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INSTITUTE FOR INTEGRATED TRANSITIONS

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Inclusive Transitions Framework

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Introduction

Time and again, countries that have experienced repression and armed conflict have an opportunity to transition to a better future. Yet, only a minority succeeds. The challenges may appear obvious, but the path forward is rarely so.

This publication outlines a new conceptual and operational framework aimed at improving transition outcomes by zeroing in on inclusiveness as a guiding principle, and taking a practicable approach to overcoming challenges and obstacles. It is geared to transitions and the years of adjustment that follow in fragile and conflict-affected states (hereafter simply 'fragile states') marked by violent and divisive practices; the absence of a widely accepted social covenant or social contract; and a deeply fragmented political identity.

For such countries, a transition creates the opportunity for a paradigm shift. In the best cases, it can make possible that which would have been previously unimaginable. However, as the history of many countries shows, few transitions meet expectations. Many Latin American states overcame military dictatorships, but still experience very high levels of violence and inequality. The transitions in many former Soviet states produced authoritarianism and massive expropriations of state property. Many African states collapsed into anarchic civil war in the 1990s while trying to transition away from despotism. Many post-authoritarian Asian countries have experienced positive economic growth, but remain plagued by corruption. And, most prominently today, many states in the Arab region struggle to create stable and accountable governments – and curb open armed conflict – despite widespread demand for change.

While transitions have faced many common challenges, some are of greater intensity now than in the past. Ethnic, religious, regional, clan, caste, class or ideological divisions more frequently prevent the formation of stable regimes that are widely viewed as legitimate. Weak governments that cannot act capably and equitably more often encourage groups to fight for power on zero-sum terms, producing vicious cycles of conflict that are hard to end. Economies also suffer more in the process, worsening the lives of the very people whose high hopes often ignited the transition in the first place.

This publication draws on past experience and an accumulated common sense to offer a new way forward. It emphasises that transitions are the rare but critical junctures in history during which – against the odds – fragile states can transform their social and political dynamics by pursuing a new national path marked by more inclusive and cohesive practices; the adoption of an enduring social covenant and social contract where either is absent or broken; and the construction of a more inclusive, overarching political identity and reality. Over time, these can contribute to more responsive and accountable governance; economic policies which generate shared growth and widespread benefits; security and legal systems that work more equally for everyone; and a social and cultural ethic that unites diverse populations and reduces discrimination and longstanding grievances.

The publication advocates inclusiveness as the most important priority for transitions because, however difficult in practice, it is the only realistic way for fragile states to break cycles of conflict and repression. Recommending its use as a compass to prioritise and judge policies and actions in the political, economic, administrative, legal, security and socio-cultural spheres, this publication offers practical ideas for inclusive-oriented leaders to strengthen cohesion, integration and the sense of common nationhood (national *demos*) that can help their countries overcome the tensions and divisions that a transition inevitably brings to the fore. As such, it builds

on the aspirations of the New Deal for Engagement in Fragile States and the United Nations Sustainable Development Goals, both of which emphasise inclusiveness as crucial to promoting stability and development.

Pre-transition Situation
EXCLUSIVE AND DIVISIVE
Competing National Narratives

Core Dynamics

No social covenant

No legitimate social contract

Fragmented political identity

Typical Signs

Political/Security
Unaccountable government and/or high levels of violence

Institutions/Laws
Institutions and laws disenfranchise many

Economic
Narrow economic growth enriches a small part of the population

Social/Cultural
Low tolerance for identity and/or beliefs of many groups

TRANSITION
the critical juncture

New National Dynamic
INCLUSIVE AND COHESIVE
Unified National Narrative

Core Dynamics

Agreed social covenant

Agreed social contract

Consolidated political identity

Typical Signs

Political/Security
Responsive government and peaceful society

Institutions/Laws
Institutions and laws empower most

Economic
Dynamic economy delivers widespread benefits

Social/Cultural
High tolerance for identity and/or beliefs of different groups

The failure of many fragile states in transition to uproot exclusionary practices and end conflict can be explained by a number of factors: first, bad starting conditions (such as weak or captured institutions, divisive socio-political dynamics and lethargic economic foundations); second, deliberate efforts, whether internal or external, to sabotage change; and third, flawed decision-making. The framework presented in this publication aims to ameliorate the first of these, offer analysis to combat the second and equip inclusive-oriented political, social and business leaders – as well as their local supporters and international partners – to overcome the third. Consistent with the range of starting conditions and the shifting nature of priorities in any transition, this publication is not written as a "how-to guide" but instead as a framework to be drawn upon and applied differently in different times and places.

Part I explains the main challenges that fragile states face in transitions, presents the inclusive-ness principle and examines the key pillars on which it depends. It emphasises the creation of an inclusive dynamic as both the necessary and most desirable priority.

Part II provides tools to assess local conditions for pursuing inclusiveness and how they are likely to evolve as time goes on. It is designed to help national and international actors to adeptly focus on key threats, obstacles and opportunities, making their actions more likely to be effective.

Part III is about policy choices and practice. It highlights priority areas of action that will need attention in the early stages of a transition in order to help get a country on to a more inclu-sive track. Ten areas are examined, with essential questions, strategic options and examples of good and bad practice laid out.

Reorienting a country after extensive repression or conflict is inevitably a long and arduous process – especially if one has to face concurrent threats of violence, exclusionary behaviour, administrative chaos, predatory actors and drops in investment, as is the case in many fragile

states. Inclusive-oriented transition leaders, therefore, must be realistic about what can be accomplished and when. They have to overcome deep fears and extreme odds in some cases. But assisted by this framework and its ideas and tools, inclusive-oriented leaders will be better prepared and more likely to succeed.

As Spain, Chile, South Africa and Tunisia show, it is possible, even in deeply divided societies, to create the conditions for a more inclusive state and society. Determined political, social and business leaders that are genuinely willing and able to forge relationships and agreements with their adversaries can achieve much during a transition to enable inclusiveness to take root as a national good of enduring benefit to all citizens. Every alternative is more likely than not to perpetuate the vicious cycle of exclusion and conflict that holds back fragile states.

Box 1: Not all transitions are created equal

The pace and latitude for reform varies from one transition to the next, depending on a wide variety of political, economic, historical, institutional and social conditions, as well as the extent of involvement of international and regional powerbrokers. However, fragile states share two cross-cutting characteristics that make transitions within them especially hazardous. First, by definition, they have little social cohesion; their populations have scant history of cooperating effectively in pursuit of public goods. Second, they have a weakly institutionalised state apparatus that is unable to act independently of those in power, and thus serve as an unbiased referee. Combined, these two elements lead to highly unstable political orders that are hard to change.

The structure of a transition is another major determinant of the pace and latitude for reform in any country. It matters whether a transition is imposed from above (as in Myanmar), engineered from outside (as in Iraq), achieved from below (as in Tunisia), or negotiated (as in Spain). Likewise, it matters whether the country is undergoing a post-authoritarian transition with a history of mainly vertical violence and political exclusion (as in Côte d'Ivoire), of post-conflict transition with a legacy of mainly horizontal violence and exclusion (as in Burundi), or a combination of both (as in Afghanistan).

Furthermore, not all actors within a country will see a transition in the same way. While some may believe events offer the chance for a fresh break with the past, others may prefer only incremental reform or even a return to the status quo ante. A number may not even accept the premise that there is a transition taking place and see events as only one set of incidents in a much longer series of struggles for power. This too will have an effect on the pace and latitude for reform.

However, for fragile states in particular, at least two key lessons stand out. First, the horizontal often matters more than the vertical: that is, the society-society relationship needs as much or more attention than the society-state one. Second, as politics often works in either virtuous or vicious cycles – with inclusive behaviour begetting more inclusive behaviour and vice versa – equity is more important than effectiveness. In other words, various groups within a fragile state, and the general public, will be more likely to forgive inevitable mistakes and delays (within reason) during a transition if they feel they are being treated fairly.

Part I: Inclusive Goals

While important transition actors often have what they think are good reasons to act vindictively or exclusively, the consequences of such behaviour are all too predictable. Some common examples: An outgoing authoritarian leader who voluntarily left power is arrested and his political party is declared illegal. A new constitution is debated and drafted behind closed doors, and ends up marginalising a significant part of the population. The leaders of a newly empowered ethnic or religious group vilify other communities and call for their exclusion from important state roles and benefits.

Such actions – some based on legitimate historical grievances – inexorably lead to backlash and risk creating a vicious cycle of exclusion. By sending a counterproductive signal to other groups and citizens, they can trigger a process that gets ever more confrontational and destabilising. In a short period, the result is the undermining of reforms and possibly a return to authoritarianism and conflict.

This section explains why fragile states are especially susceptible to these dynamics and how the systematic prioritisation of inclusiveness can help avoid or mitigate such eventualities. Although some states enter transition with much more favourable starting conditions than others, it is possible – even in unlikely case – to convert a country to a more inclusive dynamic in the early years of a transition. Such a path may not fix everything, but it offers the best chance of sustainable, positive outcomes.

> **Box 2: A broader understanding of inclusiveness**
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> Global scholarship and policymaking increasingly emphasise the value of inclusiveness. Terms like 'inclusive political settlement' and 'inclusive growth' feature prominently in literature and declarations across the development field. 'Social inclusion' and reconciliation have long been recognised as crucial issues. There is an ever-greater focus on the importance of trust, cross-cutting social capital, citizenship, coexistence and nation-building.
>
> Yet, only some of these concepts (e.g., reconciliation and coexistence) are directly linked to the success of a transition. Some of the rest (e.g., trust and citizenship) are an intended outcome rather than a method or an approach. Others (e.g., inclusive political settlement, inclusive growth and inclusive democracy) emphasise only the political, economic, or social-cultural dimensions of inclusiveness and not something more comprehensive.
>
> The concept of inclusiveness described here brings together these disparate strands in a more all-encompassing framework. It is as much a method as an intended result, encompassing multiple dimensions at once: the who (e.g., ethnic, religious, caste, clan, groups); the what (e.g., politics, economics, culture); the how (e.g., process, dialogue); and the where (e.g., national, regional, local). Immediately familiar anywhere, without being imposing, inclusiveness is a term that lacks religious baggage or Western origins. It surpasses the idea of treating minorities well or giving greater autonomy to breakaway populations; goes beyond the idea of elite pacts and accepted rules of the game; is contingent on neither a homogeneous or heterogeneous population, nor a wealthy or impoverished one; and transcends the realm of human rights, which is founded on the rights that groups and individuals have against the state, but not the consideration they require in relation to each other. As such, inclusiveness, as used in this publication, offers a uniquely powerful vector for improving the results of transitions out of conflict and repression.

Transition Contexts

Transition success has been associated with a wide range of post-authoritarian countries (e.g., Brazil, Indonesia and the Baltic states) and post-conflict ones (e.g., El Salvador, Mozambique and Namibia). Yet, there are many more examples cited of disappointing transitions – and even the comparatively successful ones face numerous and evident ongoing challenges.

One recurring problem is the size and complexity of reform programs created by – or for – transitioning countries. Often, too much is attempted too quickly in what are highly complicated, and often highly combustible, environments. Achieving individual public goods – democracy, improvements in public services, rapid growth and so on – cannot happen without significant trade-offs elsewhere.

Another problem is that transition practice remains largely based on a number of assumptions that have little evidence to support them: elections by themselves do not necessarily lead to a deepening of democracy; long-standing group divisions, and the residue of historic betrayals, do not necessarily dissipate quickly; and the adoption of a liberal economic policy regime does not necessarily produce better economic outcomes. A more realistic assessment of starting conditions and context is necessary in order to craft appropriate policy (see Part II).

Avoiding these pitfalls is especially important in fragile states in which a number of recurrent and intertwined transition challenges – which vary more in degree than in kind – must be confronted.

- *Weak institutionalisation:* In fragile states, public institutions often are highly corrupt, poor at implementing policies and unable to act independently, resulting in limited public trust and engagement with them. The institutions may be Potemkin structures built around patronage networks (as in Nigeria and Yemen) or nearly non-existent (as in Somalia, Timor-Leste, and Libya). Such conditions can have severe consequences when transitions arise. Political settlements can be less stable. Elections may be more violent and corrupt, undermining their legitimacy. And political actors are more likely to continue to act exclusively because they can see no other way to secure their interests. This in turn can push back further the formation of apolitical state bodies capable of distributing public services and fairly applying the law.

- *Low social cohesion*: Fragile states tend to have diverse populations with limited solidarity. In a transition, even sharper divisions may arise over which group should assume what position in the state's hierarchy. A lack of trust among competing actors can encourage groups to emphasise or revert to ethnic, religious, regional, class, or some other sectarian identity, undermining what limited social glue had previously been in place. Secessionism may come to the fore, with potentially tragic consequences. Well-organised groups, including extremist and armed factions, will often have a strong advantage in such circumstances, even if they are few in numbers.

- *Tenuous political settlements*: The forces that come to power during a transition typically rely on an initial agreement that binds the major actors together. This can be explicit (e.g., the 1977 Moncloa Pact in Spain or peace accords reached in Guatemala, Sierra Leone and elsewhere) or implicit (e.g., in Kosovo in 1999 and Ukraine in 2004). Whatever its origin or form, in a fragile state, the initial political settlement is usually weakly binding and may exclude important groups, making it difficult for a new or interim regime to maintain public support when crises inevitably occur.

- *Clashing visions and priorities*: Even if key actors in a fragile state come together to end a war or overthrow a tyrant, they may quickly deadlock on how to move forward. Different ethnic, religious and ideological groups may have starkly different pictures of how the state

should be re-organised. Religion can be an especially divisive issue, both in countries with multiple creeds (Syria and Central African Republic) and in those struggling to determine the role of faith in public life (Egypt and Libya), because it is a subject that permits fewer areas for compromise and accommodation.

- *Economic malaise*: Living conditions frequently play a crucial role in igniting the public anger that sparks a transition. Yet, these typically prove difficult to improve in fragile states because of a weak economic and educational foundation. Budget deficits may widen in transitions, forcing governments to cut public spending. Instability may reduce business investment, resulting in decreased job opportunities. Populations, ultimately, may see no improvement in their lives for many years, producing rising frustration. Unemployed youth may stray toward crime or extremism as a result.

- *Weak non-state sectors*: Although activist groups, trade unions and social movements often play a key role in overturning dictators or ending civil wars, they may be inadequately organised, divided into competing factions, and too politically inexperienced to play a constructive role in a new era. The business sector's weaknesses may also be revealed in a transition. In the absence of a political patron to dole out special concessions, key industrialists may go out of business. Similarly, the local media likely will lack the independence and professionalism necessary to act as an effective and impartial fourth estate in the early stage of a transition – just when it is most needed.

- *The weight of history*: When fragile states transition, old mind-sets and conflicts acquire new salience in everything from elections (e.g., the Shia/Sunni/Kurdish divide in Iraq) to justice (e.g., a decade of war crimes prosecutions in Croatia that primarily targeted ethnic Serbs). Because public support can rapidly turn to disillusionment, nostalgia for the old order – when there was more oppression but less chaos – can appear. Populist and authoritarian leaders can exploit these circumstances to take (or retake) power.

- *Spiking violence*: Mass, organised forms of violence (whether horizontal or vertical) may recede in a transition only to be replaced by a rise in common crime and more ad hoc forms of terror or political violence. Extremists, sectarian groups and leaders of a former regime may use threats and acts of violence to gain, or regain, power and influence. When combined with the tenuousness of political settlements, a fragile state's weak institutionalisation offers these actors ample opportunities to exploit.

- *Transnational organised crime*: Transnational criminal activity has skyrocketed in recent years due to globalisation and technological change. This threatens countries everywhere, but fragile states in transition are especially vulnerable. Groups target weak states with systemic violence and corruption to undermine institutions and capture important local actors, undermining progress in a wide range of areas and weakening support for change. Their most common crimes include laundering money, committing cyber-crimes, and trafficking people, drugs, weapons, endangered species, body parts, or even nuclear material.

- *International disorganisation*: Bilateral donors, multilateral agencies and international NGOs are a significant source of assistance and influence in transitions. Yet, the immense number of actors, all with their particular interests and operational requirements (and often lacking sufficient knowledge of local situations), can easily overwhelm fragile states. The frequent result – after an initial honeymoon period – is confusion, followed by frustration and a potential backlash against urgently needed assistance. There is also the risk that, by failing to be more organised, such actors will intervene in ways that cause more harm than good, or be manipulated by domestic actors for narrow advantage.

- *External hostility*: A transition is not something that occurs in isolation. Important regional powerbrokers sometimes stand in the way of successful transitions – and may even fund or arm local groups opposed to change. They may see the emergence of a new regime as threatening their interests (e.g., Iran vis-à-vis Syria) or may simply prefer to help their favoured ethnic, religious, or ideological group gain power. In some cases, these regional powerbrokers may prefer instability to success (e.g., Russia vis-à-vis Ukraine), reducing the possibilities for an inclusive transition.

The Inclusiveness Ethic

Given these myriad challenges, is positive change feasible during transitions in fragile states?

The answer is a provisional yes. Transitions do offer these countries the rare chance to foster a new national dynamic – one that breaks dramatically with the past. However, achieving this dynamic requires much more than good intentions. It needs persistent effort over a wide range of areas for a considerable period of time using a clear principle that can channel the efforts of a wide range of principled actors toward tackling the most crucial and foreseeable issues. Inclusiveness offers this and more.

In order to counteract the exclusionary tendencies common in fragile states in transition, political, social and business leaders need to chart and apply an overarching inclusive vision, program plan, and tone. Doing so has tangible advantages: it can directly help to counteract the fault lines that divide these countries while promoting the trust and cohesion necessary to get through a period marked by inevitable internecine crises. In the best cases, inclusiveness can act as a compass that steers elites and the public to build a common national identity and encourage everyone to begin to accept peers from other groups in a way previously unimaginable. Even in the worst cases, leaders can promote this ideal in their spheres of influence in the hope that their acts, over time, will produce momentum toward greater change.

The inclusiveness ethic is as much a necessity as an ideal. Through a comprehensive set of policies (outlined in Part III), inclusive-minded actors will need to combat the ingrained incentives to favour one's own group and instead make different ethnic, religious, clan, regional and ideological groups – as well as women and poorer and historically excluded groups – feel that they are an integral part of the country and the new national dispensation. Similarly, they must be the first to oppose corrupt practices even though such behaviour is widely accepted as normal or expected. All segments of a society must begin to feel that they are included in governance processes and practices, and that they are not only sharing the burdens when sacrifices are necessary, but also equitably included in whatever political, social and economic gains the transition brings.

> **Box 3: What is an inclusive disposition?**
>
> Inclusiveness is an attitude that encourages a sense of moral, psychological, or social obligation toward the "other" in one's society. Whether rooted in moral, intellectual, ideological, physical, or spiritual factors, it is the kind of feeling that produces events like the reaction of South Korea's citizens to the country's 1997 financial crisis. Rather than triggering predominantly self-interested responses, thousands of citizens came forward offering jewellery and other personal valuables to help the country – the collective – overcome the crisis.
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> Often slow in coming (many forget that Nelson Mandela and Mahatma Gandhi did not embrace reconciliation at all points in their political lives), this disposition is necessary in order to overcome the divisions that plague fragile states and foster repeating cycles of conflict and exclusion. It is especially valuable in times of transition in order to ensure widespread support for the introduction of policies that will take a long time to deliver results (such as the repeal of state subsidies) or that favour the historically disadvantaged (such as positive discrimination policies).
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> Effective institutions that serve people equitably can intensify this sense of attachment or compensate for its absence. But in fragile states, these require a lot of time to develop, making early inclusive actions on the part of political, social and business leaders that much more essential during transitions when there are relatively superior conditions for developing a new national outlook and dynamic. If used effectively, these critical junctures can serve as turning points in which the perceptions that groups have of each other and of their own place within the society can dramatically improve.
>
> But this merely outlines the ideal. Parts II and III of this publication offer analysis and recommendations on how to begin to generate an inclusive dynamic, even when a transition's starting conditions are suboptimal.

Pillars of an Inclusive Approach

Building an inclusive regime in a fragile state requires a comprehensive approach capable of reconfiguring problematic relationships and dynamics. This involves tackling deeply rooted economic, political, administrative, legal, security and socio-cultural practices that produced the patterns of conflict and exclusion which, if unaddressed, will undermine a transition. Any major leader – politicians, business people, high officials, or members of civil society – can help accomplish this by developing or advocating a social covenant that brings together various ethnic, religious, clan and ideological groups prior to (or in conjunction with) efforts to build a robust social contract.

Forged from negotiations among different groups (and thus more akin to a horizontal society-society compact than a vertical state-society compact), **social covenants** build common identity, common values and a common sense of purpose for the state. They define the origins and makeup of political society, fashioned with the understanding that *a cohesive society is a precondition to a successful state*. They are crucial to building legitimate political orders because fragile states, by definition, lack a common national identity and have populations with stark differences in loyalties, values and priorities. A society that is able to reach agreement on its fundamental principles and values (e.g., who is a citizen, what makes for a legitimate government, what unites the country's various ethnic, religious and/or regional groups and identities) is much better equipped to forge a sustainable social contract – especially when institutions are weak and unable to equitably enforce rules and commitments.

Social contracts, which should set the stage for building a capable, accountable and responsive government (and thus are more akin to a vertical state-society agreement dictating how the state ought to operate), work with social covenants. In the best cases, the two agreements

complement and reinforce each other (e.g., major groups in a country first forge a political agreement to settle their differences, and then cooperate to craft a constitution that determines the rules for how the state they build together will operate). Building a cohesive society goes hand-in-hand with building a state. A commitment to developing an inclusive, unified polity goes hand-in-hand with developing a robust rule of law and an equitable framework for determining how power will be distributed. Building social cohesion and a common identity go hand-in-hand with forming accountable, democratic government.

To work best, the contract and covenant (which may be written or unwritten) need to be more than just a set of shared understandings. They must be backed by **an overarching national narrative that reinforces the national identity** at the heart of the social covenant and contract – framing in layperson terms how the society sees itself, how it got to where it is and how it envisions the future. The identity (constructed in an inclusive way that builds upon what the country's principal groups have in common) and the narrative (which may include a new national motto) can shape both public opinion and the actions of leaders during a transition. If systematically reinforced over a long period by a wide range of actors – and in arenas such as schools and the media – the identity and narrative can contribute to the practical realisation of an inclusive dynamic. They can provide the sense of kinship and national story line that help direct people to think, act and talk more inclusively, creating a virtuous cycle whereby inclusiveness reinforces itself.

The new identity and narrative, the formation and solidification of which may extend beyond the life of the transition, can take any number of forms. They can be linked to a language (e.g., Swahili in Tanzania), an external anchor (e.g., 'European-ness' for potential EU candidates), ideology (e.g., the ideas embodied in the US Declaration of Independence and Constitution, which have long played a role uniting its diverse population), or a proud part of the national history (e.g., religious tolerance in Tunisia). The key is to find something that brings everyone together, fosters tolerance and unifies by building upon common attributes or aspirations. Highly diverse countries may find this more difficult, but it is not impossible, as evidenced by the cohesiveness of Indonesia and India, where the ties that bind are much greater than those that divide.

When communicated strategically (especially through the media and schools), the new identity and narrative will also help disrupt dominant collective myths and negative stereotypes related to supposed group characteristics, and to real or imagined past events. Such myths and stereotypes cannot be left unchallenged in a fragile state in transition because they are so often the basis for justifying renewed violence and intolerance – both of which can quickly threaten or destroy a transition.

To ensure that all these elements succeed and inclusiveness embeds in a country's political culture over time, the **institutionalisation of the state** is an essential parallel goal. An inclusive national identity, narrative and social covenant requires government ministries and political parties that act equitably across various ethnic, religious, clan, and ideological groups. Although a charismatic leader or strong political agreement may make this possible on a small scale in the short term, only the depersonalisation of institutions and the establishment of strong systems based on agreed rules and procedures can make this possible on a large scale in the long term. Without such depersonalisation, a diverse and dynamic economy cannot be fostered, the rule of law cannot properly develop and the violence and exclusion so endemic in fragile states cannot be halted. Transitions are too short a time period to ensure that the state is institutionalised, but they provide a vital opportunity to take crucial first steps (discussed in Part III).

Box 4: The South African transition: How did they get it so comparatively right?

South Africa is perhaps the best recent example of how the "covenant plus contract" approach can work in practice. Despite a long history of systemic exclusion and conflict, the country's transition was remarkably successful, especially given widespread expectations that it would turn into a bloodbath. Although neither perfect nor comprehensive, South Africa's transition experience provides important lessons for other deeply divided societies.

The 1991–92 Convention for a Democratic South Africa (CODESA) brought together most major actors in an attempt to broker an agreement to begin a national transition. Although this failed, it nurtured the relationships that set the stage for the 1992 Record of Understanding between the most important representatives of whites (the National Party, or NP) and blacks (the African National Congress, or ANC). The NP and the ANC then worked to reach bilateral consensus on a range of issues (e.g., a constitutional assembly, an interim government and release of political prisoners) before taking them to other parties. Finally, with international assistance to overcome some brinkmanship, the major societal groups reached a consensus.

The final agreement, akin to the social covenant, required concessions by everyone. The ANC got what it wanted – universal suffrage – in return for protections for groups that feared a long period of one-party dominance. The NP was promised a role in government for five years as part of the ruling coalition after the first universal-suffrage election, held in 1994. The capitalist economy and the role of private property were maintained, ensuring that white assets would not be seized, as was widely feared. Decentralisation gave the mainly–Zulu Inkatha Freedom Party, whites and other groups, greater access to power at the provincial level. The Zulu monarchy was given special status. A Truth and Reconciliation Commission, which included an amnesty committee, was established to investigate gross violations of human rights committed during the apartheid era. The constitution – the social contract – was drawn up by the parliament elected in 1994 and promulgated in 1996. It included a collection of constitutional principles that were agreed on in the pre-transition negotiations.

With ANC leader Nelson Mandela and civil society groups playing a crucial role through the first years of the transition, the country established a new national identity and narrative that brought people together. South Africa adopted the famous moniker 'rainbow nation' to describe the kind of demographic the country had and the kind of society it should aspire to become in a new era. The term signalled to the country's various racial and ethnic groups that they were equally important to the country's future. The motto was reinforced by a new national flag and anthem, and by the country's state institutions, which worked well enough to ensure fair implementation of the agreements.

To be sure, few countries boast an inclusive leader like Mandela, or a public so largely willing to support an inclusive approach. In new democracies in divided societies, inclusive-minded candidates often have trouble competing at the polls with candidates who appeal to a narrow demographic. Moreover, although South African leaders were relatively successful at building the pillars of an inclusive transition – a social covenant, social contract and overarching national narrative to reinforce the national identity – the country has struggled to overcome stark inequalities and growing corruption.

But overall, South Africa showed that transitions can move forward – securing better outcomes for all concerned – when leaders of various factions accept and promote the need for inclusiveness and compromise.

