This means that state institutions are accountable only to the followers of those in power and that the legitimacy of the state derives from its ability to deliver resources to them. See Box 4.

**Box 4: DRC**

The people of the Congo have been beset by a history of exploitative rule from the time of Leopold to the present day. At independence, there was a near total absence of Congolese-run democratic institutions, setting the scene for the emergence of a state built on imposed institutions lacking ownership and experience. The result was the wholesale exploitation of wealth by those in power, hollowing the state out of its natural resources for personal gain. The country’s economy was crippled, and state structures were characterised by the high levels of fragility that persist today. After Mobutu’s fall in 1996, the country plunged into civil war, devastating the country’s potential still further and leaving its people in one of the worst humanitarian situations in the world.

### III. Other drivers of fragility

25. There are three theories in the literature presented as factors associated with state fragility: the ‘cost-benefit analysis of insurgence’, the ‘role of economic performance’, and the so-called ‘modernisation theory’. They are detailed below. Each theory presents alternative contributing factors to fragility, some of which overlap with each other, such as economic development or violent conflict.
26. Some of these factors in themselves can drive fragility, whilst others are indirect drivers of fragility when combined with other factors.
27. Importantly, all of them can drive fragility when combined with weak state institutions which is why weak institutions are presented in this paper as the central driver of fragility. None of the factors highlighted below is as central to fragility as weak institutions. The three theories are:
  - a. **The cost-benefit analysis of insurgence:** a political system is stable if no group can be better off by triggering a rebellion.<sup>18</sup> However, in this theory, the focus on conflict as a causal characteristic does not take us very far along the explanatory causes of fragility: violent conflict may be a manifestation of politics by other means. It does not necessarily tell us why political systems and institutions cannot manage tensions in a peaceful way.
  - b. **The role of economic performance:** a sudden dip in growth (evidenced by, say, the sudden onset of famine) or frustrated expectations around wealth creation may explain surges of

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<sup>18</sup> Reynal-Querol (2002)

violent political discontent.<sup>19</sup> However, analysis carried out by the State Failure Task Force<sup>20</sup> indicates that growth and economic performance do not, in fact, have a significant effect on the risk of severe fragility.

- c. **The modernisation theory:** as countries develop and become wealthier, increased demands for participation from the middle classes clash with exclusionary government leaders.<sup>21</sup> However, this theory does not explain what role institutions play in driving fragility.

28. The factors relating to fragility presented in these theories include: (a) economic development, (b) natural resources, (c) a history of violent conflict, (d) transitions, (e) external shocks, (f) geography, climate & disease, and (g) the international system. They are each examined in turn below.

### **A. Economic development**

29. Today it is well understood that economic growth is a necessary condition for poverty reduction, but also that economies can only thrive in countries where there is peace, stability and good governance. Economic growth cannot happen without strong institutions. Variation in the quality of institutions is thought to be the primary explanation as to why some countries have experienced economic decline, whilst others with a previously similar level of income have prospered.<sup>22</sup> Most fragile states have weak institutions and consequently often experience a chronic lack of (both external and internal) investment in both human development and state infrastructure.

30. There are differing academic views on the nature and direction of the relationship between fragility and socio-economic development. Some authors argue that economic *growth* can lead to increased fragility because growth entails substantial structural changes within state institutions. These changes may undo political coalitions and induce painful readjustments in the balance of power among different interest groups.<sup>23</sup> Others suggest that fragility can force otherwise recalcitrant governments to undertake long-delayed reforms.<sup>24</sup> Whilst in the short-term, such change may exacerbate fragility, in the long-term, strong political systems are able to rebalance. The explanation for this disparity of views is that the emergence of fragility depends on other factors: economic decline itself does not necessarily cause a state to become fragile, but can contribute to fragility when combined with other drivers.

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<sup>19</sup> Gurr (1974)

<sup>20</sup> Located within the Centre for International Development & Conflict Management at the University of Maryland. Established in 1994, the taskforce researches political conflict and regime crises, listing comparative data on cases of total and partial state failure between 1955 and 2000.

<sup>21</sup> Huntington (1968)

<sup>22</sup> Temple (1999)

<sup>23</sup> Campos and Nugent (2000)

<sup>24</sup> Campos, Nugent and Robinson (1999)

Note that in both the arguments outlined above, levels of stability are related to the relative strength of state institutions.

