



States in Development:
Testing the State Building Framework
Final Report

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April 2009

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ACKNOWLEDGEMENTS

Many individuals and organisations were consulted during the research for this paper. Special thanks must go to the staff at DFID Head Office and in the country offices who gave their time, and shared valuable experiences and insights. Special thanks also to Catriona Waddington of HLSP for undertaking detailed and critical reviews of the paper as it evolved.

We are extremely grateful for comments on a first draft by DFID Country Offices and by Dr Stephen Haggard of the Graduate School of International Relations and Pacific Studies, University of California, San Diego; Dr Steven Van de Walle, Department of Public Administration, Erasmus University, Rotterdam; and Dr Jonathan Di John, Department of Development Studies, School of Oriental and African Studies, University of London.

CONTENTS

CASE STUDY 1: CAMBODIA AND LAOS	7
EXECUTIVE SUMMARY	8
1 INTRODUCTION.....	11
2 POLITICAL SETTLEMENT	13
2.1 Background: Similarities and differences pre-1975	13
2.2 1975 and afterwards: nature of the settlement	15
2.3 Political settlement and Nation-state building	16
2.4 Political economy:.....	19
2.5 Rules of the game: Institutions; parties, military	20
2.6 State/society:	22
3 EXTERNAL ACTORS: NEIGHBOURS AND DONORS	25
4 CORE FUNCTIONS	27
4.1 Security.....	27
4.2 Revenue	28
4.3 Rule through Law.....	30
5 EXPECTED FUNCTIONS: RESPONSIVENESS AND NON-RESPONSIVENESS ...	32
5.1 Economic Growth	32
5.2 Basic Services	36
5.3 Responsiveness and Unresponsiveness.....	37
6 CONCLUSION	38
APPENDIX: HUMAN DEVELOPMENT INDICATORS FOR CAMBODIA AND LAOS....	43
REFERENCES:.....	46

CASE STUDY 2: TANZANIA AND ZIMBABWE.....	48
ACRONYMS.....	49
1 INTRODUCTION.....	50
2. BACKGROUND OF STATE-BUILDING	52
3. THE POLITICAL SETTLEMENT	56
3.1. The Protagonists	57
3.2. The Main Features of the Political Settlement(s).....	59
3.3. Conclusion.....	78
4. CORE STATE FUNCTIONS.....	81
4.1 Security	81
4.2 Revenue (Tax)	85
4.3 Rule through Law	89
4.4 Conclusion.....	92
5. THE STATE’S RESPONSIVENESS TO PUBLIC AND DONOR EXPECTATIONS	94
5.1 State’s Responsiveness to Public Expectations.....	94
5.1.4 Delivery of Basic Services	101
5.2 State’s Responsiveness to Donor Expectations.....	105
5.3 Conclusion.....	108
6. CONCLUSION.....	110
REFERENCES	114

CASE STUDY 3: ANGOLA AND MOZAMBIQUE	122
1. INTRODUCTION	123
2. OVERVIEW: KEY SIMILARITIES AND DIFFERENCES BETWEEN ANGOLA AND MOZAMBIQUE	125
2.1 Key similarities between Angola and Mozambique	125
2.2 Key differences between Angola and Mozambique.....	127
2.3 Comparing governance indicators in Angola and Mozambique.....	128
3. COMPARATIVE HISTORICAL EXPERIENCES OF STATE-BUILDING AND THE EVOLUTION OF THE POLITICAL SETTLEMENT (PS)	132
3.1 Historical background on Angola and Mozambique	132
3.2 Angola from 1975 onwards.....	134
3.3 Mozambique from 1975 onwards.....	143
4. CORE STATE FUNCTIONS: SECURITY, REVENUE, AND RULE THROUGH LAW	152
4.1 Security.....	152
4.2 Revenue	155
5. RESPONDING TO PUBLIC EXPECTATIONS.....	163
5.1 Patterns of economic growth, poverty, and inequality	163
5.2 Basic services.....	165
6. CONCLUSIONS	170
REFERENCES	176
ANNEX 1: TERMS OF REFERENCE.....	179

States in Development: Testing the State Building Framework.

CASE STUDY 1: CAMBODIA AND LAOS

States in Development: Understanding State Building, DFID Working Paper Case Study: Cambodia and Laos

Stephen Commins

Clifford Geertz, "All the social sciences suffer from the notion that to have named something is to have understood it." (Islam Observed)

EXECUTIVE SUMMARY

This paper has been written in response to a request to develop a case study that would help to illustrate the state-building dynamics outlined in DFID's contribution to the OECD DAC Task Team on State-building, 'States in Development: Understanding State-building' and thus test the propositions developed in the DFID Working Paper on responsive and unresponsive State Building.

The paper is structured around the concept that it is illustrative to compare a country that has apparently moved relatively more successfully towards responsive state-building (Cambodia) and a country that is considered to have many elements of unresponsive state-building (Laos).

The key concepts in the DFID paper revolve around political settlements, survival functions, expected functions and state responsiveness. The paper proposes that the structures of the state are determined by deep political settlements, which result from the forging of a common understanding, usually among elites, and that their interests or beliefs are served by a particular way of organising political power. Along with the emergence and evolution of a political settlement, the state seeks to strengthen core functions, for security, revenue and rule through law.

Beyond these core functions, responsive states move towards reaching an 'expected' level of functionality. This relates to expectations of how the state should perform on issues important to its own citizens and external actors (such as donors). Expected functionality sees responsive governments trying to keep up with demands for better roads, service provision, and economic growth.

The study undertaken on Cambodia and Laos would support the centrality for donors of understanding specific political settlements in relation to state building in order to guide donor policies. At the same time, the study would support a further elaboration of the key factors that have been important in shaping different State Building experiences in both countries.

One aspect of the framework that clearly holds in terms of the two countries is the necessity of an historic understanding of the settlement. Nation state building never begins anew; rather it is built upon previous efforts at creating states or political entities, and upon the pre-existing socio-economic and regional dynamics.

A summary of the pre-colonial and colonial histories of Cambodia and Laos highlights the importance of assessing the deeper politics of "Nation State Building" to ensure that issues of identity and historic legitimacy are clearly incorporated into the framework. There is a risk that focusing on 'political settlement' too quickly becomes a contemporary assessment without adequate attention to underlying history. For example, the political settlements at the end of the Indo-China (Vietnam) War in 1975 broke old patterns; but underlying hierarchies built around such factors as rural/urban divisions, elite networks, and ethnic (Laos in particular) divisions persisted.

There is a risk as well that donors will be driven by short term goals, and their analysis will then present a superficial and skewed assessment of the deeper structures of a country's nation building processes. It is essential to ensure that the deeper politics of "Nation State Building" are addressed to ensure that issues of identity and historic legitimacy are clearly incorporated into the framework.

How do current, especially the deeper elements, political settlements differ from previous settlements?

How much are they based on previous settlements and other factors?

What are the more important aspects of the previous political settlement or other factors that have continued?

The framework also could include greater attention to the formation and evolution of political parties and to the role of military in state building. Further work could be done both on the nature of political parties in state building and how military elites play roles in political settlements.

In reviewing core functions it appears that security trumps all other concerns. It also appears that while taxation and revenue sources could increase state/citizen connections, and both countries have developed more diverse revenue sources, there is a large risk that the natural resource curse from oil and forests (Cambodia) and hydroelectric power (Laos) will overwhelm any movement towards revenue transparency. Both countries have undertaken various legal reforms, but the legal systems or frameworks and applications of rule through law do not appear to be preceding a move towards rule of law except in adopting certain donor prescribed legal systems that may be mostly to please donors.

In the instance of expected functions and responsiveness, the attention to the responsiveness of state building processes is valid, but needs to be adjusted to address the rich dimensions and multiple constituencies of responsiveness and unresponsiveness, along a spectrum rather than as 'yes' or 'no'. The framework could incorporate an assessment of factors that tend towards responsiveness or unresponsiveness in more detail and nuance.

A key lesson, especially from Cambodia, is that states will be both responsive and unresponsive at different times and in different sectors or functions. It will be 'responsive' when such a stance aligns with the perceived interests of key elites within and around the state institutions. When responsive state building threatens elites then the state may revert to a more unresponsive form.

In determining how to engage with political settlements, donors need a better understanding (as much as possible inside the 'black box' of politics) regarding why are elites responsive in some instances and not others. Along the same lines, and again reflecting a key point in the analytic framework, these political-economy dynamics of responsiveness and state building must necessarily incorporate discussions of civil society. This allows an exploration of building attitudes, norms, and values of accountability in a society – critical to the traction that both responsive and state institution building may gain.

The framework also rightly notes that there are major differences between peace building and state building, which are often muddled by donor time frames and short term goals. This is highlighted by the experiences of UNTAC in Cambodia, where relative peace ensued, but a major opportunity for supporting electoral outcomes was lost.

Building on the model's analysis of the necessity of analyzing different types of settlements, there are a number of questions for further consideration:

What are the differences between a negotiated settlement (Cambodia) and a victory/defeat settlement (Laos), and how in each case, negotiations occurred between elites and/or different social groups?

How is the legitimacy of the regime based on the nature of the settlement?

How do elites adjust the political settlement over time after they have taken power?

What roles do external actors play in the evolution and dynamics of the settlement?

The framework sharply illustrates the need to rigorously analyze each country context, the importance of setting aside (perhaps the most difficult challenge) donor history and donor preferences, and often recognize that donors have chosen to deal with a country for reasons that reflect donor politics and not country realities. This has been highlighted through this case, which proposes that rather than being more responsive due to any positive state building factors, Cambodia is different from Laos primarily due to the different political settlements after 1975, political settlements that are detrimental to both countries, but in different ways. Laos has been perceived as unresponsive due to continued one party rule, and Cambodia perceived as more responsive, but much of this is the result of a shattered polity and the inability of either the Khmer Rouge or then the CPP to establish complete political control of the country.

Rather than categorize states as 'responsive' or unresponsive', the category could be conceived as a collection of state actions, in specific areas, such as security, rule through and rule of law, economic growth, provision of basic services and space for civil society. An assessment of these and similar areas would help determine whether the state is relatively responsive or relatively unresponsive on specific matters, for specific rationales, particularly in relation to state/society relations. When these factors are analyzed together, there will be greater insight into the nature of state responsiveness on specific matters. Too often existing views, preferences, and specific donor/state relationships shape decisions without adequate questioning of assumptions. The value of the political settlement framework, however it evolves, would be to promote a more comprehensive assessment of the evolving dynamics within and between government actors, elites, diverse manifestations of civil society, external actors, and the donor community.

1 INTRODUCTION

1.1 The purpose of this paper is to illustrate the state-building dynamics outlined in DFID's contribution to the OECD DAC Task Team on State-building, 'States in Development: Understanding State-building' and thus test the propositions developed in the DFID Working Paper on responsive and unresponsive State Building through a comparative case study of the political settlements in Cambodia and Laos. The original hypothesis for this study was that Cambodia has made greater progress in becoming a responsive state in contrast to Laos. This paper utilizes the contrasts and similarities between the two countries to assess the usefulness of the State Building framework, to assess the nature of responsiveness, and to offer recommendations for adapting and strengthening the framework on state building.

1.2 The paper is structured around the concept that it is illustrative to compare a country that has apparently moved relatively more successfully towards responsive state-building (Cambodia) and a country that is considered to have many elements of unresponsive state-building (Laos). The contrasting experiences are interwoven throughout the paper in order to highlight specific aspects of the State Building framework.

1.3 DFID's working paper suggests that responsive State Building hinges on necessary progress in three main areas:

1.3.1 Political Settlement: The structures of the state are determined by an underlying political settlement; the forging of a common understanding, usually among elites, that their interests or beliefs are served by a particular way of organising political power.

1.3.2 Survival Functions: Following the emergence/evolution of a political settlement the structures created must be able to fulfill three core competencies or become vulnerable to challenge.

- Security - to be able to control, if not monopolise, the use of violence;
- Revenue - the ability to raise funds sustainably, particularly through taxation;
- Law - the capability to rule through laws; and to be seen to do this.

1.3.3 Expected Functions: The achievement of an 'expected' level of functionality. Expectations of how the state should perform on issues important to its own citizens and external actors (such as donors). Expected functionality sees responsive governments trying to keep up with demands for better roads, social provision, policing and other services.

State-building is the process through which states enhance their ability to function... The structures of the state are determined by an underlying political settlement; the forging of a common understanding, usually among elites, that their interests or beliefs are served by a particular way of organising political power

1.4 The case study developed for this project focuses on Political Settlement and Survival Functions, as well as the connections between state responsiveness and Expected Functions. It seeks to address the key goals set out in the Terms of Reference:

The country case-studies will seek to draw comparisons between country experience and the DFID models of state-building, referring to factors that have influenced the direction of state-building and also to the role of public confidence, spoilers and external actors.

The approach will also contrast the experiences of countries, drawing out the factors that have created incentives for responsive or responsive state-building. The case studies will therefore refer to the role of influencing factors in helping to shape the direction of state-building.

1.5 This case study draws upon the history of the Cambodia and Laos, the emergence of political settlements and the political-economy and social formations in the two countries, with a focus within the case studies on the implications for the State Building Framework.

1.6 Key factors in the state-building dynamics that are included in the paper are:
The historic background and subsequent evolution of the political settlements; how different factors, notably a divergence since 1975, have shaped the settlement over time, and what aspects of the settlement affect state institutions and state responsiveness;
The role of external actors, often shaped by a lengthy history of relationships, and of donors, who also bring their own historic relationships to each country;
The states' survival functions, including security, revenue collection, and rule through law; and how these relate to other functions and the future capability and responsiveness of the state.
State-society relations and processes by which elites have sought to establish legitimacy for their political settlement, how they address demands from social groups, or seek to repress different forms of civil society, which shape some of the factors in their responsiveness or unresponsiveness;
The 'rules of the game'; and the degree to which rules are institutionalized and interact with informal rules and power structures, such as political parties, competition, the role of military elites, and elements of state capture.

1.7 The value of understanding specific political settlements in relation to state building is more than a theoretical exercise; it can provide guidance for donor policies. In State Building paper, framework for assessing how political settlements contribute to responsive or unresponsiveness forms of state building provides the conceptual basis as well as specific recommendations for policy makers.

2 POLITICAL SETTLEMENT

This section provides an overview of the political settlement and state building processes in both Cambodia and Laos, highlighting the strong similarities as well as the differences in their state building process, and providing an assessment of the ways in which the political settlements have evolved.

2.1 Background: Similarities and differences pre-1975

2.1.2 There are strong similarities in the histories of Cambodia and Laos up until 1975, and they offer a remarkable commonality as well as the opportunity to explore the factors that have led to divergent state building paths afterwards. Cambodia and Laos share some common experiences from pre-colonial histories, notably periods of geographic expansion, followed by contraction due to militarily stronger neighbors. These dynamics sit beneath the political formations that were predecessors to the current, “modern” states. The political structure for both countries was embodied in monarchies, supported by urban and landed elites, with strongly hierarchical social and political structures and norms, linked to particular interpretations of Buddhism.

2.1.3 In their periods of expansion and contraction over several centuries, both countries had long histories of conflict with Siam (Thailand), and both were in periods of decline by the late 18th century to the point that some authors argue that French colonialism ‘saved’ Laos. To a lesser degree, Cambodia was also pressured by Vietnam through the late 1700s and afterwards as well. A sore point for Lao political culture has been the loss of ‘their’ people to the territory of Siam, which was paralleled to a lesser degree by the ‘loss’ Khmer who were left on the outside of what became the French colonial territories.

2.1.4 The current national boundaries of both countries were established and protected as part of French ‘IndoChina’. The border questions and historic sense of lost ‘nationals’ continue to affect how Cambodia and Laos view their relations with Thailand and Vietnam, though in the case of Laos, there is not the same ‘fear factor’ with Vietnam. It is the very fragility of the Lao sense of national and cultural identity that helps to accounts for Lao defensiveness and unease, regardless of the political settlement. On what basis is the national identity different than the Lao in Thailand? The answer, as will be elaborated later, has been for the Marxist state to link itself with the Kingdom of Lan Xang, the high point of Laos’s state expansion.

2.1.5 French colonial policy blocked Thailand’s threat to Cambodia as well, and linked Cambodia to its colonial economy and polity of South Vietnam. Within the French colonial system, Vietnamese had greater access to civil service opportunities and French education than did people from either Laos or Cambodia. Similarly, the Indochina Communist Party (ICP) founded by Ho and other Vietnamese, was Vietnamese dominated. Eventually, nationally based Communist parties were founded in Laos and Cambodia in 1951. This created a strong link between Lao and Vietnamese parties, but also contributed to tensions between Cambodian and Vietnamese in the long term.

2.1.6 While the French established a colonial political system that benefitted the Vietnamese and certain groups over others, their period of colonial rule did not change some of the basic hierarchy and dynamics of the countries. Thus, some key inequalities were maintained, including rural/urban differences, land tenure inequalities and conflicts, and in the case of Laos, the differences between ‘core Laos’ and the ‘minorities’, who comprise the majority in the highlands.

2.1.7 The pro-independence movements in both countries benefitted from the Vietnamese led anti-colonial movements, and upon the end of French colonialism in 1954, the countries both inherited political systems that were dominated by elites that included royalist families that harkened back to days of greater national power. Cambodia's king throughout the period between the end of colonialism and the end of the "Vietnam War" was Sihanouk, while in Laos; it was first King [Sisavang Vong](#) and then King Sri Savang Vatthana. In order to strengthen his grip on power, Sihanouk set up own political party afterwards as well.

2.1.8 The post-colonial states in both countries were dominated by old elites that exerted political repression of individuals and groups viewed as dangerous political elements by the state. In Cambodia, the political conflict increased under Prince Norodom Sihanouk who was in conflict with the leadership of the Communist Party of Kampuchea (CPK). In 1967, following the peasant Salamut Rebellion, the CPK leadership focused their armed struggle against Sihanouk, but at that point did not constitute a serious threat to the regime, having only an estimated 2500 troops. When Lon Nol, who had been the Prime Minister, overthrew Sihanouk in 1970, the balance of power within Cambodia changed and the connections with the U.S. military involvement in Vietnam became tighter and more destructive for the Cambodia population.

2.1.9 After his overthrow, Sihanouk allied himself with Khmer Rouge, which grew rapidly due to the weakness of the new government, the rural popular support for Sihanouk (despite earlier suppression of peasant revolts) and the devastating impact of U.S. military air strikes in rural areas. The Khmer Rouge grew due to traditional splits in Cambodian society, exacerbated by economic changes, economic hardships, political upheavals, and limited social change. The ideology of the Khmer Rouge mixed internal and external: the apparent external influence with the Cultural Revolution in China. Khmer nationalism was central to the movement, which kept its 'communist' ideology in the background during the war. The Khmer Rouge had concept of total independence that came from long-standing Khmer fear of foreign invasion.

2.1.10 The Pathet Lao movement was quite different, with close ties to Vietnam, and a very traditional Marxist-Leninist party structure and outlook, though this would change with the accession to power in 1975. They built their power base in the hills and towards North Vietnam, using direct access to North Vietnam's border for acquiring weapons and also maintaining a much closer military and ideological alliance with North Vietnam and the Viet Cong. Their social base was broadened through inclusion of ethnic groups and royalty. In addition, the country itself was split between a 'rightist' government, a 'neutral' government, and the Pathet Lao. This meant that there were frequent behind the scenes negotiations between the different elites throughout the period of conflict, leading a more traditional 'peace settlement' in 1975. Despite what were soon clearly major differences between the Pathet Lao and the Khmer Rouge, at the end of the Vietnam or IndoChina War, the similarities between the two countries far outweighed the differences, divergent paths after 1975.

An Alternative History of the 1975 Political Settlements

Indo-China in 2009

A recent review by DFID of the political settlements in Vietnam, Cambodia and Laos showed the remarkable similarities between the three countries. Following the end of the 'Vietnam' or IndoChina War in 1975, the ascension of three Marxist-Leninist parties to power led to similar political trajectories over the next three decades in all three countries. In parallel manner, all three parties began processes of economic reform without political liberalization between the mid and late 1980s. Currently, the leadership of the three Politburos contains a mixture of the 'old guard' and younger Party members who rose to authority in the last decade. While Vietnam had conflict with China in 1979, and both Laos and Cambodia have occasional tensions with Thailand, the general tenor of their external relations has been moderated due to the need for foreign investment under state regulation. International donors face relatively closed state-society contexts, with Laos being the most rigidly managed due to the on going tensions over 'minority' groups. None of the three states would be considered responsive within the State Building framework.

2.2 1975 and afterwards: nature of the settlement

2.2.1 During their revolutionary period, the Pathet Lao were very much junior partners to the North Vietnamese government and the Viet Cong. Due to the rural and isolated nature of the guerilla war, the Pathet Lao built a strong base amongst Hmong and other 'non-Lao' groups up until 1975. After the end of the Vietnam War, the Pathet Lao took power in Laos alongside the fall of Saigon and the U.S. backed South Vietnam government. The Pathet Lao established a one party state under the Laos People's Revolutionary Party (LPRP)

2.2.1 The LPRP established and has since maintained for over thirty years, a one party state, where the party holds the primary instruments of power. Any contests for power that occur take place within the party's leadership behind 'closed doors' with no room for civil society or alternate political groups. The new political settlement also marked the slow return to predominance of 'core' Lao, as the Hmong and other minorities who had been visible in the Pathet Lao were slowly moved aside. While the vast majority of the middle class left the country, those who remained became integrated with Party leadership through marriage and business interests. Especially after 1986, when the country moved towards a political economy of "Perestroika without glasnost", the Party's legitimacy has been dependent on delivering economic goods to its core political constituency. In addition, the Party has also sought to build legitimacy based on ties to historic kingships and the importance of Buddhism, to the point that Party leaders regularly appear at Buddhist events and even take Buddhist retreats.

2.2.2 The political settlement in Cambodia was radically different, both in terms of the immediate approach to state building and the resultant decades of contests for power. The Khmer Rouge took upon itself a far more thorough destruction of pre-existing elites and political arrangements, and represented an anti-urban, anti-intellectual, and anti-foreign (including Vietnam) ideology. Thus, rather than being a traditional Marxist-Leninist party, the Khmer Rouge represented 'nationalist' and 'rural' ideologies. Between 1975-78, elements of the party engaged in continuous violence against perceived enemies, as much within the party as outside of it, in a fratricidal search for ideological purity and internal security.

2.2.3 Eventually, the Khmer Rouge launched an attack on Vietnam, which used this as a justification for an invasion in support of the Cambodia People's Party (CPP), which was made up of disaffected Khmer Rouge cadres who had become exiles in Vietnam. The new government took power of a country in ruins, with an on-going civil war against an odd bedfellow's alliance of the Khmer Rouge, royalists (Sihanouk and others), anti-communists and others.

2.2.4 The new CPP government was backed by Vietnam, which proved a liability in the longer term, leading to the necessity of Vietnam's withdrawal and political settlement with other political elites (anti-communist, royalist) but not with Khmer Rouge at the end of the 1980s. The 1980s were a period of on-going border and guerilla war, with the CPP dependent on Vietnamese support, which helped fuel the external alliance against it. In the end, the Vietnamese troops needed to leave, even though they were major props for the government. The new CPP government was led by Heng Samrin, who was chairman of the People's Revolutionary Council after the Vietnamese led invasion. In 1981 he became chairman of the Council of State and secretary-general of the People's Revolutionary Party. Within the CPP, tensions over the power of the Vietnamese, led to a faction around Hun Sen (who was more critical of the Vietnamese role) slowly taking power from the more pro-Vietnamese faction, with Hun Sen emerging as Prime Minister in 1985.

2.2.5 A peace agreement was reached in Paris in 1989 which led to a United Nations administered policy under the United Nations Transitional Authority for Cambodia (UNTAC). The period under UNTAC provided the administration for a peace settlement, except for Khmer Rouge forces, but not a workable political arrangement. Eventually, the failure of UNTAC and international donors to intervene on behalf of 'free and fair' results from the 1993 election gave CPP encouragement to slowly use its military resources and party system to reduce power of FUNCINPEC.

2.2.6 At the end of the 1980s, Laos had begun a shift to economic reform while the LPRP retained a one party system. Cambodia began a shift from a besieged one party system to what appeared to be multi-party system. Both states also sought to establish their credibility through appealing to various symbols of legitimacy, including the monarchy, past or present. One key factor in the the different routes to state building are the different sources of legitimacy in Cambodia and Laos and. This relates to one of the reasons that responsiveness is uneven, because the source of legitimacy differ across countries and in the same country over time

2.3 Political settlement and Nation-state building

2.3.1 The latest manifestation of Cambodia's political settlement resulted from complex political compromises that occurred following the expulsion of the Khmer Rouge by Vietnamese (and Cambodian) forces in 1979, and the Peace Agreement of 1989. The Paris Peace Accords of 1989, which did not include the Khmer Rouge, led to a UN peacekeeping force and post-conflict administration, UNTAC (the United Nations Transitional Authority for Cambodia). The first elections held under UNTAC appeared to be a positive step forward for both a political settlement and a multi-party political system. FUNCINPEC (the party supported by the royalists and non-Communist alliance) received the most votes, while the CPP (Cambodian People's Party) came in second. However, the CPP contested the election results, and the resulting, awkward and internally incoherent compromise led to Sihanouk becoming the constitutional monarch, with FUNCINPEC and CPP sharing power. This meant that Cambodia had a government with two Prime Ministers and two ruling parties.

2.3.2 FUNCINPEC leadership was drawn from exiles and often these were those who wanted to recapture the pre-revolutionary privilege of the elite. Yet, they stood firm, including Prince Rannaridh, Sihanouk's son, against the CPP violence and threats in 1993. However, as an amalgam of different elites, FUNCINPEC had no core ideology to hold it together against the CPP.

2.3.3 What this meant was a tacit acceptance by the UNTAC authorities and other external parties that both due to the continued guerilla threat of the Khmer Rouge, and the realpolitik of power relationships, the election required that CPP 'win'. Beyond the election itself, there was a general unwillingness and inability of Cambodian politicians, including Sihanouk, to adapt to a political process in which rival political parties might work together. Thus, at a critical moment, the UN and key donors would not back voters' decision with force. The election did shift power relations slightly and the role of NGOs expanded, along with the expectations of voters.

2.3.4 Sihanouk took on the role of Constitutional Monarch, with his image of himself as the benign patriarch presiding over Cambodia as a family. His approach to politics was based on weakening factions, but he had a difficult task, as Hun Sen had been a Khmer Rouge cadre who fled to exile and took the military route to power alongside the Vietnamese forces. Yet, when the two-headed government was formed in 1993, it worked for a while, and both foreign investment and tourism flourished. However, Hun Sen and Rannaridh each saw their role as the sole legitimate ruler, which led to gridlock in the government ministries.

2.3.5 The breakdown in the unwieldy power structure happened in 1997 due to a combination of factors. Beneath the surface of an apparent political agreement from 1993 onwards, the political elites had not made progress in constructing a political settlement to accompany the peace agreement. The country's political and economic gains in the 1990s were consistently at risk due to intense polarization within the government, as well as both the ongoing war against the Khmer Rouge, and the deep poverty within the rural economy.

2.3.6 The CPP 'coup' was partly triggered by break-up of the Khmer Rouge in 1996-97 and by the competition for allies in the national elections. The coup itself came after months of open conflict between the political parties. In mid-1996, Hun Sen had forced the dismissal of two popular FUNCINPEC figures, including Sam Rainsy, because of their criticism of the current system and the growing corruption. Rainsy was undeterred by CPP threats and formed a new political party as protest against government corruption, which he saw as linked closely to CPP power. There were increasing incidents of violence, including an event in March 1997, when peaceful demonstrations were broken up by grenades and 20 people were killed.

2.3.7 The situation became even more unstable when it came out that Prince Rannaridh had begun to negotiate with Khmer Rouge factions, which, apparently, the CPP was also attempting. The CPP moved in early July and, through violence and intimidation, sought to eliminate FUNCINPEC as a political or military rival. Dozens of FUNCINPEC supporters were arrested and at least forty people, notably FUNCINPEC army officers, were assassinated. Afterwards, the CPP became the predominant party.

2.3.8 In the electoral arena, this strategy has worked well for a decade now, not only at the national level, but in commune elections as well. Two years ago, voters passed judgment on the commune chiefs and councils elected in 2002. The CPP dominated the voting, with over 60% of the vote. The government spent money in each commune on development projects, which was combined with threats of withdrawal of government protection and dispossession of land, regularly reported by opposition supporters. It is unclear how much of the vote represents approval and how much was the result of forms of intimidation.

2.3.9 Meanwhile, there was increased, internal royalist infighting to the point that FUNCINPEC virtually fell apart, though there has been a new stitch up in early 2009. Then, in 2006, in the face of imprisonment threats against Sam Rainsy, the Sam Rainsy Party (SRP) accepted a constitutional amendment lowering the threshold of parliament seats to form a government from 66 to 50%. While programmatic NGOs continue to flourish, more vocal types of civil society are circumscribed, as are labor unions, sometimes through contract style killings. In effect, the CPP now rules through the combination of cooptation with a threatening political climate.

2.3.10 Laos' current arrangement continues to be based on the military triumph of Pathet Lao in 1975 at the end of the Vietnam War. The Pathet Lao had originally been based in the highlands, and thus had a significant percentage of 'ethnics' in leadership. Resistance to French colonialism primarily came from minority peoples in the more isolated hillside regions, thus recruitment into the Pathet Lao army and the LPRP included all ethnic groups for a new sense of national unity and legitimation of power. After 1975, the Party was open to all ethnic groups but not former "class enemies".

2.3.11 However, even with the exodus of many middle class/educated Lao, the requirements of government after 1975 saw a slow shift within the leadership cadres of the Pathet Lao ethnic mix to a renewed dominance of lowland elite. This included the incorporation of some of non-Pathet Lao elements, but the LPRP had no openness to exiles. The new government accepted aid from China and Vietnam, as well as the former Soviet Union, and over time adapted its political and economic models to China and Vietnam. The party's Marxist-Leninist ideology made it to vulnerable economic failures and its approach to agriculture collectivization quickly failed. Along with the collapse of USSR, the country turned quickly to a new model, which was China and its authoritarian market economy.

2.3.12 The Party also responded to growing gap between urban and accessible rural and mountain rural communities by promoting more minority cadres and promoting mountain projects, but this did not resolve issues of exclusion that have created problems for the past three decades. The dominance of the lowland elite was rebuilt over time due to a combination of factors such as geographical proximity to the capital, the underlying ethnic divisions that had not been overcome by the Pathet Lao, and the connections to pre-1975 sources of economic power that remained beneath the surface of the 1975 revolution. Whatever the ideology, currently, members of the Party use the monopoly of power for personal gain of the cadres. The party's internal structure and focus on internal security meant that it preferred some forms of exclusion rather than openness (or responsiveness). Little has changed for minorities in terms of health care, education, consumer goods. The Lao cadres in the river towns have profited most from international trade. An elite emerged combining the Party hierarchy with remnants of the former ruling elite, wealth, and power patronage.

2.3.13 The continued tensions over exclusion and the historic fear of Thai expansion (and the lost Lao population) had implications for how the LPRP sought to address stability and nation state building. The LPRP sought to legitimate their political power by appeal to different historical means. Marxism was the universal concept that was adapted for the specifically Lao experience. The struggle for freedom from exploitation and for national independence was framed as a fight against both internal and external foes. The identity and legitimacy of the post-1975 state has been in tension between linkages with the Lao kingdom of Lan Xang, seen as the high point for Lao power, and the inclusion of minorities who were part of the LPRP through resistance to colonialism and old elites. At the same time, the Party has cautiously moved to promote Lao tradition. For example, Politburo members have attended Buddhist festivals since the late 1970s and also have reinstated the kings as national symbols.

2.3.14 Along with seeking historic legitimacy, the LPRP has moved steadily towards a socialist/market system, i.e. the state retains power along with freeing up markets. At the Fourth Party Congress, in 1986, the Party launched a new program for promoting market-oriented economic reform called the New Economic Mechanisms. This approach was consolidated in the 1991 Party Congress, but also created internal tensions over the speed of reform. At the Sixth party Congress, 1996, there was concern that state control would be lost, and those who were termed 'reformers by necessity' took the Politburo seats rather than those who were termed 'reformers by conviction'.

2.3.15 At different intervals, changes by Party leaders were intended to give the leadership a younger look, not to adjust the worldview of the party. Indeed, there remains a close interface between LPRP and state, so that when the government was reshuffled in 2001, it reflected a change in the party hierarchy. Some reports have argued that the 7th Party Congress (2001) was preceded by internal strife within the LPRP, due to the opposition by the old pro-Vietnamese guard to an emerging younger faction that leaned towards China, but most observers found this split unlikely. Instead, they saw it as the on-going challenge of making change in a geriatric leadership.

2.3.16 One notable area where the Party has sought to present itself in a different light is in terms of the Party's view of traditional religion, which serves as a possible balance for domestic political stress from freeing up of the economy. Laos is likely the only Marxist-Leninist state where party members, including members of the politburo, regularly attend Buddhist festivals and ceremonies, or where the ashes of senior party leaders are laid to rest beneath small Buddhist stupas close to the holiest Buddhist shrine in the country. Even the late, first secretary-general of the party, Kaison Phommvihan, meditated regularly with a revered Buddhist monk before his death and burned incense in a small personal shrine in his house. Party members are even free to become monks for short periods to make merit after a close relative dies. (There are interesting parallels with the highly visible sponsorship of the Russian Orthodox Church by Putin and other senior Russian political leaders.)

2.3.17 Apart from personal belief of individuals, the LPRP has another reason for promoting Buddhism for the role it has played in Lao history and identity. As Marxism-Leninism fades further into the background, the party has turned to nationalism and a strong promotion of Laotian past leaders' sources of legitimation. One observer commented on the continued quest for legitimacy, that while outsiders write about the country's stability over the past three decades, the real question is whether the country's political system is stable or brittle.

2.3.18 Along with the nation state building process, in both countries the ruling parties and elites adapted to internal challenges and external changes to ensure that the economy was adjusted to their needs and to those of their domestic allies.

2.4 Political economy:

2.4.1 The pre-existing economic systems contributed to the decisions of the parties taking power in 1975. At first, the LPRP sought to create a Marxist-Leninist state and to overcome the sharp rural/urban divide, as well as the power of a small, elite class. They initially promoted a collective approach to agriculture, which prompted widespread resistance among both the core Lao and minority groups. Within a few years, the state abandoned any collective goals and shifted to economic reforms, with strong Party control, by the mid-1980s.

2.4.2 The economic goals of the LPRP became staying in power, without any specific ideological stance in practice. It will support and promote certain economic or 'development' policies, and has done so when it can increase the wealth of its members, but it will not do if it means risking its hold on power. There a number of reasons for the glacial pace of reform, but they fall into two categories, political and strategic. The political reasons include the reluctance of the party to reduce sources of power.

2.4.3 The Khmer Rouge sought to eradicate the pre-existing economic order through its Year Zero emptying of Phnom Penh and other urban areas. Its economic policies were based on a rural, romanticized 'communism' with strong overtones of anti-intellectual and anti-elite biases. When the CPP took power, it was bogged down in a civil war along its borders, and also less inclined to undertake a radical economic path than its patrons.

2.4.4 After the Peace Agreement, the CPP opted for a liberalized economic model, both due to the relatively pluralist political system, and the opportunity for its leaders to take over more resources, especially land tenure and forest resources. For both Cambodia and Laos, the political settlement has meant the re-emergence or reinforcement of a significant rural/urban divide. In the case of Laos, it has also meant that the core 'Lao' population has regained or reasserted dominance of the economy. The 'urban bias' in both countries reflects the ability of urban, politically connected elites to retain power in predominantly rural societies due to a combination of the historic powerlessness of rural small farmers and communities, the traditional primacy of urban economic interests, and the threat or use of force by formal and informal armed groups.

2.4.5 The decisions about economic policies were closely linked to the dynamics of control of state institutions and how explicit and implicit forms of power shaped the institutions.

2.5 Rules of the game: Institutions; parties, military

2.5.1 Institutions

2.5.1.1 Cambodia's Constitution sets out clear and specific definition of the country as the Kingdom of Cambodia. It describes the roles of the King, Prime Minister, Assembly Judiciary, and also speaks to the glory and then dark history of the country. The Constitution in Cambodia does not provide the sole source of the rules, either the informal ones that exist between the elites, nor the informal ones that exist due to the ties between the CPP and the military/security establishment. In effect, Cambodia has moved towards being an electoral autocracy, where elections are held, but the CPP cannot lose. Whether this is a specific failure attributable to decisions taken at the time of the 1993 election by UNTAC, or the result of the elite competition is open to debate. Despite the CPP's dominance, there are spaces within the system, including the CPP and the state mechanisms, partly dependent on what resources can be captured (forests, land) or how the political elite can gain credit for their 'good works' (water, AIDS) or have opportunities for rent seeking.

2.5.1.2 One Cambodian described the country's political arrangements as a "Yo-yo democracy" that depended on the whim of Hun Sen ('we are a democracy, we are not a democracy, it depends on man holding the string'). The individual specified the exile and return of Sam Rainsy as the classic example of democracy being taken away by Hun Sen, and then returned due to donor pressure and the apparent willingness of Sam Rainsy to accept a gadfly, secondary role in the Cambodia political system.

2.5.1.3 Cambodia's rules are increasingly tied the personalistic rule of Hun Sen, who has emerged the winner from conflict between different power groups within the CPP in the past few years. One commentator noted that the Constitution may be more of a suggestion than a firm set of rules of the game. The unwritten rules include access to public resources for private gain, thus it is necessary to question whether Cambodia has progressed in responsive state building, or rather is stuck in a cycle of personalistic rule with weak institutions.

2.5.1.4 In Cambodia, the rules of the game include the use of violence, but it is haphazard in its application, sometimes direct intimidation, and at other times divergent political elites have some space for action, but there is a lack of clarity on the boundaries.

2.5.1.5 The core political institutions of Laos, and both the formal and informal rules, are structured around the primary of the Party. In Laos, it is Party first, then the State. These are fairly strong through the inter-relationships within the Party, plus the addition of elites who have been linked through marriage. Most major decision-making takes place behind the closed doors the Central

Committee, with a key role for the military, which has retained a central role in the Party's leadership. In practice, the unwritten rules are stronger than the written rules. While the Constitution sets out a 'normal' structure of a National Assembly, Judiciary, and President of the State, in practice all power resides in the Politburo.

2.5.1.6 The country's political settlement is characterized by the lack of separation between the Party and the state institutions. The Party runs the state, without any appearance of separation. In public discussions and in the state media, there is no clear distance set out between the Party and state. Thus, the political structures reflect a Marxist-Leninist system, with the notable distinction that after 1986, the Party abandoned any appearance of a seeking to create or maintain a state owned and directed economy.

2.5.1.7 This meant that the rules of the game do not provide room for nor include any significant political reform. From the economic opening and changes in leadership after 1986 and the early 1990s, the Party's (and thus the state's) approach to reform could best be characterized as perestroika without glasnost or economic change without political reform. Even as the LPRP cast off any appearance of or appeal to Marxist economic doctrines, and cautiously ventured down the road of market reforms, it refused to share political power. Power has remained firmly within the Party's elite. In National Assembly elections held in February 2002, nearly a year earlier than expected, the Party consolidated its hold on power. All but one of the 166 candidates approved by the Party to contest 109 available seats were Party members.

2.5.2 Political parties:

2.5.2.1 Political parties play key roles in the manifestation of political settlements. They serve as vehicles for elites in their active participation in political settlements. Parties are often organized in support of specific regional, ethnic, religious and interest groups or alliances. They can be sources for mobilizing popular support, channeling power and resources to political interests. In some situations, parties provide the machinery for compromise, but in other situations they are the behind the scenes tool for elite control of state institutions. Elections serve the function of either legitimizing the dominant party without any formal opposition (Laos) or confirming the legitimacy of the ruling party in the face of intimidated opposition (Cambodia). Parties are essential vehicles for elites, but are formed and shaped in highly particularistic ways, often driven by the personalities of key leaders.

2.5.2.2 Political parties play a significant role in the contestation between political elites, and both Cambodia and Laos provide illustrations of the external and internal roles played by political parties. In Laos, the LPRP illustrates the role of the party as a vehicle for elite decision-making with a façade of popular support mechanisms. The Marxist-Leninist character of the party has changed in terms of its economic tenets, but it remains committed to a one party state, and a political system where the Party makes all major decisions and has final voice on all matters of state concern.

2.5.2.3 The parties in Cambodia are all based on different political alliances that emerged after 1975 and the period of Khmer Rouge rule. The CPP brought together dissidents from the Khmer Rouge, and its ideology became increasingly nationalistic, partly due to its defensiveness over its apparent 'dependence' on Vietnam. FUNCINPEC was a complex and unwieldy alliance of Royalists and others, pulled together in exile and strong enough to gain the most votes in 1993. However, it lacked the internal discipline and leadership of the CPP.

2.5.2.4 The Sam Rainsy party is urban and 'middle class', dominated by the drive of one individual and while capable of being a nuisance on some issues, lacks the rural base to threaten the CPP. Thus, while Cambodia has more than one party, the CPP has increasingly become a party that cannot be defeated, both due to its power base and the implicit threat of violence. In effect, the Sam Rainsy party has become a functional party that competes but cannot take power.

2.5.2.5 In the case of Cambodia, Hun Sen has been the dominant political actor, single-handedly undermining efforts for more systematic institution building (and democratization). His actions undercut a lot of the structural dimensions considered. The framework notes the role of leaders, and it seems that the particular personalities and leadership at the early stages of any nation state-building or political settlement dynamic are vital in setting the trajectory of a country's political and state development.

2.5.3 Military:

2.5.3.1 The military elites play a wide and deep role in both countries, well beyond the external responsibility of ensuring security and stability. In Laos, most of the Politburo members come from the military, and this has not changed in the past decade. Military officials also seem to be doing well with various economic policies and remaining SoEs. At the Sixth party Congress in 1996, there was internal fear that control would be lost, and thus when a group titled 'reformers by necessity' won out over 'reformers by conviction', it meant greater power for Lao People's Army top leadership, as seven out of nine members of Politburo were or had been army personnel.

2.5.3.2 In Cambodia, part of the political violence ahead of the 1997 'coup' involved the assassination of up to 40 military officials with FUNCINPEC connections. This was not only a matter of skewing armed power towards the CPP; it also re-shaped the military elite in terms of its relationship with the state. The destruction of the FUNCINPEC military leadership before the 1997 'coup' helped solidify the CPP's hold on power, and increased the power of the 'deep state', which provides support for the political elite around Hun Sen and key CPP figures. In Cambodia, while the CPP dominates the Royal Cambodian Armed Forces, the more important center of power are the M90 forces who serve as a personal detachment for Hun Sen.

2.6 State/society:

2.6.1 There is no room in Laos for civil society organizations or for any manifestations of social organization outside of the state or the four institutions that have approval of the state. The Constitution makes it clear that there are only approved social organizations within the country:

Article 7. The Lao Front for National Constitution, the Lao Federation of Trade Union, the Lao People's Revolutionary Youth Union, the Lao Women's Union and other social organisations are the organs to unite and mobilise all strata of the multi-ethnic people for taking part in the tasks of national defence and construction; develop the rights to mastership of the people and protect the legitimate rights and interests of members of their respective organisations.

2.6.2 State/society relations are dominated by the state and by the Party's apparatus for stability and control. Without independent media or civic organizations, opportunities for engagement and participation have changed little in rural villages, especially in remote areas. Development projects have generally benefitted the core Lao, or "Lao Loum", more than ethnic minorities, with no processes for addressing the inequities. At the same time, minorities are part of the national political culture in National Assembly.

2.6.3 Laos continues to seek outside models for addressing the tensions over economic reforms, and appears to be taking approaches similar to China, which allows criticism of individual officials so long as the system is not criticized. Recently, citizens were encouraged by the government to telephone their suggestions to an official 'hotline'. The line apparently was overwhelmed with a host of complaints, including the question of illegal land appropriation by golf course interests, abuses of power, and collection of taxes at gunpoint.

2.6.4 Despite the firm limits on civil society, there are the exceptions that point out the complexity of defining boundaries. One outside agency that has been involved in quiet diplomacy with Laos's government officials for two decades described an experience whereby a group of highland minority people were expelled from their landholdings due to their religious (Christian) beliefs by a local official. The international organization did not publicly criticize the government, but through relations with officials in Vientiane, were able to have the expulsion reversed and the official dismissed.

2.6.5 State/society relations in Cambodia are far more complex, but the openness also comes with a lack of clarity on boundaries and thus state/society interactions amount to highly contested space. The country has a large number of formal NGOs, informal community organizations, activist groups, trade unions and religious organizations have formed since 1979. Their status is at times risky as there have been murders and acts of intimidation against individuals and organizations that threaten the interests, especially the economic interests, the political elite and those connected to the elite in the CPP.

2.6.6 In terms of the role of NGOs, the view of interviewees is that small NGOs are not seen as a threat to the state (unless they engage in overt and sustained political criticism), while large, operational NGOs tend to be co-opted by the state for service delivery and some capture of resources. There are vocal NGOs that operate in Cambodia, but they admit that there are risks to their work and sometimes they provide covert information to external critics, rather than speaking out themselves.

2.6.7 A vital part of the state/society dynamics in Cambodia revolves around the nature of a "traumatized society", where the devastation of the Khmer Rouge remains in the background, and the threats of violence by the CPP and its allies looms large. Meanwhile, Hun Sen has told the country that it should 'get over' the Khmer Rouge period, which has the double meaning of absolving KR cadres such as himself from any culpability, and keeps the trauma unresolved.

2.6.7 The political-economy dynamics of responsiveness and state building must necessarily incorporate discussions of civil society. This allows donors to review such issues as building attitudes, norms, and values of accountability in a society, which is vital to the traction that both accountable and state institution building may gain. This comes into play most obviously in the Cambodia context where Hun Sen has been able to sabotage the political process, in part due to the fact that the other political parties did not have very deep roots in society – or that there was an active civil society to push back. The weakness and poor quality of the institutions of both states, and their lack of accountability to civil society, is highlighted in the WBI Governance Indicators (text box below). While the governance indicators do not reflect anything unusual about these low income countries, the contrast with Ghana (see appendix) is striking in terms of what has happened in some low income countries.

Governance Indicators

A review of the political settlements in both countries shows that neither of the political settlements has provided the foundations for effective or accountable governments. Both governments generally rate poorly in the World Bank Governance Indicators report, as highlighted below.