> **Box 5: The Iraqi transition: How did they get it so comparatively wrong?**
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> Iraq's post-2003 transition has been hampered repeatedly by exclusionary behaviour, entrenching a political dynamic that has produced a dismembered, violence-stricken state.
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> The US-led Coalition Provisional Authority (CPA), the first government after the invasion, oversaw an exceptionally exclusionary and secretive constitutional drafting process, in which US officials and Iraqi expats played leading roles. The CPA negotiated one of the thorniest issues – federalism – directly with the major Kurdish political parties; other major Iraqi groups were not consulted until after the agreement was finalised. Eventually, after power was transferred to an Iraqi government, some Shiite Islamists and Kurdish ethno-nationalists negotiated a permanent document in 2005, but in a rushed manner that limited time for consultation and substantial changes to the original document. Everyone, apart from a small number of actors, was effectively excluded from the process. Sunnis in particular were sidelined. Although the document ultimately was endorsed by nearly 80% of the population in a referendum, data shows that votes occurred along ethnic lines, with Sunnis accounting for most of the 20% against vote.
>
> If the constitution was the vehicle for excluding Sunnis, the CPA's policy of de-Ba'athification was the engine. De-Ba'athification was intended to purge the members of former leader Saddam Hussein's party from state institutions. In practice, it was used to marginalise many Sunnis across the board, including those whose links to the Ba'ath party were weak. Combined with severe security measures in Sunni neighbourhoods, de-Ba'athification aggravated existing social divisions, yielding a hard-to-change sectarian political dynamic. A weak sense of national identity, competing national narratives and politically servile state institutions exacerbated the resulting conflict between groups. More than a decade after the invasion, Sunnis remain systematically marginalised – and the violent Sunni insurgencies that have developed in response directly threaten Iraq's attempt to transition out of conflict.
>
> While Iraq suffered the trauma of a foreign invasion and had no Mandela-like leader or strong civil society movement, a strategy of inclusiveness, if emphasised from the start, could have changed the outcome dramatically. Including Sunnis in the constitutional drafting process and addressing their grievances regarding corruption in the justice sector and violent treatment at the hands of state security services could have created the minimum amount of trust between the Sunni population and the state to enable a more realistic chance at successful transition. If Iraqi leaders had been pushed harder – from below and from outside – to work together better and forge a unifying national identity and narrative, they might have had a better chance at confronting those who urged a more sectarian path, including regional powerbrokers.

Limits of an Inclusive Approach

While complete inclusiveness is the logical and ideal objective (if unattainable result) in the economic, social and security spheres, the same is not true of politics. Everyone cannot govern at once in politics. That is why even though political power sharing is often necessary and desirable in a transition to ensure a stable and inclusive dynamic takes hold, more often than not governments will be made up of "inclusive enough" coalitions.

Yet, determining who must be on the inside to move ahead and how those excluded are handled can be very difficult. On the one hand, many difficult actors need to be engaged or included in some form because of their importance, and the terms will have to be negotiated. On the other hand, some relatively constructive forces will have to be kept on the outside, while retaining their support for the legitimacy of the process and new government.

The complex behaviour of most transition actors complicates these challenges. Depending on the circumstances, some groups may be inclusive or exclusive; willing or unwilling to compromise; working within the system and agreed upon rules or acting to undermine them. Many will hedge their investment in an inclusive process until the situation is clear which choices will best

advance their interests. Accordingly, inclusive decision-makers will need to make a clear-headed and ongoing assessment of two key variables before knowing how to act at times: the combined political and military strength of the relevant group; and the countervailing unity and depth of political, social and institutional support of those committed to an inclusive transition.

Naturally, the most difficult decisions will revolve around an individual or group able to halt or reverse a transition toward a more inclusive state and society because it commands some electoral mandate (such as the Muslim Brotherhood in Egypt), enjoys significant social support even if only from a sector of society (such as Hezbollah in Lebanon), is deeply entrenched economically and politically (such as elites in Haiti), or retains a capacity for organised armed violence (such as the army in Myanmar). While the participation of such groups in a transition coalition can risk undermining its legitimacy among other parts of society, their exclusion could risk upending the transition itself, setting the country on a downward political spiral.

Especially when the constellation of forces committed to inclusiveness is relatively weak when compared to the veto power of difficult actors, the latter will often need to be included. Neither Lebanon with Hezbollah nor the Democratic Republic of the Congo with its various rebel groups could hope to advance their transitions if they maintained a too-high standard of who should be included in the political process. Likewise in Egypt, Pakistan and at one time Chile, it is hard to imagine that their transitions could have initially moved forward without providing a special dispensation for the military to maintain some of its privileges. In such cases, equity in the political sphere may need to be sacrificed in the short term to ensure stability is maintained (while taking maximum advantage of what other opportunities exist to promote progress toward an inclusive dynamic).

When it comes to armed insurgencies that promote an exclusionary agenda, the degree to which they are included in the new political order will likewise depend to some degree on the constellation of forces committed to inclusive change. When that is relatively powerful, it will be easier to exclude them, as was true in both Tunisia with Ansar al-Shariah and in Northern Ireland with the Real IRA. But any time such groups are seen as embodying an inclusive vision among large segments of society or agree to negotiate the terms of their disarmament, and pursue their goals peacefully, space should be made to negotiate and incorporate them into the political process, as countries like Angola, Indonesia (Aceh), Nepal and El Salvador did in previous years with guerrilla groups. This may be more difficult to do in the case of a secessionist movement wedded (rightly or wrongly) to the disruption or reconfiguration of a state's territorial integrity. But if transition leaders prioritise the development of a unifying national identity, and empower minority groups through decentralisation and other steps (see Part III), the legitimacy of the state and its existing borders will be enhanced, most likely curtailing secessionist sentiment.

In the end, the right choices will inevitably depend on particularities of context. Sometimes the greatest threat to a transition will be from state actors who continue to wield significant political, economic or military power; other times from non-state actors; and other times from outside the borders of the state (e.g., when regional actors intervene in favour of a particular group, such as in Ukraine). But whatever the constraints of time and place, the inclusive transition paradigm counsels, within reason, inclusive *process* (e.g., a visible and genuine effort to be inclusive and dialogue-seeking). In the short term, this can help lower risks of renewed conflict, especially when the fruits of a transition are slow to materialise and group tensions remain high. And in the long term, it can prove an enduring source of stability and dynamism, reducing violence and secessionist tendencies and building widespread legitimacy across groups.

Yet, sometimes inclusive-oriented actors will simply need to bide their time and build up the strength of their coalition before confronting difficult actors, knowing that once the constellation of forces committed to inclusive change is comparatively stronger, it will be more feasible to exclude (or limit the risks presented by) particularly dangerous or exclusionary groups. In the interim, they can design a mix of incentives and failsafe mechanisms to incentivise powerful actors to work within agreed-upon rules. Even then, however, it will be necessary for inclusive-oriented transition leaders to work against the grain. After all, exclusionary regimes in places such as Venezuela, Zimbabwe, Uzbekistan and Syria have endured for so long precisely because their strategy of rewarding loyalty to a core group of supporters while excluding everyone else has worked so well.

Part II: Context Assessment

It is trite, but necessary, to emphasise the importance of context. In any country, committed local and international actors must make a realistic assessment of the political and practical threats, obstacles and opportunities they are likely to face if they are serious about advancing inclusiveness. Success will depend on their ability to understand how power and resources are distributed and contested during the transition, and to leverage the underlying institutions, interests and incentives in ways that enable them to overcome the tendency of many to act exclusively and advance only narrow interests.

This section offers a structure to assess these issues. Although assessment must naturally be ongoing, by working through the below questions at an early stage (to create a baseline assessment) and at pivotal junctures during the transition (such as following an election), a well-informed decision-making process is more likely. This broader assessment can then be complemented by the issue-specific analyses examined in Part III.

No context assessment is conducted tabula rasa. Local actors will already know their country intimately, and the most serious international partners will know where to find quality existing research, reliable survey data and good contacts for interviews. But transitions – by definition periods of change or passage – call for fresh analysis, field research and a sober reconsideration of assumptions. These are moments when it is more important than ever to reach out to people from a wide range of different backgrounds and political leanings to ensure the picture of a country is adequately comprehensive, balanced and up-to-date. With so much at stake, and so many moving parts, transitions call for deep thinking about the scope for change, including the structural constraints that could hold back progress, how different factors can be expected to shape the actions of key actors and what strategies inclusive-oriented actors can adopt to optimise the chances of success.

Overarching Conditions

A baseline assessment of the "state of a fragile state" combines analysis on three broad levels: structural factors, rules of the game and games within the rules.

Structural factors are elements that are hard to change except in the long term and that, directly and indirectly, affect the fundamental nature of the state and its political and economic systems.

Key themes include:

- Geography and topography
- Territorial presence and control
- Geostrategic position (including the relationship to regional powerbrokers)
- Regional narratives and influences (including ideas and norms)
- Social structures (including ethnic and religious makeup)
- Political history (including the relationship of different groups with each other)
- Political culture (including expectations and norms about using power)
- Economic conditions and structural constraints on growth
- Education levels and standards
- Government sources of revenue

- Natural resource endowments
- Infrastructure

"Rules of the game" are political and institutional rules that can only alter over the medium term (by, for instance, being influenced by changes in socio-economic or external factors) and that strongly shape the conduct of key actors, including their incentive and capacity to work together. Such rules, which exist within and not apart from deeper structural factors, may exist in areas like:

- Distribution of power and wealth between key actors
- Level of state institutionalisation (rules-based versus highly personalised)
- Nature of competition for political and economic power
- Informal institutions and norms (national or subnational)
- Regional norms that demarcate minimum standards or expectations of acceptable government conduct
- The dependency of various economic and political elites on each other
- Social and influence networks

A transition represents an opportunity to begin changing these rules.

"Games within the rules" capture current events and the day-to-day conduct of key actors who must (or feel they must) operate within the constraints framed by the rules of the game, which in turn are shaped by larger structural factors. These games (or conducts) usually receive the most attention because they are the easiest to identify and analyse. Yet, deep lasting change can only occur when some of the overarching conditions and rules of the game change, and thus encourage different political calculations and conducts. Indeed, too often observers inaccurately represent leaders' decisions as being made in a vacuum, when in reality they are deeply shaped by structural factors and system rules.

As a final point, it is worth noting that important linkages exist between structural factors, rules of the game and games within the rules – as well as between the issues in each. For example, history and natural resource endowments are likely to be linked closely to sources of government revenue within the structural factors, and all will help shape social and influence networks. Under rules of the game, there will be links between the distribution of power among key actors and the nature of institutions, and both will affect how competition (games) in the political and business spheres work, as well as the ability of civil society groups to influence governance.

Transition Environment

Part I of this publication examined some of the most common challenges that arise during transitions in fragile states, including power vacuums (which encourage individuals to lean on their primordial identities while encouraging groups to compete for power in a hyper-partisan or zero-sum manner), persistent violence (which often spikes because of weaknesses of government, access to weapons and lack of trust between actors) and clashing visions of how to restructure the state. These and similar challenges continuously evolve and accordingly must be re-assessed regularly as a transition unfolds. But a complete assessment of the transition environment must also consider who the key individuals and groups are, and the nature of their relationships with each other. Important questions include:

- Who are the most organised political, social and business groups? Can they be mapped out by resources, incentives, resistance points and compromise points?

- Who is rising, who is falling, and why? Could these dynamics reverse in the short to mid-term?

- Is the new balance of power marked by fragile pacts or by the robust dominance of one or more groups?

- Is ideologically and/or politically motivated violence rising? Do these forms of violence have links to (or simultaneously function as) organised crime? Who is benefiting from and supporting any militias or other forms of organised violence independent of the state even as the transition unfolds?

- What transition pressures – whether popular, organisational, financial or external – exist on leading actors and individuals?

- What role are the state organs playing in the transition? Are they seeking to enforce commitments reached between key political actors? Are they holding the executive accountable? How susceptible are they to capture by new powerbrokers?

- Is there any external actor or mechanism that can act as an anchor during the transition (e.g., a regional organisation)? Are there any other actors or institutions (internal or external) that can serve as honest brokers or neutral arbitrators? Conversely, are there external actors likely to intervene to protect their interests or easily be manipulated to serve particular domestic interests?

- What can be learned from how the "rules of the game" have operated in the past about how key actors are now behaving?

- Who needs to be brought further inside the transition process, who needs to be moved further outside, and who can go either way?

- What potential is there for the forging of divide-crossing political and social alliances? What can be done to increase the chances? What can be done to enforce commitments afterwards?

- What are the clashing priorities or visions of the new order that are reflected in the media and in declarations by influential social and political leaders?

- What are the bottom-line existential interests that key leaders hold (and will be unwilling to compromise on)? What might reconcile or bridge these gaps?

- What religious or ethnic groups (including sects) are most likely to benefit from a transition? Are there some that may grow in importance if expectations from the transition are not met? How will they affect the political dynamics?

- To what extent is the military institutionalised, predictable and subject to civilian control?

- Who are the main providers of international aid, advice and assistance to the transition and what issues are they prioritising?

- Which external actors seem likely to seek to sabotage any movement toward a successful transition? How can such threats be countered?

- Who controls the most influential media sources? What role do they have in influencing perceptions across groups? How important is social media?

Inclusiveness Context

This publication emphasises that transitions offer the best opportunity – especially during the early years – for fragile states to switch to a new inclusive dynamic. Accordingly, the context assessment must consider not only the transition environment and larger overarching conditions, but also the specific socio-cultural, political, economic, administrative, legal and security conditions most likely to facilitate (or complicate) the creation of such a dynamic.

Below are some of the most important questions to pose. (Further issue-specific questions are introduced in Part III.)

Socio-cultural

- What are the main areas of consensus and disagreement on the country's deepest social and cultural issues?
- Is religion a unifying or dividing element? What might make religion a more unifying factor?
- How robust is the overarching national identity (versus subnational and supranational identities and loyalties)? What might change these dynamics in a positive way?
- What have been the country's main historical narratives about its national character traits and its main internal and external "enemies"?
- Are there powerful social and religious networks that shape the nature of the state or political system?
- Is discrimination based on gender pervasive?

Political

- What major actors show signs of supporting, and conversely blocking, inclusive reform? What can change the latter's calculus? For those groups that are blocking reform, what are their most important points of resistance?
- On what issues is there the greatest resistance to an inclusive agenda?
- How strong has sectarianism been in the past, and along what fault lines? Do political actors depend significantly on ethnic or religious fractures to get ahead?
- How organised and inclusive are non-state political actors? How powerful are they?
- Is the country particularly vulnerable to external intervention? What external states or groups are likely to want to disrupt a transition? Are they likely to favour one group over others with money or weapons?
- How has the country's history shaped different groups' perceptions of the legitimacy of the state and its various institutions, their access to political and economic power, and the relationships between them? Does it help explain dominant groups, centralisation or fragmentation of political or economic power?
- How do regional dynamics and trends affect the behaviour of key actors?
- Are there major inequalities between social groups that affect access to power and capacity for collective action?
- How does media affect political behaviour?
- Does personal wealth or security depend on winning political power?

Economic

- What have historically been the most important strengths and weaknesses of the economy and who have been its main beneficiaries?
- Will a small number of powerful players stand to gain disproportionately from reform? What might ensure the gains from reform translate into jobs for the general population?
- Is there the foundation for a more diversified formal economy that supports a broader tax base and mobilisation of interest groups? If not, what might help build that foundation? Is there a large informal sector that makes mobilisation harder?
- Is competition for scarce resources (e.g., water, land), or particular patterns of exploitation of natural resources, an existing or potential source of conflict or opportunities?
- What natural resources does the country have, and is the process of managing revenue from their exploitation in any way transparent or inclusive?
- Does the depletion of natural resources (from overuse or climate change) disproportionately affect particular groups? What might mitigate conflict over land, water and other natural resources?
- What are the primary sources of government revenues and how equitably do different parts of society contribute? To what extent is the state dependent on citizens for tax revenue, as compared to "unearned" sources such as revenues from export of minerals (especially oil and gas)?
- How stable is the national budget and are there looming debt problems that will produce disproportionate burdens on parts of the population?
- To what extent are members of the legislative and executive branches of government likely to support particular business-related policy positions because of family ties or personal investment?
- Do women have equivalent chances as men for education and economic advancement?
- What might improve incentives for domestic and foreign investment in marginalised communities and sectors?
- Might the diaspora be an important source of investment capital?

Administrative

- How apolitical and equitable is the public service?
- Can the state "get things done" effectively? How do its capacity and biases affect the rule of law, the delivery of public services and the economy?
- How transparent and well-managed is the national budget, and how much input do different parts of society have in its creation?
- To what extent do politicians get involved in day-to-day decisions about public procurement, tax administration, public sector recruitment and management? Are there significant but hidden costs associated with procurement, including through pervasive bribe-taking?
- Are some parts of the public sector more institutionalised and inclusive than others (for example the military, selected ministries, or state-owned enterprises)?
- Is there a relatively autonomous revenue authority with the capacity to enforce compliance equitably and mobilise domestic revenue?
- Can the diaspora or nearby countries provide key human resources to man important administrative posts?
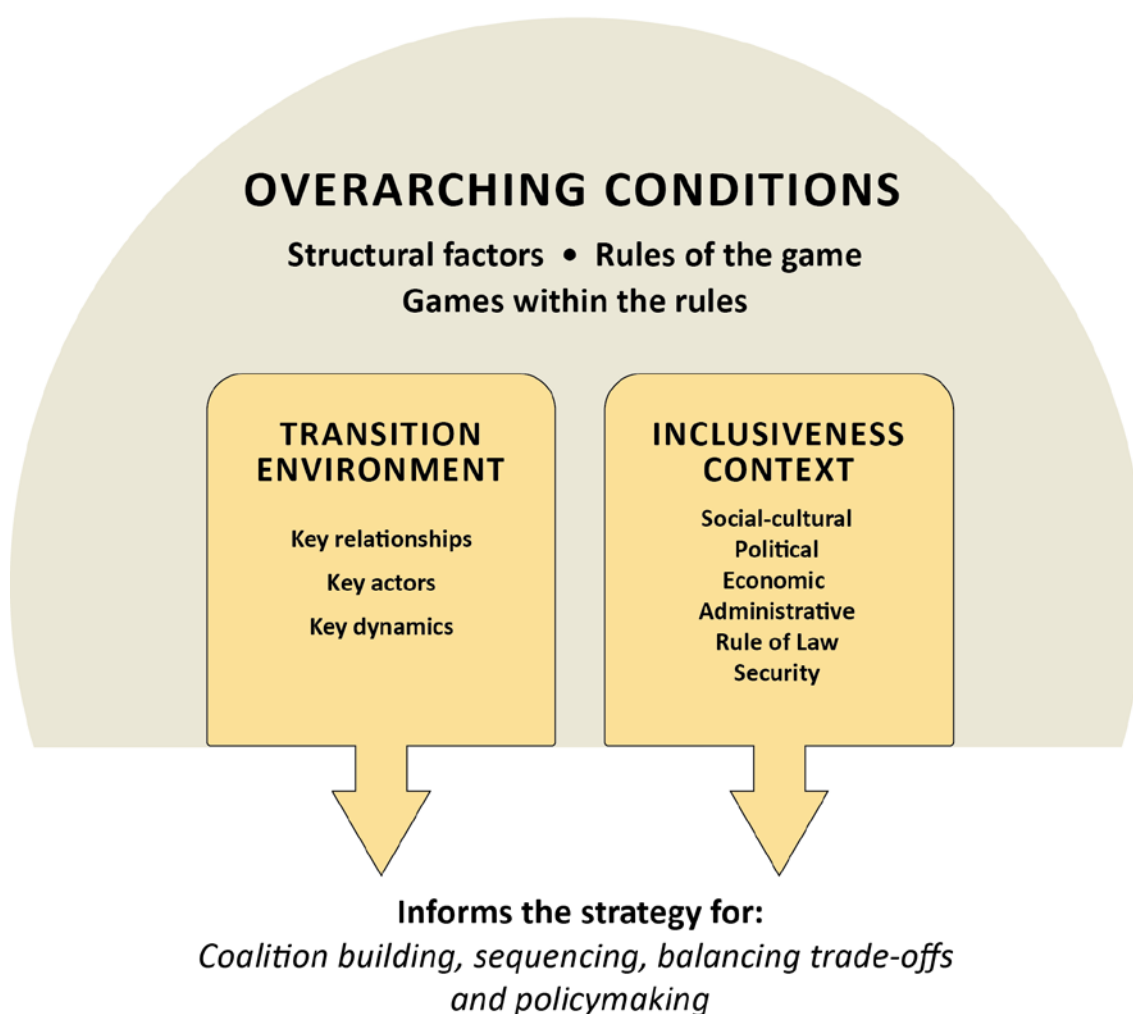
Rule of Law

- Do historically disadvantaged and poor groups have equal access to justice? What are the causes and symptoms of unequal access?
- What are the major sources of business corruption? How can state resources be made less vulnerable? How can illicit behaviour be better controlled?
- How corrupt are the police, prosecutors and judges in the country? Who suffers the brunt of state violations and who benefits from the greatest impunity? What is the prevailing view of citizens regarding corruption and clientelism?
- How independent from political interference is the judiciary?
- How robust are the oversight institutions that audit, evaluate and investigate the behaviour of politicians and the performance of government?
- What has been the scope of past mass violence and who have been the main perpetrator and victim groups? What restorative mechanisms have been used in past cases?
- Are there sufficient numbers of trained legal personnel? Do judges, lawyers and other key members of the formal judicial system have the ability to handle complex cases?
- Are there non-state forms of justice that can be leveraged if state institutions are too weak? What is the state view on non-state justice provision (e.g., enshrined in constitution/law, acknowledged or not)?
- Do written laws need to be reformed to better protect human rights?
- Are there common understandings of what the rule of law should be in a society? How willing is the society to engage with formal justice processes? Is there a societal preference for traditional, informal or restorative processes?

Security

- Is the military a positive or negative actor for purposes of strengthening inclusiveness? What is its role in the economy? Will it intervene to block a transition if its interests are threatened? What may placate it so that it allows progress?
- Is the military representative of society as a whole? Is it disproportionately comprised of, or biased toward, particular ethnic or religious groups? What has historically been the ethnic composition of the military and how does this link to previous periods of stability or instability?
- How effective and equitable are other government security organs? Are all political leaders equally protected? Do minority groups feel secure?
- How widespread are unregistered weapons? Are there militias or terrorists that will take advantage of a transition to oppose inclusive-oriented, nation-building policies?
- Are there disputed territories or a serious challenge from armed insurgents or other non-state actors? If so, does this pose a fundamental threat to state viability? How has this affected the nature of the state (and its coercive arm) and the security of perceived state opponents?
- If there are non-state militia approved by the government, who controls them? What role do they play? What is their relationship with the populations they serve?
- What is the relationship between the different security providers (e.g., between military and police, and within different branches of police such as gendarmes and public order police, or the public order police and the judicial police)? Is, or has, one group been favoured over another?
- How robust are the institutions that audit, evaluate and investigate the behaviour of security providers?

CONTEXT ASSESSMENT

OVERARCHING CONDITIONS

Structural factors • Rules of the game
Games within the rules

TRANSITION ENVIRONMENT

Key relationships

Key actors

Key dynamics

INCLUSIVENESS CONTEXT

Social-cultural
Political
Economic
Administrative
Rule of Law
Security

Informs the strategy for:
*Coalition building, sequencing, balancing trade-offs
and policymaking*

Box 6: Unsolvable conundrums

A comprehensive context assessment is an essential precondition for developing strategies to navigate successfully the myriad challenges of a transition, as well as advance policies that promote inclusiveness. It is likely to reveal a number of important but hidden opportunities for action. Yet, the same assessment may also conclude that some challenges are unresolvable, especially in the short term. Malignant external actors may be too strong; opposition too great; capacity too limited; funding too constrained; risks to stability too large; or the need to compromise too substantial.

The most difficult of these is often the role of malignant external actors. In some cases, such as Ukraine and Georgia, a big, powerful neighbour may actively work to undermine the success of a transition. In other cases, a variety of regional actors may intervene on behalf of their favoured parties with devastating consequences for attempts to build national unity. In Lebanon and Libya, foreign intervention in favour of opposing sides has exacerbated sectarian differences. Conflict within a neighbouring country can spill over, undermining whatever progress has been made in a country. An international ideology (such as Islamic extremism) may create a radical faction unwilling to negotiate with others and too powerful to allow substantial progress.

Yet, none of this contradicts what an inclusive-oriented leader must continue to work to advance. It only makes the task harder. This framework can help them to make better choices, but naturally will have limitations on what is manageable in the face of any provisionally unsolvable problem. Inclusive-minded actors must focus on what can be achieved given the political context, institutions and resources available.

Part III: Inclusive Practice

Overview

Transitions bring into stark relief the differences between fragile states and resilient ones. Whereas resilient states can rely on strong social bonds, trust and a set of informal institutions that establish how to work together despite differences of opinion, fragile states cannot. As a result, the forces unleashed by a transition tend to bring a society in a resilient state together, while pushing a society in a fragile state apart. Resilient states can work even when their governments fall. Leaders come together to settle disputes in a way that builds trust, strengthens ties and leads to the establishment of a new and widely acceptable political order. In fragile states, the reverse is often true. During transitions, leaders compete in ways that undermine trust, weaken ties among them and yield an unstable political order with low legitimacy. As such, from the start, a fragile state's inclusive-oriented political, social and business leaders face an uphill struggle.

Transition leaders will also inevitably face a wide range of conflicting policy choices, and an equally wide range of actors competing for influence and lobbying for different priorities and agendas. This blur can easily overwhelm anyone and distract attention from what matters most: an inclusive method.

In order for these leaders to focus limited institutional capacity, financial resources and political capital, this publication recommends prioritising the 10 areas of inclusive action discussed at length in this section. These are not the only areas that require attention when a fragile state enters a transition, and their level of importance will naturally vary from one state to the next. However, by prioritising these areas and using inclusiveness as the guiding principle for developing strategies and policies in each, local leaders – with the support of their international partners – will be much more likely to cut through the complexities of a transition in making decisions, setting priorities and examining trade-offs. The 10 areas are: 1) political dialogue processes; 2) nation-building programs; 3) institutional design; 4) elections and political party development; 5) transitional justice; 6) rule of law; 7) security; 8) education; 9) economic growth; and 10) taxation and the administration of public resources. The analysis and recommendations in each area emphasise initiatives that have the potential to produce concrete results within a transition's first few years – aiming to stimulate an inclusive-oriented dynamic when conditions are less favourable, and deepen it when conditions are more favourable.

In applying the framework, at every juncture leaders can return to a simple yet vital question: "*Is the adoption of the proposed action or policy more likely than not to foster an inclusive dynamic within the country?*" If they consistently adhere to this simple metric (and answer the question in the affirmative), the transition will much more likely be seen as promising in the eyes of a wide cross section of the state's citizens. This can generate more patience and good will on the part of the population, allowing leaders greater leeway to take difficult decisions that involve short-term hardship and persevere when change is, inevitably, slow in the making.

> **Box 7: The importance of leadership**
>
> How political, social and business leaders use power, political processes and institutions matters tremendously to how countries evolve, and whether transitions succeed or fall short of expectations. They need to be especially good at forging the coalitions, establishing the legitimate processes and building the organisations and institutions necessary to bring people together in historically divided societies. While a revolution can be leaderless, peace-building and state-building cannot.
>
> Overcoming the severe collective action problems that plague fragile states is a prerequisite for political, economic and social progress as well as the establishment of an inclusive dynamic. The nature and quality of institutions, the kinds of conflict that take place and the patterns of state-building all depend, to a large degree, on the kind of leaders in a country. Too often, however, the heads of various factions are not good at negotiating, scared of compromising and incentivised to do neither. They appear unwilling or unable to understand the perspective of their rivals and the prerequisites for a political process or new government to be seen as legitimate by all parties. Often, they also lack experience in building the strong political parties, government ministries and civic organisations that a country emerging from conflict or authoritarianism need.
>
> Yet, history shows that real change does not require a Mandela. It is more often than not the product of a collective effort of many people from many different backgrounds (e.g., government, business, civil society) and parts of society (e.g., different religious and ethnic groups) who forge close ties, make compromises and work together over time for the common good. This points to the need to develop as conducive an environment as possible for leaders and other change agents to emerge and thrive at all levels of society (national, regional and local) and in all spheres. A constructive ecosystem for leadership will encompass a wide range of different social institutions (which provide excellent training for future larger roles), numerous education opportunities, a legal system that makes the registration of new organisations easy, and ample space for dialogue and development. Ideally, it should also be geared to shaping the concept of leadership itself, such that the public comes to associate "strength" and "strong leadership" with inclusive, rather than exclusionary, words and actions.
>
> Even if top people do not set a good example (and they often don't unless they are sure that their own position is secure), less powerful actors can still accomplish a lot. Leaders at all levels and in all sectors of society can enable and accelerate progress toward a more inclusive economic and social system. Although charisma can be a very useful tool, leaders' effectiveness is ultimately tied to their capacity to be pragmatic, to respond to changing needs, and to build institutions to harness their vision and to outlast them (since inclusive leadership is about building institutions, not empires). Even in worst-case scenarios, if factional leaders abandon their initial reformist tendencies or fail to bridge differences with their adversaries, an honest broker or neutral arbitrator can help lead a process that brings together disparate actors with little trust in each other. Leadership is not monochromatic.

