

ESID Working Paper No. 39

Post-conflict pacts and inclusive political settlements: institutional perspectives from Solomon Islands

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September, 2014

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Abstract

Political settlements and pacts now feature prominently in donor narratives about transitions from conflict and institutional fragility to peace and prosperity. “Successful transitions” are said to occur when pacts between political and economic elites are deepened, made more democratically inclusive and gradually institutionalised through security and service delivery out to the edge of national territory. When mapped to any particular case, however, this narrative simplicity is confounded by the longer durée history, culture, geopolitics, institutional and political dynamics. This paper sets out to sharpen analytic tools and framings around post-conflict pacting, institution building and political settlement. Reflecting on the decade since international intervention in Solomon Islands in response to a period known as “ethnic tension”, it develops perspectives from Mustaq Khan and Dan Slater to frame an analysis based in the pacting amongst core actors (political, economic, international elites), and the institutional impacts of how they are enrolled, the modalities and material capabilities they deploy. The combination of these factors in pacts, coupled with how they strengthen or weaken formal and informal governing arrangements, we argue, certainly shape the emerging settlement. Various pacts, however, work according to different modalities and temporalities, to the extent that lining them up with donor interventions routinely results in unintended consequences, including, crucially, institutional layering.

Keywords:

Political settlements, political economy analysis, post-conflict transitions, institutions, capabilities

Acknowledgements

Thanks to Tobias Haque, Julien Barbara, Sue Ingram and participants at the Solomon Islands in Transition Workshop hosted at the Australian National University, 4-5 November 2013, and to colleagues in the World Bank’s Justice for the Poor program.

Craig, D., and Porter, D. (2014) Post-conflict pacts and inclusive political settlements: institutional perspectives from Solomon Islands. ESID Working Paper No. 39. Manchester, UK: University of Manchester. Available at www.effective-states.org

This document is an output from a project funded by the UK Aid from the UK Department for International Development (DFID) for the benefit of developing countries. However, the views expressed and information contained in it are not necessarily those of, or endorsed by, DFID, which can accept no responsibility for such views or information or for any reliance placed on them.

Introduction

Literature on post-conflict stability and security has increasingly focused on the role of “strong enough” or “inclusive enough” political settlements in transitions from conflict and institutional fragility, and in maintaining the peace (Laws 2012, Hickey 2013). These settlements are variously said to develop in relation to ‘pacts’ or agreements between groups (and especially political and economic elites) that, as they become institutionalised in ‘inclusive enough’ ways, can provide a durable kind of stability and order: a political settlement involving state and society (World Bank 2011, OECD 2011).

When translated into donor intervention policy, these kinds of logics have some appeal. Certainly it is appreciated that the movement from pacts to wider settlements is not a simple or stepwise temporal process: settlements can and do unravel (Chauvet and Collier 2006). Elite pacts are, by definition, not fully inclusive: they are typically partial and exclusive. Factors such as who is in and who is out, along with the character of the underlying settlement, will shape (or block) developmental forms of state capacity and elite commitment, leading to unintended, hybrid settlement arrangements (Hickey 2013). But, by promoting post-conflict “institutional reforms” as a means to wider transformation, donor interventions aim to capitalise on the opening (and the hope) created by the end of crisis, and durably redefine the means whereby services and security are delivered, markets are regulated, and political settlements are consolidated.

Framings which posit a transition from conflict to pact to wider settlement also sit reasonably well with generalised comparative politics and historical institutional arguments. These commonly propose temporal movement from crisis and change to continuity and path dependence, especially if institutional reform is able to generate positive cycles of return: successful modalities governing effectively and attracting wider support; more actors enrolled; more money flowing through the reformed channels (Pierson 2004). With this overarching narrative in place, attention can shift to the sequencing of interventions, institutional reforms to take settlements from strength to strength, enabling democracy, security and services to extend out to the edges of national territory. These steps provide markers for intervention policy and for engagements to scale back, and eventually return responsibility to suitably reformed local leadership and institutions (World Bank 2011).

This narrative simplicity disappears when mapped to a particular case and is confounded by the longer *durée* history, culture, geopolitics, conflict and political dynamics. While some basic narrative element is typically present (war then, peace now), acting on it in ways which genuinely engage political actors and their pacts (as opposed to some kind of pact between interveners and “the government”) has been rare indeed. For all the efforts of g7+ and New Deal actors to make pacts a core part of post-conflict arrangements, it remains unclear in many instances that interveners have the mandate, let alone the experience or modalities, to really engage in the

formation of elite pacts or the institutional arrangements that shape and emerge from them. Academic analysis has so far not helped much: lack of agreement in the literature about core terms and temporal processes makes comparative and substantive analysis tough, let alone programmatic intervention (Laws 2012). There remain basic questions: is the relation temporal, moving for example from pacts to settlements? Are the underlying settlements (or previous pacts) a predisposing basis for new, “post-conflict” pacts? Which elite actors count (local, political, economic, international), and how do they interact to produce outcomes? How, specifically, do the institutional modalities and processes involved – including those deployed by donor interventions – affect the temporal outcomes?