(Source: World Bank, 2008)

Voice and Accountability

	2006	2004	2002	1998	1996
Cambodia	-0.98	-0.80	-0.77	-0.91	-0.98
Laos	-1.58	-1.41	-1.62	-1.08	-1.16
Vietnam	-1.45	-1.31	-1.38	-.141	-1.57

Control of Corruption

	2006	2004	2002	1998	1996
Cambodia	-1.19	-0.99	-0.96	-1.05	-1.11
Laos	-1.05	-1.01	-0.92	-0.69	-1.00
Vietnam	-0.66	-0.79	-0.69	-0.65	-0.67

Political Stability/No Violence

	2006	2004	2002	1998	1996
Cambodia	-0.48	-0.47	-0.71	-1.17	-1.41
Laos	-0.09	-0.59	-0.27	-0.31	-1.04
Vietnam	0.42	0.19	0.30	0.39	0.31

Government Effectiveness

	2006	2004	2002	1998	1996
Cambodia	-1.01	-0.84	-0.74	-0.83	-1.12
Laos	-0.91	-0.97	-0.69	-0.67	-0.06
Vietnam	-0.37	-0.41	-0.40	-0.55	-0.16

Regulatory Quality

	2006	2004	2002	1998	1996
Cambodia	-0.63	-0.39	-0.30	-0.02	-0.03
Laos	-1.09	-1.19	-1.26	-1.20	-1.37
Vietnam	-0.49	-0.53	-0.71	-0.33	-0.19

Rule of Law

	2006	2004	2002	1998	1996
Cambodia	-1.11	-1.16	-1.09	-1.02	-1.09
Laos	-0.95	-1.04	-1.08	-0.88	-1.04
Vietnam	-0.43	-0.55	-0.60	-0.49	-0.63

3 EXTERNAL ACTORS: NEIGHBOURS AND DONORS

3.1 The problem of dependency is one which Laos has always faced and the transference of that dependence from Western colonial and post-colonial interests to Soviet aid did little to reduce it. The geopolitical reality is that Laos is under populated, militarily and economically weak, yet strategically vital to the interests of its neighbors. Consequently it is so vulnerable to outside pressures that the only realistic choice open to its leaders is which patrons they prefer. From 1975 onward, Vietnam had enormous influence, directly and by example. After 1987, when Vietnamese troops departed, the country increased its ties with China and with Thailand. After the end of USSR, Japan became the largest (low key) source of aid, while China became potential model for econ reform while holding political power.

3.2 At the same time, the leadership of the LPRP has sought to balance its neighbors. The strategic reasons come down to one overriding concern - China. Throughout its existence, the LPRP has had particularly close links with the communist leadership of Vietnam, but over the past decade in particular, China has become increasingly influential. This was clearly signaled through the visit by President Jiang Zemin to Laos in November 2000, the first by a Chinese head of state. Since then ties between China and Laos have increased. China has built roads in the north and a large cultural centre and hotel in Vientiane, while Chinese companies have invested in cement, textiles and agribusiness in northern Laos. The commerce in some small towns in northern Laos has become dominated by Chinese immigrants, while other Chinese have moved further south to Vientiane.

3.3 Reportedly, some members of the LPRP have welcomed this increased Chinese interest as a means of balancing the sometimes stifling embrace of Vietnam. Official Lao-Chinese relations have warmed appreciably and reciprocal visits are common. But given the similar Chinese presence and influence in Burma, there is concern that Laos should not fall too completely into the Chinese sphere of influence. Laos has welcomed investment from many Thai businesses, but there remains an undercurrent of mistrust towards the size and potential cultural domination of Thailand.

3.4 In Cambodia foreign investment has been welcomed, and the political elites do not appear to maneuver between external investors. More broadly, the state seeks to balance external influences, between near and distant. It attempts to balance the demands of Western donors or multilaterals through increased aid and investment from China, with some wariness towards Thailand that echoes Laotian concerns. Cambodia also has sought to expand the Chinese presence, both for financial reasons, and to balance against Vietnam, as there are still regular reports of Vietnamese/Cambodian conflicts over ethnic 'settlers' on both sides of their borders.

3.5 Donors play a large role in both countries. In assessing the role of bi-lateral donors, it would be important to give attention to how the past political history of individual donors with a specific country will have an impact. The United States bombed both countries extensively during the first half of the 1970s, and Laos in particular still has problems with Unexploded Ordnance (XO). The relations between the United States and the CPP were also fraught, as during the United States supported the UN seat held by the alliance that included the Khmer Rouge as part of its anti-Vietnam stance. China's support for the Khmer Rouge created problems for its relationship with the post-1989 government as well, at least for the first few years after the 1991 accord.

Issues for Donors

Given the complex set of external actors, some questions arise for both countries in regards to what influence donors really have. For example, if the amount of external assistance in Laos is similar to Cambodia in terms of the proportion of the government budget, what accounts for the lack of leverage by donors? Are there any examples in Laos of donors' support of expanded space for society? Why have donors apparently had more room for maneuver in Cambodia, and is it due to the difference in political settlement?

Donors also need to ask: How do they support various manifestations of civil society when the boundaries are not clear, where violence is used in a haphazard manner, and where there are fluctuating determinants of what can be done---or not done---by various civil society organizations? Where do trade unions, independent media and peasant organizations fit, along with more traditional CSOs in terms of donor support and space?

Donors also have current political, economic and security interests, both as they perceive them, and as they are perceived by the recipient state. Furthermore, because different donors have distinct histories with the recipient state, the assessment of political settlements would necessarily include a frank discussion between donors on their own histories and current priorities (easier said than done, since 'joined up' is hard enough within one government). One area that the framework does not address is that there are political drivers within donor agencies as well.

How much donor influence is due to the percentage of resources provided compared to domestic revenue for the state budget, and how much is due to the nature of the political settlement and space for influence? If the amount of external assistance in Laos is similar to Cambodia in terms of the proportion of the government budget, what accounts for the lack of leverage by donors? Separating factors of non-responsiveness from factors promoting responsiveness, what can be done and how?

What happens when there are key external actors who have different priorities? These do not have to be 'negative' or 'spoilers', but reflecting of the national interests of these actors. Can donors engage diplomatically with these actors? What basis of self-interest for the other actors could establish some common interests?

4 CORE FUNCTIONS

This section of the study looks at the three survival functions identified in the DFID State-building Working paper as constituting a minimum of “responsive” State Building. This includes security, which is the ability to control the use of violence e.g. achieving two forms of security: protective and enforcing; revenue, which is the ability to raise funds on sustainable basis, particularly through taxation; and rule through law, which is distinct from rule of law. It will also assess the utility of evaluating countries as responsive and unresponsive.

4.1 *Security*

4.1.1 For Cambodia, up until the collapse of the Khmer Rouge, the border issues were paramount for the sense of security. Since the ending of the insurgency, there has been less attention to internal ‘formal’ violence. Overall, the scope of internal violence has diminished, except for the political actions that have erupted between different factions (notably carried out by CPP agents). Cambodia appears to have developed the informal, but powerful, system of the ‘deep state’, whereby a mix of police, party and military elites cooperate to ensure that certain boundaries to opposition are not crossed.

4.1.2 The external security issue remains a concern for the government, notably in relation to Thailand. There have been several border incidents, most recently in October when both countries mobilized forces in regards to a Buddhist temple that had been awarded to Cambodia by an international court of arbitration. The ramping up of military threats against its much larger and richer neighbor provides the state with a highly popular and visible issue for mobilizing public support.

4.1.3 While the government has received significant criticisms for human rights violations and incidents of violence against opposition supporters, trade union leaders and other civil society voices, there has also been openness to addressing more community focused police activities. One Cambodian NGO described a program where several NGOs were working with the local police in a training program on Cambodia’s laws related to domestic abuse, which resulted in the police becoming active in support of local women and the police reporting that they enjoyed being welcomed instead of feared.

4.1.4 Similarly, some agencies of the Cambodian government have been active in supporting enforcement of anti-trafficking laws. When NGOs sponsored a billboard on the road between the airport and Phnom Penh, the government took a low profile. After donors praised the billboard, the government ministry wanted to have its name more prominently displayed on the billboard in the future.

4.1.5 The government of Laos has had consistent concerns about internal security, as it has never managed to exert complete control or establish legitimacy in the hill areas, with the Hmong and other groups. In the last few years, the country has been beset by rumors and some verified events that included a series of highway ambushes, public bombings and local attacks by various organizations.

4.1.6 International efforts for publicity have been mounted by both Hmong resistance forces and 'Lao Citizens Movement for Democracy' (LCMD), which overlap but seem to have different political interests. Reports indicate that these groups are supported by various exile groups but are not a credible threat to the survival of the state. Nevertheless, based on public statements, and on interviews with individuals tracking politics in Laos, it seems that the Party remains insecure over 'bandits' who appear to be a combination of small groups supported from outside the country, as well as dissidence among 'minorities', notably and visibly the Hmong communities.

4.1.7 The government seems much less concerned about external threats, though its openness to investment from Thailand is tinged with concern over the pre-dominance of Thai culture, business acumen and language.

4.2 Revenue

Both countries appear to be increasingly at risk from the natural resource curse.

Construction on the controversial Nam Theun 2 Hydroelectric Project has started on the US\$1.45 billion, 1,070 megawatt project. NT2 is supposed to make it possible for Laos to export 995 MW of electricity-generating capacity and electrical energy to the Electricity Generating Authority of Thailand. The hydroelectric project will also supply 75 MW of electricity for domestic use in the country.

The project is expected to generate annual revenues to the Government of Lao PDR (GoL) averaging about US\$30 million (nominal) per year during the first ten years while commercial debt service is paid, then rising sharply thereafter to an average of approximately US\$110 million (nominal) from 2020 to 2034. If the revenues are spent efficiently, and transparently – in accordance with project agreements – NT2 could provide significant, incremental support to Lao PDR's poverty reduction and environmental management efforts.

Recent discoveries of oil off its coast have put pressure on the Cambodian government to come up with sound management and financial accounting practices. The Cambodian Government claims to recognize the importance of having a good set of laws in place to manage the petroleum sector and is committed to putting such mechanisms in place. The government argues that it is working to establish a comprehensive set of petroleum laws that will provide a sound framework for oil production with best practices reflected, including the principles of transparency and accountability. There are signs that Cambodia may already be turning down the wrong path, some experts said. Transparency is crucial to the proper management of oil money, and the government has so far released little information. Under standard practice, one observer noted, large "signature bonuses" are paid by oil companies at the time exploration contracts are signed. Thus, already money is flowing into the Cambodian government, one would presume, from these exploration contracts, and there is no explanation of where the money has gone.

4.2.1 In Cambodia, the government has built up a fairly diverse tax regime, including taxes on income, profits and capital gains, but observers note that collection of taxes is far more difficult in practice. It was reported that taxes on income, profit, and capital gain all increased significantly in the first half of 2008 and about 77.4 percent of all tax revenue under the budget plan had been collected. At the same time, about 46.9 percent of projected export taxes and 41.8 percent of import taxes on petroleum were collected. Thus, the overall tax revenue goals seem to be feasible within the current system.

4.2.2 Different sources of taxation were the main source of the Cambodian government's domestic revenue in 2008 and were expected to account for about 82 percent of total revenue or over 23 percent more than the amount the Government collected in taxes in 2007. Other sources of state income, including capital revenue, represent only about 17 percent of the government's total revenue. It was reported that revenue from the Custom's Department accounts for 51 percent of total planned revenue, while domestic tax receipts were about 27 percent. Overall, the contribution of domestic tax revenue as a portion of total tax revenue has been increasing gradually, up from 6 percent in 1994 to about 27 percent in 2008, primarily the result of the performance of the domestic private sector.

4.2.3 Recent donor assessments have complimented the government of Laos for its revenue policy and administration reforms that have led resulted to strong revenue performance and in achieving the deficit target. The current global financial crisis has created more pressure on the government to pursue several areas of structural reforms, which have been designed with the goals of increasing state revenues and at improving the investment climate.

4.2.4 In Laos, government departments have been targeting the preparations for the introduction of a Value Added Tax (VAT) implementation in 2009. A VAT team within the Tax Department has been established to work full-time with an international VAT advisor. Presently, the Implementation Decree of the VAT Law is being drafted and thereafter other related ministerial instructions, such as on registration and refund, will be prepared. Intensive training of the tax officers responsible for VAT implementation will take place from late 2008 if feasible.

4.2.5 Both states appear to have become more effective over time in terms of collecting revenue through various forms of taxes. There is no evidence that the current tax regimes have had a significant impact on increasing responsiveness or any societal energy around what happens to tax revenues.

Revenue Tables

Lao PDR: Revenues and Grants as percent of GDP (IMF)

	1997-8	1998-9	1999-2000	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	2006-7
revenue	9.8	10.6	13.2	14.9	15.0	10.9	11.0	11.5	12.5	14.0
tax	7.8	8.5	10.6	11.8	12.4	8.9	9.1	10.7	10.7	12.3
Non-tax	2.1	2.1	2.5	3.1	2.7	1.9	1.9	1.8	1.8	1.6
grants	5.3	6.0	3.7	2.8	3.3	2.1	1.1	2.0	2.0	1.8

Cambodia: Revenues and Grants as percent of GDP (IMF)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
revenue	8.3	10.5	10.9	11.4	10.5	9.6	10.3	10.3	11.5	11.9
tax	6.0	7.5	7.9	8.1	7.4	6.6	7.7	7.6	7.9	9.5
Direct tax	0.5	1.0	1.0	1.0	0.8	0.8	0.7	0.9	1.1	1.4
Indirect tax	2.2	3.9	3.9	4.3	6.4	5.6	6.6	6.4	6.4	7.6
Trade tax	3.3	3.4	3.0	2.8	2.5	2.1	2.4	2.2	2.6	2.3
Non-tax	2.0	2.8	2.7	3.2	3.0	2.8	2.5	2.2	2.3	2.0
Project aid	4.4	4.1	4.6	5.2	5.7	5.0	4.7	4.6	4.5	4.8
Budget support	0.0	0.0	0.9	0.4	1.1	0.7	0.2	0.5	0.5	0.5

4.3 Rule through Law

4.3.1 Central to assessing the legal systems in both Cambodia and Laos is the difference between “rule of law” and “rule through law”. Rule through law is distinct from the rule of law, which involves the state/society dynamic of the state setting limits or having limits set by powerful social groups. It has been argued that rule through law comes earlier in the state building process in terms of state legitimacy and authority, as the state needs ensure that citizens understand the limits on their actions. The state makes clear its demands through the issuing of laws which starts the whole process of establishing rule of law (need for courts etc).

4.3.2 Rule through law processes are important for political settlements, as they may contribute to reducing tensions and allowing the state to address specific ‘unsettling’ matters, such as arbitration and settling disputes, notably over land tenure, and to establish a sense of order through provision of security. It also provides the state with the potential for greater control as it can criminalize certain behaviors, including criminalizing ‘opponents’. It can be used in a more positive way to increase support for the state through curbs on public officials and public actions, and ensuring (or appearing to ensure) equal access to certain legal protections.

4.3.3 Quite distinctly, in terms of rule of law, which neither Cambodia nor Laos has at this point, a state’s authority is legitimately exercised only in accordance with written, public laws adopted and enforced in accordance with due process. In Laos, the law is how the Party elite decides to set the rules. One commentator noted that in Laos there are superficial reforms, but highly dominated by Party interests and informal networks of elite interests. In Cambodia, there are more apparently open processes, but there is a notable problem with transparency and enforcement. Judicial corruption is a serious problem, and in particular poor people find themselves the almost inevitable losers in land tenure disputes.

4.3.4 A major question for Cambodia is whether the various reforms of the past few years are merely window dressing for donors' satisfaction. For example, there are regular reports of various reviews and relevant technical tasks for the revisions and updating of core laws, but little on implementation beyond the continued negative assessments of the judiciary by outside assessments. For example, the past four years, at least five major draft laws have been in process for review through various institutions such as CoM, Supreme Council of Magistracy (SCM), and Ministry of Justice (MoJ). These include a new Criminal Code, a Law on Anti-Corruption, a Law on the Organization and functioning of the Courts, and a Law on the Statute of Judges and Prosecutors. While these reforms are urgently needed, the realpolitik of the current government makes it questionable whether they will be effectively and impartially implemented.

4.3.5 In the legal and judicial reform, up to 140 legal texts, including 3 main codes, had been adopted as of June 2008. The government has sought to establish approaches Alternative Dispute Resolution as quicker and simpler mechanism for dealing with cases. This would also allow the government to address some issues of consistency in rule through law without reducing its power in more complex issues. How much of this is a genuine reform and how much is an effort to present a more responsive legal process to donors remains to be seen.

5 EXPECTED FUNCTIONS: RESPONSIVENESS AND NON-RESPONSIVENESS

Central to the State Building framework is the importance of the impact of state responsiveness and unresponsiveness on expected functions, especially basic services, as part of state building. In the two countries in this study, it appears that states will be both responsive and unresponsive at different times and in different sectors or functions. States will be 'responsive' when it aligns with the perceived interests of key elites within and around the state institutions, in other words as a result of rooted political interests. When responsive state building threatens elites then it the state may revert to a more unresponsive form - if this is necessary to protect elite interests in access to economic assets, or clientelist relations with various communities, including voters.

Various forms neo-patrimonial relations exist in all states, and ironically they may be more overt in semi-democratic states, such as Cambodia, than in authoritarian states such as Laos. The focus of this section is on types of expectations (domestic and international) that have been placed on the state regarding its ability of inability to fulfill core functions, and what kind of legitimacy/credibility state institutions enjoy among different sectors of the population and the international community.

5.1 *Economic Growth*

5.1.1 The importance of economic growth and the distribution of the benefits of economic growth to specific interest groups appears to serve as an essential part of the 'expected' function of the state in both Laos and Cambodia. The assessment of how state building relates to economic growth as part of expected functions would be a valuable addition to understanding the relationship of the political settlement to the political economy. The reference to the "mutually reinforcing relationship" between growth and state building could be expanded, as the cases illustrate the centrality of sharing economic benefits with key political constituencies.

5.1.2 Along with the provision of basic services, this paper thus argues that economic growth, for at least some segments of a country's population, is essential for state building. The importance of growth is clearly understood by the political leaders of both Cambodia and Laos, and indeed both have grounded part of their claims to legitimacy on their ability to build the country's economy. Central to the issues around growth is the core question: Growth for whom?

5.1.3 Evidence from a number of studies points to a pattern of growth in Cambodia that is highly skewed to the urban area and to an economic elite. Similarly, growth in Laos is generally connected to the lowlands, urban areas and the elite. Observers have proposed that in both countries the 'old' political-economy of pre-revolutionary systems have returned so that rural economic and legal policies are biased against the poorer rural households. Both countries have seen rural protests about government policies, including demonstrations in Cambodia over land tenure issues and local conflicts over the government's attempt to curtail 'slash and burn' practices in Laos.

5.1.4 In Laos the government has based its legitimacy on both national identity claims and on its delivery of economic benefits (similar to China and Vietnam). Economic policies have to balance a tension between fears of Thai dominance and the need to bring in foreign investment. The relationship between different external actors such as China and Vietnam is partly adjusted to allow the state to balance powerful external interests through its approach to FDI, external relations and different forms of regulation.

5.1.5 The legitimacy of the regime is understood to rest on its ability to ensure an improved livelihood for the people of Laos through steady economic development backed up by coercive force exercised through imprisonment of dissidents, control of information, especially the press; limitation of human rights such as freedom of speech. Long prison sentences were given out to senior officials who publicly called for multi-party democracy, but not to those promoting economic reform.

5.1.6 The question remains whether foreign aid and private investment has had the desired effect, that is, to raise the living standards of the Lao people and thus generate popular acceptance of and support for the government. Here an assessment is much more difficult, because the effect has been anything but evenly distributed. Who then has benefitted, and who has missed out? One view would argue that the principal beneficiaries are Party members in a position to influence decisions and provide patronage, and undoubtedly some families have benefitted as the result of corruption. Economic growth may also have benefitted a small, but growing middle class of private businessmen and entrepreneurs.

5.1.7 In Cambodia, the benefits of economic growth have been disproportionately urban, aiding the rich at the expense of the poor. Recent protests organized by farmers whose orchards had been bulldozed to make way for sugar plantations owned by another CPP senator, and a land grabbing lawsuit by indigenous Jarai people against the sister of the Finance Minister, have underlined the skewing of the legal and regulatory systems to reward economic cronies. Evictions and land grabs are common. Courts and local authorities who can award title or adjudicate land disputes remain highly politicized and corrupt. In 2007 the government halfheartedly produced a draft sub-decree on evictions. Its only actions were the eventual arrest and prosecution of individuals associated with Hun Sen's long-time rival within the CPP, Chea Sim.

5.1.8 Forest resources are the subject of similar concern, and the public discontent over the grabbing of resources was highlighted at a 2004 donor conference in Phnom Penh (including many government officials) where participants could purchase t-shirts promoting forest protection against cartoonish images of greedy government officials and land developers cutting down trees. In 2007 Global Witness produced a report attributing the destruction of the forest cover to the well connected elite. The report documented tight connections between owners and exploiters of land and forest with family of Hun Sen. The report was banned by the Cambodian government in July 2007.

5.1.9 While parts of East Asia have shown the need to at least acknowledge a policy of "growth with equity" by political elites, the social pressure even autocratic rulers feel may be more likely manifested in a modicum of health and education services, rather than in changing economic growth patterns that favor connected groups. This may also be part of their stability calculation, focusing on some services while capturing economic benefits for a more limited base. The continued imbalance in Laos was reflected in the title of the recent World Bank poverty study, "From Valleys to Hilltops". Cambodia's approach can be summarized, harshly, in the Global Witness report title, "Cambodia for Sale".

Cambodia: GDP Growth Rates (United Nations)

1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
0	4.4	4.9	4.7	3.8	21.5	16.2	-0.3	1.2	7.6	7	4.1	7.7
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
5.9	4.6	5.6	5.0	11.9	8.8	8.1	6.6	8.5	10.3	13.3	10.8	10.2

Lao PDR: GDP Growth Rates

1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
4.7	3.0	6.4	9.1	4.8	-1.1	-1.8	13.4	6.7	4.0	7.0	6.9	7.7
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
7.5	6.9	6.9	4.0	7.3	5.8	5.7	5.9	5.8	6.9	7.3	8.3	8.0

Phnom Penh Water (Source, ADB 2007)

Cambodia's Phnom Penh Water Supply Authority (PPWSA) is unlike a typical water utility in Asia. And it is not because it has service efficiency, greater water productivity, or increasing consumer base—other water utilities in the region have some of these traits at one time or another. PPWSA is different because it has achieved all these by radically transforming a decrepit and war-torn water supply system with missing water and missing customers into a model public sector water utility that provides 24 hour drinking water to Phnom Penh.

The year 1993 marked the beginning of the restoration of Phnom Penh's water infrastructure. With the assistance of external funding agencies, particularly the Asian Development Bank (ADB), and through internal reforms, PPWSA transformed itself into an efficient, self-financed, autonomous organization in a city still recovering from long years of war and civil strife.

Ek Sonn Chan, a young engineer who took PPWSA's helm, initiated a "culture of change" within the organization, starting with the education and motivation of PPWSA's staff. This was followed by a flurry of reforms, including

- streamlining the organization's workforce, e.g. giving more responsibility to higher management, promoting promising staff, giving higher salary and incentives to staff, fostering the spirit of teamwork, etc.
- improving collection levels, e.g. installing meters for all connections, computerizing the billing system, updating its consumer base, confronting high ranking nonpayers and cutting off their water if they refuse to pay, etc
- rehabilitating the whole distribution network and treatment plants, e.g. hiring locals in stead of international consultants for the job, manually looking for the pipes as all blueprints were destroyed during the civil war, mobilizing the communities to report leaks, etc.
- minimizing illegal connections and unaccounted for water, e.g. setting up inspection teams to stop illegal connections, penalizing those with illegal connections, giving incentives to the public to report illegal connections, etc
- increasing water tariffs to cover maintenance and operating costs, e.g. proposing a 3-step increase in tariffs over 7 years, although the 3rd step did not push through anymore because revenues already covered the costs by then.

Water service now covers 100% of inner city Phnom Penh and is being expanded to surrounding districts, with priority given to urban poor communities. In particular, PPWSA now serves 15,000 families in 123 urban poor communities, giving the poor extra privileges such as subsidized tariffs or connection fees, installment connection fees and more.

Non-revenue water has also decreased from 72% to 6%, while bill collection is now at 99.9%. Its 147,000 connections, up from 26,881 in 1993, bring reliable and safe drinking water to all of Phnom Penh's one million inhabitants 24 hours a day.

5.2 Basic Services

5.2.1 Why is Phnom Penh Water a positive case? The example of the Phnom Penh Water experience provides an interesting example of the complexities of responsiveness and unresponsiveness. It raises significant questions about why this service sector was both responsive and successful while most others were not. What incentives did Ek Sonn Chan have to reform PPWSA? What type of empowerment or protection did he receive to allow him to push this agenda forward through what had to be a lot of entrenched interests? Its seemingly anomalous nature makes it a fascinating focus for analysis.

5.2.2 Among the theories regarding PPWSA are that the government understands its poor image among urban voters, and sees water as a good way to improve its image. Government officials can appear at dedications of new water connections for immediate benefit with local communities and for later media information. Another view is that there is little room for rent seeking in urban water, so the sector is left alone. And, there is the idiosyncratic reality that the PPWSA has benefitted from an exceptional reformer who may have quiet political skills in relation to political elites that are never public.

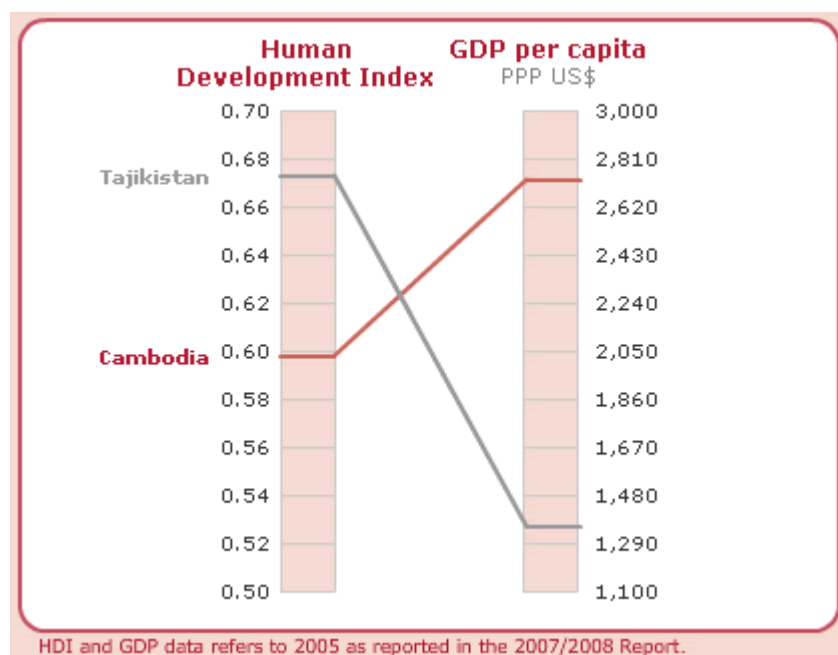
5.2.3 While donors and NGOs publicly praise Cambodia's efforts in health and HIV/AIDS, interviews indicate a more sceptical view, with questions on whether the positive results in HIV/AIDS, for example, and in some areas of health are as much the result of rent seeking by state supported elites as of responsiveness. The poor HDI outcomes for Cambodia can be partly attributed to decades of war, but may also be due to a relative lack of interest in outcomes by elite officials.

5.2.4 The weaknesses of basic services, the low HDI, and overall poverty reduction impacts in Laos show a lack of equitable distribution in services. Apparently, the state in Laos lacks strong incentives, as well as the capacity, to deliver in these areas. Even with a reliance on external resources, service delivery on external actors and/or resources, the results are poor. Laos' reported commitment to improved service delivery while limiting the press and freedom of speech highlights the disconnection between services and strengthening incentives for responsiveness.

5.2.4 One telling aspect of service delivery in both Cambodia and Laos are their HDIs compared to other countries of their income levels? The general HDI results for both Cambodia and Laos are quite poor (Text box below; Appendices), even when compared to some other countries with low incomes that have also been considered fragile. This is indicative of the long-term poverty in both countries, the devastating impact of decades of war over several decades, and most likely the failure of the two governments to invest both resources and institutional support in basic services.

5.2.5 It may be that a key element in 'responsiveness' is the relationship with, dependency on, and thus 'responsiveness' to donors, but responsiveness specifically in areas where it does not threaten the elites, either politically or economically. The case could be made for the Cambodia health example, that there is an odd combination of donor preference, the lack of 'threat' from health (in this instance, for example, education might be more threatening due to the 'writing' of history problem), and some remnant of Communist ideology about services. Finally, in both countries, delivery of services that appears 'responsive' may be clientelist in nature. As was highlighted in the World Development Report 2004, many services are delivered by government agencies, but in ways that are skewed to favored constituencies and communities.

How Cambodia Compares to Tajikistan in HDI and GDP



5.3 Responsiveness and Unresponsiveness

5.3.1 The cases of Cambodia and Laos strongly indicate that a distinction between responsive and unresponsive states is not as clear-cut as the Framework seems to suggest. Various forms of patron-client relations, political benefits for elites and economic self-interest shape how the Cambodian state responds to the perceived need for basic services. The Lao state has maintained a focus on the core of its political and regional base to the detriment of the 'hilltops'.

5.3.2 The conceptual basis of how Cambodia or Laos represent responsive or non-responsive states would argue for a spectrum of responsiveness/unresponsiveness similar to the WBI Governance Indicators. That is, states would be evaluated in specific areas. Furthermore, the concept of a "responsive" state is based on a political system that has considerable degrees of openness and channels through which demands and pressures can be exerted by communities and large interest groups.

5.3.3 A key question about measuring "responsiveness" is, responsive to whom and for what purpose? In Cambodia, the state represents particular interests that are partly a compromise of old and new elites. In Laos, the state represents the victors of a liberation war, as well as certain elites that made peace through business and marriage with the Pathet Lao cadres.

5.3.4 The nature of the two states is such that they are complex, historic formations, built upon years of destructive warfare and national identity fears. The point is that these states are not neutral entities, seeking the best way to meet social expectations. They are the product of political struggles for power, and in such poor countries, also for wealth and opportunities. Building up state accountability to society at large also involves struggles, involving peasant groups, various civic organizations, trade unions, media and other elements, and typically in poor, post-conflict and/or fragile states these are relatively weak.

6 CONCLUSION

6.1 This study has provided an assessment of the DFID State Building framework through exploring the dynamics of political settlements and state building in Laos and Cambodia. The cases would support the centrality of understanding specific political settlements in relation to state building in order to guide donor policies. At the same time, the study would support a further elaboration of the key factors that have been important in shaping different State Building experiences in both countries. The original hypothesis was that Cambodia has made greater progress in becoming a responsive state in comparison to Laos. Based on the case study, it is more likely that the apparent relative responsiveness of Cambodia compared to Laos is due to specific events in the late 1970s and afterwards, rather than to a 'better' or 'more responsive' state building process in Cambodia.

6.2 This review of differences between Cambodia and Laos illustrates the importance of analyzing nation state building in terms of the complex dynamics of political settlements. The elements that this paper argues need to be added or revised do not diminish the value of the state building approach, rather they elaborate and refine a valuable approach for donor agencies.

6.3 One aspect of the approach that clearly holds in terms of the two countries is the necessity of an historic understanding of the settlement. Nation state building never begins anew; rather it is built upon previous efforts at creating states or political entities, and upon the pre-existing socio-economic and regional dynamics. Thus the government of Laos and the ruling Party refer back to historic kings, use Buddhism and nationalism, and has concerns over Thailand's influence. The government of Cambodia uses the image of Angkor Wat, and has tensions with both Vietnam and Thailand over border issues, and also uses the tensions for political benefit domestically.

6.4 It is essential to ensure that the deeper politics of "Nation State Building" are addressed to ensure that issues of identity and historic legitimacy are clearly incorporated into the framework. There is a risk that focusing on 'political settlement' too quickly becomes a contemporary assessment without adequate attention to underlying history. There are risks that the State Building approach could become too focused on contemporary political machinations, and misses the sub-stratum that requires elites. Nation State building analysis would explore the ways in which political elites use historic symbols, religious symbols, or 'ethnic' symbols to enhance their legitimacy.

6.5 The framework should thus deepen its emphasis "nation-state" building, as there are rarely states without nations in the current international sovereign system. Various manifestations of struggles over national identity, historic enmities and conflicts, as well as specific regional, ethnic, religious and interest group alliances all contribute the nature of political settlements. They allow political elites to mobilize popular support, as well as to help channel power and resources to political interests. Internally, the pre-existing political economy, notably land tenure and rural/urban divides, contributes to how political parties take shape. This is apparent in the underlying sub-structure of the inherited political economies, still manifest in Cambodia land cases and the Government of Laos pressing anti-shifting cultivation policies in highlands.

6.6 The Framework's overall emphasis on how elites bargain and struggle for power as part of the difficult and sometimes violent formation of political settlement elements is valid, but can be expanded through the inclusion of consideration of the specific roles of political parties as vehicles of elites in political settlements. Political parties are vehicles for clientelist interests, i.e. service delivery and distribution of public resources, and thus help shape the determination of responsiveness.

6.7 The framework rightly notes that there are major differences between peace building and state building. This is highlighted by the experiences of UNTAC in Cambodia, where relative peace ensued, but a major opportunity for supporting electoral outcomes was lost.

6.8 The framework could include greater attention to the relationship between the formation and evolution of political parties and the role of military in state building. Further work could be thus done both on the nature of political parties in state building and how military elites play roles in political settlements. In the cases at hand, both governments came to power through military force, though the compromise of the Paris Peace Agreement and the UNTAC period reduced the direct power of the military, at least until the coup of 197. In addition, it is useful to assess the role of military elites both in political party formation and in the economy. In assessing the evolution of political parties, part of the framework may need to distinguish between the nature of these parties in relatively closed versus relatively open societies, and in single versus multi-party contexts.

6.9 Along with the elaboration of the 'history' the model rightly promotes a thorough analysis of political settlements and there are questions that arisen from the research that would contribute to the elaboration of the model:

How do current, especially the deeper elements, political settlements differ from previous settlements?

How much are they based on previous settlements and other factors?

What are the more important aspects of the previous political settlement or other factors that have continued?

6.10 The cases highlighted both military officials who have a direct political role in Laos through their strong Politburo membership, and a more indirect, but still powerful role, through support of a political party. The deep state is part of these settlements, but are deep states and military influence inevitable, due to the need for provision of security and enforcement of political settlement.

6.11 Building on the model's analysis of the necessity of analyzing different types of settlements:

- What are the differences between a negotiated settlement (Cambodia) and a victory/defeat settlement (Laos), and how in each case, negotiations occurred between elites and/or different social groups?
- How is the legitimacy of the regime based on the nature of the settlement?
- How do elites adjust the political settlement over time after they have taken power?
- What roles do external actors play in the evolution and dynamics of the settlement?

6.12 The framework emphasizes the importance of identifying the impact of external actors, allies, spoilers and donors. One area that needs further elaboration involves the past history and current relationship between bilateral donors and the state, whether former colonial powers or those who have been involved in conflict with the country. Another point would be to consider the factors that affect donors' goals, as China and Japan are major players in these two, and in many other, countries.

6.13 In terms of core functions, one might ask if security trumps all other concerns. Both countries have moved towards more diverse revenue sources, but the risk of the natural resource curse from oil and hydroelectric power sales looms large, with little evidence of movement towards transparency. The concept of rule through law as preceding rule of law appears to hold for both countries. However, the observation that rule through law appears to be preceding rule of law in both countries does not mean that they are actually moving toward a system of rule of law, except in adopting certain donor prescribed legal systems that may be mostly for show.

6.14 In the instance of expected functions and responsiveness, the attention to the responsiveness of state building processes is valid, but needs to be adjusted to addressing dimensions of responsiveness and unresponsiveness, in a spectrum rather than 'yes' or 'no'. The framework would incorporate an assessment of factors that tend towards responsiveness or unresponsiveness. And, in each case, help identify what are elements of responsiveness. In the case of expected functions, economic growth, especially the patterns that reflect state policies and the rewarding of party members and allied elites may be more important in some cases than service delivery. When services are delivered, as in the case of Phnom Penh water, further questions can be asked about the politics of the services in relation to responsiveness to donors, clientelist favors for certain constituencies and the potential for capture of resources.

6.15 Central to the framework is the importance of responsiveness and unresponsiveness as part of state building. What emerges from these cases, especially for Cambodia, is that states will be both responsive and unresponsive at different times and in different sectors or functions. States will be 'responsive' when it aligns with the perceived interests of key elites within and around the state institutions, in other words as a result of rooted political interests. When responsive state building threatens elites then the state may revert to a more unresponsive form - if this is necessary to protect elite interests in access to economic assets, or clientelist relations with various communities, including voters.

6.16 Various forms neo-patrimonial relations exist in all states, and ironically they may be more overt in semi-democratic states, such as Cambodia, than in authoritarian states such as Laos. The issue for donors and external actors is to determine what areas of responsiveness are, and also what are areas of unresponsiveness that might be changed.

6.17 The value of the political settlement approach is that it helps avoid assessing state as an 'actual structure' that is separate from society, or economic and political contestations. This can provide guidance for prioritization and sequencing of engagement. But, it does not make it easy to follow the goal of 'Do Support Emerging Political Settlements', for on what basis is this decision made? Is 'consolidation' of a political settlement a desirable goal in every instance? For example, the implications of UNTAC's failure to support free and fair elections in 1993 provide a key lesson for international actors interested in state-building. Similarly, any discussion about electoral returns where the media has been suppressed and opposition intimidated needs to be qualified as not necessarily 'free and fair'. The fact that the CPP electoral strategy was 'successful' because they won 60% of the vote may simply be a reflection of fear, in turn highlighting the questions about the perceived legitimacy of the regime.

6.18 In determining how to engage with political settlements, donors need a better understanding (as much as possible inside the 'black box' of politics) regarding why are elites responsive in some instances and not others. In this assessment, recalling that state building is not just about the state would help provide guidance on (the minimal) room for maneuver in Laos, or on how donors could support civil society in Cambodia. The Cambodia case illustrates quite sharply the dilemmas for donors.

6.19 Along the same lines, and again reflecting a key point in the analytic framework, these political-economy dynamics of responsiveness and state building must necessarily incorporate discussions of civil society. This allows an exploration of building attitudes, norms, and values of accountability in a society – critical to the traction that both responsive and state institution building may gain. This comes into play most obviously in the Cambodia context where Hun Sen was able to sabotage the political process. This was in part due to the fact that the other political parties did not have very deep roots in society, and the deeper history of both the Khmer Rouge period and previous political settlements which mean that there was not a strong and active civil society to push back.

6.20 A number of other issues emerge for donors: How to support various manifestations of civil society when the boundaries are not clear, when violence is used in a haphazard manner, and where there are fluid determinants of what can be done---or not done---by various civil society organizations? Where do trade unions and peasant organizations fit, along with more traditional CSOs in terms of donor support and space? This determination could be linked to a more nuanced assessment of 'responsiveness'.

6.21 Rather than categorize states as 'responsive' or unresponsive', the category could be conceived as a collection of state actions, in specific areas, such as security, rule through and rule of law, provision of basic services and space for civil society. An assessment of these and similar areas would help determine whether the state is relatively responsive or relatively unresponsive on specific matters, for specific rationales, particularly in relation to state/society relations. When these factors are analyzed together, there will be greater insight into the nature of state responsiveness on specific matters. Too often existing views, preferences, and specific donor/state relationships shape decisions without adequate questioning of assumptions.

6.22 The most important lesson in regards to the framework is that it illustrates the need to dig into each country context, to try to set aside donor history and donor preferences, and often recognize that donors have chosen to deal with a country for reasons that reflect donor politics and not country realities. If Cambodia is, in fact, a seriously fragile and neo-patrimonial state, what are the implications for donors? The value of the political settlement framework, however it evolves, would be to promote a more comprehensive assessment of the evolving dynamics within and between government actors, elites, diverse manifestations of civil society, external actors, and the donor community.

What Do Donors and Policy Makers Know And on what are the Assumptions Based?

(Data Sources: WBI Governance; Freedom House)

In 1990, if donors and analysts were asked, which of these countries were likely to make the most progress towards responsive nation state building and a functioning multi-party system, where power has twice shifted between parties, which would they have selected?

Ethiopia (Meles); Ghana (Rawlings); Uganda (Museveni); or Zimbabwe (Mugabe)

The current situation in these four countries is quite clear and stark: only Ghana has had free and fair elections on several occasions, most recently an extremely close election that caused disruptions but a peaceful transition of power back to the party of former President Rawlings, after two election victories for the other major party. The ratings of the other countries are indicative of how poorly they have done by comparison, yet all three have been, and in the case of Ethiopia at least, still are favorites of some donors. This raises up both how donors analyze political settlements, and whether donors will continue to overlook political realities due to other political factors that were noted earlier in this paper.

Ghana: Rule of Law: -0.13; Voice and Accountability: 0.37; Political Rights Score: 1; Civil Liberties Score: 2; Status: Free;

Ethiopia: Rule of Law: -0.64; Voice and Accountability: -1.08; Political Rights Score: 5; Civil Liberties Score: 5; Status: Partly Free;

Uganda: Rule of Law: -0.50; Voice and Accountability: -0.54; Political Rights Score: 5; Civil Liberties Score: 4; Status: Partly Free;

Zimbabwe: Rule of Law: -1.71; Voice and Accountability: -1.58; Political Rights Score: 7; Civil Liberties Score: 6; Status: Not Free

APPENDIX: HUMAN DEVELOPMENT INDICATORS FOR CAMBODIA AND LAOS

(Source: UNDP Country HDI tables)

The HDI for Cambodia is 0.598, which gives the country a rank of 131st out of 177 countries with data (Table 1).

Table 1: Cambodia's human development index 2005

<i>HDI value</i>	<i>Life expectancy at birth (years)</i>	<i>Adult literacy rate (% ages 15 and older)</i>	<i>Combined primary, secondary and tertiary gross enrolment ratio (%)</i>	<i>GDP per capita (PPP US\$)</i>
1. Iceland (0.968)	1. Japan (82.3)	1. Georgia (100.0)	1. Australia (113.0)	1. Luxembourg (60,228)
129. Solomon Islands (0.602)	138. Gambia (58.8)	97. Vanuatu (74.0)	129. Kenya (60.6)	122. Viet Nam (3,071)
130. Lao People's Democratic Republic (0.601)	139. Madagascar (58.4)	98. Kenya (73.6)	130. Zambia (60.5)	123. Bolivia (2,819)
131. Cambodia (0.598)	140. Cambodia (58.0)	99. Cambodia (73.6)	131. Cambodia (60.0)	124. Cambodia (2,727)
132. Myanmar (0.583)	141. Togo (57.8)	100. Egypt (71.4)	132. United Arab Emirates (59.9)	125. Papua New Guinea (2,563)
133. Bhutan (0.579)	142. Sudan (57.4)	101. Madagascar (70.7)	133. Swaziland (59.8)	126. Ghana (2,480)
177. Sierra Leone (0.336)	177. Zambia (40.5)	139. Burkina Faso (23.6)	172. Niger (22.7)	174. Malawi (667)

The HPI-1 measures severe deprivation in health by the proportion of people who are not expected to survive age 40. Education is measured by the adult illiteracy rate. And a decent standard of living is measured by the unweighted average of people without access to an improved water source and the proportion of children under age 5 who are underweight for their age. Table 2 shows the values for these variables for Cambodia and compares them to other countries.

Table 2: Selected indicators of human poverty for Cambodia

Human Poverty Index (HPI-1) 2004	Probability of not surviving past age 40 (%) 2004	Adult illiteracy rate (%ages 15 and older) 2004	People without access to an improved water source (%)2004	Children underweight for age (% ages 0-5) 2004
1. Barbados (3.0)	1. Iceland (1.4)	1. Estonia (0.2)	1. Thailand (1)	1. Czech Republic (1)
83. Togo (38.1)	135. Ghana (23.8)	122. Vanuatu (26.0)	121. Equatorial Guinea (57)	127. Madagascar (42)
84. Nepal (38.1)	136. Togo (24.1)	123. Kenya (26.4)	122. Chad (58)	128. Burundi (45)
85. Cambodia (38.6)	137. Cambodia (24.1)	124. Cambodia (26.4)	123. Cambodia (59)	129. Cambodia (45)
86. Bhutan (38.9)	138. Eritrea (24.1)	125. Egypt (28.6)	124. Papua New Guinea (61)	130. Yemen (46)
87. Mauritania (39.2)	139. Madagascar (24.4)	126. Madagascar (29.3)	125. Ethiopia (78)	131. Timor-Leste (46)
108. Chad (56.9)	173. Zimbabwe (57.4)	164. Burkina Faso (76.4)		134. Bangladesh (48)

The HDI for Lao People's Democratic Republic is 0.608, which gives the country a rank of 133rd out of 179 countries with data (Table 1).

Table 1: Lao People's Democratic Republic's human development index 2006 and underlying indicators in comparison with selected countries.

HDI value 2006	Life expectancy at birth (years) 2006	Adult literacy rate (% ages 15 and above) 2006	Combined primary, secondary and tertiary gross enrolment ratio (%) 2006	GDP per capita (PPP US\$) 2006
1. Iceland (0.968)	1. Japan (82.4)	1. Georgia (100.0)	1. Australia (114.2)	1. Luxembourg (77,089)
131. Bhutan (0.613)	126. Comoros (64.5)	106. Uganda (72.6)	137. Madagascar (60.0)	132. Uzbekistan (2,189)
132. India (0.609)	127. India (64.1)	107. Guatemala (72.5)	138. Kenya (59.6)	133. Cameroon (2,043)
133. Lao People's Democratic Republic (0.608)	128. Lao People's Democratic Republic (63.7)	108. Lao People's Democratic Republic (72.5)	139. Lao People's Democratic Republic (59.6)	134. Lao People's Democratic Republic (1,980)
134. Solomon Islands (0.591)	129. Mauritania (63.6)	109. Tanzania (United Republic of) (72.0)	140. Morocco (59.6)	135. Djibouti (1,965)
135. Myanmar (0.585)	130. Bangladesh (63.5)	110. Egypt (71.4)	141. Cambodia (58.7)	136. Papua New Guinea (1,950)
179. Sierra Leone (0.329)	179. Swaziland (40.2)	147. Mali (22.9)	179. Djibouti (25.5)	178. Congo (Democratic Republic of the) (281)

The HPI-1 measures severe deprivation in health by the proportion of people who are not expected to survive age 40. Education is measured by the adult illiteracy rate. And a decent standard of living is measured by the unweighted average of people without access to an improved water source and the proportion of children under age 5 who are underweight for their age. Table 2 shows the values for these variables for Lao People's Democratic Republic and compares them to other countries.