Things to Keep in Mind

Fragile and conflict-affected states lie across a broad spectrum of realities. Some places face especially stark ethnic or ideological divisions, others have very weak institutions, and still others have armed groups with significant veto power over major decisions. Every country and every sector within every country has its comparative weaknesses and strengths (e.g., a reasonably dynamic private sector, yet major gaps in urban and rural economic conditions; or a strongly independent electoral commission, yet weakly institutionalised political parties). In that respect, the 10 areas elaborated further on do not offer a universal template for what to do in a transition, but instead provide a menu of initiatives that inclusive-oriented leaders can consider launching or advocating.
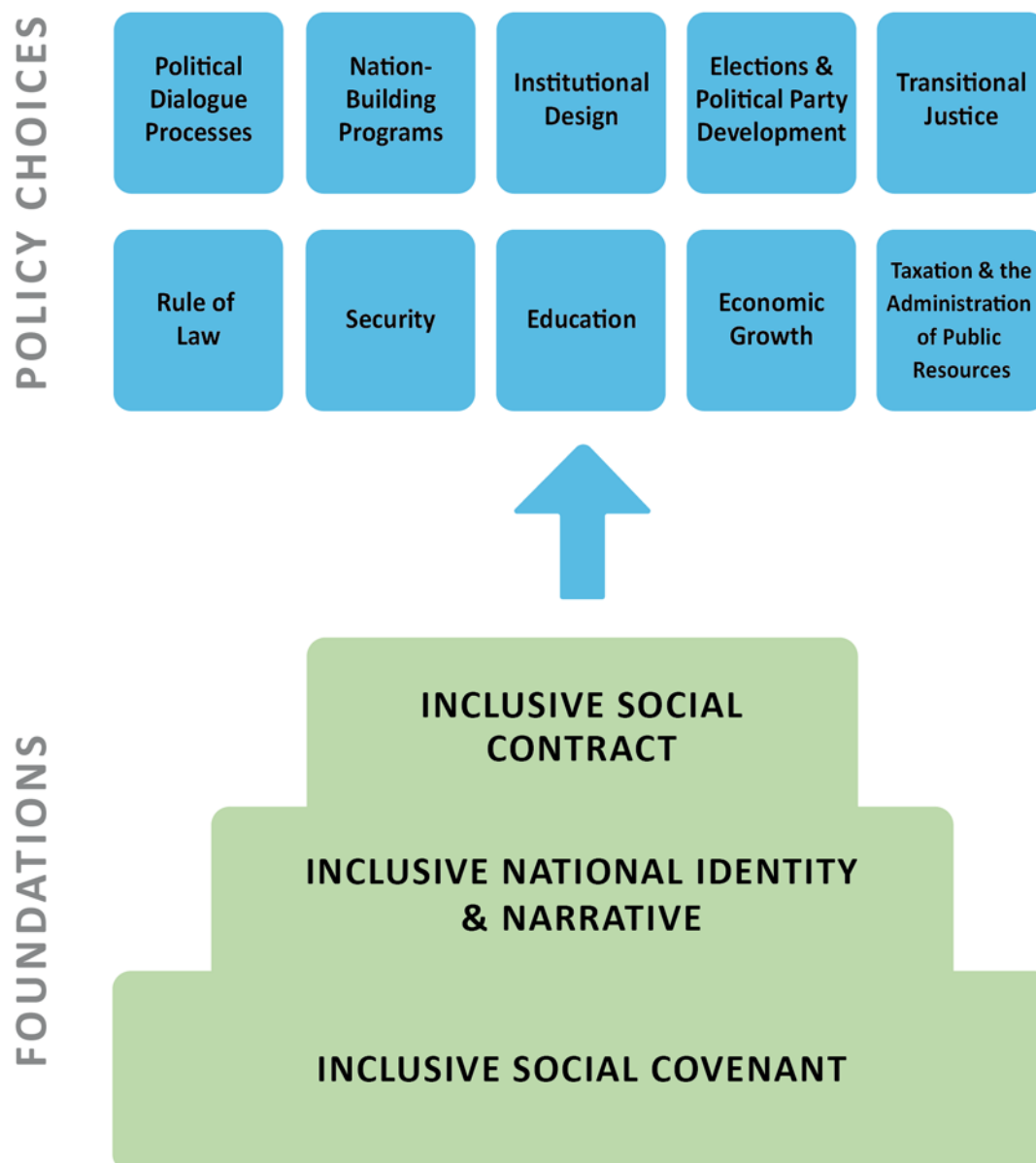
In making use of any of the ideas and recommendations found there, the following crosscutting premises should be kept in mind.

- *Social institutions*: Community groups, traditional institutions, NGOs, religious organisations, labour unions and business associations all figure in efforts at managing conflict, bringing people together and holding leaders accountable in times of transition. Far from any negotiation between elites, they play an especially important role in political dialogue (Issue 1) at the local and regional levels. A multiplicity of public spheres that enable all parts of a society to participate in political, economic and social life, and in the setting of the rules of the game is a crucial building block of an inclusive society. States that have an abundance of these institutions will inevitably have an easier time managing the diverse challenges of a transition and reaching their full inclusive potential. But as noted in Part I, few transition countries have anywhere near the ideal: years of fighting or repression have left their social institutions gravely underdeveloped or weakened; they are often bereft in terms of numbers, quality, breadth of coverage and, especially, the ability to bring different groups together or help historically disadvantaged groups participate in political and economic life. It is therefore crucial for a transition's political, social and business leaders to work on filling the gaps and disconnections in the associational ecosystem, promoting participation, especially for those historically disadvantaged, and securing an environment that encourages civic organisations to form and grow without undue interference.

- *Entry points:* Some issues will be easier to tackle than others, and some time periods will be more conducive to inclusive-oriented initiatives than others. Inclusive-minded actors should be open-minded about what is possible when, and seek entry points for change in whatever form and timeframe they come in. There are typically more of these early in a transition than later on, but pressing issues (e.g., security, political dialogue) often monopolise the attention of leaders then. Many issues require time to develop consensus, an appropriate strategy and a financing plan to act on (e.g., education).

- *Coalitions:* In any issue area, a country's capacity to undertake inclusive policies will partly depend on the unity and depth of the coalition in favour of a more inclusive orientation. Inevitably, some groups will favour an inclusive approach (e.g., those most disadvantaged now), while others will oppose it (e.g., those most advantaged now). Some issues may lend themselves more easily to an inclusive approach in particular places (e.g., economic growth in Indonesia), while others will not (e.g., education in Northern Ireland). As such, coalitions sometimes may only be in a position to advance interim or partial solutions focused more on how to divide power and resources equitably than on any attempt to create a single approach that encompasses the country as a whole.

- *Momentum*: A series of easy political wins and a positive economic dynamic can have immense impact on the momentum driving a transition forward. The more leaders and the general population can celebrate achieving a number of important milestones on the way to a new government or new consensus on a number of important reforms, the more likely everyone will have confidence in the process and be more willing to tolerate whatever delays or privations are required in other areas. Similarly, the more economic growth provides opportunity for people across the political spectrum in the early going, the more likely everyone will feel positive about the direction of a transition, allowing leaders to compromise when necessary, and populations to have patience when reforms take time to implement.

- *Priorities*: As a fragile state must bridge societal divides, in transitions the priority ought to be given to policies that strengthen social cohesion as opposed to ones likely to divide or fragment elites or the general population. Practically speaking, this means that leaders should first and foremost strengthen horizontal relationships across groups and key actors through social covenants, national identity and national narratives. The point is to focus on policies that bring people together around a common set of goals, norms, rules and larger

vision that, over time, will encourage people to work together more constructively and peacefully. While the specific sequencing and policy choices will vary from place to place, and will require continuous reassessment as local conditions evolve, they are more likely to be effective (and sustainable) when organised with inclusiveness as a guiding priority.

- *Trade-offs:* In considering how to set priorities, policy trade-offs and tensions are inevitable. Governments must determine how to allocate limited funds, balance long-term structural reforms against more immediate standard-of-living concerns, and consider short-term compromises that are necessary for progress in one area but which risk establishing hard-to-change rules and policies that store up long-term problems (as has happened with electoral systems in Bosnia and Lebanon). Political, social and business leaders should acknowledge the trade-offs rather than denying that they exist and assuming that all of a country's goals can be achieved simultaneously.

- *Linkages:* Change happens at multiple levels of a society and state – national, regional, and local. Inclusive-oriented actors need to be aware of how each affects the others, and what role they ought to play. Action at the national level can have significant consequences at the local, and vice versa. Links between each mean that inclusiveness cannot permeate society, the economy and politics over the long term until it does so at every level. Strongly and clearly linking reform initiatives (in areas like security, rule of law, education, institutional design and taxation) at every level of society to the broader social covenant, social contract and inclusive national narrative can help ensure deeper penetration of the ideas embedded in them. The more the macro and the micro are perceived as intertwined – part of a unified national project – the more likely they will bolster each other.

- *Avoiding losers*: Success will depend in some cases on whether winners or new elites develop a modus operandi with losers or the old guard. Both sides need to feel a stake in the future to commit to it. When they do not, losers or the old guard might just as well work to undermine it, as has happened in the past in places such as Serbia, Iraq and Egypt. As such, it is better to seek inclusive change that will serve everyone's interests, and not produce a new group feeling excluded in some way. It is also important not to throw away the good of the previous regime (there is usually some) with the bad. In their attempt to transform, too often new governments discard institutions, individuals, organisations, or resources that can help a country navigate temporary vacuums of authority and advance toward a more stable and inclusive future.

- *Corruption*: Large-scale malfeasance is one of the easiest ways to lose public support or undermine key institutions during a transition. When leaders earn great riches overnight, friends of new ministers are awarded large government contracts opaquely, or particular groups do especially well from how public patronage is distributed, suspicion grows that the transition is benefitting some more than others. This undermines its legitimacy with the public, as well as creating disputes where there were none, as certain elites may feel left out. Moreover, when corruption affects key institutions (e.g., the military and judiciary), it can undermine a country's ability to maintain basic security and rule of law. However, the risk that a transition will bring more corruption than in the past (because power is more dispersed) is real and should be addressed head on. The growing threat from transnational organised crime makes this issue all the more essential.

- *Statehood:* The suggestions in the 10 issue areas that follow are premised on an international legal system in which the creation of new states will remain the exception, not the rule. No matter how pernicious a country's colonial history, absent or tense the relationships across subnational groups, or slight the legitimacy of the state, realism dictates the likelihood of uninterrupted territorial integrity. As such, "states" (in the UN Charter sense) that are not "nation-states" will, with rare exception, have to find ways to become more so.

Anatomy of an Inclusive Transition

POLICY CHOICES

Political Dialogue Processes	Nation-Building Programs	Institutional Design	Elections & Political Party Development	Transitional Justice
Rule of Law	Security	Education	Economic Growth	Taxation & the Administration of Public Resources

FOUNDATIONS

INCLUSIVE SOCIAL CONTRACT

INCLUSIVE NATIONAL IDENTITY & NARRATIVE

INCLUSIVE SOCIAL COVENANT

BOX 8: Interim governments: important bridges

Many countries need or choose to use interim governments during transitions until a new system of governance with a new set of rules is in place. These governments can draw upon both national and international capacity; substitute for some of the core executive and service delivery functions of the state, or only oversee an existing state system; and try to create rapid improvements in the perceived neutrality of the state. Interim governments should be based, ideally, on a transition plan that has been negotiated between the major parties in a process that creates a base level of legitimacy and a shared understanding of what is realistic in the short term (see Issue 1).

Although they will have many large issues to tackle, interim governments typically will need to focus on a few immediate priorities, such as restoring basic services (including security, economic activity and the ability to manage public finances) and ensuring the continuity of state capacity. Over time, other mechanisms – such as national dialogues or constitutive assemblies – can be introduced while the interim government focuses on daily management of state affairs. Although there will be a strong impetus from many to move quickly out of interim arrangements, it may be better to take a gradual approach to make sure the minimal building blocks of a successful society and state are put in place first (see Issues 1-4). Spain and Portugal, both relatively developed and cohesive countries, took many years to transition from authoritarianism to democracy in the 1970s. Yet many transitions today become forced affairs running on tight election schedules.

Interim arrangements can take many forms. In Peru, an interim government was installed in 2000, after President Alberto Fujimori fled, in order to manage daily affairs until new elections could be held. In Tunisia, a transitional government managed day-to-day affairs but also set up a special national dialogue body to determine a roadmap for the country's democratisation process. In Kosovo and Timor-Leste, the international community was very involved and had interim oversight of executive decisions for some time while the countries were in the process of formation.

Provided it operates (both in fact and in perception) in a highly technocratic and independent manner from the parallel political dialogue and negotiations aiming to establish the roadmap and set of institutions through which the country's transition will unfold, an interim government can serve as an essential bridge to a future of much greater stability and equality of opportunity.

Issue 1: Political Dialogue Processes

The crux of the issue

In a transition, fragile states need to find ways to bring their different groups and actors together to forge a sense of common bond and purpose – to decide what kind of country they want to be. Various spaces and forms of political dialogue can help achieve this goal. The most important, a national dialogue, can bring together representatives of key groups and tackle sensitive issues about the past and future. Mediation mechanisms can extend such dialogue throughout a society to resolve conflict, expand cooperation and build convergence.

Political dialogue encompasses a broad range of activities from high-level negotiations to community attempts at reconciliation, and takes many forms across countries (e.g., regular sessions of *qat* chewing in Yemen, a loya jirga in Afghanistan, or a series of meetings between political parties in Tunisia). The aim is to achieve practical and peaceful solutions to national, regional, or local challenges or disagreements during a transition. On a broader level, political dialogue seeks to address drivers of conflict, foster reconciliation and build greater consensus and social cohesion where there may be little of it. The result can be greater legitimacy for institutions and the state, and greater convergence across different groups around a common program to solve problems and a common vision of how to live together.

In times of transition, national dialogues can consist of a combination of formal processes, informal discussions, ad-hoc negotiations, and last for years. They can be essential to fostering reconciliation and consensus, building trust among rival groups, fashioning a new social covenant and contract, establishing a set of political rules to govern society and forging a shared national identity and vision. They should bring major political decision-makers and stakeholders together (including, when appropriate, representatives of a deposed regime) to resolve conflicts about the nature of the state and society, the distribution of power and issues like institutional design. These are not dialogues for dialogue's sake, but dialogues for the sake of achieving political foundation stones for the transition and beyond.

A formal state-initiated national dialogue (or national conference) exists extra-constitutionally, and is designed either to play a role in the writing of a new constitution or the reform of major defects in an existing document. It thus needs to be linked to a process and set of institutions that achieves one of these objectives. For example, in Colombia, the peace process with the M-19 rebel group was integrated with a constituent assembly that produced the country's 1991 constitution. In South Africa, political dialogues determined the constitutional framework and the process for the establishment of a constitution-making body and holding of elections.

Civil society leaders, and even external actors, can also initiate dialogues between key actors, even though they will have lesser mandates than one initiated by the state. But this does not make them any less essential: such informal dialogues can encompass trust-building meetings, negotiations and consultations that lay the groundwork – and improve the conditions – for a future, formal national dialogue.

Dialogue and mediation spaces and mechanisms are essential to enable groups to address their differences and strengthen their ability to cooperate in the aftermath of war or repression. These can especially help women, youth, lower castes, minorities and other historically marginalised groups to participate in and contribute to foundational political and social debates

because they can provide a neutral space where traditional power dynamics are less prevalent. Some countries already have these in place and only need to have them strengthened. Others may require the establishment of new, neutral institutions, spaces and mechanisms.

Some important practical questions to consider

- Do the key actors understand the importance of holding a national dialogue? Do they recognise the underlying historical issues, grievances and cleavages that have caused existing divisions?
- Has there been adequate preparation (including assessing conflict parties' interests and fears, designing a process roadmap, establishing support structures, ensuring buy-in from major actors and planning media communications) to launch a national dialogue?
- Have local stakeholders designed or participated in the design of each process, structure and mechanism that will make up the overall dialogue?
- What is the optimal relationship between the dialogue and a country's constitution and state structures? What will be necessary to ensure eventual implementation of what is agreed?
- Is the political dialogue inclusive enough? Who needs to be brought in, who needs to be initially excluded and who can play the role of trusted facilitator?
- Do leaders have the capability, willingness and incentives to make major compromises and form partnerships with longstanding rivals? What might improve these?
- What new institutions can enhance society's more general ability to manage conflict and enhance dialogue and cooperation?
- Are women playing a sufficiently large role in dialogues, and the negotiation and implementation of agreements?

Strategic objectives and policies that inclusive-oriented leaders might consider

Mechanisms to promote political dialogue and mediation across groups are essential during a transition if a fragile state is to become peaceful and inclusive. National dialogues are the most formal, but similar mechanisms can help at every level of society and wherever there are clashes between competing institutions, values and interests. These spaces (and the "spaces within the spaces") are the soft tissue of a stable transition.

Improve the conditions for effective political dialogue

The art of dialogue, especially between social and political groups who have historically op-posed each other, is something profoundly lacking in most fragile states. In transitions, inclu-sive-oriented leaders at all levels of society should proactively seek to initiate various types of political dialogue to bring disparate groups together and solve common problems. These are essential if the typical divides in these countries are to be tackled constructively. Options in-clude a national dialogue (see below); high-level summit meetings; negotiations aimed at end-ing conflict (such as peace talks or a local dispute over land); Track Two (i.e., civil society-led) interventions; community level dialogues and public meetings; and multi-level dialogues aimed at building a consensus across different segments of a population.

The better the preparation, facilitation, political commitment, level of inclusion and leadership ability to form coalitions across groups, the greater the chance that these will be successful. But the minimal conditions for effective dialogue may need to be built up over time: a reality

that counsels against starting big by default. The higher profile the dialogue, the greater the risk that failure will have a significant (and potentially long-term) impact on stability and the relationship among different parts of a society. This is why Track Two negotiations led by civil society may be a good starting point (lower risk), and summits or national dialogues (higher risk) may be better left for when basic trust has been built up and some preliminary compromises are already in place.

<u>Establish a national dialogue</u>

National dialogues can be a powerful mechanism for nation-building in fragile states in transition, but they involve high stakes. If not well-designed, well-timed, supported by the right institutions and political actors and managed by the right people, the cure can be worse than the illness. They can potentially reignite conflict, sharpen disagreements between groups, aggravate historical grievances, provide cover for dominant groups to squash dissent and retain power, marginalise minorities, or create identities that are exclusive and bound to yield a backlash. If they fail spectacularly, for example, by being undermined by the country's leader – as occurred in the Democratic Republic of the Congo and Togo in the early 1990s – they can provoke significant violence. Yet, in a fragile state seeking to make a successful transition, there may be no proper substitute for a formal national dialogue – every other option for spurring an inclusive dynamic may be comparatively worse.

The broad-based legitimacy and mandate necessary to enact a national dialogue requires considerable preparation beforehand to ensure its architecture is designed to best fit a country's circumstances. This typically requires long, detailed negotiations between key political actors and the establishment of a widely representative preparatory committee to decide the dialogue's architecture. It is essential that the planning process not outpace political consensus (or support for the dialogue will wane among one or more major actor), but rather be aligned with political reality and carried out as a political dialogue in itself. Iraq's 2004 National Conference, for example, was a failure because the American organisers exercised one-sided control and did not take underlying sectarian divisions sufficiently into account.

Key issues to consider in designing the national dialogue include the composition, agenda (mandate), decision-making process, independent support structures, facilitators (if used), public participation mechanisms, management and implementation mechanisms. Everyone cannot be on the inside of the dialogue. Legitimacy and sustainability require an "inclusive enough" composition that includes stakeholders necessary for legitimacy and future implementation, and except where truly necessary, excludes actors that are likely to stonewall the process or heighten conflict. Women, youth and minorities need to be adequately represented to ensure that their interests are sufficiently integrated into the agenda (there is research showing that when women are able to influence the quality of peace agreements and their implementation, there is a much higher rate of success). Strong ties to the key political and religious groups, state institutions and civil society organisations outside the formal process must also be maintained.

A comprehensive support structure of important actors who are close to the rival parties can help facilitate a step-by-step process of compromise and consensus building, as occurred in South Africa. The absence of formal support structures has been at least one contributing factor to the breakdown of dialogues in the Arab world, including in Yemen. A skilled facilitator that all parties accept and feel comfortable with is often crucial, among other things, to developing trust and ensuring the process produces the maximum amount of give and take.

Since a national dialogue's purpose is to generate the foundational agreements on which a larger transition depends, it does not end with the conclusion of the formal process, but continues with implementation. Steps that can enhance implementation include: a clear relation-

ship between the dialogue process and permanent public institutions; a roadmap (ideally included in the dialogue's mandate) for introducing constitutional changes; civil society vigilance in monitoring agreements and holding actors to account; and the designation of formal follow-up and verification mechanisms to monitor what is agreed and facilitate ongoing dialogue. Effective implementation likewise depends on crucial but under-emphasised aspects such as the formation of strong personal ties between dialoguing parties and their enhanced ability to compromise and form coalitions. If there is insufficient emphasis on political dialogue in the years following a successful national dialogue, national agreements may falter, as was the case in Afghanistan.

If a state-led national dialogue is not possible in the short term, civil society leaders can apply the same principles above to chart a dialogue process of their own creation, as was done in a civil society-led constitutional dialogue in Zimbabwe 15 years ago. Likewise, if a national-level dialogue is not possible in the short term, the beginnings of a future national dialogue can be catalysed by a series of consultations among key stakeholders, as has occurred in Bangladesh.

<u>Strengthen mediation mechanisms throughout society</u>

There are many practical ways inclusive-oriented leaders in fragile states can establish or strengthen existing mediation institutions during periods of transition. This may include making consultative councils a permanent part of local or central governments; creating standing mechanisms for citizen consultation such as participatory budgeting (used in Brazil); spurring activities that involve cross-group dialogue on public policy, as is done by the Nigerian Inter-faith Action Association in areas such as healthcare; increasing the role of traditional institutions in resolving local disputes, as has been done in Uganda and Somaliland; and strengthening or supporting inclusive-oriented civil society organisations that can mediate between societal groups and sectarian factions, as occurred during Northern Ireland's post-conflict transition.

Mediators are crucial in all these spaces and can come from NGOs, local governments, or religious communities, among others. They can play a constructive role in ensuring that groups (including youth and women) typically excluded from the political arena have a greater opportunity to express themselves. Creativity is important to ensure that these institutions and initiatives both take advantage of a society's existing ways of working and fit the local context. By supporting and strengthening such initiatives as part of the transition, dialogue and mediation can become, over time, the "new normal" for resolution of ongoing social and political fractures.

Learning from Tunisia

In Tunisia, something akin to a social covenant was constructed in an informal political dialogue years before the Arab Spring. The four major opposition political parties came together in 2003 to reach a consensus on the fundamental principles of how the country would be governed if they came to power. In the "Call from Tunis", they agreed on such things as the role of elections, the place of religion and Muslim-Arab values in society and the rights of women. Starting in 2005, these and additional smaller parties met to reaffirm their commitment to these principles while working to reach a consensus on the details of how they would be implemented in the event of a future, democratic transition. These agreements – as well as the relationships built while forging them – laid the groundwork for the transition that eventually arose in 2011, and allowed Islamic and secular leaders to peacefully work through their mutual fears and distrust during the first several years of the democratisation process.

Part of the Tunisian transition's success can be attributed to what Alfred Stepan has called the "twin tolerations" – a toleration of religious

leaders toward the state (they lay no claim to veto power over its actions) and of the state toward religion (religious citizens are free to express their views and values and organise around religious goals as long as they do not contradict the law). A number of factors, many of which are owed to Tunisia's relatively favourable starting conditions (including a strong sense of national identity and relatively robust state and social institutions), allowed this dynamic to emerge. In addition, when the transition began in 2011, no political party was powerful enough to lead a new government on its own (thanks to the prior adoption of a proportional representation voting system). The Islamist Ennahda party, the largest, failed to gain a majority and thus opted to form a coalition with two secular parties. Subsequently, facing anger at their own mistakes while in power, and mindful of the ejection of the Muslim Brotherhood in neighbouring Egypt, Ennahda agreed to cede power to an interim technocratic government (as the result of a mixed civic-political dialogue process) until fresh elections could take place. Its leaders acted this way because of a mixture of public pressure and enlightened self-interest, showing that inclusiveness isn't just a high-minded ideal. It is simply smart politics.

While the country still is a young democracy with significant social and economic challenges, since 2011 it has held successive free and fair elections that have included peaceful rotations of power, along the way establishing a broadly accepted constitution.

Some rules of thumb inclusive-oriented leaders might follow

Improve the conditions for effective political dialogue

Do: Confirm the degree to which stakeholders have a genuine commitment to political dialogue; make use of indigenous conflict resolution mechanisms (such as the loya jirga in Afghanistan); draw upon independent local and international training and assistance (tailored to fit local needs) to strengthen the dialogue and support mechanisms; encourage the media not to irresponsibly disrupt what might be delicate processes; ensure that women have a real opportunity to participate in dialogues and contribute to the agreements they produce.

Don't: Assume political actors have the power to make compromises on their own (when instead they are often beholden to powerful players who are not present or external sponsors); presume that bigger dialogues are better than smaller ones in a fragile state at the beginning of a transition.

Establish a national dialogue

Do: Ensure key stakeholders carefully design their own dialogue architecture (mandate, structures, decision-making process, implementation mechanisms, etc.); distil key lessons from the country's (as well as other) successful and unsuccessful experiences; ensure that participants in the dialogue abide by agreed rules of respect, empathy and tolerance for one another (including in media and public spaces); ensure that the results of a dialogue are realistic and binding, and that there is a clear relationship to permanent public institutions; use the dialogue process to strengthen more local and regional conflict resolution and mediation institutions.

Don't: Let international commitment supplant domestic commitment to a process; assume that the preparatory work (essential to getting all actors on board) is any less important than the dialogue itself; assume implementation will be easier than the process of reaching an accord (e.g., Nepal); have a fixed, non-renewable timeline or an inflexible agenda (e.g., Yemen reached the end of its dialogue's mandated period with some key issues unresolved, ushering in a period of instability); import foreign models and external peace infrastructures, except to inform individual elements of locally generated models.

Strengthen mediation mechanisms throughout society

Do: Build on cultural assets, including practices and rituals widely recognised and used in some form for decades or centuries (e.g., traditional justice mechanisms in many African countries and indigenous ones in the Americas).

Don't: Crowd out existing systems with new processes; measure a society's mediation infra-structure based on the quantity of NGOs and support institutions alone (quality matters more).

