



# **State and Capacity Building**

## **(Chapter 7)**



## What is a state?

- Law: state territory, state people, and exercise of power (legally bound) – three-element teaching
- Sociology: Community that successfully claims the monopoly of legitimate physical violence within an area (Max Weber). Domination based on legitimacy. Possible reasoning: liberal, Marxist, anarchist.
- Political science: system of public institutions for the regulation of the affairs of a society
- Philosophy: moral concepts (e.g., Aristotle, Hegel, Rousseau)
- Economics: purchase, production, and sale of goods and services, collect taxes, make transfer payments

Foundation by secession, dismembration or incorporation



## **Good governance as a reference system (World Bank since the late 1980s, OECD 1995)**

- Compliance with the principle of legality
- Openness, transparency, and accountability of democratic institutions
- Fairness and equal treatment of citizens with consultation and participation mechanisms
- Effective and efficient services
- Clear, transparent, and applicable laws and regulations
- Consistency and coherence of government policies
- High ethical standards of government action

Descriptive and normative at the same time. Does not limit itself to public institutions but takes civil society into account.



## Definition of “State Building”

- State building = “State-building is the creation of new government institutions and the strengthening of existing ones.” (Fukuyama)
- Especially for states that go through the process of degeneration, e.g., through the collapse of overarching (great power) structures or through wars.
- First discussion in state theory in the formation of Western European states.
- Nation building involves building a society out of communities. Requires the creation of a national identity.



## Aspects of State Building

- Starting point, e.g., after a war: brutalized civilian population, destroyed economy/institutions/infrastructure, easily accessible weapons, armed fighters, ethnic/religiously divided society
- Building institutions
- Institutionalization of government processes
- Development of a state center and integration of the periphery into central government structures
- Components of a functioning state: (a) state power is enforced by means of formal structures, (b) elites identify with them and use state power for the good of society, and (c) society is included in state decisions.



## Definition of “Capacity Building”

- Capacity building = “Activities which strengthen the knowledge, abilities, skills, and behavior of individuals and improve institutional structures and processes such that the organization can efficiently meet its mission and goals in a sustainable way.” (World Customs Organization)
- Includes: development of an institutional and legal framework, organizational development, and personnel development.
- Concrete projects include strategy development, planning, financial management, partnerships, diversity management, civic participation, etc.



## Main Donors

- World Bank, International Monetary Fund, UN, EU, OECD
- Countries spend different levels on development cooperation:  
e.g., the US: 0.15% of its gross national income, Sweden:  
1.36%. (Source: OECD 2016)



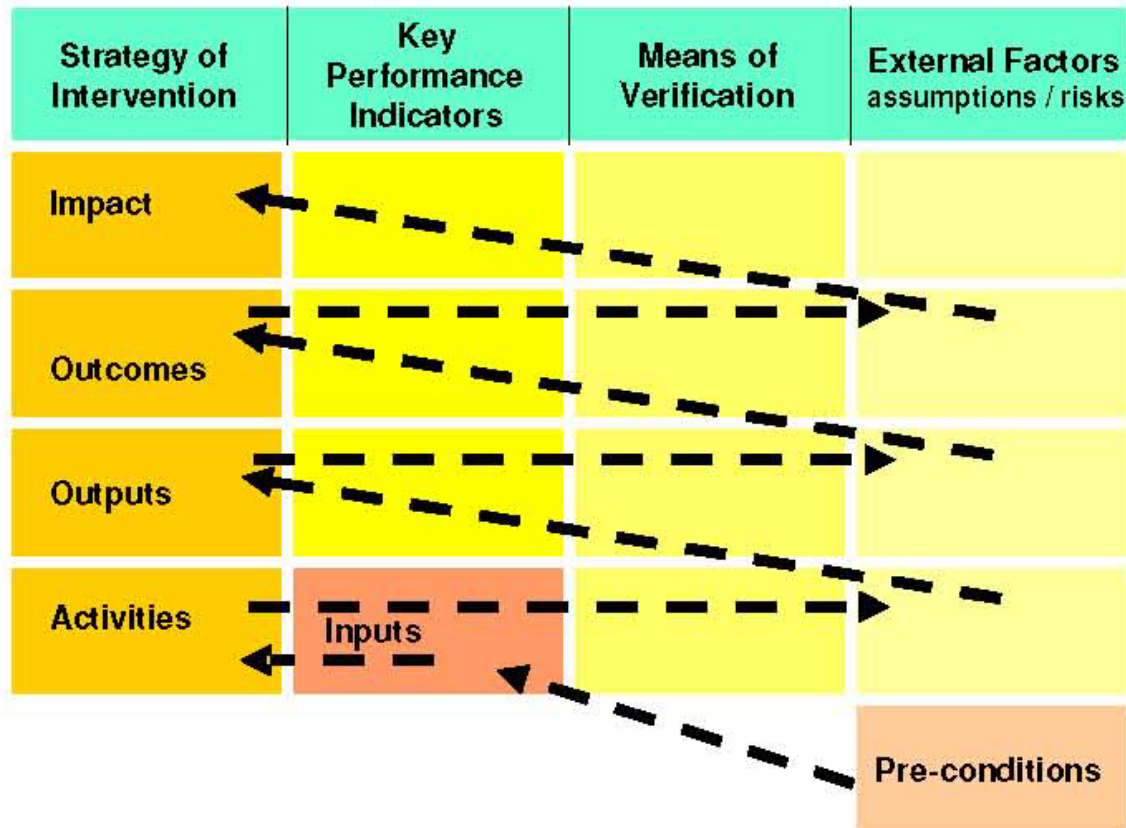
## Project Process

- Decision of one country to support another country in its development
- Opening of a coordination office in the country
- Definition of program objectives (country programs) and framework budget
- Public tendering of projects
- Implementation by partners, often cooperation between local and international partners: inclusion of the actual situation, determination of the target, implementation of the interventions
- Distribution of roles based on change management
- Regular evaluations





# Logical Framework Approach



First developed in 1969 for United States Agency for International Development.



## Why State and Capacity Building Can Fail

- External factors, in relation to debt and trade
- Political, cultural, and institutional problems
- Donor activities, management of these activities, and relationship between donors and recipients



## Why Nations Fail? (Theses)

- Political institutions are crucial
- A certain degree of centralization
- Size, geography, climate, and culture play a very minor role
- Extractive (exploitative) versus inclusive (entire society) institutions
- Apparently, few significant incidents have long-term consequences
- Oligarchies have a strong perseverance

Source: Acemoglu/Robinson 2012