31. But fragility can be associated with or indeed drive uncertainty, which can in turn have negative consequences for investment and economic activity in a country, therefore placing additional stress on already weak institutions. Economic uncertainty will deter investment. This can be compounded by the perception that state institutions lack legitimacy or cannot play the oversight function to ensure the rules of the game are applied fairly. World Bank evidence shows that once a state enters low income status, it will remain there for 69 years.<sup>25</sup>
32. To enable economic growth, a government must invest in its state infrastructure (for example, roads) and its people (for example through high quality education).<sup>26</sup> Whilst education and infrastructure in themselves are not sufficient to enable economic growth,<sup>27</sup> there is plenty of evidence to suggest that better-educated populations more easily sustain stability, independent of their level of economic development.<sup>28</sup> A possible explanation is the way in which wealth alters the incentives facing ruling entities: a high level of wealth reduces potential conflict over its distribution, as fewer people are left outside the social benefits drawn from the available resources.
33. Linked to this, with low levels of GDP, a state is less likely to be able to extend its reach into distant regions, either in terms of infrastructural investment or administrative presence. Social dissatisfaction caused by poverty and the resulting lack of opportunity for growth may lead to insurgency campaigns that threaten the state. In turn, the state is unlikely to have the resources to quell them, only strengthening the insurgents' cause. This is supported by findings that countries with mountainous regions are more prone to conflict than others.<sup>29</sup> The key issue here is not that the state in some areas is not present, but that a contender to the state fills a perceived power or service 'gap'. The fact that there is already a contender for state control is evidence in itself of fragility.
34. Figure 3 below shows that, even with all other contributing factors remaining constant (natural resources; diasporas; previous wars; strength of institutions), if a state averages a GDP per capita of US\$ 250 or below, there is a 15% risk of seeing a civil war in the following five years.<sup>30</sup> Yet, this risk level is reduced to below 1% if GDP per capita reaches over US\$ 5,000.

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<sup>25</sup> Chauvet, Collier (2004)

<sup>26</sup> Temple (1999)

<sup>27</sup> Investment in equipment is a means of transferring technology and ideas into concrete action, but the investment must be put to productive use if it is to contribute to wealth creation. Similarly, people must be productively employed if education is to contribute to increasing output.

<sup>28</sup> Przeworski et al (2000)

<sup>29</sup> Fearon & Laitin (2003)

<sup>30</sup> Collier/Hoeffler Model.

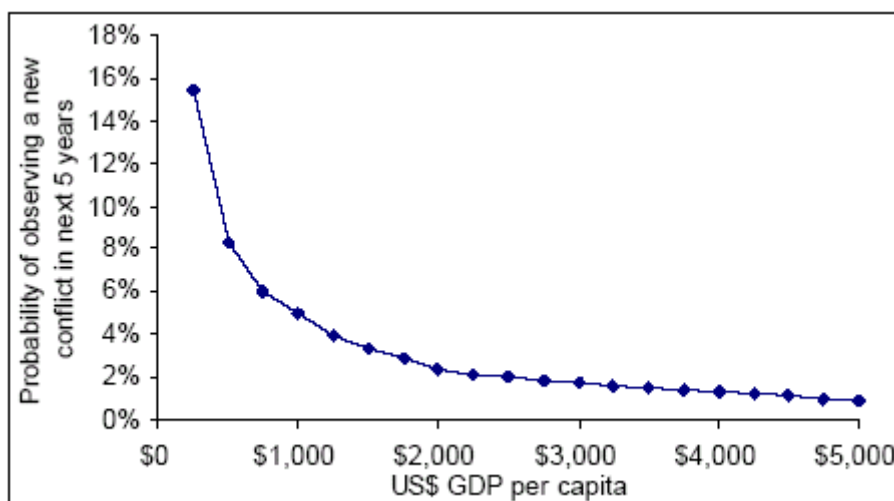


Fig. 3: Risk of civil war and GDP per capita, 1960-1999

35. Reinforcing this, Przeworski et al provide data linking the likelihood of transition from democracy and autocracy (and vice versa) to the prevailing level of economic development between 1950-1990. Their findings suggest that democracies will prove to be fragile in poor economies, but become increasingly less so at progressively higher levels of economic development, i.e. that wealthier nations can much better and more easily sustain democratic institutions. Perhaps most strikingly, they find that no democratic state system with a per capita income above approximately US\$ 6,000 has ever fallen.<sup>31</sup> To put it another way: people are much less likely to fight if they have something to lose.<sup>32</sup> Similarly, the research shows that autocracies are relatively stable at low- and high-income levels but most unstable at intermediate levels of economic development, as expectations rise among an emergent middle-class.
36. However, it should be stressed that whilst there is strong evidence of poverty being associated with fragility, it does not necessarily trigger violent conflict. As we saw above, violent conflict occurs in areas of low GDP per capita, combined with state institutions that are unable to manage the natural tensions in society. Whilst weak institutions can cause economic decline and poverty, and thereby fragility, the process is self-reinforcing, with levels of poverty and economic decline themselves further weakening state institutions. Institutionally weak states will also often witness high levels of corruption, and the diversion of state resources for the personal gain of the few.<sup>33</sup>
37. Low levels of GDP per capita are associated with reduced state capacity. If a state cannot raise revenue from its population in order to provide public services for that population, it will be weakened. The state can neither provide services to those in most need, nor invest in the infrastructure needed to promote economic growth: its institutions lack the