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Organisations

African Centre for the Constructive Resolution of Disputes (ACCORD); Berghof Foundation; Carter Center; Crisis Management Initiative; Centre for Humanitarian Dialogue; Centre for Policy Dialogue; CITpax; Dialogue Advisory Group; Interpeace; United States Institute of Peace; Search for Common Ground; Serapaz; UNDP's Democratic Dialogue Regional Project; United Nation's Mediation Support Unit

Issue 2: Nation-Building Programs

The crux of the issue

Fragile states in transition need to cultivate inclusive patriotism, public spiritedness, and a desire to sacrifice for the benefit of the country in order to overcome social divisions, weak institutions and temptations for enrichment that will be a threat. A fragile state, by definition, is not a nation-state, and thus lacks many of the qualities – the software – that are essential to the workings of more cohesive states, but that are so taken for granted that they are rarely prioritised by international actors.

Although developed countries downplay nationalism today because of fears over ethnic chauvinism, it has long played a crucial role in state-building, democratisation and economic transformation, as evidenced by the history of 19th century Europe, 20th century East Asia and places such as Turkey and Chile today. In contrast, countries that fail to develop social cohesion and a strong sense of patriotism (e.g., Iraq and Syria) are much more prone to corruption, crony capitalism, state capture and the splintering of public authority due to the development of subnational loyalties and local militias at the expense of the state. They are hence more likely to be unstable and have worse development outcomes.

In a transition in a fragile state, one of the most important objectives should be to develop (as part of the social covenant and as a product of the national dialogue) a new inclusive national identity and narrative that promotes a sense of common bond and public participation in state-building. This requires not only thoughtful design, but continuous commitment, and, over time, the systematic inculcation of a sense of shared nationhood through media, education, transportation links and so on.

Reducing especially stark horizontal inequalities (economic, political and cultural) between different ideological, regional, ethnic and religious groups is essential if the new political order is to gain legitimacy. These are typically a source of resentment and a cause of conflict, and a central reason why subnational loyalties retain their importance over time. The development of an inclusive form of patriotism that produces fair results for everyone will contribute to changing this.

Inclusive-minded leaders will face pressure from their identity/ideological groups, extended family/clan and close affiliates to put their ideas and narrower interests above that of the state. These can come in many forms: religious or ethnic pressure; calls to remember the common struggle and historical grievance; physical threats; blackmail; financial enticement; and so on. The pressures are extremely difficult to resist, especially when the media fuels the problem. But a transition offers the best chance for positive deviance from such pressures and expectations. As the most successful cases have shown, inclusive-oriented leaders across the spectrum can find ways to consistently back up key elements of the new national identity and narrative by how they speak and behave, and by what policies they adopt.

Inclusive nation-building does not imply or require the creation of deep empathy among, or within, disparate groups. It is enough in a transition to foster the minimum confidence or trust necessary for groups of citizens to consider committing to the national "we" and not merely an own-group version. For this to happen, public policies adopted in transitions should try, among other things, to avoid making subnational groupings legally or constitutionally reified or frozen

(as though no one in the society ever married, had families, or forged hybrid identities across group lines). This is not to say that inclusiveness should not accommodate minority rights and protections through law. The point is to avoid the too-early legalisation of identities that can foster dangerous and enduring politicisation of them, as has occurred in Lebanon and Bosnia, partly due to their respective post-conflict constitutions.

Some important practical questions

- What overreaching identity and national narrative can be developed that encompasses all the society's main groups and makes them feel a stronger common bond and loyalty to the state?
- What practical measures can be introduced by inclusive-oriented political, social and business leaders to strengthen these feelings and better integrate the population?
- What are the major ethnic, religious, ideological, clan, class and regional cleavages that threaten to divide the state? How can these be countered or channelled for nation-building purposes?
- Are there significant political, economic, or socio-cultural inequalities between these major groups? How can these be reduced – and the loyalty of the groups' leaders increased – in order to strengthen transitional nation-building policies?
- What early transition measures can help ensure that the state begins to act (and be seen as acting) as a more impersonal and equitable actor in relation to each of these groups?
- How can the media be encouraged to strengthen a new national identity and narrative? What can be done to reduce the chance that the media will be a dividing, rather than unifying, force?
- What early steps are most likely to increase the legitimacy of the state in the eyes of each of these groups?

Strategic objectives and policies that inclusive-oriented leaders might consider

There are four main focus areas that a leader hoping to build a strong sense of nationhood in fragile states should consider: recrafting the national identity, developing a strong sense of nationhood, reducing horizontal inequalities, and promoting integration of the population. These work in conjunction with each other – each one reinforces the effectiveness of the next.

Recraft the national identity

New national identities typically emerge over time as a product of dialogue, social change and political process in which elites, in a top-down fashion, and populations, in a bottom-up fashion, forge a new "imagined community". The task is far from easy, but is the necessary precondition for achieving so many other policy objectives. Celebrating each identity group's distinctiveness while attempting to build a nation of nations is more likely to succeed than trying to build a state on the negation of social identities, that is, a nation against identities.

To begin to craft a new or stronger national identity, leaders can take advantage of a national dialogue or convene a national conference of representatives from major groups. Ideally, their efforts will accelerate the development of an identity that has already formed organically to some degree rather than start something from scratch. The recrafted national identity should be built upon elements or ideas that all major groups share in common, and which can both generate a strong sense of pride of association, and feeling of kinship to others in the country.

A country's new inclusive identity and narrative can be linked to a language (e.g., Tanzania and Indonesia), history (e.g., Ethiopia), an external anchor (e.g., "European-ness" for potential EU candidates), religious association (e.g., Senegal), common culture (e.g., Botswana), threat from a common enemy (e.g., Vietnam and Somaliland) and so on.

Both India and Indonesia – despite their immense diversity – have built a common national identity that coexists in parallel with regional identities through a combination of strong leadership, tolerance toward different religions and customs, a neutral national language (English and Bahasa Indonesia, respectively), decentralisation, compromise and democracy. Neither is perfect, and both have suffered from secessionist wars and poor governance, but their generally inclusive governance has compensated for weaknesses elsewhere.

Develop a strong sense of nationhood

Building on national identity efforts, leaders can also use the early stage of a transition to forge a stronger sense of nationhood by promoting reform of a number of areas with inclusiveness in mind, including changes to education and media (see Issue 8), infrastructure (to enhance connectivity), public sector policies (e.g., minority recruitment schemes and reallocation of financial resources) and citizenship laws. These can be announced relatively quickly, with implementation commencing within a year or two. Ideally these efforts will build on an already evolving nation-building process and act as an accelerator rather than simply impose a new unexplained template on every part of society.

But developing a strong sense of nationhood is not achieved through better laws or better governance alone. It requires a consciously (and creatively) sociological approach that has useful antecedents in many successful countries where social divisions were reduced through active state policies (France being the archetypical example). Soap operas, national news programs, national sports teams, national awards, national writing competitions and reimagined national military and civilian service can all reinforce an organic and inclusive nation-building process. Just as important, the development of new unifying national symbols (e.g., anthems and flags) can send an important signal of change in the way of governing – one that may be initially resisted by parts of society, but that must be advanced with as much conviction as possible.

Reduce horizontal inequalities

Launching or advocating a number of quick-impact initiatives to reduce horizontal inequalities will build immediate credibility among previously marginalised populations, thus reducing any sense of alienation and grievance that these groups have. Change in the political and cultural spheres is especially influential to general perceptions, impacting how groups perceive other inequalities, and thus should be made a priority during a transition. For example, national rituals can be made more inclusive (e.g., recognising minority holidays) and the national political leadership can be made more representative (e.g., bringing members of previously marginalised communities into government). These can be done within a relatively short period of time and combined with many other initiatives that can be promptly announced even if implementation takes longer (see Issues 7-10). The net result of all these efforts will be a greater sense of national cohesion.

Promote integration and trust

Promoting national integration entails a series of steps that ensures different groups interact and cooperate as equals much more often than in the past. Inclusive-minded political, social and business leaders can launch initiatives such as national service schemes, summer camps, student programs, sports teams, training programs – and civic, social and business associations

– to bring people together across social divides, building trust, relationships, and patterns of cooperation in the process.

Political and civic leaders need consistently to emphasise through rhetoric and action the unity of the country, and every major groups' membership in it. They need to reach out to leaders of other factions, actively argue for an inclusive approach and stand up to those who act divisively (especially when they come from the same faction). By reaching out to marginalised groups, minorities, opponents, conflict losers and members of the previous regime in ways that promote reconciliation, they can build a sense of togetherness and provide channels for these groups to participate in politics, public service, economic reforms and national culture.

This all may sound obvious or simple at first blush, yet it is anything but easy in a transitioning fragile state in which messages of hate and separateness may hold more sway. By focusing on equity across identity and ideological lines, government may become more unwieldy in the short term; institutions may become less efficient; majority groups may become resentful (and block important change elsewhere); and a too strong focus on assimilation or integration may threaten identities or disguise inequalities. Therefore, whether inside or outside government, nation-building policies need to be situated by leaders within a larger, compelling narrative about the move toward greater inclusiveness as something necessary and beneficial for all. This requires not only strategic creativity, but also courage and consistency.

Learning from Singapore

Singapore has relentlessly and systematically laboured to construct a cohesive unity from three ethnic groups (Chinese, Malay and Indian), which found themselves at odds in the wake of independence in 1965. The new country's leadership wisely opted to focus on equity in public services, education, inclusive growth and other policies that both raised living standards and promoted social integration. It made English, a neutral language, the national tongue and promoted a new overarching Singaporean identity through education, the media and the rhetoric of leaders. It even discouraged the learning of Chinese for decades despite the fact that over four-fifths of the population was of Chinese origin.

In no small measure as a consequence of its inclusive approach to nation-building, Singapore is today a model of stability and prosperity. The country's founding father, Lee Kuan Yew, had confidence that his country's success was due to building "social cohesion through sharing the benefits of progress, equal opportunities for all and meritocracy, with the best man or woman for the job, especially as leaders in government."

Some rules of thumb inclusive-oriented leaders might follow

Recraft national identity

Do: Create an overarching identity; ensure that it does not exclude any major group; use a common element that everyone shares and can aspire to; back it up with an overarching national narrative that synthesises/encompasses all major groups; make use of symbols (anthems, holidays, flags, etc.) and symbolic gestures (such as expressions of support for unlikely allies); ensure language policies, choices of holidays and availability of media do not disadvantage or exclude any group (something very common in postcolonial states); work with the media as much as possible to strengthen the national identity and narrative.

Don't: Create an artificial sense of national unity through force (such as in Egypt); exclude minority groups (a danger in Myanmar); let the media be a dividing force.

<u>Develop a strong sense of nationhood</u>

Do: Build pride in the country (e.g., Tanzania, Singapore); ensure the media and schools play a constructive role strengthening the national identity (e.g., late 19th century France); introduce nation-building service schemes, sporting events and cultural competitions; design or promote a political system that reduces the role of subnational identities (see Issue 3); increase training that can help amenable leaders act more inclusively.

Don't: Force groups to give up their pre-existing identities, cultures and beliefs; exclude major groups or regions from nation-building programs; ignore the role of equitable institutions, power sharing and decentralisation in building legitimacy for national identities (something countries like Sri Lanka and Myanmar have repeatedly forgotten); let media promote a sectarian agenda.

<u>Reduce horizontal inequalities</u>

Do: Research where in the country (and on what issues) the perceptions of horizontal inequality are strongest; address political and cultural inequalities as soon as practically possible; ensure the design of institutions reduces the chance of deepening inequalities (at least until the sense of shared nationhood is stronger); legislate and advocate the elimination of all forms of identity-based discrimination; advocate reduced inequality in how state funds are allocated (but not so abruptly as to anger those that lose).

Don't: Overlook or downplay gender inequalities; assume legislating away discrimination alone will ensure it occurs less frequently (because institutions may not be effective); disenfranchise a minority group that loses power in a transition (as happened in Iraq).

<u>Promote integration and trust</u>

Do: Recognise all major religions; promote use of a neutral language where practical (as in Indonesia and Tanzania); introduce or advocate integration-driven national service schemes; promote or invest in national and regional transportation links; establish new associations to bridge social divides (between rich and poor, regions, and ethnic and religious groups); create or call for incentives for companies to invest in poor and outlying areas and integrate their workforces.

Don't: Permit political parties to be organised along ethnic and religious lines; allow incitement to hate along identity and ideological lines; allow political discourse to become oriented along identity and ideological lines; accept language policies that openly disenfranchise groups; allow large sections of the population to be systemically cut off from others due to a lack of roads or public services

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Issue 3: Institutional Design

The crux of the issue

Political institutions, in fragile states and elsewhere, have immense influence on how the competition for power – and thus the state – evolves. But naturally, every group and political actor will have different ideas on what these institutions should look like, particularly when it relates to how their own interests are served.

As critical turning points, transitions provide the opportunity to rethink how, across groups, a state's political institutions can be made more equitable (with regard to the distribution of power and resources) and effective (with regard to performance). However, a fine balance is often necessary between the need on the one hand for short-term political accommodations (e.g., power-sharing arrangements that ensure everyone has a stake in the new regime) and the long-term establishment of a system of institutions that will be in the country's best interests (and which may require phasing out some of the short-term accommodations). The key is to ensure that the short-term needs reinforce rather than impede the long-term ones. Ultimately, a country is much better off (in terms of government performance, economic growth, stability, etc.) if a strong sense of nationhood takes root (see Issue 2) and its ethnic or religious cleavages are ameliorated or eliminated. This could imply ensuring that subnational identities do not continue to dominate the political-institutional arena, as is the case in many Middle Eastern and African countries.

Institutional design covers a wide range of issues: electoral systems, judicial systems, decentralisation, the distribution of money, the independence of different parts of the government (such as the central bank) and the role of any local traditional structures or external institutions such as regional organisations. It should include ways to reduce corruption, cronyism, elite domination, ethnicity-driven politics and extremism. Constitutions establish many of these rules and structures, but not all. Informal norms will also have to play an important role, as could creative commitment mechanisms to enforce political agreements (see Issue 6).

Legitimacy of institutional design across rival groups and the general population is crucial in fragile states if the rules embedded in the new system are to be followed. For this reason, the new system's resilience will depend on enmeshing it in society and this implies building on what already works in the country rather than adopting a foreign blueprint – no matter how attractive the latter may seem. Traditional institutions, such as the loya jirga in Afghanistan and clans in Somalia and Libya, can – and often must – play a major role here. Respecting and building upon local norms and institutions is essential even if they do not always meet international standards (and require compromises with regard to efficiency and equity at times).

Ultimately, creating a legitimate, stable government that meets expectations in a country that has previously experienced little of it requires a transformation of political culture, relationships and norms. Taking advantage of the opening created by a transition, a national dialogue (Issue 1) can help establish the framework to advance these essential goals. Nation-building programs, an appropriate institutional design, centrist political parties and a centrist-promoting electoral system (Issues 2-4) can then build out the structures envisioned in the framework, laying the groundwork for these larger goals to be accomplished.

Some important practical questions

- Which public institutions have the most potential to promote more integration and less sectarianism?

- Does the institutional structure facilitate power sharing between opposing groups or provide for majoritarianism (which can be exclusive and destabilising in the short term)?

- Can state institutions play a constructive role minimising corruption and cronyism? Discrimination and bias?

- Which institutions can help reduce economic imbalances? Group inequalities?

- Can increased decentralisation improve the legitimacy of the state, make power sharing easier to implement, or make governance more effective?

- Are there mechanisms for continued dialogue and problem solving if conflicts over institutions emerge (as happened after elections in Afghanistan in 2014)?

- Can international or regional organisations play a constructive role co-managing institutions through creative partnerships for a limited period of time?

- Is the state guaranteed a monopoly of violence immediately or at the end of a negotiated transition period?

- Can a new institutional design encourage major political actors (including former enemies and extremists) to work together more and compete in less destructive ways during the transition?

Strategic objectives and policies that inclusive-oriented leaders might consider

Good institutional design can have immense influence on how stable and economically vibrant a country is. The fragility of states is often exacerbated by how power is distributed. Many conflicts could be avoided if public institutions worked differently. Although many changes are difficult when government capacity is highly constrained, a transition offers a chance to rethink the design of key parts of the state – and creatively make them work better for everyone.

Institutions in fragile states have radically different starting points from more cohesive, institutionalised countries. They often must be built on existing cleavages and power dynamics, as representatives of groups and factions are the parties who negotiate them. This means they will require incentives for cooperation, moderation, integration and the reduction of inequities and corruption. This is anything but easy and at times different goals will directly collide: the need for short-term stability may reduce integration and inclusion; the need to ensure every faction is included may reduce government effectiveness; a focus on reducing inequities (and thus some groups' advantages) may make cooperation and moderation harder; and so on. But political, social and business leaders can take advantage of the opportunity that a transition offers to focus on four major goals that advance inclusiveness: reducing institutional bias; sharing power; using decentralisation to increase stability and state legitimacy; and increasing independence of key institutions.

Ensure institutions act more equitably for all groups

Reducing institutional bias toward particular groups (regions, women, ethnic groups, the poor, etc.) can be done in many ways: decentralisation (see below); reserved seats in legislatures, administrative organs and courts (e.g., India); anti-discrimination laws that directly address the issue; a more equitable allocation of public funds (e.g., through fixed formulas as in Kenya's new constitution); recognition and use of different sociocultural norms (language, religion, tradition-

al justice systems, etc.); and greater investment of resources (to hire better staff and managers to better monitor performance, and to reward results) in the lower tiers of institutions.

But to undertake any of these, good data is essential. The more inequalities can be measured, the more likely leaders and pressure groups will be to focus on them (as has happened in India since the NGO Pratham started evaluating and publishing data on learning outcomes in villages across the country). Information can be collected on how public goods and services (e.g., roads, security, schools, justice) are delivered for different groups and regions, and how public spending is allocated and used. Surveys can show how different groups of people perceive the quality and bias of various institutions. But in all of this, inclusive-oriented leaders must handle new data with care to ensure it does not create a backlash (as has happened in many countries in Latin America).

Share power at the centre

Giving all major groups a formal or informal share or stake in the transition – one they perceive as fair – encourages them to support it. This is especially essential in fragile states because institutions, in general, will not be strong enough in the short term to ensure rules and agreements are carried out to the letter.

There are many ways to encourage power sharing, including unity governments; electoral systems that mandate power sharing (see Issue 4); blocking votes on certain issues (such as language policy and decentralisation); and exclusive rights to revenue streams (a good way to encourage an important actor to allow change elsewhere). But as discussed in Part I, there is a fine line between sharing too much power and creating deadlock. There is also the risk that giving too much power to minority groups will generate anger among the majority. "Inclusive enough" arrangements may therefore be necessary – with the ultimate goal of creating power sharing arrangements that allow movement toward inclusiveness in the first part of the transition, without creating hard-to-change arrangements that risk reifying identities or unnecessarily privileging certain groups in the long term. To this end, when granting special rights to privileged groups (such as the military), using sunset clauses or creating equivalent wind-down mechanisms is important.

Consider decentralisation

Decentralisation can empower cohesive groups that occupy geographically separate regions (such as the Tamils in Sri Lanka, the Kurds in Iraq and Syria and various clans in Somalia), increasing the legitimacy and effectiveness of the state in the process because leaders will be governing people they consider their own kin. The notion may seem illiberal or at odds with inclusiveness goals, but is in fact perfectly logical. The idea is that regional and local governments can have greater incentives to perform than distant national leaders, especially in sprawling countries with weak central institutions (such as Nigeria and the DRC). Granted, decentralisation results have varied tremendously, since countries have divergent levels of regional governance capacity, local economic potential, and risk that regional elites (or criminals) will capture state organs. But decentralisation has undoubtedly helped in places like China, Indonesia, India and Nigeria, even if it has failed to live up to its potential in places like northeast Brazil (where state governments are often captured by local elites) and Peru (where local governments are often highly corrupt).

If central governments do decide to decentralise as part of a larger shift toward inclusiveness, they should be sure to: invest in local-level capacity building, transfer sufficient authority to make a real difference (such as the ability to manage local energy policy and attract investment), establish national mechanisms to hold regional leaders accountable both downward (e.g., elections) and upward (e.g., incentives for performance), ensure that regional govern-

ments have the capacity to raise a substantial share of their revenue locally (which increase incentives for performance), and use centrally administered transfers to limit inequities across a country's regions. As the quality of management will vary across different parts of the country, only the largest and best-performing regions and municipalities should gain control over the most important tasks (e.g., health, education and energy).

<u>Increase the independence of key institutions</u>

Boosting the structural autonomy of institutions, while increasing the checks on them, can expand their ability to operate free of political interference. This will increase their ability to serve everyone equitably – a hard-to-achieve goal in fragile states but one that inclusive-oriented leaders must prioritise greatly during transitions.

Central banks have conquered inflation in most of the world precisely because they have much more independence (and technical capacity) than 30 years ago. Similarly, elections typically are run better than in the past because of the independence (and greater capacity) of electoral commissions. Governments can also give important policy-making entities that effectively managed significant sums of money much more autonomy. In Costa Rica, for instance, healthcare, pensions, electricity, the judiciary and state-owned banks are among the over 100 autonomous national institutions. Many have earmarked funds that the executive and legislature cannot change.

Strong constitutional courts (such as those in the Czech Republic and Colombia) can also be essential to preserving the independence and integrity of institutions. Empowering them to have the final say on the division of powers, nation-building policies, elections and other issues related to how state resources and responsibilities are managed is often good policy. It is one more way to ensure public institutions are not corrupted over time, which would remove the prospect of creating a more inclusive society and state.

In the most fragile states, international actors can also play a key role in advancing institutional independence. Through creative partnerships, they can work directly with local governments and civil society to enhance institutions, as happened in Guatemala (where the UN established a special commission to end systemic impunity and prosecute crimes) and Liberia (where the government and international organisations share oversight of state budgets). In both cases, the institutions are "joint ventures" that provide significantly greater impartiality and performance in the short term (e.g., in Guatemala, only 2% of serious crimes were solved before the UN stepped in) in ways that strengthen institutions over the long term.

Yet, the reality in all cases is that inclusive leaders in fragile states will need to work against the grain. Increases in institutional independence and inclusiveness will threaten many direct interests, and therefore must be advanced in line with what the balance of power in the transition can sustain. Where reform moves too quickly or too deeply in one direction, it can produce the very opposite of inclusive institutions. It can heighten extremism, elite domination, one-party rule, ethnic conflict, secessionism, corruption, or gridlock. Some of these evils will be inevitable in fragile states and produce long struggles. But conflict-sensitive institutional design can help reduce them.

Learning from Nigeria

While Nigeria is arguably one of the worst-run large countries in the world, Lagos has turned a corner, steadily improving governance, public transportation, the business environment and the living standards of residents for over a decade. In doing so, it shows how a city-based governance model can provide better political dynamics and incentives for performance than many fragile states.

The turnaround in Lagos can be traced to 1999, when Nigeria returned to democracy and the city began holding regular elections. For the first time since independence, Lagos was able to re-elect its own leaders, or turn them out of office. And while national elections became a mud fight between elites to control the state's enormous oil wealth, local contests forced candidates to show pragmatism, competence and inclusiveness. This mattered because the city had more power than most such cities due to the country's federal system of government, which decentralises substantial policymaking authority.

Citizens in densely populated cities find it easier to organise themselves. And in an ethnically and religiously diverse metropolis like Lagos, politicians could not afford to pit ethnic and religious groups against one another – a problem that has long bedevilled Nigeria. Simple geography also helped the city administration. The powerful and wealthy classes are more likely to insist on better governance when their own neighbourhoods are affected.

In addition, unlike national politicians, local leaders know that the better they perform, the more money their city nets; and the better its roads, schools and business environment, the more likely companies will pay taxes and individuals will buy goods and services, which also contribute to the tax base. In fact, Lagos increased its annual revenue from $3.7 million in 1999 to $124 million in 2013 and now earns three-quarters of its budget locally. At the national level, by contrast, the great majority of the central government's income has little to do with government's performance, since about 75% of the national budget comes from the $50 billion a year that Nigeria collects in oil revenue. In some countries, inspiration for an inclusive society and state is more likely to come from below than from above.

Some rules of thumb inclusive-oriented leaders might follow

Ensure institutions act more equitably for all groups

Do: Conduct surveys of different parts of the population to ascertain their opinions about which institutions serve their needs and how, and which do not; grant or promote substantial autonomy (and accompanying resources) to the most deserving public institutions; design a natural resource management regime that limits the ability of politicians to enrich themselves; invest in the lower levels of institutions to ensure that they work well for the poor and marginalised communities; enact or advocate legislation to ameliorate or eliminate the worst forms of discrimination; promote tolerance for diversity within all institutions; allow or mandate that state institutions use minority languages and recognise traditional institutions when appropriate.

Don't: Assume the state's institutions work equally well for everyone; assume that legislative changes alone will reduce institutional biases; let public officials treat the country's elites better than everyone else.

Share power at the centre

Do: Give powerful players who can block change, such as the military, some incentive to allow forward movement (as Chile did); give every major group some valuable stake in the success of the national government (e.g., some position in government); give minority groups limited blocking rights for issues that directly impact them; rotate the most powerful political position (e.g., the presidency) in countries with great social divisions (as Nigeria has done at times); make use of nonpartisan or technocratic government during crucial periods of the transition (as Tunisia has); advocate or establish more structurally independent institutions to ensure that any party, once in power, cannot use the organs of the state to maintain permanent control.

Don't: Exclude essential actors from power (as the Muslim Brotherhood attempted in Egypt, and the Shiite-led government did in Iraq); create or promote an overly powerful executive branch in a country with stark divisions as it creates a zero-sum game for power (e.g., Kenya, and many previously "hyper-presidential" systems in Latin America).

Consider decentralisation

Do: Use methods of decentralisation to reduce secessionism and strengthen loyalty to the national government (as done in places such as Indonesia); make every effort to ensure regional and local governments have sufficient capacity to operate effectively (too often they don't); advocate giving subnational government units more power if they show they can use it well (otherwise decentralisation will remain of limited usefulness); ensure that local governments are dependent on local resources and not just on hand-outs from the state (which will make them more responsive to their constituents); encourage healthy competition between regions (especially in the economic sphere), but with a national redistributive mechanism to avoid new inequalities; empower urban areas of high economic vibrancy or potential (where populations increasingly live).

Don't: Assume that one decentralisation model works (India decentralises to support subnational groups, Nigeria decentralises to break them up); countenance local elites or majority groups dominating local governments (a real danger in many fragile states); assume regions have less social divisions than a country as a whole (as is the case in the DRC and many other African countries); let regional inequalities grow.

Increase the independence of key institutions

Do: Conduct surveys of different parts of the population to ascertain their opinions about institutional performance; advocate or grant key institutions significant autonomy from political interference; reserve specific revenue flows for such institutions; recruit top-flight talent from the diaspora (or neighbouring countries if necessary) for key government positions; promote a meritocratic approach in all institutions by introducing reforms to hiring and promotions; to the extent possible, raise salaries if such a move is likely to reduce corruption; promote budget transparency; establish or encourage the creation of watchdog NGOs, professional think tanks, and independent media to scrutinise institutions and policies; strengthen the powers of the legislature and courts as checks on executive power.

Don't: Let cronyism persist or grow in a country's regulatory apparatus and judicial system; assume policies will work as advertised unless institutions able to implement them achieve minimum standards of effectiveness; assume an institution granted increased autonomy will always avoid political interference without constant internal and external vigilance.

