Conflict and Fragility

From Power Struggles to Sustainable Peace

UNDERSTANDING POLITICAL SETTLEMENTS



OECD

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Foreword

In recent years the concept of a political settlement has prompted an engaged debate among academics and practitioners, as it has become a key concept in both peacebuilding and statebuilding discussions and practice. Exploring this common concept has important implications for practitioners and draws attention to the fundamentally political nature of international engagement in situations of conflict and fragility.

Every regime that is not in the midst of an all-out civil war is based on some kind of political settlement – an agreement, principally between elites, on the balance and distribution of power and wealth, on the rules of political engagement and on the nature of the political processes that connect state and society. Political settlements differ from context to context, but when settlements are stable and offer a minimum of legitimacy, inclusiveness and adaptability to change, they form the basis for lasting peace and resilient states. Understanding the nature of political settlements, the dynamics within them, and the positive and negative impacts international actors can have on their emergence and evolution is therefore crucial.

Three messages for policy-makers and practitioners stand out. First, lasting peace agreements must be founded on robust and legitimate political settlements. Development partners should therefore adopt a long-term perspective in their support to peace negotiations and avoid focusing only on short-term stability and an end to violence. Second, outsiders must understand the limits of their influence on political settlements. While development partners and other external actors often have significant opportunities to support and help shape political settlements that result from a specific event, such as a negotiated peace agreement, their direct role in supporting the emergence of a viable political settlement in the long-term is far more limited. Finally, the report draws attention to the fact that activities in support of political settlements require a whole-of-government focus. Diplomacy and defence actors exert at least as much influence on the emergence or endurance of political settlements as development actors do.

This report provides an important building block in the OECD's larger effort to provide guidance on how to improve international engagement in situations of conflict and fragility. I am confident that policy-makers and practitioners working on peacebuilding and statebuilding will find this report and the recommendations it puts forward of relevance to their work.

Jon Lomøy
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Executive summary

Political settlements have recently become the subject of conceptual and strategic debate among development agencies. The adoption of a "political settlement lens" could potentially bridge conceptual differences between peacebuilding and statebuilding approaches and endeavours. Commissioned by the International Network on Conflict and Fragility (INCAF) within the OECD Development Assistance Committee, this discussion paper reviews the existing literature on political settlements, providing an overview of key definitions, components and concepts. It also examines the potential impact of donor activities on political settlements and highlights possible implications for donor engagement and support.

Until recently, the term "political settlement" had been used almost interchangeably with "peace agreement" in the academic and policy literature. In recent years, a broader usage of the term has emerged. Political settlements are presented as spanning the continuum from negotiated peace agreements to long-term historical development, in the latter sense approaching the concept of a social contract. Generally speaking, every political regime that is not in the midst of an all-out civil war over its basic parameters is based on some kind of settlement.

The concept of political settlement exhibits two different dimensions: the fixed outcome of a certain historical **event** and a particular characteristic or **property** of a society, reflected in the conduct of political actors. The concrete usage of the term political settlement exhibits – to varying degrees – features of both dimensions. Influencing a political settlement from outside is easier in its event dimension, *i.e.* by ending violence and facilitating peace agreements. As a property, a political settlement emerges only gradually, largely as a result of a home-grown, locally owned process.

In essence, political settlements are the result of power struggles. Ideally, they embody an elite consensus on the preferability and means of avoiding violence. The more narrow peace agreement component of settlements contains explicit provisions for institutions of political power. The internalisation of the settlement as "property" and the value of compliance depend on a shared perception of its utility and fairness, both with regard to its provisions and to their implementation.

As political settlements imply the development of institutional structures and practices that will prevent conflict and promote the peaceful coexistence of competing groups, the concept can claim an important place in both peacebuilding and statebuilding. From a peacebuilding perspective, a key function of a settlement is to avoid violent conflict. For the task of building viable states, settlements are required to root an institutional arrangement in a solid elite agreement. In combining both perspectives, settlements bring a longer timeframe to the thinking about peace accords and considerations of social accommodation to the way statebuilding is conceptualised. Attention to settlements can warn against the danger of overemphasising short-term stability and the absence of violence at the expense of legitimate political arrangements devised for the long haul. Nonetheless, the term may be overly suggestive of a compromise or consensual resolution. Outside actors risk confusing stability and the absence of violence with a just or durable settlement, which could encourage them to support repressive regimes.

It is the contentious character of settlements that makes it necessary to view them as dynamic phenomena. As power relations shift, so too must the settlement adapt. The impetus for change can come from a variety of actors, both dominant and subordinate ones. Whether change will be brought about cannot be predicted in a general way. Much will depend on the particular power relations in a given society. The viability of settlements in fragile states is a particular challenge, as the uncertainty of the situation may prevent dominant actors from truly committing to a settlement. Yet, elite commitment is not sufficient. Dominant elite factions may simply capture the state to the exclusion of larger parts of the society and succeed in maintaining that settlement as long as there are sufficient resources. Conversely, should elites commit sincerely to a settlement under conditions of fragility and abide by its provisions, this could have positive effects on state resilience.

As political settlements are rooted in power relations that differ widely among societies, they can be of very different qualities. Yet from outside, it is sometimes difficult to identify whether a particular settlement is good, just, resilient or durable. For external actors, a major challenge is thus that not all settlements are worthy of support. The problem is determining which ones actually are, who decides and how. Likewise, it is sometimes difficult to determine whether a certain settlement is still in place, has only been adapted to changing circumstances or has been replaced by a new one. For outside actors who undertake to support settlements, strengthen their proponents and sanction "spoilers", it would be relevant to draw these distinctions. Moreover, settlements are expected to serve a multiplicity of interdependent, yet not necessarily compatible purposes, including peace, stability, security, responsive governance and even social and economic development. Possible trade-offs between these goals must be carefully considered. Thus, the "settlement lens" does not relieve external actors of the necessity to evaluate a

given situation against norms and objectives that do not flow automatically from the concept.

One important concern is the degree of inclusiveness of political settlements. Recent research has highlighted the importance of inclusive political processes for a settlement to last. What is important for a settlement to be considered legitimate, even if broad-based direct participation in negotiations cannot be achieved, is the **perception** within a society and among competing factions or identity groups of sufficient inclusiveness of the process – which might not correspond to donors' perceptions of legitimacy. Normative concerns for equitable inclusion and participation do not reflect empirical necessity. As inter-elite pacts, settlements are all exclusionary to a certain degree. Many marginalised groups will not or cannot mobilise sufficient resources to destabilise a settlement or make it less viable. Some research suggests that political settlements are more durable if they are based on the outright victory of one side because narrowly defeated parties may still believe that they have more to gain from a continuation or resumption of the fighting. Nonetheless, at least some degree of inclusiveness would increase its odds of being perceived as legitimate and just and thus improve its chances of enduring.

International donors can have a varied impact on the emergence and durability of political settlements, and their involvement is inherently political. Sometimes they act as mediators brokering the emergence of settlements. They can also play the role of third-party enforcers or guarantors of an agreement. In some instances, they come on the heels of military intervention and are not seen as honest brokers. In such cases, even if international actors perceive the settlement as legitimate, their involvement can render a settlement less legitimate in the eyes of actors who consider it a foreign imposition. Once a conflict-ending settlement is in place, donors often do not undertake direct and sustained efforts in subsequent stages, including helping to ensure that a settlement lasts, that its terms are respected by the dominant party, or that they are modified as appropriate over time.

Different types of donor government actors are involved to different degrees at various stages of a settlement. For instance, in the negotiation of a ceasefire, diplomatic actors usually take the lead, though the promise of development assistance can be an important incentive for reaching an agreement and building trust. After an agreement is signed, military actors often play an important role in monitoring and enforcing the peace. Over the medium- to long-term, development actors usually play the most visible role, though diplomatic actors can still play an important part in supporting or undermining a settlement.

The conceptual discussion on political settlements holds a number of implications for international donors. Above all, donor officials need to be aware that besides its strengths, the concept also has weaknesses. Several

open questions need to be addressed to improve its utility. Among them are the empirical difficulties of determining what type of settlement can be said to be in place and whether it is legitimate, robust or fair. It might be impossible to find general answers to these questions, limiting the orientation donors can derive from the political settlement perspective for their actions. If judgements are to be made on a case-by-case basis, then there is no substitute for solid political analysis based on a deep understanding of local power relations.

A focus on political settlements instead of peace agreements expands the temporal scope of conflict analyses and brings attention to the need for settlements to evolve. One lesson for donors is that though settlements may end conflict in the short-term, not all settlements are automatically preferable to a protracted process of negotiation that could involve continued violence for a while. Donors should also avoid placing too much emphasis on specific institutional arrangements. Instead, they should help ensure that the process of institution-building itself is sufficiently inclusive and that mechanisms for the future adaptation of institutions are agreed on. The process, its inclusiveness, perceived legitimacy and rootedness in local structures is no less important than the actual content of the resulting settlement. Rather than support settlements *per se*, international actors should seek to promote their responsiveness and broaden inclusion, which would normally have a positive effect on a settlement's appropriateness, legitimacy and durability.

Donors seek to obtain change on many fronts simultaneously in developing countries. Not all Western foreign policy objectives dovetail neatly, and trade-offs are inevitable. This poses a challenge to policy coherence and donor co-ordination, as efforts to promote durable settlements could easily be undermined by other donor government initiatives, notably by foreign ministries and defence departments, whose involvement often precedes that of bilateral aid agencies. A "political settlement lens" should be integrated into donor programming with some degree of care. In combination with other, more substantive value orientations, however, it can contribute usefully to both peacebuilding and statebuilding. It is most applicable at the level of sound context analysis and case-specific policy formulation. In addition, programming in the governance sector and policy dialogue can benefit from such a perspective.

Introduction

Political settlements have recently become the subject of engaged conceptual and strategic debate among some development agencies and donor countries. At a time when donor agencies have begun to overcome the traditional separation between peacebuilding activities and external engagement to support the (re)building of functioning states (*i.e.* statebuilding), political settlements might provide a useful lens to bridge conceptual differences and ambiguities that remain between the two fields. In particular, the settlement lens holds the promise of bringing a longer timeframe to the thinking about peace accords, and considerations of social accommodation to the way statebuilding is conceptualised.