<sup>31</sup> Przeworski et al (2000)

<sup>32</sup> See also Lipset (1959)

<sup>33</sup> de Soysa (2002)

capacity to improve; they are weak. In turn, the population will either seek alternative methods for provision, bypassing the state and thereby undermining it in the process, or dissatisfied elements of society may seek to assume control from the state, and begin a campaign of violence to achieve this. If the state cannot provide for all of its population, those working in the public sector may seek to retain their positions through patronage. In many countries, working for the state is seen as a means simply to provide for your family and friends. This is likely to entrench the weak capacity problems and strengthen the cycle of fragility of state institutions.

## **B. Natural resources**

38. Violence in fragile states is often triggered by competition for resources, such as land or water. Obvious cases where high levels of natural resource supply have contributed to the onset of conflict include DRC (see earlier example), Sierra Leone, Angola, and Sudan. However, it is not the presence of natural resources in a country that will necessarily spark violence – certainly, it is possible to find conflicts where natural resources do not play a role (Nepal, Senegal, Bosnia and Lebanon).<sup>34</sup> And not all natural resource rich countries have experienced fragility (Canada, Botswana).
39. Instead, violent conflict is usually sparked by the political *manipulation* of groups competing for power (including control of natural resource supply). Large supplies of natural resource wealth provide strong incentives for those with access to the supplies to skew the distribution of wealth through patronage. Often that access is granted to members of an incumbent regime, to use as they please. In turn, there can be a powerful incentive for opposition parties to resort to illegal methods of bringing about change, through rioting or even coups. But again, we see that in such cases it is not the presence of natural resources themselves, but how those in power use those resources. Apart from oil, natural resources are generally less important in the onset of conflict than in determining its duration.<sup>35</sup>

## **C. Violent conflict**

40. Violent conflict is the ultimate manifestation of a breakdown in communication and negotiation between conflicting groups, and the most destructive aspect of any development process. However, violent conflict is often viewed simply as a result, rather than a driver of fragility. Yet there is plenty of evidence to show that violent conflict is in itself a self-reinforcing process that contributes to a lack of stability.

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<sup>34</sup> Collier et al (2003)

<sup>35</sup> Ross (2003a); Ross (2003b)