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Organisations

Africa Capacity Building Foundation; Arab Reform Initiative; Center for Constitutional Transitions; Cities Alliance; Extractive Industries Transparency Initiative (EITI); Forum on Federations; GRADE Group for the Analysis of Development (State Reform and Public Institutions Program); Innovations for Successful Societies; Institute for State Effectiveness; Lebanese Center for Policy Studies; Mo Ibrahim Foundation; New Partnership For Africa's Development; Transparency International

Issue 4: Elections and Political Party Development

The crux of the issue

Although there are some notable leaders who have governed inclusively as a matter of ethic (including Julius Nyerere in Tanzania, Jawaharlal Nehru in India, and Lee Kuan Yew in Singapore), they are much more the exception than the rule. Moreover, in fragile states with weak institutions, there is always the risk that an inclusive leader will be followed by one that is not (as happened in Côte d'Ivoire after the death of Félix Houphouët-Boigny). Thus, political leadership is important but insufficient to advance inclusiveness. There need to be more substantial accountability mechanisms in place to achieve this. These can include social institutions (see Part III preface); taxes (Issue 10); the rule of law (Issue 6); state organs such as legislatures and courts (Issue 3); and a robust electoral and political party system.

The general importance of electoral systems is self-evident, as they shape political competition. But in a transition and immediately afterwards, the importance of elections rises to new levels. If well designed – by taking advantage of available knowledge and lessons – they can increase stability and promote cooperation across groups in a way that stabilises the transition. By contrast, if badly structured they can exacerbate divisions, increase tensions and encourage authoritarian tendencies. Given that electoral systems typically result from negotiations between leaders, political parties, power brokers, and interest groups (and not from expert design), this risk is ever present.

The negotiation or design of electoral systems ideally should be made in conjunction with a strategy to strengthen institutions (Issue 3), build cohesive nations (Issue 2), create robust centrist political parties and develop a strong governance ecosystem (including law schools, governance academies, think tanks, NGOs and media). In addition, the timing of the first elections in a transition needs to be weighed carefully. In most cases, there will be a natural tension between the need to establish a legitimate government relatively quickly and the risk that opening up political competition too early can exacerbate, rather than heal, existing fault lines. Unfortunately, too often elections end up as rushed affairs which produce group-driven parties and voting patterns that further splinter society, and in so doing complicate any real chance of building an inclusive dynamic.

Broadly speaking, there are two different electoral system choices to consider in deeply divided societies: consociational systems (whereby minority groups can veto power over some policies, as in Macedonia, and each community is given a minimum representation in government, as in Lebanon) and integrative or centripetal systems (which encourage or require political groups to aggregate support across communities and focus competition at the moderate centre, as happens in Indonesia and Somaliland). The goal of both systems is to share power among groups. But whereas consociationalists focus on post-election solutions, centripetalists focus on pre-election solutions.

Other relevant electoral design issues include the choice between parliamentary, presidential and semi-presidential models of legislative-executive relations (which relate to state structure as much as electoral design); and between first-past-the–post (majoritarian) and proportional representation models of competitive elections (the latter being less of a zero-sum affair but less conducive to centrist national parties). There are also important choices within these choices (e.g., with presidential systems, there are, for example, the questions of whether to use a two-

round or plurality vote, and whether the winning candidate needs geographically distributed support).

Highly institutionalised, centrist political parties (as exist in China, Singapore, Rwanda, Ethiopia, Tanzania, South Africa, Taiwan and Malaysia) can also make a positive difference. They can foster a sense of common nationhood, reduce conflict, increase cooperation across groups, facilitate long-term planning, and improve economic management. Such parties are in many ways easier to build than a strong state because they can be developed in a less political, corrupt and divisive environment. Yet, many countries lack these. In South Asia, for instance, political parties have historically been highly dependent on one family, or even one person, making them elitist, undemocratic, and at times divisive – in short, nothing that one could call institutionalised parties. Transitions could offer an opportune moment to build such parties (ideally more than one) where they are absent.

Some important practical questions

- Who decides what electoral system will be used, and how will it be decided?
- How can the electoral system be designed to encourage moderation, social cohesion and cooperation across groups, as well as to avoid marginalising minorities?
- What electoral system is most likely to gain wide support (and thus actually be adopted and implemented)? What incentives might encourage those opposed to come on board?
- Would there be practical advantages to running local before national elections (as in Kosovo)? If so, who would rule the country until the national elections?
- What quick-impact investments could improve the governance ecosystem during the transition?
- What might enhance the institutionalisation (as opposed to personalisation) of political parties?
- Are there existing centrist political forces in the country? Does the timing of elections give them adequate opportunity to organise and prepare?
- Is there an electoral commission and legal infrastructure in place to ensure that elections will be equitable during the transition?
- Do electoral rules guarantee women a minimum level of representation and influence?
- Will outlawing the political party from the old regime cause resentment and encourage violence (as happened in Iraq)?
- What forms of electoral-constitutional engineering (parliamentary vs. presidential systems; majoritarian vs. proportional representation voting rules) are most likely to increase inclusiveness at the society and state levels?

Strategic objectives and policies that inclusive-oriented leaders might consider

Transitions offer a rare opportunity to improve a fragile state's divisive political dynamics and political culture. That is reason enough to consider carefully the nature of the electoral system and political parties.

Consider an integrative electoral system

There are no fixed formulas in electoral system design – and thus no absolute rights and wrongs. Each system has its own advantages and disadvantages, and there are always trade-offs. However, if possible, leaders should adopt an electoral system that promotes social cohesion and

integrates the population, reducing the sway of subnational identities and loyalties. As mentioned in Issue 3, a deep tension exists between the need to share power across groups in the short term, and the need for inclusive integration over the long term. Although there is often a temptation to develop consociational systems to deal with the short-term need to share power, integrative or centripetal systems are more likely to produce stability and effective governance in the long term. Consociational systems often yield serious immobilisation, and a reification of subnational identities (as has happened in Lebanon and Bosnia).

Yet, adoption of either of these systems may prove difficult, whether due to asymmetrical preferences (between majorities and minorities); a bias to adopt the same systems that most developed countries use (straightforward majority rule with constitutionally protected minority rights); or competing interests and alternatives (such as continuing to fight). Many agreements to introduce integrative or consociational systems have been aborted (as in Cyprus, with the secession of the North as a result) or never implemented, as dominant groups rarely see limiting their power as being in their self-interest. And even when implemented, degradation over time is very possible, as happened in Malaysia. Nevertheless, majority rule without electoral incentives for conciliation is likely to yield rule by ethnic majorities, with weak courts unable to protect minority rights – all of which would be damaging to the creation of an inclusive dynamic.

Move cautiously to elections

Countries need to balance the desire to initiate the most familiar benchmark of democracy (elections) and the potentially destabilising impact of competitive politics. Elections are always high-stakes affairs, and timing is a major consideration. Interim governments (as previously noted) may offer a temporary, stable pathway. Giving a home-grown, widely representative, technocratic government an extended period of time – months (Peru) or years (Spain), depending on the case – to put into place important reforms and strengthen social cohesion may be the best choice in the most fragile or conflict-affected states. However, such governments may not always be feasible or desirable, and thus early elections may be a political imperative.

The optimal timing of elections depends partly on the nature of the transition, how much reform is contemplated (e.g., if there will be a need to elect a constitution writing body) and what is necessary to create a government widely seen as legitimate. Some of the key factors to consider in planning when to schedule what type of elections include: security conditions (that give a real chance of a free and fair vote); whether the state has monopolised the use of violence; development of a minimal social covenant, or at least a roadmap for its formation; basic agreement on the distribution of power (including decentralisation); technical capacity to run an election (outsiders can help); the time needed for new centrist political parties to organise; and how divided a country is (and thus how long it will take to develop the trust and cohesion to cooperate politically). The guiding principle should be to resist as much as feasible the clamour for rapid elections (especially of a zero-sum character) if the minimal conditions for an inclusive, dynamic-producing result are absent. Competitive fights for power through early elections can easily heighten the differences among groups – with potentially tragic results – if the elementary ties binding them together as a nation-state have yet to be established.

Establish a nonpartisan electoral commission

The establishment of independent, nonpartisan electoral commissions (and a robust rule of law, as mentioned in Issue 6) is essential for any political system to work inclusively over the long term – especially if one political group threatens to dominate or corrupt a political regime (as has happened in Egypt and Russia). The commission must be neutral and retain control over the delimitation of district boundaries according to objective criteria, or they will be used to

empower one group at the expense of others (as happens even in the US at times). Commissions likewise require the legislation, safe funding source and trusted professionals able to ensure that they are not corrupted by political interference. Constitutional courts or some other highly autonomous legal institution can play an important supporting role in settling disputes (and thus also need to be independent of political interference).

While in the short term the conditions of a country's transition may not allow for nonpartisan electoral commissions backed by constitutional courts, inclusive-oriented leaders must advocate and design these structures right from the start of the transition. In places like the former Yugoslavia, nonpartisan electoral commissions have been among the key political stabilisers of otherwise deeply divided societies. If an electoral commission lacks sufficient independence and authority, elections can easily be corrupted or manipulated, lose their legitimacy and increase the chance of conflict.

<u>Develop strong centrist political parties</u>

Strong political parties that can aggregate many interests, compete on policies (rather than ethnicity, religion, or cash pay-outs), penetrate deeply into society (bringing lower classes into the political process), work on the basis of rules (the prerequisite to move beyond the identity of the leader and get scale across different parts of a society) and follow a moderate path are an essential, but underemphasised, ingredient for the development of a stable, inclusive polity. Steps that can encourage the formation of such parties in and beyond the transition include: electoral rules that require parties to gain support across societal cleavages (e.g., requiring them to receive a minimum level of support in every part of a country); reforms to political party financing (making them less susceptible to elite interests); capacity building (which can reduce the power of individuals at the top); audits of party budgets (to reduce corruption); a stronger role for parliaments – over presidents – in political systems (which can require broader support to gain control of); and more cross-country networks of moderate political parties (so they cooperate more).

In the context of fragile and conflict-affected states, one of the most important yet least practiced lessons from past transitions has to do with the impact of national election scheduling on centrist political movements and parties (and, as a consequence, on the prospect of producing a more inclusive national dynamic). In particular, delaying the first election of a transition for purposes of creating a more level playing field for competition at the polls, can allow centrist parties more time to organise. This will help to mitigate common problems such as, at one extreme, electoral violence, state capture, or military takeover (as in Egypt); and at a lesser but still unwelcome extreme, ethnic reification, weak political party institutionalisation, or political stalemate. Building strong, centrist political parties may be a long-term process, but if inclusive-oriented leaders exercise good foresight in the early stage of a transition, they can lay the groundwork for their growth and influence.

Learning from Indonesia

When Indonesia emerged from authoritarianism in 1998, deadly ethnic, religious and regional violence erupted. Some observers predicted that the sprawling archipelago would disintegrate. Yet, the country transitioned into a reasonably stable, plural democracy with a set of inclusive political parties that transcend identity groups despite sometimes hostile conditions.

There were many reasons for Indonesia's relative success, not least the concerted effort to remove the military from politics after the fall of Suharto. Another important factor was the

country's choice of election rules – specifically, party regulations and electoral system design. Each political party must establish an organisation across the country, win a minimum percentage of votes to obtain a single seat in parliament and gain a high number of seats in parliament before it can put forward a candidate for the presidency. Such rules in effect ensure that small, particularistic political parties cannot succeed while forcing politicians to build broad-based coalitions combining groups from across the country to win.

The design of the electoral system also helped shape the character of the political parties. By using multi-district, single, non-transferable votes and fully open-list proportional representation for parliamentary elections and two-round majoritarianism (first-past-the-post) for presidential elections, Indonesia's electoral system produces elections that privilege individuals and not ethnicity or religion. Political parties must field a wide variety of candidates in order to attract a wide variety of people from different geographies, ethnicities and ideological groups. Combined with other regulations, this system yields parties that have to employ broad-based, unifying rhetoric and present candidates that can win favour locally to succeed. Particularistic appeals are self-defeating because of how they alienate too much of the broader electorate.

Indonesia's democracy has many problems (such as corruption and widespread vote buying) that have led to calls to partially recentralise government. However, the changes made during the transition were crucial to developing a centripetal dynamic that helped the country grow more cohesive.

Some inclusive-oriented leaders might follow

<u>Consider an integrative electoral system</u>

Do: Require presidential candidates to garner a minimum level of support in most parts of the country to win (as happens in Nigeria, Indonesia, Kenya and Somaliland); use or advocate a strong parliamentary system to reduce the potential for executive abuse; consider using decentralisation to distribute power away from the centre (see Issue 3); run independent surveys to assess how different social groups perceive the electoral system and the legitimacy of the political process and government.

Don't: Concentrate too much power in the executive (as Kenya did before 2010); allow the political party in power to redraw constituencies to favour itself (as has happened in Malaysia); recommend or introduce a system that encourages stalemates or the reification of identities (as has happened in Bosnia).

<u>Move cautiously to elections</u>

Do: Consider incremental sequencing of elections for different levels of government (local, regional, national), even starting at the local level; prioritise and allow time for a social covenant to be minimally constructed before running elections; consider the possible advantages of interim, technocratic government; ensure that elections are part of a broader system of reforms meant to promote the democratisation of society rather than just a one-off event.

Don't: Rush to elections because of legitimate but risk-insensitive demands of the public (as happened in Libya and Egypt); run elections before the institutions needed to support them are minimally ready to ensure a widely legitimate result, or before minimal progress on disarmament and security reform has been made (as happened in Angola and the Ivory Coast); allow interim government officeholders to gain an unfair advantage (as happened in the DRC).

<u>Establish a nonpartisan electoral commission</u>

Do: Enshrine the commission's power in the constitution (as in Ghana and Croatia); ensure the commission is equipped with highly professional, non-partisan management and staff; ensure its budget is constitutionally protected from political interference; ensure the minimal legal infrastructure (e.g., judicial system) is in place to settle disputes equitably; give it binding jurisdiction over the delimitation of district boundaries.

Don't: Allow politicians and political parties undue influence over the commission's membership (as in Afghanistan) or operations (as in Iraq).

<u>Develop strong centrist political parties</u>

Do: Design the electoral system to encourage the formation of strong cross-group, cross-regional parties; promote media reforms that will ensure independent, non-partisan electoral coverage; invest in universal, non-partisan methods of political party development to ensure centrist political parties can compete on a level playing field with established, identity-group-driven parties; research and consider training by international experts on political party development.

Don't: Schedule national elections before centrist political parties have had a reasonable period to organise themselves for competition; let either external actors or crony capitalists of the old regime unduly influence political parties.

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Issue 5: Transitional Justice

The crux of the issue

As a technical term, "transitional justice" concerns the question of whether and how societies confront a legacy of mass abuse, in particular when emerging out of a period of civil war or authoritarian rule. Yet, it is more than that. Transitional justice involves an attempt to confront (or make sense of) a whole series of national wounds – moral, legal, political and psychological – that are produced by exposure to mass violence which lasts for years or decades. Such violence destroys the most basic values of a society and undermines the legitimacy of the state in ways that can take decades to overcome fully. What transitions offer is a chance to begin the healing process on an honest, humane footing that can channel the country toward an accelerated, inclusive resurgence.

The core debates of transitional justice arises time and again from one place to the next: is it better or worse for a society to actively confront a legacy of abuse during a transition, given so many other priorities (political, economic, etc.) and concomitant risks? And what balance can be found between the question of leadership-level accountability and the need for national stability and peace?

On one side of the issue, there is strong insistence on the need for some form of criminal sanction against the main architects of mass violence, either for intrinsic reasons (people who commit gross violations should face the full consequences of their actions according to the law) or instrumental ones (punishment is necessary in order to communicate society's repudiation and deter future violence). On the other side are those who emphasise the practical complications in transitions that limit the scope for the sanctions which, in more ordinary times, would be applied. These complications can include a fragile balance of power that could be disrupted; deep social cleavages that could spark violence if one side's leaders are put in the dock; the imperative of restoring trust across and within groups; or the need to reintegrate large numbers of people (including former combatants). They could also encompass missing criminal evidence that was either deliberately destroyed or qualitatively degraded during the period preceding the transition; a caseload of perpetrators and victims that would overwhelm any legal system (especially if coupled with high crime rates); insufficient, corrupt, or unqualified judges, prosecutors, prison officials and other actors in the justice system; and legal obstacles such as general amnesty laws.

But transitional justice is not synonymous with criminal justice. It is a method that includes but goes well beyond legal responses, and balances the need to pursue justice with the more varied needs of victims, as well as exigencies of the larger transition process. When designed well, transitional justice can touch on the deepest nerves of a country's collective conscience, serving as a springboard to stronger rule of law (Issue 6) and social cohesion.

Some important practical questions
- How strong is the public and international demand for criminal accountability for past mass violence in the country? Who is demanding it and who is resisting it (and why)?
- What is the likelihood that fair trials can be held in the country in the short term (or alternatively by foreign or internationally run or sponsored courts)?

- How great is the risk of mass destabilisation if trials against the major architects of past violence are conducted in the short term? By corollary, what are the risks if such trials are deferred?
- How strongly contested are the basic facts of the country's wartime or authoritarian past – including the number of victims, the share of responsibility of different factions, and the root causes of the violence?
- Can traditional institutions – in original or adapted form – play a significant role in the country's transitional justice model (as has happened in some African and Asian countries)?
- Would a more restorative (rather than retributive) model of transitional justice have greater resonance with victims and the public?
- What political willingness and what financial scope are there for victim reparations?
- How can reforms to the prevailing legal and political system reinforce the rest of the transitional justice offering?
- What social programs might help to heal the social divisions and traumas caused by past conflict and repression?

Strategic objectives and policies that inclusive-oriented leaders might consider

There are four standard, combinable policy options in the area of transitional justice: criminal prosecutions, truth commissions, victim reparation programs and institutional reforms.

Conceived more broadly, the policy options can also encompass, for example, civil and not only criminal trials; parliamentary (or international) commissions of inquiry and not only national truth commissions; and educational and not only institutional reforms. In societies with deeply embedded restorative justice practices, the set of policy options is even larger. But in any transition in a fragile state, a good approach is to understand particular choices of means by reference to the four interrelated objectives described below.

<u>Balance prosecution and transition needs</u>

Criminal prosecutions, especially of former political or military leaders (whether state or insurgent), will always be controversial. They may also be counterproductive to the goal of an inclusive dynamic at the societal and state levels during a transition, as the practice and symbolism of a criminal trial is one that generates visible winners and losers. As such, trials should be undertaken if possible (after all, persons who committed serious crimes should ideally be subject to legal sanction) but with caution.

For prosecutions to be conducive to an inclusive dynamic, the proceedings must target accused persons in a way that is unlikely to exacerbate a society's fault lines – something ill affordable in a time of profound political reordering. As such, it is vital that if trials are conducted they are perceived as being as independent and impartial as possible.

But criminal trials are not the sole option. Alternative approaches that advance inclusiveness while fulfilling criminal law's core objectives (punishment, public condemnation, deterrence, rehabilitation) may also be considered in these contexts. Options might include plea bargaining schemes (in lieu of lengthy trials) and conditional amnesties or pardons (tied to truth-telling and non-recidivism undertakings). Substitutes for jail – such as house arrest, suspended sentences, reparation, and community work – may also be desirable or necessary.

<u>Foster clarity and dialogue about past abuse</u>

In fragile states with competing interpretations of the origins and patterns of mass violence, a transition offers the chance to establish a common baseline of facts. In addition to any trials that may take place, truth commissions can offer a custom-built, non-judicial vehicle for reckoning with contested narratives.

There have been approximately 40 truth commissions since the first genuine one was created in 1983 in Argentina. Between 1990 and 2004, a critical mass of influential commissions operated globally (e.g., Chile, El Salvador, South Africa, Guatemala, Sierra Leone, Timor-Leste, Peru and Morocco).

The best truth commissions produce dialogue across all major groups in society, in particular through publicly broadcast hearings and the publication of a final report meant to contain impartial conclusions and recommendations for redress and prevention. In a best-case scenario, they can help to overcome false narratives of victimisers and victims. In a worst-case scenario, they may reinforce sectarian splits by conducting investigations that lack the basic hallmarks of independence and objectivity, or collapse early due to political interference.

Truth commissions seek to achieve transformative goals by being victim-centred (unlike criminal trials, which by their nature are perpetrator-centred). Their principal task is to put victims' voices and experiences under the national spotlight – to humanise the costs of past war or repression, focusing primarily on systemic practices and emblematic cases. Yet, the best commissions do more than this, serving as vehicles for public reflection and interaction of a wide variety (e.g., through victim and perpetrator hearings, institutional or event hearings and traditional reconciliation ceremonies). In fragile states in which institutions still lack the legitimacy to generate these kinds of interactions, a truth commission – by nature a transitional body – can be a centre of gravity for the conversations that a society needs to have. It can serve as a platform for dignified debate and help generate a minimal consensus about key events of the past and inclusive directions for the future.

Yet, even a good truth commission risks producing a national depression, as its stories are mostly devastating. It is surprising, therefore, that nearly every commission mandate fails to put a spotlight on positive stories. For fragile states in transition, it would strengthen inclusiveness if, along with the stories of victims, a commission was directed to emphasise the stories of institutional transformation and of ordinary citizens and leaders who at great personal risk crossed sectarian lines and acted honourably in the haze of war or tyranny.

<u>Promote victim reparations</u>

Few fragile states can repay the full cost of mass violence. But reparation is more than financial compensation. It also encompasses restitution (e.g., of liberties, property, pensions), rehabilitation (e.g., privileged access for victims to specialised medical treatments) and symbolic measures (e.g., monuments, memorials, official and unofficial apologies). Understood this way, victim reparations – which can be individual or collective – may play an important role in the construction of a more inclusive dynamic.

When offered as an out-of-court remedy, reparations have neither the purpose nor effect of vilifying perpetrators. Instead, they simply seek to "repair", in varied ways, the lives of the individuals and groups that bore the brunt of past mass violence. Nevertheless, reparations are not without controversy. First, the public may not accept the principal burden of paying, through taxes, for the sins of individual culprits. Second, as reparations imply official conclusions about who in society suffered the brunt of past violence, they could risk inflaming group tensions in the midst of a transition.

By now, however, there are enough reparations lessons for inclusive-oriented leaders to draw upon in order to minimise the risks and maximise the chances of restoring the dignity of marginalised victims. The principle, in any case, is never in question as it stems from a universal norm for fixing undue harm. All that varies is the form the reparations take, which inevitably depends on the capacities, standards and traditions of the society in question.

<u>Reform the most abusive institutions</u>

A country emerging out of authoritarian rule or armed conflict is a disfigured place. Even in contexts in which the main perpetrators of violence were non-state actors, the forces of the state inevitably bent rules to combat the perceived evil, using means that undermined or jeopardised the rule of law and the rights of citizens. As such, some level of reform – of laws, codes of conduct, symbols, rules of engagement and personnel – will be necessary to contribute to transitional justice's goal of "never again".

If done incrementally (and combined with intensive recruitment and retraining), reform of public institutions can facilitate an inclusive dynamic during the transition. But the method of reform can vary considerably, depending on the assessment of the condition of institutions. For example, sometimes the "barrel" is rotten and thus a whole department (e.g., an anti-subversives unit within state intelligence services) justifiably can be dismantled in one fell swoop. In other cases, the barrel is fine but the apples are rotten, thus requiring a vetting of the institution's personnel, or at minimum of its leadership (see Issue 6). In such instances, it is important not to vet too aggressively and risk converting a public abuse problem into an organised crime one when the extracted personnel trade their skills elsewhere – or alternatively risk creating a governance vacuum through the gutting of already-stretched ministries.

In the end, the chosen reforms should fit into a larger transitional justice plan that addresses the most important needs and interests of victims and strengthens the institutional conditions for a durable peace and rule of law. Creating new oversight bodies, such as police ombudsmen or anti-corruption agencies, can be part of the strategy. Institutional abuse has to become the exception, not the rule.

Learning from Chile

When democracy was restored in Chile after 17 years of military rule under former General Augusto Pinochet, it came with a legal obstacle: a 1978 amnesty decree covering crimes of state actors (who bore the lion's share of criminal responsibility) and non-state actors (who were mostly dead or in exile). In addition, the 1989 plebiscite and 1990 elections that removed the armed forces as the unelected government did not displace their political and military might, or overcome deep ideological divisions within society. Pinochet remained head of the armed forces and became a senator-for-life – and his verbal threats of a return to military rule were taken very seriously. Trials were out of the question.

Inspired by Argentina's ground-breaking truth commission at the end of its own period of military dictatorship, Chile's new civilian president, Patricio Aylwin, created his own: the "Truth and Reconciliation Commission" (the first commission to be named thus). Its task was to investigate cases of forced disappearance. Controversially, cases of torture survivors were excluded from the commission's remit. After less than a year's work, the commission unanimously issued a final report, which had the weight of national consensus because four of the eight commissioners were known to be sympathetic to Pinochet's regime, and four opposed. The president accepted the report, apologised to victims on behalf of the state and created the follow-up body recommended by

the commission to ensure compensation, restitution and rehabilitation measures for the recognised victims.

Many years on, Chile wrote new chapters in its transitional justice story. Despite the amnesty (which remains on the books), hundreds of trials were eventually carried out at home and abroad. A second truth commission was created to investigate cases of torture survivors (leading to a further reparations scheme), more apologies were made and military and civilian forces held years of roundtables to reach consensus on responsibilities, civil-military relations and institutional reforms.

All of this was unlikely to have occurred but for the controlled, responsible approach to transitional justice that was taken in the first decade of the transition when the balance of power was at its most tenuous. A final anecdote: in 2006, and again in 2013, military torture survivor Michelle Bachelet was elected president of Chile.

Some rules of thumb inclusive-oriented leaders might follow

Balance prosecution and transition needs

Do: Make criminal prosecution a priority if it will strengthen democracy and the rule of law; be willing to exercise restraint if trials threaten the transition as a whole (e.g., Argentina 1980s); seek international support for the justice system if national capacity is too low to ensure fair trials (e.g., Sierra Leone 2000s); integrate traditional justice mechanisms (if any) for less serious offences; question the claims of international activists about the reach of international criminal law (states continue to have considerable room for legal manoeuvre if they act in good faith); develop transparent national prosecution rules.

Don't: Advocate or conduct domestic trials in a system that is unready to ensure fair trials (e.g., Ethiopia 1990s); focus prosecutions against one political, religious, or ethnic group (e.g., national trials in Rwanda and Croatia, 1990s); promote or hold public trials of political leaders when the country is still mired in massive, sectarian strife (e.g., Iraq 2000s); conflate the positions of the prosecutor's office of the International Criminal Court with the objective position of international law.

Foster clarity and dialogue about past abuse

Do: Emphasise process as much as results when it comes to truth-seeking mechanisms (e.g., South Africa); put victims' experiences front and centre in order to put a human face on the crimes of the past (e.g., Peru); ensure a truth commission's design maximally reflects the strengths and needs of the local context (e.g., Guatemala); mandate truth-seeking bodies to seek out stories of individual moral courage and righteous conduct (i.e., of people and communities that took risks to prevent the commission of mass atrocity against minority groups or political opponents).

Don't: Rush to put in place a truth commission in the absence of basic public security; ignore the dialogue-generating (and consensus-building) role a commission can have; overlook the need for educational and curricular reforms that can contribute to inclusive debate (inside and outside of schools) about key events of the past.

Promote victim reparations

Do: Push political leaders to acknowledge publicly the mistakes made on behalf of the state (e.g., Serbia); condition any beneficial legal treatment of perpetrators on their contributions to victim reparations (e.g., Timor-Leste); present financial compensation as a gesture of recognition rather than a full form of satisfaction for past international crimes (e.g., Morocco); consid-

er allocating state resources to help historically disadvantaged groups "catch up" (e.g., through additional schooling, healthcare services, access to government contracts); combine individual and collective forms of reparation (e.g., Colombia).

Don't: Place the full burden of providing reparation on taxpayers unless the state is the only actor at fault (which is rarely the case); underestimate the individual and social impact of genuine gestures of condolence and empathy.