The concept of political settlement, in the sense proposed in the current debate, refers to the fundamental cornerstone of every social and political order. Providing external support to a political settlement is therefore a deeply political undertaking. Yet, so are the challenges facing outside actors with regards to peacebuilding and statebuilding in the first place. Addressing these challenges with concepts that help to grasp the full complexity of the task at hand is necessary for any sustainable success.

At the same time, it is important to note that among international actors, political settlements are not only of interest to the development community. In many cases, actors in the field of diplomacy or even defence exert at least as much influence on the emergence or endurance of political settlements as development actors do. Viewing efforts at peacebuilding and statebuilding from a political settlement perspective is thus also conducive to raising awareness for the necessity of joint cross-departmental strategies.

This discussion paper aims first to bring greater conceptual clarity to the current debate on political settlements. It discusses different conceptualisations of the notion itself – highlighting the two-dimensional nature of the term – and its connection to the two key challenges at stake, namely conflict and fragility. It then examines the dynamics of settlements, at times framed in the form of different "types of settlements", the importance of inclusiveness and the actual content covered by political settlements. As a comprehensive literature review is beyond the scope of this paper, it seeks instead

to synthesise the most important strands of the debate and elaborate on those aspects that hold the most relevant implications for development actors.

Second, the paper looks at the impact that international actors, in particular aid donors, can have on the evolution of political settlements. Rather than providing a comprehensive empirical overview of donor activities, this section offers a more generalised conceptual discussion of potential positive and negative effects external presence and interaction with local actors can have.

Third, the paper derives implications from its conceptual discussion for donor engagement aimed at supporting the emergence or adaptation of political settlements in contexts of conflict and fragility. Finally, the conclusion summarises the main findings of this study.

1. The concept of political settlement

Definition

Until recently, the term "political settlement" has been used almost interchangeably with the term "peace agreement" in academic and policy literature. It has generally referred to agreements that end civil wars (for instance, Quackenbush and Venteicher, 2008). Such a settlement is usually achieved through negotiation, but could also sometimes be the result of one side's victory over one or more others. It is usually explicit, consisting of signed accords, but many elements may be left to verbal agreements and unspoken understandings.

In recent years, a broader usage of "political settlement" has emerged and is establishing itself in policy circles. Its roots have been traced to historical political economy, "where 'political settlement' refers to the balance or distribution of power between contending social groups and classes, on which any state is based" (di John and Putzel, 2009: 2). It still encompasses the notion of post-conflict peace agreements, but extends the process in time. In a recent U.K. Department for International Development (DFID) paper, Alan Whaites (2008: 7) defined political settlements 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 occurring".[1] The term can also be used in non-violent contexts, to refer to, for instance, the evolving settlement in Belgium that has established the institutions and rules that allow the political and linguistic communities greater autonomy in certain spheres within a federal framework. Generally speaking, every political regime that is not in the midst of an all-out civil war over its basic parameters (as in Somalia) is based on some kind of settlement. This includes repressive authoritarian regimes, such as Uzbekistan, highly exclusionary ones, such as South Africa under apartheid, and even states that later dissolved, such as the Soviet Union and Czechoslovakia at the beginning of the 1990s.

Settlements span the continuum from negotiated peace agreements, *i.e.* a relatively short-term event, to long-term historical development. In the latter sense, they can even approach the concept of a social contract, although as a concept, these do not normally undergo subsequent modifications – at least in

classical writings (Thomas Hobbes, John Locke and Jean-Jacques Rousseau, for instance, used the concept of social contract to analyse the relationship between the individual and the state). The longer the timeframe adopted, the harder it is to pinpoint the nature and boundaries of a settlement, and the less precise the notion becomes. Without a radical change, especially if accompanied by violence that signals a break with the past (such as a *coup d'état*), a political settlement could encompass an extended period of time – potentially centuries – during which wide-scale violence does not emerge. Thus, the concept of political settlement exhibits two different dimensions, described in the following section.

The two conceptual dimensions

Along the first dimension, a settlement is conceived of as the fixed outcome of a certain historical **event** (such as peace negotiations or the breakdown of a regime, combined with the emergence of a new order). Participants in the process are well aware of the fact that they are (re)negotiating the basic rules of their polity and are doing so while conscious of their interests and with a view to achieving desired institutional outcomes (March and Olsen, 1989). Often, a written peace accord or a new constitution serves as the codification of such a settlement.

Along the second dimension, a political settlement refers to a particular condition, characteristic or **property** of a society. In this sense, it is the conduct of political actors that testifies to the content, scope and binding effect of the settlement. Like the event dimension, it may also be linked to a founding document (such as a constitution), but the connection is conceived of in reverse historical order. It is not the settlement that is reached first and then laid down in a document; rather, the document itself, through an increasing habit of enforcement, brings about and strengthens the settlement. Through this iteractive process, the settlement gains legitimacy and key actors increasingly view compliance with its terms as a value in itself. In some cases, no written codification at all may be required; actors still know and follow the rules of the game. In this sense, a settlement is a condition that underlies every functioning polity regardless of whether, in the collective memory of its members, it has emerged out of violent conflict or otherwise.[2]

Meanwhile, a settlement has to stand the test of time and prove its usefulness again and again. Similar to Ernest Renan's famous phrase on the existence of the nation, political settlements as property can be understood as a *plébiscite de tous les jours* (a "daily plebiscite"), *i.e.* an agreement on the basic parameters of social and political life that is dependent on ongoing support and faces the daily possibility of renegotiation. Actors who contribute to this process of reproducing the settlement through their conduct may not be doing so

consciously, and in most situations they actually do not. Rather, their behaviour with regard to the settlement follows a logic of appropriateness, indicating that normal politics, instead of constitutional politics, have begun to take root.

Often the concrete use of the term "political settlement" exhibits features of both dimensions, albeit to varying degrees. The property dimension may explain why political settlements have recently attracted increased interest on the part of international donors engaged in the field of statebuilding: Efforts at rebuilding fragile states are directed at achieving the necessary degree of normalcy within a polity to allow major groups of a society to redirect their attention from a permanent political struggle **over** the rules of the game to work and political competition primarily based on a set of rules that have already been agreed. Peacebuilding, by contrast, has traditionally been much more focused on ending violence through negotiated agreements (*i.e.* political settlements as events), even though development practitioners were quick to expand the concept to address a wider range of political issues, including the root causes of conflict and political institutions that can peacefully channel conflicts (see Grävingholt, Gänzle and Ziaja, 2009).

While international interest in the property dimension may be particularly high, the actual possibility of influencing a political settlement from outside is more pronounced with respect to its event dimension – that is, in the field of ending violence, bringing opposing parties to the negotiation table and facilitating peace agreements. As a property, a political settlement emerges slowly, over years and decades, largely as a result of a home-grown, locally owned process. Insofar as international factors can play a significant role in that process, they will usually do so more in the form of an overall political climate (a general sense of security, the existence of major narratives or ideologies) and global economic conditions (sufficient and non-volatile prices, absence of shocks) that generate stable and predictable incentive structures, than in the form of deliberate action directed towards a specific country.

The relationship to conflict and fragility

The concept of political settlement as the development of institutional structures and practices that prevent conflict and promote the peaceful co-existence of formerly and potentially competing groups can claim an important place in both peacebuilding and statebuilding. As highlighted by Whaites's definition on page 15, a key function of a settlement is to avoid violent conflict. Conversely, significant political violence is a clear sign that a settlement is incomplete (and thus in need of revision) or that it has broken down.

Given this close relationship, there is a danger that the presence of settlements may be understood as the absence of conflict. In fact, the absence of conflict can be achieved by other means, including through repression.

Conversely, violence against certain social groups may exist under an otherwise well-functioning settlement. In a case such as North Korea, a settlement that excludes large parts of the population and their vital interests has been in place for over 60 years, while the country has not known any significant internal violent conflict. International actors have, to varying degrees of success, undertaken many conflict prevention and resolution activities, which potentially contributed to or protected a political settlement, but may also have had unintended negative effects. For instance, the European Union's proconsular role in Bosnia-Herzegovina reduced the incentive for the sub-national governments of the *Republika Srpska* and the Bosniak-Croat Federation to seek accommodation and a lasting settlement at the national level.

Some fragile states – those that are not in the midst of a violent civil conflict – have in place a political settlement that is, almost by definition, also fragile. A state's fragility often implies that political elites have a tenuous hold on power and that unstable and sometimes rapidly changing power relations prevent a stable settlement from emerging. In such cases, one could say that the fragility of the state caused, at least in part, the fragility of the settlement. Conversely, fragile states can also be a symptom of fragile settlements. A fragile settlement – as either an event or a property – can cause or perpetuate fragility. A contested peace agreement or political order that leads to violent conflict or even significant peaceful opposition will generally weaken the state and its capacity to fulfil its functions for the good of its citizens.

Political settlements are not isolated phenomena. They emerge as part of a larger context and fulfil their purposes in combination with other factors. From a peacebuilding perspective, the peace agreement component of political settlements is key to ending violent conflict and preventing its recurrence. Keeping the peace, however, goes beyond the content of negotiated agreements and the willingness of actors to respect the terms of the agreement. A profound change in the attitudes of political elites is required. Barnes, for instance, describes the necessary change as "the parties' movement from contesting to co-operating and from a 'winning mentality' towards a 'conciliating mentality'" (2009: 23). However, tension exists between these assertions and others that expect elites in post-conflict societies to embark on partisan politics and electoral competition as a means of managing future conflict. In fact, elite *co-operation* may amount to elite *capture* of the state to the detriment of the rest of society, as will be illustrated later on. A more precise wording of the requirements with respect to elites would probably differentiate between a general **agreement** among elites on basic rules of peaceful co-operation and the readiness and possibility of actors to **compete** over policies and political power within those rules, *i.e.* without using political power to render the rules obsolete. That said, external political and economic factors can also ignite conflict, including economic shocks and the spill-over of conflict from a neighbouring country. Thus structural factors, many of which cannot be foreseen, can jeopardise progress.

Mitigating this risk requires activities that expand the concept of peacebuilding, including promoting diversified economies and promoting peace on a regional basis, rather than on solely a national one.