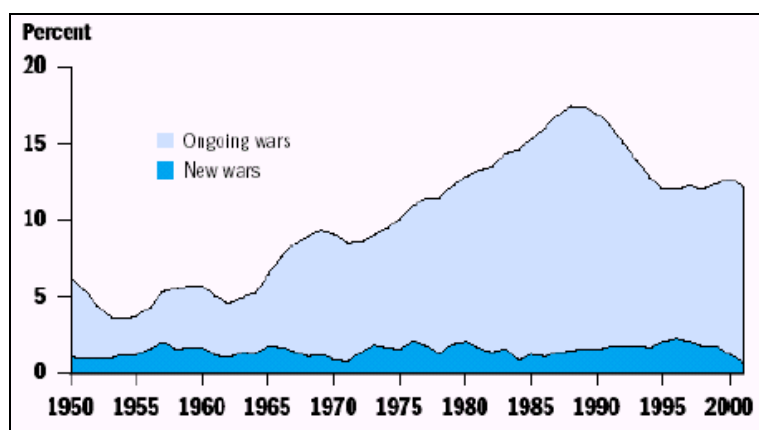


Fig. 4: Proportion of countries in civil conflict 1950-2001<sup>36</sup>

41. Civil war is now by far the most common form of violent conflict, with an average of two or three civil wars igniting each year since the 1950s. The number of ongoing wars steadily increased from this time until the early 1990s when the number finally began to fall (see Figure 4).
42. In almost every cross-country analysis of civil war since the 1950s, there are three factors most consistently associated with triggers of violent conflict: poverty; a recent history of conflict; and weak institutions.<sup>37</sup> We have already examined the reasons why weak institutions and poverty drive fragility leading to a risk of conflict.
43. Other factors have also been associated with triggers of conflict, such as natural resources; the size of a state's diaspora; the extent of dominance by one ethnic group in a state; and trade openness.<sup>38</sup> Still further factors exist, likely to play a contributing role to the start of war, but are yet to be researched comprehensively. These include: inequality; international drivers of conflict; and arms proliferation. Each of these factors, in themselves, is unlikely to trigger violence, but often there is evidence to show that various combinations of any of the above factors can lead to violence. This section looks at recent history of conflict as a factor that drives fragility.
44. Today, in countries emerging from conflict, there is approximately a 30% risk of a return to conflict within five years.<sup>39</sup> There are several explanations, and once again we see that they are closely connected to other drivers of fragility. Firstly, civil war weakens a state's institutions and increases poverty. As institutions direct attention towards the conflict that has arisen, they are normally placed under extreme stress and are less able to provide for the population; as a result, service delivery will suffer.
45. Second, violent conflict can reduce levels of GDP per capita due to lack of production and corresponding reduced investment (both internal and

<sup>36</sup> Collier et al (2003)

<sup>37</sup> Collier, Hoeffler (2001); Fearon & Laitin (2003)

<sup>38</sup> de Soysa (2003); State Failure Task Force: Phase III Findings (2000)

<sup>39</sup> Collier, Hoeffler (2001)

external), so that once a conflict has begun, raising levels of GDP becomes an even harder outcome. Some wealth-creating resources will become entrenched in a few hands, and levels of informal or illegal activity may flourish.

46. Next, during a conflict, social tensions are highlighted and take time to overcome. Politicians and social groups can easily manipulate people's identities and sense of loyalty during wartime. And any (perceived or real) inequality may well be made much more stark as a result of atrocities committed during times of war. This has ramifications for longer-term fragility. Ethnicity in itself is shown to have no direct impact on stability, but when ethnic differences are combined with active political discrimination, stability declines (see earlier box on Kosovo).<sup>40</sup>



Fig. 5: Relationship between strength of state institutions and civil war<sup>41</sup>

47. There is plenty of evidence to show that high quality, established and well-performing institutions can prevent fragility and, by extension, violent conflict. We have already seen how 'partial democracies' are the least stable political system, i.e. the least likely to remain the same in the future. And following from this, there is strong evidence that the newness of a state, or its proximity to independence, is a strong factor associated with civil war.<sup>42</sup> There is supportive evidence showing the correlation between stability and conflict, whereby autocracies and full democracies are at a much lower risk of civil war than those states with mixed democratic systems of government.<sup>43</sup> See Figure 5 above.

<sup>40</sup> Goldstone et al (2004)

<sup>41</sup> State Failure Task Force: "Phase III Findings" (2000)

<sup>42</sup> Fearon & Laitin (2003); Hegre et al (2001)

<sup>43</sup> State Failure Task Force: Phase III Findings (2000); Reynal-Querol (2002); Hegre et al (2001)

#### **D. Transitions**

48. Political systems and state institutions survive by acquiring legitimacy from the people they govern: without some legitimacy they will not be self-sustaining into the long-term. The age of institutions can have a legitimising effect as public expectations adapt to a history of state performance. This goes some way to explain why autocracies prove so durable.<sup>44</sup> If services are provided consistently, even if the state authority is enforced through coercion, the population will not necessarily seek to change those structures. Similarly, where the state has consistently failed to provide services for its population, people stop expecting to have services delivered, and work around existing structures to provide for themselves.
49. In contrast, where state institutions are in transition, having previously provided for the population, the state is likely to be much more fragile.<sup>45</sup> The source of this fragility lies in the discontent the public may feel as their service provision is no longer reliable, and/or their participation in political affairs is curtailed from that to which they were previously accustomed.
50. Similarly, transitions from military rule, be it to more or less democratic forms of civilian government, raise two specific challenges. One is the possibility of a return to military rule, as a new civilian administration may be perceived as too weak to govern effectively. The other is military expectations and their understanding of their role in a new political system. If a military body does not recognise the new political system as legitimate, it has the resources on hand to respond violently if it chooses.<sup>46</sup>
51. Finally, political systems that are in transition from historical autocracy to fledgling democracy may become unsettled by an increasing number of political demands. It may take time for such groups to mobilise, meaning that in the initial transition phase resentment builds towards new actors trying to use the system to have their demands met.<sup>47</sup> Several authors have found evidence that fragility peaks around the second election after the opening up of political participation for this reason.<sup>48</sup> The interpretation may be that some level of freedom is actually required to let groups organise and that this, coupled with a new political setting, may provide incentives to such groups to do politics by other means.