<u>Reform the most abusive institutions</u>

Do: Vet public institutions at the command level before considering vetting at lower levels (e.g., Colombia); assess if an abusive institution is any way redeemable (in both legitimacy and performance terms) before deciding whether it should be abolished, or alternatively, reformed (e.g., Bosnia); consider creating new vertical or horizontal accountability mechanisms as part of any wholesale reform; make representativeness an objective of new recruitment policies.

Don't: Recommend dismissal of an entire civil service en masse (e.g., Iraq post-2003 de-Ba'athification policies); underestimate the depth of internal resistance and subterfuge in response to institutional reform measures.

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Issue 6: Rule of Law

The crux of the issue

The rule of law belies simple explanation. It is a composite of various principles: laws are clear, publicised, stable and just; they are applied evenly to all private individuals and entities as well as to government and all its officials and agents; they protect fundamental rights, including the security of persons and property; they reflect the history and practical needs of the population; and they are enacted, administered and enforced in a fair and efficient manner.

But as discussed in Part I, weak institutions in fragile states, unable to keep powerful actors in check, make the rule of law hard to achieve when transitions arise. Establishing public entities that are widely accepted and strong enough to stand up to powerful political and economic actors depends on particular distributions of power and wealth that fragile states may not have. High levels of inequity or great differences in the strength of political groups create incentives to work against their introduction. Indeed, many states have weak rule of law at least partly because that is what those in power prefer. A transition that successfully reconfigures the political balance offers a unique window of opportunity for such change.

Mechanisms to enforce the commitments of elites (rule of law for powerful actors during a transition) are especially crucial as a first step in strengthening the rule of law. They are needed to safeguard social covenants and social contracts, maintain stability and generally move toward a predictable and inclusive political process. Without such mechanisms, one or more parties is likely to withdraw from a foundational agreement, torpedo its application, appeal to external actors to override it, or seek to use violence, money, or some sort of pressure to accomplish their goals. By contrast, the more committed the parties are to foundational agreements (and the more they align with the interests of or provide incentives for the respective parties), the more likely commitment mechanisms will work as envisioned – or not be necessary at all.

Beyond foundational agreements (e.g., peace agreements or constitutions), there is the importance of ensuring that courts, police, security forces, prosecutors and other parts of the law enforcement side of government bureaucracy work equitably and effectively – especially for groups historically disadvantaged such as the poor, women, minorities and even members of the middle class who do not have the spare cash and good connections needed to ensure fair treatment by public authorities in many fragile states. Corruption can be so bad in these institutions that their employees use the organs of the state to enrich themselves at the expense of others. The net result is great unpredictability and resentment toward government and its leaders.

An improved rule of law is also vital to promoting economic growth and ensuring it is inclusive. Government officials have enormous influence over regulations, licenses and contracts. If a country's legal system cannot ensure that they act honestly in handling these, cronyism is the predictable result. Economic liberalisation (i.e., privatising particular industries or relaxing certain regulations) may be necessary. But without institutions that can ensure results will be evenly distributed, it is likely to just enrich a handful of elites closely connected to officialdom. This happened in Egypt, Tunisia and Syria in the 2000s, and was a major cause of the discontent that produced the Arab Spring.

Ultimately, the rule of law is about fairness: the kind that makes everyone in society feel they have a set of known and enforceable rights and remedies that cannot be overturned arbitrarily or ignored. In this sense, a country can never be truly inclusive until the rule of law consistently works for everyone (including high government officials and large companies). What a transition provides is the opportunity for a fragile state to put in place the political and legal changes to help make this a reality.

Some important practical questions

- To what extent was the rule of law degraded during the prior conflict or period of repression? Was the law itself used as tool of suppression? What is the level of corruption, and how is it organised?
- Do elites have a common understanding of what the rule of law means? Are elites committed to (or at least not opposed to) improving the rule of law? Is there strong political, social or business leadership on the issue? Have the incentives for users and officials changed, and is there a plan to upgrade capacity (including salaries, skills training, etc.)?
- Do citizens across all groups perceive that the state protects their rights and interests?
- What is the state of the judiciary, the police and other enforcement agencies? Where are the most pressing needs for reform, taking into account the roots of the past conflict and inequalities?
- What supportive role can international actors or ad hoc national mechanisms play in enforcing commitments made in political negotiations or peace agreements?
- What investments or policies can enhance the role of the media, NGOs, and think tanks in exposing abuses of public bodies?
- Do new institutions, such as anti-corruption bodies or constitutional courts, need to be created?
- What steps can retain some of the rank-and-file of public institutions from a former regime but ensure that they act on behalf of (and not undermine) the new government?
- What new policies can help ensure that the poorest and most marginalised people have the same rights and access to justice as everyone else?
- Is the language used in courts and government offices well understood by the population? Are laws and court decisions published and available?
- What steps in the legal arena can help ensure that economic reforms yield more equal opportunity for everyone? What can help reduce cronyism in the short term?
- What regulatory changes can boost inclusive growth in the early part of the transition?

Strategic objectives and policies that inclusive-oriented leaders might consider

Commitment mechanisms are especially important during a transition, but usually are phased out at some point. They tend to focus on a relatively narrow set of actors and issues. The rule of law, in contrast, is important to everyone and will matter long after the first stage of a transition. Both are nevertheless crucial to ensuring states act inclusively. Traditional institutions can also play a constructive role in advancing inclusiveness in some countries. Likewise, improving the ability of small-to-medium-sized enterprises to access an equitable legal system is essential. These strategic objectives are considered below.

Commitment mechanisms deal with the enforcement of promises. While having special relevance to negotiated (pacted) transitions, they matter in any country that has established some sort of political settlement between elites or social covenant between groups.

Commitment mechanisms must be tied to specific agreement provisions, include oversight and verification instruments and provide credible sanctions for noncompliance. Depending on the context, they can be based on domestic or international institutions, and be permanent or temporary. But in all cases they must be given the highest importance because the central terms of a negotiated transition are of a meta-contractual nature – if breached in bad faith, all other transition commitments between the parties become unreliable. Moreover, the actions of elites have strong demonstration effects: ordinary citizens will not respect the smaller rules if power holders blithely breach the bigger ones.

Domestically, commitment mechanisms can take the form of legal acts enforceable in courts (e.g., El Salvador's peace agreement included the text of specific bills, Macedonia's framework agreement included a list of laws to be drafted and a timetable for implementation). They can be given special status to make them harder to change than normal legislation (e.g., Papua New Guinea's peace agreement). They can be further entrenched by adding them to the constitution (e.g., the transitional chapter in the constitution adopted by public referendum in 1992 in Ghana).

In some cases, international actors can help ensure compliance with agreements – either through legal means (such as treaties and UN resolutions) or through direct involvement (such as mediating settlements, co-signing agreements, issuing declarations of support and providing funding), which creates incentives, penalties and reputational risk for the parties. The presence of foreign troops, peacekeepers, or security agreements can be effective tools for compliance at times too (such as in Afghanistan). The simple goal, in all cases, is to create a stable and predictable environment in which the rule of law, in its broadest sense, can begin to be built.

The establishment of an inclusive national security council or a specially empowered commission for national inclusiveness (a group of wise persons) could also offer a way for a country to enforce agreements as well as combat divisive or sectarian behaviour over the long term. Including representatives of major groups as well as minorities and women, this body could monitor media, religious leaders and politicians and promote an inclusiveness-driven code of conduct – where necessary, applying dissuasive naming, shaming and sanctioning. International organisations could play a supporting role to ensure the commission avoids being dominated or captured by any particular group within a country. If well designed, the commission could be a key driver in the creation of an inclusive dynamic favouring the rule of law.

Increase rule of law for the general population

Improving the rule of law in fragile states (including reducing corruption) is notoriously difficult. Aid projects have an especially patchy record in this area. What can help is a targeted focus on practical things that tend to matter most to populations expecting tangible change in the transition (e.g., land disputes, police conduct, contract enforcement and women's security). Keeping goals modest (e.g., promising to achieve real gains in these few areas but not elsewhere) and strengthening the institutions that work best (islands of effectiveness) whether they are formal or informal can also make a positive difference. Likewise, recalling the importance of rule of law to economic development (contract enforcement can help micro and small companies) and ensure international actors do not reduce the capacity of domestic rule of law institutions (by undervaluing what already works in the country) are good rules of thumb.

Within this overall approach, an inclusive-oriented leader could, for instance, launch a broad initiative to improve security and the rule of law for women who are most vulnerable to predatory violence. This could combine many elements, such as introducing new legislation, consistently and publicly denouncing rape and other forms of abuse, training security and judicial personnel to better identify and support victims and target perpetrators, engaging traditional and religious leaders to encourage their support, working with informal institutions to ensure they play a constructive role (and reduce bias against women) and launching a media campaign. Combined, such efforts could change the social norms that threaten women's security in most fragile states.

<u>Leverage non-state institutions to improve the rule of law</u>

Informal, non-state institutions play a crucial role in many fragile states' legal systems (including in Afghanistan, Libya, Yemen and much of Africa). Most local disputes are settled through them. Most property rights are held through them. They may have wide legitimacy, especially in areas where government does not reach or performs badly. Yet, state authorities and donors typically ignore or undervalue them. Institution mapping, dispute mapping and rule-of-law surveys could provide an outline of what informal institutions exist, which ones work well and what could be improved. Assessments like these should not depend on lawyers and judges alone, but include political scientists, anthropologists, sociologists and historians.

An initiative to improve the rule of law by making greater use of traditional institutions (such as is happening in Somaliland) ought to begin with this kind of assessment, and be followed up with policy responses that accurately divide responsibilities, improve capacities and develop interfaces that ensure the relationship between different types of institutions is complementary, not conflictual. The result would be better rule of law in areas unserved or underserved by the state (a standard reality in part of any fragile or conflict-affected context).

The risk of using non-state institutions is nevertheless substantial. They may favour local elites; discriminate against women or particular groups of people; be unaccountable; be corrupt; be run by poorly trained people; be inconsistent over time and across judgments; work far better in some geographies and areas of responsibility than others; and contradict formal rules. A combination of formal and informal institutions – a hybrid system that connects and integrates the two different systems – based on a nuanced understanding of the strengths and weaknesses of both (and not an ideological predilection for one or the other) will often present the best path in a transition, when newer approaches are the order of the day.

<u>Reduce cronyism and improve economic conditions for SMEs</u>

A stable (informal or formal) legal system that is open to everyone is crucial to the rule of law and inclusive economic growth (Issue 9). Improving the ability of micro and small-to-medium sized companies (SMEs) to operate inexpensively and securely can have a particularly significant impact on how inclusive a fragile state's economy can become. Governments need to prioritise issues that matter to these players (and not just focus on large companies and foreign investment).

Strengthening land rights, simplifying regulation (reducing the number, cost and time of steps for implementation), streamlining dispute settlement (by introducing special courts just for this purpose if necessary, as has happened in some Pakistani cities) and reducing petty corruption (especially on roads, at borders and in government offices) will all help give SMEs a fighting chance in a time of transition. Making it easier to start a business, deal with construction permits, get electricity, register property, get access to credit, pay taxes, trade and enforce contracts can also help. An initiative specifically aimed at helping SMEs operate with less cost, risk and hassle – and encompassing many of these elements – would be widely appreciated by

poor people and marginalised groups, who typically face an uphill struggle because of how fragile states tend toward exclusion. It would also improve legal and economic conditions for the country as a whole, boosting growth and job formation in the process.

Learning from El Salvador

The 1992 Chapultepec Peace Accord between the government of El Salvador and the Farabundo Marti National Liberation Front (FMLN) has achieved far more than most such agreements because of its scope and the actions taken to implement it. The accord included a wide range of reforms (including to the military, police, judiciary, electoral system and agriculture sector), a major program to rehabilitate and revitalise the areas affected by conflict, a security system overhaul (including a new police force that integrated former combatants), an internationally run truth commission and a number of provisions that ensured these would be implemented.

Strong commitment mechanisms had a lot to do with the success of the peace accord (the contrast with nearby Guatemala is striking). Although the Salvadoran government was responsible for implementation, the international community played a large role. USAID provided financial support to the government (giving it a strong incentive to keep its commitments). Other donors contributed to rebuilding infrastructure in former conflict zones, and NGOs,

to support the overall process. The United Nations Development Program (UNDP) co-financed training and provided humanitarian assistance to former FMLN fighters. The UN observer mission for El Salvador (ONUSAL) handled human rights complaints, had staff available to undertake investigations and helped launch the country's Human Rights Ombudsman. ONUSAL also facilitated discussions between the parties as differences arose during implementation and brought in observers to help ensure that the 1994 elections were fair. The United Nations Children's Fund (UNICEF) and the United Nations High Commission for Refugees (UNHCR) also played important roles.

All of this created an atmosphere for a strengthened rule of law in which everyone had a stake. The accord was, and still is, treated as a sacred contract. The parties' honouring of its fundamental provisions paved the way for an overall inclusive dynamic that is reflected in Salvadoran society and politics 30 years later, even as the country struggles with continuing high levels of violence.

Some rules of thumb inclusive-oriented leaders might follow

<u>Establish strong commitment mechanisms</u>

Do: Ensure that commitment mechanisms are hard to change, corrupt, intimidate, manipulate, unduly influence, etc.; consider establishing a high-level commission for national inclusiveness; make use of international support when necessary; ensure commitment mechanisms are tied to specific agreement provisions; make sure sanctions for breaking commitment mechanisms are painful.

Don't: Ignore commitment, oversight and verification mechanisms when crafting social covenants or negotiating political or peace agreements; establish procedures and sanctions that will provide disproportionate advantages for some parties.

Increase rule of law for the general population

Do: Enact radical reforms if an institution is beyond help (Georgia fired all of its traffic police); increase mechanisms of upward accountability (e.g., incentives for performance) and downward accountability (e.g., formal accountability/oversight institutions, media, citizen watchdogs); survey citizens about the performance of various rule of law institutions, and act on the knowledge; invest in areas that matter most to a population; forge a broad coalition to enact reforms; dramatically increase data collection (of crime, courts, prosecutors, etc.); establish governance partnerships with international organisations to improve performance (as Liberia and Guatemala have); consider raising civil servant salaries if research indicates this could help reduce corruption.

Don't: Ignore the lower tiers of institutions that directly interact with citizens; undervalue the importance of rule of law to the general population (as elites do in much of the Arab world); dismiss issues that consistently matter to the poor or lower middle class (such as sexual abuse, labour abuse, intimidation, shakedowns, bribery and day-to-day violence); trust rule of law statistics that are not independently verified; assume the role of corruption in the decisions and actions of courts, police officers and other state officials is unfixable.

Leverage non-state institutions to improve the rule of law

Do: Allow non-state institutions to have jurisdiction in some areas (as Somaliland has); invest in upgrading them; work to reduce their gender bias (if it exists); seek to mix state and non-state systems to maximum effect; consider whether religious actors and private institutions can help when the state remains especially weak; create an environment that is conducive to the development of a strong civil society (and encourage it to play a watchdog role).

Don't: Disregard non-state institutions when they are important; hold traditional institutions to a low standard; ignore what most of a population uses.

Reduce cronyism and improve economic conditions for SMEs

Do: Promote reduction of the paperwork and costs for businesses to operate (these impact smaller companies much more than larger); make it easy to register companies and property; seek to improve performance on the World Bank's Doing Business indicators; advocate handing out property titles in rural areas (as has happened in Brazil, Indonesia, the Philippines and Thailand); ensure improvements in the transparency of government contracts and licensing practices; lobby government to pass legislation forcing politicians and their families to disclose assets; establish commercial courts to improve access for SMEs (as has happened in Pakistan); target the reduction of petty corruption on roads and in customs; ensure that any state-owned companies operate autonomously (and do not enrich politicians and their cronies).

Don't: Let insiders profit from privatisation initiatives; allow politicians to steer contracts toward their friends; let elites manipulate regulations and courts to favour their commercial interests.

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Organisations

CEELI Initiative; Harvard Kennedy School Program in Criminal Justice Policy and its Indicators in Development; International Development Law Organization; Safety and Justice project; International Bar Association; International Commission of Jurists; International Justice Mission; Lawyers Without Borders; Namati; Open Society Justice Initiative; Penal Reform International; United Nations Rule of Law Coordination and Resource Group; World Justice Project

Issue 7: Security

The crux of the issue

Chronic violence makes it very difficult for groups across society to build the trust and cooperation necessary to manage a transition successfully. It damages social relationships and governance – the bedrocks on which any change to an inclusive dynamic must be built. This is especially so if it continues for a long period. Over time, populations tend to become more and more isolated from each other as they seek safety with the people – often their identity group– they trust most, making it even harder to break out of the cycle of violence. As such, providing a minimum level of security to all parts of a society is one of the main challenges of a transition in a fragile state.

Improved security is more a product of good politics and institutions than it is of technocratic reform. The more inclusive these are, the more likely violence can be reduced. By contrast, if members of a former ruling regime, rebel group, paramilitary force, or warlord militia have little incentive or interest to join the legitimate political process (e.g., Iraq, the DRC and Nigeria), the chance of ongoing violence is much greater.

Governments eventually need to both have a monopoly on the use of arms, and to use that monopoly accountably (in response to civilian leadership) and equitably (to promote an inclusive dynamic). Over the long term, politics cannot be inclusive unless politicians from all groups can campaign without fear (in many countries, women politicians are not safe). Similarly, economies and societies cannot be inclusive unless people from all groups can participate securely and with equal access to knowledge and opportunity.

Although necessary, disarming soldiers, militias and other violent actors may be very hard for a new government with limited capacity. In many places, security system reform (SSR) and disarmament, demobilisation and reintegration (DDR) of former combatants – important components of any effort to reduce the threat of violence – have come up short because a government does not implement these well, good jobs are scarce, or the rule of law is so weak that the incentives to be violent remain unduly attractive. Exclusionary politics exacerbate these challenges.

Building inclusive security also implies that the police and other government officials do not feel free to victimise the most vulnerable parts of a society. Violence is pervasive in poor communities in fragile states partly because the police (and other parts of the broader security system) are usually its perpetrators. Their image as "macho" organisations means that they tend to attract the most violent or militant parts of society, creating a certain culture and mind-set that may be hard to change. They steal, imprison unlawfully, partner with criminals, refuse to do their jobs without bribes (which the poor cannot pay) and offer their services to the highest bidder. As such, there frequently is little security, rule of law, or economic opportunity for many at the bottom of the economic ladder in these countries. For this reason, if leaders can begin to deliver basic, visible improvements in security in the early parts of a transition (especially at a local level), they will readily gain the trust and patience of the general population for reforms in other areas.

A number of countries have paid the price for failing to do this. Urban violence has infected countries such as Honduras, Brazil, Haiti and South Africa long after their transitions arose,

disenfranchising marginalised groups (who are the main victims), limiting the ability of the poor to advance (home may be safer than jobs or schools) and reinforcing inequitable relationships between groups. Violence in outlying or rural areas may also persist when a government is too weak to extend its authority across all of a country (e.g., India, Sudan, Mali, Uganda), allowing various groups to act without fear of retribution. Ultimately, durable security requires working on many fronts at once.

Some important practical questions

- Who are the main threats to public security? What might reduce their potency when the transition gets underway and relationships are open to reconfiguration?

- What mechanisms are in place to monitor changing security threats? To what extent are the state and important non-state actors able to adapt policies in order to address new threats before they become entrenched?

- Do civilians control the military (in law and in fact)?

- How transparent is the national security budget? Is it regularly reviewed? Can it be reduced in the short term in order to allocate funds to other areas (and thus contribute to a visible peace/transition dividend)?

- How widespread is police-instigated violence? What patterns of conduct exist and what are the underlying reasons for them? Are there any regions or cities where police-instigated violence is not happening and that could be a source of innovative solutions?

- What is the perception of different social groups about the reliability and fairness of public security providers?

- Are all politicians equally safe and is security an obstacle to representatives of different societal groups standing for parliament?

- What sources of national resilience and policy innovations can help former combatants, if any, to become reinserted successfully into society and the economy, rather than recycled into organised crime?

- Where has the bulk of DDR money been concentrated? Is it too focused on future sources of insecurity (young male soldiers) rather than the more vulnerable groups that may integrate better into society? What psycho-social support has been provided?

- What initiatives might boost the employment prospects of young males and thus decrease the rate of delinquency? To what extent is there tension between young males who have or have not been combatants, given large unemployment prospects?

- What reforms can reduce the availability of weapons? What are the main drivers of weapon ownership? Have all weapons depots been secured?

- What early reforms might help reduce the threat from urban gangs and the drug trade during the transition?

Strategic objectives and policies that inclusive-oriented leaders might consider

Security is often one of the hardest challenges for inclusive-oriented transition leaders, especially given the political dynamics, institutional weaknesses and wide range of possible threats they may face. Many groups (e.g., Hezbollah in Lebanon, warlords in Afghanistan, militia in Libya) will prefer to keep their weaponry because it is a source of power and privilege. A national army beyond civilian control will likewise do all it can to resist a change in its political and economic might (e.g., Egypt, Thailand, Pakistan and previously Brazil, Chile, Indonesia and Nigeria). An

inclusive-oriented transition must initiate the shift away from these and other realities (including pervasive violence and impunity in poor and marginalised communities) or it will inevitably remain far from complete.

Leverage international security assistance

International actors have long played a crucial security role in transition countries, including as peacekeepers (e.g., the DRC, Côte d'Ivoire, Haiti and Kosovo), demobilisers (e.g., Liberia, Angola, Bosnia and Northern Ireland), advisers, equippers and trainers. Naturally, such help works best when it supports a legitimate government and settlement, and does not favour any particular group within a country. Otherwise, there is always the danger that international actors will be seen as illegitimate (as in Iraq) or as unfairly supporting one side in a contested state (as has been the case at times in Kosovo and Mali).

In the best cases, international assistance is leveraged to advance a new self-sustaining inclusive dynamic within a country, providing the "hard" security necessary so that politics and society have the space to chart a transition path based more on hope than fear. But this requires actively using the window of opportunity provided by internationals to build up legitimate domestic security forces and to advance a political process that will sharply reduce their necessity. The success of the former depends very much on the success of the latter, as agreement on the distribution of power is often the heart of the matter.

Yet, there is an ever-present risk that international assistance will externalise the costs of conflict (i.e., lay them on the internationals), thus increasing the chance that parties will not settle their differences. Likewise, international involvement can risk the build-up of a security force that a state cannot afford, the creation of parallel systems that drain the capacity of national systems, or premature departure. As such, international security assistance sometimes does more harm than good. However, nearly three decades of experience in post-Cold War international security support can provide important lessons and techniques to mitigate these risks.

Integrate former combatants

Disarmament, demobilisation and reintegration (DDR) is essential to reducing the threat from former combatants (who may turn to crime, an extremist group, or another militia) and to redirecting a state's limited resources toward more productive activities such as investments in infrastructure or spending on education. But formal DDR programs, which are often expensive and the preferred choice of donors, have mixed reviews. There is little evidence that they perform as well as advertised. Locally, rather than internationally, constructed alternatives that work with local communities might be better in many places. The key is providing demobilised soldiers with an alternative livelihood (to war) and a real stake in stability and the existing political and economic system. Providing an asset like land (which can be distributed or offered for lease at a low rate) or vocational skills (through training) can be a good start. Local communities can help former combatants get married through a matchmaking service and reintegrate through some form of restorative justice program.

If handled badly, DDR can easily lead to more crime and violence, and do little to reduce insecurity (as has been the case in the DRC). Integrating former combatants into the army can weaken it or turn it into the major target of political contestation (whoever controls it may be able to control the country). Attempts to reintegrate ex-combatants into the police likewise can be painful, simply shifting the problem to another institution that already has its own set of challenges. While local communities may be able to receive and reintegrate ex-combatants, they tend to receive less attention even though they are often victims of those now receiving DDR case and training packages (while the victims wait in vain for reparations). Early attention to the links between transitional justice and DDR design can only help to get more things right.

But it is above all the "R" in DDR that is seen as the field's Achilles' heel. Even when disarmament (putting arms beyond use) and demobilisation (leaving the armed organisation) occur relatively quickly and seamlessly – far from guaranteed – reintegration is a mid to long-term objective that depends on far more factors (economic, social and political). Inclusive-oriented leaders in fragile states would do well to place concerted attention here, connecting the exercise to the broader transition roadmap and the policies suggested throughout Part III of this publication.

Stem hate crime and violent extremism

Deterring and reducing extremist violence motivated by hate requires a combination of practical, political and ideological steps spanning security and many other spheres discussed in this publication. The more legitimacy states have, and the greater they are able to make their citizens feel welcome and integrated, the better they will be able to prevent such violence from appearing, and to deal with it once it appears. If extremist behaviour and hate crime are not met with strong law enforcement and vocal condemnation, they can easily trigger significant violence during the transition. Inclusive-oriented political, social and business leaders need to be firm in their resolve on this issue.

While it may not be possible to eliminate extremism and hate crime altogether, inclusive-oriented leaders can help reduce these by making a concerted effort during the first part of the transition to combat hateful ideologies (through education, media and religious institutions); improving laws and law enforcement institutions (which may be treating people with ethnic, religious or racial bias, provoking humiliation and resentment); helping youth find meaningful jobs and become better integrated into society (which may require working with their elders to reduce the generation gap and providing more local opportunity for leadership and contribution); offering special reintegration programs to demobilised combatants (e.g., help getting married, skills training); and reforming the worst aspects of prison (often a hotbed of extremism).

Reduce police-instigated violence

Police violence, intimidation and human rights abuse are often much more pervasive than most leaders imagine, with immense and direct consequences for the lives of untold numbers of citizens in fragile and conflict-affected states. Naturally, institutional transformation – especially of the closed and distrustful culture of the criminal justice system – is hard and slow. Yet, investing the necessary resources and political will to address police violence is one of the best ways to show that a leader cares about marginalised groups and is serious about reducing inequity in how the state performs.

Reforming the policing and broader criminal justice system requires a strong and consistent focus on the problem in order to overcome the strong vested interests working against change. Many powerful people likely benefit from the corruption that pervades the existing system (e.g., Mexico). Local leaders and communities will need to be recruited to work as a counterbalancing force against these. Identifying, supporting, encouraging and strengthening these forces of change and downward accountability will be essential.

In many cases, a vocal journalist, preacher, or civic leader will start the process (at considerable personal risk) of calling out police or judicial abuse and gaining support for reform from a wide range of people across society. The reform agenda can be accelerated by diagnosing the contextual drivers of dysfunction (actors, sources of money, international connections, etc.) and learning lessons and best practices from countries around the world (e.g., in the area of community policing). Establishing a special national commission of inquiry to study in great detail the underlying corruption, graft, violence and abuse may also help. But ultimately, the strength

of local coalitions will be determinative in making any sustained improvement, especially if it treats police violence and criminal justice malfeasance as part of a larger system of exclusion rather than an isolated weakness in law enforcement practice.

Learning from Georgia

Prior to 2003, Georgia was one of the most corrupt states in the world. According to Transparency International, it ranked 124th, behind countries such as India, Kenya and Bolivia. Police corruption and abuse were particularly egregious. Police demanded more bribes per transaction (7 out of 10) than almost any police force in the world. But after a concerted effort by a new administration that came to power in 2003, the country was ranked as the best fighter of corruption globally – though it has since declined – and the police force was perceived to be more honest than its counterparts in countries as developed as Germany, France and the United Kingdom.