Table 2: Selected indicators of human poverty for Lao People's Democratic Republic

<i>Human Poverty Index (HPI-1) 2006</i>	<i>Probability of not surviving past age 40 (%) 2005</i>	<i>Adult illiteracy rate (%ages 15 and older) 2006</i>	<i>People without access to an improved water source (%)2006</i>	<i>Children underweight for age (% ages 0-5) 2006</i>
1. Czech Republic (1.7)	1. Singapore (1.8)	1. Cuba (0.2)	1. Bosnia and Herzegovina (1)	1. Croatia (1)
87. India (28.5)	81. Bangladesh (16.4)	85. Uganda (27.4)	98. Timor-Leste (38)	126. Afghanistan (39)
88. Cambodia (28.9)	82. Guyana (16.6)	86. Guatemala (27.5)	99. Swaziland (40)	127. Eritrea (40)
89. Lao People's Democratic Republic (31.0)	83. Lao People's Democratic Republic (16.6)	87. Lao People's Democratic Republic (27.5)	100. Lao People's Democratic Republic (40)	128. Lao People's Democratic Republic (40)
90. Botswana (31.2)	84. India (16.8)	88. Tanzania (United Republic of) (28.0)	101. Mauritania (40)	129. Sudan (41)
91. Kenya (31.4)	85. Bhutan (16.8)	89. Egypt (28.6)	102. Mali (40)	130. Madagascar (42)
135. Afghanistan (60.2)	135. Zimbabwe (57.4)	127. Mali (77.1)	123. Afghanistan (78)	135. Bangladesh (48)

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CASE STUDY 2: TANZANIA AND ZIMBABWE

States in Development: Understanding State Building, DFID Working Paper Case Study: Tanzania and Zimbabwe

Timothy Othieno

ACRONYMS

AfDB	African Development Bank
ARD	Associates in Rural Development
ASP	Afro-Shirazi Party
CAZ	Conservative Alliance of Zimbabwe
CCM	Chama Cha Mapinduzi
COHRE	Centre for Housing Rights and Evictions
CPSD	Cooperative Public Service Delivery
DFID	Department for International Development
DRC	Democratic Republic of Congo
ESAP	Economic Structural Adjustment Program
ESRF	Economic and Social Research Foundation
FACEIT	Front against Corrupt Elements in Tanzania
GDP	Gross Domestic Product
HRW	Human Rights Watch
IMF	International Monetary Fund
LHA	Lancaster House Agreement
MDC	Movement for Democratic Change
NESP	National Economic Survival Program
NGO	Non-Governmental Organisation
NUTA	National Union of Tanganyika
OECD	Organisation for Economic Co-operation and Development
PF-ZAPU	Patriotic Front - Zimbabwe African Peoples Union
RENAMO	Resistência Nacional Moçambicana (Mozambican National Resistance)
ROL	Rule of law
RTL	Rule through law
SAP	Structural Adjustment Program
TANU	Tanganyika African National Union
TRA	Tanzanian Revenue Authority
UANC	United African National Council
UDI	Unilateral Declaration of Independence
UK	The United Kingdom
UNDP	United Nations Development Program
US	The United States
UTP	United Tanganyika Party
WB	The World Bank
ZANU	Zimbabwe African National Union
ZANU-PF	Zimbabwe African National Union – Patriotic Front
ZAPU	Zimbabwe African Peoples Union
ZNP	Zanzibar Nationalist Party
ZPPP	Zanzibar and Pemba Peoples Party

1 INTRODUCTION

The awareness of the importance of successful state-building processes in developing countries has gained prominence in donor policies over the last decade or so in the face of growing concerns about the increasing number of so-called failed states, and the consequent suffering of peoples living in such states.

Despite the increased number of scholars pointing to the demise of the state in view of globalisation trends, it became apparent that the state does matter, and that countries where state-building has failed to bring about strong and responsive states found themselves in economic or/and political turmoil.

The discussions that immediately arose were concerned with the question as to why some states manage economic, political, social and other problems better than others. One possible answer lies in the differences between responsive and unresponsive state-building, the idea on which the analysis in this paper is premised.

Using the DFID Framework Paper on States in Development: Understanding State-building (hereon referred to as the DFID Paper), this case study aims to test the findings of the DFID Paper and the outlined state-building models, namely responsive state-building¹ and unresponsive state-building,² through the historical overviews of two African states: Tanzania and Zimbabwe

To achieve the main goal, this paper will try to assess the state-building processes in both studied countries by using the concepts and definitions from the DFID Paper, and by adopting the suggested analytical structure from the DFID Terms of Reference (ToR) namely:

introduction, covering a brief historical overview of the state-building background/context;
a section outlining political settlements, formal or informal, that were put in place by the main protagonists in the studied countries, the way in which political settlements were implemented, and the factors that contributed to the failure or success of the political settlement;
a section analysing core state functions, namely the provision of security, collection of revenue through taxation, and rule through law as the main source of 'information' for the population about what the state expects from them;

a section dealing with the state's responses (1) to public expectations, bearing in mind the differences and similarities between expectations of people in Tanzania and Zimbabwe, and highlighting the factors and experiences that have influenced those expectations; (2) to donor expectations, and (3) the state's (in)ability to successfully prioritize responses to both types of expectations; and the conclusion, summarising the main findings of the paper, which will be derived from the basis of this case study only, as well as reviewing the implications for donor policies when dealing with state-building objectives in recipient states. Given that it has proved to be quite a challenge to cover all relevant issues, factors, etc. to comprehensively test the suggested state-building models, the paper's analysis and conclusions are inevitably limited in scope.

¹ The DFID Paper understands responsive state-building as a process leading to capable, accountable and responsive states. Responsive state-building involves three necessary areas of progress: political settlement, survival functions and expected functions.

² As opposed to responsive state building, unresponsive state-building leads to ineffective, repressive and corrupt (unresponsive) states.

Furthermore, the analysis will be based on several assumptions:

- that state-building is a continuous process involving renewed political settlements between the same or different protagonists;
- that new political settlements are necessary when too many demands are placed on the state/ regime in power due to various reasons, such as economic crises and deteriorating social conditions of the population, social changes, new protagonists on the scene, and the like, which might require the realignment of forces;
- that some factors are relevant in all different periods/stages of the state-building process while others are limited to particular periods/stages;
- that states can exhibit characteristics of both responsive and unresponsive state-building, but there can be periods largely characterised by either responsive or unresponsive state building.

2. BACKGROUND OF STATE-BUILDING

“History matters in the study of change. The path taken in the past can eliminate options, because of inherited structures, institutions, ideologies, attitudes and values...” (Jenkins, 1997a: 575). This assertion seems to be especially relevant in the study of state-building processes in Africa, where the history of colonialism and its consequences put some important restrictions on the indigenous state-building process.

The history of state-building in Tanzania (formerly Tanganyika and Zanzibar) and Zimbabwe (formerly Rhodesia) has seen a dynamic interaction of several factors, which have played a part in many processes of African state-building. The governments of both independent states have had to deal with uneasy realities when implementing their state-building projects, such as the colonial legacy of arbitrary state borders uniting diverse ethnic and other social groups; and the character of the colonial administration, which was designed to serve the interests of colonial powers regardless of their future political and economic viability. These and other aspects of the colonial legacy and responses to them had both positive and negative influences on state-building efforts; some of them are analysed below, namely:

1. the economic and social transformation of colonial societies,
2. the history of indigenous state-building efforts or lack of it,
3. the character of the colonial administration, and
4. the anti-colonial struggle.

(1) The imposition of foreign rule had many socio-economic consequences for indigenous African societies. For example, for many societies it represented the beginning of increased economic and social differentiation, and it introduced at least a basic mode of capitalist production with the indigenous population not really benefiting from the system. Therefore, the post-independence governments sought to address the poor conditions that the majority of the population in the colonies had lived in.

In German East Africa the colonial administration³ heavily discriminated against Africans in favour of European interests and Asian traders, it did not, however, create a systematic segregated socio-economic system. It transformed earlier patterns of trade thus effectively putting an end to indigenous economies. German East Africa's economy was based on a settler and plantation agriculture, where African labour was used, and a pre-capitalist peasant mode of agricultural production continued to be used to incorporate peasants into the colony's economy. Since the investments in manufacturing remained limited, this lack of alternatives to independent peasant production or wage labour on plantations strengthened the socio-economic homogeneity of African population (Coulson, 1982: 27-40).⁴

³ German colonial rule over East German Africa lasted roughly for 30 years (1891-1919), while the British administered the Tanganyika for about 40 years (1919-1961).

⁴ While Germans and other Europeans owned export-import companies and plantations, Germans actively encouraged Asian traders to capture large parts of domestic commerce (Iliffe, 1979: 135-140).

After the British had taken over the biggest part of German East Africa⁵ (Tanganyika), there was no significant transformation of the colony's economic system in terms of investments in manufacturing, since this was not a priority. Moreover, investments in infrastructure remained limited. The coercion of peasants into compulsory agricultural development schemes for the cultivation of primary commodities for export, and the increasing commercialisation of agriculture led to a decreased role of traditional aristocrats (chiefs), and to the development of cooperatives representing the emerging African capitalist agriculture. The rise of cooperatives eventually led to regional imbalances and increased socio-economic segregation among the Africans (Iliffe, 1979: 123-140).

In Rhodesia, the strategy of development was premised on the apartheid-type logic of separating racial groups into non-competitive social, economic and political systems. The development policies of the white settler regime in Rhodesia were initially geared towards the development of the white minority, and after 1965 to the white regime's survival. The dominant alliance of agrarian and industrial capital united with the white labour 'aristocracy,' was committed to hold back change where it threatened its privileges. They aimed at tying foreign capital interests to the continued existence of a white state (Sylvester, 1985: 24, 29).

The African counterparts of the dominant alliance consisted of peasants, urban workers, and a small petty bourgeoisie of farmers, but this alliance was more objective than conscious (Sylvester, 1985: 29). The African workforce emerged as the towns of Bulawayo and Salisbury began to grow and industrialise as it serviced the cities and their industries. An important change in economic and social situation of many Africans was also land acquisition by the colonialists. As a result Africans became dispossessed as the most productive land changed hands from Africans to white settlers.

(2) Colonialism effectively dealt with any potential rival authorities, whether in the form of chiefs or kings, by subjugating indigenous political entities. In addition, the colonial authorities broke the capacity of African peoples for military resistance, also by turning the traditional aristocrats into clients. This had an important impact on the history of state-building efforts in both studied countries, since it abruptly transformed social and political dynamics of the indigenous societies.

It is worth noting that in Tanganyika, there were no major indigenous political entities at the time of German colonial endeavours,⁶ which made the imposition of the colonial administration through direct rule that much easier. Although the British used the traditional institution of chiefs for their indirect rule in Tanganyika, this did not pose any significant threat to the administering authority.⁷ In Zimbabwe, the imposition of colonial rule was fiercely resisted by the locals, starting with the 1893 Anglo-Ndebele war, in which the Ndebele under King Lobengula were defeated, and consequently the Ndebele kingdom was subjugated.

⁵ The other parts of German East Africa were Rwanda and Burundi.

⁶ Although there were some more or less centralised forms of political entities with strong rulers presiding over large communities (the Chagga, Hehe, Ngoni, etc.), most pre-colonial societies were not based on clearly defined tribes but rather characterised by processes of inward migration and colonisation (fluid ethnic groups). Ethnic consciousness had therefore not been formed and the power of traditional chiefs was relatively weak (Iliffe, 1979: 318-334; Lindemann and Putzel, 2008: 3).

⁷ Although the British indirect rule was based on using the traditional authorities (chiefs) to administer Tanganyika, this did not empower the chiefs to the extent they would pose a threat to British rule. The chiefs were seen as collaborators and frowned upon by their people, and were consequently stripped off their support base. In this way, the British in fact weakened the role of the chiefs, rather than strengthen their influence and relationship with the population.

(3) National (liberation) movements were more than familiar with the ways in which colonial powers administered the colonial territories, and although the movements in both studied countries worked towards similar goals, the manner in which the independence was achieved, was largely a reflection of the nature of the colonial administration. It can also be argued that some mechanisms of the colonial administration/government were applied by the nationalist movements after taking over the government.

In German East Africa, the colonial administration used direct and semi-direct rule, which decreased the role of traditional chiefs in the society, made use of Swahili as the main language of communication for the local population, and developed an educational program for the African population that involved elementary, secondary and vocational schools. The British continued to use Swahili and avoided playing the ethnic card. They used indirect rule to strengthen the power of the chiefs albeit to a limited extent. Moreover, the colonial administrators in Tanganyika did not overtly work on destroying the nationalist movements. Therefore, it was possible for the nationalist movements to adopt non-violent resistance (Lupogo, 2001) in their struggle against colonialism.

In Zimbabwe, the colonialists administered the colony directly. The institutional oppression of the black population, as well as the violent suppression and banning of nationalist movements, were the main characteristics of this imposed order. The oppressive nature of the colonial administration, and later white government, led to a violent response from Zimbabwean nationalist movements in the form of the war of national liberation. Apart from that, the colonial administration played one ethnic group against the other, exploiting and preserving the historical rivalries between the Shona and the Ndebele, which can be dated to the times of Ndebele invasions into Shona territory in the 1840s (Jenkins, 1997a: 579) .

(4) The fight against foreign domination in the form of anti-colonial struggles, supported by the ideology of national liberation and racial emancipation, can be divided into two phases: initial (disorganised) and organised struggles. Initial struggles, which were largely 'disorganised', were mainly a response to colonial enterprises and policies.

These 'disorganised' struggles can be observed in the Maji Maji rebellion (1905-1907) in Tanganyika that left nearly 300,000 Africans dead (Gellately and Kiernan, 2003: 161); and the 1893 Anglo-Ndebele war.⁸

These initial forms of violent resistance led to a more organised struggle against colonial rule, which was important in at least three ways for the post-independence state-building efforts:

- it saw the formation of new (black) political organisations, which represented the pool of cadres for the new government,
- it created the necessary national unity built on an anti-colonial ideology, at least for the time being, amongst the diverse local population, and
- it brought about political independence and the liberation from foreign rule.

⁸ These anti-colonial struggles were driven by colonial policies, which were more severe in Rhodesia than in Tanganyika. The Maji Maji rebellion in Tanganyika took place as a response to a German colonial policy designed to force African peoples to grow cotton for export (Iliffe, 1967: 495). Zimbabwe's initial anti-colonial struggle commenced with the 1893 Anglo-Ndebele war fought against the British by the Ndebele under King Lobengula. Later, the Ndebele and the Shona took up arms against the white settlers in what has come to be known as the First *Chimurenga* between 1896-7, but were also defeated.

In both case studies, the formation of independence/liberation movements was instrumental for bringing about independence, as well as providing basic training for the future leaders of the independent states.⁹ The two main political forces, the Tanganyika African National Union (TANU) (formed in 1954) and the Zimbabwe African National Union (ZANU) (formed in 1963), and their electoral victories in 1960 (TANU), and 1980 (ZANU-PF) respectively,¹⁰ were a clear indication that their struggles for independence earned them the trust of people to lead the new states.

In both countries the struggle for independence created at least a minimum degree of national unity necessary to achieve the desired goals. This unity, however, was only short-lived in the case of Zimbabwe, while the systematic pre- and post-independence efforts of the new Tanzanian leadership managed to ensure the preservation of this unity (for more see section 3.2.1).

Needless to say, the organised anti-colonial struggle brought about the independence of Tanzania and Zimbabwe, which were able to undertake their own vision of more or less independent political, social, economic development, each with different consequences for their respective state-building processes.

To summarise, the colonial legacy influenced the state-building processes in both studied countries by:

- transforming the socio-economic relations in indigenous societies thus creating new 'group' identities such as the peasantry and labour,
- sowing the seeds for the future (un)successful nation-building policies of independent states,
- decreasing or disabling the power of traditional authorities such as chiefs and kings so the post-independence governments could effectively deal with potential rival authorities,
- providing a unifying cause for liberation movements, which earned their legitimacy, through (peaceful or violent) anti-colonial struggle, to lead the independent state

⁹ Another source of cadres for independent governments was organised labour. Although not political organisations *per se*, trade unions were instrumental in conveying the feelings of the majority of the workers, who bore the brunt of colonial policies that affected the working conditions of Africans.

¹⁰ Although sources differ in their reports as to how ZANU-PF came about, the paper will follow the explanation provided by Reed (1993: 55). Reed asserts that ZANU appended PF when contesting the 1980 elections, which led to independence, to indicate its participation in the Patriotic Front (for more see below). Similarly ZAPU appended PF to its name and became PF-ZAPU. Therefore, throughout this paper the name ZANU refers to the liberation movement and ZANU-PF refers to the party.

3. THE POLITICAL SETTLEMENT

According to Whaites (2008: 6) the first necessary area of progress in responsive state-building is the development of a political settlement. Subsequently, a political settlement sits at the heart of the state-building process and is (in principle) the expression of a negotiated agreement that binds the state and the society, providing the necessary legitimacy for the rulers over the ruled (Fritz and Rocha Menocal, 2007: 27).

For the purpose of analysis in this paper, political settlements will be understood as the deeper, often unarticulated, understandings between elites that bring about the conditions to end conflict, but which also in most states prevent violent conflict from (re)occurring, whether from their self interest (hope of greater benefit from a common state-building project) or due to a strong sense of shared ethos (such as religious or ideological conviction). Political settlements can be renegotiated for different reasons, such as social changes, transformation of a political system and state structures, etc.

In the cases of Tanzania and Zimbabwe, the political elites ultimately managed to achieve the main goal of their anti-colonial struggles, which was basically independence from a regime they regarded as imposed, foreign and unjust. In other words, after the colonial administration had been taken over by the local elites, the independent state-building process on the basis of a political settlement as the main task of the new governments could begin.

In both countries one can speak of two basic political settlements: the first one established an independent state in relation to the former colony and covered the conditions and process of handing over the powers of the colonial administration to the new government. Therefore, it represented the basis for an independent state-building process. The second political settlement governed the relations amongst different protagonists/political elites in the independent states, and indirectly between different social groups in the society as a whole. Consequently, this second type of political settlement represented the basis of independent state-building in Tanzania and Zimbabwe.

In this section, the main protagonists involved and the characteristics of these political settlements will be outlined in both countries, mainly focusing on the elements of the political settlements that were the basis of independent state-building, namely nation-building, authoritarian political system and elite bargain.

3.1. The Protagonists

According to the findings of DFID Paper, the advent of a political settlement may be preceded by the emergence of a group with sufficient power to start negotiating a settlement. Political settlements can therefore arise through the clear victory of one (set of) actor(s) over other protagonists,¹¹ but only if the defeated view the achievement of their goals through renewed conflict as poor. Hence, political settlements are in place whenever those with the power to threaten state-structures forego that option either for reward (which may simply be personal security), for the sake of belief, or for potential opportunity to become the government overseeing the existing structures.

In most African states, the political struggles to insure the victory of one of the protagonists were fought on at least two fronts: first, the independence movements had to be victorious in their peaceful or violent struggles against the colonial power, and second, the internal differences amongst the local elites had to be overcome by bringing (potential) adversaries on board or by defeating them through elections or on the battle ground, for example. The main protagonists in these two types of political struggles in Tanzania and Zimbabwe are discussed below.

In securing independence on the basis of the political settlement with the British, Tanzania's local elite more or less united under the banner of TANU¹² had somewhat an easier task compared to their counterparts in Zimbabwe, who had to deal with the entrenched and well-organised interests of white (land-owning) settlers. These interests had to be accommodated by the new Zimbabwean regime in order to embark on an independent state-building process. In addition, in Zimbabwe's case, the number of protagonists that were involved in the conclusion of the political settlement,¹³ directly or indirectly (behind the scenes), as well as the resolution of the question, which party/liberation movement should represent the interests of the black majority of Zimbabwe, somewhat complicated the conclusion of political settlement compared to the decolonisation process in Tanzania (for more see section 3.2.).

¹¹ Similarly, Fritz and Rocha Menocal (2007: 27) have argued that for a political settlement to succeed there has to be an outright victory of one of the protagonists in a contested election or in a conflict situation.

¹² The colonial Governor Twining supported the formation of a 'multi-racial United Tanganyika Party' in 1956 in response to TANU growing popularity (Kaniki, 1979), although others have observed that it was composed of mainly disgruntled blacks and white settlers (Klugman et al. 1999:80; Coulson, 1982: 115).

¹³ The participants at the Lancaster House constitutional conference included the British delegation, under the chairmanship of Lord Carrington, Bishop Muzorewa's delegation and the leaders of the Patriotic Front. The representatives of the white minority were included in Bishop Muzorewa delegation, since he became Prime Minister after the 1979 elections in line with the 1978 internal settlement between the white regime and UANC. International pressure seems to have played a role in bringing the right participants to the table as well as in the conclusion of the Lancaster House Agreement. For example, the Front Line States' presidents agreed they would only recognise the PF as the representative of African interests, thus ensuring their participation in negotiations about Zimbabwe's independence (Reed, 1993: 49).

	Tanzania	Zimbabwe
Political settlement securing independence	Britain vs. TANU (Tanganyika) and ZPPP-ZNP (Zanzibar) – handing over power	Britain as the most powerful negotiating party and Bishop Muzorewa (also representing the interests of white settlers) vs. the Patriotic Front (the LHA)
Internal political settlement	Peaceful (but at times forceful) incorporation of potential rival authorities into the ruling party by virtue of mass population's support for TANU Pragmatists vs. 'ideologists' within CCM (political liberalisation)	ZANU-PF vs. white minority with entrenched economic interests (reconciliation policy)
The incorporation of new elites into the existing political settlement	Creation of the United Republic of Tanzania after unification of Tanganyika and Zanzibar	ZANU-PF vs. PF-ZAPU (The Unity Accord)

The achievement of the internal political settlement was again easier in Tanzania than in Zimbabwe. While there was initially a conscious effort to be as inclusive as possible to reflect the various social and cultural aspects of society in both studied cases, Tanzanian elites seemed to have made much more progress in getting close to the desired goal of successful nation-building through TANU's centralised authority and inclusive cooptation policy (see section 3.2.1). TANU's overwhelming victory in Tanganyika's first democratic elections was a clear sign of the population's widespread support for such policies. Consequently, TANU led by Nyerere was able to secure the dominant and more or less unrivalled position in Tanganyika to implement its state-building project. In 1964 this political settlement incorporated the Zanzibari elites with the formation of the union between Tanganyika and Zanzibar.

In Zimbabwe, the inability of the black elites to resolve their differences meant that, despite the attempts at inclusive government,¹⁴ the electoral victory of the Shona-dominated ZANU-PF party in Zimbabwe's first election, after the signing of the LHA, had to be supported by victory on the battleground as well. Although it cannot be argued that the victory over PF-ZAPU had been complete, ZANU-PF managed to 'overpower' its rival in its quest for a one-party state. It is questionable, however, if the Unity Accord which ended the conflict, represented a renewed political settlement, since PF-ZAPU's merger with the ruling party was completely in line with Mugabe's plans (for more see section 3.2.2).

¹⁴ After ZANU-PF's overwhelming electoral victory in 1980, when ZANU-PF emerged as the overwhelming winner, with 62.99% of the votes and 57 of the 80 seats allocated to Africans, President Mugabe appointed PF-ZAPU and UANC members into the cabinet, as well as one white member. However, the move was insufficient to support nation-building in independent Zimbabwe.

3.2. *The Main Features of the Political Settlement(s)*

(1) The first important political settlement was the foundation for the independent state-building process in both studied countries. As mentioned, the settlement included the colonial power (Britain) on the one side and African anti-colonial movements on the other. The achievement of the political settlement in Zimbabwe was complicated by the existence of a white settler minority, which had (illegitimately) declared independence under a white regime led by Ian Smith.¹⁵

In Tanganyika, the independent state was established by a series of (legal) acts that handed power over to the local population. The British government administered the territory of Tanganyika since the end of World War I under a League of Nations mandate, and later submitted the territory to the UN trusteeship system. Under the terms of the trusteeship agreement Britain was called upon to develop the political life of the territory, which only gradually began to take shape in the 1950s with the growth of TANU. The number of African members nominated to the Legislative Council, which was established in 1926, steadily grew until the end of 1950s, when the majority of Africans were given the right to vote. In 1958 Tanganyika was given the status of internal self-government, and after the 1960 elections for the Legislative Council, a predominantly TANU government took office. Independence was achieved in 1961, and Tanganyika became a republic a year later.

The islands of Zanzibar and Pemba were also under British colonial rule since 1890. The British had ruled the islands indirectly through various Sultans. As part of the British decolonization process, elections were organised in 1963 in the run up to independence. The elections were contested by three major political parties: the Afro-Shirazi Party (ASP), the monarchist and Arab-dominated Zanzibar Nationalist Party (ZNP), and the Zanzibar and Pemba Peoples Party (ZPPP). The ASP won the elections and looked set to form Zanzibar's first post-independence government, but the ZNP and the ZPPP formed a coalition and led Zanzibar to independence. Zanzibar then became a constitutional monarchy under the Sultan in December 1963, however, this political settlement between the British and the Zanzibaris was short-lived. In January 1964, the ASP and UMMA Party orchestrated a revolution that deposed the ZNP-ZPPP government and the Sultan.¹⁶ In April the same year, Zanzibar united with Tanganyika to form the United Republic of Tanganyika and Zanzibar, which later became the United Republic of Tanzania.

¹⁵ After achieving autonomous internal self-rule known as Responsible Government in 1923, Rhodesia declared its independence from Britain in 1965 (Unilateral Declaration of Independence - UDI) and declared itself a republic four years later (Reed, 1993: 56), but failed to attain international recognition of this illegal political entity.

¹⁶ Various explanations have been put forward to explain the reasons for the revolution immediately after independence. Firstly, the revolution took place after the failure of a peaceful and universally accepted means; secondly, the revolution took place when the ZNP-ZPP was most vulnerable (were weak and ineffective in implementing suppressive measures used by the British); thirdly, the humiliation of the ASP and the majority of the Africans was at its peak *as a result of electoral manipulation* (Kaniki, 1979:381).

In Zimbabwe, the political settlement was complicated by the fact, that the two liberation movements, which gained the 'moral' right to negotiate the conditions for independence (ZAPU and ZANU united under the banner of the PF), were mainly operating from the outside Rhodesian territory, and were thus dependent on the support from their allies. This was one of the circumstances that led to an enforced political settlement from the viewpoint of liberation movements. First, after realising ZANU's weak position in the negotiations, Mugabe argued that negotiations had happened too soon and that time was not ripe for a political solution (Reed, 1993: 51).¹⁷

Second, the PF saw the LHA as unacceptable because of the substance of the agreement itself (see Box 1). The white minority in Rhodesia was clearly under 'the aegis' of the British, who sought to protect the settlers' economic and political interests in view of the prospective political dominance of the black population. As a dominant partner the British were able to incorporate their basic demands into the LHA,¹⁸ while the 'moral victory' of liberation movements, which was also supported by the increasing military gains in the guerrilla warfare, did not carry a lot of weight at the time.

¹⁷ As reported, despite their opposition to a negotiated settlement, the PF was pressurised into 'sitting at the negotiating table' in view of the withdrawal of the Front Line States' support if they were to refuse to do so. Other international developments, that compelled the PF to enter into negotiations, were calls for and promises of immediate recognition of Zimbabwe under Bishop Muzorewa, by the United States and Britain (Reed, 1993: 50-51).

¹⁸ At Lancaster House, the British proposed the creation of a bicameral parliament with entrenched white minority representation and a non-executive president. They further proposed safeguards for the existing distribution of land, as well as safeguards for the Rhodesian public service, both benefiting the white minority. This prevented any post-independence government to address the central issue over which the liberation war had been fought – the land redistribution. In order to secure control over the Rhodesian state, the PF proposed a unicameral parliament with an executive president, the retirement of all judges, and the right to retire civil servants or members of security forces, if it so chooses (Reed, 1993:51-52). These were only few points of dispute between the colonial power and the liberation movements, and as can be seen from the final provisions of the LHA, the British got their way.

Box 1: the Lancaster House Agreement (LHA)¹⁹

In Zimbabwe, the political settlement was arrived at with the signing of the LHA in 1979. This agreement included a constitution with some safeguards for the resident white minority: provision against seizure of property²⁰ and land, provision prohibiting any change in the constitution for seven years after independence, and a provision reserving 20% of the parliamentary seats for the white minority (Davidow, 1984 and Du Toit, 1995). In addition, the constitution forbade firing of white civil servants (Sylvester, 1985: 37).

In return the white minority agreed to a black government based on the Westminster model with an executive prime minister or president representing the majority group in parliament. The political settlement also ensured citizenship rights

and guaranteed fundamental freedoms, envisaged holding of elections, and application of the rule of law. In addition, the constitution mandated a multiparty system for ten years (Sylvester, 1985: 38).

An important part of the political settlement was the issue of land, which was a key grievance of independence movements. The future government of Zimbabwe was bound by the LHA not to engage in any compulsory land acquisition and those landowners, willing to sell their land would be paid prompt and adequate compensation. A fund was set up to that effect by the British and American governments between 1980 and 1990.

In both countries the basic requirement for independence was the introduction of a more or less (democratic) political system, modelled on the Westminster constitution. However, both countries did somewhat deviate from the model,²¹ especially after the former liberation movements had assumed power after winning their first post-independence presidential and parliamentary elections.

¹⁹ Lancaster House Agreement, 1979 [online] <http://www.zwnews.com/Lancasterhouse.doc>

²⁰ There was a 10-year guarantee on the inviolability of private property (Mandaza, 1986: 39).

²¹ TANU, which won the first elections based on the general franchise, earned the right to negotiate the terms of British departure. Nyerere managed to get his point across and insisted that Tanganyika's constitution would have no Bill of Rights because of two key issues: first, the inclusion of a Bill of Rights would hinder the government's endeavours towards speedy development; and second, the Bill of Rights would be used by the Judiciary, which at the time was mainly composed of white judges, to frustrate government policies and declare them unconstitutional (Mussa, 2005: 21). Apart from other provisions that have in a way prolonged the process of real decolonisation, Zimbabwe's liberation movements had to agree with the disproportionate and guaranteed representation of the white minority in the parliament.

(2) The second political settlement was the (in)formal 'political compromise' between local elites, which covered some important elements of the state-building process in both countries. However, it has proved to be quite a challenge to clearly identify what the main elements of the political settlement in both countries were. In both cases, however, the political settlement was clearly not a single event, and should therefore be viewed as being developed gradually/evolving through time.

In mainland Tanzania, there was no serious conflict amongst the ruling elites that required the conclusion of a political agreement to bring or to consolidate the winning protagonist in power. Therefore the ruling party's ideology/vision of independent Tanzania and how it was put into practice should give us an idea about the essence and the evolution of 'the political settlement.' In Zimbabwe, the political settlement that led to Zimbabwe's independence was also the basis of the internal political settlement, while the subsequent gradual erosion of the provisions of the agreement is an indication of its contentiousness for the ruling elite.

The evolution of the political settlement in both countries will therefore be analysed through a thematic and historical review, which will focus on the following main areas: nation-building as a fundamental process supporting the state-building in any state, which was basically the foundation of the political settlement in both studied countries; the nature of the political system, which was an important part of the political settlement in Tanzania and Zimbabwe, as well as an understanding between elites as to who will have the access to state/economy's resources and to what extent ('elite bargain').

3.2.1 Nation-Building

Nation-building constitutes an important element of the state-building process, since achieving legitimacy and nurturing loyalty of population necessarily requires relatively successful nation-building (Whaites, 2008: 5). It is important to note that nation-building in both studied countries had inter-ethnic and inter-racial dimensions, which needed to be addressed to support the state-building process.

In the pursuance of nation-building 'projects,' the ruling parties in both countries made efforts to ensure the inclusiveness of their regimes by trying to incorporate the elites of different social groups into the political system. In this regard, Tanzania appears to have had a much better success in actually achieving this desired goal, since the government made conscious efforts to build the state on the basis of inclusiveness as the guiding principle. As opposed to the inclusive cooptation policy of Tanzania's ruling regime, ZANU-PF's nation-building efforts were based on two 'pillars': the policy of reconciliation with the white population, and removing the potential threats to the ruling regime from other ethnic groups, especially the Ndebele, by destroying or bringing on board political rivals. This nation-building policy, however, had worked reasonably well until 2000, when the regime in power prioritised its survival over nation-building policies.

After analysing the (un)successful attempts at creating a sufficient degree of national unity to support state-building processes in the studied countries, it can be concluded that several factors/circumstances were important for nation-building:

1. the size and the number of ethnic groups;
2. the history of ethnic tensions and conflicts;
3. the ruling regime and its ideology (not) supporting tolerance amongst diverse ethnic groups and their inclusion into the government;
4. recruitment policies in public administration and government; and
5. language policy.

(1) The size as well as the number of ethnic groups seems to have been a factor in the nation-building process in both studied countries, working for or against the achievement of national unity.

In Tanzania no ethnic group is dominant in the country, since out of the 120 ethnic groups the largest ethnic group – the Sukuma – constitutes no more than 13% of the total population. Others include the Nyamwezi, Chagga, Haya, Hehe, Nyakusa and Makonde. These six ethnic groups each account for less than 5% of the population (Nyang'oro, 2004: 7). This situation worked in favour of government policy of inclusive cooptation, at least on the mainland Tanzania.

In Zimbabwe, the Shona constitute the vast majority (between 80 and 84%), which is also reflected in the composition of the political leadership, the armed forces or civil service. The Ndebele are the second largest ethnic group, representing 10-15% of the population, while the white minority, who had never represented more than 5,5% of the total population before independence, has considerably decreased in numbers in the first decade after independence (about two thirds left according to some reports) (Selby, 2005: 117). Such ethnic composition worked in favor of Shona dominance in the political life, while the economically powerful white elite was successful in retaining its privileges and social status in society, at least until 2000.

(2) The history of ethnic and racial tensions is intrinsically linked with the size and number of ethnic groups, as well as the policies of the colonial administration.

In Tanzania, ethnic tensions and conflicts were not a major problem, since TANU made deliberative efforts to support the nation-building process and create national unity from numerous ethnic groups already in the pre-independence period. The history of racial and ethnic tensions on Zanzibar islands go back to pre-colonial and colonial periods when the oppressive Omani Arab Sultans (who were always a minority) ruled over the Shirazi's (a product of Arab and Africans) and African population. During colonial rule, the British ruled the island through the Sultans who continued to oppress the vast majority of the population.

In Zimbabwe ethnic rivalry can be traced back to the pre-colonial wars between the Shona and Ndebele. At the time of colonialism the British exploited the existing rivalry between these two major ethnic groups by siding with one group over the other, resulting in deepening of the divisions between both ethnic groups (Muzondidya and Ndlovu-Gatsheni, 2007). This intensified ethnic rivalry was not the only historical legacy of colonialism; the white settlers that had economic as well as political power in Rhodesia were an 'unpleasant' remainder of foreign domination.

(3) The essential part of the nation-building process in both studied countries was the manner in which the government dealt with ethnic and racial division in the country. Tanzania's nation-building was based on the principle of inclusive cooptation, which was more or less successful on the mainland Tanzania, but has bore less fruit on Zanzibar islands. Zimbabwe's policy of reconciliation worked well between 1980 and 2000, when the pragmatic concerns of the ruling party, which supported the policy's continuation, were replaced by concerns with the regime's survival.

The policy of Tanzania's leadership as regards inclusiveness of the ruling party has been more or less consistent from the pre-independence period until today. In Tanzania, inclusiveness was the main principle and the most important element of nation-building process (and political settlement by extension). The ruling party basically represented an informal grand coalition of many interests/sources of power: political, economic, social, and military,²² and this has been seen as a source of state resilience (Dashwood and Pratt, 1999; Kaya, 2004; Kelsall, 2002). In this regard it is also worth noting, that at the same time inclusiveness was the principle on which the hegemony of the state over other potentially rivalling institutions, such as trade unions and cooperatives,²³ was based as opposed to the principles of exclusion and domination, for example.

²² For example, as argued by Lindemann and Putzel (2008: 13), about 37% of ethnic groups were represented in the leadership, as well as every region.

²³ From the 1960's traditional chiefs were replaced by party appointees or elected officials; the powerful trade unions, which managed to organise a series of strikes in 1961, were made impotent by the formation of the National Union of Tanganyika (NUTA) in 1965 with compulsory membership for workers; the cooperatives, which still managed to retain some control in the 1960s, were put under party control in the 1970s; and the subordination of National Assembly to the ruling party was made absolute, especially after 1965 when Tanzania formally became a one party state (Williams and Hackland, 1988: 176-179).

The only serious challenge to the grand coalition among Tanzania's elite and consequently to nation-building process appears to emanate from Zanzibar, where deep historical racial divide in the islands between the descendants of Arabs and Africans continues to date.²⁴ This divide has political implications by creating tensions between unionists, advocating for the continuation of the union with the mainland Tanzania, and nationalists who feel that there is a need for the two territories to separate. The inter-racial relations gradually improved in the 1970s and 1980s, but the old tensions resurfaced with the introduction of multi-party politics and culminated in violent clashes around the 1995, 2000 and 2005 elections (Bakari, 2001 and Nyang'oro, 2004, 2006).

To counterweight the severe social cleavages in the society, the ZANU-PF government adopted a policy of reconciliation immediately after the independence to deal with 'the problem of white minority.' The policy of reconciliation was basically a pragmatic response to the limitations that were placed on the ZANU-PF government by the provisions of LHA, as well as a pragmatic realisation of the economic benefits potentially arising from skilled and economically powerful white minority.

However, it would be difficult to argue that this policy ever resulted in real reconciliation between the two races. On one hand white people continued to be perceived as a privileged class, socially and culturally isolated, and reluctant to integrate with native Africans (Huyse, 2003). The uncompromising stance and style of Ian Smith's all-white party – the Conservative Alliance of Zimbabwe (CAZ) (Moyo, 1992: 314) - did not help move the country towards national reconciliation, since it sought to promote the position of white people in Zimbabwe.

On the other hand, President Mugabe was always conscious of the potential threat of being overthrown by the white settlers with the support of the white racist regime in neighbouring South Africa, which had significant economic interests in Zimbabwe given the high level of investments in the country.²⁵ For this reason, Mugabe could never really warm up relations with the white minority, and this undermined any attempt at effective reconciliation between the two races.

²⁴ In the pre-colonial period Arab Sultans ruled over the majority African population on Zanzibar and Pemba. When the British took over the territory in 1890, they ruled the islands indirectly through the Sultans until Zanzibar received its independence on 10 December 1963 as a constitutional monarchy. Zanzibar had experienced a long history of inequality between the minority Arabs and the majority Africans; hence the nationalist struggles within Zanzibar sought to overthrow the Arab rule and not the British (Bakari, 2001). The January 1964 violent revolution that overthrew the Sultan was explicitly racially and ethnically charged, and revolved around the question of access to power – both political and economic (Sheriff and Ferguson, 1991). The revolution saw several thousand Arabs (5,000-12,000 Zanzibaris of Arabic descent) and Indians killed, thousands more detained or expelled, their property either confiscated or destroyed.

²⁵ According to reports South Africa controlled around a quarter of the Zimbabwean economy (Herbst, 1990: 114, Du Toit, 1995: 118).

The Unity Accord²⁶

The negotiated settlement between two rivals (Unity Accord) had the following main points of agreement:

ZANU-PF and PF-ZAPU have committed themselves to unite under one political party, named Zimbabwe African National Union (Patriotic Front) - ZANU-PF;

Robert Gabriel Mugabe shall be the First Secretary and President of ZANU-PF;

ZANU-PF shall have two Second Secretaries and Vice Presidents who shall be appointed by the First Secretary and President of the Party;

ZANU-PF shall seek to establish a socialist society in Zimbabwe on the guidance of Marxist-Leninist principles;

ZANU-PF shall seek to establish a one party state in Zimbabwe;

the existing structures of ZANU-PF and PF-ZAPU shall be merged in accordance with the letter and spirit of the accord;

steps will be taken to immediately end the insecurity and violence prevalent in Matabeleland.

Another important factor that obstructed nation-building in Zimbabwe was ZANU-PF treatment of the black opposition in the country. As part of his vision of a single-party state, Mugabe was set to discredit, marginalise or defeat any potent political force in the country, but especially PF-ZAPU with its strong Ndebele support base in Matabeleland. The relationship between former allies, who were able to negotiate the independence for Zimbabwe, collapsed ending the government of national unity, and country plunged into various forms of civil strife from 1982 to 1987 (Moyo, 1992: 314).

²⁶ In November 2008 the members of ZAPU convened a meeting, where it was decided, among other things, that the political structures of ZAPU cease to operate under the title ZANU-PF and resume the title ZAPU, and that that all party structures operate under the authority of the Constitution of ZAPU. This resulted in a party-internal controversy which culminated in an official severing of ties with ZANU-PF in December 2008. Since then, the party alleges a campaign of intimidation against it, lead by the ZANU-PF militia, and marginalization and exclusion from ZANU-PF structures of all former ZAPU members. The party's interim chairman is Dumiso Dabengwa, a former Home Affairs minister. The party plans to hold a conference to elect new leaders by April 2009.

The December 1987 negotiated settlement – the Unity Accord (see Box 2) – between the ZANU-PF and PF-ZAPU ended the conflict between them.²⁷ In accordance with the settlement, Nkomo and other PF-ZAPU leaders were brought back into the government. This, however, cannot be viewed as a form of national-unity government, since PF-ZAPU did not form a government with ZANU-PF, but was rather subsumed into the ruling party²⁸ (Ohlson *et al.*, 1994: 90) in its quest for a single party system. The former opponents were subsequently sidelined/marginalised within the government and country's politics.

(4) In both Tanzania and Zimbabwe the government tried to support its nation-building policies by forming a government and administration that would reflect the ethnic diversity of their respective societies.

TANU's inclusive cooptation policy was also reflected in the government recruitment policies. McGowan and Wacirah (Lindemann and Putzel, 2008) observe that as a result of this policy the Tanzanian elites were largely representative of ethnic, regional and religious divisions. Furthermore, the post-colonial government adopted acts that would impinge on exploitation based on ethnicity, religion or regional identity. For example, civil servants could not serve in districts they originated from; and half of those attending secondary school would do so in a district other than the one they grew up in (Kaya, 2004: 165).

Similarly, after independence the Zimbabwe's government focused on dismantling colonial institutions and laws that had polarised various ethnic groups (De Waal, 2002). For example, civil servants were to be deployed away from their districts of origin. Other than institutional restructuring, the Zimbabwean government initially formed a government of national unity by bringing in members of the opposition into the cabinet as part of its nation-building strategy. Mugabe's first cabinet included members from the Rhodesian Front and PF-ZAPU (Atlas and Licklider, 1999:40). These initial attempts were soon overturned by ethnic tensions between the two largest ethnic groups: the Shona and the Ndebele, resulting in the *de facto* discrimination of non-Shona ethnic groups. For example, the potential to get employment or rise through the civil service, armed forces is still pre-determined by ethnic group.

²⁷ PF-ZAPU wanted to end the war for fear of being further marginalised, since it had not made clear gains in opposing ZANU-PF (Ohlson *et al.*, 1994: 90). Mugabe needed to bring the violence in the country to a halt to encourage white commercial farmers to remain in Matebeleland, and avoid any excuse from Pretoria to execute the much feared invasion of Zimbabwe.

²⁸ According to Jenkins (1997a: 591) the talks leading to the Unity Accord were a complete victory for Mugabe and ZANU-PF. The party had conceded hardly any point, while PF-ZAPU received very little of its original demands – three ministerial posts.

(5) Although the language policy of the post-independence governments was maybe not the most important factor in creating a sense of national unity in the countries under review, it did play 'a supporting role' nevertheless, at least in the case of Tanzania.

As part of its nation-building policy TANU promoted Swahili as the language of instruction and communication amongst different ethnic groups (Kaya, 2004: 165). This importantly added to the fact that most people came to see themselves first and foremost as Tanzanians, speaking a single common language. Language was also central to the nation-building process in Zimbabwe, since the government language policy emphasised the teaching of both Shona and Ndebele to develop a spirit of nationhood among the young, while at the same time it promoted Ndebele and Shona, alongside English (Muzondidya and Ndlovu-Gatsheni, 2007). This and other policies, however, were not sufficient to avert other more powerful factors of ethnic disunity in the country.

3.2.2 The Nature of the Political System

In both Tanzania and Zimbabwe the political systems can be best described as authoritarian, although ruling elites did mention democracy as a goal in relation to the existing political systems.²⁹ The de jure or de facto single party system was used in both countries as the main component of the political settlement, although in different ways. In Tanzania, the ruling party represented an informal grand coalition of interests, which worked reasonably well, and was able to change the elements of the political settlement through the evolution of its policies.³⁰ ZANU-PF used the single party rule as a means to defeat, harass or incorporate political opponents since this was its main goal – to remain in power unopposed and unchallenged. Some other similarities and differences between the two ruling regimes are highlighted below.

²⁹ In Tanzania the institutionalization of social, economic and political equality was to be achieved through the creation of a central democracy (Dashwood and Pratt, 1999).

³⁰ During the single party era this was largely the case up until 1995. However, unlike in mainland Tanzania, the struggle for political power in Zanzibar has largely been shaped by the politics of identity on the basis of race. Hence, with the advent of multipartyism, there has been the resurgence of identity politics which existed at independence which has revived unresolved questions concerning the control of the state in Zanzibar, its identity, and its sovereignty which are demonstrated by politicized racial identities during campaigns: 'Africans' vs. 'Arabs'.

Firstly, both ruling parties subscribed to a form of leftist (socialist) ideology, which was an alternative to capitalism, often identified with colonialism and neo-colonialism. In practice, however, President Nyerere's commitment to the transformation of society was supported by 'socialist' policies,³¹ while President Mugabe's Marxist and Leninist rhetoric was not reflected in decision-making³² due to at least two reasons: first, the limitations placed upon the ruling regime by the provisions of the LHA, and second, Mugabe took a pragmatic approach in dealing with the white economic elite recognising the benefits of the status quo for the economy and consequently his regime.

Secondly, in Tanzania and Zimbabwe, the ruling parties made several attempts to slowly consolidate themselves in power by bringing the state and its branches firmly under their control.