From a statebuilding perspective, the settlements lens helps explain why the starting point matters. It emphasises the importance of inserting political analysis into what can too often be a technical approach to statebuilding, bringing attention to the need for social accommodation to secure the peace and provide the state with process legitimacy. A settlement as a **property** thus depends on a prior settlement **event**. The concept of settlements also introduces a political economy-based understanding of the process and highlights the crucial role of elite interests in both the short and long term. A responsive settlement, one that favours the continued inclusion of the elite, will facilitate statebuilding. Meanwhile, a settlement that excludes important or influential actors will hamper statebuilding, sometimes through active sabotage by those who are left outside. Likewise, elites' "engagement with societal groups to win and maintain their consent" can be considered "a crucial part of responsive state-building" (DFID, 2009: 5).

It is useful to keep in mind that important political issues can rarely be considered truly settled. A national consensus across regional, ethnic, linguistic, religious and ideological groups on all major issues of contention certainly is an exception. As a result, it is not always clear to whom or to what a settlement needs to respond. Since there is always some disagreement and a degree of conflict, a settlement's objective should be for a society to peacefully channel tensions and legitimately make decisions in order to maximise respect for the outcome, even if there is disagreement over its content.

In essence, political settlements are the result of power struggles. Di John and Putzel (2009: 2) warn of the danger of "downplay[ing] the extent to which political settlements are **bargaining** outcomes among **contending** elites". Rather, they emphasise the political economy aspect behind settlements and highlight the fact that settlements usually not only provide for the regulatory structure of the state but also "manifest themselves in the structure of property rights and entitlements, which give some social actors more distributional advantages than others". Similarly, North, Wallis and Weingast argue, "When violence breaks out, it is typically among networks of elite factions" (2009: 36) and that "peace occurs when the violent devise arrangements (explicit or implicit) that reduce the level of violence", rather than simply "when violence specialists put down their arms" (2009: 31). Settlements are thus much more than cease-fire agreements; they embody a consensus among the elite on whether and how future violence can be avoided, which is in turn accepted by the wider population.

In many cases, however, this consensus may not last long. As the relative power of contending elite factions changes (for instance, economic activity

will over the long run benefit different groups unequally and thus redistribute power among them), the winners will feel tempted to adjust the existing settlement to their advantage or even renege on it altogether. Typically, only sophisticated political regimes are able to absorb such pressures through peaceful negotiations and incremental change. Other societies are likely to experience renewed periods of fragility or violence or the outright suppression of large parts of the population by an increasingly assertive elite with a winner-take-all attitude. The study of political regimes in political science and historical political economy suggests that only few regimes have sufficiently sophisticated mechanisms to avoid such negative scenarios with high probability: mature modern democracies or, as North, Wallis and Weingast prefer to conceptualise them, "open access orders". Other societies ("limited access orders" in the North *et al*. framework) may also develop stable equilibria of power for a certain period of time. Yet their stability is at risk: unlike in former periods of history, an increasingly interdependent world exposes (mostly poor) countries to spill-overs from outside their borders, as well as to outright external shocks. This has increased to such an extent that the power dynamics within societies change faster than ever before, and the natural life-cycles of political regimes and their underlying settlements have become ever shorter. In today's international system, wars of occupation have become rare exceptions and states no longer disappear as a consequence of external coercion. But this stabilising effect is offset by an increased instability from within the state, which in turn is fed by non-coercive external influences.

The challenge for development policy lies in the fact that most, if not all, low- and middle-income countries, as well as some high-income countries with uneven distribution of wealth and power, can be interpreted as limited access orders in which elites use power to secure their privileges against a larger public (and at times competing factions co-operate).[3] As transitions from limited to open access imply a qualitative change in the way elites conceptualise politics (as mentioned above, they must agree to compete rather than agree to exploit the rest of society), such transitions are rare events. Even worse, empirical data suggest that their likelihood decreases with rising levels of poverty. From this perspective, outside influence in supporting a durable political settlement as the cornerstone of peaceful social development in poor, fragile states is limited and may well turn into an extremely long undertaking.

Implications for economic development

It might be tempting to argue that stable, peaceful settlements have a positive effect on economic growth, but such outcomes are far from certain. Economic growth depends on many factors, including trends in the price of oil and other natural resources, or the amount of rainfall in a country economically dependent on agriculture. Some repressive, highly exclusionary regimes

which face ongoing rebellions can register high rates of growth, notably if they are petroleum exporters. Sudan, for instance, registered double-digit growth rates in 2006 and 2007.[4] Such rents can actually serve as a disincentive for major elite factions to agree on a new settlement: the revenues can finance conflict (weapons and soldiers) and also increase competition for state-controlled resources (the "natural resource curse").[5] Yet what about the long-term prospects of these countries?

While authors such as North, Wallis and Weingast (2009) argue that positive feedback loops exist in those high-income societies whose elites were ready to open the political and economic space for broad-based competition at the beginning of their respective economic take-off periods, the picture for less-developed, non-open societies is far more unclear. In fact, economic volatility seems to be their main defining feature. Years of high growth are typically followed by years of severe downturns. One possible interpretation is that in these countries, a stable settlement enabled a period of growth, which in turn triggered a social dynamism that sooner or later helped undermine the very settlement that brought it about. This, in turn, led to a period of uncertainty and economic downturn before a new generation of elites decided that they had more to gain from a new settlement. Highly exclusionary countries like some resource-rich Arab countries, however, which have exhibited remarkable political stability over the past decades, demonstrate that while non-inclusive settlements may be more likely to suffer from the consequences of social dynamism, this is not inevitable. Well-entrenched elites may use the sustained inflow of rents to buy off discontent or, in other words, buy legitimacy.

In sum, functioning political settlements may well be considered necessary conditions for sustained economic development, but neither do they guarantee long-term sustainability, nor does growth necessarily require a particular degree of inclusivity or responsiveness (though they may prove beneficial). Only the broad-based, more equitable economic development typical of today's high-income countries can usually be associated with inclusive and responsive political institutions.

Content and provisions

The narrower peace agreement component of settlements contains explicit provisions for institutions of political power. Peace accords often spell out constitution-making processes, when and how elections will take place and the institutional governmental set-up, including the relationship between the various levels of government (national, provincial and local) and the protection of minority interests. They usually also specify transitional measures, often including power-sharing arrangements – notably the distribution of cabinet and other executive positions – and sometimes also ambassadorships and military commands.

They often contain provisions on the demobilisation, disarmament and reintegration (DDR) of combatants on all sides. At times, they indicate underlying economic principles, such as a mixed or free market-based economy. There may also be some revenue-sharing provisions, as disarming rebels do not normally have access to financial resources anywhere near the level of ruling parties. In Angola, for instance, UNITA (National Union for the Total Independence of Angola, or *União Nacional para a Independência Total de Angola*) was awarded diamond concessions to help finance its political activities and convert a rebel army into a peaceful political party. The ruling MPLA (People's Movement for the Liberation of Angola – Labour Party, or *Movimento Popular de Libertação de Angola – Partido do Trabalho*) has access to significant resources, notably oil revenues. (Brown and Zahar, 2008: 80). This list is not exhaustive.[6]

Most of these provisions can be revisited once a settlement is in place. Papagianni (2009a) actually warns against focusing too much on specifying precise institutional arrangements in agreements and instead recommends setting up processes by which such decisions would be made in the future, opening the door to broader participation. In most cases, a modified settlement will be reflected in amendments to the constitution, but it could also be reflected in new or amended laws, a memorandum of understanding or, less formally, a change in practices, for instance consultations with opposition parties before certain presidential appointments.

The extent to which a settlement, as property, can be accepted and followed depends on the extent to which it is perceived as fair. The rule of law can also further support the respect of a settlement's written and unwritten terms. These conditions are much harder to provide for than simply ensuring that a settlement addresses certain issues.

Settlements serve or are expected to serve several interdependent purposes, including peace, stability, security, responsive governance and possibly even social and economic development. However, as discussed in greater detail later on, the means adopted to achieve these goals are not necessarily compatible. An overemphasis on conflict avoidance or on stability, for instance, can lead to condoning the repressive means that stable authoritarian regimes use to stay in power. This can have highly negative effects on human rights, human security and the rule of law. Some analysts have concluded that "a resilient political settlement may also act as a barrier to progressive developmental change" (di John and Putzel, 2009: 14). A recent BMZ[7]-sponsored study on peace agreements warns against the risks of "short-term gains in stabilisation" at the expense of "long-term peacebuilding and development" (Kurtenbach, 2009: 29).

Still, settlements should not be considered the object of a consensus simply because they are stable or because they have not been violently challenged. The term "political settlement" may be overly suggestive of a compromise or consensual resolution. Even strong electoral mandates can be the result

of intimidation, rendering it difficult to determine a government's degree of legitimacy. For instance, fear rather than actual popular support better explains the election of Hun Sen and the Cambodian People's Party in Cambodia (Commins *et al*., 2009: 40) and of brutal warlord Charles Taylor in 1997, after the end of Liberia's civil war. DFID (2009: 9) qualifies Cambodia's settlement as robust, albeit "imposed and unresponsive, rather than inclusive". As mentioned earlier, any regime not in the midst of a large-scale civil war can be described as having a settlement in place. It is therefore useful to look more closely into the internal dynamics of political settlements.

Understanding the dynamics

Beyond the durability of peace agreements, on which much has been published, the actual dynamics of settlements over time have not been widely discussed. It has been suggested that a settlement can be deliberately modified over time and perhaps even adapt organically, without a concerted effort to update its content, through the consensual adoption of new practices without ever explicitly discussing them. Examples of a more time-bound, deliberate and conscious effort would include a national debate on a constitutional amendment or the formation of a constitutional assembly mandated to design a new basic law.

It is the contentious character of settlements that makes it necessary to view them as dynamic phenomena. As power relations shift, so too must the settlement adapt – otherwise it runs the risk of collapse. Since developing countries tend to undergo faster, more abrupt and, at times, far more contradictory and contentious economic and social changes than industrialised countries, political settlements in the developing world should be expected to be particularly dynamic, too.

The impetus for change could come from a variety of actors, including dominant elites who feel they have compromised too much in the existing settlement or that it does not adequately reflect their growing dominance, as well as from non-dominant elites who feel that the initial settlement did not sufficiently take into account their interests or that their strength has grown or their interests have changed. Parties that were excluded or self-excluded from a settlement might apply pressure, potentially through violent means, to obtain inclusion. In the 1990s, South Africa provided a historical example of a radical change with largely peaceful means from a highly exclusionary to a far more inclusive settlement (Box 1.1). Economic changes, such as the emergence of a solid middle class, can put new pressures on a settlement (Whaites, 2008: 7). Demographic changes can also fuel a desire for modifications. For instance, the higher birth rate among Muslims in Lebanon made them a higher percentage of the population when the civil war broke out in 1975 than when the power-sharing agreement with Lebanese Christians was

reached in 1942. Among other provisions, the 1989 Taif Accord, which put an end to the 15-year civil war, recalibrated the institutions to reflect better the Muslims' demographic majority.