The new president, Mikheil Saakashvili, had a broad mandate, having won election on an anti-corruption platform with over 90% of the vote. His administration introduced a number of bold reforms that contributed to this transformation shortly after taking office. First, it looked for decisive, courageous reformers already working within the government. Although the old regime was terribly corrupt, not everyone in it was. Second, it fired many mid- to high-level officials that could not meet its new standards and replaced them with young Western-educated (but untested) officials. Third, it encouraged change by making career advancement dependent on reform efforts, even going as far as offering bonuses for the design and implementation of new policies in some ministries.

The new government attacked corruption in the criminal justice system first, on the assumption that reform elsewhere would ultimately depend on the law enforcement capacity of the state. It cleaned house and ended widespread impunity, firing more than four-fifths of the aggregate police force and every member of the traffic police (16,000 people). These were replaced with new recruits who were offered better salaries and working conditions and much better training. Salaries were increased over 10 times in many cases, and savings were found by shrinking the force by almost 60%. These changes led to a reduction in crime by half, and armed robbery by four-fifths.

Saakashvili's administration also assiduously fought corruption through the creation of "Justice Houses", where citizens access a host of services and documentation – such as passports, driving license and access to pensions – in a transparent environment where opportunities for bribe taking by administrative officials are virtually eliminated. Creating the Justice Houses required the consolidation and improvement of various registries that previously were controlled by specific government agencies (such as the police) and provided platforms to falsify data and hide graft. The Justice Houses also provided an opportunity for citizens to express their grievances directly to officials and seek legal remedies. They dramatically increased confidence in government.

Some rules of thumb inclusive-oriented leaders might follow

Leverage international security assistance

Do: Reduce military spending and redirect to economic priorities (as in Mozambique); use the window of opportunity provided by improved security to advance the political process; advocate and set up accountability mechanisms for national security forces; reduce the availability

of small arms and light weapons; combat gangs and drug trafficking; keep the population informed of all the initiatives going on and allow them to hold the institutions accountable; secure all weapons depots as soon as possible; prioritise disarmament.

Don't: Let outside assistance prevent domestic actors from working out their social and political differences; let one group dominate – and be seen as dominating – the reformed national security forces; allow opposition candidates or leaders of various factions and journalists be intimidated or left insecure.

Integrate former combatants

Do: Provide locally viable alternatives to fighting that connect with skills and values of the demobilised group; support and make use of local communities to reintegrate ex-combatants; condition ongoing DDR benefits to non-recidivism and combatant peace-building obligations (e.g., contributions to truth and victim reparations); analyse the community that former combatants are being reintegrated into and the extent to which it can meet their expectations; ensure that those being reintegrated retain their right to make decisions over their future (e.g. female combatants or partners of combatants may just want to disappear back into their communities).

Don't: Underestimate the importance of personal social ties (such as a wife and children) and acceptance (from neighbours) to reintegration; sabotage DDR by denying the basic legal security necessary for combatants to voluntarily and fully disarm.

Stem hate crime and violent extremism

Do: Ask religious and ethnic leaders to actively combat extremist ideology; recruit social leaders to take strong stands against violence and exclusionary actions and rhetoric; provide leadership roles and opportunities for young men and women in their communities; enact strict laws against violent rhetoric and hate speech (creating automatically higher jail sentences); target youth unemployment in the first part of the transition.

Don't: Let media or sectarian leaders incite violence with impunity; make particular groups in society feel excluded from the transition's earliest and most visible benefits.

Reduce police-instigated violence

Do: Build and support coalitions seeking to end police violence (especially against women and marginal or minority groups); make reform of the criminal justice system a high priority (within a larger inclusiveness framework); learn from other countries' experiences (police reform is an area with many examples of success in a wide range of countries).

Don't: Allow corruption in the police and criminal justice system to continue to fester; let courageous reformers go unnoticed or unsupported; allow the government to design or implement reforms in isolation from civil society; assume the problem is technocratic (rather than political).

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Alliance for Peacebuilding; Center for the Study of Violence, University of Sao Paulo; Centre for Security and Governance (CSG); CEU Center for Conflict, Negotiation and Recovery; European Peacebuilding Liaison Office; Geneva Centre for the Democratic Control of Armed Forces (DCAF) and the International Security Sector Advisory Team (ISSAT); Igarapé Institute; Institute for Inclusive Security; International Alert; International Committee of the Red Cross; International Crisis Group; International Peace Institute; Norwegian Peacebuilding Resource Centre; Saferworld; Stockholm International Peace Research Institute; The African Security Sector Network (ASSN); United Nations Department of Peacekeeping Operations; VERA Institute of Justice

Issue 8: Education

The crux of the issue

Inequitable education policies that prioritise one group's historical narrative over another, and inequitable social spending and governance (which may itself be a product of education) are leading causes of inter-group resentment and conflict. A transition's leaders can catalyse a more inclusive dynamic by making a break with such practices. Education, as well as media (a vital tool of education), stand out because of their depth of impact on other areas.

Making social spending more inclusive requires expanding education (and basic healthcare) options for groups typically disadvantaged in these areas. It may mean opening new schools, reducing costs for entry, or even changing the way educational services are delivered. Such steps can send an important signal that the new government is sincere in its efforts to end the cycle of exclusive governance and that it will not run the country for the benefit only of its core supporters. A reduction in military spending (Issue 7) can help fund some of these programs, and constitute an important symbolic dividend of the formal end of conflict or past repression.

Revising history textbooks and the national narrative taught in schools (and reinforced in the media) can also make a substantial difference to feelings of belonging and the development of an inclusive dynamic. Most fragile states, lacking a social covenant, promote a particular history and narrative that unfairly discriminate against significant parts of their populations. This is always damaging, but may not always be intentional. Majority or historically dominant groups tend to have a hard time understanding minority or historically disadvantaged groups' viewpoints.

Beyond formal educational institutions, television, radio and other media exert an under-appreciated role in the spread of social norms and civic values. In negative terms, they can play a major role spreading sectarianism and extremism, as the Middle East so vividly shows. Yet, in the best cases they can offer an unusual channel to spread the new values of an inclusive society, as well as basic literacy and numeracy, reaching large numbers of people of all ages and backgrounds (not only through news coverage but also through taboo-breaking soap operas and children's programming). For that reason alone (independent of its crucial role as the fourth estate), media must figure prominently in any transition plan targeting education.

Professional training and education programs are also vital. Many transition countries suffer from weak public institutions and a weak private sector because of educational deficiencies. Management training is especially important because of how it impacts all institutions and companies: the better administered these are, the more likely they will work effectively, increasing the ability of the government to operate equitably for all and increasing the ability of the companies to grow and hire more people. Unless the education system is reformed for youth and adults, great shortages of qualified managers, policymakers, engineers and skilled workers will make change elsewhere hard if not impossible. State bodies cannot work well if their employees are not trained well in school or once they have been hired. Companies are less likely to form, grow and invest if a workforce lacks many of the skills to be competitive. A transition offers the chance for an intensive dose of professional training courses as an early element in a longer-term, inclusive educational overhaul.

Some important practical questions to consider

- Are there obvious differences in educational and social spending across groups?

- Do girls have the same enrolment numbers as boys at every level of schooling? The same literacy rates? The same access to higher levels of education?

- Does education policy disadvantage certain groups in terms of language usage, fee structures and application procedures?

- What is the comparative quality of public schools, colleges and universities? What can be done to improve the incentives embedded in the education system to improve their quality?

- What role does the media play in promoting sectarianism? How can it play a more constructive role fomenting inclusive social norms and civic values?

- Do higher levels of education (high schools, vocational schools, or universities) provide practical training that meets employers' needs? Is there widespread training for starting new businesses?

- What new courses, schools, academies and programs can improve how the public administration works and supply management talent for the private sector?

- What new education initiatives can improve the rule of law in the short term or increase the supply of legal professionals?

Strategic objectives and policies that inclusive-oriented leaders might consider

Education has an enormous impact on how inclusive a state is – and how inclusive it is perceived to be. Fortunately, there are a number of concrete and significant steps leaders can consider during a transition. The quality, accessibility and equity of schools can begin to be improved within a short period. Various media can be used to promote learning and social change. Investing in the training of public and private sector managers can also make an immediate difference.

Improve the quality of schools

Education is about a lot more than building schools and hiring teachers. Quality and content matter greatly. Most developing countries – including Brazil, India, Indonesia, South Africa, Uganda, Bangladesh and Mexico – have largely failed to convert improved enrolment numbers into good learning outcomes. Results show great deficiencies in how schools are run, how teachers are trained and evaluated (teacher absenteeism is common), how students are treated (condescending attitudes toward those from lower classes may be common), and how administrators are paid (too little and with no connection to performance). Corruption and patronage in education are rife in many places (e.g., illegal graduate diplomas can be purchased easily). Such deficiencies hurt those historically disadvantaged much more than those that are wealthy and well connected because the former do not have the option of private education.

Inclusive-oriented leaders can promote a broad initiative to improve public schools, and bring in better managers to run departments, boost incentives for performance (salaries and bonuses), increase training (especially of frontline workers – the teachers) and set up new entities to improve meritocratic hiring, teacher preparation, curriculum development and evaluation. Improving upward, sideward and downward accountability can also help (see Issues 3 and 10). So can leveraging the private sector. In a number of countries, it plays a large and mostly constructive role running schools.

In parallel, inclusive-oriented leaders could promote an initiative to expand the quantity and enhance the quality of skilled labour and management (essential to boosting the economy and

creating jobs) by reorienting existing, or opening new, vocational schools (as in Malaysia), business schools (as in Singapore) and adult retraining institutes (as in China). Universities in fragile states could often do more in science, engineering and technology. The most successful developing economies in recent decades have focused on highly inclusive basic and practical skills training that ensured that everyone could contribute to and gain from growth. They ramped up higher levels of education as lower levels approached full coverage.

<u>Increase access and equity of schools</u>

Reducing education inequalities requires not only opening new schools and increasing spending on historically disadvantaged areas and groups, but also policy changes that ensure everyone has equal access to learning. This may require changes in language usage (some groups may be less than fluent in the national tongue – Bolivia has created access in indigenous languages), testing (which may be written in a way that those from less fortunate backgrounds and excluded groups find difficult), fees (so people of different income backgrounds can gain access), application methods (which usually advantage those from a well-off or majority background), internet access, e-learning opportunities and so on. It may also require incremental redistricting of school catchment areas so that children and youth mix naturally with peers from other population groups. If a transition cannot be used as a springboard for promoting integration in the classroom, the future is unlikely to vary markedly from the present.

Conditional cash transfer programs can also be important. They can incentivise families to send their children to school (by paying parents to enrol their kids), thus boosting enrolment numbers. This has been done in many countries, especially across Latin America, where they were initially tried. These programs can help provide a boost to enrolment of girls and poor people in particular, and offer a relatively easy way to show a new commitment to expanding opportunity. Girls' education consistently has been shown to be one of the best investments in the development field because of its widespread multiplier effects (it reduces fertility, infant mortality and poverty, and enhances the upbringing of the next generation).

At higher education levels, affirmative action (or positive discrimination) programs tied to gender, race, ethnicity, religion, or caste may be helpful to reduce gross inequalities. But this must be done carefully (to avoid undue resentment) and phased out after certain goals are met (to ensure that identities do not lock in). A possible alternative could be to rework higher education recruitment, application and funding schemes to maximise the ability of the more disadvantaged to gain access.

Revising history textbooks and the national narrative taught in schools and the media is also essential to equity and inclusiveness. This can help overcome grievances, change perspectives and foster a new inclusive identity for the whole country. A representative committee set up as a part of the national dialogue (Issue 1), or as part of a commission for national inclusiveness (Issue 6), or simply as an independent body reporting to the government, could debate what changes are necessary and how best to implement them. Some reforms can happen rapidly (such as increasing access), whereas others will take a few years (such as revising history textbooks).

<u>Use various media to promote education and inclusive social norms</u>

Public and private media (national and regional) can play a constructive role encouraging learning, teaching new skills and promoting new values. Television – especially soap operas – has a proven track record, particularly when it comes to changing perceptions of women and minority groups. In poorer countries, radio storytelling shows can achieve something similar (e.g., Burundi). Media can likewise run programs that teach basic skills (e.g, reading, writing, counting) as well as specialised knowledge (e.g., vocational skills, business skills, foreign languages).

Giving minority or disadvantaged groups and women prominent roles on television newscasts and popular shows can make populations more tolerant and accepting, especially when they overturn negative stereotypes. Inclusive-oriented leaders should ensure that they maximise the use of these tools to promote education and constructive social values (by, for instance, asking state-owned channels to promote minorities and women). Preventing the use of media to promote sectarianism and extremism – an increasingly difficult task given the spread of social media – is especially important in fragile states, and transitions offer the rare opening to try to switch tracks. It will not get easier later.

Improve public administration training

More inclusive governments and economies also depend on public administration training that rigorously imparts new skills and teaches an inclusive state-building ideology as part of the curriculum. Universities and other higher-level schools should be encouraged to recruit from all parts of a society, teach inclusive leadership, and work with government to fill slots in key institutions in an equitable fashion (balancing meritocracy and the need to be representative). Likewise, investing in governance academies for senior bureaucrats and specialised training for lower-level public servants can send important signals of intention (if done in conjunction with new human resource policies and strict codes of conduct) that are likely to improve the attitude of public officials and the quality of public service, especially vis-à-vis lower classes and historically disadvantaged groups.

But none of these ideas about inclusive education are free of risk or cost. Time may be needed to invest in basic skills and competences before higher-order knowledge and ideas can be effectively transmitted; rewriting textbooks and debating changes in the national narrative may open up old wounds; teaching in indigenous languages may produce workers less able to access international knowledge; attempts to reform media and education systems may anger unions who might be key supporters of the new regime; and so on. But inclusive-oriented leaders need to run these types of risk. Few mistakes would be greater than the failure to use a transition to initiate an inclusive turnaround in education.

Learning from Ethiopia

Despite still being one of the world's poorest and more authoritarian countries, Ethiopia shows how much a cohesive elite ideologically committed to inclusiveness in a particular policymaking area can accomplish in a relatively short period. In less than a generation, Ethiopia has made notable social and economic progress, especially in public education.

Benefiting from rapid growth, and with assistance from foreign aid, Ethiopia has invested heavily in improving access to education. It has accomplished this by eliminating school fees, increasing spending on building and maintaining schools and hiring and training tens of thousands of new instructors and administrators. It has shifted to teaching in the mother tongue and decentralised the management of the system to lower administrative levels, both of which enhanced quality.

This progress shows that a sustained effort to expand the public education system equitably is possible if backed by sufficient resources and commitment. According to the Ministry of Education, access has skyrocketed, with enrolment in primary school jumping from about 3 million in 1994–95 to over 15 million by 2008–9. The country recorded the third-best improvement worldwide in the Human Development Index (a measure of the health, education and standard of living of a population) between 2000 and 2010.

Some rules of thumb inclusive-oriented leaders might follow

<u>Improve the quality of schools</u>

Do: Hire top-flight managers (local, diaspora, or from the region) to run education ministries and schools districts (as Shanghai does); pay teachers well and give them credible incentives to perform better; promote the value of teachers throughout society (as Northeast Asian countries do); establish specialised teacher colleges to both train education professionals and research how to improve education; establish specialised evaluation agencies within the education ministry; encourage parents to promote learning at home from a young age; launch national literacy and numeracy programs (as Cuba did intensively at the start of its revolution); encourage the business sector to play a constructive role in improving schools (as it does in Brazil); work with businesses to determine how to make university education much more relevant to improve employability; encourage the opening of vocational schools; create partnerships with foreign schools (as Singapore has); send top students overseas for schooling with the condition they return (as many Asian countries have done).

Don't: Allow widespread teacher absenteeism (as in Brazil, Indonesia, India and South Africa); underinvest in teachers; allow the top echelons of education ministries to be mismanaged; undervalue education because the returns on investment are initially slow; allow schools to produce graduates without the necessary skills to get jobs (something common in the Arab region); undervalue business training (as the development field has done).

<u>Increase access and equity of schools</u>

Do: Revise history textbooks through specially formed commissions of independent historians (as in the Balkans); encourage the use of new inclusive narratives throughout schools and the media (Sierra Leone's truth commission created a National Vision contest); redirect money from public universities that mainly serve middle and upper classes toward basic education for the poor; introduce conditional cash transfers to boost enrolment; ensure that minorities or the historically disadvantaged can learn in their own language if there is high demand for it; compile and contrast learning outcomes across groups, classes, regions, or genders; use education equity programs (affirmative action) when necessary; partner with free or discount web-based education providers; make the spread of an inclusive ideology a requirement for the licensing of higher education institutions.

Don't: Let education officials act condescendingly toward particular groups; use tests and application procedures that clearly disadvantage particular groups; let the best teachers avoid the hardest locales; let school cultures, symbols, or rituals disadvantage any particular group; let identity politics dominate school entry requirements.

<u>Use various media to promote education and inclusive social norms</u>

Do: Use television, radio and the internet for teaching classes; use soap operas and community radio shows to promote social cohesion, integration and minority and women's rights; use various media to spread constructive social norms; encourage the media to help make learning a society-wide passion (e.g., through language-instruction and homework-help television shows).

Don't: Let social media and satellite television spread sectarian or extremist messages; allow television or other media to incite hate or reinforce prejudices.

Improve public administration training

Do: Encourage the creation of public administration and business schools (Spain did the latter especially well); invest heavily in upgrading public sector workers (as China and Singapore do).

Don't: Undervalue government employees; create elitist institutions that perpetuate exclusion (as many countries do).

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Organisations

Acasus; Education Reform Initiative, Sabanci University; Center for Universal Education, Brookings Institution; Education Development Center; Gates Foundation; Global Business School Network; Pratham; Room to Read; Save the Children (Child Education program); Todos Pela Educação (Education for All); United Nations Children's Fund (UNICEF); United Nations Public Administration Network; Wikimedia Foundation; World Reader

Issue Area 9: Economic Growth

The crux of the issue

Frustration over jobs, incomes and future prospects – combined with anger over cronyism and economic domination at the hands of one ethnicity, religion, or class – often plays a prominent role in conflict and the overthrow of a regime. This has been true since at least the French Revolution and was a major factor in the Arab Spring.

Transition leaders who ignore the economy do so at their peril. Growth that produces a wide distribution of gains (through increases in jobs, incomes and entrepreneurship) is important to a wide range of intermediate goals crucial to the success of a transition, including encouraging youth to stay away from extremist groups (a strong economy provides better alternatives); major political actors to work together and accept agreements (a strong economy offers incentives to support the changes these embody); and the general population to have patience for reforms in other areas to show results. A vibrant economy feeds upon itself (by encouraging investment) and improves the dynamic everywhere else because it rewards more people (giving them incentives to focus on economics and not politics) and spreads optimism in its wake. Introducing some form of national safety net can make the introduction of the often-difficult reforms that a vibrant economy needs more politically palatable.

Inclusive growth requires not just boosting the rate of economic expansion but also ensuring it produces real results for people across ethnic, religious, regional and class divides. For that, the existence of weak institutions is a major challenge because it usually produces overregulation, criminality, high levels of informality, a badly structured and implemented national budget, an unreliable legal system and confused property rights. These factors make it hard to encourage investment in areas outside the natural resource sector because the risks and costs of doing business in other sectors are too high. Moreover, institutionalised social divisions can make it difficult to ensure gains of any sort are widely shared, as people will tend to work with and support only those within their own group.

But the problem that most threatens a transition economy is the combination of official corruption with group-based inequalities. As discussed in Issue 6, public authority is often so corrupt that people in all arms of the government work for themselves at the expense of others. This gives great advantages to those who can use social ties and money to ensure they gain the lion's share of licenses, contracts, police attention and court rulings. Ensuring that growth during the transition does not amplify inequalities between groups – which can easily create the anger to reignite or start a conflict – requires immediate measures to ensure that it can begin to expand horizontally (across regions, ethnicity, or other cleavages) and vertically (across classes).

Cooperation between business and the state is another essential tack for jumpstarting growth. However, ensuring that such cooperation creates an inclusive rather than exclusive dynamic is not easy to accomplish in states with weak institutions. But while corruption may be inevitable in fragile states in transition, East Asia has shown that there is a big difference between cronyism (which produces gains for a small set of individuals) and collusion that produces massive gains that are widely shared.

Some important practical questions

- Which measures can elevate more women and historically marginalised groups to contribute to and gain from economic growth? How can their economic rights (such as over property) be better protected?

- What early regulatory changes can encourage investment as the transition gets underway? Can some quick reforms to the energy sector boost energy supplies? Can changes to rules for doing business encourage new business formation (especially micro and small-to-medium sized enterprises)?

- What reforms can reduce petty corruption as an early signal of change to an expectant public?

- How can the informal economy be vitalised?

- What can ensure that natural resource investments produce real gains for the general population early in the transition?

- What practical steps can ensure that economic growth does not exacerbate deep social divisions?

- Can government afford a basic safety net? Will introducing one make a significant impact on inequalities? Can introducing a safety net in conjunction with reforms make the latter easier to enact?

- What reforms can make it easier for private employers to hire workers?

- How can business disputes be made easier to settle, both in and out of formal courts?

- What can rapidly boost the supply of skilled workers? What education and training can ensure that youth are more employable?

- Can military spending be redirected to economic needs?

- Does the tax system encourage investment?

- What is the role of labour unions in the economy and how inclusive are they?

- Can social enterprises (a growing global phenomenon) be an important factor in making a society more equitable?

Strategic objectives and policies that inclusive-oriented leaders might consider

Inclusive-oriented economic reform is central for the success of a transition. While there are a wide range of objectives that could be prioritised in this area, four critical ones bear attention: boosting performance; increasing economic opportunity; reducing horizontal economic inequalities; and improving natural resource management, which often perpetuates an exclusive dynamic in fragile states.

<u>Boost economic performance</u>

Countries show great divergence in their economic performance long after the onset of a transition. Good policymaking can have an outsized influence on results, especially because the pre-transition performance was likely to be significantly below potential (and negative in the case of conflict). Political commitment is key, as the number of necessary reforms is likely to be large (see the Polish example below) and the difficulty of making an economy more inclusive great. However, political constraints are likely to be comparatively less severe, providing a window of opportunity for real change. Leaders should be bold while they have the chance.

A three-tiered approach will help leaders navigate a population's high economic expectations: first, prioritise visible gains at the outset; second, ensure that growth is equitable and does not

exacerbate fault lines; and third, keep expectations in check by providing a clear road map and explaining that economic reform can start now but takes a long time.

Quick gains can come, for example, from investments in infrastructure that involve hiring large numbers of workers; the establishment or repair of roads that connect (or reconnect) different areas with each other, including rural and urban ones; improving energy supplies; simplifying business procedures; clarifying property rights (which make them more valuable); and improving the business environment, especially dispute resolution regimes.

To do this, inclusive-oriented government leaders have to introduce administrative reforms (see Issue 10), improve legal systems (Issue 6) and find a modus operandi to cooperate with companies in a way that provides the maximum benefit to their countries. Diaspora, regional companies and investors who know local business conditions best are the most likely sources of international capital and know-how – they should be targeted with direct appeals. Even if early investors may depend more on relationships than laws, in time, their economic gains will spur them to press for more secure and fairer rules and laws that will benefit everyone, as will the middle class if it grows large enough over time.

Most fragile states and developing countries have isolated pockets of dynamism, whether in a specific sector (Bangladesh in garments), region (south and western India have much stronger economies than north and eastern India), or set of companies (Nigeria, Egypt, Mexico and Pakistan have many dynamic businesses despite their institutional problems). The goal should be to expand such islands of excellence by making it easier to grow complementary sectors, regions and businesses through backward linkages (to suppliers) and forward ones (to business customers). Improving the business climate, predictability of policy, supply of finance capital, ease of doing transactions across distance (moving goods) and time (contract enforcement) and employability of the workforce (skills and ease of hiring) can all help. An environment that encourages linkages between firms is essential if an economy is to diversify, move beyond natural resources, increase productivity (the key to rising incomes), create a large number of jobs and integrate an ever-greater number of people into its dynamic jobs-producing parts.

Increase economic opportunity

Boosting overall economic performance is one thing – expanding the reach of individual economic opportunity is another. Enabling ever more people to contribute to and benefit from growth is essential to ensuring it is inclusive. This is a better focus than the default practice of government provision of jobs or incomes (through public works, jobs programs and social outlays). For while the latter needs to be part of the solution (especially in the short term), only a dynamic economy can steadily increase incomes, reduce poverty, expand opportunity and provide the revenue for improved public services. In like manner, countries that depend on natural resources for growth have to use the transition to diversify into other areas to ensure their gains are sustainable and widely shared over the longer term (Latin America's growth has long been erratic and exclusive because most countries in the region have failed to do this).

There are a number of tried and true approaches: upgrading skills through improvement in education and training (Issue 8); reducing the costs to do business; increasing internet access; establishing special economic zones with all the requisite public services readily available; and investing in the critical know-how to break into manufacturing, as China and others in East Asia have, thus generating large numbers of jobs and skills. Promoting domestic trade (or cross-border trade in small countries) and national (or regional) integration can bring ever more people into the dynamic parts of a country, and increase the value added that stays local. Outlying areas should be connected to core economic hubs. Transport links should be upgraded.

Transaction costs should be reduced (through the establishment of better roads, reduction of petty corruption and the upgrading of commercial courts). Migration should be made easier.

All of these steps can be initiated in a transition with a view to increasing economic opportunity, and there are ample examples of successful reform programs from around the world that can be studied. Inclusive-oriented leaders – whether in government, civil society, or business – can study the success cases and adapt their models to fit local needs.

<u>Reduce horizontal economic inequalities</u>

Steps to increase economic opportunity across the board will indirectly reduce horizontal economic inequalities over time. But these can also be directly targeted for amelioration, which may have a bigger impact in the short term – though with greater risks. For instance, land reforms can redistribute farms; banks can be directed or incentivised to disproportionately lend to disadvantaged groups; privatisation can be done so as to ensure that disadvantaged groups receive a disproportionate share of the returns; tax credits can promote investment in disadvantaged regions; public investment can target conflict-affected regions and groups; employment policies can compel the public sector and incentivise the private sector to hire more from disadvantaged groups; and a safety net can be introduced that disproportionately benefits disadvantaged groups (simply because they are worse off, not because they were specifically targeted).

As these policies may be seen as incursions on the well-being of a majority or historically dominant group, they may cause anger (which can lead to subterfuge) and weaken support for other elements of the inclusive transition agenda. There is also the risk that they could temporarily reduce efficiency and growth (because they may lead to the hiring of less qualified people, a brain drain, etc.). Longer-term, they may also strengthen subnational identities, weakening efforts at nation-building. Yet, if the conditions of the transition permit such corrective gestures, they can transmit an important message of economic justice for those who were unfairly left aside or targeted when war or authoritarian rule prevailed.

<u>Equitably manage natural resources</u>

Improving natural resource management is always hard because the wealth this sector produces most likely plays an outsized role greasing politics, empowering certain actors and enriching the most connected players in the country. There will be much resistance.

Initiatives during the transition can begin to reduce the influence of politicians over the bidding process (always susceptible to corruption) and earnings (which often get exploited for personal gain), as well as to increase investment (by enhancing legal protections and the terms available), transparency (which will reduce abuse) and financial management (see Issue 10). All of these steps will eventually be necessary if the natural resources are to be exploited for the benefits of a population and not contribute to inequality and corruption. And, as with other areas of economic reform, there are many examples of successful practice that inclusive leaders can review and adapt to local circumstances.

Gains from natural resources can also be distributed more equitably, with the groups whose lands are being exploited earning a larger share, but everyone across a country gaining a part. Joining one of the numerous international initiatives (such as the Extractive Industries Transparency Initiative) that support better management of natural resources and following their rules rigorously can also make a difference. This is one area where international assistance can play an important role, and a transition provides the right moment for inclusive leaders to take advantage of what is on offer.