This paper sets out a critical yet practical framework for understanding the relationships between elite pacts and wider political settlements. The paper:

1. builds on classic historical institutional analyses of path dependency and cycles of return, but develops and applies a new framework around *institutional capabilities* in post-conflict contexts, which enables a critical and analytic framing of pacts, interventions and settlement possibilities;
2. adapts a wider overarching framework to identify pathways to sustainable and unsustainable institutional emergence from underlying pacts (protection and provisioning pacts, based on Slater 2010), which we think provide vital clues as to how particular pacts are likely to be translated into wider settlements;
3. illustrates these analyses of capabilities and pathways in relation to a particular case, Solomon Islands, where, a decade on from intervention in 2004, a unique but instructive set of institutional arrangements have heavily shaped outcomes;
4. argues that pacts and underlying settlements work according to a range of different temporalities and modalities, to the extent that lining them up with donor interventions is not just fraught, but is almost certain to result in highly unintended consequences, including a crucial phenomenon related to institutional layering.

From here, the paper: 1) describes our analytic framings in more depth; 2) introduces, very briefly, the Solomons case; 3) applies the analysis to consider three core logics of post-conflict institution building in Solomon Islands; and 4) concludes with a discussion of what all this shows about the interactions of interventions, pacts and settlements.

Pacts and settlements: Critical and capabilities analysis

Our favourite authority on political settlements, Mustaq Khan, has the temporal relationship both ways: the political settlement in relation to particular developments is both “underlying” and “emerging”, and both latent in history and growing from processes of elite compromise and combination:

“Political settlement” ... describe[s] the underlying or emerging “social order” based on political *compromises* between powerful groups in society that sets

the context for institutional and other policies. ... more precisely, [it is] a *combination*, of power and institutions that is mutually compatible and also sustainable in terms of economic and political viability (2010, 1, our emphasis).

Khan's is largely a political economic perspective, developing over time: powerful, capable political and economic actors are focused on *contesting* ground, and, inevitably, on developing the capabilities and means to contest it. But, if they are to consolidate this control, they also need in various ways to *compromise* and *combine* interests, and channel these into basic security, productive sectors and effective government. The interests that get compromised and combined are real, and dearly held by business, military and political elites, taxpayers, asset owners and voters, as well as international actors. A group will "hold" power, Khan argues, when it has "the ability to *impose* costs on others, and no less important, the ability to *absorb* costs inflicted on them". As Khan notes, the ways it imposes and absorbs costs are not limited to the formal mechanisms of government:¹ patronage, informal allocation of resources and powers, and coercion are all routine means of consolidating pacts and power, as are bargaining and adaptation (Di John and Putzel 2009).

"Imposing costs", however, can be brutal: it means being capable, by hook or by crook, of corraling resources: what we call a "material capability" to grasp and clasp money, rents and assets together in places where they can be used to exercise power. These places will have multiple forms – examples might include a central Treasury, an open line of credit from a group of financial backers, or a slush fund held entirely off budget from which patronage can be dispensed. Khan's "holding power" also requires the ability to convert material capability into particular politically significant assets, constituencies and places: an attribute we call a "modality capability". A pact or a government can only absorb so many costs: and if its absorption of costs generates no further support or loyalty or economic growth, its resources will be exhausted, and its days numbered. These kinds of notions of basic, infrastructural "grasp" and "reach" of institutions were developed by Mann (1988), and brought together again by Dan Slater (2010, see below) to further sketch the ways pacts might turn into wider, more stable governing relations.

From the outset, and often in the heat of conflict, commitments and loyalties develop which are personal as well as political: elites and others are "enrolled", given roles and allowed access to opportunities and resources. This attribute of a pact – what we call its "enrolment capability" – is crucial to its durability. From there, the "peaceful" contest of holding power, allocating costs and bending rules happens in an institutional context, sometimes described as "transitional".

Both grasping and reaching, we suggest, will demand capabilities in three crucial areas: modalities; material; and enrolments (Box 1).

¹ "*Informal* institutions like patron-client allocative rules, and informal adaptations to the ways formal institutions work play a critical role in bringing the distribution of benefits supported by the institutional structure into line with the distribution of power" (Khan 2010, 1, our emphasis).

Box 1: Institutional grasping and reaching capabilities

1. **Modality capability:** the ability to convert material and other capabilities into results by clasp together different organisational rules and norms, and actors across different levels and domains of the state: includes central powers and territorial reach.
2. **Material capability:** the resources – rents, revenues, incomes – potentially available to be deployed by modalities.
3. **Enrolment capability:** the ability to durably enlist the support, trust and loyalties of key actors, including local voters.