#### **E. External shocks**

52. States do not operate in isolation, so will certainly be affected by events in neighbouring countries. The more extreme the event, the more likely it will impact on its neighbours. If a state has weak institutions from the outset, and particularly where there are marked social divisions (compounded with

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<sup>44</sup> Lipset (1994); Jackmann (1991)

<sup>45</sup> Lipset (1994)

<sup>46</sup> Weiner (1987)

<sup>47</sup> Clement (2003)

<sup>48</sup> State Failure Task Force: "Phase III Findings" (2000); Hegre et al (2001); Reynal-Querol (2002)

minimal public participation in political processes), external shocks can trigger fragility. This was clear in the Balkans' recent history as conflict spread through Slovenia to Croatia, Bosnia, Kosovo and eventually Macedonia. Similarly, current fragility in Rwanda, Uganda and Burundi is compounded by the continuing neighbouring conflict in Eastern DRC.

53. Sudden deteriorations in terms of trade, not only domestically but also for a neighbouring state, can be destabilising. If a state is reliant on one crop, and the market price falls overnight, the ramifications will be felt not only in the state in question, but further afield as well. It is estimated that once a state reaches LICUS status, a neighbouring state will lose 2% of their annual growth rate. At the same time, two thirds of the economic damage caused by reaching LICUS status will accrue to neighbours rather than to the LICUS state itself.<sup>49</sup>

#### ***F. Geography, climate and disease***

54. A state's geographic location can drive fragility due to its association with economic decline and with additional stress being placed on already weak state systems. States with no access to the sea tend to have lower GDPs than those that do, controlling for other factors, since it is more difficult to export products and attract inward investment. In addition, if a state's land is largely mountainous, harsh terrain that proves difficult to cultivate, the population will find it difficult to be self-sufficient and may have to rely on food imports, again preventing economic growth. Adverse climate conditions or a predisposition to natural hazards (earthquakes or floods for example) will have similar consequences: harsh weather can destroy crops, and make land difficult to cultivate, and natural hazards can mean that, overnight, any physical development or state investment in infrastructure can be destroyed.
55. Similarly, both geography and climate can mean that a state has a higher prevalence of disease than elsewhere, amongst both its population and its livestock. There is a growing body of evidence that some contagious diseases, notably HIV/AIDS, are so widespread that they are having (or will have) a negative effect on a state's capacity to run itself, even in places with strong institutions. In Southern Africa, many countries face economic decline unless they bring their HIV/AIDS epidemics under control; certainly, on current trends, the numbers of teachers and other public servants within the next forty years will not be able to meet demand.<sup>50</sup> All such factors will contribute to fragility: a workforce reduced in capacity by illness cannot contribute to the benefits of any state investment in infrastructure. Similarly, a less productive population will mean the state is unable to collect its maximum potential revenue, either through export income or fiscal returns. In turn, the state institutions will be weakened as detailed above.

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<sup>49</sup> Chauvet, Collier (2004)

<sup>50</sup> WHO (2004)

56. In the past, evidence has suggested that these effects are only relevant as drivers of fragility in the short-term. In longer time periods, geographical and climatic effects on the quality of institutions can be taken into account and worked around, as in landlocked and dry Botswana.

### **G. The international system**

57. Donors and outside agencies, including multinational corporations, are also part of a state's political economy. These political relations determine the kinds of reforms that are likely to work and whether or not they will have any impact on fragility and poverty.<sup>51</sup> Most donors and other external actors will not, of course, openly seek to drive fragility through their actions, but there is growing recognition that some aspects of the current international response to weak states play no part in reversing fragility and may indeed contribute to it.

58. Badly-designed attempts to carry out democratisation and the withdrawal of support and funding before institutions have been adequately built up in capacity, can sharply increase the likelihood that a country will face violent political turmoil.<sup>52</sup> Simply holding free elections for the government, without achieving these other conditions, creates partial and weak democracies that we have already seen are more prone to fragility than any other kind of political system. The departure of the international community from an area of intervention can undermine domestic efforts to counter fragility.

59. Whilst it is impossible to hypothesise about 'what might have been', most observers agree that, in the case of Haiti in particular, the continued inadequacy of the international response contributed in some way to the country's failure to overcome its problems.