Learning from Poland

After its 1989 transition, Poland introduced substantial reforms to its political system (democratising) and governance structure (decentralising), as well as to its economy. The latter has significantly outperformed peers in Eastern Europe. Not only did the country start radically (with a "big bang" set of economic reforms in 1990), but it also persistently kept on a reformist bent in the two and a half decades since. Restructuring a centrally planned economy with serious macroeconomic disequilibria was an immense undertaking, requiring both a number of large initial measures and a series of systemic changes that required years to implement.

Three distinct types of reform were especially important. First, a combination of macroeconomic stabilisation, price liberalisation and import liberalisation policies at the beginning of the transition brought Poland back from the brink of disaster and set the economy on its way to a fully market-based system. Positive growth returned in 1992, just two years into the process. Second, a large block of institutional reforms in 1999 modernised health, education, pensions and regional administration, boosting international competitiveness and government finances in the process. Third, reforms in the late 2000s improved legislation for a wide range of sectors, such as health and pensions, as well as modernising the structure of public finance.

The commitment to change extended across the country's leadership such that even when reformers were voted out of office, new (more left-of-centre) administrations never reversed course. This continuous reform stance stands in contrast to neighbours and is the main cause of the Polish growth miracle. It produced a virtuous circle whereby reforms were followed by a period of political consolidation and economic growth, which in turn spurred more reforms. Throughout, there has been a broad consensus among key actors across the political divide that Poland had to maintain its reformist path, partly for geopolitical reasons, partly as a matter of inclusive, economic common sense. Although there were some downsides to the approach taken (older and less skilled workers had great problems overcoming unemployment during the first decade), the country as a whole has flourished economically.

Some rules of thumb inclusive-oriented leaders might follow

<u>Boost economic performance</u>

Do: Build a consensus or coalition of forces from across the political spectrum to tackle important economic issues; strive to ensure that this consensus or coalition is maintained over time; advocate reduction of subsidies, especially if they benefit the well-off; ensure that money saved from cutting programs (subsidies, military spending, etc.) are used to promote growth, strengthen institutions and increase inclusiveness (and not get used to reward the powerful for their support); focus on the rural sector if that is where most of the people live; make the manufacturing sector a priority; grant important economic institutions the independence to do their jobs well (see Issue 3); aggressively promote improvement of the business environment; promote foreign investment; reduce transaction costs for business; bring in technocrats to fill key positions in government and give them the power to manage their portfolios.

Don't: Let crony capitalism ruin your inclusive economic reform program; allow aid agencies to set the agenda (they won't prioritise wealth creation); avoid the need to tackle corruption and weak institutions (see Issue 6); let powerful actors or a population's short-term expectations set the agenda; look first and only to the state to create jobs and growth.

<u>Increase economic opportunity</u>

Do: Make it easier for informal and small to medium-sized companies to operate and gain access to finance; invest heavily in urban-rural and region-region integration (transportation linkages, etc.); promote investment in basic services (education, healthcare) so the poor will be better prepared to contribute to and participate in growth (as China has); use perception surveys to learn how different social groups view economic management and access to employment opportunities.

Don't: Let elites hijack inclusive reforms; assume that liberalising markets will benefit all sectors of a society equally; let reforms disproportionately hurt or help particular groups more than others; let growth create such inequalities that it ignites anger at those who benefit (thus reducing an already-weak sense of national cohesion).

<u>Reduce horizontal economic inequalities</u>

Do: Use indirect policies as much as possible (as the political risk is lower); invest heavily in reducing education inequalities (see Issue 8) and infrastructure inequalities; use public spending to correct inter-group gaps in the short term, provided the effort is accompanied by aggressive wealth creation policy; use tax credits to promote investment in disadvantaged areas; introduce some form of affirmative action if direct policies are necessary to redress stark inequalities in housing, education and employment (as has been done in Colombia and Malaysia); strengthen social linkages between groups (as these play an outsized role in economic outcomes); introduce a safety net if it will have a large impact on inequalities and the government can afford to do so.

Don't: Use affirmative action programs without a plan (e.g., sunset clauses) to gradually reduce them when certain goals have been met; let direct policies entrench subnational identities at the expense of inclusive efforts.

<u>Equitably manage natural resources</u>

Do: Advocate and join the most important international initiatives; put various legal mechanisms and watchdogs in place to reduce abuse and corruption (see Issue 6); invest gains back in public goods (as some of the Gulf states have); use gains to directly help the poorest segments of a population.

Don't: Let politicians sell rights or manage returns opaquely (as in Nigeria, the DRC and other similarly corrupt countries); let returns go disproportionately to one segment of the population; allow security forces to be corrupted or empowered by the wealth produced.

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Acumen Fund; African Development Bank; African Center for Economic Transformation; Asian Development Bank (ADB); Ashoka; Fundação Getulio Vargas; BRAC; Institute for Liberty and Democracy; Overseas Development Institute; Oxfam; Peterson Institute for International Economics; Silatech; The International Growth Centre (IGC); United Nations Economic Commissions for Africa, Western Asia, Latin America and the Caribbean; World Bank; World Economic Forum

Issue 10: Taxation and the Administration of Public Resources

The crux of the issue

The way taxes are collected and allocated is a frequently undervalued aspect of transition policy in fragile states. Taxation and the administration of public resources affect everyone in a society, and are thus an area where change can be seen and felt by large numbers of people relatively quickly. They are issues with immense influence on the relationship between different groups and the state, and the prospects for state-building and economic development.

Many fragile states suffer from an acute shortage of financial resources and may depend on foreign aid to finance core activities. For this reason alone, increasing domestic sources of revenue ought to be seen as a high priority in a transition – especially if it can be done equitably and in a way that enhances public services, accountability, and responsiveness.

The political bargaining and coalition-building necessary for tax reform can also enhance cooperation between groups and strengthen the legitimacy of the state. Likewise, it can play an undervalued but crucial role promoting an active citizenry, since it constitutes one of the most basic and tangible aspects of the social contract: it is about encouraging people to contribute to all levels of the state in return for something of value.

But such outcomes depend on better capacity to collect revenue and better public services to persuade companies and individuals that they are getting a fair return for their money. As such, tax reform can be used as an opportunity to build public authority, administrative capacity and economic vitality. This is especially true at the local level, which often has little authority to raise revenue locally, and could potentially be more responsive to local needs than a national administration.

Enhancing public finance management and reducing cronyism is essential if leaders expect citizens to increase their tax payments. But corruption and mismanagement are often common, with dire consequences for how people view the state. Large sums of money may go missing. Public contracts may be disbursed only to cronies. Officials, and their friends, may live in luxury while most people suffer from economic stagnation. And in transitions, things could temporarily worsen, as such periods are especially vulnerable to large-scale profiteering, opportunism and criminality because the power vacuum they often bring can easily overtake already weak institutions.

Accordingly, improving tax systems and the administration of public resources is crucial if a transition's leaders are to earn the trust of people. Too often, these favour the rich and powerful – both by how they are structured and how they are collected. Property, the source of much wealth, may not be taxed. Income may be taxed too low or in ways that favour elites. Tax bureaus may be so badly managed that employees exploit their positions to prey on the less advantaged parts of society, while allowing the most wealthy to evade taxes. Changing these kinds of dynamics – and the deep and justified resentments they generate – is essential to creating a more inclusive society. Such change is linked to the larger goal of building robust institutions that can serve everyone equally over the long term (see Issue 3). And while re-

forms that take place in the transition cannot solve the problems of exclusion and the lack of institutionalisation in one fell swoop, they can at least get the process on a proper track.

Some important practical questions

- To what extent are tax revenues distributed evenly across groups and regions?
- Will making the tax system more progressive (e.g., having those who earn higher incomes pay tax at higher rates) reduce inequities?
- How can additional tax revenue be used during the transition to reduce social inequities through better public services?
- Will local and regional governments benefit from more power to tax, or is there a greater degree (or risk) of corruption and maladministration there?
- Have property taxes been exploited effectively?
- Are tax authorities equipped to deal with large and powerful taxpayers?
- What quick-impact reforms can reduce corruption and mismanagement within the existing tax collection bureaus?
- During the transition what might increase upward accountability of the state's administration of public resources?
- How can financial management begin to be improved in the short-term to reduce corruption and cronyism?
- Are organised criminal groups (foreign or domestic) a threat?

Strategic objectives and policies that inclusive-oriented leaders might consider

One of the best ways for transitions to make a country more inclusive is through reform of its tax and administrative systems. The more equitably these work – and are seen to work – the more different groups and citizens as a whole are likely to support and respect state institutions. A robust focus on these areas, as suggested below, offers immense opportunities to change the dynamic of a country and deliver results within a reasonable period. Done well, they can serve as a compelling and concrete metric of advances in inclusiveness.

<u>Increase revenue from local sources</u>

There are many ways to increase public revenue, which is essential if the state is to enhance public services, reduce inequity and become more accountable to its people. Amalgamating revenue collection under a single autonomous agency, often referred to as a semi-autonomous revenue authority (SARA), can increase effectiveness and efficiency quickly while reducing corruption. These authorities can build up the skills and expertise necessary to deal with different taxpayer groups. They can establish special offices to deal with large taxpayers (requiring the best auditors and analysts) and to focus on internal compliance, anti-corruption, human resources and policy.

Seeking innovative ways to service and collect tax from informal enterprises is also worthy of attention during the transition. Fees, duties and daily income taxes can all be raised in exchange for licenses, assurances of not being harassed by the police and so on.

In some countries, granting regional and local governments the right to tax can further increase revenue and accountability, as these governments often are best placed to deal with local needs but lack the tax collection powers (and other authority) to do so. In this respect, improv-

ing subnational administrations (see Issue 3) and tax capacities could significantly enhance the quality of local public services that affect most people, while making them more directly accountable to their constituents. In particular, empowering local authorities to regularly value and tax property could start a virtuous cycle, as this is the largest unexploited revenue source in many developing countries, and essential to revenue growth and equity.

The main risk in improving tax collection is political: powerful actors or groups that will have to pay more than before may protest, block progress, or actively work to undermine the government. In the worst cases, they may put the transition at risk. Accordingly, leaders will have to choose their fights selectively or incrementally – while constantly emphasising that improved tax collection is a fundamental public interest that over time lifts all boats.

Improve financial management

Improving financial management enhances inclusiveness both by reducing the scope for cronyism, favouritism and corruption – which inevitably advantage the well off and most connected parts of a population at the expense of everyone else – and by improving the quality and reach of existing public services. The key is to use the first stage of the transition to begin to establish a more predictable and transparent public finance system with rules that allow little room for individual discretion, and that require regular reporting to the public and legislature. This will likely meet much opposition, as many powerful actors will have a lot to lose if their control over government money is threatened (in Kenya, the anti-corruption tsar was forced to flee the country to save his life). But transitions offer a rare opening to try.

Inclusive leaders should ideally seek change in every part of the public finance system, including in how government manages its revenue, expenses, debt, assets and monetary affairs. Among other things, reducing the amount of face-to-face interaction between taxpayers and the authorities – where corruption takes place – can make a large difference on the revenue side. Separating assessments from revenue collection, automating procedures and mandating that payments take place at large open collection sites, through banks (as in Burundi) or even mobile phones (as in Rwanda), can also help.

Fortunately, good international knowledge and expertise is available in these and similar areas. But changing the political dynamics will depend primarily (and properly) on domestic actors who seriously want to make their countries more inclusive.

Augment the accountability of officials

Improving public administration is crucial if public spending is to be more effective and the inequities in how the state treats different populations are to be reduced. There are many ways to do this, some of which have been discussed already: build on what works (islands of effectiveness, traditional institutions, etc.); increase the independence of institutions from political interference (see Issue 3); set up governance training institutes; increase salaries and performance incentives for employees; survey different groups to understand how equitable various state services are; and so on.

But accountability can be augmented through transparency as well. Greater awareness of how government actually functions gives everyone – from parents and workers to national and local leaders – a better chance of determining how it might function more effectively. Greater transparency in government also makes all officials (from chief ministers to judges, and minor officials to police officers) more accountable and thus more likely to act fairly and efficiently. The more the general public, watchdog groups and top ministers (who often do not know how their subordinates actually behave) can monitor how budgets are spent, policies are determined and implemented, judges act and public officials perform, the more able and likely they are to

hold these officials accountable and demand better results. In Bangalore, for instance, citizen report cards have been used to tally public opinion of the providers of various services. Publishing the results in the local media has shamed or otherwise inspired those providers to do a much better job (as subsequent report cards have testified). But this is only one example: there is an ample set of similar ideas that could help inspire inclusive leaders in any fragile state in transition.

Learning from Burundi

In 2010, Burundi's tax department was named as the most corrupt institution in East Africa. Yet, by 2014, Burundi's tax authority was being acclaimed internationally as a model to learn from. What changed?

Spurred by the country's entry into the East African Customs Union, Burundi's re-elected government created a new semi-autonomous revenue authority (SARA) following the 2010 polls. Through a series of dramatic actions, it nearly doubled the country's tax take within three years. The first step was to institute a rigorous recruitment effort to replace much of the staff of the old revenue agency. Entrance exams were instituted – and graded by a hand-picked team to avoid the possibility of cheating. Only 425 people were hired from among 9,000 applications. Instead of a maze of closed doors and private rooms, an open-plan office was introduced. A rigorous Code of Conduct for

employees was introduced and strictly enforced. Investment in IT systems helped standardise the procedures for paying taxes and made them more efficient. Companies (which pay most tax) were divided by size to focus audits on the largest firms. Corporate income tax rates were lowered.

Still fragile and less than fully democratic, Burundi now has the best functioning tax administration in its history, improving the chances of a more secure economic future for its citizens. Nevertheless, the agency recognises it still has much more to do to sustain progress. Revenue exemptions can be reduced. Customs can be improved. Local authorities can be assisted to broaden their tax bases. In short, the reform process continues.

Some rules of thumb inclusive-oriented leaders might follow

Increase revenue from local sources

Do: Reform property and business taxes as a transition priority; establish a specialist office to focus on large taxpayers; actively seek ways to collect taxes from the informal sector (usually a large part of any fragile state's economy); consider increasing the tax system's progressiveness; streamline and broaden tax system; consider empowering regional and local authorities to manage their own taxes; tax land, especially when holdings are highly inequitable across groups.

Don't: Divide tax authority among two or more departments of the government (as is common in former French colonies); let multinationals use superior resources to outwit government taxation authorities; decentralise government responsibilities without also decentralising the resources or capacity to raise the necessary revenue.

Improve financial management

Do: Initiate comprehensive tax bureau reform; hire the most qualified people and give them the power to act; target all aspects of the system; create significant upward and downward accountability mechanisms; benchmark and compare results across tax collection authorities in order to spread best practices; automate systems as much as possible.

Don't: Let powerful political actors infiltrate tax authorities or forestall priority tax reforms; collect taxes face-to-face; negotiate payments with taxpayers (encourages corruption); assume public services can be reformed without better financial management; contract out large projects in an opaque or closed manner.

Augment the accountability of officials

Do: Encourage citizen groups to monitor the performance of public services; develop scorecards to measure and compare performance; measure how different parts of the government perform on a regular basis; make much greater use of "e-government".

Don't: Let major political actors continue to distort regulatory authorities and state contracts (as happens in Myanmar, Zimbabwe, Russia, etc.); keep information on public budgets private.

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African Tax Institute, University of Pretoria; Centre for Aid and Public Expenditure, Overseas Development Institute; Collaborative Africa Budget Reform Initiative (CABRI); Global Witness; Institute for New Economic Thinking; International Centre for Tax and Development; Organisation for Economic Co-operation and Development (OECD); Public Expenditure and Financial Accountability (PEFA) Program; Quality of Government Institute, University of Gothenburg; Revenue Watch Institute

Box 9: How international funders can maximise their impact

International funders, both public and private, have a crucial role to play in many transitions. The more fragile the state, the less likely it will be able to navigate the challenges on its own – and the more important outside assistance is likely to be.

Yet playing a constructive role is anything but easy, and not only because of the growing global trend of pushback to limit or prevent foreign funding of domestic civil society groups. The local context may be hard for an outside funder to understand. The institutions, financing mechanisms and programming standards that international agencies prefer may not be suitable. Coordination may be difficult. Short-term needs may crowd out long-term investments. And hiring needs may draw the best people away from local institutions, weakening them in the process.

Too often, international assistance (especially official aid) has prioritised state over non-state actors despite much evidence that the latter play crucial roles in fragile states, especially during transitions. An excessive focus on the needs of elites – which will naturally focus on gaining or retaining power and wealth – has produced choices that did not fit the needs of less powerful groups or of the country as a whole over the longer term. Using standard donor templates premised on a reliable, centralised counterpart may make sense given the needs of donor bureaucracies, but rarely fit local circumstances and are unlikely to be effective in transitions or sustainable over time (as seen in Somalia, Afghanistan and Iraq).

Although transition-focused aid will look different from one place to another, there are some basic rules of engagement that, if followed with sensible adaptation, can help increase the chance of positive impact in any country emerging from war or oppressive rule:

Act politically smart: Make use of political-economic assessments to ensure customisation to context and reduce the risk of manipulation by local power holders.

Be there early: Have stand-by funds readily available.

Experiment: Purposely use trial and error to find the right approach.

Be flexible: Allow local staff and grantees to make changes on the go as transition dynamics and priorities shift.

Harness latent capabilities: Before identifying gaps and needs, look at what already exists and is working, no matter how unfamiliar.

Invest in people: Develop and empower inclusive local leaders;

Support processes: Emphasise initiatives geared to the brokering of relationships across different actors and groups.

Use mixed approaches: Adopt catalytic short-term strategies along with some longer-term bets.

Integrate policies: Be multidisciplinary, working across fixed programming categories.

Prepare for the long haul: Make long-term funding commitments to countries that have promising transitions, and allow for an unusual degree of staff continuity.

Broaden the definition of success: Balance the need to show tangible results with investments that achieve less tangible aims (such as changes in social attitudes and institutional behaviours).

Recognise the value of partnerships: Work with organisations that know the terrain and can flexibly adapt to local circumstances.

While aid agencies and philanthropic foundations often work in ways that make many of these rules hard to follow, transitions create the opportunity to engage differently – with the promise of a much larger impact as the reward.

Conclusion

This publication offers a new framework for achieving more successful transitions in fragile states – one that prioritises inclusiveness across all policy areas. Decades of experience show that such an approach offers the only realistic way to transform the relationships, institutions and overall dynamics that historically have plagued these countries. If every major actor worked this way, the end result would be much better than at present, and many more transitions would come within closer reach of the lofty expectations they start with.

Inclusiveness is anything but easy. In many places, it runs against the grain of how society has long operated. However, it is the only approach that can bring people together in places where state institutions cannot act equitably and leaders and communities have low levels of trust (and little experience of working together for the common good).

However difficult the context – and some fragile and conflict-affected states will have particularly unfavourable starting conditions – political, social and business leaders need to take advantage of the rare opening a transition offers. Every action, and even word, can matter at such times, especially when important actors and groups are still sizing each other up. Small decisions that may not seem significant by themselves can have dramatic effects, and either spur or alternatively undermine the inclusive dynamic that leaders at all levels of society must have as their top priority in such times and places.

Contrast the impact of Nelson Mandela's active support for the predominantly white South African rugby team with Nouri al-Maliki's systemic effort to marginalise Sunnis in Iraq. Whereas the former country had a remarkably effective transition – despite profound, longstanding divisions – the latter has experienced almost continuous conflict. Contrast as well the willingness of all party leaders to compromise in Tunisia with the confrontational approach followed by leading actors in Egypt. The former is well on the road to having an enduring inclusive dynamic, while the latter has become more oppressive than before the onset of the formal transition in 2011.

Yet, the importance of individual leadership should not be overstated. Inclusive and transformative change does not require a Václav Havel, Fernando Henrique Cardoso, or Léopold Sédar Senghor. It requires leaders across the political spectrum and individuals across all levels of society standing up to make a difference day in and day out over many years. Leadership can be collective by common example, or it can involve various actors coming together to forge a new political force that can overcome historical differences, confront sectarianism, set an inclusive transition agenda and manage expectations realistically.

The upside of doing so is significant. A successful transition can usher in stability and economic vitality that will eventually improve lives dramatically across a society: more security, more predictable laws, better public services, more opportunity. In contrast, a failed transition that results in a return to armed conflict or authoritarianism will engender the very opposite results.

Ultimately, pursuing an inclusive agenda in a fragile state emerging from the ruins of war or repressive rule will require overcoming many obstacles. It may appear an impossible mission at first. Yet, there is no better choice available – nor any of greater importance.

Annex 1: Glossary

Commitment mechanisms: These are monitoring, assessing and penalising mechanisms robust enough to persuade stakeholders to implement agreements they have made, including promises to reverse past practices.

Conflict-affected states: These are countries in which there has been a level of violent armed conflict affecting a significant part of the general population. The conflict may be of an international, regional, national, or sub-national character. The state may or may not be fragile – armed conflicts also occur in other kinds of states – but violent protracted conflict over time produces conditions of fragility.

Fragile states: A fragile state has two systemic problems that, in combination, create unstable political orders that are hard to reform and susceptible to violent conflict. The first concerns the nature of society: populations have little capacity to cooperate in pursuit of public goods because of the political-identity fractures that divide it. The second has to do with the nature of institutions: dysfunctional formal and informal institutions pervade and cannot act capably, equitably and independently enough to resolve differences between groups or channel political competition in a constructive way. Often these conditions produce high levels of poverty, but being a low-income country is not synonymous with being fragile.

Inclusive dynamic: An inclusive dynamic is the end result of inclusive policies and rhetoric when practiced systematically by people across the political and social spectrum over an extended period of time, and reinforced by institutions that similarly act equitably to every group and individual no matter their makeup and background. It is a situation in which leaders compete not on the basis of any sectarian or exclusionary message, but on what policies will best achieve the betterment of everyone in a country. Businesses compete to hire the best person and serve the best customer no matter what their background is; they may even feel obligated to serve the weaker elements of society even if their backgrounds are quite different. State officials see it as imperative that they recognise the symbols and rituals of major groups. An inclusive dynamic reinforces it-self in a virtuous cycle – the more people act inclusively, the stronger the dynamic is.

Inclusive enough: Although countries aim to be as inclusive as possible in the economic and socio-cultural spheres, in politics it is generally impossible to include everyone in government. Instead, they ought to aim for inclusive process and widespread legitimacy, and an "inclusive enough" political coalition to govern in a transition. Premised on the impossibility of establishing ruling coalitions that encompass every major actor, an inclusive enough coalition balances the competing needs to ensure that major groups are represented and that the coalition is strong enough to implement important policies. These coalitions can encompass a broad range of actors from across society, including religious groups, local leaders, businesses, unions, civil society movements and political parties.

Institutionalisation: Institutionalisation is the gradual, long-term development of political organisations and procedures (including political parties, the rules guiding the choice of leaders, legal guarantees, etc.) such that they operate impersonally, predictably, autonomously and flexibly across time and distance. The greater the extent to which these are able by their adaptability, complexity, autonomy and coherence to respond to the needs of rapidly evolving societies, the more stable politics will be and the more leaders will be able to focus on working constructively with opponents, developing the economy and expanding public services.

National narrative: These are stories and supporting representations, mottos and symbols used to build cohesion and common identity in the process of nation-building. They should ideally reinforce new, inclusive social covenants and contracts. In fragile states, they can be used to promote the inclusion of migrants, minorities and the disenfranchised to ensure that they feel, to some significant degree, part of the national community.

Social contract: A social contract is an actual or hypothetical agreement that arises between the members of a society or community and its rulers or government, and defines the relationship. At the heart of the social contract is

the idea that the state only exists to serve the will of the people (i.e., that the people are the source of all political power enjoyed by the state). They can choose to give or withhold this power, such that governments must serve their citizens or relinquish power.

Social covenant: A social covenant is a written or unwritten agreement that is forged when the major groups within a society come together and agree on a new vision and framework for cooperating with each other. They are fashioned with the understanding that a cohesive society is a prerequisite for a successful state. Social covenants can and should play an important role in binding society together in ways that encourage cooperation, strengthen governance and promote state-building. Forged from negotiations between different groups (and thus more akin to a society–society compact than a state–society compact), social covenants build a common identity that defines the origins and make-up of political society, and a common sense of purpose for the state that people live in. They are not "state-building" exercises, but rather "society building" ones that yield a unified political community.

Starting conditions: This refers to the set of conditions that a state entering a transition has. These can range from favourable to bad, depending on the nature of institutions (are they robust or weak, independent or captured, etc.); socio-political dynamics (how well do different groups cooperate); economic foundations (strong or lethargic); geography (are neighbouring countries forces for stability or instability); and so on.

Transition: Transitions are critical historical junctures when a country is emerging out of war or repression and is unusually open to system-level political, economic and social changes. They can be triggered by many types of events – a public uprising, an external intervention, the death of a ruler, the negotiated end of an armed conflict, or the creation of a new state, to name the most prevalent possibilities. The end point of a transition is less evident. Often the question is best answered by the people of the particular country.

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Annex 3: Acknowledgments

About IFIT

The Institute for Integrated Transitions (IFIT) is a new international initiative. It is the first non-governmental organisation focused on the prioritisation and integration of policymaking in the areas of democracy, development, rule of law and security in contexts of transition in fragile and conflict-affected states.

Mission

Based in Barcelona and supported by a range of public and private donors, IFIT aims to help fill an important gap. Its core business is to consider all, and not only some, of the essential policy elements for successful transition; it is explicitly mandated to examine and advise on priorities and linkages between those elements in the context of specific transitions; and it enjoys full operational independence.

IFIT seeks to focus its field work primarily at the national level, engaging with trusted policy-makers and leading civil society actors. It aims to reduce the often scatter-shot approach to seeking advice in times of transition, acting as a source of integrated advice and assistance for national actors on what they consider to be their most important transitional challenges and priorities. At the same time, IFIT seeks to offer strategic advice to donor states and multilateral agencies that can improve their efforts at policy coherence across agencies and borders, while also establishing operational partnerships with leading international NGOs, think tanks and academic centres interested in collaborating on the Institute's national-level activities.

Through its global work, IFIT aspires to develop an institutional knowledge and body of practice that can help make possible the more evidence-based approaches at prioritisation and integration that global policymakers have long sought.

People

Mr. David Gardner, International Affairs Editor and Associate Editor of the Financial Times, serves as the President of IFIT's Board of Directors; Ms. Helen Brewer as Vice President; Ms. Elisabeth de Nadal as Secretary; Dr. Leslie Vinjamuri as Member; and Dr. Alex Boraine as Honorary Member. The Institute's parallel International Advisory Group includes Mr. Hakan Altinay, President of the Global Civics Academy; Ms. Maria Livanos Cattaui, former Secretary General of the International Chamber of Commerce; Professor the Hon. Gareth Evans AO QC, Chancellor of Australian National University and former Foreign Minister; Dr. Emmanuel Gyimah-Boadi, Executive Director of Afrobarometer and the Centre for Democracy and Development in Ghana; Ms. Latifa Jbabdi, women's rights leader in Morocco and the Arab world; Mr. Carne Ross, Executive Director of Independent Diplomat; Dr. Nasser H. Saidi, President of Nasser Saidi & Associates and former Minister of Economy and Trade and Minister of Industry of Lebanon; and Mr. Rafael Vilasanjuan, Director of IS Global Think Tank and former General Secretary of Médecins Sans Frontières (MSF) International.

COVER PHOTO
Cairo, Egypt. January 25, 2013. A man selling pretzels climbs the wall of a destroyed house damaged during clashes between youth protesters and Egyptian police near Tahrir Square on the second anniversary of the January 25th revolution. Moises Saman/MAGNUM

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