A significant threat to the durability of settlements is what the civil war literature calls "spoilers". Such actors can either be parties that signed an agreement in bad faith (potentially to gain time to rearm or otherwise resume conflict from a stronger position) or who did not sign the peace agreement, either because they did not agree with its terms or because they did not participate in the process (be they excluded by the other negotiating sides, the mediators or self-excluded). Engagement with spoilers is undoubtedly important, but evidence suggests that providing incentives to encourage non-state armed groups to participate in negotiations often fails and can, in fact, be counterproductive (Sriram, 2008). The danger also exists that by designating a party a "spoiler"

Box 1.1. **South Africa: from exclusionary to inclusionary settlements**

South Africa is not only one of the best examples of a successful new settlement, but also of a prior repressive, highly exclusionary and undemocratic one – and of a peaceful negotiated transition between the two. The first settlement was designed to bring together the former opponents in the Anglo-Boer War (1899-1902), the British and the Dutch settlers. The settlement among white elites rested on the exclusion of the African majority, de-emphasising ethno-linguistic differences among whites by increasingly entrenching white privileges and racial discrimination against non-whites (Marx, 1998). The government further institutionalised the exclusionary settlement in 1948 by enacting the apartheid system, under which racial hierarchies became the fundamental organising basis for political, economic and social relations, backed by high levels of state repression.

A low-level insurgency combined with a broad-based domestic campaign of non-violent non-cooperation with the regime and international sanctions eventually convinced ruling elites that it was in their best interest to reach a new, far more inclusive settlement. In exchange for ceding political power to the African majority, white elites were able to obtain conditional amnesties for crimes committed and retain their economic power in a free market economic system. Though the ruling African National Congress has almost completely dominated the political scene since the first democratic elections in 1994, it is aware that any attempt to renege on or even radically modify the settlement on a unilateral basis would be met with high levels of capital flight and an exodus of white professionals, which would profoundly damage the South African economy. As a result, the settlement is still being adapted, but within certain parameters that ensure minority interests are protected – though not without controversy.

it can be unduly stigmatised, which may mask the fact that a settlement is actually unfair or that its terms are not being respected by the dominant party (Zupan and Schönegg, 2006). In Angola, for example, UNITA's objections to the MPLA government's non-compliance with the terms and spirit of successive agreements tended to fall on deaf ears because the international community had labelled UNITA a spoiler (Brown and Zahar, 2008: 83).

From the point of view of short-term conflict prevention, it is far preferable to encourage the renegotiation of a settlement than for it to break down. However, it could be that some settlements cannot be successfully renegotiated, due to elite intransigence or a party's zero-sum, winner-take-all mentality that renders settlements virtually impossible unless imposed by one side or by external armed intervention (in which case it may severely lack popular legitimacy). Under such circumstances, a "hurting stalemate", whereby opposing sides consider the prospect of a negotiated settlement preferable to the status quo, may be required before further negotiations can bear fruit.

It is virtually impossible for external actors to impose a lasting settlement. To borrow the foreign aid terminology, it requires local ownership. Settlements are the crystallisation of power relations at the time of negotiations. If a settlement is unresponsive (intransigent elites) and fails to adapt to shifts in power relations or is fundamentally exclusionary (including prone to elite capture), breakdown may be the only possible scenario. Though it might involve short-term or even medium-term violence, the end result could prove more equitable and help to prevent future conflict. Breakdown can also be virtually inevitable if settlements are either badly designed or the fruit of unworkable compromises that lead to institutional gridlock (Box 1.2).

Though the durability of post-conflict peace agreements had been the object of intense study for over a decade, very little work has been done on the durability of more broadly defined settlements. The nature of a weak or fragile settlement has yet to be explored in any depth. It is, in fact, difficult to know how long a settlement will last. In the case of a democracy, though one can speculate on its robustness, it is often only after has broken down that one can know with any certainty that it had fatal weaknesses. Still, some factors point to a higher probability that a settlement will not last in its current form. These include: the marginalisation or exclusion of a significant group, especially if it can mobilise resources and has the means to deploy violence; unworkable provisions, including institutional set-ups; and elites unwilling to compromise and seeking to hoard power. The rulers' access to rents, such as income from the export of natural resources, increases the probability that a group will seek to seize and monopolise power (sometimes referred to as the "natural resource curse", *cf.* the work of Paul Collier). It has also been suggested that poor performance and the lack of popular legitimacy decrease a settlement's chances of survival, but much depends on the existence of plausible alternatives.

Box 1.2. **Categorising political settlements**

One of the few attempts at categorising settlements is by Whaites (2008: 15), who outlined five forms. The first three refer the settlement's origins, which can be *1)* engineered through explicit negotiation, *2)* the result of a prolonged crisis under which "sedimentation" leads to "semi-solidified" elite arrangement or *3)* imposed by a victorious group. The other two forms refer to the settlement's trajectories: they can be *4)* legitimate and durable, or "entrenched", or *5)* stagnant, due to a failure to adapt to changing conditions and new challenges. Whaites makes no explicit links between the origins and fate of settlements.

Whaites's conception of settlements, however, has been criticised for omitting the question of power relations (di John and Putzel, 2009). A settlement might be "stagnant", for instance, not only because it has not adapted but because the dominant group might deliberately fail to respect its content. Rather than inadaptability, the settlement would suffer from a lack of enforcement, allowing the dominant party to let it stagnate if it has the power to ignore some of its provisions with impunity.

DFID (2009: 5-6) further refines Whaites's categories as follows. Again, the first three represent origins and the final two refer to other characteristics.

1. **Engineered settlements:** Explicitly negotiated, often as part of a peace process (*e.g.* Nepal, Sierra Leone, Northern Ireland). These tend to change as the deals struck in peace negotiations are adjusted by national elites.
2. **Informal elite pacts:** Uneasy arrangements between elites that find accommodation through the brokering of interests. These may stagnate, often as a result of prolonged crisis (*e.g.* Zimbabwe) but will remain fragile;
3. **Imposed settlements:** Clear victory by one group allows them to impose a settlement on others. Maintained through a high level of security capability, often through coercion rather than consent (*e.g.* Burma).
4. **Entrenched settlements:** High degree of legitimacy and popular acceptance that make direct challenges unlikely to succeed (*e.g.* China), but may not be inclusive.
5. **Inclusive settlements:** Settlement extends to a long-term negotiation between the state and groups in society. It evolves and is responsive to public expectations (*e.g.* South Africa, Botswana, Denmark).

However, the use of any simple typology is likely to be limited, as a large number of factors define the character of a political settlement. Relevant categories include legitimacy, inclusiveness, fairness, robustness and adaptability. While these characteristics are interrelated, it would be incorrect to assume that any two of them are perfectly correlated. As a result, there are too many potential combinations to be able to develop a useful typology.

As mentioned previously, a state's geographical environment or neighbourhood can also threaten a settlement. For instance, conflict can spill over from neighbouring countries (as in the case of Afghanistan and Pakistan) or neighbours can, for geopolitical reasons, support an armed rebellion that threatens a country's current order (for instance, Rwanda and Uganda's sponsoring of rebel armies in the two civil wars in Congo/Zaire, 1996-2003). Likewise, transnational criminal networks, often linked to the smuggling of natural resources or drugs, can undermine a settlement. Changing economic conditions, whether growth or decline or especially in some specific sectors (often concentrated in a region, affecting different groups differently), can alter the balance of power or lead to the emergence of new claims. If the settlement is not responsive, its survival can be threatened. At stake is not just positive or negative performance, but the **perception** of whether the benefits and costs are being distributed in an equitable manner.

As Whaites's definition highlights, a primary function of a political settlement is to end conflict and to prevent its resurgence. From that perspective, the end of conflict and its non-recurrence are both the goal of a settlement and the sign that it is effective – though it could actually signify that the dominant group has suppressed dissent, rather than accommodated it. A settlement is thus most pertinent at the conflict resolution stage (as a means to ending conflict through a peace agreement but with a distinctly long-term goal of preserving peace and not just ending fighting) and at the post-conflict stage (to prevent recurrence, in the short and long term). As argued earlier, however, the avoidance of conflict may rest on the effectiveness of repression.

In the context of a fragile state that is unwilling to meet its citizens' needs, governing elites are generally not interested in a settlement beyond entrenching their own power and the benefits they accrue. At times, this can lead to a relatively durable settlement, especially if various elite factions share the same self-interests, *i.e.* the peaceful plunder of resources through control of the state. Under such an "elite state capture" scenario, a grand coalition of political parties can share not only political power (including through explicit power-sharing arrangements) but also divvy up the spoils of said power, to the exclusion of the majority of the population (Box 1.3). As long as there are sufficient resources to please all parties, and provided they are able to negotiate the political rules, a settlement that perpetuates this form of fragility could prove surprisingly durable.

When, instead, state fragility is characterised by an inability to meet citizens' needs, the context of a settlement provides a more stable environment for capacity building and development. Fragility can thus undermine the legitimacy of a state and a political settlement, but this will not necessarily threaten the latter's durability, at least not in the short term. In the long run, however, a lack of legitimacy could threaten a settlement, but – as argued previously – only if a credible alternative is available.

Box 1.3. **Kenya: a settlement providing for elite state capture**

The current power-sharing agreement in Kenya is a good example of internationally condoned elite capture. The two main contenders in the December 2007 presidential election both claimed to have won the contest, which was characterised by extensive electoral fraud. As deadly violence erupted across the country, African Union mediators, with the full support of Western donors, helped the two sides negotiate a settlement under which the incumbent remained president, the main challenger became prime minister (a position created for this purpose) and their parties divided up cabinet posts between them. As a result, stability has been restored but, with no opposition in parliament, the coalition members are left free to maximise their rents. This has allowed corruption to remain rampant, while undermining the rules of democracy whereby in a first-past-the-post system the candidate with the most votes holds power. The general population loses out and the risk of conflict around the next elections remains high (Brown, 2009). Such a settlement has little popular legitimacy and, given the fundamental inter-elite divisions and general unresponsiveness, has been described as "stagnant" (DFID, 2009: 6). If it collapses, however, it is much more likely to be due to divisions in the political class than to the lack of support among constituents.