Getting to a political settlement involves, in most versions of the political settlement/post-conflict literature, a two-step movement: 1) a centralisation of power, in particular “grasping” and amassing the capabilities needed for political elites to extract rents and revenues from economic actors; and 2) a set of “reaching” capabilities to distribute rents and the various services, securities and opportunities these can buy, so as to project power geographically out across the national territory. Inevitably, in today’s world, the centralising dimension will be urban; grasping power needs a consolidation of urban economic elite interests. The reaching dimension, by contrast, will typically involve some forms of decentralised governance, operating alongside a locally applied system that enables political authority to be reproduced (such as elections).²

Dan Slater (2010) provides a set of concepts that bridge political economic pacts and institutional development, and shows how the nature of the pact powerfully shapes the nature and effectiveness of the institutions that emerge from it. Slater describes two forms of pacts, namely, “protection” and “provisioning” pacts. “Protection pacts” are heavy on central grasp. They are created (centrally) when political and economic elites respond to threats from communal, urban, class-based violence, pact together and contribute economic rents to build and consolidate formal state and political structures. By contrast, “provisioning pacts” are less focused on central grasp or local reach, and more on holding the pact together, short term. They are made when political elites need to secure support from others by providing them with a share of rents and resources. This puts the central state’s material capability directly into the hands of political actors who might or might not use these resources to extend the state’s reach through effective machineries delivering services. Provisioning pacts can be sustained over time – such as through oil wealth – but more often they exceed revenue and corrode both the grasp and reach of state systems. According to Slater, this leads to either fragmentation or militarisation (armed groups in control). For a durable “ordering of power” (delivered in Slater’s Southeast Asian cases by relatively authoritarian governments), provisioning needs to happen in a context of (protection-oriented) commitments by elites to create and fund a durable and effective state apparatus. The “protection” interests need to be conveyed through

² Sue Ingram helpfully pointed out that in Acemoglu and Robinson’s (2012) influential analysis in this area, centralisation is used to refer to the extension of state power across its territory. Our analysis separates the two dimensions: centralising grasping; and extension of reach.

stable political institutions. And both protection and provision interests require modalities that can articulate these interests between national and local levels, over time. But again, this does not mean that purely formal or apolitical arrangements are all that matters, or are sufficient to create stability. As Khan describes, informal elite networks and off-budget rents may often provide the glue for protection pacts and enable formalised institutions to emerge over time. But, ultimately, the rents must flow into central governmental and political institutions in ways that consolidate core capabilities necessary for grasp and reach, enable them to survive political transitions, and enable power to be projected geographically, across national territory, bridging social cleavages.

The policy literature around donor interventions tends to assume that the pact that matters is that between the interveners and the national government, whoever that may be (e.g., Ghani and Lockhardt 2008, 8; World Bank 2011, 20-21). In this conception, successful transitions require incumbent governments to “send credible signals” of change. These, together with donors, buy “political space” by supplementing budgets, declaring guarantees of security and stability, or fuelling service delivery through aid flows and, together, both governments and donors agreeing to align and harmonise around the long-term effort to “transform institutions” in ways that are globally recognised as effective and legitimate (OECD 2011, World Bank 2011).

Khan’s and Slater’s perspectives, by contrast, centre on local political and economic elite actors: but international actors (peacekeeping missions, international business and finance, aid agencies) too are a part of the combination. It is clear that all the actors matter: as do the particulars of time and place, local informal institutions and wider security. These particulars we will describe as a part of our “institutional logics” analysis (see below).

From here, the paper falls into three sections, each framing and examining an institutional logic of post-conflict settlement, and the consolidation of political, economic and executive power in Solomon Islands.

- Institutional Logic 1: Grasping and reaching in a segmented, fragmented geopolity.
- Institutional Logic 2: Pacting across cleavages: political, economic and ethnic.
- Institutional Logic 3: Modalities that layer power: co-production and constituency funds.

In each section, we aim to carry three conversations about these logics, summarised in title form. First, we want to remedy a missing element in many theoretical discussions – that is, provide sufficient local detail so as to both query and provide instance of our framework. Second, each section needs to show that, whilst this detail, Solomon Islands, is unique, when put in a comparative context, it is in many respects not atypical. And finally, by moving through these three logics, our analytic

framework reframes wider questions about how institutional capability develops in post-conflict contexts, in terms of pacts, settlements, and the effects of interventions.

The Solomons Islands “tension”

We have chosen Solomon Islands’ case because we think that its scale and experience lay bare features of contemporary intervention, pact formation, political settlement and institutional development which resonate elsewhere. Necessary detail about Solomon Islands, its conflict and intervention will emerge in the analytic sections of this paper. For now, suffice we hope to say that the Solomon Islands intervention, involving a coalition of 15 nations called the Regional Assistance Mission to Solomon Islands (RAMSI), was deployed in 2003 in response to a period in Solomon Island history known as the “ethnic tension”.

This began in late 1998, when young militants in Guadalcanal (the central island, and national capital location) began a violent campaign of harassment and militia-style operations that displaced around 35,000 people from Malaita (the most populous island) from their homes in rural Guadalcanal and areas surrounding the national capital, Honiara. Guadalcanal grievances about uneven development, resentment about the centralisation of political power in Honiara (and among ethnic Malaitans), issues of respect for local culture, and longstanding land disputes were shared in varying degrees across Solomon Islands. Early peace-making efforts, by government and the Commonwealth Secretariat failed to stem growing militancy, leading to the Prime Minister’s resignation following a coup in June 2000.