Immediately after independence, the Tanzanian government was faced with a fragile political situation in the face of a military mutiny and the 1964 violent government overthrow in Zanzibar. Despite these obstacles, TANU was able to consolidate itself into a powerful party that became coterminous with the Tanzanian state. The ruling party's dominant position was secured by a series of policy decisions and measures that rested on a combination of centralized authority and inclusive cooptation.³³ From 1977, the reality of a one-party state was even more apparent with the creation of the Revolutionary Party (Chama Cha Mapinduzi – CCM) to help solidify the cohesion of Tanzania.³⁴

In the early 1980s Zimbabwe's President Mugabe made it clear, that he hoped to install ZANU-PF as the de facto ruling party in 1985 and to establish a de jure single party state by 1990 (Sylvester, 1985: 38). Since the provisions of the LHA did not support the vision of the state Mugabe wanted, especially the provision on multiparty politics, Mugabe resorted to different tactics to decrease the power of rival parties,³⁵ and ZANU-PF

31 Nyerere's central domestic preoccupations during his Presidency, were in short: commitment to development of the Tanzanian economy, also through securing and retaining national control of the direction of Tanzania's economic development; commitment to participatory democracy through the one party system that would sustain the sense of common purpose uniting Tanzanians; commitment to equality and building a just society, free of severe income inequalities (Pratt, 1999:138-139).

32 In 1972 ZANU-PF adopted a political program/ideological guide, which promised to place all means of production in the hands of the people of Zimbabwe, and to create a truly socialist, self-supporting economy, organised on the principles enunciated by Marxism-Leninism. Furthermore, ZANU-PF saw itself as a vanguard of a revolution for socialist transformation, rather than endorsing the holding of democratic elections (Reed, 1993: 41). Therefore, in line with the professed ideology, Mugabe was expected to turn Zimbabwe into a radical society. The LHA, however, prevented ZANU-PF from making any significant changes to the Lancaster Constitution during the first ten years in power. He modified his image by publicly committing himself to the politics of compromise, national reconciliation, and to expanding but not restructuring the country's economic base (Moyo, 1992: 315).

33 For instance, the Interim Constitution of 1965 formalized the one party state and declared the ASP the ruling party of Zanzibar and TANU the ruling party of Tanganyika.

34 CCM was created with a merger of two main parties in Tanzania: the ASP of Zanzibar and TANU of Tanganyika.

35 The government tactics relied on discrediting of opposition parties as being inclined towards South Africa and public condemnation of the rival party leaders. These tactics were in contradiction of government's stated concern with national reconciliation (Chikwanha-Dzenga et al., 2001:3; Jenkins, 1997a: 591; Sylvester, 1985: 38).

increasingly emerged as an authoritarian political movement imbued with a sense of its exclusive right to rule.³⁶

Mugabe slowly began to realise his vision in the decade after independence by using emergency powers (inherited from the Smith regime), changing laws and the constitution,³⁷ discarding the LHA provisions, and ensuring that the white minority was kept out of politics after burying the constitutional provision allowing the separate voting roll for white minority.³⁸

Another way of ensuring the dominance of the ruling party was to adopt a tactic of eliminating the strongest opposition by absorbing it into ZANU-PF's ranks, buying opponents off with posts in government, and patronage. Mugabe also weakened civil society by incorporating some senior members of civil society into the government while silencing others.

Despite ZANU-PF's successes at the 1980 and 1985 elections, the desired single-party hegemony was boosted when PF-ZAPU merged into ZANU-PF after concluding the Unity Accord. The accord, which ended the civil strife in the country, removed the final obstacle in ZANU-PF's quest to establishing a de facto single party system.

Thirdly, in both studied cases the ruling party used various degrees of force to deal with segments of the population, which were dissatisfied with government policies and/or with governmental responsiveness to their demands.

³⁶ This sense was based on ZANU's history as a liberation movement, which was transformed into a vanguard party, and represented the aspirations of the masses. Thus, any rival political movements, which lacked this legitimacy, could be properly suppressed (Brett, 2005: 6).

³⁷ For example, a unicameral legislature was introduced in 1990, and the constitution was changed the same year to enable the ZANU-PF leader to automatically become the Head of State at the same time (Jenkins, 1997a: 592).

³⁸ With constitutional amendments abolishing separate voting rolls, most white people withdrew from electoral politics and they only resurfaced on the electoral scene in 2000, when democratic forces in Zimbabwe wanted a new constitution and Mugabe's 'resignation' as president of the country. At the same time, the white economic livelihoods became threatened by the government confiscation of white commercial farmers' land (Huyse, 2003).

In Tanzania the most prominent case of the state using force on its citizens occurred in 1969 when the state relocated small cash crop farmers who had refused to be resettled into designated communal villages. Also, the Tanzanian government used para-military forces to quell the electoral violence in Zanzibar in 2000 and 2005. In Zimbabwe, however, systematic and consistent state repression has been a feature of the political system since independence (repression in Matebeleland and use of force towards opposition supporters).

Fourthly, the single/dominant party rule³⁹ was, in both countries under review, accompanied by the strong personal rule of Julius Nyerere and Robert Mugabe.

Nyerere led Tanzania since independence until 1985, and it was his vision of the state that was the basis of government policies. His unshakable belief in his mission to lift Tanzania out of poverty led him to institute a form of authoritarianism based on his political ideology of African socialism, which he deemed as the best policy for poor countries like Tanzania.

In Zimbabwe, Mugabe's quest for a single party state was also accompanied by a strong-man rule, where the power rested with the President, who also dominated the party, the legislature and government. The party and the President also built up an economic empire, controlled the media, and meddled in the dispensation of justice.

In many ways, the authoritarian nature of the single party rule worked in favour of state-resilience and political stability in Tanzania, at least in the mainland, since it was a means for achieving unity and push forward with the principles of the Arusha Declaration. In Zimbabwe the de facto single party rule was sought by the ruling regime to entrench itself further and realise a de jure single party state under Mugabe's leadership. Consequently, the ruling elite struggled with the achievement of political stability largely because of the regime's authoritarian nature. Therefore, in Tanzania, the single party state was an instrument/means for achieving a series of policy goals, whereas in Zimbabwe the single party state was the goal.

The single party state came under attack in both countries after a period of economic hardship, which decreased the ability of the ruling elites to maintain the elite bargain. However, the ruling parties responded differently to challenging circumstances: by embarking on the process of political liberalisation (Tanzania) and by manipulating and crushing the mounting opposition to the ruling regime (Zimbabwe), which eventually led to the break-down of the reconciliation policy.

In Tanzania, Nyerere (1979: 43) acknowledged that ten years after the adoption of the Arusha Declaration (see section 5.1.2), Tanzania was neither socialist nor self-reliant. In addition, after decades of unsuccessful economic policies and flawed economic reforms, and in view of a dissatisfied population, Nyerere resigned as president of Tanzania, but remained president of CCM until 1990.

³⁹ Single party rule become institutionalised by means of constitutional changes, and political opposition is marginalised through cooption, harassment and patronage. The same can happen to potentially strong lobby groups such as trade unions (Jenkins, 1997a: 578).

This resignation was not only an outcome of the crisis of political legitimacy in view of the economic decline, but also the result of a political struggle within the party between the pragmatists, who favoured economic reforms, and the socialists, who remained committed to the old system. The rising influence of the pragmatists within CCM resulted in the reconciliation of leading government and party positions under the reform-oriented faction led by Ali Hassan Mwinyi.

As outgoing CCM chairman, Nyerere requested the party to consider the move to multiparty democracy in 1990, arguing that CCM would ensure a minimal disruption of day-to-day politics and avoid political conflict as seen in neighbouring countries by taking the lead in the democratization process.⁴⁰

The main change that occurred in Tanzania's politics was undoubtedly the formal dismantling of the single party state, which was undertaken by the ruling party itself (top-down democratisation). This controlled process of political liberalisation, however, has not weakened the dominant position of CCM in the Tanzanian politics for several reasons:

- the newly formed opposition parties have not been able to build national presence or build sufficient social base to threaten this dominance,
- CCM still enjoys massive advantages in terms of population support, party funding and access to resources given its entrenchment within the state, and most importantly,
- CCM has managed to remain inclusive, reflecting many of the society's cleavages (Kelsall (2002: 608; Lindemann and Putzel, 2008: 30-31).

In this way, CCM was an undisputed winner of every democratic election, and was thus able to maintain its grip on power, making Tanzania a de facto dominant party state, where the executive still dominates the judiciary, legislature and public administration. In addition, the introduction of multipartyism represented a revision of the existing political settlement, which was adjusted to deal with the challenges of the new international and domestic political changes. However, at the same time the main element of the political settlement – the grand coalition - was preserved throughout the transition to a more democratic political system, and this coalition was able to set out the path the democratization process would take in Tanzania.⁴¹

⁴⁰ In 1991, Mwinyi appointed the Chief Justice Francis Nyalali to set up a presidential commission (Nyalali Commission) to assess the desirability and mechanics of change to multipartyism. It is worth noting that the Commission recommended the adoption of the multiparty system, even though 77% of those interviewed wanted a continuation of the single party system (Nyalali Commission Report. vol. I, 1992, p. 60).

⁴¹ Political liberalisation by Tanzania in the early 1990s took the form of four key acts: separation of CCM from the government; introduction of multipartyism; separating the trade union from the ruling party; and granting freedom of press and freedom of association (Tripp, 2000: 197).

Even though ZANU-PF still remains in power in Zimbabwe, its dominance and grip on power is questioned by large segments of population, which is also reflected in the increasing support of the opposition movement. The first major challenge to ZANU-PF's hold on power came in September 1990 when Mugabe failed to get the support of the ZANU-PF Central Committee to endorse his plans to establish a de jure single party state in Zimbabwe due a number of factors, but mostly due to the strong influence of 'technocrats' who viewed Mugabe's plans as detrimental to the economy in the sense that they would exacerbate corruption and inefficiency.

After several largely unsuccessful attempts at challenging ZANU-PF's grip on power in the 1990s,⁴² the party's monopoly in national politics was finally shaken in 1999 with the emergence of the Movement for Democratic Change (MDC), a predominantly urban and labour-based movement led by the former trade unionist Morgan Tsvangirai.⁴³ Almost a decade later, ZANU-PF lost its parliamentary majority for the first time since independence to the MDC (parliamentary elections of March 2008), while Mugabe was declared the winner of the run-off presidential election of June 2008 after an alleged campaign of intimidation and violence against the MDC supporters. The Agreement on an Inclusive Government was signed in September 2008,⁴⁴ but has so far failed to be implemented in practice for a number of reasons.

Another sign of ZANU-PF's decreasing legitimacy was the loss of the referendum in 2000 that would have enabled the government to seize farms owned by white farmers, without compensation, and transfer them to black farm owners. Apart from raising questions about the governments' legitimacy in the midst of a declining economy, the economic downturn represented the beginning of an end of the reconciliation policy between black and white elites. The implicit agreement that had been made between the two groups after independence was beneficial for both parties since on the one hand the white Zimbabweans were allowed to stay and lead the settler lifestyle (Du Toit, 1995: 136; Herbst, 1990: 222), and stayed out of politics, in return for not interfering with Mugabe's quest to create a single party strong-man state. After 2000, when Mugabe began to play the land card to buy the dwindling support, the white population got involved in politics by working with the black opposition to establish a democratic regime, which in practice meant the break-down of one important element of the political settlement – the policy of reconciliation.

In sum, while in Tanzania there were no serious contenders to replace the ruling party at the time the citizens' support was dwindling, the regime in Zimbabwe had to deal with the growing opposition movement in the face of the increasing hardship in the country. In this way, and in line with its legacy of bringing about changes in a peaceful way, CCM

42 After ZANU-PF's failure to achieve a de-facto one-party state, ZANU-PF's political hold was challenged by various attempts to form opposition parties in the 1990s, but the parties were largely unsuccessful in constructing national constituencies and in providing popular alternatives to ZANU-PF due to ruling party's intolerance of opposition and dissent, among other things. Moreover in the face of state repression and an electoral system that provided little space for them to score electoral victories, these parties were not able to develop viable structures or political support (Sithole, 1997; Makumbe and Compagnon, 2000; Raftopoulos, 2006).

43 The MDC won 57 seats out of the 120 elected seats in the 2000 parliamentary elections.

44 The agreement proposes that Tsvangirai takes the position of Prime Minister with two deputies. He would be in charge of day to day government management through a Council of Ministers, which will be joined by President Mugabe two Vice Presidents to make up a Cabinet. The Prime Minister would also be a member of a new National Security Council, a successor to the current Joint Operations Committee (JOC). ZANU-PF would be allocated 15 ministries, while the combined MDC would lead the remaining 16 ministries.

was able to confidently and peacefully lead the democratisation process in Tanzania, thus recapturing the weakened support of the citizens, and addressing donor conditionalities at the same time (Hyden, 1999: 154; Tripp, 2000: 197). On the other hand, faced with decreasing support of people, the ZANU-PF government relied on its legacy of state repression and violence against the dissenting groups not only to survive, but also to stay in power.

3.2.3 The Elite Bargain

In both case studies, the regimes tolerated certain levels of corruption and maintained extensive patronage networks that supported the allegiance of the members of the ruling elite. Zimbabwe's politicians used a system of patronage that included dishing out of land, government positions etc., while in Tanzania, government policies were geared towards ensuring that all the relevant elites had access to various state resources, which was the basis of Tanzania's elite bargain. The successful macro-economic management of the state proved to be key in this regard, since economic problems usually represented a threat to the existing elite bargain by decreasing the availability of state resources.

In both studied cases, the economy was largely characterised by the state's interventions and control over the private sector. Such 'statism' may be a characteristic of either socialist or capitalist regimes. The state therefore becomes the major source of upward mobility, status, power, and wealth as the administrative class preserves its power through patronage networks, and the political system is dominated by competition for access to public resources (Jenkins, 1997a: 578).

The access to public resources was instrumental for maintaining the elite bargain in Tanzania and Zimbabwe. In addition, sound macro-economic management was instrumental for supporting the interests of the (white) economic elite, and therefore the reconciliation policy in Zimbabwe. In both studied cases the economic crisis put a strain on the ruling regime in terms of decreasing the availability of rents, and the tolerance of high levels of corruption was one of the government responses.

As already noted, the ruling informal grand coalition in Tanzania had to be supported by an inclusive elite bargain, which the ruling party was also able to maintain through times of economic crisis. Given the fact that Tanzania had over 120 ethnic groups and was one of the least developed countries since independence, and remains one of the poorest countries in the world, this was indeed an admirable achievement.

The increased role of the state in the economy after independence, especially after the adoption of the Arusha Declaration in 1967 (for more see section 5.1.2), has been seen as instrumental for securing and servicing the means for the continuation of elite bargain and the party's hegemony over state structures. The nationalisation of the various industries, for example, expanded parastatal sector and created a huge reservoir of well-paid employment, which made it relatively easy to satisfy Tanzania's educated elite and accommodate ethnic, regional and other cleavages in the country. Furthermore, the tight control over agricultural surplus, the main source of wealth in the country at the time, provided the party with another source of rent-sharing for the ruling elite (Fisher, 2006: 548-552).

The dramatic economic crisis of the 1980s represented an imminent threat to the material base of Tanzania's elite bargain. As the crisis-ridden economy generated a sharply declining supply of rents to reproduce the grand coalition, there was a clearly perceived need for economic adjustment and reform. At first, the reforms were cautious and home-grown, but after 1986 when Tanzania reached an agreement with the IMF, economic adjustment policies were accompanied by deteriorating living standards for the bulk of the population. However, structural reforms in public administration and the parastatal sector - the basis of elite bargain, remained minimal in the 1980s (Boughton, 2001: 598-603).

Even though the elites were also affected by the economic crisis, new ways for elite accumulation emerged. As the formal economy declined, those with access to political or administrative power made use of their control over a wide array of licences, taxes, subsidies, and the like to derive extra income. After partial market liberalisation in the 1980s, the economic system became increasingly characterised by corruption,⁴⁵ land grabbing and lawlessness (Schatzberg, 2001: 170).

Despite the down side of the economic reform process of the mid 1990s, Tanzania's economy has since then experienced a steady growth pattern. Even though the elite bargain was and still is being successfully maintained, questions arose as to how the structural reforms the government undertook in public administration and parastatal sectors (traditionally used as the basis for maintaining the elite bargain and at the time, for the liberalisation of the economy), would endanger the manifold commercial rents that had existed in the statist economy. There are trends indicating that despite the still considerable size of the public administration and the parastatal sector, rent-seeking is at least partly shifting away from the state and is becoming entangled with private capital in a highly localised context (Lindemann and Putzel, 2008: 33).⁴⁶

⁴⁵ According to Chabal and Daloz (1999:101), a 'moral economy of corruption' exists whereby corruption is an expected part of every social transaction and is therefore practised at all levels of society. This is because corruption is driven by the need to show generosity and meet communal obligations. It represents the successful adaptation of traditional social practices to the demands of the modern economy at the expense of the public good. This is very much how one can depict corruption in Tanzania, especially in public institutions, where it is often conducted by well-organised networks with a high degree of trust and reciprocity among the network members (Rose-Ackerman, 1996; Gehlbach, 2001).

⁴⁶ For example, in the cashew nut sector, there has been collusion in the cashew board between the local government, traders and investors to extract rents from the cashew farmers (Chachage and Nyoni, 2001 cited in Kelsall, 2003).

After assuming political power in post-independent Zimbabwe, ZANU-PF was preoccupied with balancing majority interests, which had mainly to do with distribution of land and the support of the peasantry, and the interest of the white minority, who dominated the economy.⁴⁷ In other words government economic policy was largely preoccupied with the policy of reconciliation with the white minority, and in the long-term this policy took precedence over any other policies leading to the thorough transformation of socio-economic relations in the country.

First, the government did not seek to dismantle a corporatist policy regime⁴⁸ that had been created by its settler-based predecessor, and only added some redistributive elements to it. ZANU-PF was able to use the corporatist apparatus to allocate jobs, contracts, and rents to favoured supporters, and maintain a virtual political monopoly over macro-economic policies (Brett, 2005: 6, 13).

Second, the policy of reconciliation resulted in the white minority securing representation through interest groups, which were strongly linked with the executive branch of government outside electoral politics. This enabled them to safeguard their economic interests, by protecting themselves from the redistribution of their assets, and by giving them a disproportionate influence in the formulation of economic policy. Consequently, the fundamental structure of ownership remained largely intact, and left power of the private sector entrenched (Jenkins, 1997a: 589-590).

The unsustainable post-independence economic policy, which was beginning to threaten ZANU-PF's ability to extract the resources required to maintain its patronage networks and support its popular base,⁴⁹ led to the liberalisation of the economy and the adoption of a home-grown ESAP (Economic Structural Adjustment Program) in 1991.⁵⁰ However, ZANU-PF's continuing need to pay its political debts made it impossible for ZANU-PF to cut the budget deficit, and this, together with external factors,⁵¹ and the complex and conflictual nature of the economic policy changes it had to make, produced unsustainable threats to its ability to buy political support (Brett, 2005: 14).

47 At the independence, the white minority controlled the best lands, the mineral concessions, the industries, the financial sector, and the majority of freehold rights in urban areas, as well as professional, managerial, and skilled jobs. Over 90% of the marketed agricultural output came from white/foreign-owned farms, which provided 35% of the employment in the formal sector and over one-third of exports. Not only did constitutional provisions make it difficult forcibly to change the ownership structure, but it was easy for economic elites to play on the fears that falling production would follow too rapid redistribution. The potential for white flight as witnessed in the neighbouring Mozambique was, at least in part, a motivating factor behind Mugabe's policy of reconciliation with white settlers after the war. Settler-dominated interest groups were not slow to remind political leaders of the consequences of a loss of output if their production was impeded (Jenkins, 1997a: 581).

48 The main elements of this regime included: state control over prices, resource allocation and investment, state ownership of utilities, agricultural marketing agencies, some companies (parastatals), the setting of the minimum wage, increased expenditure on basic services, public sector and civil service employment, etc.

49 For example, the existing development strategy was not delivering jobs (Jenkins, 1997a: 590).

50 The economic reforms were largely locally designed to encourage job creation and growth by transferring the control over prices from the state to the market, improving access to foreign exchange, reducing administrative controls over investment and employment decisions, and reducing the fiscal deficit. The reforms had widespread support at home and were introduced before economic problems got out of control (Brett, 2005: 10).

51 In the 1990s Zimbabwe's economy was affected by recurring droughts (1992, 1993 and 1995), negative trends in the terms of trade, and the cancellation of a trade agreement by the ANC government of South Africa (Brett, 2005: 11).

Meanwhile, political support was getting increasingly hard to attain, especially after the deepening economic crisis taking place since the end of 1990s, which had its genesis in policies implemented from 1997 onwards (for more see section 5.1.2). From 1991 to 1996, the Zimbabwean government showed some progress in liberalising the economy, but the cost of adjustment fell more or less on workers and poor people. Growing opposition resulted in the government losing its commitment to economic reforms and subsequently they have never been implemented (Chiripanhura, 2005: 48).

Even more, in order to preserve the status-quo, the government used oppression and violence to suppress the opposition on one hand, and continued to allow the growth of corruption, which had become a part of the patronage networks in Zimbabwe soon after the independence.

The fortunes of black elites increased markedly after independence but public-sector salaries, although high, were insufficient to enable top civil servants to keep up with the conspicuous consumption of the professional blacks in neighbouring countries such as Zambia. The resulting cases of fraud and corruption resurfaced in the mid-1980s. By 1993 fraud in the parastatals and corruption in the public service had reached seemingly epidemic proportions. Political office was extensively used for private benefit, and public administration became a system of patronage.⁵² Resources intended for the poor were frequently appropriated for personal gain. For example, Ministers, Members of Parliament and civil servants were granted leases to state farms, some of which had been intended for resettlement (Jenkins, 1997a: 594-5). Since the politicians were beneficiaries of the corruption, they silently condoned it. They thus lacked the zeal to comprehensively reform the economy in ways that would have closed the loopholes they exploited for self-enrichment (Chiripanhura, 2005: 49).

⁵² The War Victims Compensation Fund was looted by senior politicians and government officials. Tenders were awarded to politically connected persons. These corruption cases came to light after 1996, yet there are no convictions arising from these crimes to date (Chiripanhura, 2005: 49)

3.3. Conclusion

After introducing some background information relevant for the understanding of the state-building processes in Tanzania and Zimbabwe, this section of the paper has provided an overview of the central features of the political settlements in both countries. Some of the main findings are summarised below, largely focusing on the political settlements that were the basis of independent state-building ('internal political settlement').

1 Initially, the state-building process was set off by a political settlement between departing colonial power/administration and the anti-colonial/liberation movements. While in Tanzania the decolonisation process was peaceful and conducted in line with other similar processes in British colonies, ZANU and ZAPU secured Zimbabwe's independence from outside the territory that they hoped to govern on the basis of the LHA, which was largely seen as an imposed political settlement by the ZAPU-PF ruling regime.

2 The same agreement was also the basis for the internal political settlement, since Mugabe pragmatically replaced the professed adherence to Marxism-Leninism by another political manifesto: the attainment of national unity through the policy of reconciliation, which meant the toleration of continued white control of the economy, and through defeating or incorporating the political opposition to achieve the goal of a single party system. While pragmatism led nation-building in Zimbabwe, the policy of inclusive cooptation was part of Nyerere's vision of a more equitable society, in which all relevant groups and regions would benefit. The single party system, which was seen as a means to achieving such a goal, was deemed indispensable for political settlement in Tanzania

3 Despite these important differences, both ruling parties relied on the continuous support of elites (and population in general) by ensuring the access to state resources in terms of jobs in the parastatal sector and public administration, by developing extensive patronage networks and tolerating some levels of corruption, which increased in times of economic crisis. Such practices were therefore an inevitable part of the elite bargain and political settlement.

4 The main elements of political settlement in both countries, namely nation-building, single party system and elite bargain, were preserved from independence until the economic crises and other push-factors started to put pressure on the existing political settlement. In Tanzania, political liberalisation formally abolished the single party state, even though in practice the ruling party more or less maintains its unrivalled position in political life. Political liberalisation, however, also exposed the failure of nation-building policies in Zanzibar, where the history of racial tensions proved to be too strong a legacy to uproot. ZANU-PF's ability to create national unity has also proved insufficient, especially since the party was mainly concerned with the regime's survival, and which ultimately led to the failure of reconciliation policy. The continuation of the political settlement has thus been under question since 2000, and repetitive attempts by opposition to attain a new political settlement proved futile till September 2008 when the MDC-Tsvangirai faction signed a power-sharing agreement which established a government of national unity (GNU). The agreement, brokered by former South African president Mbeki, sought to resolve the electoral crisis that had emerged out of the disputed March 2008 presidential elections in which Tsvangirai won. According to it,

Mugabe will remain president, Tsvangirai will become prime minister, the MDC will control the police, Mugabe's ZANU (PF) party will command the Army, and Mutambara will become deputy prime minister. Tendai Biti, of the MDC-Tsvangirai faction was confirmed as the Finance Minister in the GNU.

Using the findings from the DFID Paper some other conclusions can be made as regards the political settlements in Tanzania and Zimbabwe, which are also summarised in the table below.

- (a) The purpose of political settlements in the studied countries was to end a conflict (Zimbabwe) or to prevent a conflict from (re)occurring (Tanzania and Zimbabwe).
- (b) The protagonists had different reasons for supporting or acquiescing to a political settlement: self-interest (Zimbabwe, Tanzania), common ethos (ideology) (Tanzania), pragmatism (Tanzania, Zimbabwe) and external pressures (Zimbabwe).
- (c) The political settlements did not only occur between the former 'rivals' (Zimbabwe), but also within the ranks of a protagonist (ruling party) (Tanzania).
- (d) Some acts of the governments/ruling parties were important for the state-building process, they did not, however, result in a renewed political settlement. The existing political settlement was only extended to incorporate new elites/protagonists (Tanzania and Zimbabwe).

	The purpose of a political settlement		The reason for a political settlement			
	To end a conflict	To prevent a conflict	Pragmatism	Self-interest	Ideology	External pressure
Tanzania		<p>The informal grand coalition within the ruling party*</p> <p>Multiparty politics after 1991*</p>	Multiparty politics after 1991*		<p>The informal grand coalition within the ruling party*</p> <p>The United Republic of Tanzania²</p>	
Zimbabwe	Reconciliation policy on the basis of LHA and the Unity Accord ¹	Reconciliation policy and the Unity Accord ¹	Reconciliation policy on the basis of LHA	The Unity Accord ¹		Reconciliation policy on the basis of LHA

* In both cases one can talk about the political settlement within the ruling party

¹ With the Unity Accord the main opposition party PF-ZAPU was incorporated into the ranks of the ZANU-PF, which gave way for Mugabe's plans for a single party state in Zimbabwe. Therefore, the political settlement was not renewed but extended to incorporate ZANU-PF's rival.

² The formation of the union between Tanganyika and Zanzibar, which was a combination of ideological closeness between Nyerere and Karume as well as their self-interests, did not bring about a renewed political settlement; the Zanzibar elites were rather incorporated into the ruling grand coalition on the basis of TANU's inclusive cooptation policy.

4. CORE STATE FUNCTIONS

The second area of progress that is essential for responsive state-building, according to the DFID Paper, is a set of core functions necessary for the survival and strength of the state's institutional framework.⁵³ These core or survival state functions are security – the ability to control, if not monopolise, the legitimate use of violence; revenue – the ability to raise funds sustainably through taxation; and law – the capability to rule through laws and to be seen to do this.

At the same time, these functions provide a motivation for the state-society interaction at the multiple levels needed for state-building.

4.1 Security

It has been suggested that among all of the state's survival functions, security is paramount and overrides all other development needs (Whaites, 2008). As mentioned, the key concern with security in the state-building process is the ability of the state to monopolise the legitimate use of force to protect the citizens by

- maintaining 'law and order' (internal security that is mainly maintained by policing), and
- defending the country against an external enemy (national/state security, which is maintained by a professional national army).

In this way, the provision of security is not only the basis of good state-society relations and the legitimacy of the regime in power, but it is fundamental for the survival of the state itself. Apart from the legitimate use of force, many regimes in African states tend to use their security apparatus to deal with dissent amongst the citizens in order to retain power. This in turn reduces the legitimacy of the ruling regime, which contributes to an unresponsive state-building process.

In both countries under review the most serious threats to state security arose from outside their borders. While Tanzania effectively re-established security in the country, the regime in Zimbabwe at times experienced problems with detecting the presence of foreign elements in the country to effectively deal with such threats to national security.

In Tanzania, the security of the state was seriously threatened in 1979, when neighbouring Uganda invaded the Kagera region in the north of Tanzania. Tanzania's government mobilised the military and the reservists in response, and successfully pushed the Ugandan forces out of the country, stopping only in Kambura to topple the regime of Idi Amin. However, this massive mobilisation created some problems for the state after the war (see below).

⁵³ Hence, the (in)ability of a state to perform these core functions may render the state either 'responsive' or 'unresponsive' (Whaites, 2008: 7-9).

After independence, Zimbabwe's territory was frequently infiltrated by external forces, which were deterred on one hand (RENAMO's cross-border incursions supported by South Africa), and which took place without the government taking any measures to counter them on the other hand (the incursions by apartheid South Africa, which sent hit squads to kill anti-apartheid activists living in Zimbabwe) (Moore, 1995). Moreover, Pretoria also indirectly supported political instability in Zimbabwe by getting involved with dissidents in Matabeleland.

Internal security was a challenge for both the Tanzanian and Zimbabwean governments. Apart from facing a military mutiny and an attempted coup, the internal insecurity in Tanzania increased in the aftermath of the war with Uganda. In addition, the political instability surrounding multiparty elections in Zanzibar resulted in violent clashes between the supporters of the ruling and opposition parties. Zimbabwe's internal security problems could be shortly summarised as the need for pacification of Matabeleland, and the rising insecurity due to the emergence of militias and the state's increased oppression of the population.

Shortly after independence the new Tanzanian regime began to be pre-occupied with security matters, such as the military mutiny in 1964,⁵⁴ which came as a big surprise. The TANU government responded quickly to deal with the problem and transformed the military by integrating the army into the TANU/ASP, and later the CCM party machinery (Rupiya, 2005: 302-3).⁵⁵ This process had a negative effect on the military's credibility since its professionalism became eroded, even though Nyerere was adamant that the *kofia mbili* (wearing of two hats – the army and the party hat) approach could work.

After the war with Uganda, the military remained oversized and this, combined with the serious economic downturn, created an environment favourable for an attempted coup in 1982/83 (Lindemann and Putzel, 2008: 28). The ruling party's response to this situation was the further subordination of the military under civilian control (Lupogo, 2001: 65) by granting the military formal representation at ruling party sittings (*ibid*) and by co-opting military personnel into political leadership positions.

⁵⁴ A military mutiny that occurred in 1964 was undertaken by disgruntled officers in the military, who felt they were not being adequately compensated compared to the few 'white' officers. This mutiny set in motion the overhaul and reform of the military system by placing the military under the command of the party (Baregu, 1993; Rupiya, 2005: 300).

⁵⁵ The rationale behind placing the military under the command of the ruling party was to exert a sufficient control to prevent any threats to the ruling regime, and to prevent the military from becoming an independent body within the state. In addition, the ruling party's policies led to the increased politicisation of the military, where there was the formal institutionalisation of the CCM party structures in the armed forces in line with similar policies in other branches of the security sector, such as the police and correctional services (prisons) (Rupiya, 2005: 304).

Another side-effect of the war with Uganda was the emergence of the Sungusungu movement (peasants who organised themselves into a mass vigilante movement), which took to addressing the heightened insecurity that arose at the time in the regions of Mwanza, Shinyanga and Tabora.⁵⁶ The rise of this movement was the public's response to the inability of the state to provide security (Fleisher, 2000: 108-112). In order to avoid what Lindemann and Putzel (2008: 29) call "institutional multiplicity", the state integrated the movement into the village security structures.⁵⁷

The internal insecurity has been a recurrent problem in Zanzibar, where the latent tensions between racial groups became manifest after the opening up of political space in 1991. The political instability, which has accompanied more or less every multiparty election since 1995 took the form of the political conflicts, political stand-offs, and sporadic violence. Opposition supporters saw the elections as 'unfair' due to voter intimidation, voter fraud, the rigging of votes and partisanship of the electoral body, and the curtailment of freedom of speech by the government (Bakari, 2001; Nyang'oro, 2006).⁵⁸

The suppression of dissent by the post-colonial state in Zimbabwe has its roots in the colonial state, which dealt with nationalist and anti-colonial dissent in similar ways.⁵⁹ The ZANU-PF regime also inherited a strong and well-armed military,⁶⁰ which incorporated ex-combatants from the various liberation movements.

The Zimbabwean state sought to maintain its monopoly of violence with the help of North Koreans by engaging the army in Matabeleland from 1982 to 1987 against the PF-ZAPU's armed wing - ZIPRA, which posed a serious threat to the Zimbabwean government at the time (CCJP, 1997).

Since 2000, with the increased levels of political instability in the country, the ruling regime has not only failed to retain the monopoly over the legitimate use of violence with the rise of the militia (war veterans), but failed to provide the necessary security to the

⁵⁶ The insecurity came about as inadequate demobilisation after the war, which led to some disbanded militia engaging in theft in their home areas. The country, especially the rural areas became engulfed in widespread banditry, in the form of cattle raiding, consequently feeding local clan and tribal hostilities (Ndagala, 1991; Fleisher 2002). The ethnic groups occupying central Tanzania, the Sukuma and Nyamwezi, rapidly responded to this new threat, with village after village mobilising itself into a collective force to counter theft.

⁵⁷ Lindemann and Putzel (2008) note that despite the institutionalisation and cooptation of the movement under the village security apparatus, the state has been unable to eradicate the rivalling security system.

⁵⁸ In Zanzibar islands, the political violence that usually accompanies the multiparty elections takes place between the supporters of the ruling CCM in Unguja and the Civic United Front (CUF) in Pemba (Africans), and the supporters of CUM, which apparently represents the majority interests of Pemba and non-Africans (Cawthra et al. 2007:194) thus reflecting the old racial divisions and failed nation-building policies. Others, such as Bakari (2001), argue that the tensions and violence in the islands are the result of a 'retarded' transition to democracy, in which the ruling CCM manipulates electoral results to stay in power.

⁵⁹ In Rhodesia the regime tried to eliminate black opposition by criminalizing it. Similarly, in Zimbabwe the ruling ZANU-PF government has tried to criminalize opposition by emasculating it or rendering it impotent through various manifestations (Chikwanha-Dzenga *et al.*, 2001: 3).

⁶⁰ In former Rhodesia, the ruling white regime prioritised security matters and had control over the monopoly of violence. During this period, the external and internal security of colonial state was endangered by the militant activities of ZAPU and ZANU liberation movements. This situation led to the war of liberation between 1966 and 1979 and pitted Rhodesian forces against the activities of the liberation movements, which threatened the ruling white regime (Herbst, 1990: 27-9).

population, which was a result of its inability or unwillingness to restore law and order. At the same time, the state became the source of repression and violence endangering the security of the population.⁶¹

On the basis of the above, it can be concluded that Tanzanian state has been relatively successful in maintaining a monopoly over the legitimate use of force, and it was relatively successful in averting threats emanating internally and externally. There are still some questions, however, about the state's ability to have the control over the legitimate use of violence. For example, Associates in Rural Development (ARD, 2005) observe that security worries continue to exist, especially regarding the state's lack of capacity to ensure the safety of people through policing,⁶² the state's tolerance of the Sungusungu organisations, and the rapid expansion of private security forces. Moreover, the failed nation-building process in Zanzibar seems to be a continuous threat to political stability in the country.

Apart from the state's 'tolerance' and 'encouragement' of in the increased levels of insecurity in Zimbabwe, which is a clear indication of state's failure to perform the security function, there is another worrying development that might hamper the state's ability to perform the security function even further – the state's inability to adequately compensate its security forces. There are reports about a growing dissatisfaction in the ranks of the army, soldiers sabotaging army equipment out of disgruntlement with their conditions, and the partial closing of army barracks, as the government battles to provide food and sufficient pay its uniformed forces (The Standard, March 26 – April 1, 2006; Zimbabwe Independent, January 13, 2006) in the hyperinflationary environment prevailing in the country.

⁶¹ The June 2000 parliamentary elections and 2002 presidential elections were marred by excessive electoral violence, which deliberately created situations of insecurity to deter the opposition movement.

⁶² According to the Global Peace Index of 2008 Tanzania has 2 internal security and/or police officers for every 100,000 people.

Revenue (Tax)

Apart from performing its security function, the state needs to have the capacity to raise sufficient revenue through tax. Taxation plays an important role in state-building in at least three ways:

- by providing revenues to carry out key state functions (such as providing security and services);
- by encouraging constructive state-society relations around taxation; and
- by creating more effective tax administration whose bureaucratic practices may (eventually) spread to other public sector organisations (Bräutigam, Fjeldstad, & Moore, 2008: 247-257).

Whaites (2008:8) acknowledges that states are more likely to strengthen their structures when they need to work at raising resources. Taxation is, therefore, one of the principal lenses for measuring state capacity, legitimacy and power relations in a society (Di John, 2007). According to the OECD (2008), taxation can increase a state's capacity, accountability and responsiveness. Hence, state's (un)responsiveness will be affected by its (in)ability to undertake effective tax collection.

The collection of revenue (especially tax) in poor or fragile states appears to be neglected due to a number of factors, one of them being a relatively easy access to foreign aid. The significant amount of foreign aid augments their budgets and hence their revenue base. Consequently there is less need to prioritize competence in collecting revenue through taxation since the shortfall in their (development) 'budgets' is usually met by foreign aid. This also hampers the state-society relations, since states become more responsive to the demands of donors, rather than the ones emanating from the population (for more see section 5.2).

Tanzania appears to fit this profile since the extremely narrow domestic tax base cannot sustain government operations. From the data below one can conclude that the tax collection rate as a percentage of GDP is low even for a developing country. On the other hand ZANU-PF inherited a good tax system, and it was in a good position to use the revenue to finance the development of social services.

In Tanzania, like most sub-Saharan countries, the state is heavily dependent on foreign assistance, revenue is still overwhelmingly derived from customs, and the domestic tax base remains extremely narrow (Hesselbein, Mutebi and Putzel, 2006: 12).⁶³

⁶³ Net aid inflow was USD 1.75 billion in 2005 (15.4% of the GDP), while net annual aid from all donors was 12.9% of the GDP during 1995-2003 (World Bank, 2004: 292).

Historically, Tanzania's major source of revenue has been derived from the poll tax that dates back to the colonial period.⁶⁴ However, the state was ineffective in using this form of tax in the sense that it yielded meagre returns, and was not undertaken equitably. The state's method of collecting tax was also harsh, and in response to public opposition, the state abolished the poll tax in 1969. The other reason for the discontinuation of the tax was to cut-off the source of rents for local elites, who used the tax to enrich themselves (Brautigam et al., 2008: 120).

Since the 1980s, with increasing political and economic pressures facing the state, the government had to search for new sources of revenue. In the face of nationwide opposition⁶⁵ the poll tax was re-introduced as the Development Levy (kodi ya maendeleo) - an alternative source of revenue in 1984. The advent of multipartyism, as Brautigam et al. (2008: 129) observe, gave citizens the means to mobilise politically against these coercive taxes, which were eventually abolished in 2003.

Tanzania's tax revenue (% of GDP)

	1994	1995	1996	1997	1998	1999	2000
Tax on imports	2.5	3.4	3.6	4.1	3.5	3.6	3.2
Tax on exports					0.1		
Sales and excise tax on domestic goods	3.5	2.7	3.1	3.3	2.7	2.6	2.6
Income tax	2.9	3.3	3.3	3.2	2.9	2.7	3.1
Other taxes	2.0	1.9	1.3	1.5	1.7	1.2	1.1
Total tax revenues	11.0	11.3	11.4	12.1	10.9	10.1	10.0

Source: Fjeldstad, O.-H., 2003. 'Fighting Fiscal Corruption: Lessons from the Tanzanian Revenue Authority' in *Public Administration and Development*.

⁶⁴ A poll tax, which in most African states was the dominant form of revenue, was levied on every adult male at the same rate with little or no adjustment for differences in individual incomes (Brautigam et al. 2008: 114). For a detailed history of poll tax see Brautigam et al. 2008. *Taxation and State-Building in Developing Countries: Capacity and Consent*. Cambridge: Cambridge University Press.

⁶⁵ Kelsall (2000) for example, observes that there was a tax revolt in Arumeru district in 1998, where almost the entire district population refused to pay the poll tax and the resistance turned violent.

The state's weakness in imposing and collecting tax in the period from 1985 to 1995 was reflected in the low levels of government revenues. The increasing liberalisation of the economy under President Mkapa (1995-2005) witnessed an increase in revenue collection even though the tax revenue as a percentage of GDP was still remarkably low and gradually decreased towards 2000 (see Table 1). This difference in the revenue collection can be understood within the context of state policies targeted at decreasing dependence on the agricultural and mining sector for the collection of revenue and thus prioritising taxation policy.⁶⁶ During the Mkapa presidency the Tanzanian Revenue Authority (TRA) was established to coordinate the efficient collection of taxes. However, the lack of an appropriate taxation system at local level has weakened local authorities, and attempts at improving accountability by the TRA have faltered (Fjeldstad, Kolstad et al. 2003).

The Tanzanian state's inability to effectively collect revenue through taxation is also attributed to corruption that has been exacerbated by entrenched patronage networks. Although progress was made in the first few years of the Mwinyi presidency (1985-1995), the government reverted to old practices since the reform agenda could not be sustained. The regression to past practices may be an indication that the state did not really have the will to follow through the reform agenda. For example, while the state had put in place instruments within the TRA to discourage corruption, such as good working terms and better monitoring, these measures failed to ensure increased revenue.⁶⁷

At independence, the Zimbabwean government was better placed to provide the expected level of social services since the inherited tax base was relatively good for African states⁶⁸ – about a quarter of the GDP.⁶⁹ The state made notable strides in revenue collection for supporting its burgeoning expenditure in social services⁷⁰ and civil service, which it undertook as part of the transformation of the society.

⁶⁶ Lindemann and Putzel (2008:33) observe that by 2006 the economy was still heavily dependent on the agricultural sector which contributed 45% of the GDP; while minerals had replaced agricultural products in terms of export value.

⁶⁷ In the post 1996-1997, when the TRA was established, revenues grew by more than 30% although 239 members from the TRA were dismissed for corruption. It is interesting to note that after this period of increased revenue collection, revenues fell significantly due to corruption (Rose-Ackerman, 1999; Gehlbach, 2001).

⁶⁸ However, Harris (1982: 77-94) argues that although the tax system at independence was similar to those in developed countries, it served different economic goals as compared to the goals in post-colonial Zimbabwe. Hence, the tax system constructed by the old regime had to be radically altered since Rhodesia lacked distributional equity.

⁶⁹ This base increased over the years from 24.4% of GDP in 1980-83 to 28.8% in 1988-91 (Brett, 2005). However, by 2004 Zimbabwe's tax base in relation to the GDP was at 24% (AfDB/ OECD, 2004:363), which was around the 1980 figures.

⁷⁰ Spending on education trebled from (Z\$227.6m to 628m), health increased from Z\$66.4m to 188.6m between 1979-1990 (Nzirasanga and Lee, 2002 cited in Brett, 2005).

Major sources of tax revenue as a proportion (%) of total tax revenue, selected years 1979–90

	1979	1980	1982	1984	1986	1987	1988	1989	1990
Income, personal tax	29.5	31.1	27.4	27.4	29.6	31.0	30.7	31.3	30.3
Income, corporate tax	23.1	24.5	21.8	17.6	16.3	18.7	21.3	17.9	18.0
General goods tax	31.4	25.9	23.7	24.5	20.6	18.9	17.6	18.8	20.0
Excise tax	8.6	10.7	10.6	12.0	11.3	10.3	9.8	9.0	
Import duty tax	4.3	5.5	12.3	16.5	17.8	16.4	16.5	18.5	18.9

Source: Jenkins, C. 1997b. 'Economic Objectives, Public-Sector Deficits and Macroeconomic Stability in Zimbabwe.' Working Paper Series 97-14. Centre for the Study of African Economies Institute of Economics and Statistics, University of Oxford. March..

Furthermore, real tax revenues grew every year after independence, except in 1988. As a matter of fact, real growth rates of tax revenue constantly exceeded those of the country's GDP (Jenkins, 1997b: 16). The government was therefore very successful in extracting an increasing proportion of national income from the private sector to finance its expenditure.⁷¹ The most marked shift in the structure of the Zimbabwean tax revenue was the increased use of import duties (see Table 2), but the personal tax rates remained more or less the same.

However, after 1990, the economic downturn resulted in considerably decreased levels of state revenue. As various economic sectors experienced negative growth in real terms,⁷² the state needed to resort to alternative measures to acquire domestic support. With less rents to distribute, the state began losing more of its support from people in urban areas and salaried employees. In order to win back some support, the state used tax legislation to service its patronage system by lowering taxes considerably.⁷³ In certain cases the state abolished taxes completely for a section of the population,⁷⁴ and all these measures had severe impact on the revenue base of the country.

⁷¹ In the 1982 budget, the top rate of income tax was 60%, raised from 51.75%; sales tax was raised from 12% to 15%; and the customs duty surcharge from 5% to 15%. Other taxes were introduced during the decade, for example an 8% levy on wages was announced in 1988 to 'provide social security benefits'. Reductions in tax rates commenced in 1990 (Jenkins, 1997b: 116-17).

⁷² For example, according to the AfDB/OECD (2004:359) the major sectors in the economy - agriculture, manufacturing, mining and hospitality industry - recorded negative growth rates by 2002, this had been the trend since the late 1990s.

⁷³ The state witnessed a dramatic decline in real terms in the collection of total tax revenues from 1999 to 2003, when total tax revenues were reduced by 65%; individual income tax revenues by 56%; sales tax revenues by 54%; and most of the collection of corporate income tax evaporated with a reduction of almost 81% (Ivaschenko and Minh Le, 2006).

⁷⁴ The government's decision to adjust tax brackets in 2004 enabled 84% of civil servants not to pay tax completely (Ivaschenko and Minh Le, 2006:6).

Based on the above, a conclusion can be made, that the Zimbabwean state's reluctance to efficiently perform one of the state's core functions is due to the exploitation of the taxation system for patronage (as a result of dwindling resources in the country) in the face of decreasing support for the ruling regime rather than state's inability to undertake tax collection.

4.3 Rule through Law

Although progress on the rule of law (ROL) is critical for the development of responsive state-building (Whaites, 2008: 9), the key component in the ROL is the rule through law (RTL) – the way in which the state makes known to its people what it expects from them as citizens (ibid). However, a clear distinction needs to be made between the ROL and RTL. In ROL, a state authority is legitimately exercised only in accordance with public laws adopted and enforced in accordance with due process of law. However, in order to achieve ROL, at a minimum, the ROL requires fairly generalized RTL - where there is a substantial amount of legal predictability (through applicable legislation), and widespread obedience to the principle that no one is above the law (Rosenfeld, 2001:1318-1320)

In both studied countries there are several impediments to the ROL and RTL. Firstly, the separation of powers between the executive, legislature and judiciary is not sufficient in a sense that the executive meddles with the decisions of the judiciary. In addition, the legislature, which is under the control of the government and the ruling party, does not effectively perform the overseeing function.