Some authors are far more sceptical about a settlement's potential durability in fragile states. For instance, North, Wallis and Weingast (2009: 42) believe that fluid situations, unstable coalitions and frequent shocks prevent dominant actors from truly committing to a settlement. Under such conditions, "pervasive uncertainty about outcomes prevents the elite from credibly committing to observe the rules or laws". Unencumbered by the rule of law, they will usually renege as circumstances change in order to protect their own interests and retain their dominant position. According to North *et al*. (2007: 12), it would be "irrational for those elites to believe the commitments will be honoured, and the commitments fall by the wayside".

It is not possible to identify exactly what makes settlements responsive to pressure. Much will depend on the particular dynamics of power relations in that society, including within and among various groups. Taking a hard line against modifying a settlement might be a political strategy for a faction of a dominant group's elite to maintain its intra-group dominance. Such intransigence might also be explained by a calculation of the benefits of maintaining the current arrangements versus the probability of a credible threat emerging. Also, if pressure for change is diffuse, there may simply be no explicit awareness among elites of the potential need for renegotiation. In some cases, such as Tajikistan (Box 2.2), a government may renege on key aspects of a political settlement, but the dominant faction's control of the security forces,

political institutions, media and other instruments of power may be sufficient to prevent a concerted challenge to the regime's stability. What in fact occurs in such cases, then, is a subtle (or not-so-subtle) unilateral modification of the terms of the settlement at the hands of the dominant actors – to the point where one might say that a new settlement has replaced the original one.

Conceptually, the distinction between a modified and a new settlement is often unclear, unless a radical change has taken place, for instance, if a new group has seized power or if a new civil war has erupted. In the Tajikistan example, the ruling elite has changed the provisions of the post-civil war settlement to such an extent that many would argue it has been incrementally replaced by a new, more exclusionary settlement. In Iran, the theocratic regime that emerged in 1979 has since undergone considerable change, while the basic formal parameters of the original post-revolutionary settlement remain in place. These examples illustrate how the malleability of the concept of political settlement makes it difficult to determine in some cases whether a certain settlement is still in place, has only been adapted to changing circumstances or has been replaced by a new one. Yet if outside actors wish to support settlements, strengthen their proponents and sanction "spoilers", it is of utmost importance to be able to draw these distinctions. In some cases, observable facts or processes suggest that a settlement is holding, for instance co-operation among elites in strengthening state institutions. Markers of settlement adaptations include a truly consultative constitutional amendment process. Some indicators can suggest a settlement is breaking down or that the dominant party has revoked it. These include new restrictions on opposition political parties, a crackdown on independent media, interference with the independence of the judiciary or – more indirectly – political economy shifts in favour of the dominant elite, such as its increasing control of key resources and a greater concentration of wealth in its hands.

The "settlement lens", thus, does not relieve external actors of the necessity of evaluating a given situation against norms and objectives that do not flow automatically from the concept. As an analytical lens, a settlement perspective may highlight important properties of a political regime. As a normative guideline, however, it is underspecified. This is why discussions of the inclusiveness of political settlements are so important.

The extent of inclusiveness

Most discussions of political settlements focus – sometimes exclusively – on the central role of elites. As inter-elite pacts, all settlements are exclusionary to a certain degree. According to North, Wallis and Weingast (2009: 30), the state in developing countries ensures stability and prevents violence "by forming a coalition that limits access to valuable resources – land, labour, and capital – or access to and control of valuable activities – such as trade, worship and education to elite groups". Citizens generally enter into the equation only in the

consideration of the degree of legitimacy that settlements – and rulers – enjoy. Still, some have argued that elites "must maintain an ability to organise, persuade, command or inspire" their social constituencies and that "[w]ider societies are **not** bystanders" (Whaites, 2008: 4, emphasis in original). Some analysts have emphasised the importance of consultative and inclusive political processes (Papagianni, 2009a). Others have found that "exclusionary elite bargains" are likely to lead to a resumption of civil war (Lindemann, 2008). In a more normative turn, Fritz and Rocha Menocal (2007a: 27) argue that since the 1990s there has been "general agreement (at least in principle) that political settlements need to be broadly inclusive and representative, and to incorporate those who have traditionally not had a voice (*e.g.* women)". Still, as settlements can be imposed, at times by force, the acquiescence of other elites or the general population, rather than the more active consent – let alone participation in negotiations – may be sufficient to keep the peace. Without a certain degree of tacit consent, however, the costs of repression are likely to be extremely high. In a nutshell, the political settlement as an **event** is more likely to be dominated by elites, whereas it becomes a **property** through the consent of larger constituencies.

What is important for a settlement to be considered legitimate, even if broad-based direct participation in negotiations cannot be achieved, is the **perception** within a society and among competing factions or identity groups that the process is sufficiently inclusive and that it allows for fair representation. Yet what actually constitutes "fair" can be a highly contested issue. Domestic perceptions of a settlement's degree of fairness and legitimacy might differ greatly from international ones. It is also unclear how inclusive is inclusive enough. At times, elites might disregard voter preferences. In the case of the Soviet Union, for example, a referendum held in the spring of 1991 confirmed that the majority of the population supported President Mikhail Gorbachev's vision of a renewed union state, but barely nine months later a small number of elites decided to dissolve the state – with little or no enduring negative impact on the legitimacy of the newly created states.[8]

The discussion above refers mainly to state-society relations and **vertical** inclusiveness, that is, to include not just elites but also at least some participation from society. Relatively little attention, however, is paid to the **horizontal** inclusion of non-elites, in other words the inclusion of different segments of society, such as women, indigenous populations, or regional, cultural or linguistic groups, and the extent to which this type of inclusion matters to settlements. For instance, there could be a consensus among elite (and non-elite) members of a given country's main ethnic groups to exclude one or more marginalised, smaller groups. Because of their marginalised status (including their geographical isolation, poverty and lack of access to resources), these groups may be the least able to challenge their exclusion from the regime and, therefore, contrary to what some have argued (DFID, 2009: 8), not actually pose a risk of violence. This may offend normative

concerns for equity and human rights, but poses no concrete threat *per se* to settlement stability or durability, since the settlement was not based on those principles. The marginalised population need not, in fact, be small. The political, economic and social exclusion of women in many countries on the Arabian Peninsula, albeit contested, has not destabilised their relatively longstanding political settlements, even though women and girls constitute the majority of the population. In fact, in the case of Saudi Arabia, one could argue that the subordination of women is an integral part of the terms of the settlement between the ruling House of Saud and the Wahhabite religious elites that lie at the foundation of the state itself.

In some cases, settlements are seen as the domain of civilian elites, usually the leadership of political parties. Peace agreements, on the other hand, are usually signed by belligerents, sometimes characterised as warlords. The exclusion of certain non-state armed actors, for instance in Burundi and Afghanistan, can severely hamper a political settlement (see Box 1.4 for Burundi, as well as Box 2.1 for Afghanistan). Peaceful political parties and civil society organisations are normally excluded, which also constitutes an important weakness of settlements and can harm legitimacy (for instance, in the Democratic Republic of Congo). This does not necessarily cause settlements to break down, as argued above, as no credible alternative may exist or the ruling elites may be able to prevent the excluded actors from posing any threat to the *status quo*. On the contrary, the multiplication of actors with divergent interests at the negotiating table may make a settlement

Box 1.4. **Burundi: two consecutive settlements**

Burundi has had two political settlements in the past two decades, both aimed at ending a longstanding violent conflict; the first quickly collapsed, but the second has proved more resilient. In 1993, after decades of military dictatorship and one-party rule, dominated by minority Tutsi, Burundi held its first democratic elections. The settlement, however, did not last for more than a few months, after which the Tutsi-dominated military assassinated the Hutu president and once again seized power, fearing that the Hutu majority, in power for the first time, would threaten their interests. After many more years of civil war, 17 Hutu and Tutsi parties reached the second settlement in 2000, facilitated by significant UN and African mediation efforts, followed by a transitional power-sharing period. Some armed groups initially refused to sign the peace agreement. As a result, the government had to accommodate armed rebels in order to end the fighting and become more inclusive. In 2005, one of the groups that only signed a ceasefire in 2002 was democratically elected to form the government (Brown and Kaiser, 2007: 1138–40). The last active rebel group laid down its arms and transformed itself into a political party in 2009.

harder to reach and lead to an unworkable compromise. Moreover, some research suggests that political settlements as events are more durable if they are based on the outright victory of one side because narrowly defeated parties may still believe that they have more to gain from a continuation or resumption of fighting (Ali and Matthews, 2004; Fortna, 2004: 76; Fritz and Rocha Menocal, 2007a: 27). Nonetheless, at least some degree of inclusivity increases a settlement's odds of being perceived as legitimate, and thus improve its chances of enduring. The role of external actors, who sometimes participate in the negotiation of settlements or as guarantors of their terms, is discussed in Chapter 2.

Notes

1. The number of policy-oriented contributions that explicitly address "political settlement" as a term or concept denoting a broader balance of power is still limited and owes its existence to recent work commissioned by DFID. In addition to Whaites (2008) and di John and Putzel (2009), these works include Barnes (2009), Commins, Rocha Menocal & Othieno (2009) and Rocha Menocal (2009).
2. This reasoning is in line with recent scholarship on the emergence of political orders in human history, such as North, Wallis and Weingast (2009). While not using the terminology of "political settlement", North and his co-authors argue that elites craft a social order that limits the use of violence in a society as a means to secure their privileged positions.
3. North *et al*. (2007: 10) count all LICs and MICs as limited access orders.
4. According to World Bank's World Development Indicators, accessed online 13 July 2009.
5. Some argue that the exclusion of "major economic elites… serves to weaken state and peace building processes and prospects for growth over the medium term" (DFID 2009: 6). This would suggest that resource-rich countries might constitute a category of their own. However, though the expulsion of Ugandans of Asian descent is an example of exclusion and resulting economic decline, it not clear to what extent this extreme case is representative of the complex relationship between political inclusion and growth.
6. Kurtenbach (2009) provides a useful overview of matters covered in seven peace agreements from six countries in Africa, Asia and Latin America.
7. German Federal Ministry for Co-operation and Development.
8. The August 1991 coup attempt was certainly instrumental in this course of events. Nonetheless, it was a narrow circle of elites that engineered the dissolution of the union state.