#### **Box 5: Haiti**

UN involvement in Haiti began in 1990, and escalated in 1994 with the arrival of 20,000 US troops under a mandate from the UN Security Council. The next ten years witnessed a total of 8 different missions, all characterised by funding difficulties and a reluctance by Member States to authorise troops to support the international civilian presence. Each mission was limited in mandate in terms of both duration and focus which meant that whilst democracy of sorts was restored, there was little room to promote long-term, sustainable development. As a result, the return on over a decade of military intervention, diplomatic effort, financial aid and technical assistance was virtually nil. Of course, UN missions only represent one aspect of international involvement; donor countries also contributed bilaterally. But the Haiti missions are a good example of how inadequate international responses can undermine efforts to establish a well-functioning state.

60. The difficulties of establishing a sustainable, functioning state in Haiti are certainly due to more than an inadequate international response. Other factors are associated with such difficulties, most importantly institutional weakness, as well as a history of recent conflict, intractable politics and

<sup>51</sup> DFID (2005) "Why we need to work more effectively in fragile states"

<sup>52</sup> Goldstone et al (2004)

unfavourable social and economic structures.<sup>53</sup> This reinforces the evidence that promotion of institutional reform must be much more long-term in vision than has previously been supported by donors. The evidence is clear that it is not enough just to support and/or fund an electoral process and then leave a new system of government and state institutions to develop independently. Instead, much longer-term engagement, with realistic expectations for the pace of development is needed.

61. In terms of development assistance, there is increasing evidence that not enough aid has been provided to fragile states and that it has been largely targeted in ineffective ways. With limited capacity for reform, such states are unable effectively to meet donor terms and conditions. Chauvet & Collier highlight the destabilising impact that unreliable funding streams can have. If aid is suddenly withdrawn as part of a change in strategic direction from bilateral donors, it can mean that some states, in a very short space of time, have little access to resources with which to provide services.<sup>54</sup> Similarly, there is plenty of evidence to show that policies will be more beneficial if they are developed locally, rather than imposed from outside. The World Bank's experiences in Latin America and Africa, where enormous pressure was exerted on governments to follow policy objectives developed in Washington, are used as evidence of this. Their results contrasted sharply with the success witnessed in East Asia where institutional innovations relied on local developments and capacity.<sup>55</sup>
62. There is evidence that some features of the current international trade system (in particular the protection of developed countries' markets) act as a serious constraint on economic growth for poor countries. Economic growth, as we have seen, is not the only prerequisite for escaping fragility, but it can play an important role in strengthening a state's institutions. Protection in the north has been reduced substantially over the past thirty years, but it remains significant for the sorts of products most poor countries are trying to export (mainly agriculture- and labour-intensive industrial products, in which poor countries often have a comparative advantage). The IMF and World Bank estimate that the gains to developing countries from eliminating all barriers to merchandise trade would be in the order of US\$ 80-180bn a year. This is more than twice the annual flow of aid to these countries.<sup>56</sup>
63. The significance of these barriers should not be underestimated, as Guyana's dependency on sugar preferences shows to this day. There is evidence to suggest that reducing access to markets for products or commodities involving large numbers of people makes it harder for countries to diversify away from their principal potential source of income. These tend to be natural resources, and are often controlled by only a narrow group of people, with a resulting vested interest in maintaining the

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<sup>53</sup> Muller and Weede (1990); Ellingsen (2000); Hegre et al (2001); Fearon & Laitin (2002); Reynal-Querol (2002)

<sup>54</sup> Chauvet, Collier (2004)

<sup>55</sup> Rodrik (2003b)

<sup>56</sup> IMF and World Bank (2001), "Market Access for Developing Countries' Exports"

status quo. This brings us back to the evidence that power jostling for the control of natural resource supplies can lead to fragility.

#### **IV. Conclusion: policy implications**

64. This section tries to address the question of how DFID and other donors can tackle fragile states through a better understanding of what makes states fragile in the first place. If donor responses are going to address a lack of political will as well as a lack of capacity, the international community needs to have a clearer understanding of the reasons for state failure. As stated at the beginning of the paper, these will obviously vary from place to place, but it is still possible to derive a set of generic policy implications and operational recommendations.
65. Basing our understanding of the drivers of fragility on evidence also means that it is important to highlight what is not linked to fragility. Much recent academic research finds that there is no causal relation between factors such as inflation or military expenditure and fragility.<sup>57</sup> But donors/partner governments do need to assess the economic impact of reforms and, in turn, the impact on the political economy on a case-by-case basis.
66. DFID has defined fragile states as those either unable or unwilling to provide core services to its people, including the poor. We categorise fragile states as 'weak but willing'; 'strong but unresponsive'; and 'weak-weak'. Therefore, our response should be nuanced to each of these environments. Some drivers, such as violent conflict, are likely to be exacerbated in 'unwilling' countries, states where the international donor community has no or very limited engagement. Capacity constraints are also likely to add particular challenges in neutralising or diminishing the importance of other drivers of fragility, such as economic decline.
67. In the past, donors have tried to promote change through technical solutions supported by individual champions of reform, believing the problem to be technical and not political. However, today there is growing recognition of the need to understand the political incentives and the institutions that affect the prospects for reform. Donors and other external actors have a role to play in altering some of these incentive structures, even if only minimally.
68. There are almost always multiple factors that affect state institutions and drive fragility. Many of these factors reinforce and overlap with each other. It is this incidence of overlap that makes weak institutions the most important factor in driving fragility. This is not to say that other drivers are any less dramatic in their potential impact, but just that weak institutions can be cited as contributory in most examples of state fragility.