Despite several appeals, the governments of Australia and New Zealand were reluctant to directly intervene, though both facilitated negotiations leading to a peace agreement late in 2000. However, it soon became apparent that this was based on unrealistic assumptions about government’s capacity to implement the agreement; thus, as violence escalated, principally in Honiara and the southern coast of Guadalcanal, and as the government became paralysed, the Australian-led RAMSI intervened on the back of endorsements by the Pacific Islands Forum and the UN. RAMSI’s massive military and policing presence quickly put a lid on high-level insecurity, and the implicit “security guarantee” remains fundamental to business confidence (Porter et al., 2010). Early police deployments were quickly praised, and RAMSI embarked on a long-term state-building and economic recovery mandate, around three pillars: law and justice; economic governance; and machinery of government (Coppell 2012; Dinnen et al. 2010, 11-13).

Institutional Logic 1: Grasping and reaching in a segmented, fragmented geopolity

Solomon Islands is an archipelago of 997 islands, with a population of around 550,000, scattered at very low densities (18 persons/km²) across 90 islands spread between the northwest Choiseul group of islands to Makira 1,500 kms to the south-



Map 1: Solomon Islands
(Source: Wikimedia Commons).

east, roughly equivalent to the distance between London and Rome (see Map 1). A range of national institutions have some consolidating effect, including a shared creole/pigin language, but Solomon Islands' fragmented geography also profoundly shapes political settlement and institutional outcomes.

Political pacts and their capabilities in dispersed, segmented post-colonial contexts

Pacific island nations – especially the archipelagos – are contingent historical entities. During and after the 19th century colonial era, the emergence of a global system of nation states clasped diverse groups of people and governing arrangements into radically different geopolitical assemblages. A century and a half later, everyday Solomon Islands life remains predominantly rural, low density, dispersed settlement, albeit with increasingly regular and significant trading and other visits to entrepots like Honiara, Auki and Gizo. Urbanisation remains low, and Solomon Islands remains a segmentary society.³ That said, the *wantok* system of pigin language, *kastom* law, and flexible kin and diasporic affinity that emerged from widespread participation in regional labour mobility means that this is an extraordinarily hybrid and adhesive post-colonial segmentation. Politically, as

³ See Sigrist (1984). A segmentary society may be defined as: "A social system comprising numerous relatively small autonomous groups who generally regulate their own affairs, but who periodically come together to form larger groups and who, in some senses, may collectively appear to be a single large community". *Oxford Dictionary of Archeology*: <http://www.answers.com/topic/segmentary-society#ixzz2iZwpg9eb>. For a negative assessment of the role of *wantok* arrangements on national governance, see Gay (2009).

discussed below, the *wantok* modality tends to atomise constituencies; but socially it has the “grasp” of rapid enrolment, and its flexible ability to “reach” and create connections over distance mean it is well suited to absorbing the diversity of Solomon Islands into metropolitan markets and mobilities – the urban, commodities, tourism, flows of aid and labour (Brigg, 2009; Haque 2012; Craig et al. 2013). Social and cultural capital are generated by these arrangements: albeit that in terms of material capability they tend not to lead to a local accumulation of physical capital, or of durable physical and capital rents by indigenous elites.

A crucial institutional legacy of the Pacific colonial world involves Westminster political systems operating in geographically and ethnically segmented “national” polities and societies (Kabataulaka 2008). In colonies with isolated settlements linked by water, it was common for provincial political elites to come to the capital to seek contributions to local development. In, for example, 19th century New Zealand before the emergence of national, class/production-based politics, province-based politicians would form loose, short-lived coalitions in the national capital, enabling pork barrel distributions of central rents and revenues back to provision local infrastructure. These kinds of pacts, which would routinely collapse in confidence votes, still have strong resonances in Solomon Islands pacting arrangements; ephemeral in their enrolment capability, primarily focused on local provision, and thus on dividing up – rather than consolidating – material capabilities, and lacking wider capability to enrol and consolidate around a strong urban middle or working class, or a large international voting diaspora.

In a wider comparative perspective, personalised horse trading/coalition building arrangements are common in post-colonial archipelago politics, especially where there exist marked ethnic and linguistic differences: Kiribati, Canary Islands, Maldives, Vanuatu and PNG (Baldacchino, 2012). Solomon Islands, Vanuatu, Maldives, PNG, Tonga and Fiji have all experienced political scale conflict and civil unrest. In such contexts, development of sustained collective action political institutions and pacts – such as national political parties – that make Westminster systems work elsewhere are corroded and institutionally displaced by the transactional processes based in short-term pacts.⁴ In the Solomons, prominent post-independence leaders did aim to consolidate national rather than provincial capabilities and rents, and to enrol MPs in parties to forge national political alliances; but these leadership styles proved short-lived and vulnerable to coalition shifting, party and national policy weakness, and confidence votes.