2. Implications for donors

This section discusses implications for major areas of concern to bilateral and multilateral donors. These areas include dealing with conflict and fragility in general, as well as the crosscutting issues of institution building, prioritisation of interventions, policy coherence and entry points. Before dealing with each of these issues in turn, we first address the respective role of the different policy communities in the context of political settlements and then turn to implications that are derived from the inherent ambiguity of the political settlement concept, which have an impact on the areas subsequently discussed.

Understanding donor impact

There is an important literature on how the international community can proactively help end conflict and promote peace, including through the brokering of peace accords. Less well explored, however, is the role donors play in the evolution of settlements (Cousens, 2008 is an exception). Many of their activities deliberately or unwittingly influence local power relations and thus the establishment and evolution of political settlements.

The international community's most deliberate and explicit involvement is usually in the earliest stage of a political settlement, leading to the event that ends violent conflict. The United Nations, other international or regional organisations, one or more state mediators or even non-governmental organisations (such as the Community of Sant'Egidio in the case of the Mozambican civil war) sometimes play an important role in getting parties to the negotiating table and moving negotiations forward. The United States, for instance, brokered the 1995 Dayton Accord that ended the Bosnian civil war. More recently, following the disputed presidential elections in Kenya, an African Union mediation team led by former UN Secretary-General Kofi Annan brought opposing sides together in 2008 to reach a power-sharing compromise and end the post-election violence (Box 1.3). In many cases, international actors also play the role of third-party enforcers of an agreement, or guarantors to ensure that all sides will respect the agreed-upon rules. Sometimes this can include the ceding of some sovereign powers to the UN or other international organisation for a transitional period, as was the case in Cambodia (1992-93) and Timor-Leste (1999-2002).

In some instances, however, international actors are not honest brokers. They can also sponsor exclusionary settlements that lack legitimacy. In fact, even if international actors perceive the settlement as legitimate, their involvement can sometimes render a settlement less legitimate in the eyes of actors who consider it a foreign imposition. In Afghanistan, for instance, NATO member states have been actively involved in enforcing a settlement they brokered, which excluded key armed actors that formed the government prior to the 2001 invasion (Box 2.1).

International actors can also deliberately promote or prolong conflicts, for instance by arming one or more sides (the government or those excluded from the existing elite pact) or by advising against a compromise. For example, the Contras in Nicaragua and RENAMO (Mozambican National Resistance, or *Resistência Nacional Moçambicana*) in Mozambique would not have been able to sustain their insurgencies in the 1980s had it not been for foreign

Box 2.1. **Afghanistan: a fragile settlement reached through the exclusion of the losers**

In Afghanistan, the settlement following the international military intervention against the Taliban regime in 2001 was reached with a broad coalition of forces, but also to the exclusion of important actors, mainly on the grounds that these were identified as belonging to or being closely allied with the Taliban. The Bonn Conference, convened in 2001 under the auspices of the United Nations to agree on power-sharing arrangements for a transitional administration, brought together factions that "were unquestionably powerful, but whether they constituted legitimate representatives in the eyes of Afghans is debatable. […] The justification for their presence at Bonn was that they were not the Taliban, that they were perceived as powerful […] and that they had supported and provided ground troops to the US-led military intervention in the country" (Ayub and Kouvo, 2008: 649).

The broad coalition of the factions represented and the fragility of the settlement have hampered the Afghan state's ability to acquire authority (DFID, 2009: 4; Fritz and Rocha Menocal, 2007a: 49). At the same time, it was Western countries that prevented the settlement from including the Taliban and that have opposed efforts to modify the settlement to include at least some of their more moderate factions. Eight years after the Bonn Agreement, it is obvious that the legitimacy of the settlement is seriously eroded and that its chances of survival would be dim were it not for a massive international military presence. As a result, observers have blamed the West for initiating a war "with no clear strategies for long-term stabilisation, state-building or development", resulting from a "mismatch between shorter-term security and counterterrorist concerns and complex questions of long-term stabilisation and state-building" (Ayub and Kouvo, 2008: 641).

sponsorship. One could argue that such actions eventually led to more inclusive and democratic settlements, though at a high human and economic cost.

Sometimes, external support for intransigent authoritarian rulers can make an inclusive settlement less likely. It can reinforce repression to the point at which violent overthrow of the regime becomes the preferred option, without necessarily leading to a "better" regime based on a more inclusive political settlement, as occurred in Iran under the Shah in 1979.

Once a conflict-ending settlement is in place, donors often do not undertake direct and sustained efforts in subsequent stages, including helping ensure that a settlement lasts, that its terms are respected by the dominant party, or that they are modified as appropriate over time. In their interactions with governments, including through peacebuilding and especially statebuilding activities, international actors can actually modify the local balance of power, which could lead to reneging on a settlement or new challenges to it. Donor support is usually channelled through the state and therefore often produces a bias towards the party in power, even if assistance is considered apolitical. Donor support generally provides extra resources to the state, if only by relieving the government of the necessity to address those needs that are met by outside actors. Sitting governments can also claim credit for positive development outcomes, such as economic growth or poverty reduction, which strengthens the ruling party's hand.

External assistance is sometimes provided to non-governmental organisations or opposition political parties – circumventing state control – as part of a deliberate strategy. In Zimbabwe, for instance, donors have preferred in recent years not to channel their assistance through the government, in large part to avoid providing financial resources and lending legitimacy to Robert Mugabe's regime (though this is slowly changing now that a power-sharing government is in place). An authoritarian government can potentially use this rhetoric to its own advantage. President Mugabe has used foreign support to NGOs and the main opposition party as a means of discrediting them in the eyes of Zimbabweans, portraying them as puppets of Western imperialism, and strengthening his own nationalist credentials.

In fragile states, it is especially difficult to determine the nature of the political settlement in place. At times, as indicated above, stability may give the illusion of an effective settlement but actually mask rising tensions. What might appear to be an elite consensus could actually be a very successful exclusionary regime. Under such circumstances, international support for a settlement in place is more likely to have deleterious effects. A moderate example might be Tajikistan (as described in Box 2.2). An extreme example would be strong donor support for the Rwandan government in the 1980s. Peter Uvin has argued that international actors played an important role in strengthening a state that they considered developmental, but that was in fact

chauvinistic and subsequently unleashed genocidal violence against its own ethnic minority Tutsi citizens (Uvin, 1998).

What emerges from these examples of donor impact is that in early stages of peacebuilding efforts, diplomats and sometimes defence specialists are leading external efforts to bring about peace, while development actors often play rather marginal roles. As the process evolves and a country moves from a ceasefire to the implementation of peace provisions, development – and with it foreign aid – gains importance. Aid officials often actually take over responsibility from diplomats and soldiers, who are called to more urgent crises. This division of labour involves risks: peace negotiators are faced with only modest incentives to adopt a long-term perspective and encourage contending parties also to consider the more distant future. For their part, development actors, in the habit of applying aid delivery frameworks to their work, risk continuing to use goals that were agreed under certain circumstances and pushing processes too fast, only to realise too late that they may have contributed to locking in a process that would otherwise still have been adaptable to new actors, new interests or late-comers to the peace process.

Settlements are political

Viewing peace- and statebuilding through a political settlement lens holds important implications for donors active in these fields. Arguably the most important implication should be the realisation that peace- and statebuilding are, first and foremost, matters of **interest** – not solely of capacity, perfect institutional design or other "objective" conditions. While the latter are important, and donors can make useful contributions in those areas, no sustainable success in building peace after violence or building resilient states in the face of fragility can be expected unless the interests of major local elites are taken into account and addressed accordingly. Engaging settlements is thus a deeply political matter that goes beyond the realm of development policy. It necessitates the full co-operation of a broad range of external policies.

Influencing behaviour based on interests requires a consideration of incentives. **Setting the right incentives** for local actors must be a priority of any external intervention. Development activities that are not backed up by other international incentives are unlikely to yield the desired results. In fact, development actors will often not be the first to act when it comes to setting incentives. Numerous policy areas have instruments at their disposal that can be helpful in persuading local actors to modify their behaviour, including development, diplomacy and defence, but also trade, energy policy, financial market regulation and several others. A list of possible instruments beyond

development that may be useful to employ, depending on the circumstances, includes selective visa regimes for leading politicians (and potentially their families as well), economic sanctions against the import of certain commodities or an effective ban on the export of weapons to fragile countries. Sometimes, even the credible threat of possibly using such instruments may have an impact in and of itself.[1] There are also important positive incentives – often linked to trade regimes – at the disposal of international actors. Above all, the avoidance of subsidies for agricultural exports from industrial countries can contribute to a situation whereby overall incentives for local elites to invest in broad-based agricultural production rather than the mere exploitation of natural resources would substantially increase. Such economic impacts can change the dynamics of a society far more than development policies could ever hope to achieve.

On the other hand, development actors should not underestimate their role even at an early stage. During peace negotiations in particular, the credible promise of development prospects for marginalised areas or other external resources can be important to alter the calculations of the negotiating parties and open space for compromise. The promise of long-term development assistance and, conversely, the threat of aid suspension if the terms of the agreement are not respected by the dominant party, can be powerful mechanisms of third-party enforcement. If credible, it can help overcome the mistrust that prevents the opponents from committing to a settlement under which the dominant party might renege in the future.

Though most of the funding in the post-conflict stage comes from development actors, diplomatic actors continue to remain important. Among other things, they provide signals to elites on how their government will respond to potential and actual instances of non-respect of a settlement's terms. For instance, diplomatic actors may indicate – implicitly or explicitly – that trade relations (for instance, oil imports) or military co-operation (for example, in fighting global terrorism) may be considered more important than the letter of the agreement in donor capitals. The erosion of a settlement with the collusion of or under the blind eye of donors would undermine trust locally and the donor's credibility more generally as a guarantor of future settlements. Diplomatic actors can also play the opposite role and reinforce trust between the parties and thereby help sustain the settlement.