Tanzania is a good example of a state, where the political elite and the executive have coerced the legal-judicial instruments of the state to take decisions in favour of its supporters as part of the patronage system. This disrespect for the ROL has a direct implication for the RTL, since it sends out a message that certain individuals, aligned to the government, are above the law.

Although Mugabe was used to having his way in judicial matters since independence,⁷⁵ his defeat in the 2000 constitutional referendum marked a considerable decline in the adherence to the ROL and RTL. What has emerged since then is the slow regression from many of the principles of democratic governance, including the ROL and the independence of the judiciary. A good example of the government's interference in court rulings is the Zimbabwe's Supreme Court's decision on the land 'reform' process. In light of the violent 'white farms' seizures that began in 2000, the Supreme Court ruled them illegal. In response, the government forced the Chief Justice Anthony Gubbay to resign by claiming his security could not be guaranteed, and Mugabe appointed Godfrey Chidyausiku as Zimbabwe's new Chief Justice in July 2001. Chidyausiku immediately reversed the decision on the legality of land seizures. Apart from threatening to and 'disposing of' judges, the Zimbabwean government also has a history of attacking the judiciary or members of the legal profession, whenever the executive is unhappy with certain courts' decisions.

⁷⁵ Clashes between the executive and the judiciary began in 1982 over the legality of post-acquittal detentions of suspected saboteurs, in which Mugabe expressed the view that even if the judicial system would side with suspects, the government would do as it pleased and take its own course of action (Raftopoulos and Savage, 2004:115). Indeed the government undertook what it termed as extra-judicial measures such as unlawful detentions, deportations and so on.

Secondly, apart from the apparent lack of independence, the judiciary have also been vulnerable to corruption and benefited from patronage networks.

In Tanzania, the problem is especially severe in the lower courts. These courts continue to have a bad reputation of denying bail even to people accused of petty crimes, postponing cases unnecessarily which has caused congestion in remand prisons as people await to be tried in courts on law (ARD, 2005: 14-20).

The Zimbabwean judicial system has also been compromised through corruption and patronage by taking decisions that serve the interests of the state. For example, in 2002 the government sought to prevent the courts from hearing cases involving electoral challenges by members of the opposition after the violent 2000 parliamentary elections. The government was able to achieve that by purging the judiciary, and replacing them with pro-ZANU-PF judges, who were awarded land and luxury goods to ensure their loyalty (Human Rights Watch, 2008a). By circumventing the rules, the judiciary compromised the RTL and hence its predictability.

Thirdly, the RTL in Tanzania as well as Zimbabwe has been ignored as regards the respect for basic human rights.

In Tanzania, the police, the lower judiciary, and the correctional services have developed a bad human rights record. In addition, the Tanzanian police have often been accused of brutalizing and torturing suspects in their custody (UNDP, 2007).⁷⁶

Zimbabwe's history demonstrates widespread violations of human rights. The Zimbabwean police have been responsible for severe violations of human rights that include harassment, threats and violence against opposition supporters and human rights activists, torture and other mistreatment. Even more, these abuses have been state-sponsored or at least condoned by the ruling regime to the extent that the protection by the law has in many cases been denied to opposition supporters. As such, Zimbabwe's police force has been transformed into an openly partisan and unaccountable arm of the ruling ZANU-PF (Human Rights Watch, 2008b).⁷⁷

76 UNDP Tanzania. 2007. Strengthening Transparency Integrity and the Rule of Law in Tanzania [online] <http://www.tz.undp.org/docs/prodoc%20dg%20stir.pdf>.

77 The perpetrators of abuses on opposition supporters have often been immune from legal responsibility for their actions, and this impunity has encouraged them to further commit abuses (Zimbabwe Human Rights NGO Forum, 2006). Apart from the police, the military has also been able to commit the human rights violations with impunity. For example, there was a Presidential amnesty declared for all dissidents and security forces in 1988, and the amnesty was specifically aimed at soldiers who committed atrocities in Matebeleland and Manicaland in the 1980s.

Moreover, the existing laws in Zimbabwe violate fundamental human and civil rights, such as the freedom of expression, association, and assembly.⁷⁸ The state has used these laws to violently disrupt peaceful demonstrations and justify the arrest of civil society activists, who have been, in some cases, held for more than the legally allowed limit, often without charge. As a result of such state measures and the politicization of institutions established to defend the fundamental rights of citizens, the due process of the law is unpredictable.

Fourthly, problems with inadequate numbers of sufficiently trained staff also put strain on the state's ability to rule through law.

The shortage of competent personnel and poor infrastructure in Tanzania's police force has often led to prolonged police investigations, causing delays in administering justice. Yet again, incidences in which culprits were not brought to justice, give the impression that breaking the law can go unpunished.

Finally, acknowledging the inability to perform one of the three core state functions – RTL – might be a first step towards addressing the underlying problems in the administration of justice, but the needed reforms seem to be a challenge too big for Tanzania, and undesirable for the ruling regime in Zimbabwe.

In response to its inability to deal with impediments to achieving RTL, the Tanzanian state instituted legal reforms to address the problems of the administration of justice; however, most of these reforms lack coordination. Legal reforms need to focus on improving the capacity of lower courts to do their work more effectively. In this regard, a bulk of the donor-funded legal sector reforms have focused on building a commercial court, and instituting land, labour and women divisions within the High Court.

The 'politics of survival', that seems to be taking place in Zimbabwe in view of the increased opposition to the ruling regime, has undermined those state institutions that are required to increase state coherence and effectiveness, because of fear of alternative centres of power (Migdal, 1988). The executive seems to feel that it does not need to adhere to the ROL, but applies those laws nevertheless to serve its interests and does away with those that do not (Raftopoulos and Savage, 2004: 113-115),⁷⁹ and is consequently unable to offer the citizens that predictability, which is characteristic of the RTL.

⁷⁸ These include the Access to Information and Protection of Privacy Act (2002), the Public Order and Security Act (2002), the Criminal Law (Codification) Act, and the Miscellaneous Offences Act.

⁷⁹ Raftopoulos, B. and Savage, T. 2004. Zimbabwe: Injustice and Political Reconciliation. Capetown: Institute for Justice and Reconciliation (South Africa), Weaver Press.p.104

4.4 Conclusion

In line with the DFID ToR, this section tried to analyse Tanzanian and Zimbabwean states performance of the three core state functions, namely security, collection of revenue through taxation, and rule through law. As opposed to the political settlement, which concerns more or less the relevant elites in the country, and is then disseminated to general public, the performance of the core state functions makes the state relevant for the society and the society relevant for the state. The failure to perform these functions leads to a decreased legitimacy of the state in the eyes of the people on one hand, and to state's lack of accountability to its citizens for its actions on the other hand, both signs of unresponsive state-building.

Both Tanzania and Zimbabwe had problems with the performance of the core functions, although in the case of Zimbabwe the problems have become acute since 2000. Also in both countries the performance of the core functions was obstructed by the demands placed on the state by the existing political settlement (the maintenance of patronage networks and tolerance of corruption). Some other similarities and differences between the two countries are summarised below.

1 The ruling regimes in both studied countries have relatively successfully monopolised the legitimate use of force throughout the post-independence period, although Tanzanian as well as Zimbabwean state have used limited (Tanzania in Zanzibar) or excessive violence (Zimbabwe against rising opposition) to curb dissent and political violence in the past ten years. In addition, Zimbabwean government has failed to act when the non-state actors and their actions considerably increased the levels of insecurity in the country (farm invasions of 'war veterans').

2 Although Zimbabwe's ruling regime inherited a good tax system from the colonial administration, which it successfully used after independence, the achievements in the collection of revenue were destroyed in light of economic crisis, and consequent government measures, which reduced the taxation base to buy the dwindling political support. Tanzania's inherited tax system (poll tax), on the other hand, was extremely unpopular with the people, and was only abolished in recent years. Even though Tanzania's government realises the importance of good tax system, it has so far failed to make tax collection reasonably efficient.

3 The RTL has been a problem in both studied countries. The effective independence of judiciary was often put under question, and the people have constantly being reminded that some individuals, usually the ones supporting or serving the ruling regime, are above the law. The disrespect of the law by some individuals, aligned with the state, as well as the state itself, have created feelings of uncertainty and even insecurity among the population, which has resulted in the decreased legitimacy of the state. This was especially the case in Zimbabwe, where the inability and/or unwillingness of the government to rule through law contributed to unresponsive state building.

Given the above, it would be difficult to argue that any of the states under review has performed its core functions in such a way that it would contribute to a responsive state-building. Tanzania, however, shows some signs of gradual progress, even though the attempted reforms are often not implemented, also because of the entrenched corruption in the society. In Zimbabwe, however, the concerns with the performance of the core state functions have been clearly replaced by the main concern of the ruling regime – its survival.

5. THE STATE'S RESPONSIVENESS TO PUBLIC AND DONOR EXPECTATIONS

An important dimension of responsive state-building is the functionality of the state when responding to the demands of citizens and expectations of external actors. According to Whaites (2008: 9-10), expected functionality sees responsive governments attempting to keep up with citizens demands for public goods such as better roads, social services, security, etc. It has to be observed that response to public expectations is not only undertaken by 'responsive' or 'good' states; even repressive states tend to deliver against some expectations in order to deal with dissent. Another point worth mentioning is that expectations differ between states and so do responses to these expectations. In this regard, this section will mainly focus on those expectations that seem to be most pressing for both studied countries.

Whatever the state's initial pre-occupation may be, such as reducing dissent amongst the citizens, ultimately the state's willingness to engage and respond to the citizens' expectations

- brings the state into greater contact with society, in turn fuelling the pressures for it to respond to new expectations, and
- increases the permeability of the state to social changes, prompting pressures for evolution in the political settlement (DFID Paper).

This section will, therefore, examine the Tanzanian and Zimbabwean state's responsiveness to expectations coming from international actors (donors), and, most importantly, arising amongst the citizens. In addition, the state's responses to public expectations as regards the provision of security, the performance of the economy, a more equitable distribution of national resources, delivery of basic services and political liberalisation will be analysed, and the obstacles to the state's responsiveness will be highlighted.

5.1 State's Responsiveness to Public Expectations

5.1.1 The Provision of Security

The provision of security as a core state function has been extensively analysed in section 4.1. Here, we would just like to reiterate, that both studied countries were vulnerable to external threats (e.g. threats to the security or/and existence of the state), emanating from neighbouring countries.

Tanzania successfully dealt with the invasion of Uganda in 1979, while in Zimbabwe, the government had to apply force against the incursions of RENAMO forces from neighbouring Mozambique, which were supported by South Africa, while it endured direct attacks by South African agents in Matebeleland, for example.

On the other hand, internal threats to the security of citizens came from different sources, and both governments did not respond effectively to citizens' expectations for different reasons.

The Nyerere government could not cope with the increased banditry in certain areas of Tanzania after the war with Uganda, and that compelled the local population to respond to these threats by organising themselves and establishing vigilante groups (the Sungusungu movement) in the face of the government's inactivity.

On the other hand the ruling elite had to deal with the electoral violence accompanying the 2000 and 2005 elections in Zanzibar, which were a mixture of allegations electoral fraud as well as the expression of unresolved and suppressed ethnic tensions. With the advent of multipartyism and liberalisation of the political space, the grievances of Zanzibaris of Arab extraction could be expressed, including their dissatisfaction with the official electoral results, and doubts about the elections being free and fair. The state, however, was able to respond to the increased levels of violence by suppressing demonstrations on one hand, and seemingly trying to introduce mechanisms into the electoral system, which would prevent such violence from taking place in the future elections.

The Zimbabwean state was responsible for employing violence against its citizens on several occasions, especially in the 1980s during the Matabeleland war, and after the 2000 constitutional referendum on land reform and parliamentary elections. The events after 2000 made the state not only unresponsive in terms of ensuring the security of people, but also a source of threats to the security of citizens due to Mugabe's deepening fears about his regime's survival, which resulted in state-sponsored violence.

5.1.2 Economic Policies and Reforms

The post-independence governments in both countries were faced with high expectations of citizens, mainly in terms of the improvement of their economic and social status. As mentioned in section 3.2.3, the economies of Tanzania and Zimbabwe were characterised by high levels of state intervention, which was deemed necessary to achieve the economic and political goals of the post-independence governments. In both countries, the state and parastatals were a source of employment opportunities, and consequently a handy tool for meeting the expectations of at least one segment of population even in times of economic crisis. However, it can be argued that since in Zimbabwe the state of the economy at the time of independence was notably better compared to Tanzania (see footnote below), the expectations of Zimbabwean citizens as regards the improvements in the quality of living were higher than in Tanzania. Consequently, the economic decline had more of an impact on the ruling regime and its

stability in Zimbabwe than in Tanzania, which had an inherently small economy to begin with.⁸⁰

Nyerere's African Socialism

In 1967 Tanzania's president Julius Nyerere established a policy (Arusha Declaration), which was a form of socialism adapted to African conditions. The broad policy objectives were social equality, self-reliance, transformation in all spheres of life and the elimination of poverty.

Two main strategies for the implementation of the Arusha Declaration followed. The first resulted in the nationalisation of industry, commerce and financial services, though at the same time allowing some scope for small businesses; and the second envisaged rural development through collective ownership and production in agriculture.

Until the adoption of the Arusha Declaration in 1967, Tanzania's policy of industrialisation was based on import substitution to decreased dependence on foreign economies. The investments were made mainly in light manufacturing, which was foreign-owned. Since the new Tanzanian government faced a credibility crisis mainly due to insufficient redistributive policies, it adopted some radical transformative policies such as nationalisation and villagisation (see Box 3).

By the early 1980s, Tanzania faced a severe economic crisis which threatened the material base of its elite bargain as well as its legitimacy among its citizens. This coupled with pressure from international financial institutions led the government to institute economic reforms, which were modest and initially home grown.⁸¹ However, the reforms undertaken before 1984 did not change the state controlled economy overnight since Nyerere resisted the demands of the IMF until 1985, when he stepped down as a President.

Nyerere's successor, Ali Hassan Mwinyi, accepted the IMF proposals that had been tabled a few years earlier.⁸² The liberalisation of the Tanzanian economy was, however, consolidated in 1989, when the government adopted the Economic Structural

⁸⁰ Although the data is difficult to obtain, according to a source the estimated GDP per capita for Tanzania in 1961 was USD 260 (Pritchett, 1997: 7). At the time of independence (1980), Zimbabwe had a GDP per capita of USD 733 (UNCTAD, 2008). According to the UNDP (2008) data, the GDP per capita (USD) in 2005 was lower in Zimbabwe (259) than in Tanzania (316) which was due to Zimbabwe's negative trend in GDP per capita, which declined by 2.1% per annum between 1990 and 2005 as opposed to modest growth in Tanzania's GDP per capita of 1.7% per annum in the same period UNDP (2008).

⁸¹ The first document that embodied the planned policies was the National Economic Survival Program (NESP), which was later abandoned due to its unrealistic export targets. In 1986 the Tanzanian government adopted the Structural Adjustment Program (SAP) that introduced limited liberal reforms such as the increase in producer prices, reduction in food subsidies, and limited currency devaluation. In 1983, the government adopted the National Agricultural Policy (NAP), which paved the way for private land ownership and advocated for liberalisation.

⁸² The major shift to a liberal economy came in 1984/85 when the state budget highlighted a significant rise in producer prices, large currency devaluation, increase in consumer prices by 5% as Tanzania gradually liberalised its economy (Lindemann and Putzel, 2008: 26; Nyangoro, 2004: 28-32).

Adjustment Program (ESAP) which built on the SAP by undertaking further liberalisation of the economy, which included trade liberalisation especially of foreign investment, the financial sector and agricultural marketing.

These reforms, however, did come at a price by making the life of the population extremely difficult. The vast majority faced severe hardship as a result of the reforms. For example, there was a deterioration in the standard of living, in the provision of social services and literacy levels, and people were faced with high levels of inflation, and decline in urban wages (Eriksson and Lundahl, 1993: 252-269).

Mwinyi's successor Benjamin Mkapa further strengthened Tanzania's commitment to economic reform. These state-driven reforms facilitated the substantial flow of foreign aid into Tanzania, which accounted for 40% of the government's budget (Lindemann and Putzel, 2008: 33). While the implementation of the reforms was underway, there was a negative impact on the population. For example, structural reform in public administration and parastatal sector saw massive retrenchments (numbering 80,000) that were necessary to secure more foreign aid (Nyangoro, 2004: 31-32). While the majority of Tanzanians bore the brunt of these reforms, the technocrats within the government as well as the economic elite (domestic industrialists) welcomed these reforms, which were long overdue.

Despite government efforts Tanzania remains heavily indebted and one of the world's poorest countries with per capita income of USD 350 (2006 estimation). The economy still relies heavily on agriculture, which makes it vulnerable to natural disasters such as droughts, while mineral production is the Tanzania's biggest source of economic growth. Over 12 million people live below the poverty line, and the rates of rural poverty have only slowly decreased over the years (from 38.6% in 2001 to estimated 36.1% in 2004).⁸³

In Zimbabwe, the ZANU-PF government had an explicit long-term goal of socialist transformation, but it had backed down from its hard-line Marxist-Leninist approach in practice,⁸⁴ since the provisions of the LHA would not allow for such a course of policy development. Its policies included, among other things, modest efforts at nationalisation and land resettlement, careful safeguarding of existing economic interests, labour market interventions in favour of the black employed, increased spending on public services, the extension of agricultural services to peasant farming areas, and the establishment of co-operatives (Jenkins, 1997: 585).

⁸³ <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/TANZANIAEXT/0,,menuPK:287345~pagePK:141132~piPK:141107~theSitePK:258799,00.html> and http://ec.europa.eu/development/geographical/regionscountries/countries/country_profile.cfm?cid=tz&type=short&lng=en

⁸⁴ ZANU-PF had plans for a two-stage course of development. In the short term the government planned to economically uplift the formerly oppressed black majority without eliminating capitalist modes of production (a national democratic phase). This was to be achieved through a strategy for growth with equity. Once the economy was capable of sustaining a qualitative leap from capitalism to socialism, the restructuring of property relations would take place at some point in the future (a radical socialist stage) (Sylvester, 1985: 30).

In short, the government was still faced with dealing with the extreme racial and class inequalities in independent Zimbabwe. However, the government responded to these inequalities in several contradictory ways. One attempt to improve the situation of workers was to set minimum wages for African workers in 1980, which were raised incrementally until 1982, when the effects of economic decline were first felt. After reconsideration only the poorest workers continued to receive increases. This policy, however, was offset by a government increase in sales tax. As the majority of the population began experiencing difficulties in purchasing basic goods brought about by the sales tax, the government slightly cut the sales tax on consumer durables and general commodities by three% in 1984 (Sylvester, 1985: 36).

When Zimbabwe was faced with an economic crisis in the early 1990s, which contributed to food shortages and high unemployment, the ZANU-PF government responded to the citizens' expectations by experimenting with the IMF and WB-funded SAP, but after reconsidering the IMF/WB package the government opted for a more regulated market economy that would enable the government to introduce price controls on a wide range of basic products including food (Mlambo, 1997) to avoid an increased hardship of population, that usually accompanied the SAPs, and subsequent public dissent.

The macro-economic reforms, however, were not sufficient to avert the deepening of the economic crisis in the 1990s and after 2000. Many authors recognize that one of the key sources of Zimbabwe's economic problems was its involvement in the 1997 DRC war. The state, however, was not in a position to sustain its military venture, which was undoubtedly expected to turn into an economic one,⁸⁵ and this venture put a strain on Zimbabwe's economy. Another source of economic crisis was the governments' decision to award benefits (payouts and pensions) to war veterans, which literally brought the economy to its feet.

This was not the only single incident where the government seemingly responded to the expectations of the citizens, but was in fact buying political support for the ruling regime. Mugabe has also used food as a political tool consistently over the years to win support from various quarters of the Zimbabwean society. In the early years, Mugabe used food handouts during periods of drought to get the support of the rural population – his traditional support base. More recently, Mugabe politicised food handouts to woo a large proportion of the electorate on the one hand, and to fight and intimidate his political opponents by withholding the food handouts in those areas suspected to be opposition strongholds such as in the eight provinces in Matabeleland on the other (Alexander and Raftopoulos, 2005: 20; Crisis Coalition Report, 2003: 8; Zimbabwe Human Rights Forum 2005: 17).

⁸⁵ According to some reports, the major beneficiaries of Zimbabwe's incursion in the DRC were senior military officials. For example, just before Laurent Kabila took over the DRC, the Zimbabwe Defence Industries (ZDI) – a government company – concluded a deal to supply Kabila with everything from food to uniforms and mortar bombs worth USD 53 million. ZDI was then used to spearhead Zimbabwe's economic penetration of the DRC. The company's directors included General Vitalis Musunga Zvinvashe (head of armed forces) and Perence Shiri, the head of the Airforce (Helen Suzman Foundation, 2000). Moreover, Zvinvashe is also the Executive Chairman of COSLEG (a natural resource exploitation firm largely owned by the family of Joseph Kabila and the Zimbabwe military) (San Francisco Bay View, 2009).

After 2000 the deepening economic crisis meant that the state could not and would not respond to the expectations of the citizens, only the expectations of Mugabe's traditional support base – peasants and 'war veterans' (which also included unemployed youth among its ranks) – were taken into focus (for more see section 5.1.3). In 2007, when public support for the government's management of the economy vanished, the government introduced the Empowerment Bill that sought to increase local ownership of economy.⁸⁶ Although this move earned the government short-term popularity, it did not resolve the economic problems that have plagued Zimbabwe since the 1990s.⁸⁷

At present, the country's many social and economic problems include hyperinflation (10 million% in June 2008), mass unemployment, a virtually destroyed agricultural sector (Zimbabwe relies on food imports and humanitarian aid), erosion of professional skills, an unsustainable debt burden, and a real GDP that is estimated to have contracted by about one-third between 1999 and 2006.⁸⁸

The government's response to the economic crisis in Zimbabwe leads to a conclusion that there is no clear commitment by the state to address the crisis and to improve the livelihoods of citizens, but only to buy the support of those, who have proved to be key to Mugabe's survival (war vets, rural population on one hand, and the political, economic, military elite in need of rents on the other).

5.1.3 Equitable Distribution of National Resources (Land Reform)

In both studied countries land redistribution was a major issue for the political leadership. As a source of wealth, land was a source of inequalities at the same time: vertical (social) inequalities, since at independence agricultural settler farms were mostly in the hands of foreigners, and horizontal (regional) inequalities. Both these types of inequalities potentially represented a source of grievances. Since TANU as well as ZANU found a large part of their support base in the rural population, the land reform or adequate agricultural policy was indispensable to respond to citizens expectations.

However, the initial socio-economic conditions and rural property relations in both countries substantially differed. In Tanzania the land was nationalised and the government was basically the main proprietor, which allowed for the distribution of land in line with its policies. Zimbabwe's government had to deal with a very unequal land distribution with white settlers owning large farms and was limited in its actions by the provisions of the LHA. It would seem, therefore, that ZANU-PF had a more challenging land question to resolve than Tanzania.

⁸⁶ The law demands that all white or foreign owned business to hand over 51% of their business to indigenous Zimbabweans.

⁸⁷ The skyrocketing inflation, which has been a major issue in recent years, was not dealt with effectively. The government re-introduced price controls, but enforcement was largely unsuccessful (Daily Comet, 2007). In addition, police were sent to enforce price controls, and shopkeepers that did not abide by the regulations, were arrested. Consequently, basic goods were taken off supermarket shelves and the supply of [petrol](#) became limited. These measures did not increase public support, even though goods could still be purchased at a higher price on the [black market](#) (The Economist, 2007).

⁸⁸ http://ec.europa.eu/development/geographical/regionscountries/countries/country_profile.cfm?cid=zw&type=short&lng=en

Apart from foreign ownership of land,⁸⁹ President Nyerere disliked the trend towards African capitalist farming, which increased economic and social inequalities. This clashed with his vision of a socialist state as well as represented a potential threat to his power base – the peasantry. Therefore, in 1962 the government decided to nationalise all land. Redistribution of land was undertaken, which sought to empower small independent producers, and commercial agriculture (cooperatives) were expanded to all regions to decrease horizontal inequalities.

After the adoption of Arusha Declaration, the model envisaged that the country would be self-reliant in agricultural production and ensure equality within the ujamaa communities. These communities, whose members lived together like large families without any selfish preferences on the part of the individuals, would work for their own good. The policy was meant to achieve a more equitable distribution of wealth, and all parts of the country benefited from the scheme. Initially, rural inhabitants were persuaded to move to designated villages, where social services were centralized by the government. However, when people began resisting the relocations, the state used force to ensure the implementation of its policies.

This policy failed to boost agricultural production and the problem of poverty remained as grave as before. The system was also plagued with mismanagement and bad planning, and by the mid-1980s it was evident that Tanzanian socialism had been aggravating and not alleviating the country's economic problems. Moreover, private land ownership was introduced with the increasing liberalisation of economy, which gave rise to various forms of corruption during the denationalisation process. Kelsall (2000: 20) observed that in Arumeru district, large parcels of land intended for poor locals were allocated to CCM members, who grabbed the land for themselves by using widows, children, deceased persons and prostitutes as proxies. These incidents first led to complaints about the land allocation process, but later dissent turned violent.

In Zimbabwe, land redistribution was an important issue that was not properly addressed by the LHA. With the downturn of the economy citizens increasingly demanded resettlement and access to better land, and ZANU-PF had to find means of rapidly addressing these concerns of the predominantly rural population – its power base. Consequently, the Constitution Amendment Act 11 (1990) sought to override the judiciary's jurisdiction to review compulsory government acquisition of land (Moyo, 1992: 319). The ZANU-PF government also amended other legislation concerning property rights, which enabled the government to compulsorily acquire land for redistribution and resettlement.⁹⁰

Despite the new laws, the government land acquisition and resettlement program slowed down in practice⁹¹ for a number of reasons. One of the reasons for slow land

⁸⁹ At independence, some 3.5 million acres of land were under settler or foreign ownership (Sijoana, 2001).

⁹⁰ For example, the 1992 Land Acquisition Act gave the government strengthened powers to acquire land for resettlement, subject to the payment of 'fair' compensation fixed by a committee of six persons using set (non-market) guidelines, including powers to limit the size of farms and introduce a land tax.

⁹¹ During the first ten years of independence, the state acquired 40% of the targeted eight million hectares, resettling more than 50,000 families on more than three million hectares. By the end of the second decade of independence, the pace of land reform had declined even further as demonstrated in the government's acquisition of less than one million hectares acquired for distribution during the 1990s and fewer than 20,000 families resettled (COHRE, September 2001).

redistribution was its low priority in government policy at the time, since the state was preoccupied with external and internal security threats (see section 4.1). In addition, the government abode by the 'willing seller willing buyer' clause in the LHA regarding the purchase of land from white settlers, but this proved problematic since the government did not have enough capital to purchase the land. Moreover, most of the land purchased was not fertile (COHRE, September 2001). The main reason, however, for the failure of the land redistribution policy was ZANU-PF government's support for the reconciliation policy. This meant that the white minority maintained their hold on the land, while the state received agricultural produce and collected taxes, thus receiving the necessary resources to maintain its hold on power.

The policy of reconciliation came under threat after 2000, when the government lost the referendum that would have given it more powers to acquire land. With this threat to the legitimacy of Mugabe's regime, the government raised the land issue and gave it new currency in the form of land-grabbing⁹² to meet the demands of certain sections of the population, namely war veterans, military officials, the regime's cronies, politicians, and the like (Selby, 2006 : 320-330). Not only did Mugabe use the confiscated land to distribute it to his supporters as patronage, many poor farm workers became unemployed and homeless, and agricultural production suffered since the 'new farm owners' did not have the capital or skills to cultivate the farms.

5.1.4 Delivery of Basic Services

The main priority in post-independence Tanzania, as well as Zimbabwe was the delivery of basic services, such as education, health, water and sanitation, to the population, which had previously not benefited from such services. Although in both studied cases, the initial enthusiasm resulted in improved levels of service delivery, the economic crises facing both countries had a severe impact on the provision of services. It can be argued, however, that in Zimbabwe people's expectations as regards service delivery might have been substantially higher than in Tanzania, since the government was in possession of much higher revenue as a result of good tax base (see section 4.2), and the existing social services set up for the former ruling elite were expected to be available to all citizens.

Despite the failure of the Nyerere government to achieve many of the goals of the Arusha Declaration, it had some success in the delivery of basic services. Compared to other African countries with similar income levels at the time, Tanzania had significant successes in social welfare and led in achievements in areas such as literacy, primary school enrolment (achieving universal primary education by 1973), access to drinking water, calorie consumption per diem and relatively low infant mortality rates (Buchert, 1994; Demain l'Afrique, 1980; Ibhawoh and Dibia, 2003; Swai, 2004).

⁹² The government response was twofold: to institute 'the fast track' resettlement program in July 2000 to acquire more than 3,000 farms for redistribution without compensating owners; and to implicitly support the invasion of white-owned commercial farms by liberation 'war veterans'.

With the 1980s economic downturn and under pressure from the international financial institutions to reform, delivery of social services suffered, and at the same time public enterprises began to exhibit all sorts of poor management of social services. The state's response was to decentralise basic service delivery to be under the purview of the local government, while the central government focused on policy formulation and monitoring. This approach proved reasonably effective in that accountability was visible.

The decentralization policy was taken a step further in 2001, when the government issued two pieces of legislation: the National Policy on Non-Governmental Organisations, and the Non-Governmental Organisations Act No. 24. These provided the required framework within which NGOs could operate effectively by way of delivering public services. As a result, the private sector took over much of the state's responsibilities as the state strove to make basic services available to the majority of the people.⁹³

More recently, the ruling regime has had some success in education (school enrolment has risen from 53% in 1999 to 96% in 2006), improved access of the population to water (46% in 1990 to 62% in 2004), and decreased infant mortality rates (88 per 1000 live births in 2000 to 68 in 2004). HIV/AIDS, however, remains a cause of premature death.⁹⁴

During the first decade of independence, the ZANU-PF government sought to address racial inequalities in the economy and bring equity into the distribution of public goods. Indeed, the state used service delivery to interact with society by improving the access of Africans to health care and education. As a result of government spending on health and education, infant mortality declined from 120 per 1000 live births in 1980, to 83 per 1000 births in 1982 and in 1988 enrolment in primary schools figures were 35% above the 1980 figures, in secondary schools 771% and in technical colleges 623% above the 1980 figures (Du Toit, 1995: 133-134).

These policies were hampered by a rapidly shrinking economy characterized by soaring inflation and scarcity of foreign exchange, and shortage of basic commodities. As the population's pressure on the state to deliver the previously relatively high levels of basic services increased, the state was without the sufficient resources to meet these demands. By the 1990s, the state gradually began to pass on the cost of service delivery to its citizens through cost-sharing measures in education and health services. Coupled with the high unemployment rate this meant that the poor could no longer afford to pay

⁹³ The results of these policies have been:

1. Garbage collection and disposal in almost all local government authorities is done by private firms;
2. general cleanliness activities in public offices, schools, universities, hospitals and hotels are carried out by private firms;
3. the provision of security services has largely been outsourced as the government police forces cannot fully meet the citizens security needs all over the country. Cooperative public service delivery (CPSD) is also abundantly conspicuous in the provision of educational services (see section on security);
4. the government owns a total of 10 universities and university colleges, there are presently nine privately-owned universities and university colleges. As for the provision of primary and secondary school education private operators currently account for 30% from 2.5% in 1967;
5. the provision of medical and health services is also done through CPSD with private operators accounting for 25% (Njunwa, 2007).

⁹⁴ <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/>

TANZANIAEXTN/0,,menuPK:287345~pagePK:141132~piPK:141107~theSitePK:258799,00.html.

for these services (Moyo, 1992: 316-317, 327).⁹⁵ As a result, by 2007 service delivery declined sharply to the extent that reversals in service delivery became visible with services such as health coming to a grinding halt (SPC, 2008; UN, 2006, 2007).

5.1.5 Liberalization of the Political System

In Tanzania the state undertook the initiative to open the political space in 1991 despite an overwhelming majority of Tanzanians supporting the continuation of the single-party system. Therefore, it does not come as a surprise that the ruling party has managed to stay in power by comfortably winning every election since 1995, and thus maintained the grip on the country's politics and economy. This dominance is questioned, however, in Zanzibar, where electoral results have been disputed as a rule by opposition parties in every election since the advent of multipartyism (see section 4.1 for example).

In Zimbabwe, single party politics began being challenged towards the end of 1990s, when the population was increasingly facing economic hardship due to the economic downturn, and their disappointment with the corrupt and authoritarian regime led to the emergence of the MDC, the opposition party that presented itself as an alternative to the ZANU-PF government. With the MDC's rising influence, the oppressiveness of the ruling regime increased, and Mugabe has been able to stay in power with only recently making some strides towards a more democratic political system.

5.1.6 Obstacles to the State's Responsiveness to Public Expectations

There are probably numerous factors that hamper the state's ability to respond to people's expectations, thus only the most relevant will be discussed here. Corruption has continuously been mentioned as an obstacle to good governance, and it has had an impact on the quality and level of services that are provided to the public. Apart from corruption, the preoccupation of the regime in power with its own security and survival diverts the state's attention from responding to people's expectations. Another obstacle that might get in the way of a state's prompt and adequate response to public expectations is making promises (for electoral or other purposes) that in reality cannot be fulfilled due to lack of resources or other reasons.

⁹⁵ For example there was the re-introduction of fees at primary and secondary school levels which kept many Africans from attending school. Health treatment was only free for those earning less than USD 400 in 1992; lack of water forced residential facilities to close while there were rampant blackouts as a result of power shortages remained unaddressed (Moyo, 1992: 316-327).

Corruption

In Tanzania, corruption is a deep-rooted problem, which has had negative effects on the state-building process. For example, corruption has posed a major obstacle to Tanzania's political and economic development, and functioning and reforming of public institutions, by reducing overall tax revenue, lowering the level of competency in specialized sectors such as the police force, and defeating the purpose of competitive elections in multi-party democracy especially in cases of vote buying (ESRF and FACEIT, 2002).

As pointed elsewhere in the paper, corruption and patronage are entrenched in Zimbabwe's political system. In this way they affect the responsiveness of the state to public expectations by prioritising the interests of the chosen few at the expense of the wider society. For example, in the land reallocation process, the elite and well-connected Zimbabweans bypassed the rules and acquired good land illicitly (Alexander, 2006).

The Preoccupation with Regime Survival

Although in Tanzania the regime in power has not been seriously threatened in at least two decades, the politics in Zanzibar has given the ruling elite some headaches. As indicated, the dominance of the ruling party, which used coercion and was accused of tampering with election results in order to remain in control of Zanzibar, has continuously been questioned since the advent of multiparty politics.

In Zimbabwe, the legitimacy of Mugabe's regime became increasingly questioned after 2000 with the loss of the 2000 constitutional referendum and the loss of its parliamentary dominance with the emergence of the new political party - MDC. In the face of these political developments, the state literally abdicated its responsibilities to its citizens in favour of preserving itself in power. Hence, we observe an extremely violent and oppressive regime emerging from 2000.

Unrealistic Expectations

One of the key obstacles to the state's responsiveness in both Tanzania and Zimbabwe was the setting of unrealistic goals, which in turn encouraged the unrealistic expectations of the citizens.

In Tanzania, Nyerere's regime set out to achieve equity and poverty reduction. Although the regime seemed to be initially moving towards this desired goal, the citizens' expectations were not met since the government 'promises' proved to be unrealistic in the light of flawed economic policies and consequent economic crisis, which increased the levels of poverty. In Zimbabwe, the government's goal of land redistribution gave rise to unrealistic expectations among the population, given the constraints of the LHA and the government policy of reconciliation.

Inefficient Use of Resources

In both countries under review, the inefficient use of resources as well as the lack of adequate financial resources meant that the state could not provide basic services expected by the citizens. Again, it should be noted that initially the ZANU-PF government had more resources available than Tanzanian on account of better tax base (see section 4.2) and higher per-capita income (see section 5.1.2) and was therefore better positioned to deliver on its promises.

In Tanzania, the serious economic downturn of the early 1980s meant that the government could no longer provide food subsidies, or free social services such as health and education. Likewise in Zimbabwe, a shrinking economy and the consequent reduction in the availability of state's resources led to the cost-sharing measures in basic services in the 1990s, which made it difficult for the many poor Zimbabweans to access basic services.

5.2 State's Responsiveness to Donor Expectations

In analyzing the state's responsiveness to donor expectations, two main issues come to mind. The first revolves around the differences/similarities in the state's responsiveness to donors and public expectations, and second, how the state deals with the differences/tensions between donors and public expectations, and prioritizes responses to these expectations. Several observations, which are summarized below, can be made in this regard.

(1) Both Tanzania and Zimbabwe have had a mixed record as regards the state's responsiveness to donors' expectations. While Zimbabwe has experienced a complete break-down in government-donor relations due to government's unresponsiveness, the Tanzanian government has had a more constructive relationship.

Tanzania has largely attempted to be responsive to the expectations of donors. During the economic downturn of the early 1980s, the IMF attempted to institute some changes in Tanzania's macro-economic policy in the face of President Nyerere's reluctance to adopt the IMF's SAP, which entailed privatization, market liberalization and fiscal austerity measures (Nyangoro, 2004: 27). Nyerere resisted these reforms, since he felt that the conditionalities were an affront to the principle of equality, but he soon began to implement some aspects of the IMF policies nevertheless (Bigsten and Danielson, 2001: 19). When Nyerere stepped down as President in 1985, his successor, Ali Hassan Mwinyi embraced the reforms⁹⁶ despite facing resistance at home by large segments of the government. This resistance was attributed to the low level of domestic ownership of the reform programs and poor implementation procedures by the state (Nyangoro, 2004: 31).

However, by 1992 the economic reforms that Mwinyi had undertaken lost the momentum as the government failed to control credit expansion to public

⁹⁶ These reforms included maximum devaluation of the currency, liberalizing internal and external trade, unifying the exchange rate, reviving exports and restructuring fiscal sustainability.

enterprises, failed to control massive tax exemptions or tax evasions and consequently revenue collection was low. These acts eroded donor confidence and support to the government, which led to an impasse in donor-government relations. The impasse led to the creation of the Helleiner Process (HP), an initiative of the Danish government in agreement with the Tanzanian government to, among other things, evaluate donor-government relations, restore government relations with donors, and initiate a more balanced framework of government-donor cooperation (Muganda, 2004: 5-6,). This initiative has resulted in the adoption of a Joint Assistance Strategy for Tanzania (JAST), which includes planned support and aid effectiveness commitments for Tanzania until 2010 from the 35 members of the Tanzania Development Partners Group.⁹⁷ Moreover, JAST covers the national medium-term framework to improve donor collaboration in support of Tanzania's development and poverty reduction goals, and a joint country analysis.

The Zimbabwean government initially opposed donor conditionalities and antagonized donors when it was faced with the economic downturn in the 1990s. In 1996 tensions between the IMF and the government over the second phase of ESAP (privatization) reached an impasse as the Zimbabwean government was unwilling to acquiesce to IMF demands for budget reform. In response to prospects of losing control over domestic economic policy, Mugabe imposed tariff increases in 1996 and 1997, in contravention of IMF conditionality, delayed naming a new finance minister for over a year, and threatened to divert water resources away from white commercial farmers to black peasants (Jenkins, 1997a: 599-602). Therefore, not only did the state respond negatively to donors' expectations, but also sought to antagonize donors by taking a defiant stand, which subsequently complicated its relationship with the donor community.

The other major disagreement between the Zimbabwean government and donors was over the issue of land reform. In 1988, the funds that had been given to Zimbabwe at independence for land reform had been used up. At the time the UK refused to disburse more funds for the land reform till the first loan phase came to an end in 1996.⁹⁸ The British put forward several conditions for the continuation of financial support for the land reform process: it should alleviate poverty, respect market principles, and not take the form of the state-led commercial farm resettlement program (this program re-allocated funds meant for the poor to the black elite);

At a donor conference held in 1988, donors and the Zimbabwean government eventually agreed on an inception phase of land redistribution that would be market-driven, however, donors failed to pledge funding for this process. At this point the Zimbabwean government responded by taking a stronger stance on land reform by releasing a draft constitution, which gave the state powers to confiscate land. At about the same time, state-choreographed land invasions

⁹⁷ This group comprises bilateral donors, such as Belgium, Canada, Finland, and multilateral organisations, such as the World Bank and IMF, UNICEF, ILO and the like.

⁹⁸ Donors exaggerated the shortcomings of this phase in order to support their claim that the government should not be involved in the program. Donors, however, did not have any evidence to back their claims (Ali and Matthews, 2004: 240-243).

increased and peaked in 2000. In response, donors froze all funding to the government until at least two minimum conditions were met – the restoration of law and order; and a return of a macro-economic stability (including a milder program with the IMF) (Ali and Matthews, 2004: 240-243).

(2) While the Tanzanian elite pragmatically embraced the economic reforms expected by the international financial institutions, Mugabe's considerations of his 'political survival' rendered the government policies unresponsive to donor expectations.

As mentioned in section 5.1.2, the ZAPU-PF government abandoned the reforms in line with the SAP, despite the economic problems it was facing, to avoid an increased strain on the population, and resulting public dissent. In addition, it prioritized the expectations of its support base by breaking the 'agreement' with the white economic elite and by embarking on a rather 'chaotic' land distribution to appease disgruntled 'war veterans,' which has earned Mugabe a widespread condemnation amongst donors.

(3) While the Zimbabwean government prioritized citizens' expectations over donors' expectations out of 'selfish reasons,' the ruling CCM in Tanzania gradually responded to donor expectations, which had negative consequences for the socio-economic status of many citizens. The fact that Tanzania's budget is heavily dependent on foreign aid undoubtedly played part in the government's decision to respond to donor expectations.

In Tanzania, the economic reforms that were introduced in line with the SAP and ESAP in the 1980s caused deterioration in the people's standard of living, also by decreasing the state's ability to provide basic services, such as education. Successive reforms also hampered state's ability to maintain the elite bargain, since the state undertook retrenchments in public administration and parastatals, in line with donor expectations. Such negative consequences were, at least from the viewpoint of the government, outweighed by increased foreign aid flows, which amounted to around 40% of government's budget, according to some reports (Lindemann and Putzel, 2008: 33).

(4) Despite these tensions between donors and public expectations, there have been some shared/common expectations between the two.

In Tanzania, donor support for the government institutional reform to tackle corruption was received positively by the population. This act led to expectations amongst citizens that corruption would be effectively addressed, especially within the public service. Zimbabweans and donors have long shared similar expectations about the political transition to a more democratic political system, with the constitutional reform process leading up to a new and people driven constitution.

5.3 Conclusion

Based on the above analysis, an assessment can be made about the effectiveness of the state's responses to the expectations of Tanzanians and Zimbabweans, as well as donors. We cannot argue that either state has been effectively responding to the expectations of the citizens, their record has at best been mixed. The Tanzanian regime has shown some progress in addressing people's expectations, while the regime in Zimbabwe has been mostly concerned with its own survival. Other main points are summarised below and presented in a table.

1 Despite the threats to national and internal security, the Tanzanian government more or less successfully dealt with insecurity in the country, compared to Zimbabwe or some other African states. Although the ZANU-PF government inherited a good security apparatus from Rhodesia, it has failed to provide security for its citizens in the light of various acts of violence in the country, especially in recent years. Moreover, the security apparatus has been used to increase the levels of insecurity in the country at the same time.

2 As is the case with many African countries, the socio-economic situation of many Tanzanians has not improved significantly, although there is slow progress in social development. The land reform undertaken by Nyerere, which was aimed at economically empowering the majority of population (peasantry), was flawed and did not decrease the levels of rural poverty. Thus, Tanzania remains one of the poorest countries in the world, dependent on unreliable agricultural production and on foreign assistance.

The situation is even worse in Zimbabwe, where the regime in power prioritised its political goals over development goals, responding mainly to expectations of the regimes' supporters in the form of pensions, land and other resources. The land reform question, which was one of the main issues of the liberation struggle, was first 'postponed' and later mismanaged, ultimately leading to the failure of the reconciliation policy.

3 In both countries the governments initially responded to people's expectations for improved access to services, such as health and education. The economic crises have slowly eroded the achievements in the delivery of basic services in Tanzania as well as in Zimbabwe. While Tanzania has experienced modest improvements due to government policies, Zimbabwe's citizens have basically been left to their own devices.

4 In Tanzania, the ruling party basically pre-empted the population's demands for political liberalisation by taking charge of the democratisation process. It cannot be argued, however, that the expectations of people in Zanzibar have been fully met since there have been complaints about irregularities during every multiparty election since 1995. After years of successfully obstructing the removal of single party system in Zimbabwe, the ruling ZANU-PF has been reluctantly negotiating with the MDC about the terms of a power-sharing agreement. Still, this might not be a complete response to expectations of Zimbabweans, even if the agreement is implemented in practice, because many of them would like to see a new person in the President's seat.

5 The governments in both studied countries faced several obstacles in effectively responding to their citizens' expectations. These obstacles which included insufficient resources, which were further depleted by corruption, the ruling regime's concerns about its survival and unrealistic expectations of the populations, which were fed by the government's promises, seem to have been the most important.

6 Another obstacle preventing governments to respond to people's expectations can arise from the government's obligation to honour commitments made to donors. These tend to take priority over 'commitments' to citizens, which is more likely if the government is heavily dependent on aid flows. Tanzania is a good example at hand.

7 As it was the case with the responsiveness to public expectations, the ruling elite in both studied countries have had a mixed record regarding the responsiveness to donor expectations, although the Tanzanian government has been generally responsive, the Zimbabwean regime has been mainly unresponsive.

	Reactions of the Tanzanian Government	Reactions of the Zimbabwean Government
Security concerns	Mainly responsive	Unresponsive
The improvement in standards of living	Mainly unresponsive	Unresponsive
Land reform	Unresponsive	Unresponsive
Delivery of basic services	Mainly unresponsive	Unresponsive
Liberalisation of the political system	Mainly responsive	Unresponsive
Expectations of the citizens	Mainly unresponsive	Unresponsive
Expectations of donors	Mainly responsive	Mainly unresponsive

6. CONCLUSION

This paper has attempted to test the two state-building models outlined in the DFID Paper, namely responsive and unresponsive state-building. State-building in Tanzania and Zimbabwe was reviewed through a focused comparison of the political settlements, the performance of the state's core functions and the responsiveness to the expectations of the people. Some of the findings as regards the applicability of the state-building models for Tanzania and Zimbabwe, as well as some of the factors that were important for the different aspects of state-building process, are presented below.