Segmented local village and kinship has remained a powerful modality for political organisation and contest over provisioning, and this has typically trumped national and urban interests. Tradition around the roles of “bigmen” (non-hereditary leaders

⁴ That said, in other archipelagos, there were periods of stable national leadership or authoritarian rule which occurred under strong post-colonial identity figures, military, monarchic or one-party states (Baldacchino, 2012). Examples are: Maldives under Maumoon Abdul Gayoom; to some extent PNG under Michael Somare; Walter Lini in Vanuatu; Solomon Islands under Peter Kenilorea and Solomon Mamaloni; Tonga; Fiji; Seychelles; Cape Verde.

who attract support through provisioning capabilities) and chiefs (who do the same, but with hereditary claims) is different and contested: but direct, personal provisioning by leaders is widely expected, especially if the leader is a *wantok*, as he inevitably is for some.⁵ Solomon Islands has witnessed successions of politicians elected on a narrow and unstable vote by temporary alignments of and with *wantok* groups, whose interests and priorities are intensely local (Haque 2012; Corbett and Wood 2013). MPs elected by a tiny minority of their constituents face enormous pressures to both provision core supporters, and to reach out to try to provision others. Most fail, and fail to be re-elected (Corbett and Wood 2013). In turn, central political alliances loosely focused on maximising local provision to diverse constituencies often fragment in the face of high MP turnover. The problem is widely recognised, especially by advocates of a federal or state government system, which would try to deal with fragmentation by having smaller local electorates contributing to a state whole. It would also of course fragment Solomons' politics at a higher level, and impose heavy costs: hence the reluctance of national and international actors to implement it.

Solomon Islands' elite political pacts, then, are fraught; short-term, transactional pacting between "bits of constituency"-dispersed political actors has persisted right through the RAMSI period. As below, it remains a crucial, none too stable element in the wider political settlement, which above all must be capable of balancing central and local claims and powers, especially in terms of provisioning.

The politics of a fraught urban primacy: Urban neglect amidst political preoccupation with central rents

If overall fragmentation is one determinant of Solomon Islands' pacting and settlement possibilities, centralisation, paradoxically, is the other. In a comparative perspective, it is clear that social and ethnic segmentation and territorial fragmentation in many archipelagos have been countervailed by a strong centralising of political and economic power in the capital itself; and this basic asymmetry has added potency to national politics, centre–local relations, and political accountabilities. Archipelagos are often marked by "extreme urban primacy", where the scale of political, executive and economic organisation –government ministries, banks and trading houses, air and sea ports, university, etc., – dwarfs that elsewhere (Connell 1988, 438, 1984, 39; Katzenstein 1985; Brautigam and Woolcock 2001).⁶ Fragmented peripheries with a grossly outsized capital metropolis (with one or perhaps two secondary centres) create dynamics crucial to Solomon Islands' pacting and political settlement possibilities.

The "politics of Honiara", both as a political symbol and as a domain of severe under-representation, constitutes a further structural determinant of the wider political settlement. In terms of political enrolment and policy positioning, Honiara is a

⁵ The "he" is deliberate: only two women MPs have ever been elected, and there is only one currently <http://www.pacwip.org/women-mps/national-women-mps/>

⁶ Heavy concentration of national-scale entities is the norm, in Tarawa (Kiribati), St Johns (Antigua and Barbuda), and Male (Maldives).

powerful repellent, representing to voters and politicians alike much that is “wrong” with Solomon Islands *in toto*. The nature and course of the communal tension was such that Honiara became both militarily and symbolically the stronghold of the Malaitian diaspora. It is still widely seen as dominated by Malaitian and Asian elites, with the latter indeed controlling large shares of urban real estate and commerce, their rents, and associated corruptions of many kinds. But the consolidation of power by Honiara elites, via pacts and deals around formal and informal rents, is seen as deeply illegitimate, the outcome of much that is fundamentally flawed, in Solomon island politics. Deep anti-Honiara political sentiment means that urban and peri-urban settlement conflicts must be remedied by curtailing population movement, returning Malaitans and other settlers to their homes. It reinforces a provisioning orientation, redirecting much needed capital investment away from Honiara towards “villages”, the place where “real” Solomon Islanders “properly” reside. Meanwhile, the city grows, ungoverned in crucial ways, and lacks infrastructure and other government investment which could capitalise on even minor urban scale and generate economic opportunity.

Thus, while in terms of the scale of all its institutions Honiara may dwarf all else, it remains both a political midget and a crucial source of rents with which to provision wider constituencies. The executive and commercial means and mechanisms of elite power and capital are concentrated here, but its primary democratic basis is emphatically not. Elite churn, even in the capital, is high, and even personal alliances are fragmented. A coalescing of interests or policy capability among the economically and politically powerful in urban areas is continually undermined by political turnover and politicisation of senior executive posts, along with the ideological discourse and rural gerrymander that reinforces the village as the locus of political power and economic development. There are no votes in urban development, but plenty in promising remote provisioning.