Analysis is crucial

A political settlement lens on peacebuilding and statebuilding calls first and foremost for thorough and comprehensive analytical work to be conducted for each individual case – both before and continuously during any significant international engagement in fragile and conflict-affected countries. Prior analysis and permanent monitoring are necessary preconditions

for external actors to stand a reasonable chance of positive impact and success. Although this may appear to be the repetition of a truism, the recent experiences of large-scale international interventions in Afghanistan and the Balkans reinforce the urgency of this message. External engagement that is based on false assumptions concerning the relative weight of elite factions, allegiances among the population or the terms under which elites are willing to co-operate is constantly at risk of doing more harm than good. As international crises often occur precisely in those areas that have hitherto remained hardly accessible for research and analysis (Afghanistan being a perfect example), providing the necessary level of knowledge in a timely enough manner to inform major international decision-making processes is sometimes a challenge in itself. Providing sufficient resources to allow continued analysis even of places that are not (yet) at the centre of public attention is one way for donors to improve their preparedness. Pooling international analytical resources, where necessary, is an additional option, in particular for bilateral donors.

In any case, the analysis of complex social relations will always remain incomplete and provisional. As argued previously, the concept of political settlement suffers from a certain definitional ambiguity and there are empirical difficulties in many instances in determining what type of settlement can be said to be in place. Though whether explicit peace agreements have been signed is an objective fact, and a settlement in the broader sense can be understood to be in place in all polities not in the midst of civil war, there is no "test" to determine if a given settlement is legitimate, robust or fair. Some characteristics, nonetheless, can be assessed with reasonable certainty, notably a settlement's degree of inclusiveness. Those excluded are likely to signal their existence and voice their objections, unless the level of repression is so high that they dare not protest, or their degree of marginalisation is so great that their protests go unheard. The use of repression itself signals a lack of consensus, though it does not necessarily imply that an inter-elite agreement is tenuous. It could instead be a sign that elites have closed ranks and are excluding society as a whole (or important segments of it) from participating in political and economic life.

As argued by Fritz and Rocha Menocal (2007a: 41), "In all cases, donor interventions need to be based on a sound understanding of local processes and respond to specific country needs. While lessons may emerge from different settings (and even this… is not automatic), there are no fixed blueprints". If judgements are to be made on a case-by-case basis, then there clearly is no substitute for solid political analysis based on a deep understanding of local power relations.

Existing analytical frameworks developed in recent years, ranging from country context analyses to actor mappings at the meso or micro level, could provide useful starting points for such analytical work at the levels of country

and policy programming.[2] Dilemma analysis, as suggested by Paris and Sisk (2009), and focusing on gaining a clearer understanding of the dilemmas and trade-offs involved in any foreign intervention, are an essential supplement.

Addressing conflict

The prevention of violent conflict is generally seen as the main goal of political settlements. A focus on *political settlements* rather than *peace agreements* only expands the temporal scope of the analysis and brings attention to the need for settlements to evolve. This is in line with the peacebuilding literature's growing concern with the longer-term implications of peace accords and the sustainability of peace. Yet forging settlements to end conflict comes with tensions and trade-offs that must be taken into account by those involved in the process. As discussed above, there are some risks associated with overemphasising conflict prevention or resolution. Agreements can contain patently unfair clauses that sow the seeds of future conflict. Some political settlements can thus restore peace, but also make future conflict more likely. This is especially true if they are not responsive, but also if they are perceived as unjust.

A crucial lesson to be drawn from conceptualising peace agreements as part of a larger political settlement project is that peace accords should always be designed with the long-term consequences they generate in mind. Local actors are likely to do so anyway, although with two important restrictions: First, their rationality and calculations may be bounded, if not severely circumscribed, by antagonisms, prejudices and expectations shaped during the period of violent conflict that sometimes threaten to reduce the political space for negotiation to virtually nil. Second, furthering the common good at the expense of privileges for their own constituency will usually not feature high on the agenda of a local leader involved in peace negotiations. Rather, local actors often bring a long-term perspective to the negotiation table that is limited to the calculation of immediate benefits for their constituencies as they will be under pressure to fulfil the expectations of those whom they represent.

External actors, by contrast, often feel more inclined to focus on the immediate task of striking a deal, leaving everything else to the future. The problem here is that crucial parameters for this very future are being determined at the peace negotiation table. Expanding on arguments proposed by authors like Papagianni, it can be argued that a sufficient duration and inclusiveness of both the immediate peace negotiations and the ensuing processes may, in many cases, provide the necessary conditions for opposing parties to gradually revise their mutually exclusive worldviews and thus open up a new space for compromise and a better long-term settlement.[3]

The main lesson for donors is that though settlements may end conflict in the short term, not all settlements are automatically preferable to a protracted process

that could involve continued violence. The latter could result in a more durable and inclusive settlement that, in the long run, could actually save more lives. This is especially the case if large-scale, non-self-interested donor engagement is unlikely to last long after an externally enforced settlement, so as to ensure that the weaknesses of an "early" settlement can be incrementally ironed out in a process of peaceful adaptation. Realistically, such cases are rare exceptions.

Besides the long-term/short-term dilemma, there are also peace-or-justice dilemmas that need to be considered. Typical political settlements after violent conflict help factions that were powerful in wartime to remain powerful during peacetime, too. While defining the limitations and checks to their power is exactly what the settlement is all about, these actors will ensure that they remain in influential positions. In many cases, such deals include leaders (and their supporters) who are responsible for large-scale violence, potentially including war crimes or crimes against humanity. In some cases, these leaders may be under threat of international criminal prosecution; in others, they may not. Either way, their inclusion in future political arrangements is likely to be viewed as blatantly unjust by those parts of a population that consider themselves to be their victims. Likewise, striking deals with these persons may be met with widespread resistance in international public opinion. While lasting peace without representation of influential factions is unlikely, it also requires minimum levels of reconciliation among formerly warring factions based on some shared understanding of justice. The extent to which dilemmas between peace and justice arise is also influenced by cultural factors, as both concepts themselves are culturally coded. Societies with distinct concepts of honour and feud and higher levels of everyday physical violence will strike the balance differently from those with a distinct culture of meditation or reconciliation.

Addressing fragility

It is more difficult for a settlement to be reached and to last in situations of state fragility. Fragile states are more likely to undergo shocks that endanger tenuous inter-elite agreements. Moreover, as argued by North *et al.* (2007) and discussed earlier, actors under such circumstances are less likely to feel bound by the terms of the settlement.

The condition of fragility generally weakens a settlement, as it hinders the rule of law and the dominant group's commitment to respecting the terms of a settlement, when doing so would come at a cost, such as losing political power (at least until the next round of elections). In such contexts, losers are particularly hesitant to hand over power because they are concerned that the winners will not submit themselves to a fair electoral contest at the end their mandate. In fragile situations, power relationships and the rules of the game are typically so much in flux that it is hard for donors to design their intervention strategically to counter fragility and not be instrumentalised by local actors.

A durable political settlement can nonetheless help counter fragility, creating a virtuous circle. Whaites (2008: 10) calls adaptable settlements "the bed-rock of resilient states". There are some important ways that donors can support such settlements through providing conducive working conditions for local actors. If incumbents, for instance, truly believe that donors will help hold their successors accountable and ensure that subsequent electoral competitions are free and fair, they are more likely to accept their own defeat and agree to transfer power. If, on the other hand, they believe that donors will acquiesce to their rivals' attempts to unilaterally modify the rules of the game and hold onto power illegitimately, they are likely to renege pre-emptively on the settlement and remain in power themselves.

Much will therefore depend on the nature of fragility: Are elites unwilling or merely unable to meet the citizens' needs? In the former case, the greatest challenge will be to convince recalcitrant elites that adapting settlements in ways that reduces their power in the short-term is actually preferable in the longer term, even if it appears contrary to their immediate interests. In practice, it is often hard to determine what is lacking, will or ability, or both. Alternatively, elites might deliberately resist providing public goods out of self-interest, but make the problem appear to be a lack of capacity. If that is the case, donor assistance in this area is likely to fail.

Supporting the emergence of a workable political settlement or the adaptation of an obsolete one can be an important external contribution towards stabilising fragile states and increasing the resilience of state-society relations. Again, however, engagement is risky and trade-offs are unavoidable. Assistance to make poorly functioning state institutions work better can serve ruling elites as an additional resource in their attempt to consolidate their position of power. Supporting marginalised groups, by contrast, while often appropriate from a moral point of view, can run the risk, if not delicately balanced, of altering the relative bargaining positions of the different groups in a society to the point where an existing settlement is destabilised. Thus, balancing support for different groups in a society is tricky and requires not only extensive prior analysis, but also continued monitoring, as even the best *ex-ante* analysis cannot with sufficient certainty predict the net effects of external interventions at every stage of engagement.

Addressing institution building

Attention to formal institutions is essential. For instance, no settlement can exist without an agreement on how political power will be distributed (modes of political representation), how it will change hands (generally through elections) and how the rules of the game will be modified in the future, including constitutional change. External actors should try to ensure a certain amount of clarity on these issues and support their subsequent implementation.

Donors should remember that statebuilding and governance reform is ultimately an internal and political process over which they have little influence. Consequently, donors should avoid placing too much emphasis on specific institutional arrangements. Transplanting institutional forms that lack adequate embeddedness in a given society may in fact have adverse consequences, for example by conferring legitimacy upon questionable leaders in fraudulent elections that, more than anything else, delegitimise the international support given to conduct them. Instead, donors should help ensure that the institution-building process itself is sufficiently inclusive and that mechanisms for the future adaptation and evolution of institutions are agreed upon (Papagianni, 2009a). There may be some pragmatic and legitimate reasons to exclude some groups, for instance those that ostensibly have very little influence or are not negotiating in good faith. Decisions to exclude certain elite factions for legal, ideological or other non-pragmatic reasons need to be weighed against the potential damage these groups can cause to the long-term prospects of a settlement, as they may still command considerable authority over parts of the population that consider them to be legitimate representatives. Adaptive mechanisms, in turn, are crucial in order to avoid that settlements become outdated and difficult to reform in response to changing circumstances.

Informal institutions and other less-codified components of a settlement are also important, but harder for donors to address. They are, by definition, private, unwritten or even unverbalised and, therefore, they are often less binding, more open to interpretation and harder to enforce. Nonetheless, the practices and even mentalities of elites – the shift from competition to conciliation (Barnes, 2009: 23) – are key factors that will help strengthen the ability of formal institutions to manage conflict peacefully.