1 As the case studies have shown, political settlements are those fundamental common understandings that have emerged or have been developed between elites, usually to serve their interests or beliefs. Political settlements are then 'disseminated' throughout society as a whole to achieve the support of the population for the existing political settlement. Therefore, the interests of elites, mostly political but also economic, seem to be the most important factor in bringing about a political settlement. This is especially the case where elites with economic power do not control the means of political power. The case of Zimbabwe is illustrative in this regard, since the white economic elite relinquished political power to retain economic power, and consequently a considerable leverage to influence the policies of the political elite.

2 International pressures can bring about the conclusion of a political settlement by providing punitive measures such as sanctions, for example, or by pressurising one or more protagonists into a political settlement. In the case of Zimbabwe, the PF reluctantly agreed to the provisions of the LHA, because their allies threatened to withdraw their support. International/regional politics can also play a part in the commitment of the protagonists to implement the political settlement. The fears of a South African intervention or/and invasion in Zimbabwe encouraged Mugabe to adhere to the reconciliation policy with the white minority after the independence.

3 The commitment to implement a political settlement seems to diminish if the settlement is perceived as enforced, especially if that is the perception of the ruling party/elite. ZANU-PF did abide by the provisions of the LHA in as far as it served its interests. For example, they were ready to appease the white minority while pushing forward the project of a single party state in Zimbabwe.

4 One factor that was important for the conclusion of the political settlement in Zimbabwe's case was disunity among the nationalists, as to who would lead the African alliance in negotiating the terms of the Lancaster constitution. This disunity among the nationalists pressurised the liberation movements to negotiate before they were ready in view of the potential international recognition of the 'puppet black regime' of Rev. Abel Muzorewa. This situation considerably weakened the negotiating power of the liberation movements in relation to the British.

5 Economic and social realities must be reflected in the political settlement to a certain degree. Inclusive cooptation, for example, was an unwritten principle and the basis of Tanzania's political settlement, which reflected the reality of a society divided by many different cleavages. ZANU-PF also accepted, albeit unwillingly, the reality of the entrenched economic interests of the white population, and had to adopt its policies accordingly.

6 A severe economic crisis can cause a postponement in the implementation of or even the break down of a political settlement, especially when the available resources for maintenance of elite bargain become scarce. The crisis itself, however, does not necessarily lead to a conclusion of a new political settlement.

7 History of conflicts, which have deep roots in the society, can negatively influence the implementation of a political settlement. Although inclusive cooptation worked well on mainland Tanzania, where there were no major conflicts between diverse ethnic racial, and religious groups; the racial divide and historic animosities between the Arab and black population in Zanzibar have brought forth renewed conflicts around every democratic election since 1995.

8 Commitment of the leaders to the implementation of a political settlement due to their self-interests or ideology was also instrumental in implementing political settlements in both studied cases. In Tanzania, it was the leadership's commitment to achieve a high level of national unity that brought about relative political stability and ethnic peace, for example. In Zimbabwe, the implementation of the LHA was largely based on the self-interests of the ruling regime, which did not want to endanger the economic status of the white minority, and consequently evoke hostile action from the apartheid regime in South Africa.

9 The support for a political settlement is much easier to achieve if the state performs its core functions more or less successfully, and effectively responds to the expectations of the citizens. The support also gives the ruling regime the legitimacy to continue with the state-building project. Here, it is important to note, that although observers may find a particular state-building process (un)responsive after considering different factors, the assessment should necessarily include the 'opinions' and actions of the citizens. For example, even though Tanzania might be considered as a case of unresponsive state-building given the fact that the government has had problems with performing the state core functions and effectively responding to the expectations of the people, the ruling party, however, has enjoyed continued support of the electorate indicating that state-building has probably not been seen as unresponsive by the vast majority of people.

10 The studied cases have demonstrated that the level of inclusiveness of the ruling regime is important for nation-building and consequently the state-building processes. Where the nation-building efforts of the ruling elites failed to produce a sense of common identity among the governed (in Zanzibar, for example) due to history of ethnic/racial tensions, this had implications for the performance of state's core functions (in this case security).

11 In both studied countries the self-interest (regime survival in Zimbabwe) and ideology/core beliefs (quest for a society based on equality in Tanzania) informed the political settlement and its implementation. These regimes also relied on satisfying the expectations of their supporters, which drove the countries' toward unresponsive state-building.

12 One aspect of unresponsive state-building in Zimbabwe was the use of resources (land) to achieve political ends (buy the support of a social group) and to remove a threat to the existence of the ruling regime.

13 The case studies have indicated that efficient collection of tax is not necessary for responsive state-building, especially if development assistance can be obtained from donors. Despite the low level of revenue as a percentage of GDP, the Tanzanian state's legitimacy or state-building process is not threatened. On the other hand, Zimbabwe has had one of the highest levels of revenue collection as percent of GDP, yet the state has failed to achieve the level of stability and legitimacy that is characteristic for Tanzania.

14 As it has emerged from the analysis of both case-studies, the unresponsiveness to people's expectations in terms of improvement in the living conditions during an economic crisis, for example, put a strain on the existing political settlement, although the responses to such challenges were different in both countries under review (gradual abandonment of the flawed economic policies (Tanzania) as opposed to using resources to buy political support (Zimbabwe), for example.

In the case of Tanzania and Zimbabwe, the testing of the DFID state-building framework ran into some difficulties that suggest the two state-building models, namely unresponsive and responsive state-building, might need to be refined to be generally applicable and useful to donors. Some observations about the state-building models are noted below:

1 Although they provide a good basis for the assessment of state-building processes as regards responsiveness, the outlined models also encourage subjective conclusions about the state-building in the studied countries – about what is an effective tax system, for example. The models would benefit from a more detailed list or description of 'criteria' to which a state's performance could be compared or/and 'measured'.

2 The two models outlined in the DFID Paper require an extensive and a comprehensive analysis of a myriad of economic, political, social factors, in order to make well-informed conclusions about all the outlined aspects of (un)responsive state-building process. Only in that way they can be useful to donors.

3 Many states considered 'underdeveloped' might exhibit the elements of unresponsive as well as responsive state-building. While highlighting this point, the DFID state-building framework and outlined models do not allow for categorisation of such states. For example, while both Tanzania and Zimbabwe could be categorised or described as a case of (mainly) unresponsive state-building, there are differences between the two states as regards the performance of the core state functions and responsiveness to citizens' expectations. Therefore, the comparative analysis of various countries would undoubtedly benefit from the refinement of the two outlined state-building models.

After testing the DFID framework for state-building, we can also draw some conclusions that might inform donors' approaches in dealing with recipient states.

1 Donors need to be aware that conditionalities placed on recipient governments can affect the state-building processes in many ways, also by endangering the political settlement, and consequently increase the likelihood of unresponsive state-building. Therefore, the prioritisation of policies and reforms needs to be carefully thought through not to shake the foundations of the political settlement to the extent that the progress in the performance of core state functions is put under question. For example, the elite bargain was part of the political settlement in Tanzania and Zimbabwe, and access to state resources through employment in public administration and corruption were fundamental for supporting the elite bargain. Since the reduction in numbers of government employees or fight against corruption are frequently on the list of donors' expectations, donors should be at the same time concerned with the question about the alternatives to support the continuation of the political settlement.

2 Donors dealing with countries, which are heavily dependent on foreign aid, should especially pay attention to what extent the recipient government is actually able to implement the expected reforms to support responsive state-building, since such countries are more likely to quickly respond to donors expectations even if the expectations are unrealistic. In states such as Tanzania, donors should therefore recognise the negative consequences of long-term dependence on foreign aid and prioritise the development of a viable taxation system.

3 When dealing with unresponsive governments donors should consider the fact that this unresponsiveness to their expectations might be just 'the other side of the coin' in a sense that their expectations are unrealistic in view of internal political, economic or social situation in the recipient country, as well as the political settlement in place.

4 Donors should honour their commitments to the best of their abilities, especially if they were instrumental in bringing about a political settlement. Withholding of financial or other support for the implementation of a political settlement might lead to government's inability to respond to the people's expectations, and thus put pressures on the existing political settlement. The land reform process in Zimbabwe is an example at hand.

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CASE STUDY 3: ANGOLA AND MOZAMBIQUE

Testing the DFID State-Building Framework Case Study on Angola and Mozambique

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April, 2009

1. INTRODUCTION

This study was commissioned from DFID as part of a broader project to test DFID's State-Building Framework as developed in the DFID Working Paper "States in Development: Understanding State-building" (2008) (henceforth DFID Framework). This study focuses on the state-building trajectories in Angola and Mozambique in comparative perspective, while additional studies on Tanzania and Zimbabwe as well as Cambodia and Laos have also been prepared. Alongside this project, DFID has also commissioned HLSP to produce another set of case studies to explore the relationship between service delivery and fragile states, and these studies cover Cambodia, Nigeria, Sudan, and Zimbabwe. The purpose of this comparative case study is to assess the usefulness of the DFID Framework in helping understand and explain why and how Mozambique has been able to achieve greater progress towards more responsive (or less unresponsive) state-building than Angola, and to draw implications for the Framework.

DFID's working paper suggests that responsive state-building hinges on necessary progress in three main areas:

1) The political settlement The structures of the state are determined by an underlying political settlement; the forging of a common understanding, usually among elites, that their interests or beliefs are served by a particular way of organising political power.

2) Survival functions Following the emergence/evolution of a political settlement, state structures must be able to fulfil three core competencies or they become vulnerable to challenge. These include:

- Security - to be able to control, if not monopolise, the use of violence;
- Revenue - the ability to raise funds sustainably, particularly through taxation;
- Law - the capability to rule through laws; and to be seen to do this.

3) Expected Functions The achievement of an 'expected' level of functionality. Expectations of how the state should perform on issues important to its own citizens. Expected functionality sees responsive governments trying to keep up with demands for better roads, social provision, policing and other services.

As per the Terms of Reference, this case study focuses on the evolution of the political settlement and on survival functions, as well as on the connections between state responsiveness and expected functions, especially in terms of economic growth and basic service delivery. The case study thus draws on the political history of Angola and Mozambique, the evolution of their respective political settlements, and the political economy and social formations in the two countries, with a focus on the implications for the DFID Framework.

In addition to this short introduction, this paper is organised around 5 main sections:

- Section 2 provides an overview of some of the key similarities and differences in Angola and Mozambique that are relevant for this study.
- Section 3 explores the comparative historical experiences of state-building and the evolution of the political settlement in both countries.
- Section 4 looks at the core functions of the state, namely security, revenue, rule through law, and how each country has fared on those.
- Section 5 focuses on expected functions and state responsiveness by looking at economic growth and the provision of basic services
- Section 6 elaborates some conclusions on the basis of the preceding analysis and draws out some implications for the DFID Framework.

This paper was prepared within the 20 working days allotted in the Terms of Reference, and is based mostly on secondary sources. This limits the nature of this exercise, and means in particular that the study needs to be selective in terms of the areas it can and cannot cover. Thus the analysis provided remains at the high level, and it may be worth considering the advantage of undertaking field work and original research to test the DFID propositions further.

2. OVERVIEW: KEY SIMILARITIES AND DIFFERENCES BETWEEN ANGOLA AND MOZAMBIQUE

The premise of this comparative study is based on the idea that, while Angola and Mozambique share many similar characteristics, they nonetheless have experienced considerably different state-building trajectories. The original hypothesis is that one of these countries, Mozambique, has made considerably more progress towards becoming a “responsive state” as defined in the DFID Framework, while the other, Angola, has remained largely unresponsive. This section of the paper is thus intended to outline some of the most salient/relevant similarities and differences between Angola and Mozambique to provide a snapshot of how each country has evolved and where it stands at the moment in comparative perspective. The remainder of the paper analyses these similarities and differences to try to understand how they have come about and to assess whether and how they have mattered in generating different state-building trajectories in more or less responsive ways along the lines suggested in the DFID Framework.

2.1 Key similarities between Angola and Mozambique

- Both share a similar colonial experience under Portuguese influence/rule.
- After independence, both countries adopted a Marxist-Leninist regime characterised by one-party socialist/communist rule and centralised planning.
- Both experienced brutal civil wars after independence that caused tremendous devastation. In both cases, while ideology (communism and anti-communism) may have played a role at the beginning, these conflicts essentially into a struggle for power and control of the state. Ethnicity on its own was not a leading driver of the conflicts either, though it was more prominent in Angola than in Mozambique.
- In both countries, regional/international processes and dynamics have historically had a deep impact/influence on internal developments, though the international factors affecting each have not always been the same.
- In both countries, the same party (MPLA in Angola and FRELIMO in Mozambique) has been in power uninterruptedly since the end of colonial rule.
- Since the 1980s/1990s, both countries have moved away from the Marxist-Leninist model and have tried to manage several transition processes at the same time: i) from a civil war to peaceful coexistence of all parts of society; ii) from a single-party state to a (formal) democratic, multiparty system; and iii) from a socialist planned economy that clearly failed to a market economy. But in the end, both countries are examples of “perestroika without glasnost”.

- While peace was achieved through a negotiated peace settlement in one country (Mozambique) and decisive military victory in the other (Angola), it is not clear that that fact has made a substantial difference in the way the political settlement has evolved in each case.
- In both instances, peace has been secured (though earlier in Mozambique than in Angola), and the political settlement that has ensued from the end of armed conflict in both countries cannot be said to be either inclusive or broadly representative, but is rather very much stacked in favour of the ruling party/ruling elites.
- Both countries have experienced substantial economic growth over the past decade.
- Both countries today can be characterised as centralised hegemonic party systems, where the distinction between party and state remains blurred and where the ruling party has proven remarkably adept at remaining in and concentrating power even in a context of formal democratic politics.
- Both political systems thrive on patronage and clientelistic networks. In both, the ruling party has been central to “providing the institutional mechanisms of distributing patronage to regional elites and to important political constituencies in ways that either prevent challenges to authority and/or maintain cohesion of the ruling coalition” (DiJohn 2008).
- Corruption and impunity are prevalent in both.
- Both countries suffer from low human and technical capacity. A key reason for this has been poor education, especially at higher levels.
- In both, direct taxation of the population has remained extremely weak, severing a critical link of accountability in the relationship between state and society. Instead, the governments in each have relied on different sources of revenue (mineral wealth in Angola and aid in Mozambique).
- In both countries, civil society in general is rather weak, very young (dating from the 1990s onward), and highly susceptible to co-optation. The possibility of demanding change from below is not very promising in either case.

2.2 Key differences between Angola and Mozambique

Some of the most relevant differences between Angola and Mozambique are summarised in Table 2.1 below:

Table 2.1: Differences between Angola and Mozambique

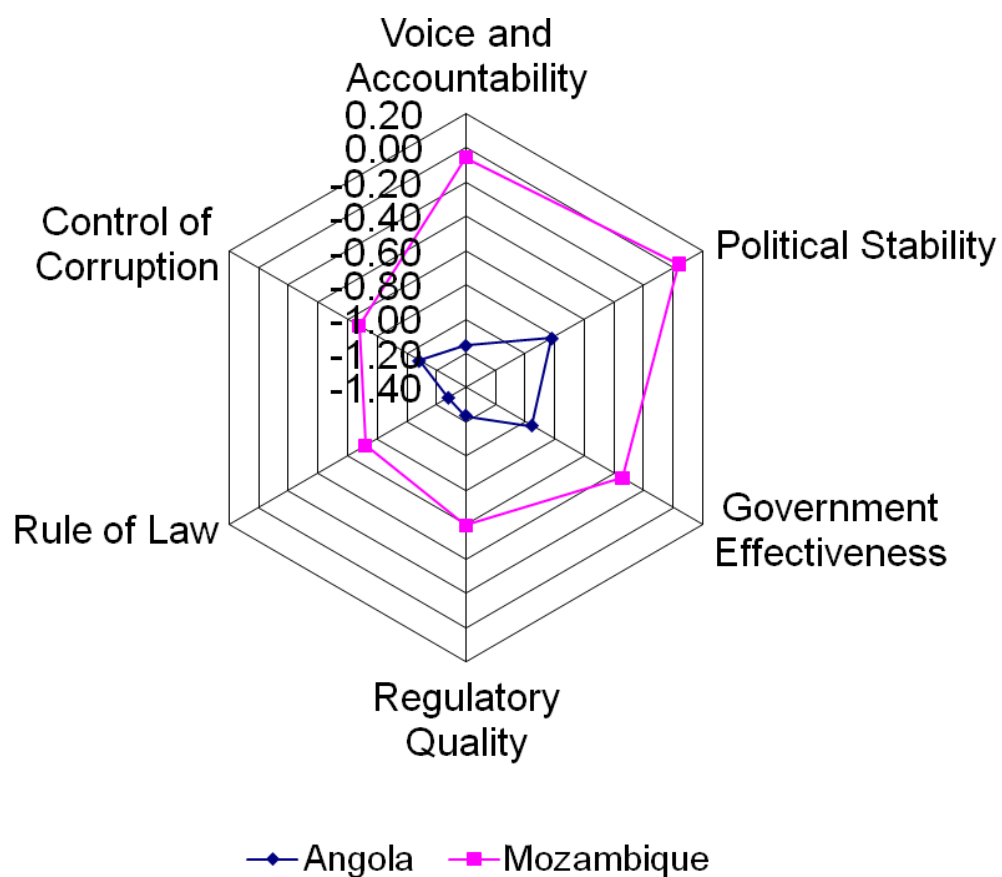
Angola	Mozambique
Three different nationalist movements vied for power during the independence struggle and they fought against each other as much as they fought against Portugal.	The struggle for independence was unified under FRELIMO.
Historically, no sense no sense of shared national identity or collective project has developed in Angola.	In Mozambique the ruling elites have been more successful at developing such a unifying vision.
The civil war was much more prolonged in Angola than it was in Mozambique. With the failure of two attempts at reaching a political settlement acceptable to the warring elites (Bicesse in 1992 and Lusaka in 1994), the country remained at war until 2002. Since then, however, the country has become stabilised and the risk of renewed conflict seems low.	The General Peace Agreement (GPA) signed in 1992 by FRELIMO and RENAMO leaders was able to bring peace and stability to Mozambique and the political settlement has proven remarkably resilient/sustainable.
The civil war in Angola ended with the military defeat of UNITA at the hands of the (MPLA) state.	In Mozambique, the armed conflict ended through a negotiated process that culminated with the GPA.
In Angola, historically wealth has been able to be plundered.	In Mozambique, wealth needs to be earned.
Angola is extremely rich in natural resources, especially oil and alluvial diamonds, which provided the fuel for sustained conflict until 2002 and also for rents and the maintenance of the extensive neo-patrimonial system.	Mozambique does not count with such mineral wealth.
Angola is not aid dependent and donors have very little leverage.	Mozambique is heavily aid dependent and donors have considerable power/influence.
Economic growth in Angola over the past 10-15 years has been driven mainly by oil and diamonds with very little benefits to the population at large.	Economic growth in Mozambique has been more diversified, benefiting broader sectors of society.
Though extremely rich, especially compared to Mozambique, poverty among the majority of the population remains staggering, and Angola is also extremely unequal.	Mozambique remains one of the poorest countries in the world (despite considerable progress in combating poverty), but it is a lot less unequal than Angola.

Angola	Mozambique
MPLA appears to be a more homogeneous political party where power is centred around the figure of its president, Dos Santos.	There appear to be more internal divisions within FRELIMO, even if these are dealt with from the inside to show a unified front to the outside. But according to observers, Chissano, for example, was forced to step down, and his choice for a successor was not selected by the party leadership. These internal elite struggles have been important in undertaking pragmatic changes and strategic adaptation.
Angola continues to display extremely poor governance indicators, and it consistently appears among the top in different lists ranking 'state fragility' (see Graphs 2.1, 2.2, and 2.3 below)	Mozambique, on the other hand, has on the whole made remarkable progress since 1992 and is broadly considered as a (relative) "success story", especially among donors. Though still considered fragile, it performs much better than Angola in different rankings of state fragility (see Graphs 2.1, 2.2, and 2.3 below)

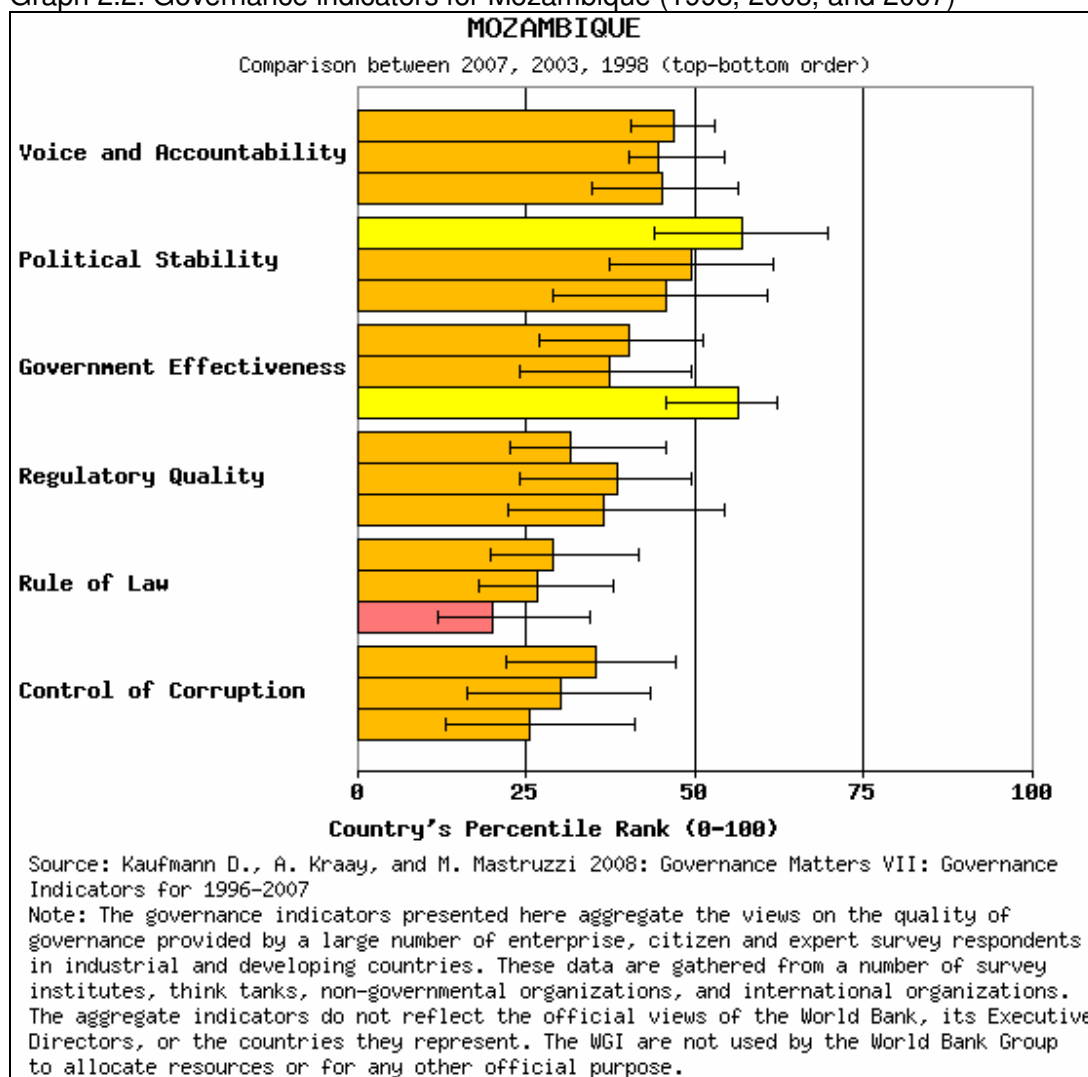
2.3 Comparing governance indicators in Angola and Mozambique

As shown in the three different graphs provided below, by all measures captured by the World Bank Governance Indicators, Angola is a considerably more poorly governed state than Mozambique, despite the fact that the former is infinitely wealthier than the latter. This can provide an indication that, in fact, Mozambique is on the whole a more responsive state than Angola (though clearly this is only in relative terms – as suggested by the indicators Mozambique still displays considerable weaknesses along the different governance dimensions). The challenge, of course, is to try to determine why that is – a task that this paper attempts to embark on as part of the work DFID has commissioned to test its State-building Framework.

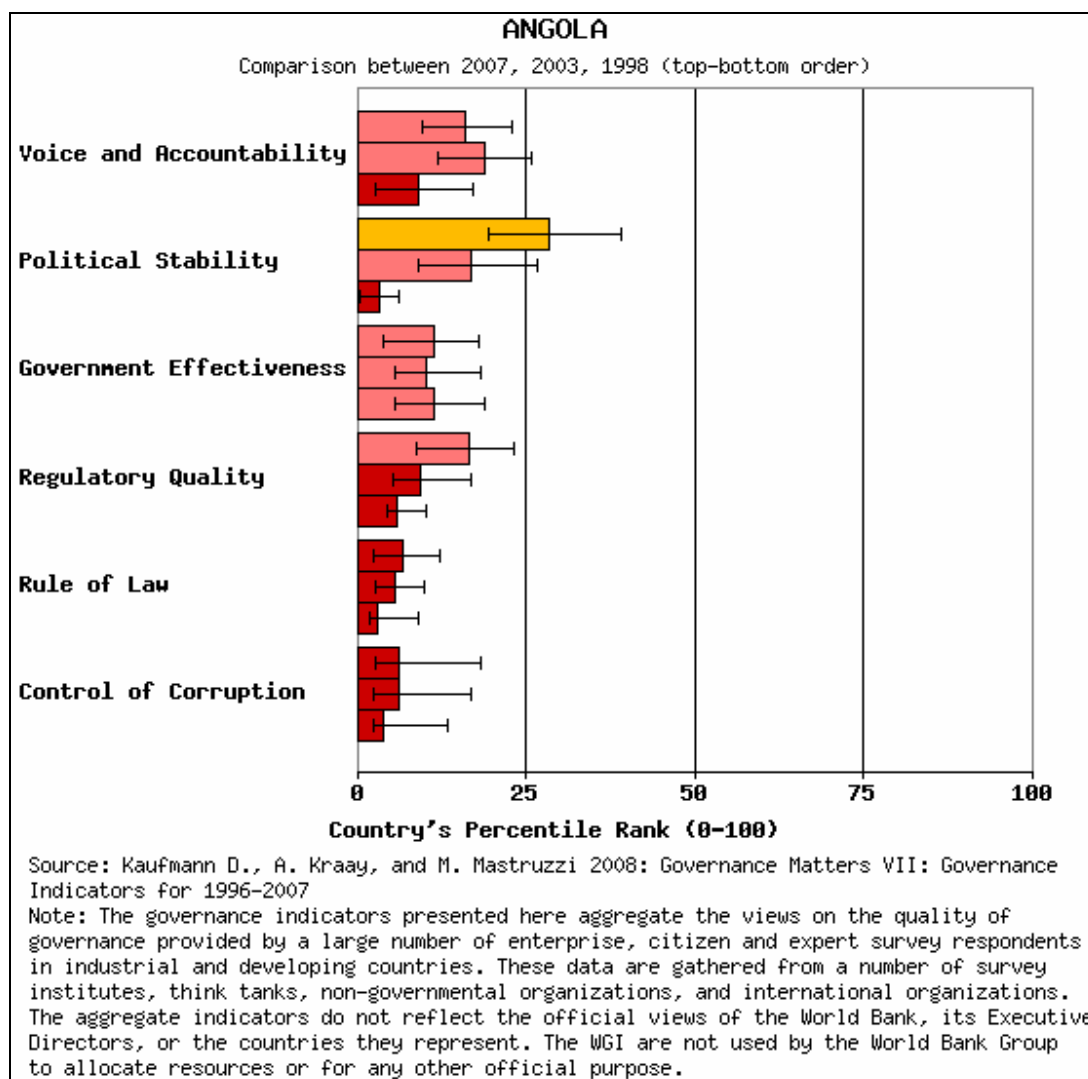
Graph 2.1: World Bank Governance Indicators for Angola and Mozambique (2006)



Graph 2.2: Governance indicators for Mozambique (1998, 2003, and 2007)



Graph 2.23 Governance indicators for Angola (1998, 2003, and 2007)



3. COMPARATIVE HISTORICAL EXPERIENCES OF STATE-BUILDING AND THE EVOLUTION OF THE POLITICAL SETTLEMENT (PS)

This section intends to provide a schematic overview of some of the key elements and processes in state- (and nation) building and of the evolution of the political settlement in Angola and Mozambique, highlighting similarities as well as differences in their state-building process, and analysing the ways in which the political settlements have evolved in each country.

3.1 *Historical background on Angola and Mozambique*

Colonial experiences

Angola and Mozambique shared a very similar colonial experience under Portuguese influence and rule. The presence of the Portuguese in the areas that were eventually to become Angola and Mozambique (as well as in the swath of land connecting them, which other colonial powers claimed at the time of the “scramble for Africa” for strategic reasons) dates back to the fifteenth century, though for a long time it was primarily limited to small coastal enclaves, trading posts and later, foreign owned concessionaries. This contact and interaction with the Portuguese helped to entrench wide regional variations in the ways in which various parts of Angola and Mozambique were incorporated economically and socially into the political system. Among other things, it gave rise to an Afro-Portuguese ethnic community (known in Angola as the “Luanda Creoles”) which became the dominant local elite. This elite also enjoyed good relations with Portugal until the late nineteenth century, with the metropolis granting it considerable power and autonomy.

After that, the government in Lisbon began to pursue a more thorough and aggressive settlement policy intended to replace the dominant Afro-Portuguese with a European population. This policy became even more pronounced when Antonio de Oliveira Salazar came to power in Portugal in 1932. Salazar created a quasi-fascist authoritarian dictatorship in Portugal known as O Estado Novo (The New State) and set about binding the colonies (later referred to as “overseas provinces”) tightly to the metropolis (Newitt 2007). Thus over time, the Afro-Portuguese local elite (which constituted much of the *assimilado*, or assimilated, legal category created by Portugal⁹⁹) became increasingly marginalised and starved of resources in favour of Portuguese migrants.

On the other hand, as noted by Alex Vines et al. (2005), state-building was at the centre of Salazar’s policy towards Africa, as it was of his policy towards Portugal. This involved building a centralised authoritarian administration and a self-sufficient economy largely independent of foreign capital. Thus, by the end of the colonial regime, the economy of Angola was one of the strongest and most diversified in Africa (Newitt 2007). Mozambique was always considerably poorer than Angola, but it also enjoyed a diversified economy.

⁹⁹ According to Newitt (2007), the *assimilados* formed “a narrow educated elite, clearly separated by upbringing, legal status and opportunity from the majority of the population”.

While by the 1950s and 1960s most colonial powers were ready to give up their colonies, Portugal remained steadfast in its determination to keep its territories. Thus, it made no preparations for eventual independence, failing to build the institutions that would be needed for a stable transition. Instead, it repressed all stirrings of anticolonial resistance, eventually driving nationalist movements in both Angola and Mozambique to take up arms in the 1960s (Hodgesd and Tibana 2004). When colonial rule finally ended in 1975 following the overthrow of the dictatorship in Portugal the previous year Portuguese colonists left from both Angola and Mozambique in a sudden mass exodus. Power and systems of government were never systematically transferred. The new leadership in each country was not well prepared for the task of governing, and their respective economies were thrown into crisis.

Nationalist struggles

If Angola and Mozambique shared a common colonial experience, their respective liberation struggles were considerably different. In Angola, there was not one but three nationalist movements fighting against the Portuguese and vying for power. The anti-communist Frente Nacional de Libertação de Angola (FNLA), the oldest of the three, embodied the aspirations of the northern elite focused on Kinshasa but also had cultural links with the old Kongo kingdom. The left-wing Movimento Popular da Libertação de Angola (MPLA) was formed by members of the urban assimilado/African-Portuguese elite of Luanda but later extended its base of support among the Mbundu peasantry in the hinterland. Finally, the União Nacional da Independência Total de Angola (UNITA), also vehemently anti-communist, claimed the embodied of the Ovimbundu (the largest and most culturally homogeneous ethnic group in Angola) and their merchant leaders on the southern planalto.

The three movements fought against each other as much as they did against Portugal. Yet, as several analysts have noted, "it would be an oversimplification and a distortion to describe the conflict between them as ... ethnic (or tribal) in essence. All had some success ... [in gaining support] from a wide range of groups in Angola" (Ohlson and Stedman 1994, p. 80). In addition, the rival movements also cultivated different international patrons. Discerning an opportunity to gain a strategic foothold in southern Africa, foreign powers became heavily involved in the Angolan liberation struggle, jockeying for influence. The MPLA began to receive support from the Soviet Union and Cuba, while the FNLA and UNITA became clients of the United States and South Africa.

Leaders of each of the three movements signed the Alvor accords with Portugal, granting Angola independence, in 1975. But with virtually nothing unifying the different factions beyond their anti-colonial determination, combined with the institutional vacuum left by the Portuguese, the war for independence was quickly replaced by civil war. Hence, Angola emerged from the anti-colonial struggle as it had entered it: divided internally among elites bent on gaining power for themselves in a struggle for the future of the country that was perceived as "zero-sum" from early on (Newitt 2007), and lacking any sense of a shared national project and collective identity.

In Mozambique, by contrast, the struggle for national liberation was much more unified from the start, and there was a much more strongly developed sense of common destiny/identity than in Angola. The resistance movement was led by the left-wing Front for the Liberation of Mozambique (FRELIMO), which cut across most ethnic and regional boundaries. Since its creation in 1962, FRELIMO sought to reach out to the peasantry, though its leadership (as in the case of all three of the movements in Angola) was educated and urban-based for the most part. There was no other liberation group of any stature or size that could pose a challenge to FRELIMO, and largely as a result of this, Mozambique's transition to independence was relatively peaceful and free of regional or international interference. FRELIMO took the reins of the state under the leadership of Samora Machel, enjoying broad and genuine legitimacy among wide sections of the population for its unchallenged role in leading the anti-colonial struggle, at least for a while. The civil war in Mozambique did not break out in full force until several years later.¹⁰⁰

3.2 Angola from 1975 onwards

The civil war in Angola

Building on dynamics that had started during the war for liberation from Portugal, the struggle for independence in Angola quickly morphed into a civil war between the MPLA, which took the reins of the state after the Portuguese left, and UNITA (the FNLA faded as a fighting force). Like FRELIMO in Mozambique, the MPLA adopted a Marxist-Leninist model based on one-party socialist/ communist rule that, with its juxtaposition of party and state structures and its concentration of political and economic power, lay the foundations of a neo-patrimonial state. In the very first years after independence, the MPLA-led state did show some commitment to the idea of devising policies and initiating programmes to promote social development, but this concern was quickly abandoned in the context of a conflict shaped by two key factors: its internationalised dimensions and a growing struggle between competing elites for control of the country's natural resources and political power.

Unlike Mozambique (discussed below), the conflict in Angola was a key battleground of Cold War rivalries.¹⁰¹ As several analysts have noted, geo-strategic interests and considerations of superpower image led both the United States and the Soviet Union to conclude that they each could not afford to "lose Angola" (see also discussion of the civil war in Mozambique further down in this section). This ensured a steady flow of generous funding, armaments, and advisors to the MPLA-led state from the Soviet Union and from the United States to UNITA until the late 1980s. The US refused to recognise the MPLA-led government of Angola until 1993. In addition, there was an important regional dimension to this war. While battling UNITA at home, the MPLA was also embroiled in an international conflict regarding Namibia that involved South Africa and Cuba. This conflict came to an end in 1988 with an agreement that included the mutual withdrawal of South African troops from Namibia and Cuban troops from Angola, as well as Namibian independence. Thus, Cold War politics played an important role in fuelling the wheels of ongoing conflict for the first fifteen years after independence.

¹⁰⁰ Two phases of the war can be distinguished: an external aggression by Rhodesia and Apartheid South Africa ("war of destabilization"), which instrumentalised RENAMO, and a more "civil war" type of armed rebellion, which spread throughout the country from the 1980s onwards.

¹⁰¹ Which, as will be discussed below, Mozambique was not.

Beyond this, and perhaps most significantly, both the nature and evolution of the conflict in Angola and the trajectory that state-building would undertake were also fundamentally shaped by the country's wealth in mineral resources, especially oil and alluvial diamonds.¹⁰² These commodities provided both the necessary funds and the ongoing rationale for both the MPLA and UNITA to continue fighting, thereby prolonging the duration of armed conflict by another decade.

Relying on its control of oil, the MPLA party/state developed a patrimonial system that, over time, became increasingly elitist, exclusionary, and presidentialist in nature. War served as a justification for the pronounced neglect of the population, the building of a strong internal state security apparatus, and fierce authoritarianism and concentration of power. The enclave nature of the oil sector "allowed the ruling elites to ignore the need to care about the ordinary population, who were virtually excluded from any effective political and economic participation" (Vidal 2007). On the other side, diamonds provided a key "lootable" commodity to UNITA: the rebel movement came to control the country's diamond producing areas, extracting substantial wealth from that to continue fighting, even after funds from the Soviet Union dried up.¹⁰³

But they tend to lengthen existing conflicts. Once regarded as a legitimate opposition movement fighting to dismantle the MPLA's one-party system, UNITA quickly degenerated into a powerful private guerrilla force inflicting unrelenting and indiscriminate suffering upon civilian populations and driven by an unquenchable thirst for power in which minerals provided both the prize of victory and the means for achieving it (Hodges 2004). Thus, "Angolans were caught between a criminal state that battered and impoverished the people in whose name it claimed to govern and a criminal insurgency that had an equal disregard for the people in whose name it claimed to fight" (Power 2007).

In all, starting in the colonial period, Angola was at war for forty years (1961-2002), only discontinued by very limited periods of uneasy peace. The conflict did not end until April 2002, after the clear military victory of the MPLA and the killing of Savimbi. An estimated 750,000 people (7 percent of the population) died as a result of the conflict, about 4.5 million were displaced, and another 450,000 became refugees (Ang WB CSO 2005). The war caused tremendous destruction and dislocation, and aside from the minerals sector (oil and diamonds in particular), it devastated the economy. The prosperous and diversified economy that the newly independent Angola inherited from Portuguese rule was "squandered by a post-colonial elite which ruthlessly asset-stripped the country they were supposed to be ruling". (Heywood 2000).

¹⁰² As noted in DiJohn (2008), oil and diamonds had little to do with the onset of the (independence) war in the 1960s, but war created a dependence on mineral exports. As the civil war progressed from the 1970s onward, control for oil and diamonds would become an increasingly central factor in the struggle, eventually becoming its leading driver.

¹⁰³ See Ross (2004) for a more detailed discussion of the relationship between natural resources and civil war. He argues that oil increases the likelihood of conflict and that "lootable" commodities like gemstones and drugs tend to lengthen existing conflicts even if they do not make conflict more likely to begin with.

The road to peace and the political settlement

In the end, the conflict in Angola proved more protracted and intractable than that in Mozambique. This was due in large part to the fact that the country's vast richness in natural resources provided both the means and the incentives for the competing warring factions to continue to opt for war and all-out victory even after important changes in the international arena brought an end to significant sources of support from the United States, the Soviet Union, and South Africa.

Two attempts at establishing peace in the early 1990s failed to establish the foundations for a political settlement acceptable to both the MPLA and UNITA. The first was the 1991 Bicesse Accords, which were mediated by Portugal and involved considerable diplomatic and economic pressures on both parties to negotiate. Despite the oil revenues, the momentum towards this peace agreement occurred within a context of a deep economic crisis, social disorder, mounting military pressure from UNITA, and the near abandonment of the MPLA by the Soviet Union. Among other things, the accords provided for a multiparty system (after the MPLA formally renounced Marxism-Leninism in 1990), the demobilisation of rival armies and the creation of a single national army under UN supervision, and the holding of internationally monitored elections by the end of 1992. The Constitution was revised in 1991 to define Angola as a democratic state based on the rule of law and the respect of civic and human rights as well as the basic principles of a market economy. By and large, however, this agreement had been reached as a result of international pressure with little buy-in from the warring parties themselves and no involvement from Angolan society at large.

While the United Nations Angola Verification Mission II (UNAVEM II) was in charge of overseeing the demobilisation and disarmament process in the run-up of the election, that body was extraordinarily underfunded and understaffed,¹⁰⁴ and the warring sides themselves were left to carry out the demobilisation of their troops. Despite the fact that considerably little progress had been achieved on this front, it was decided that the elections should be held as planned. The electoral system chosen was also based on a winner-take-all structure that made the stakes for winning – and losing – extremely high.

The elections of 1992 gave the MPLA a majority of the votes in both the presidential and the parliamentary contests (giving MPLA's leader Eduardo dos Santos 49.57 percent of the national vote compared to 40.07 percent to UNITA's leader Jonas Savimbi; and a wider margin of victory to the MPLA in the legislature). However, UNITA's leader Jonas Savimbi refused to recognise the results. The international community considered the elections "free and fair", but it is also true that the MPLA's full use of the resources of the one-party state for the purpose of party campaigning went largely unchecked. In any case, Savimbi went back to the bush, and the UNIT deputies did not take their seats in parliament. The country was plunged in what came to be known as Angola's "second war", which proved considerably bloodier and more brutal than the previous 15 years of warfare. Overall, the UN mission, and the international community more broadly, were perceived as having let Angola down, and they were never fully able to recover their reputation and standing in the country after this debacle.

¹⁰⁴ In total, the UN was allotted US\$132 million and assigned 480 monitors to carry out its mandate. In contrast, in Namibia, a country of 1.4 million people compared to Angola's 5.7 million, the UN operation cost US\$367 million and had a personnel of 4,650 people (*Africa Confidential* 1993).

This renewed conflict brought about the demise of the new “democracy” and the consolidation of a brutal police and military state based on patronage and predation. Starting in the late 1980s, the MPLA-led state had also begun to undertake a series of economic reforms in the face of a deepening crisis to move away from the model of a planned economy. From the early 1990s onwards, the war and this economic liberalisation facilitated the extension of a political and economic system based on informal (and often illegal) transactions from top to bottom of society, the privatisation of public assets to the benefit of a designated elite, and the development of private enterprises very closely linked to the MPLA ruling elite that were meant to underpin the war effort (air transport, imports, security, etc). As before, ordinary “citizens were largely treated as dispensable (Messiant 2007). The majority of the population most affected by the war was left to the care of international organisations now arriving en masse (Vidal 2007).

A second effort at achieving peace and arriving at a political settlement was sought through the Lusaka Agreement of 1994. This agreement was also signed under both military and international pressure, but this time the tide had turned in favour of the MPLA (among other things, the US extended the government of Angola diplomatic recognition, sending a strong signal to UNITA). In addition to calling for the creation of an integrated national army, the Lusaka Agreement also made provisions for a Government of Unity and National Reconstruction (GURN). But only UNITA was urged to disarm and demilitarise in order to be integrated in a government army left intact by the accord. The quasi-exchange that structured the accord – disarmament for participation in the government – created an asymmetry of power between both sides and also bestowed a degree of international legitimacy in the government that the MPLA was since able to exploit to its advantage.

Once again, the Accord was essentially stillborn in that neither signatory had the slightest intention to honour it, triggering a period between 1994 and 1998 of “neither peace nor war” (Messiant 2007). UNITA refused to demilitarise before gaining access to power, and the MPLA regime refused to share power, which made a mockery of the GURN. The UN imposed sanctions – but only against UNITA, as the rebel movement sought continuously to evade the formal terms of the Accord, while the MPLA, recognised as the “legitimate government” of Angola, undermined the agreements in more informal ways (i.e. by dragging its feet in the fulfilment of some obligations). The GURN eventually came into being in April 1997, but this government was “united” and “reconciled” only in name. It contained UNITA members who had been co-opted, through the terms of the agreement, into a government in fact led exclusively by the MPLA. As noted by Messiant (2007, p. 103), paradoxically, “the formation of the GURN – which resulted in the allocation of some portfolios to UNITA members and allowed UNITA deputies to take their seats in parliament – resulted in the political emasculation of the rebel party”. In the meantime, the MPLA regime continued to consolidate its political and economic (as well as military) hegemony. The system managed to maintain acquiescence to its rule by the continuous mix of clientelism and coercion.

By 1998, the MPLA judged that it would be politically and militarily capable of waging a real war against UNITA. Diplomatically, the MPLA had also gained the upper hand, with the international community (and specifically the UN) continually making reference to the “principal responsibility” of UNITA for the impasse in the Lusaka Agreement and thus quietly abandoning any attempts at negotiation. In June 1998 of that year, the Security Council reinforced sanctions once again, this time to include diamonds, the nerve of

UNITA's war machine. The government began a sustained military assault against UNITA in 1999 that included among other things gaining control of the diamond producing areas of the country. The ultimate aim of the MPLA's military strategy was to achieve a complete military defeat of UNITA to neutralise it politically – a militarily annihilated UNITA would be unable to negotiate and would effectively give the MPLA full license to shape the post-war transition and the political, economic, and social future of Angola as it saw fit. The MPLA eventually achieved this by 2002, killing UNITA's leader Savimbi in the process.

The ensuing Luena Memorandum was signed between the MPLA government and UNITA in April of that year, with minimal intervention from the international community. The MPLA managed to convey the impression of a conciliatory conclusion to the war without conceding any power. The Memorandum was formally an addendum to the Lusaka Protocol of 1994, which is still the accepted and legitimate framework for peace- and state-building in Angola. The Accords provided for an amnesty for all crimes committed within the context of the armed conflict; the demobilisation of UNITA soldiers; the integration of UNITA officers into the Angolan army (FAA); and vocational reintegration of demobilised personnel into national life. UNITA also initiated the process of transforming itself into a political party, while formally dismantling its army.

The Luena Memorandum has succeeded where the two previous agreements failed not only in formalising a cessation of the fighting but in bringing about, at least for the foreseeable future, an end to the cycle of wars that devastated Angola since the early 1960s.¹⁰⁵ With this, a political settlement has taken hold in the country, in that a military option against state structures is no longer in the cards for dissatisfied groups. The underlying political arrangements and understandings underpinning the system have been accepted by the elites. Of course, this is an extremely one-sided political settlement that can hardly be said to promote reconciliation and to lay the foundations for substantive socio-political and economic transformation and for inclusive and responsive state-building. It also does not offer an opening for broader, more inclusive political renewal. Yet, whether we like it or not, it has been able to bring about stability, and at least for now MPLA hegemony seems to be “the only game in town” in Angola.

¹⁰⁵ There is a body of evidence that suggests that military victories tend to generate more sustained peace outcomes than negotiated settlements. See Fetherstone 2000, for example.