From this fraught urban primacy derive three other structural features. Firstly, the weak incentives to allocate urban citizens more resources or political power undermines the emergence of a property-owning *middle* class and impacts on how power is ordered, since urban populations are more likely to demand systemic attention by the state to development policy, aligning spending and developing the tax base accordingly. Urban middle-class actors, business people and public servants, are largely excluded from wider political pacting, party formation, and settlement. Secondly, politicians and senior officials facing short incumbencies become preoccupied with accumulating the ephemeral rents (only) available in Honiara, both inside and outside politics. Many use brief incumbencies to establish a broader urban base and set of interests in the urban economy: they become rentiers, concessionaires and real estate speculators, pacting opportunistically and personally accumulating various kinds of capital in the centre, with few incentives to see these rents flow back into formal government. Finally, urban primacy creates *polarised* accountabilities, in which there is a persistent gap between where rents are generated and where they are intended to be spent. This makes coordination difficult

between the urban and the rural peripheries, and scrutiny at either end particularly tough.

The centrality of remote provisioning: Bridging centre–periphery political dynamics and consolidating political power

Urban primacy in Solomon Islands thus presents major challenges to both (centralising) grasp and (local) reach dimensions of political settlement. Linking the monetised, rent-intensive political economy of the centre with the provisioning of far-flung localities becomes a core task for government, both elected and bureaucratic. Given the segmentary fragmentation of constituencies, only those who can be generous, strategic and flexible in allocating rents to broaden voter bases will survive (Corbett and Wood 2013, 331). As Terence Wood emphasises,⁷ incentives to “vote local” and for politicians to appeal directly to pockets of local voters with direct local promises, are enormous. Success and long-term incumbency accrues to those few able to create alliances that can attract protection-oriented rents, while continually crafting a persona of “cleanliness”, reform “signalling” and voter appeal.

All actors in the system face daunting problems of distance in maintaining and consolidating peripheral capabilities. In a scattered archipelago, local service provision is always scissored by the impost of geography and by the volatility of government revenues (Porter et al., 2010). While constituents will press their MP for these and other services, from the political patron's viewpoint, the formal administrative machinery is not an appealing way to deliver electorally crucial largesse. The mainstream public sector performs poorly, despite the fact that public expenditure has risen sharply from roughly 25 percent of GDP in 2003 to around 50 percent in 2010 (Porter et al., 2010, 39).

RAMSI has strengthened some elements of the central ability to grasp (revenue administration) and reach (security and justice, education and health). But it has done very little to alter the underlying geopolitical bases of political organisation and settlement – this would involve addressing questions of urban primacy, urban representation and urban development. At the same time, this environment has offered relatively few powerful incentives for politicians to strengthen the state's formal capabilities. In fact, as the next section describes, there are powerful incentives to actually weaken basic grasping and reaching capabilities, and these are becoming institutionalised in post-conflict Solomon Islands.

Institutional Logic 2: Pacting across cleavages – political, economic and ethnic

The sustainability and security of this fragmented pacting around provisioning are questionable: in the medium term, exhaustion, wastage, corrosion and conflict over core budgets (as currently in education) seem highly likely.

⁷ Terence Wood, presentation on Solomon Islands politics at *2013 Solomon Islands in Transition workshop*, Canberra, 4-6 November 2013.

By contrast, as Khan (2010, 6) notes, political settlements begin to stabilise when political elites are able not simply to provision those whose support is needed, but to sustainably impose costs on economically powerful actors in return for the protection and concessions they seek. Slater's (2010) insight is that this requires a pact-based "ordering of power" that is able to achieve two things. First, it must bind actors together in pacts – for instance, within political parties – so as to sustain and protect collective agreements from the vagaries of individual whim or transition. Second, it must (institutionally) enable centrally extracted and accumulated rents and revenues to be channelled back through trusted and responsive provisioning systems to core constituencies and actors (responsible for security and services) in the periphery. Pacts around rents, in other words, must be turned into effective provisioning institutions.

A great deal of how such power is institutionally ordered, however, depends on how rents are actually accumulated. In this respect, Solomon Islands faces unique challenges – and addressing these goes well beyond the usual ambit of post-conflict projects to strengthen public expenditure management. This is partly because in post-conflict settings the grasping modalities that most matter to elite pacts and to security and stability are often comparatively "informal" and "off budget" in nature. In contexts like Solomon Islands, political rents are accumulated through three modalities: the formal systems of collecting and administering domestic revenue, commonly referred to as "on-budget" systems; second, informal, patrimonial systems that run alongside the formal system, thus referred to as "off-budget" systems; and third, through aid transfers that, whilst "formal", are insulated from the systems of government administration by the donors' executive controls. Given the challenges political leaders face in claiming electoral merit through the mainstream public sector, it is no surprise that it is the informal systems which most powerfully shape the actual day-to-day pacting and politics of forging temporary alliances to access rents.

Before explaining how this works, a short remark is needed on the size of the economy generated by informally sanctioned mis-reporting and malfeasance, discretionary exemptions and *ad hoc* concessions. By its nature, this economy is opaque to outside observers, but it is possible to piece together its scale in respect of the logging industry, which over the past decade delivered around 15 percent of total government revenue, and 70 percent of exports (Allen 2011a, 278. Cf. Bennett 2000 on the longer history).⁸ World Bank estimates of losses from exemptions in 2008 amounted to in the order of 18 percent of domestic revenue.⁹ Of course only a portion of these losses accrue to those who grant concession or protect illegal practices. But it is worth keeping in mind that the value of off-budget rents is

⁸ Despite predictions of a downturn, logging has remained the mainstay of the economy, contributing around 60-70 percent of exports, around 15 percent of government revenue, and employing between 3,000 and 5,000 workers (Porter et al., 2010).