Thus Barnes (2009: 3, 21) suggests increased attention to the negotiation of settlements in statebuilding, as well as more emphasis on increasing state capacity, accountability and responsiveness in peace agreements. Here, too, however, the process itself, its inclusiveness, perceived legitimacy and rootedness in local structures are no less important than the actual content of the resulting settlement. In fact, they must be considered an integral part of the settlement, and external actors must plan their interventions in ways that are sensitive to this fact, including in the ways they provide or shape incentives and how they influence who is included in or excluded from negotiations. Insistence on certain normative standards, for example, is more likely to produce positive long-term results if donors try to reach these goals through procedures that respect the existing institutions, as long as these are still able to fulfil a minimum of required functions. At times, this may come at the cost of not producing immediate results in the hope of achieving a longer-lasting outcome.

Policy coherence

Donors seek to obtain change on many fronts simultaneously in developing countries. They seek to promote market economies, integration into the global economy, economic growth, poverty reduction, human rights, democracy and good governance, as well as aiming to fight corruption, international criminal networks and the drug trade and prevent terrorism. Some of their goals are related to Western norms and concepts. Others are self-interested, relating to their own geopolitical and economic security, including access to markets and vital resources. Not all Western foreign policy objectives dovetail neatly, and some trade-offs are inevitable. For instance, a country might be a valued ally in the "global war on terror", but its contributions could involve breaches in international law or a crackdown on civil liberties. A country could implement economic reform advocated by donors, while further restricting human rights and political pluralism. Donor policies and practices implicitly and sometimes explicitly prioritise these various objectives, not without contradictions, and individual donors will have different priorities. This poses a challenge to policy coherence and donor co-ordination.

A dilemma can thus emerge: Should donors support settlements that are patently unfair, that are being reneged on or that elites refuse to adapt because donors seek the short-term benefits of stability, despite the risk of future conflict? In Angola and, to a lesser extent, Mozambique, international actors ignored the government's non-respect of settlement provisions out of a concern for peace and stability, despite the fact that it undermined democracy and could aggravate conflict over the longer term (Brown and Zahar, 2008). A similar situation can be observed in Tajikistan (Box 2.2).

In some instances, supporting an unjust or exclusionary settlement can undermine the rule of law, lead to increased human rights abuses and actually promote insecurity over the longer run. In other cases, encouraging resistance against an unfair settlement and concomitant abuses of power may run counter to a population's desire for continued peace and stability. Sometimes, the true dilemma is that both may be true at the same time.

Balancing interventions carefully and monitoring their implementation must thus be the prime concern of every external actor. But the consideration of side-effects and unintended consequences needs to go beyond the planning of engagement on the part of peacebuilders and development practitioners. Western governments have a broad arsenal of policies at their disposal that exert enormous direct and indirect influence on the conditions under which societies in developing countries organise their interactions. The range extends from industrial and trade policies, through energy and resource policies, to security and military policies. Interventions aimed at influencing the behaviour of elites and their supporters in fragile or conflict-affected countries need to

Box 2.2. **Tajikistan: a settlement put at risk by the government**

Tajikistan is a perfect example of the dilemma that arises when a government that has emerged out of a post-civil war peace accord uses regained state strength to renege on basic provisions of that accord – at the expense of its former enemies in the first place and of general trust in the political system as a consequence. In 1997, international mediation combined with considerable outside pressure helped the contending parties to reach an accord that ended Tajikistan's five-year-long civil war. The key contentious issue emerged out of the demise of the Soviet Union, namely "the definition of principles that would guide the country's future" (Barnes and Abdullaev, 2001: 10). The accord was built around a strict power-sharing agreement. The opposition, which brought together both "democratic" and "Islamist" forces against a post-Communist incumbent, was awarded a fixed quota of major executive positions at all levels of government. Other societal forces that had not been parties to the civil war were excluded from the agreement in order to facilitate the reaching of a solution. Clearly, short-term peace was valued higher than longer-term considerations of participation and justice.

Except for a brief period immediately after the accord was signed, and then only at the top level of government, the agreed quota was never reached. To the contrary, President Emomali Rakhmon systematically reduced the number of members of the opposition inside the government through a diverse set of instruments, including co-optation, legal prosecution and outright repression, each in itself violating the spirit or letter of the peace accord (ICG, 2004). The crackdown on the Islamist opposition after 2001 was facilitated by an international climate, which allowed governments worldwide to persecute dissenters of Islamist affiliation as extremists, irrespective of convincing evidence. Rather, Rakhmon's policy was in many Western capitals viewed as a welcome contribution to the anti-Taliban war in Afghanistan.

International actors, apparently not too unhappy about this solution of the "Islamic question", remained largely silent on the situation in Tajikistan despite the incumbent president's obvious reneging on the provisions of the peace accord (Grävingholt, Hofmann and Klingebiel, 2007: 81). What some initially considered to be the positive signs of the Tajik state (re)gaining strength after almost total breakdown has turned out to be the consolidation of authoritarian rule at the expense of human rights, pluralism and a more equitable distribution of wealth. At the same time, however, it is widely argued that the local population considers the current settlement, imperfect as it may be, as preferable to scenarios which could involve renewed violence. Only recently have some observers rung the alarm bell over a rapidly deteriorating economic situation, warning of the danger of renewed state failure (ICG, 2009).

take each of these (and other) fields into account. Used wisely, the full range of these policies can increase external leverage substantially. Otherwise, they can seriously undermine the best of intentions.

Entry points

Political settlements provide a useful analytical lens on political processes surrounding situations of fragility and violent conflict. Yet given the conceptual weaknesses that have been discussed above, and the ambiguous normative value the concept holds, it should be integrated into donor programming with some degree of care. By no means should such integration lead to a fixation on settlements as a value or purpose *per se*. In combination with other, more substantive value orientations, however, a political settlement lens can contribute usefully to both peacebuilding and statebuilding. As has been suggested earlier, it can bring a longer timeframe to the thinking about peace accords, and considerations of social accommodation to the way statebuilding is conceptualised. It is thus most applicable at the level of sound context analysis and case-specific policy formulation.

Furthermore, in addition to peacebuilding and statebuilding, programming in the governance sector and policy dialogue are the two areas that can benefit the most from insights derived from a settlement perspective. This includes work towards greater adaptability/responsiveness and inclusiveness, notably expanding the provisions of a settlement beyond elites to reflect a true settlement between state and society.

Work is also required within donor governments to increase policy coherence. Otherwise, efforts to promote durable, just settlements by donor agencies could easily be undermined by other donor government initiatives, such as ministries of foreign affairs and defence. This involves improving: *1)* the internal coherence of a given donor agency's activities, *2)* the coherence among the donor government's development agency and other departments, potentially by adopting a whole-of-government approach to supporting equitable settlements, and *3)* co-operation and co-ordination among donors, in line with the harmonisation component of the Paris Declaration on Aid Effectiveness.

Notes

1. The use of sanctions is a matter of intensive political and academic debate. While a comprehensive treatment of the relevant literature is beyond the scope of this paper, the authors subscribe to the view that, given political will, "smart sanctions" are possible and can, under certain circumstances, even be a necessary condition in order to change the overall incentive structure for dominant elites so as to convince them to enter into substantial negotiations with oppressed domestic opponents. Examples include South Africa during the 1980s (Box 1.1) or Zimbabwe today.
2. For a useful overview of tools, see Holland (2007).
3. Papagianni (2008: 3-4) argues that "peace agreements which provide for lengthy deliberation and the gradual expansion of political participation before competition moves to the ballot box and before long-term constitutions are adopted are more likely to lead to widely accepted electoral results and constitutions."

Conclusion

Though scholars and practitioners have paid increasing attention to the concept of political settlement in recent years, its content is not actually new. Most – if not all – of the values and principles promoted by the adoption of a "settlements lens" are already present in donor discourse and activities. Nonetheless, the concept of political settlement can help bridge the concepts of peacebuilding and statebuilding. Notably, it could accelerate two trends already underway: integrating a longer-term perspective into the design of peace accords and emphasising the importance of social accommodation in statebuilding. It does so by introducing a political economy perspective and highlighting the crucial role of elite interests for both the short-term and long-term prospects of peace and the state.

The concept, however, has limitations and a few potential pitfalls. In particular, it is often hard to determine what kind of a settlement is already in place. All regimes depend on some kind of settlement – unless large-scale violence precludes any form of governance – but it is clearly difficult to identify whether the settlement is good, just, resilient or durable. Moreover, the viability of settlements in fragile states is a particular challenge. Nonetheless, supporting them could have positive effects on state resilience, if dominant elites' commitment is sincere.

This has a number of implications for donors interested in using and applying the concept. Though by definition political settlements help prevent or resolve violent conflict, there is a risk of confusing stability and the absence of violence with a durable settlement. This could actually encourage donors to strengthen repressive authoritarian regimes, despite the potentially detrimental effect on other donor values and priorities, including human rights, human security, democracy, good governance, participation, political and social inclusion, and the rule of law, and increase the risk of future conflict. Focusing on settlements at the expense of other values and foreign policy goals can thus involve significant trade-offs. Overemphasis on promoting settlements could create incoherence within a donor government or among donors, thereby undermining or being undermined by other donor government activities and policies. Though not all settlements are worthy of donor support, it

is sometimes unclear which ones actually are, who decides and how. Box 3.1 presents two sets of open questions that need to be addressed through further research to increase both the analytical and the prescriptive value of the political settlement lens for donors. Even if a focus on political settlements may help refine thinking on peacebuilding and statebuilding, there is no substitute for sound context-specific political analysis at the country level.

Box 3.1. **Increasing the value of the political settlement lens: open questions**

Increasing the concept's **analytical** value:

- How can one assess the robustness and durability of a settlement?
- What degree of popular participation and social inclusion will help make settlements fairer and more durable?
- What accounts for the adaptability of a settlement?

Increasing the concept's **prescriptive** value:

- To what extent can donors track the evolution of a settlement when it may not follow formal institutional arrangements, such as those included in the constitution or legal provisions?
- How can one distinguish "good" settlements (ones meriting further support) from "bad" ones? How can donors help improve the quality of settlements, transforming bad ones into good ones, or at least better ones?
- How can donors promote a positive evolution of a settlement, when such changes will probably not be in the immediate interests of elites?

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Conflict and Fragility

From Power Struggles to Sustainable Peace

UNDERSTANDING POLITICAL SETTLEMENTS

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