Post-conflict Angola

Preserving MPLA hegemony

The achievement of peace and stability in Angola is very recent, dating back only to 2002 (while Mozambique enjoys a ten-year advantage). Angola today remains one of the most poorly governed countries in the world (see Section 2, especially Graphs 2.1 and 2.3), despite spectacular levels of economic growth over the past decade. Such growth, driven mainly by oil and diamonds, has not benefited the majority of the population either. After the end of the war and the death of Savimbi there had been hope that there would be an opportunity for progressive change and for an opening of the political space. Instead, a political settlement evolving from 1992 onwards has become congealed that gives the MPLA, and President Dos Santos in particular, unquestioned supremacy. As noted by Sogge (2006), internally, the position of the ruling elites in contemporary Angola, which he describes as “a constellation of politician-rentiers, petroleum sector technocrats and military officials,” looks “unassailable”. This has been facilitated in large part by their control of oil and diamond resources, but also by the state’s ability to oversee a massive selling-off of public enterprises, housing, and land to the already privileged as a result of the privatisation process underway in Angola since the 1990s.

Thus, there has been no notable change in the country’s political economy. As with FRELIMO in Mozambique, the MPLA has proven remarkably successful at navigating the transition from single-party socialism and a centrally planned economy to formal democratic politics and capitalism. The implicit party and presidential imperative has been to carefully preserve political power, and political balance and stability, through selective political patronage. As Nuno Vidal (2007) has put it, the current political system in Angola continues to facilitate “the regime’s patrimonial and clientelistic operation, ... allowing a specific type of domination to prevail, which combines selective distribution and cooptation with repression, social fragmentation, and the political and economic neglect of the majority of the population”. As in Mozambique, corruption is pervasive, reaching all levels of state and society. It may also be much more spectacular in terms of the resources involved, given that Angola is considerably richer than Mozambique.

As part of its hegemonic drive, the MPLA has managed to marginalise UNITA as a credible alternative political force even more thoroughly than FRELIMO has RENAMO in Mozambique. The MPLA-government postponed the first elections to take place in Angola since the fated elections of 1992 for years under all sorts of reasons and technicalities. But when legislative elections were finally held in September 2008, they gave an overwhelming victory to the ruling party – winning 81.6% to UNITA’s 10.4%. Support for the MPLA seems to have stemmed largely from a widespread desire for “peace and security” and avoid a repeat of 1992.¹⁰⁶ But the elections, which marked the end of the GURN, were also mired with irregularities and accusations that the playing field was heavily tilted in favour of the MPLA.¹⁰⁷ The presidential elections, in which Dos Santos will run for a third term even though he had given earlier indications that he was ready to step down, are expected to be held later this year. A process to

¹⁰⁶ Council on Foreign relations Podcast on the September 2008 elections in Angola.

¹⁰⁷ Problems included the symbiosis between party and state, the ability of the party to rely on state resources, biased state media, patronage and clientelism, the lack of impartial electoral bodies overseeing the elections, violence and intimidation of opposition groups (documented by Human Rights Watch among others – see <http://www.hrw.org/en/news/2008/09/15/angola-irregularities-marred-historic-elections>), and delayed state funding to opposition parties.

reform Angola's constitution (the existing one was approved in 1991 and revised in 1992) was shelved in 2004, but it is likely to be revived following the MPLA's crushing election victory of 2008 that has given the party the two-thirds majority required to push through changes. The prospects to use the constitutional process to lay the (formal) foundations of a more inclusive and representative political settlement and to define a common vision for a broad "national project" do not appear very promising.

A state without citizens

Angola's essential character as a "petro-diamond" state (Hodges 2004) oriented to the outside has led analysts to describe Angola as a "state without citizens". The linkages between state and society are minimal beyond clientelistic and patronage networks, and state actors and institutions, as well as national and international interests tied to state elites and Angola's economic structure, remain unaccountable for the most part, even if there have been some moves to increase transparency (as in oil revenues, for example). As has been the case in the years since independence, the state continues to view the majority of the population, which remains impoverished and lacks access to the most basic of services, as dispensable or "irrelevant" (Kibble 2006). And this may well be the leading characteristic that distinguishes Angola's neo-patrimonial system from Mozambique's: even if both are characterised by a lack of a socio-political contract by which citizens consent to meet demands (such as paying taxes or complying with the rule of law) in return for state responsiveness and accountability, lacking a source of such independent wealth, the state in Mozambique cannot afford the same kind of callous indifference towards its population, and it has more of a vested interest in ensuring the population as a whole thrives.

A breakdown, or non-appearance, of reciprocal state-citizen relations is commonly thought to contribute to overall state fragility and instability. However, the case of Angola seems to suggest that the picture may be more complicated than that. Since the military defeat of UNITA and the return to peace in 2002, the state of Angola has achieved a modicum of stability, and the continuity of the political system under the existing rules of the game does not seem to be challenged, at least for now. In Angola, the "resource curse" helped fuel violent conflict and civil war for a long time. Now, it seems that those same resources (fully under state control since the MPLA took control of diamond mining areas from UNITA) have been used to "permit state leaders to buy off political opposition through corrupt transactions and patronage-led rent allocations, and thus prevent violent challenges to their authority" (DiJohn 2008).

The question is how long this can go for. The international thirst for minerals, and for reliable sources of oil in particular, gives the Angolan state a privileged position in the world arena (as attested by its close relationship with the US and China), and it helps perpetrate existing power dynamics. However, the current global financial crisis and the drop in oil prices may alter this somewhat (though, as one should keep in mind Angola has weathered other serious crises in the past without undergoing fundamental changes in its power structures). There have also been suggestions that Angola's oil production will peak in the next few years,¹⁰⁸ and that may provide some incentives to expand the basis of the current political settlement (but it is likely to be at best a prolonged process of transformation). Finally, there is the question of the succession of Dos Santos as president of both the party and the state. For now, Dos Santos looks set for re-election if elections are held in 2009, and they are due to be held in 2014. At the moment, there is no heir apparent to succeed Dos Santos, but according to Sogge the current elite pacts and mutual interests appear to be robust and thus to favour a smooth succession process when it happens.¹⁰⁹ Thus, for now, it appears that the system can continue to sustain itself.

Angola and international actors

Unlike Mozambique, Angola is not an aid dependent country, and as a result donors have had significantly less sway in their dealings with the latter. The Angolan state has been able to withstand pressures for reform from the IMF and other donors, and often its relationship with these institutions has been tense. On the other hand, the state relies heavily on donors for the provision of social welfare – a position that has made many donors uneasy because it is clear that the state has the resources to provide such services, but has consistently chosen not to invest in that area.

If the donor community lacks leverage in Angola, other international actors/institutions have vested interests in the country that have proven very important in helping preserve the status quo. For instance, the United States, which is the main destination of Angolan oil, is keen to cultivate close relations with oil-producing countries outside the Middle East and so is at best ambivalent in its posture towards Angola regarding the latter's poor governance and endemic corruption. The rapid economic development of Asian countries, especially China and India, also provides opportunities for the Angolan state to diversify its international relations. In addition, multinational corporations operating in Angola stand to profit enormously from their activities there, often through close contact and less than transparent dealings with the ruling elites. These corporations (such as oil companies) "themselves escape most forms of public accountability because global governance is weak, and is often framed to favour powerful financial interests (as with tax havens)" (Sogge 2006). This is why analysts have highlighted that Angola's domestic political economy cannot be understood in separation from important external constituencies, such as the global oil and banking industries, as well as the strategic interests of powerful governments around the world.

¹⁰⁸ Personal communication with David Sogge.

¹⁰⁹ Personal communication with David Sogge.

Civil society and pressure for change from below

As in Mozambique, the emergence of a civil society independent from the corporate structures of the Marxist-Leninist single-party state is a very recent phenomenon, dating back to the (brief) openings provided by the Bicesse Accords in the 1990s. Here as well, it has remained extremely weak and is highly divided/fragmented (with the state playing a crucial role in terms of co-opting civil society actors and sowing divisions). It is also heavily reliant on outside assistance for its survival. A key exception to this may be the Christian Churches, and the Catholic Church in particular. As noted by Vines et al. (2005), they tend to have a more unified leadership, and they are the only non-state actors that combine a fairly high degree of moral and financial independence with local Angolan credibility not tainted by being perceived as donor-driven. The Churches played an important role in leading peace initiatives in the 1990s, calling for a negotiated end of the conflict. In the end, however, the conflict came to an end through the military defeat of UNITA, and none of the Church proposals were taken on board. In effect, as in Mozambique, civil society at large was not invited to participate in any of the peace agreements that were signed exclusively between the opposing belligerent forces.

The Angolan government remains suspicious of donor support for civil society agents, especially when this includes NGOs or private media that it perceives as “political” and anti-government, and projects which contain strong advocacy elements. The government has also viewed civil society consultation in the PRSP process as a donor-imposed conditionality, and has been selective in its response to this pressure. However, it is far more receptive to interventions that involve civil society simply as service providers, a responsibility the state has been more than happy to turn to other actors.

Over the years, the MPLA has also perfected the art of “colonising” the civil domain by creating foundations and “government-friendly” CSOs. Access to benefit streams is managed also through such devices as the “Specialty Committees” (Comités do Partido de Especialidade) created in 2004 as a means of recruiting professionals, journalists and technicians and other “intellectuals” into the Party’s orbit. The Eduardo Dos Santos Foundation, created in 1996, is a product of a system based on clientelistic domination and is a sign of the reinforcement of presidential power. It was also created as a tool to rebuild the legitimacy of the President and to draw a sharp contrast with Savimbi and UNITA.

The possibilities of broad-based popular mobilisation to demand change from the bottom up tend to be slim in patronage systems, and like Mozambique, Angola is no exception. Political activity for the most part tends to be factional and fragmented – it is about “fighting for a share of the cake,” or becoming lobbyists for access to state funds, rather than co-operation with other groups. This competition also entails the erosion of trust and a feeling of shared citizenship. Factionalisation is used by Angola’s rulers to divide or otherwise weaken potential sources of domestic opposition.

As noted in Shaxson 2008, "There is certainly great discontent about living conditions among the poor, occasionally leading to small demonstrations or other minimal displays of discontent, but it is harder to argue that this is translating into dangerous and widespread anti-government sentiment. ... [Outsiders] repeatedly and mistakenly predict... that poor social conditions in Angola will eventually cause a popular explosion: demonstrations, strikes, or even an uprising against the government/state, especially once the war ended and the [government] could no longer use the military situation as an excuse for poor social conditions. Aside from the civil war itself, however, this kind of widespread grass-roots open opposition (as opposed to just discontent) has never seemed close to materialising." Thus, in Angola civil society activism is unlikely to be a strong lever to demand greater responsiveness from the state and the recasting of the political settlement along more inclusive lines.

3.3 Mozambique from 1975 onwards

The civil war in Mozambique

After liberation, under the leadership of FRELIMO, the post-colonial state became the primary agent of state- and nation-building in Mozambique (Sumich and Honwana 2007). Unlike Angola, the country was able to enjoy a brief period of (relative) peace to lay the foundations for such a project. FRELIMO turned toward one-party socialist/communist rule, and its state-building vision was based on a radical project of social transformation along Marxist-Leninist lines. During the socialist period, the roles of the party and the state were officially blended. The party-state aggressively pursued a centrally-planned approach to economic development that included nationalising most private companies, banks and commercial farms, especially those abandoned by the departing settlers, and instituting a series of radical rural policies to consolidate peasant holdings in large estates and cooperatives. Large-scale social development programmes were also launched throughout the country to increase access to education and health services (Rupiya 1998).

In addition, the regime implemented a range of other measures to limit opposition and establish control over the populace (including sending FRELIMO dissidents to "re-education camps". Believing that traditional political and spiritual leaders were the main obstacle to progress in Mozambique, the newly independent state under FRELIMO dismantled the traditional power structure (thus alienating local chiefs) and concentrated all authority into the hands of centrally appointed administrators. FRELIMO also attempted to weaken the power of organised religion, especially the Catholic Church, because it saw it as a competing social force that rivalled the revolutionary organisations that the Mozambican government was trying to establish (Vines 1991). These included "mass democratic organisations" of workers, women, youth and journalists.

FRELIMO's ethos, which is still present in the party today, rested on three main themes: unity, modernity, and territory. As noted by Hodges and Tibana (2004), "The concept of territory represents an extension of unity, reflecting FRELIMO's uniform concept of what Mozambique is. During the independence struggle, this helped to establish a common narrative for a territory with great diversity in cultures and historical experience. Since then, the idea that there could be antagonistic ethnic, regional or local interests has not been part of FRELIMO's message." Thus, unlike the experience in Angola, after independence the ruling party in Mozambique did try to develop a collective/unifying vision of what the country should be, even if the vision turned out to be flawed in several important respects. For one thing, "despite the rhetoric of revolutionary nationalism that was broadly inclusive, this was not a popular project, but a very distinct [and considerably small] group who were self-consciously aware of their differences from the [rest of the Mozambican population]" (Suminch and Honwana 2007).

The origins of the armed conflict in Mozambique can be traced to FRELIMO's foreign policy towards Rhodesia in the late 1970s. Strongly committed to the fight against apartheid, the FRELIMO government applied international sanctions against the minority white-ruled regime in Rhodesia and provided bases for the Zimbabwe African National Union (ZANU). It also enabled the African National Congress (ANC) to operate within Mozambique. In response, the Rhodesia's Central Intelligence Organisation created what became the Resistência Nacional Moçambicana (RENAMO) in 1976 to sabotage the Mozambican state. After the independence of Zimbabwe in 1980, South Africa took over the role of running RENAMO as part of its "total strategy" to intimidate front-line states, make them ungovernable, and show the impossibility of African self-rule. With South African support, RENAMO developed into a considerably more powerful, nationwide guerrilla movement that for the first time posed a serious challenge to the Mozambican state.

But if Rhodesian and South African intervention were essential in accounting for the creation of RENAMO and the beginning of the civil war in Mozambique, "the political choices made by FRELIMO ... in building its state ... can explain the grounding of this war in the Mozambican ... social fabric" (Young 1990, p. 169). FRELIMO's increasingly radical political orientation and many of its misguided policies, including forced villagisation, political repression, inability to tackle economic decline, the privileges accorded to the urban and industrial sectors, and the weakening/undermining of traditional organisations like religious groups, local chiefs, and spiritual healers, created tensions and disenchantment among different pockets of the population which RENAMO successfully exploited to build its national base. RENAMO became particularly strong in the central and centre-north regions of the country, while the locus of FRELIMO support was found in the south. As will be emphasised later in this section, one of RENAMO's enduring challenges would remain to transform its incipient anti-communism and neo-traditionalism into a coherent political ideology. But its effective military organisation enabled it to challenge FRELIMO's control of the country successfully.

Mozambique was thus plunged into a brutal civil war that was to last until 1992. The war killed approximately 1 million people, uprooted nearly one-fourth of the population, and forced another 1.7 million to flee to neighbouring countries. The armed conflict also devastated the country's basic infrastructure (RENAMO targeted in particular health and education facilities that had once been the pride of the FRELIMO regime), and resulted in the elimination of scores of villages (Bruneau 1999).

While there was clearly a significant regional component to the conflict in Mozambique, it is important to emphasise that, unlike Angola, Mozambique was never a critical arena in the geo-politics of the Cold War – though it did receive some support from the Soviet Union and the Eastern European communist block (Ciment 1997, Hanlon 1991). But despite its anti-communist rhetoric, RENAMO never enjoyed a privileged relationship with the United States, as UNITA in Angola did, and it was thus not able to secure military or financial assistance from the US government. In large part, the markedly different importance that Angola and Mozambique played in Cold War politics can be attributed to the fact that the latter did not have large oil reserves or diamond mines (and was thus not considered strategically important). In addition, unlike the MPLA government in Angola, FRELIMO enjoyed moderately good relations with the West and was successful in portraying RENAMO as a product of South African imperialism and thereby discrediting it as a credible political alternative.

The road to peace and the political settlement

By the late 1980s, changes in the international context (the demise of the white minority rule in southern Africa which effectively ended South African support for RENAMO, the collapse of the Soviet Union which did the same for FRELIMO, and a shift in US policy in Mozambique towards more proactive engagement to establish peace), along with the military stalemate that the civil war had reached and the related devastation of the economy and society it had brought about, eventually prompted the warring parties in Mozambique to work towards a negotiated solution to the conflict. Peace talks between the two warring factions began in Rome in 1990 under the auspices of the Sant'Egidio community, an international Catholic lay organisation active in Mozambique, and representatives of the Italian government. The negotiation process eventually comprised twelve rounds of talks that lasted until October 1992 and included a broad array of country governments that became involved in the mediation efforts.¹¹⁰ The road to a negotiated settlement was also paved with incentives, largely financial in nature, intended to support RENAMO in its transformation from armed movement to political party. And while the negotiations stalled along the way, a drought plaguing Mozambique raised the spectre of mass starvation, finally giving both sides a sense of urgency to push the discussions forward. In the end, FRELIMO's Chissano and RENAMO's leader Afonso Dhlakama signed the General Agreement of Peace (GPA) in October 1992.

What kind of political settlement ensued from the process that ended the civil war? Was it inclusive and broadly representative? Has it proven sustainable, and has it provided a foundation for responsive state-building in post-conflict Mozambique?

¹¹⁰ These included the United Kingdom, Portugal, the United States, Zimbabwe, Botswana, Kenya, and South Africa.

The GPA provided for the demobilisation and demilitarisation of the armed forces, as well as the formation of a unified army under the supervision of the United Nations; a cease-fire; and an internationally monitored election to be held within one year.¹¹¹ But the agreement was not broadly inclusive in the sense that, outside the warring factions, no other relevant domestic stakeholders (civil society, traditional leaders, etc) participated in the negotiation process or were able to make inputs to the content of the agreement. In addition, analysts agree that FRELIMO was able to maintain the upper hand throughout the process. As it became clear that a negotiated settlement had become necessary, under the leadership of Joachim Chissano, the FRELIMO party-state started to undergo a significant transformation to adjust to changing international and national conditions and to “curb its own collapse” (Msabaha 1995, p. 213). The Mozambican president began to make a series of unilateral moves aimed at, among other things, marginalising RENAMO diplomatically and pressuring the RENAMO leadership to negotiate an end of the war. If RENAMO could not be defeated militarily, then FRELIMO’s objective would become to defeat it politically.

As a result, during the fifth FRELIMO party congress in July 1989, the party adopted considerable changes that sought to radically transform its orientation. It renounced Marxism as an ideology and endorsed a reform package proposed by the IMF to make a speedy transition from a planned to a market economy. In 1990, the ruling party also announced the adoption of a constitution that, among other things, established a multi-party democratic system, a demand that RENAMO had constantly made as a precondition to negotiate peace. FRELIMO’s sweeping political and economic changes were adopted unilaterally before the beginning of official negotiations, thus allowing the Mozambican government to largely define the framework under which negotiations would take place and preserve its power (Msabaha 1995, Suminch and Honwana 2007). According to Suminch and Honwana (2007), FRELIMO’s other great diplomatic victory was to resist RENAMO’s and some international actors’ demands for a power-sharing agreement, instead insisting on a “winner take all” system where power was concentrated in the office of the president.

On the other hand, despite these limitations, the GPA has proven considerably sustainable over time, a remarkable achievement especially in light of the experience in Angola with the failed Bicesse and Lusaka accords. In effect, some of the literature on conflict resolution and peace settlements suggests that military victories tend to generate more sustained peace outcomes than negotiated settlements (e.g. Fetherstone 2000), so in this respect Mozambique stands out as an important exception. As highlighted in the earlier discussion on Angola, it took a decisive military victory of the MPLA over UNITA to finally establish peace.

¹¹¹ The United Nations Operations in Mozambique (ONUMOZ) operated in the country from October 1992 to December 1994 to help implement the GPA. In general, it was much better resourced than its equivalent in Angola, and it was also considered considerably more successful.

Learning from the debacle that took place in Angola, Mozambique's first competitive elections were postponed by a year to ensure proper conditions were in place (in terms of demobilisation). Held in October 2004, they were considered by and large peaceful, and nearly 90 percent of the electorate went to the polls despite a last minute attempt by RENAMO's leader Dhlakama to boycott the elections. In the end, Dhlakama decided to take part in the elections, which he lost to Chissano by a vote of 34 to 53 percent. He also accepted the results, apparently satisfied (unlike Savimbi in Angola) with being "the second most important man in the country" (quoted in Isaacs 1995). More than anything, the (implicit) understanding that seems to underpin the political settlement in Mozambique is the awareness by rival elites that they do not have the necessary resources to opt for renewed conflict in the absence of foreign patrons or available natural resources, and that their survival lays in supporting the development of Mozambique. As Newitt would put it, while "the wealth of Angola could be plundered, the wealth of ... Mozambique ...[needed] to be earned" (Newitt 2007). Resilience may also be rooted in the fact that, by and large, though still extremely poor, Mozambique and its people are considerably better off today than they were in the 1980s. This may be the result of a mixture of state responsiveness and the incentives/pressures brought about by Mozambique's considerable aid dependence (see Section on 5 on Responding to Public Expectations as well as the discussion on taxes in Section 4 on the Core Functions of the State).

Post-conflict Mozambique

Maintenance of FRELIMO hegemony

Since 1992, Mozambique is considered to have made remarkable progress in its multiple transitions from war to peace, from Marxist-Leninist rule to multiparty democracy, and from a planned to a market-oriented economy. Elections have been held three times since the end of the civil war, in 1994, 1999 and 2004 (with the next elections due to be held later in 2009), and, while they have not been tension- or conflict-free, their results have been widely accepted. Mozambique has also enjoyed political stability underpinned by national reconciliation and rapid economic growth, first under Chissano who ruled the country between 1986 and 2005 and stepped down without seeking a third term in office (he won the 1994 and 1999 elections), and then under Armando Guebuza, also from FRELIMO, who was elected in 2004.

As with the MPLA in Angola, overall, FRELIMO has also proven exceptionally adept at adapting to formal democratic politics and to a market economy, displaying considerable ideological flexibility and pragmatism. Most importantly, the party has been able to maintain its hold of power and to protect its vital interests. While on paper Mozambique is a democracy, the political arrangements and understandings underpinning the post-conflict Mozambican political system have progressively evolved towards ensuring FRELIMO's dominance. This tendency became markedly more pronounced with the ascension of Armando Guebuza to the presidency in December 2004. While Chissano was a moderate who showed a willingness to negotiate and compromise (for example, it has been argued that the stability of the peace settlement in the early years was maintained in large part by the constant, informal, back-and-forth dialogue between Chissano and Dhlakama), Guebuza is more of a hardliner who has made no secret of his desire to ensure FRELIMO's supremacy.

As it did before 1992, FRELIMO dominates political and economic life. Irrespective of formal institutions and provisions, the “rules of the game” are heavily stacked in favour of FRELIMO. To begin with, the ruling party continues to be virtually indistinguishable from the machinery of the state. This gives FRELIMO control of an extensive network of patronage and clientelism (which as discussed below also happens to be sustained largely through aid) that it has used to buy/co-op/coerce support and solidify its power base. Favour and advancement depend on informal relationships and loyalty to the party (Guebuza has allegedly also made party membership a prerequisite for civil service posts). This has offered plenty of opportunities for corruption and the enrichment of party/state elites and their cronies as well, as attested by the multiple scandals that have plagued the Mozambican government (see more on this in the discussion on the rule through law in Section 4). In addition, mechanisms for horizontal and vertical accountability (see below for the latter) remain extremely weak, and neither Parliament nor the judiciary has been able to provide an effective counterweight to the power of the Executive and the ruling party more broadly. Decentralisation reforms undertaken as part of the democratisation process have also done little to alter the current power dynamic. These have been more of an exercise in deconcentration and devolution than anything else, and the ruling party has successfully limited the experiment to only 33 urban municipalities so as not to jeopardise its position elsewhere. On the other hand, a few of these decentralised entities have provided an important laboratory for (local) rule under RENAMO.

As FRELIMO’s hegemony has solidified, the ruling party has also skilfully marginalised RENAMO over time in its role as leading opposition party in Mozambique. Several observers have noted that, as has happened with UNITA in Angola as well, while RENAMO proved to be a strong political force in the years after the institution of electoral competition (it had a particularly good showing in the 1999 election), it has become increasingly irrelevant as an opposition party. RENAMO of course is partly responsible for this. While it is undeniable that RENAMO has been able to count with a solid basis of support among some sectors of the population, especially in the centre and north of the country (at least for some time after the end of the conflict), it has failed to develop an effective organisational structure and it continues to struggle with defining a political platform beyond its anti-FRELIMO stance. Perhaps in part because of these weaknesses, in Parliament RENAMO has not focused on providing alternative policies but has opted instead to engage in formal battles over rules and procedures and to disrupt parliamentary sessions. This has made it less credible as a political force in the eyes of the population. In addition, RENAMO is a much more personalised party than FRELIMO in the figure of its founder and president, with Dhlakama looking out more for his own good than that of the party and sidelining/expelling promising party figures if they seem to pose a threat to his standing.

Yet, it is also essential to emphasise that the clientelistic party-state machinery controlled by FRELIMO has also played an important role in the growing debilitation of RENAMO. Among other things, it has given FRELIMO an almost insurmountable advantage in the electoral arena (e.g. by using and/or relying on state institutions and state resources to benefit the party). In fact, elections in Mozambique have often been marred with irregularities and accusations of fraud, even if in the end the electoral results are accepted. In addition, FRELIMO has also been able to co-opt the opposition through different perks. FRELIMO grew to such dominance after the last election in 2004 (which proved to be particularly dirty), even winning important municipalities back from

RENAMO control in the centre and north of the country, that analysts have characterised the current political order as an elected single-party state (Sumich and Howana 2007).

In addition, one should keep in mind that FRELIMO is a far more institutionalised and less personalised party than RENAMO or any of the other, much smaller and largely irrelevant, political parties that have emerged in Mozambique, and it has a superior organisational structure. It is also not entirely monolithic – a characteristic that may distinguish it from the MPLA in Angola.¹¹² While as has been mentioned the party is concerned with showing a unified front to the outside to maintain its credentials as guarantor of political stability, several analysts have noted that there have always been different currents/divisions within FRELIMO. For instance, it has been argued that Chissano did not choose to step down but that he was forced to by the rest of the party leadership, and in the end his preferred choice for a successor was passed over in favour of Guebuza. But these internal differences tend to be argued out and resolved within the party (De Renzio and Hanlon 2007).

There are questions that arise about the ability of the party to sustain its patronage network over time and maintain all its “clients” happy, especially in the measure that FRELIMO hegemony continues to increase and more and more expectations need to be met. The riots of February 2008 (after the rise in transportation prices) offer an example of society’s reaction to the failure of the state to deliver. In a context of almost total political dominance, the acceptance of the ruling party right to continue to govern the country might be at risk, because of the limited capacity of the state to respond to all demands at the same time. It will be important to observe how the clientelistic / neo-patrimonial system is affected by the global crisis and by the prospect of reduced flows of international assistance. Voter turnout has also seen a significant and steady decline at both the national and municipal levels since the 1990s, reflecting greater voter apathy and alienation from the political system in general, and perhaps reflecting disenchantment about the possibilities of real political change through the ballot box.

Mozambique and the international community

On the basis of Mozambique’s transformation from 1992 onwards, Mozambique is widely hailed as one of Africa’s most successful examples of post-conflict reconstruction and development within the donor community. Donors have invested substantially in supporting this “success story” in Africa. As one of the poorest countries in the world, Mozambique is heavily aid dependent, with donor assistance consistently funding upwards 50 percent of the government’s budget. Overall, donors have considered that Mozambique is a good, reliable partner to work with, as reflected among other things by the growing commitment of multiple donors to provide assistance through general budget support.¹¹³ On the other hand, there has been growing concern among some donors about problems of corruption in Mozambique and the perceived inability and/or lack of political will on the part of Mozambican authorities to tackle the issue effectively. Some donors like Sweden and Switzerland have suspended budget support as a result.

¹¹² This is an impressionistic observation regarding the MPLA which would be worth investigating further. It seems that in Angola Dos Santos is firmly in charge of the party, which is unified under him. For instance, Dos Santos is in line to run for a third term in 2010 after having said that he would not, and no likely successor to his leadership is likely to emerge for some time to come. No mention of any kind of internal elite differences within the MPLA emerged from my reading of the literature on Angola either, but interviews with key informants could be useful.

¹¹³ An original group of six donors in 2002 has by now expanded to 20 Programme Aid Partners. On the whole, GBS is believed to have been working well in Mozambique. For greater details on GBS, see Batley et al. 2006.

On the whole, however, Mozambique has been able to drag its feet on governance and corruption issues without jeopardising its relationship with donors at large.

Mozambique's high reliance on aid has been considered problematic on multiple fronts (e.g. donor fragmentation and how it has affected already weak state capacity; predictability of flows; etc). In terms of how international assistance may affect the political settlement and state-building in Mozambique, a few points are worth highlighting. Firstly, there are concerns that international aid has been an important driver of corruption in Mozambique, helping, among other things, to grease the wheels of the clientelistic system and by so doing contributing to the unchallenged political dominance of FRELIMO. Donors also tend to have considerable leverage and power in Mozambique, a situation which may put pressure on state actors to be more responsive to donor demands and may thereby contribute to the weakening of domestic accountability mechanisms and undermine a vital link between state and society. Aid dependence may also lead to lack of domestic ownership of development priorities and goals (see also Section 5 for a further discussion of this). Finally, the availability of aid also means that the state can raise revenue/resources without depending on its population and establishing critical links of reciprocity through taxation (see the discussion on sources of revenue in Section 4 as well). On the other hand, despite all these problems, as other sections of this paper will discuss, aid in Mozambique may also be playing an important role in supporting responsive state-building in Mozambique, and may in fact be one of the leading factors that help explain differing state-building trajectories in Angola and Mozambique.

Civil society and pressure for change from below

As in Angola, the space for autonomous political action in civil society remained constrained until the early 1990s. As a Marxist-Leninist state, FRELIMO "colonised" associational life, incorporating organizations of wage earners, teachers, journalists, women and youth into the party structure. More independent civil society organisations emerged after 1990 as a result of the new Constitution and wider democratisation/peace-making processes. Yet, despite the "mushrooming" of such organisations, civil society remains extremely weak. Again as in the case of Angola, the nature of Mozambique's state as clientelistic and neo-patrimonial has meant that the relationship between state and society is not based on the concept of citizens with rights and obligations but rather on the concept of individuals who are subjects or clients. These linkages between state and society are characterised by a fundamental lack of accountability and transparency and by a kind of reciprocity that is highly selective. With some notable exceptions, until now, the capacity of civil society actors to exercise effective voice, demand greater accountability and responsiveness from the state, and mobilise for progressive change from the bottom up has on the whole been extremely limited.

Among other things, CSOs remain dependent on donor funds for their survival and oriented towards donor priorities. In addition they often face limitations in capacity – in technical areas relevant to their remit, in institutional and organisational capability, and/or in their ability to represent broad pockets of the population, especially in rural areas. Moreover, many groups in civil society have not proven immune to co-optation at the hands of the clientelistic practices of the state (DFID 2007) as a strategy for survival. Participation in the so-called “invited spaces”, such as the development observatories (DO), has an ambiguous effect in the institutionalisation of civil society, since instead of representing a growth in the capacity to interact with the state it ends up being a way of accommodating interests, courting favour from the government/state elites, or appeasing potential government opposition. According to analysts, most CSOs that participate in these spaces at central (DO) and the local level (IPCCs) avoid criticising the Government, because of their dependence on its resources (PCA 2008). Given these and other significant structural constraints (including high levels of poverty, a largely rural, atomized peasant population preoccupied with immediate survival concerns, limited access to information) the potential for civil society organisations and society more broadly to exert strong internal public pressure for increased accountability and progressive change does not appear promising (PCA 2008, Hodges and Tibana 2004, DFID 2007). As of now, civil society has not been an effective driver to challenge the current political arrangements and rules of the game or to demand more responsive and inclusive state-building. For the most part, drivers of change in Mozambique (regardless of the kind of change being advocated) have been the domestic ruling elites and international actors and dynamics. The same is true for Angola.

4. CORE STATE FUNCTIONS: SECURITY, REVENUE, AND RULE THROUGH LAW

4.1 *Security*

Angola

After decades of prolonged warfare and intensely violent conflict, the security situation in Angola has improved dramatically. One of the main visible peace dividends has been freedom of movement across the country (Vines et al. 2005). As noted by several analysts (Kibble 2006 and personal communication with David Sogge), Angola today can be considered a strong security state, having established a monopoly of coercive power over the national territory in the years since the army's decisive defeat of UNITA in 2002. Perhaps the only area of relative trouble that remains is the oil-rich province of Cabinda, but that threat is largely contained and separatist tensions have been eased since the signing of a peace agreement in 2006 (with the central state maintaining the upper hand).

Part of the stabilisation in Angola was achieved through a process of disarmament and demobilisation that has been largely judged as a success by the Angolan government and the international community – at least in the sense of having avoided predictions of widespread insecurity and broken the patterns of the past. Interestingly, the Angolan government took full responsibility for administering and funding the demobilisation and disarmament processes (US\$187m by January 2004) with no provision for formal third party monitoring and verification, as there had been under the Lusaka Protocol (Parsons 2004). However, there are concerns that the reintegration process, encompassing almost 500,000 UNITA ex-combatants and their families, has not gone as well and that many of their basic needs have gone unmet. On the other hand, such neglect has not resulted in the proliferation of banditry and insecurity (see Human Rights Watch 2005).

The state has also been able to establish security throughout the territory both formally through the military and the police, and informally through a paramilitary group under its control (Celulas Armadas para a Defesa Civil). According to analysts, Angola has one of the most well-resourced and battle-trained armed forces in the continent today (Shaxson 2008). It is considered a competent and robust (if heavily politicised) institution in a wider environment of institutional decay and fragility. For the most part, the leadership of the military has been loyal and unified (personal communication with Sogge). Among other things, defence and security institutions continue to enjoy a relatively high share of government expenditure¹¹⁴, even after the establishment of peace from 2002. According to Sogge, the massive size of the military/security apparatus may be explained in part by its politically stabilizing provision of jobs and income as well as by its power to discourage dissent. In addition, senior figures have always paid close attention to the recruitment, training discipline and compensation of military and security officials. They have done so with a close eye for the social make-up of the security branches, to reduce risks of dissension and disloyalty. After purging a number of white and mestiço officers from the army in the early 1980s, the leadership took an inclusive approach,

¹¹⁴ Expenditure on defence and security tends to be underestimated in the budget as there has habitually been large unrecorded extra-budgetary expenditure on the military (Hodges 2007).

recruiting officers of ethnic groups from which opposition parties and their insurgent armies drew their followings. (personal communication with Sogge)

The country's public-private police system also operates effectively, if sometimes brutally. As for paramilitary forces aligned with the state, the government/MPLA denies their existence, but they are allegedly funded through the state budget (Amundsen and Weimar 2008, p. 31).

Thus, the state faces few internal or regional threats, and the prospect of renewed conflict has become highly remote. Cooption, division and occasional repression – as well as a generalised desire for peace and stability after so much devastation – have worked well to eliminate any possible (violent) challenges to state authority.

On the other hand, while the Angolan state has been successful in enforcing security, it has proven a lot less successful or interested in ensuring that defence/security institutions provide protection to the population at large. This is a key dimension that the DFID Paper (see p. 8) highlights as essential to responsive state-building, and that Angola clearly lacks. The military/security network that links the commander-in-chief to the soldiers and security are highly politicised and geared to ensure the survival of the regime. This particular network hinges on top generals who are “looked after” through various forms of compensation (mining concessions to engage in diamond mining) and who in turn look after their soldiers.¹¹⁵ The police also remains highly politicised and corrupt, and it has not managed to achieve much legitimacy in the eyes of the population. It is regarded as the least trustworthy institution in the country (Sogge 2006).

Overall, a heavy-handed security apparatus answering only to its own top authorities and to major enterprises has consolidated its position. It can act arbitrarily because it enjoys a large measure of de facto judicial impunity and political protection (Amnesty International 2007). Thus, even if (enforcing) security has been achieved throughout the territory, the situation in Angola provides support to the DFID Framework's proposition that a lack of protective security may be associated with unresponsive state-building because the governed do not “have confidence that, provided they do not threaten the state, they will come under its aegis and be left in peace” (p. 8).

Mozambique

Since the return to peace in 1992, security has not been a major concern in Mozambique (EIU 2008m; Vaux et al. 2006), at least in the sense that a resumption of armed conflict seems extremely unlikely. As with Angola, there is a general consensus that the disarmament and demobilisation process went extremely well and has served as a model for many other conflicts (Suminch and Honwana 2007). There is also a sense that the reintegration process has worked considerably better than it has in Angola, at least in that the Government has done more of an effort to address their basic needs, including health and education (see Section 5). By mid-1995 more than 1.7m Mozambican refugees had returned from neighbouring countries, and an estimated 4m internally displaced persons (IDPs) returned to their areas of origin in what was, at the time, the largest repatriation ever witnessed in Sub-Saharan Africa (Foley 2007).

¹¹⁵ I am grateful to Timothy Othieno for this insight.

Following the General Peace Agreement, a unified army, comprising personnel from both FELIMO and RENAMO forces was created under joint civilian command. Curiously, RENAMO still has a small number of armed forces based in its former Headquarters in the Sofala Province (which allegedly act as “bodyguards” to the RENAMO leadership), in clear violation of the agreements. However, these troops have not posed any kind of serious threat to the state (Bertlesman 2007), and in general the country leadership has a reasonable control of the army (as well as the police). Unlike Angola, the military in Mozambique is extremely small (when the new unified army was created, a large majority of the ex-combatants opted out, preferring to join civilian life), and its share of government expenditure at around 1.4% of the GDP since 2000 reflects that (DFID 2007).

On the other hand, organised crime has become a much more serious problem in Mozambique over the past few years, raising considerable security concerns. Mozambique has become the regional centre for drug smuggling, at least for Southern Africa, and powerful criminal networks associated with money laundering, human trafficking and other such illicit activities have been on the rise. So far, the state has not been able to deal effectively with this challenge. The fact that the military is so small and has undergone considerable budget cuts since the civil war also means that it is poorly equipped and poorly trained to address the problem of organised crime, and according to some analysts this has affected its capacity even to ensure territorial integrity (PCA 2008). There are also reports that state and party (FRELIMO) officials are involved in criminal networks (Bertlesmann 2007).

Despite attempts at professionalisation (the Police Sciences Academy was created in 1999), the police in particular remains one of the weakest institutions in Mozambique, even if it is relatively better resourced than the army. In a national governance and corruption survey commissioned by the Government in 2004, the police was considered the most corrupt institution in the country (PCA 2008). In fact, the police’s (lack of) effectiveness and vulnerability to corrupt practices and instrumentalisation/infiltration by criminal networks and politicians alike are recurrent topics in the media. Torture and summary executions at the hands of the police, and the impunity that accompanies such actions, have also drawn considerable national and international attention (e.g. Amnesty International 2008).

The perception that state institutions (in particular the police) cannot be relied upon to provide basic security against crime has undermined their credibility and legitimacy in the eyes of the population. This can be observed in a number of worrisome trends. The incidence of lynchings, for instance, have increased dramatically across Mozambique. Such practices may be seen as “an extreme statement that the state and the authorities are doing nothing ... to provide even basic security; people feel abandoned by the state... Local residents simply no longer believe that the state ... will do anything for them”. In addition, according to the DFID Strategic Conflict Assessment of Mozambique Vaux et al. 2006), human security is based on patronage and wealth rather than citizenship. The ordinary citizen lacks security while rich people employ private security services, many of them armed. There are also allegations that these private security operations are often linked to organised crime and have ties with the police and the judiciary.

Thus, it appears that while the state in Mozambique has been able to establish some kind of security and stabilisation – related to the fact that renewed armed conflict seems extremely unlikely – it cannot be said that it has effectively controlled, let alone monopolised, the use of force. Criminal networks compete with the state in this area, and they have emerged as very powerful actors that have successfully undermined/infiltrated state institutions. Confronted by this threat, the state in Mozambique has not been able to provide basic protection against this type of violence and crime, which is qualitatively very different from guerrilla warfare. The analysis also shows that, as in the case of Angola, the Mozambican state confronts considerable weaknesses in terms of providing protective security.

Insights emerging from the Angola-Mozambique comparison?

The comparison between Angola and Mozambique in the area of security may raise more questions than it helps to answer in terms of DFID's Framework. In both cases, it can be said that one essential component of security has been achieved, in that the resumption of armed conflict in either country seems extremely unlikely. But both also show considerable gaps in the provision of enforcing and protective security. This does not enable us to assess how and why one state (Mozambique) is relatively more responsive than the other (Angola) in terms of this critical "survival" function. What it does highlight is that it is essential to understand that (un)responsiveness is a matter of degrees and that the state may be responsive in some areas and not in others. How long the Mozambican state can be considered relatively more responsive in light of the ongoing security challenges it confronts in the face of organised crime is an empirical question that may deserve further attention.¹¹⁶

4.2 Revenue

Angola

Over the past several years, Angola has enjoyed spectacular rates of economic growth, but such growth has been mainly concentrated on enclave sectors of the economy consisting of oil and diamonds and has not benefited the majority of the (poor) population. In effect, Angola is a prime example of a state where the "rents bonanza" from mineral extraction has enabled it to ensure a steady source of revenue that is thoroughly de-linked from society at large. The Angolan state mostly taxes the mineral sectors, and citizens are consequently left out of the equation (Shaxson 2008). The economic importance of oil lies essentially in its ability to generate fiscal revenue for the state and bankroll the political class. In 2005, oil accounted for 80 percent of state revenue and 90 percent of export earnings (FRIDE). Oil-backed loans that are routed through secure offshore structures have also provided extensive opportunity for corruption. Other productive sectors of the economy that could provide alternative sources of revenue have been neglected.

¹¹⁶ The case of Guatemala comes to mind in this respect, where the pronounced failure of state institutions to address organised crime and provide protection against the violence it helps generate has profoundly undermined the state's effectiveness, credibility, and legitimacy.

As David Sogge has put it, “Angolans may matter occasionally in political rituals (as ballot fodder) but not very much economically, since most of what the political class needs can be obtained without Angolan labour, taxes and consumption. Rather, state revenues depend mainly on consumption and production elsewhere in the world, mainly in the United States and China” (Sogge 2006). This situation is perhaps the leading factor helping to explain why state-building in Angola has remained so unresponsive, confirming the proposition of the DFID Framing Paper in this key respect (i.e. that a state is more likely to be responsive if it has to work at raising resources, particularly through taxation).¹¹⁷

Such increased autonomy of the state from its citizens has reduced the need for state leaders to develop long-run broad-based political bargains with different groups in Angolan society. The “resource curse” is thus fundamentally a political curse that destroys reciprocity between rulers and ruled (Sogge 2006). Among other things, the fact that the state does not depend on its people to raise revenue helps generate a widespread perception that public services are a favour from the state rather than a right that can be demanded, and it therefore profoundly undermines vertical accountability processes.

In addition, despite different international initiatives like the NGO-driven “Publish What You Pay” campaign and the Extractive Industries Transparency Initiative (EITI) – which the Angolan state has joined as an “observer” rather than as a full signatory – as well as some modest efforts undertaken by the Angolan government over the past few years,¹¹⁸ revenues from oil and other mineral extraction remain extremely opaque and poorly accounted for (Hodges 2004). In this respect, the Angolan state is not alone to blame: according to several analysts, “oil firms and other international corporations are major practitioners in promoting tax avoidance and evasion”, and they have been more than happy to let the system function as it is (Sogge 2006, Hodges 2004). Thus, global drivers of (poor) governance also play an important role in undermining a state’s need to raise revenue through its own citizens and in weakening accountability relations between state and society.

¹¹⁷ However, the case of Angola also helps to highlight that a breakdown, or non-appearance, of reciprocal state-citizen relations does not automatically contribute to overall state fragility, and that a state may survive reasonably without such reciprocal relations as Angola has done since 2002 (personal communication with David Sogge; see also DiJohn 2008).

¹¹⁸ As noted in a Council on Foreign Relations report (2008), “[s]ince the end of the civil war in 2002, the government [in Angola] has made some efforts to promote transparency. In conjunction with the World Bank, it established a program to monitor the majority of government expenditures as they occur. The ministry of finance is publishing information on its website about budgets, oil revenue, and Chinese financing with an unprecedented level of detail ... [On the other hand,] the Angolan government has balked at implementing measures that would erode the president’s grip on power. According to the IMF..., measures to promote transparency have not extended to the country’s state-run oil company, Sonangol.”

Mozambique

Like Angola, Mozambique has also enjoyed substantial economic growth over the past fifteen years, and such growth has been more broad-based and diversified than Angola's. On the other hand, as reflected by its very small tax base, Mozambique continues to have relatively low tax capacity (see Table 4.1). Although the tax revenue (as % of GNP) grew from 9.9% (1996) to 13.4% (2006), or, annually by 0.32% on average – with the major source of tax revenue being direct taxes on goods and services (VAT) – Mozambique's revenue share of GNP is well below that of comparable low income countries in the region, such as Malawi (18%), and Zambia (18%).¹¹⁹ The system of collection and administration of taxes remains fragmented, and no fiscal and tax policy has been politically negotiated with major societal stakeholders (PCA 2008). Tax holidays/breaks are provided to big international corporations (e.g. oil and coal extraction), and politically well connected national enterprises also have fiscal protection. Most of this information is not transparent, however, so that the terms of such agreements remain secret/unclear.

Table 4.1: Tax revenue as percentage of GDP

1999	2004	2005	2006	2007 (e)	2008 (p)	2009 (p)
11.0	11.7	12.2	13.4	13.6	14.0	14.1

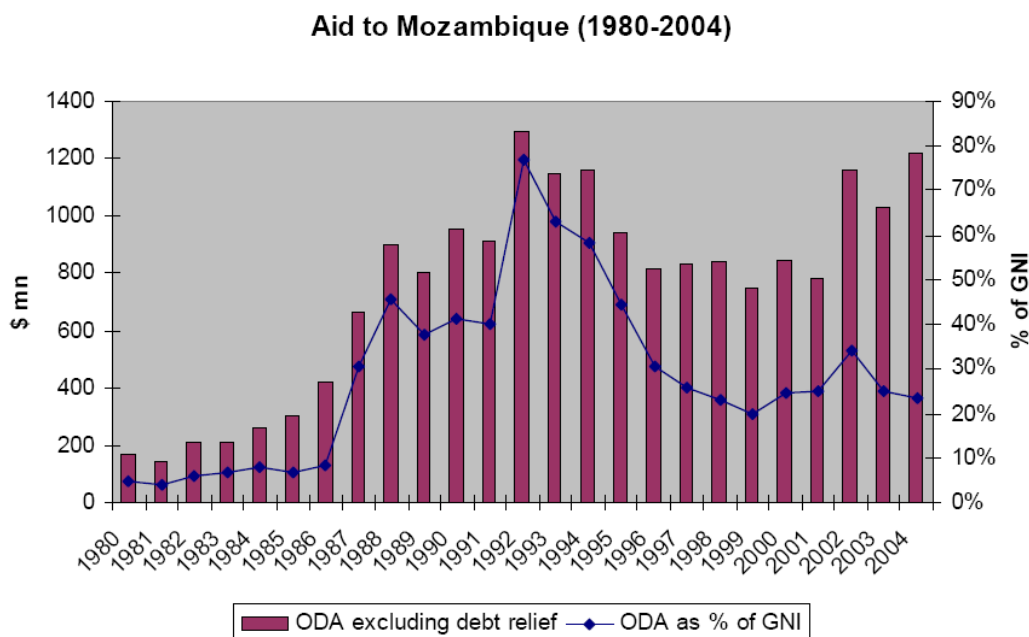
Source: AfDB/OECD (2008) -- projections based on authors' estimates (e) and projections (p).