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<sup>57</sup> Goldstone et al (2004)

69. This has policy implications for DFID: support weak institutions and fragility can be prevented. This has been recognised in the past as part of DFID's governance agenda, but the *extent* to which the strengthening of a state's political institutions has formed part of a poverty reduction strategy has not until now been fully appreciated.
70. The mechanism for selecting representatives (i.e. how the political system is formed through an election process) is less important in determining a state's long-term stability than the institutions that manage a state for the length of any political cycle. This also has policy significance: donors are frequently more interested in concrete results and therefore tend to target their contributions towards electoral assistance and monitoring. Yet we have seen that their contribution must extend beyond election day to ensure longer-term stability. This is not to say that assistance in the conducting of free and fair elections is not a valid use of donor funds. But, particularly in fragile states, this assistance must be continued into the longer-term to ensure that those representatives elected are supported through a process of strengthening state institutions. Donors should not assume that this will be easy, but certainly must recognise that without such longer-term support, they contribute only towards establishing a 'partial' democracy with a high probability of future fragility and possibly state failure.
71. Much of the literature looks at fragility from the macro perspective, by focusing on the long-term structure and the mechanisms associated with the institutional set-up. But short-term issues around timing, escalation and the nature of politics are also key when assessing the risks of fragility. Such a micro perspective can yield information on whether there are processes that are actually increasing the risk of fragility, even if institutions look the same from the outside. Basically, the objective is to understand social processes and how they interact with formal political institutions.
72. A country such as Nepal, for example, has shifted in the space of ten years or so from a situation where there has been political will but low capacity to reduce poverty towards one where there is lack of both capacity and will and where there is open conflict with the Maoists. DFID's response has been to explore different service delivery arrangements (i.e. by partnering with non state actors), while at the same time remaining engaged with state structures to support reforms which aim to promote more socially inclusive and high impact service delivery interventions. The range of partners is different depending on whether the focus of attention is a rural, urban, or contested area.
73. Given fragile states contain only 14% of the world's population but nearly a third of the world's poor people and 41% of all child deaths, poverty has particular significance as a driver of fragility. In the past, resources directed to fragile states have been concentrated towards the provision of humanitarian assistance or the strengthening of only a limited set of

institutions, particularly financial. We now see that a much broader agenda for strengthening institutions must come into play.

74. While increasing levels of economic development can have substantial effects in reducing the risks of various crises, the centrality of political institutions remains paramount. Economic development is not a requirement for stability: even if conditions of development and trade are favourable, the relative odds of state fragility can remain high in areas where state institutions are weak.
75. The main assumption on which we base the following policy recommendations is that external actors can help shape institutions, particularly in fragile states. Why? Because fragility suggests a strong likelihood that both internal and external pressures will result in significant or abrupt changes.
76. There have been several areas highlighted in this paper where donors can improve their assistance to fragile states. Trade barriers prevent opportunities for economic growth; aid allocation has until now been inadequate, and the funding of elections in the place of substantial longer-term support to institutions can all contribute to drive fragility. Of course, any intervention will only ever be marginal in comparison with the processes that go on domestically. But external actors have a responsibility to ensure their assistance is responsible. Below are some specific recommendations by type of driver.

#### **A. *Some operational recommendations***

77. **Weak institutions need to be better tackled.** Institution building needs to be addressed much more strategically than in the past. This is broader than current programmes that concentrate on financial management and accountability systems, but should be part of a wider strategy to promote good governance and improved administrative capacity across a state's civil service. The importance of 'good enough governance'<sup>58</sup> should be promoted as a means of achieving impact and change in fragile states.
78. **Selection: Elections are the start of a wider process.** DFID support to election processes must form the beginning phase only of a wider process of institutional reform. An aspect of the debate around democratic values and accountability that is often overlooked by donors and other external partners is that this form of political system only works when contenders for office are more or less in agreement over core values, aspirations and interests. They may differ over strategies, but most (if not all) political actors are broadly agreed on common goals. The problem is that in fragile states many political platforms (formal or informal) represent either fundamentally irreconcilable visions for society or see politics strictly as a