⁹ Porter et al., (2010, 50). It is alleged that from 2005 to 2009, only Australian \$5 million in tax revenues was collected by the SIG from international logging companies (Braithwaite et al., 2010, 57).

equivalent to around 80 percent of the government's outlay on education, the largest item in the national budget. While it has not been possible to calculate the value of other rents conceded (tax, import duty, land rental, etc.), it is possible to examine the system of protection payments and clientage through which they flow.

One-dimensional forms of clientage, unable to bridge a core political economic cleavage

The rents system as currently (informally) institutionalised appears to have two primary dimensions. The concessions element above is widely described as pervasive, albeit that as usual it is concentrated in core concessionary agencies around resources, land and trade. The other element comprises what Tilly (2005) calls *clientage* payments: transfers from the commercial sector into political protectors (and concessioneer's) pockets. Perhaps most significantly, the second informal institutional element comprises the modalities within which these clientage payments circulate, in Honiara, after elections, and whenever a confidence vote is called in parliament.

In this well resourced modality, MPs transact a two-stage political process, involving: 1) getting elected locally (to which end they may join some temporary political party or pact arrangement); and 2) A second round, conducted entirely in Honiara (without reference to local constituencies, and using centrally available clientage payments) of forging new pacts and a new government. In this second round (or, less dramatically, whenever a confidence vote is called) the different emerging pact groups "caucus" at various hotels in Honiara, with their expenses met by business patrons. From these bases, individuals and groups from the 50 national MPs are lobbied to join others, until one group emerges with the numbers to form a government, and ride out a confidence vote. There is much pact (or "party")-swapping, and cash inducements – mediated by would-be faction leaders – can be considerable.

This second phase – and further phases of it, arising from confidence votes – operates entirely outside of the formal electoral process, and is fuelled by off-budget rent money, or by promises of access to (informal, concessionary) rents from lucrative ministries. We think it reinforces the primary orientation towards the central capture and centre-periphery distribution of rents, without being able to consolidate elite protection interests into, for example, stable, policy-oriented political parties with sustained grasp and reach capabilities. While both parts of the rents system (concessionairing and peri-electoral pacting) are highly adhesive and transactional in their enrolment capabilities, the government-institutional formation that emerges is scarcely cohesive.

Ethnic cleavage and the monetisation of political pacting

On the contrary, this form of clientage we think has particularly corrosive effects in Solomon Islands. In comparative contexts, clientage is seldom just a money transaction. The confluence between commercial and political elites (rents and political power) is typically also achieved through intermarriage, joint business/crony

capitalist arrangements, business elites backing individual candidates or sending sons and relatives to join the political process itself. Perhaps the ideal case of Khan's confluence is where economic elites form a single party that comes to dominate politically, forges close links with business, enabling revenues to flow into (informal and formal) government, thus making it rich and capable enough to guarantee security and rights (or impunity at a price) for business. Cambodia, Uganda, Rwanda, Indonesia, Malaysia: by and large, the same people rule politically and economically, in crony capitalism/family business arrangements.

The number of Solomons' MPs with private-sector experience has increased (Corbett and Wood 2013). But, we think, an ethnic cleavage means that Solomons' economic elites have struggled to elaborate the non-monetary forms of clientage. Trading, tourism and gambling, natural forest logging, and especially property and rents are dominated by ethnic Chinese networks, locally known as the Wagu. Wagu identities and interests are diverse: they involve multi-generational Solomons business families, as well as recent arrivals. But few of even the most established in the Wagu community have sought elected political office or to enrol indigenous political elites to combine economic and political power in national, cross-ethnic political parties, business associations, corporate structures and networks. In the wider archipelago, local ethnicity has been a prerequisite for legitimate candidacy. As a consequence, there are many individuals and groups of actors, each in need of temporary but substantial alliance. Business interests need their clientage arrangements to work centrally, via face-to-face enrolments and transactions and with immediate, central effects: at the port and airport, in the business licensing, immigration, tax and lands offices centralised in Honiara. Various politicians over the years have developed a reputation, as well as the capabilities, for providing exactly that.¹⁰ In the absence of checks and balances from a large urban electoral constituency or political parties committed to long-term development, there is a ready set of centralised interests for politicians to seek rents from on a *day-to-day, transactional* basis. Money, above all else, is best able to enable concessionary and provisioning pacting cross the ethnic divide.