Mozambique's limited capacity to generate revenues internally, especially through taxation, has meant that the state remains dependent on outside sources of revenue, namely aid, to subsidize government resources. Mozambique is in fact one of the most heavily aid dependent countries in the world (see Figure 4.1), with international assistance accounting for more than 50% of government spending. Among other things, donors underwrite crucial health and educational services and public investment more broadly (Batley et al. 2006; Rupiya 1998). As noted by analysts, despite the emphasis that the government has put on increasing domestic revenues in its poverty reduction strategy (PARPA) and the introduction of a number of reforms such as the introduction of value added and personal income taxes, reducing aid dependence has so far proved to be an elusive goal (De Renzio and Hanlon 2007). Thus, as in the case of Angola, a key linkage binding state and society together can be said to be considerably weak given that by and large the state in Mozambique relies on other means instead of taxation to get resources. The notion that there is a 'compact' between state and society, in which taxes are exchanged for services and society can hold public officials to account, is not well developed in Mozambique.

¹¹⁹ All data for 2007 ; source, various IMF reports

Figure 4.1: Trends in aid flows and aid dependence in Mozambique

Source: De Renzio and Hanlon 2007



Source: www.oecd.org/dac/stats/idsonline

Aid dependence can be problematic on several fronts, including the fact that aid flows can be unpredictable and disparate and dispersed donor efforts can further undermine already weak state capacity.¹²⁰ In addition, there are concerns that aid dependence gives donors considerable leverage over the government, and that as such state officials (particularly in the Executive) are more accountable and responsive to donors than they are to national stakeholders (the Parliament, civil society, etc.). International assistance has also been documented to foment considerable corruption in Mozambique, further subverting transparency and accountability mechanisms (Hanlon 2004).

On the other hand, it can be argued that aid dependence in the case of Mozambique has had a far less pernicious impact on state-society relations than oil and diamond rents in the case of Angola. While aid can have perverse effects, peace-building and post-war reconstruction international assistance has provided an incentive for the government of Mozambique to be more responsive to the needs of the population and to provide services, such as rebuilding the health and education systems. The experience with aid in Mozambique thus supports Paul Collier's contention that "on average aid has been more effective at promoting development than oil... Like resource rents, aid reduces the need for taxation and so increases sovereign rents. However, offsetting this, aid comes with various donor-imposed mechanisms of scrutiny, which may spill over onto other expenditures, and so substitute for reduced pressure from citizens" (Collier 2006). As noted by Hodges and Tibana 2004, for instance, "through the policy dialogue and conditionality associated with [general budget support – GBS] and sectorwide support, donors have clearly influenced the government's agenda, encouraging reforms [in

¹²⁰ There has been a concerted donor effort to address these and other problems associated with aid by providing assistance increasingly through general budget support (GBS). Overall, GBS seems to have been working well in Mozambique (Batley et al. 2006).

service delivery and] even in areas such as governance and public sector management where elite interests are embedded.” Donors have lacked this kind of leverage in Angola because the country is not aid dependent.

Insights emerging from the Angola-Mozambique comparison?

Where do these different experiences of Angola and Mozambique regarding the (in)ability of the two states to raise revenue leave us in terms of the DFID Framework? In the case of Angola, it is unquestionable that the abundance of oil and diamonds, as well as other minerals such as gold, has been a (if not the) leading factor in disarticulating the link between state and society, enabling those who rule to command vast patronage networks while displaying a cavalier indifference towards the population at large. It will be interesting to follow what happens in Angola in light of the ongoing financial crisis as oil prices come down. Could that provide the needed pressure for the Angolan state to foment deeper and more meaningful linkages with the population? This remains an open question. It is worth noting, however, that the Angolan state has confronted deep economic crises in the past (at the end of the 1980s, for example, also related to a severe drop in oil prices), and while it has undertaken certain reforms to weather them, the fundamental structures and power relations underpinning the system have remained largely intact.

The case of Mozambique is less clear-cut. Here also the very small tax base and Mozambique’s high reliance on international assistance have meant that a crucial link between state and society remains rather weak. Yet, compared to Angola, the state in Mozambique cannot afford to ignore the needs of the population so flagrantly. Despite the problems that have been identified with aid (weak national ownership of the development process, upward accountability towards donors rather than downward accountability to citizens/tax-payers, etc.), it also seems to be the case that aid dependence has forced the state in Mozambique to be more responsive, at least in relative terms. Clearly, the pressure for responsiveness is coming from donors rather than from the population – but Mozambique’s trajectory from the 1990s onwards suggests that, on the whole, this has worked, and increasing donor reliance on general budget support rather than projectised aid has had a positive impact as well (Batley et al. 2006). This suggests that low tax collection may not necessarily be an indicator of an unresponsive state, or a sign that the state is not legitimate. A state may be able to manage to be responsive and maintain a modicum of legitimacy even if it cannot develop adequate capacity “to raise funds sustainably, particularly through taxation” (DFID Framework), but only if there are other levers of pressure that can complement (or even act as a substitute for) much weaker pressures from below.¹²¹

¹²¹ This proposition would need to be further tested in the field.

Rule through law

As noted in the DFID Framework, progress on the rule of law (ROL) is critical for the development of responsive state-building. In terms of “survival functionality”, however, it may be that the key component is the rule through law (RTL) – “the way in which the state makes known to its people what it expects from the citizens” (DFID Framework p. 9). In order to achieve ROL (whereby authority is legitimately exercised only in accordance with written, public laws adopted and enforced in accordance with due process), at a minimum, the ROL requires fairly generalised RTL, that is, a substantial amount of legal predictability (through applicable and written laws), and widespread obedience to the principle that no one is above the law (Rosenfeld, 2001:1318-1320).

In the cases of both Angola and Mozambique, it can be said that, despite considerably different levels of state responsiveness, the capability – or even the desire – to rule through laws remains extremely weak, with informal understandings or arrangements often trumping formal rules and regulations intended to order political interaction and make politics more transparent and predictable. Thus, the problem in each case is not a lack of laws, but rather their arbitrary and unpredictable application/implementation, which makes it extremely hard to ensure that nobody is indeed above the law.

Angola and Mozambique have constitutions that, on paper, provide for a separation of powers among the executive, legislative, and judicial branches of government, and contain basic liberal democratic freedoms and guarantees. However, the two systems are heavily presidentialist (both in terms of formal constitutional powers and informal practices), so the separation of powers means very little in actual practice. In each country, power is concentrated in the Executive (and the president in particular). The President has a great degree of control over the legislature and also has a tendency to interfere with the judicial branch. In effect, the parliament and the judiciary remain extremely weak institutions that cannot properly perform their checks and balances duties.

In addition, both countries today can be characterised as hegemonic party systems¹²² where the boundaries between the long-standing ruling party (in power since independence from Portugal in 1975) and the state have become increasingly blurred. For both countries, the dominance of the ruling party has become more deeply entrenched over the course of the past few years, with the landslide election of the MPLA in Angola in 2008 (winning 87% of the seats in the National Assembly) and the very comfortable FRELLIMO victory in the 2004 elections in Mozambique (60% of the vote).¹²³ Executive dominance and the lack of separation between the party and the state means that informal institutions matter a lot. These are systems that are based on patronage, co-optation, and clientelistic networks, facilitated by the fact that the President is both the head of the executive and the head of the party. Among other things, this gives the party privileged access to government resources.¹²⁴ It also gives the ruling party an immense (and often extra-legal) advantage over opposition parties during elections, as witnessed by the growing marginalisation of both UNITA and

¹²² Even with the advent of democratic politics (in Mozambique since 1992 and in Angola since 2002), each respective party has never lost the Executive nor a majority in Parliament.

¹²³ The elections in Mozambique were considered particularly controversial, but the opposition accepted the results.

¹²⁴ The system is sustained through the oil and diamond industries in Angola, while in Mozambique aid resources have proven crucial in its survival and recreation.

RENAMO as relevant political players. In this respect, if there is an (informal) rule that is predictable, it is that the ruling party won't lose electoral contests (at least at not at the national level) but rather solidify its hold on power.¹²⁵

By their very (patrimonial) logic, these systems also thrive on corruption and impunity at all levels. Despite an increasingly elaborate formal institutional framework to address corruption in both countries, for example, corruption and weak enforcement of the law remain acute problems in state institutions ranging from individual ministries to the police to the courts. In the particular case of Angola, it is essential to keep in mind that, as Sogge (2006) has noted, international structures and interests have also been complicit in undermining the rule through law (see Box 4.1, as well as the discussion on taxes earlier in this section), and the problem of how oil and diamond resources can be better managed so as to benefit the population at large rather than clientelistic networks cannot be addressed fully without taking the role of international corporations into account. In general, in both countries government officials and their cronies (inside and outside the state) enjoy protection and immunity, and in the rare instances in which they are held to account, it is usually for political reasons (e.g. to eliminate a potential political challenger or to earn political mileage with different stakeholders, including donors).

Challenges to the rule through law in Angola: an example from the extractive industries

Important to the architecture of power in Angola are institutions not directly subject to constitutional provisions, parliament or other kinds of public oversight. The main off-the-books institution is the parastatal oil company Sonangol. A state-within-a state, it operates in alliance with multinational oil firms, banks and other offshore interests. Together with the Central Bank and Finance Ministry it colludes to form 'a 'black hole' for the country's oil revenues, akin to the famed Bermuda triangle where shipping would disappear without a trace'. Answerable to top leadership, the oil company has great autonomy to broker loans to bankroll investments, arms purchases or whatever the regime desires, but wishes to keep from public view. The arrangement has enabled the Angolan government to resist pressures even by the IMF. The accounts of Angola's national diamond company, Endiama, are even less transparent

. Source: FRIDE

¹²⁵ Since the first elections were held in Mozambique in 1992, electoral contests have been plagued by irregularities and complaints of an uneven playing field favouring FRELIMO, and the 2004 elections in particular were sharply criticised by international observers. The 2008 elections in Angola, the first to be held since the fated elections of 1992, were deemed "free and fair" but again there is no question that MPLA enjoyed enormous advantages over the opposition in the run-up of the elections.

Thus, in Angola and Mozambique, power is managed through the distribution of money and political and other posts in exchange for loyalty to the party (and especially in the case of Angola the President himself) and political support. Linkages to the political elites is also an important element for access to public contracts. In both countries, for instance, the privatisation of state enterprises with the advent of neo-liberal economic reforms from the 1980s onward turned out to be a highly untransparent, politicised, and corrupt process that favoured the emerging business elite drawn from the party nomenklatura. This contributes to create a system where informal rules, allegiances and traffic of influence are key elements for success, in the public and private sectors (in Mozambique, for example, party militancy has become a requirement to obtain a public post; in Angola, the ruling party has proven particularly adept at buying off members of the RENAMO opposition party; in both, elements of civil society have been considerably co-opted). As the clientelistic system has been described for the case of Mozambique, but also highly applicable to Angola,

The business and political elites are in a symbiotic relationship in which family connections, political allegiance and various types of payments (financial contributions to [the party], kickbacks to public officials) have been critical in obtaining such opportunities as the acquisition of state assets (through privatization), the awarding of state contracts (through a highly corrupted procurement regime) and access to bank and treasury loans (with weak enforcement of the obligation to repay). Hodges and Tibana 2004

The picture that emerges from the discussion above suggests that, based on the information available in producing this report, this analysis cannot give support to the proposition in the DFID framework that achieving the capacity to rule through laws is a necessary albeit insufficient condition to the process of responsive state-building. While the lack of the RTL has clearly contributed to unresponsive state-building in Angola, the situation once again is less clear-cut in the case of Mozambique. Here, it seems that the state has managed to be relatively responsive despite widespread impunity (which enables some to stand above the law) and the lack of legal predictability. There may therefore be a need to test/refine this hypothesis further and in greater depth on the basis of more extensive fieldwork.

5. RESPONDING TO PUBLIC EXPECTATIONS

5.1 Patterns of economic growth, poverty, and inequality

Drawing on Steve Commins' comparative study of Cambodia and Tanzania, this study also looks at economic growth and its distributional impact as an important aspect of state responsiveness (or lack thereof) to public expectations.

Angola

Against a backdrop of ongoing conflict and an extremely severe economic crisis (ultra-high inflation and macro-economic instability), the Angolan state began a process of market-oriented reform based on the neo-liberal policies promoted by the IFIs from the 1990s onward. As was noted in the discussion on taxes in Section 4, Angola has enjoyed spectacular (if uneven) rates of economic growth since, averaging 10.2% per year in 1998-2007 (EIU 2008a), and attracting substantial levels of foreign direct investment. Such growth is concentrated mainly in the oil and diamond sectors, with Angola today having become the largest oil producer in sub-Saharan Africa (it surpassed Nigeria earlier this year), and the third most important source of diamonds in the world (after South Africa and Botswana) (CMI 2008). However, both of these are enclave sectors of the economy with few linkages to the rest of the economy, so on the whole the substantial revenues from the booming economy have yet to translate into human and social development for the majority of the population. For instance, almost 97% of Angola's oil production is offshore, and the sector employs only 0.2% of the economically active population. The diamond sector, like oil, has little regulation or accountability, and forced labour, ill-treatment and disappearances are common practice. Other (potentially) productive sectors of the economy (including agriculture) have been considerably neglected, while the bulk of the workforce is employed in the large informal sector (without any rights or protection) (Hodges 2004).

Both diamonds and oil are fully incorporated into ruling party/presidential patronage politics, and they have been the main source of enrichment of senior government officials, military officers and their political and business cronies over the past decade (Hodges 2004). As noted in the discussion on RTL in Section 4, the process of privatisation that accompanied market reforms also provided an important source of wealth for the elites. On the other hand, poverty remains widespread (estimated at 60% of the population in 2006) and income inequality has steadily worsened. The government's most recent survey of social indicators in 2000-01 found that households in the richest decile of the population earned 27 times more than in the lowest, with the richest decile accounting for 42.5% of household expenditure, compared with 4.4% for the poorest decile. Thus, the pattern of economic growth in Angola has been highly exclusionary, leading to staggering poverty among large pockets of the population and ever increasing inequality.

Mozambique

Like Angola, Mozambique also had to undertake substantial economic reforms under the aegis of the World Bank and the IMF in the face of the failure of the socialist model and of a profound economic crisis in the 1980s. Post-conflict Mozambique has experienced an “economic miracle”, growing at an average rate of 8.3% over the period 1996-2006. Much of this growth has been linked to a few capital-intensive mega-projects (aluminium smelter MOZAL, gas pipeline to SASOL in the Republic of South Africa, electricity of Cahora Bassa to South Africa), whose contribution to poverty reduction is not obvious. As in Angola, Mozambique also has a very large informal sector that encompasses the majority of the population. Yet, the 2007 edition of Africa Development Indicators (World Bank 2007) cites Mozambique as one of the countries with the most rapid “diversified and sustained economic growth,” even after controlling for mega- project. In addition, Mozambique’s Gini index of inequality shows that the country “has one of the most equal distributions of income in Africa and that income equality has been reasonably well maintained through a period of substantial economic growth” (DFID 2007).

Mozambique today remains one of the poorest countries in the world. Yet, since the restoration of peace in 1992, the country has made considerable progress in reducing poverty levels. According to the World Bank, the poverty headcount index fell by 15 percentage points between 1997 and 2003, bringing almost 3m people out of extreme poverty (out of a total population of 20m) (World Bank 2008). Poverty reduction has been larger in rural than in urban areas, with the World Bank noting that “Mozambique’s rural poverty reduction is one of the most successful in the world” (World Bank 2008, p. 21). On the other hand, important subnational imbalances/ territorial inequalities remain high (southern Mozambique is generally more developed than other regions). Overall, however, it can be said that the pattern of economic growth in Mozambique seems more inclusive and more broad-based than in Angola. An anecdotal observation that has been made by several commentators is that, in the end, the ruling elites in Mozambique have a vested interest in promoting more diversified and sustainable growth because they cannot rely on the kinds of natural resources available to their counterparts in Angola (while still allowing for the fact that, on the main, they and their clients may profit more from the benefits of growth than the majority of the population, as in the case of the privatisation of state assets, which was filled with corruption scandals). Some of the momentum behind this may be attributable to Mozambique’s high reliance on aid as well, as donors have increasingly emphasised the importance of pro-poor development in the assistance they disburse.

5.2 Basic services¹²⁶

Angola

After a brief period in the immediate post-independence period when the MPLA party-state seemed committed to the development of the social sector, the provision of basic services in Angola has been in a steady state of decline. For a long time, the MPLA blamed the war for this decay and neglect of the social, but the trend that has for the most part not been reversed since peace was finally established in 2002. Angola was ranked 162nd out of 177 countries in the UNDP's Human Development Index (HDI) for 2008, with indicators on health, education and nutritional status among the worst in Africa – considerably below its income rank.

In fact, Angola has a high rate of public expenditure, among the largest in African countries. Most of this is directed towards large infrastructure and public works projects – that is, the “hardware” of the state (Hanson 2008). Nevertheless, despite this investment, service delivery directed towards those sectors of the population that needs it most has remained erratic and extremely poor – for instance, the budget for education remains low compared to other (and much poorer) African countries, even if it has increased since the days of the war. Rural areas are the most affected and worst-off. The provision of basic services has been highly politicised since the days of the war, subject to manipulation, patronage, and high levels of corruption. Thus, services tend to be allocated not on the basis of rights or needs but according to spending power and political connections (Kibble 2006). This helps to highlight the point made by different analysts that the state is indeed responsive to some interests, “buying them off” to solidify its power, but the issue here of concern to DFID is that the majority of the population is still left out.

As part of this, the priorities established for social spending tend to be distorted in favour of the elites. For instance, as quoted by Sogge (2006), “From 1997 to 2000, the amounts provided for scholarships to study abroad exceeded the funding provided for higher education within the country. The high percentage of expenditure on scholarships ... has no parallel in other African countries”. Sogge also notes that most of health spending goes to hospital-based curative services, including large amounts spent by the elite in South Africa and Portugal.

¹²⁶ Note: this section is skewed towards Mozambique in large part because of the kinds of documents the consultant was able to access. Field visit and interviews with key stakeholders are strongly recommended to get a fuller and more up-to-date picture of basic service provision, especially in Angola. Unfortunately, neither Angola nor Mozambique were selected as part of the countries included in the study on service delivery that HLSP is preparing for DFID and that accompanies this study on comparative state-building processes.

The increasing privatisation of quality health and education has compounded the problem that access to such services is a privilege that only the well-off can afford (Sogge 2006). And all of this is exacerbated by weak technical capacity on the part of the state at both national and the subnational levels to deliver basic services. Between February and May 2006, about 1500 Angolans died of cholera – a disease emblematic of bad public services and of elite indifference to the poor (Sogge 2006). Angola's infant mortality rate is also among the highest in the world. This once again reflects that the incentives of the elite to respond to the needs of the population have remained minimal, because their hold on power and access to resources remains by and large autonomous from the fate of the masses.

Within such a context, the ruling elite in Angola has been more than happy to let civil society actors (including churches and national and international NGOs) as well as donors take over the task of providing basic social services, especially outside the cities. By substituting for the state in this manner, such actors do not address the question of the disengagement of the Angolan state from its responsibilities in a constructive manner. On the other hand, it is not clear how much leverage they would have in trying to make the state more responsive to its population. The risk (not entirely unfounded) is that the state would lack the political will and/or the capacity to step in if these parallel service providers were to withdraw.

Mozambique

As in Angola, when FRELIMO assumed power after independence, the newly created state placed tremendous emphasis on the provision of basic services, especially in terms of health and education, and it made a strong push to provide such services throughout the whole of its territories. Here as well, however, the civil war wrought tremendous destruction (as noted in the section on state-building processes, RENAMO targeted health and education facilities in particular), and by the 1980s service delivery was in a severe state of protracted decay.

Despite some progress (see above), Mozambique today remains one of the poorest and most underdeveloped countries in the world, as reflected by its ranking of 172 out of 177 countries in the 2008 HDI. On the other hand, it has proven much more effective at responding to public expectations in terms of the provision of basic services than Angola. Part of this may of course be attributable to the fact that Mozambique has been at peace for a decade longer than Angola, given that building state capacity to respond is a process that takes time (see Box 5.1 for an example of improved institutional capacity over time in post-war Mozambique). On the other hand, the state in Mozambique has made a much more explicit commitment¹²⁷ and has undertaken many concrete steps to the combating of poverty and the development of pro-poor policies (including the provision of basic services) than its counterpart in Angola. The issue to consider for Mozambique is whether such state responsiveness to the basic needs of the population is driven mainly from within (outside of a clientelistic logic, which as in Angola, is also clearly in place here), or is a response (!) to donor pressures and priorities to keep them satisfied (more on this below).

¹²⁷ In his inauguration speech in 2005, for example, President Armando Guebuza made the elimination of absolute poverty his main policy goal (Macamo 2006).

Box 5.1: An example of enhanced state capacity to respond to natural disasters from Mozambique

In addition to being one of the poorest countries in the world, Mozambique is also particularly susceptible to natural disasters. How the state has been able to cope (or not) with these disasters has been an important element in gauging its responsiveness to citizen expectations because there has been historically a perception of the state as a “father” figure that is expected to protect citizens in times of such need and dislocation.¹ The worst droughts were recorded between 1980 and 1983, which affected up to six million people, and, according to the DFID Strategic Governance Assessment, the failure of the party-state to respond effectively to the disaster may have contributed to the spread of the war in Mozambique. The two worst floods were in 2000 and 2001, which affected up to four and a half million. In this occasion, the poor showing of the Mozambican armed forces and of the National Institute for Disaster Management (INGC), as well as the total dependence on foreign aid, “was a matter of national shame” (Vaux et al. 2006).

In October 2006, the government of Mozambique adopted a Master Plan, intended to provide a comprehensive strategy for dealing with the country’s vulnerability to natural disasters and developing emergency responses. Among other things, the Master Plan stresses the importance of reducing Mozambique’s dependence on agriculture as the main source of livelihood in rural areas and of avoiding the tendency to run to international donors without first exhausting national capacities. This strategy was first tested by the floods of 2007 in the central region river basins and a cyclone that devastated coastal districts in one of the southern provinces. Between 300,000 and 500,000 people are believed to have been affected by the two disasters through the loss of their homes or livelihoods.

Two parallel coordination structures were created to respond to the 2007 crisis: a national one and an international one. Overall, there is a nearly unanimous view that both national and international agencies responded effectively to the disasters, based on mutual respect and cooperation between them. Unlike 2001, this time around the political leadership of the INGC was praised in particular, and there seems to be general agreement that the single most important difference between the response of Mozambique’s national authorities to the 2007 floods and cyclone and their response to previous disasters lay in the functioning of the INGC and the support the institute received from the Mozambican government.

This example helps to highlight that increased institutional capacity to respond to citizen expectations can increase over time (while clearly it can also diminish) and that there is a direct relationship between good governance and political leadership in responding to crises.

Source: Foley 2007 unless otherwise noted

As noted by the World Bank (2007), since the 1990s the focus of the Mozambican government has been on improving the quantity of services, especially through the building of infrastructure (schools, roads, and water points) in rural areas in particular. Beginning in 2001, the Plano de Accao para a Reducao da Pobreza (PARPA I and PARPA II, which are the equivalent to the PRSP) has been a key instrument to promote social development in the country. PARPA I in particular established six priorities of action for poverty reduction, including education, health, roads and water. PARPA II maintained the strategic focus of the first one, organised around three main pillars: governance, human capital, and economic development (De Renzio and Hanlon 2007). Importantly, many of the priority sectors identified in the PARPA, especially health and education, have also been the largest recipients of international aid, very often outweighing the resources made available through the state budget (Hodges and Tibana 2004). A recent evaluation of General Budget Support (GBS) in Mozambique found that, “through policy dialogue and conditionality, PGBS has supported this governmental prioritisation, and allocations to priority sectors have grown roughly in proportion to the State Budget as a whole” (Batley et al. 2006).

Overall, over the past decade, many of the efforts undertaken by the Mozambican government in line with PARPA priorities – and, again, also with considerable support from donors – have paid off. There have been major improvements in access to education, health and economic infrastructure and services such as roads and transportation (Hodges and Tibana 2004, World Bank 2007). According to the World Bank, the greatest successes have been in roads and in education, where high levels of spending (20 percent of total government expenditures) have produced the greatest improvements in both access and outcomes for poor and rural families. Nevertheless, important variations remain in terms of other services between income groups, regions, and urban and rural areas. It is also apparent that these services cannot fully the demand for them, and personnel lacks training and capacity. In addition, it should not be forgotten that, as in Angola, the provision of services has also been manipulated for clientelistic purposes.

Perhaps a more fundamental challenge for Mozambique is how much of this pro-poor agenda is nationally driven and domestically owned, and how much of it has been adopted so as to meet donor demands to ensure the flow of external resources. While until now Mozambique has proven remarkable in holding on to this agenda, De Renzio and Hanlon (2007) note that, since the end of the socialist period and the adoption of the free-market model, the Mozambican state has not been able to articulate what could be called a “national project” or development strategy based on a strong vision of future needs and policy priorities which are not dictated by external actors, namely donors.¹²⁸ PARPA I, for example, was heavily skewed towards the provision of basic services such as health and education, in line with the guidelines underpinning debt cancellation in the late 1990s; while PARPA II devotes more attention to the productive sectors, again in line with more recent shifts in international debates. Thus, “in the PARPA, which is the key policy document on the basis of which donor support has been forthcoming, goals are mostly dictated by existing donor strategies – with a particular focus on ending absolute poverty and achieving the Millennium Development Goals” (De Renzio and Hanlon 2007). In addition, while these documents were written with heavy inputs from foreign consultants and were discussed at length between the Executive in Mozambique and donors, neither of the PARPAs was formally debated in Parliament. Civil society participation in these processes was also considerably limited (De Renzio and Hanlon 2007).

Thus, in Mozambique, state responsiveness (again, outside of a clientelistic logic) has not been the product of a negotiating process surrounding expectations at the domestic level between state and social actors, which the DFID Framework identifies as essential in helping to drive the dynamic of responsive state-building. The issue of national ownership is also of essential importance because it raises questions about the sustainability of the commitment of the Mozambican government/state to respond to citizen expectations in the area of basic services should the external environment change (e.g. the potential impact of the global financial crisis on aid budgets; the increasing role of China in Mozambique as a development partner with markedly different priorities; etc.). If state response to public expectations is the product of upward accountability to donors rather than of downward accountability to the population, then another crucial linkage binding state and society together in the construction of a more responsive state appears to be vulnerable in Mozambique. This could be an example of international actors actually limiting the demand side of state-building.

¹²⁸ The ‘Agenda 2025’ document, which brought together a group of intellectuals, policymakers, and civil society organisations in nation-wide consultations, attempted to do that. However, its use for informing actual policy debates has remained limited (De Renzio and Hanlon 2007).

6. CONCLUSIONS

This paper has attempted to analyse the state-building trajectories in Angola and Mozambique in comparative perspective, and in particular it has tried to assess whether and how the different propositions developed in the DFID Framework help us understand why each of these states has evolved in more or less (un)responsive ways. The core idea underpinning the Terms of Reference for this project is that Mozambique today can be considered a more responsive (or perhaps more accurately a less unresponsive) and resilient state because it has made considerably more progress in the three areas identified in the DFID Framework as necessary for responsive state-building, namely the political settlement, survival functions, and expected functions.¹²⁹ The analysis provided in this study suggests that the picture emerging from Angola and Mozambique is significantly more complicated, and that for the most part, it becomes difficult to determine with any degree of certainty how performance in these three necessary areas of progress (with the partial exception of expected functions) has contributed to different levels of responsive/unresponsive state-building and state resilience. However, an essential caveat to keep in mind is that, given time and resource constraints, this study was intended to be narrow in scope and as such it was undertaken within a short time-frame (20 days) and it is based on secondary sources only (academic publications and available grey literature, including donor reports, etc). It may therefore be necessary to undertake more in-depth research and fieldwork to arrive at a fuller and more nuanced understanding of the dynamics at work in each country and to test the propositions of the DFID more thoroughly.

The DFID framework rightfully emphasises the importance of understanding the evolution of the political settlement in historical perspective as well as the role of different elites in arriving at such settlements. A political settlement is essentially the set of both formal and, more often, informal and unarticulated political arrangements and understandings between key actors that underpin a political system and give it continuity. In both post-independence Angola and Mozambique, such arrangements and understandings remained contested for a long time, as attested by their respective brutal civil wars (in both cases the conflicts were driven less by ideological or identity concerns – e.g. communism or ethnicity – than by a desire to ensure/consolidate political power). In Mozambique, a political settlement emerged with the end of the civil war and the signing of the GPA in 1992. In Angola, the process took longer. There were two failed attempts (the Bicesse and Lusaka Accords of 1991 and 1992-1994 respectively) at producing a settlement that was acceptable to both of the warring factions, but a political settlement has now been in place since 2002. By now it can be said that the political settlements in both Mozambique and Angola have helped to bring about a good measure of political stability and state resilience, even if it remains the case that the state in Angola is markedly less responsive than the state in Mozambique.¹³⁰

¹²⁹ In this paper, “expected functions” were treated in relation to the state’s capacity/will to address public expectations in the areas of economic growth and the provision of basic services.

¹³⁰ The DFID Framework correctly points out that “unresponsive state-building can enjoy periods of stability ...but will remain vulnerable to significant shocks, such as economic crises ...”. It will be interesting to see how the Angolan state weathers the current global crisis, especially if the price of oil continues to fall. However, it is also possible to suggest that Mozambique remains equally vulnerable to such outside shocks (as attested for instance by the violent riots in February 2008). The situation in that country could become particularly difficult if aid levels are reduced substantially as a result of the global crisis.

There are important differences in the nature of the political settlements in both countries. In Mozambique, the settlement emerged as the product of a negotiated process between FRELIMO and RENAMO, once both sides realised that neither could defeat the other militarily and that neither had the resources to continue to opt for war over peace. There was also an ongoing process of informal contact and give-and-take between the leadership of each party, especially between Chissano and Dhlakama. Personal negotiations between these two leaders have been identified as an essential component in the success of the transition in Mozambique and to the stabilisation of the country's pluralist politics in its first years (Carbone 2004). In Angola, by contrast, an enduring political settlement did not emerge until the MPLA decisively defeated UNITA militarily and UNITA's leader (and one of the key spoilers of previous arrangements) Savimbi was killed. Peace and stability were achieved once it became clear that one of the warring factions would no longer be able to threaten the regime militarily.

On the other hand, it does not seem to be the case that these different characteristics have made a significant difference in terms of the substance and nature of the political settlements that are now in place in Mozambique and Angola.¹³¹ In effect, these settlements share important similarities. As has been noted, in both cases the existing political settlement has given the upper hand to the ruling party. Both are based on a "winner take all" view of politics which has enabled FRELIMO and the MPLA to continue to maintain and consolidate their hold of power and to protect their vital interests. In effect, Angola and Mozambique today are hegemonic party systems where the opposition (especially RENAMO and UNITA) has become increasingly marginalised/neutralised, as reflected by their growing electoral weakness. In addition, the continued blurring of the distinction between the ruling party and the state in each of these countries has guaranteed FRELIMO and the MPLA control of patronage networks and state-led clientelism, which has further solidified their hold on power. Both Angola and Mozambique are neo-patrimonial states where the political settlement thus far has not been expanded to include other stakeholders beyond a narrow set of political, economic, military, and social elites that continue to be highly fused together, a characteristic (i.e. the expansion of the settlement) that the DFID Framework identifies as important in responsive state-building (p. 10). In both, the nature of the settlement fundamentally continues to sustain the notion of state-building "as a vehicle to enhance gains from rent-seeking or ... [even] political repression" (DFID Framework p. 13), which the ruling party has used to buy off, co-opt, or intimidate any opposition. In addition, in both countries the ability of civil society to challenge existing political arrangements/understandings and rules of the game or to demand more responsive state-building has remained extremely limited.

¹³¹ This assessment is once again based on the limited secondary sources that were consulted for this study – a view from the field could provide a different perspective.

Thus, while it is clear that both Angola and Mozambique have made important progress in the area of the political settlement (as attested by the fact that both countries can now be considered “stable” and that relevant elites have accepted the formal and informal “rules of the game” and have forgone, at least for now, the option of threatening state structures), the analysis in this paper suggests that it is far more difficult to understand why the political settlements in Angola and Mozambique have differed in their ability to generate responsive state-building, given the important characteristics that they share. In particular, it is not obvious how Mozambique has been able to overcome some of the weaknesses and limitations inherent in its post-war political settlement to become more responsive and development-oriented. This suggests that achieving progress in the area of the political settlement does not tell us enough in itself about the direction the state-building trajectory will take and about how a strengthened political settlement can generate positive dynamics for reform.¹³² Thus, the key analytical challenge remains disaggregating states underpinned by a neo-patrimonial political settlement and understanding why some “work” better than others (see DiJohn 2008, for example). As suggested in Section 3, the leading characteristic distinguishing Angola’s neo-patrimonial system from Mozambique’s is that, even if both are characterised by a lack of a socio-political contract by which citizens consent to meet demands in return for state responsiveness and accountability, lacking a source of independent wealth like Angola’s minerals the state in Mozambique cannot afford the same kind of callous indifference towards its population, and it therefore has more of a vested interest in ensuring the population as a whole thrives.

In terms of the three survival functions of the state (security, revenue, and operating a predictable process of rule through law) the analysis that emerges from this study also suggests that it is not possible to provide support to the propositions developed in the DFID Framework in terms of how the functions relate to more or less (un)responsive state-building. As shown in Table 6.1 below summarising the main findings from Section 4 on the core/survival functions of the state, overall, the available evidence remains ambiguous:

¹³² The case of post-conflict Guatemala seems to confirm this. An extremely ambitious and comprehensive political settlement emerged in the post-conflict period, but the state in Guatemala today is particularly beleaguered and remains largely unresponsive to the needs of the population beyond a narrow elite.

Table 6.1: Comparing/contrasting Angola and Mozambique in terms of the survival functions of the state

Progress in: →	Security Enforcing / Protective	Revenue (esp. in relation to ability to raise funds through taxes)	Rule through Law
Angola	Yes / No	No (mainly reliance on revenue from oil and diamonds de-linked from population at large)	Remains weak
Mozambique	Yes / No	No (still heavily dependent on aid)	Remains weak

This table obviously provides a very blunt assessment of the performance of the states in Angola and Mozambique in terms of these three survival functions, and it is essential to keep in mind that performance is a matter of degree rather than of absolutes. Still, the table is helpful in showing that it is extremely difficult to draw any firm conclusions about how progress or lack of progress in each of these areas has contributed to more or less responsive state-building given that, on the whole (and this again is a high-level perspective), Angola and Mozambique have performed similarly in all three areas.

The only discernable difference that comes across relates to the different sources of revenue that each state can draw upon and the different incentives and constraints that are embedded in these. In essence, neither the Mozambican nor the Angolan state has displayed an improved capacity or even the necessary will to raise funds through taxation, so that a key linkage between state and society believed to be essential in promoting state responsiveness and accountability remains weak in both countries. The state/ruling elites in Angola have been able to remain autonomous from the population in the area of revenue generation because they can rely on revenues from oil and diamonds – enclave sectors of the economy that generate enormous rents. In Mozambique, the state continues to rely heavily on donors to “pay its way”. But if each state has been able to draw on different sources of revenue to ensure its survival without having to rely on its respective population for survival, the incentives they confront are markedly different, and this may help explain in part why Mozambique has been more responsive than Angola. As Collier (2006) has argued (see also Section 3 of this paper), international assistance has proven more effective at promoting development than oil and other minerals because the former comes with more strings attached.

Hence, as argued in Section 4, this suggests that a state may be able to manage to be responsive even if it cannot develop adequate capacity to raise funds sustainably, particularly through taxation, provided that there are other levers of pressure that can complement (or even act as a substitute for) much weaker pressures from below. However, it is also important to stress that relying on international assistance is not likely to prove a sustainable state-building strategy over the long term, given unexpected and/or frequent shifts in the priorities and commitments of the international donor community. Thus, the emphasis that the DFID Framework places on the need to secure sources of funding from within, especially in terms of taxing the population, seems well-placed, but it probably needs to be further nuanced. Issues of prioritisation and sequencing may be important in this respect. It could be that the state needs to develop other competencies beforehand, and can be in a better position to tax its population at a later stage. But this is an empirical question that needs to be tested in the field.

The findings in this study on state responsiveness as they relate to addressing public expectations (in terms of growth and the provision of basic services) do lend more, but not entirely unproblematic, support to the propositions developed in the DFID Framework in this area. For the most part, the state in Mozambique has shown greater capacity/willingness to promote a pattern of economic growth that has more equitable distributional impacts than the state in Angola. As has been noted (see Section 5), an anecdotal observation that has been made by several commentators is that, in the end, the state in Mozambique has a vested interest to promote more diversified and sustainable growth because it cannot rely on the kinds of natural resources available to its counterpart in Angola. In this respect, the ruling elites in Angola have had a much greater propensity to view the population at large as dispensable, leading many observers to describe that country as “a state without citizens”, as has been mentioned before (Sogge 2006).

By the same token, Mozambique has proven much more successful in the provision of basic services than Angola, thus responding to public expectations more effectively. An important finding that emerges from this study is that donors in Mozambique have played an instrumental role in supporting the state in this endeavour, both directly through the financing of key priorities like health and education and indirectly through policy dialogue and other forms of influence. It should be noted that the state need not necessarily be the main provider of such services, but that at the very least it should ensure that they are adequately, effectively, and fairly provided by third parties (an observation that is not sufficiently emphasised in the DFID Framework). So in this respect the active involvement of different international actors in basic service provision in Mozambique is not problematic in and of itself.

However, as was argued in Section 5, it is not clear in the case of Mozambique that the drive for state responsiveness in addressing public expectations in terms of the provision of basic services is coming from within, and much of it seems in fact to be externally driven. This raises important issues related to sustainability and national ownership (again along the lines of the point made above that donor preferences and priorities may shift, and if the commitment to a pro-poor development agenda is not properly supported from within, its fate remains uncertain if donor influence/pressure is removed). It also points to the fact that, contrary to what the DFID Framework posits (p. 10), in Mozambique it has not been a negotiating process among relevant national stakeholders surrounding expectations that has helped to drive the dynamic for responsive state-building. Rather, donors seem to be the main interlocutors for this. In addition, there is

no evidence, either in Mozambique or in Angola, to support the contention in the Terms of Reference that “it is critique offered by society that drives the reform agenda [in the area of service delivery]”. When change in this and other areas has come in both countries, it has largely been the product of negotiations and/or tensions between different elites in a broader context of pressures and incentives coming from the international environment (e.g. decisions to move towards peace, to abandon the Marxist-Leninist model, or to undertake market-oriented reforms). Pressures from domestic civil society and other internal non-state actors have remained considerably weak in both countries

On the other hand, the discussion above helps highlight a very useful point made in the DFID Framework: that different outside/global drivers may be more or less conducive to responsive state-building. It seems that the international environment that Mozambique faces today as a highly aid dependent country is on the whole more supportive of such an endeavour. For the most part, the international assistance community has made a commitment to pro-poor development and the building of effective and responsive states – at least for now. This has provided the Mozambican state/ruling elites with an important incentive to be (more) responsive, despite other important limitations and problems associated with aid. However, though, globalised criminal networks are clearly a growing challenge/ threat, and it will also be important to assess the increasingly important role that China is playing in Mozambique as a development partner that is considerably less concerned with governance, let alone state-building, issues. In the case of Angola, multiple global drivers of “bad governance” continue to contribute to unresponsive state-building. In particular, international interests tied to the oil and mining industries have helped to undermine key linkages between state and society and to entrench an exclusionary political settlement that supports the status quo and makes the prospect of progressive reform highly unlikely. This remains the case despite different efforts also at the international level to promote greater transparency and accountability in the extracting industries, to promote corporate responsibility, etc.

The overall findings of this study suggest that the propositions developed in the DFID Framework to identify/understand the factors that may be conducive to more or less responsive state-building need to be further tested and refined, preferably in the field. In particular, it may be necessary to do some more thinking about survival functions and assess how and why these are in fact the core areas in which essential progress is needed from the start to embark on a trajectory towards more responsive state-building. The (limited) evidence provided in this paper remains inconclusive in this respect (less than solid performance in each of these fields is associated with both more and less responsive state-building, so the analytical power of each survival function as an explanatory variable remains considerably weak). The analysis also helps to highlight the point that state-building dynamics are contingent and context-specific, so that it is difficult to assess how and why different factors have mattered in supporting/undermining responsive state-building without undertaking in-depth research and analysis on a case by case basis. Clearly, there is undeniable value to comparative studies like this, and it is also essential to be able to develop analytical frameworks that allow for generalisations across the board. As this study has shown, however, such analysis can only take us so far in the absence of more in-depth field work.

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ANNEX 1: TERMS OF REFERENCE

Testing of State-building Framework September 2008

Purpose

To illustrate the state-building dynamics outlined in DFID's contribution to the OECD DAC Task Team on State-building, 'States in Development: Understanding State-building.'

Background

The Department for International Development is a Cabinet level Ministry responsible for leading the British government's fight against world poverty. The UK will soon be the second largest bilateral aid donor and DFID has an existing commitment to increase its work in fragile states (for example, as conflict and post-conflict environments).

DFID's experience of working in fragile states has brought to the fore the issue of 'state-building.' The UK has also signed up to the OECD-DAC 'Principles for Good International Engagement in Fragile States,' the principles suggest that state-building should be the central objective of international partnership with countries in, or emerging from, crisis. DFID co-chairs the OECD DAC Task Team on State-building and has provided a number of research and conceptual contributions to the work of the team.

DFID recognises that state-building is a contentious term, viewed very differently around the world. DFID's conceptual contribution to the Task Team (States in Development) views state-building as a national process of state-society relations. The emergence of a pro-poor, responsive approach to state-building entails progress in three essential areas: political settlements (understandings between elites), survival functions (security and revenue) and responses to the expectations of the public.

DFID's contribution on state-building includes initial models of how state-building works well and also of how it can become unresponsive and ineffective. These models highlight that decisions on how states respond to public expectations will largely be driven by perceptions of political incentives/disincentives among those in power. This work has also suggested some factors that may influence the direction of state-building and has outlined some possible implications for donors.

For further information on DFID's conceptual contribution to the DAC Task Team, particularly on models of state building see: www.dfid.gov.uk/pubs/files/State-in-Development-Wkg-Paper.pdf

Approach

The DFID conceptual frameworks of how states work (responsive and unresponsive) are premised on a number of observations drawn from industry literature, country examples and input to the consultation process. These include:

- The role of elites is crucial, particularly whether an inclusive elite settlement is forged that creates space and stability for reform and strengthening of state institutions.
- There are three functions of government that have a greater influence than others on the future capability and responsiveness of the state. These are security, revenue and operating a predictable process of rule through law (the latter essentially being that the public knows what the state expects of them). States that prioritise competence in the three core areas of government are more likely, over time, to become 'responsive.' This entails both being more willing to engage with society over expectations of government service delivery and also more willing to institute processes of accountability. The engagement of a state with society over service delivery is key to the future path and nature of state-building. States that are willing to engage with citizens on service delivery (through dialogue with civil society, constitutional mechanisms such as Parliaments, and mechanisms for user groups to input directly to service providers) are likely to be shaped greatly by this process. Effectively it is critique offered by society that drives the reform agenda.
- States that take seriously their competence in the three core functions, and that try to be responsive to their citizens, are likely to be more resilient (less prone to crisis) than states that are weak in core functions and/or unresponsive.
- In some states elites have incentives for keeping core state functions weak.
- In some the state-building processes are negatively impacted by distractions from state society engagement (such as the need to satisfy external audiences), by the imposition of external expectations on government, by the establishing of parallel structures that compete with the state and through pressure for political elites to move quickly forward with some state-building steps prior to consolidating agreement among elite groups.
- The process of state-building is influenced by a set of key conceptual factors: economic growth, the nature of the state's revenue base, the presence and nature of any external threat, the perceptions by people of their main sources of risk, political and social inclusion and respect for human rights, the policies of external actors, institutional legacy, the quality of political leadership, cultural Ideas of Stateness, and unforeseen events.

These observations are outlined in DFID's paper: States in Development.

DFID is hoping to illustrate and explain these observations through historical overviews of six countries. These overviews will explain the evolution of the political settlement, the approach taken towards core state functions and the emphasis placed on responding to social needs through state structures/institutions.

The country case-studies will seek to draw comparisons between country experience and the DFID models of state-building, referring to factors that have influenced the direction of state-building and also to the role of public confidence, spoilers and external actors

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The approach will also contrast the experiences of countries, drawing out the factors that have created incentives for responsive or responsive state-building. The case studies will therefore refer to the role of influencing factors in helping to shape the direction of state-building.

The case studies will therefore be undertaken in three sets of two country studies. Each set will look at a country that is considered to be relatively successful in moving towards responsive state building and also a country that is considered to have significant elements of unresponsive state-building. The purpose of this approach is to enable readers to see how countries with some similarities in characteristics may experience very different state-building dynamics due to differences in the political settlements or influential factors.

The suggested sets for the case-studies are:

Mozambique and Angola

Tanzania and Zimbabwe

Cambodia or Vietnam and Laos

Output

Three case-study papers, each of which compares and contrasts the experience of two countries using the framework of the DFID state-building models.

Each paper will be no less than 10,000 words and where possible will include suitable diagrammatic or anecdotal examples as text boxes (it is the responsibility of the consultant to ensure that copyright permission is obtained for the publication of any external materials used).

The comparisons of two countries in each study will require the interweaving of the contrasting experiences, explaining the differing processes involved throughout the text rather than through two separate chapters. The paper should therefore be formatted using the rubric of the state-building model:

Introduction – starting points for state-building (background/context)

Political Settlements

Core state functions

Responding to public expectations

Conclusions – what factors mattered?

Timeframe

The final products should be submitted to the Politics and States Team in early December 2008.

Reporting

The consultant will report to the State-building Work-stream within the Politics and State Team.

Skills/Qualifications

Substantial expertise in the countries identified is essential

Good political-economy analysis skills

Strong writing skills