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<sup>58</sup> This much-used expression, originally coined by Merilee Grindle, basically asserts that governance reforms need to be prioritised, achievable, and appropriate to context. In fragile states the goal is to promote effective states fulfilling the most basic functions. See: Grindle, M (2002) 'Good enough governance: Poverty Reduction and Reform in Developing Countries', Harvard University

zero-sum game over distribution of power and resources. Donors and others need to stop assuming that stabilisation of fragile states through democratisation and a brief push for accountability is enough to produce governments devoted to interests compatible with their own, and focused around poverty reduction. A careful assessment of risks needs to be considered before providing election support. Any electoral funding should be embedded in a wider governance or state-building programme.

- 79. Control & Participation: Focus on the two stabilising aspects of regimes.** The first is subordination or control over the executive's authority and the second is managing and establishing effective political competition. Donors and external actors should support national reformers to concentrate in strengthening both or one, depending on country context. Again, the establishment of political competition to existing policies or reform programmes will not (necessarily) find support so that opposition to such activity should be expected. But possible work might include capacity building support to civil society and media organisations in advocacy, or monitoring and advice through technical support to the civil service.
80. Providing support to institutions designed to control the executive is an area where DFID has much experience, including in the justice and police sectors, anti-corruption, and decentralisation, to name a few. The challenge in most fragile states is the extent of the need that exists due to particularly limited capacity. In such environments, there is a danger that donors may 'smother' governments in fragile states with an endless list of reforms, when little capacity exists to address even the bare minimum being required by donors. It must be recognised that not all governance concerns need to or can be addressed at the same time.
81. The drivers analysis tells us that a better understanding of the causes of fragility in a country can help prioritise and sequence activities. In the Democratic Republic of Congo, for example, many governance reforms will not be effective until the thorny issue of the Congolese army (and an improved level of security and territorial control) is resolved.
- 82. Political institutions and conflict: transitions are crucial.** Democracies, even fully-fledged, are less likely to withstand internal tensions that lead to widespread internal conflict if they are institutionally weak with regard to executive constraints or the regulation of political competition. Transitions to increased competition without strengthening these two other key aspects of state structure enormously increase the risks of state weakness and failure. The implication is that external actors should step up assistance into the longer-term across the board to avoid the establishment of highly unstable regime types. In practice, this means that if support is provided at the political level in the form of electoral assistance or political party advice, it should be ensured that technical assistance, either training or advisory, should also be provided both to civil service departments (at all levels) and to civil society groups.

83. **Effective states also need ‘inclusive institutions’** that respect the interests of the wider population and are more likely to benefit the poor. In the long run, stable and effective states are those in which government policies and public institutions are able to generate public support. But in fragile states a basic level of commitment to poverty reduction is to provide broad-based services to the population without institutionalised discrimination directed at particular groups.
84. **Economic development: Poverty reduction must be promoted at the same time as institutional reform.** Economic factors do certainly affect fragility, but they generally have less of an impact than weak institutions. It is also clear that poverty can be a driver of fragility so that poverty reduction activities should be viewed as important for preventing fragility. The policy implication is that poverty reduction goes beyond pure economic development to broader support for institutional capacity building into the longer-term. Activities might include the promotion of micro-credit enterprise or small-scale agricultural support, where possible led by partner government agencies. Monitoring and evaluation should be institutionalised within programmes to ensure continuing effectiveness.
85. **Violent conflict: Prevention and peacebuilding activities should** be seen in a broader context than simple stabilisation. Haiti is a good example of where piecemeal international intervention over more than a decade proved inadequate to ensure longer-term stability.
86. **External organisations can also be a positive force for good.** Many of the triggers of and solutions to fragility lie beyond the boundaries of a country. Regional relationships – and institutions – are important. One example of a regional approach is the African Union’s Peace and Security Protocol, which is tasked with building Africa’s peacekeeping capacity. More can be done to look at fragile states in cross-border ways: either as whole regions or as sub-regions, such as the border area encompassing Northern Uganda and Southern Sudan. It is at this level that supporting civil society may be an effective and sometimes the only possible intervention. Non-state actors may be more innovative in taking cross-border approaches to poverty reduction and conflict prevention. Many initiatives straddle both the international and regional levels of response. For example, poor governance in the developing world can be facilitated by the services regulated in the developed world, such as money laundering. Understanding the main causes of fragility can help donors and other international actors to respond to state fragility both in-country and in the external environment.

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