This is not unique: ethnic cleavage between economic and political elites is a feature of post-colonial societies, including Uganda, Malaysia and Fiji. But the Solomons case has the ingredients for a very high level of short-term transactionalisation and monetisation of clientage protection and concession. Both the pacts and the other informal institutions emerging (arrangements at ports, cash distributions to constituents) are both fragmentary and opaque to formal governance and its reformers. In these terms, pacting through concessionairing and clientage payment modalities in Solomon Islands constitutes a thin and weak central elite consolidation and clasping of economic rents or political power. Clearly, despite the elements of protection involved, this is not a case of Slater's "ordering power" through an elite

¹⁰ These observations draw on the authors' interviews and conversations with Solomons business and government-related actors since 2008. An historical account of the development of the timber industry's relationship with government is found in Bennett (2000).

protection pact. Nor in Khan's terms is an impost being put on commercial elites to fund core state capabilities: it reduces the (taxation, royalties) rents for on-budget spending, and ensures that party or policy commitments are overridden by pacting imperatives. Elites' relatively small, episodic and personalised payments excuse them from this wider obligation. It seems reasonable to argue that this kind of pacting has limited capabilities in terms of sustainable clasping and reaching, and enablement of more inclusive political settlement.

At the same time, as we discuss in the next section, the clientage system operates alongside a formal system, which, since the RAMSI intervention, has had some of its discretion curtailed by closer controls. But, because clientage and concession arrangements have remained off-budget and beyond the donor/reformers' reach, they continue to decisively influence central political consolidation and formation of governments: *especially at the margins, where clientage becomes a rare, powerful, immediate and available incentivising modality.*

Institutional Logic 3: Modalities that layer power: co-production and constituency funds

The dynamics of the above elite pacting process powerfully affect the political settlement and its capabilities, but they are not the whole picture. To fill this out, we need to examine two more recent developments in Solomon Islands' institutionalised grasping and reaching capabilities. These reforms involve the combined effects of heavy investments: 1) by donors in capabilities that enable the *co-production* of core government functions; and 2) by the domestic political elite in Constituency Development Funds (CDFs). Investments in these two modalities predate the 2004 RAMSI intervention: but subsequent developments have seen them emerge as arguably the most significant "reforms" in the past decade, perhaps since independence in 1978.

A common view of these emerging institutional arrangements would see the first (co-production) as "capacity building" (before eventual handover to Solomon Islands' government) and the second, the rise of CDFs, as "perverse provisioning", that is, as an unsustainable and organised looting of central resources for remote provisioning (and something needing to be guarded against). Our framing, however, recasts this relationship in terms of different (international, national) elites accessing and allocating (centrally available, development) rents or resources, and creating modalities and patterns of pacting and enrolment to achieve this. These processes, we suggest, produce both intended and unintended consequences, the causes and effects of which we want to emphasise here.

We argue that these two developments are powerfully linked, and are resulting over time in what we call an institutional "layering" of power in Solomon Islands. This contrasts with the two possible scenarios noted by Dan Slater, namely, either an institutional "ordering" of power (with strong centralised control resourcing sustainable provisioning), or a fragmentation of power. This layering, and its core

interactions, we see as basic to current political pacts. It has the potential to be institutionalised at the core of a new political settlement and, at the same time, the potential to fail, and produce instability.

Co-production arrangements: Institution building and “layering” in a heavy intervention, aid-dependent context

Like extensive provisioning (Logic 1) and clientage arrangements resulting from ethnic, economic and political cleavages (Logic 2), both the co-production arrangements and the CDFs take us back to the core issue of rents, and particularly development rents, and their political and institutional economies. Rents have been widely recognised as central to Pacific micro-states’ development, and Solomon Islands has been dubbed a classic “small rentier state/society” (Bertram 1986; Connell 1988), both in its dependence on aid and in its handling of logging revenues and their politics, as described in Section 2 (see Bennett 2000; Porter et al. 2010).

Here, however, we focus on the rents from Solomon Islands’ membership of club of nations; in other words, the “aid economy”. All small states benefit extensively from their nationhood: they get rents from this in the form of aid, they have votes and committee places in the UN and regional bodies concerned with international political, strategic or security issues, all of which provide rent income. Post-conflict states routinely attract extra aid rents: aid to Solomon Islands increased dramatically after 2003, from around 10 percent of GNI in 1998-2002 to 61.4 percent in 2010, hovering around 50 percent over the past decade (Porter et al. 2010). How this dependency is managed is crucial: “the central economic problem [for such countries] is preserving and enhancing their status as rentier societies” Connell (1988, 452). In institutional development terms, the volume of aid and its significance in the economy (i.e., its material capability) are, we think, less important than the capabilities of the modalities through which aid enters the Solomon Islands, and how these have impacted political agents’ enrolment in government, and re-incentivised the layering of institutional arrangements. Here, rather than focusing on the impact of aid on “capacity building” or material capability, we think it will be possible to see the primary institutional logics and transformational effects of the RAMSI intervention.

“Institutional layering” is a common but little understood phenomenon in aid-dependent contexts. Best described by Thelen (2004), layering refers to a process of institutional change whereby reforms or shifts in power during crises or “critical junctures” (Pierson 2004) can generate positive cycles of intended reform within some dimensions (but not usually all) of the institutional machinery. But reforms typically also generate unintended consequences, which, as they institutionalise incrementally over time, can compromise, undo or unsettle the original intent of reform. One of these consequences is to generate reaction or realignment from interests vested in existing arrangements, or other parts of government. Vested interests mobilise to protect these unreformed areas, or to promote counter reforms and alternative modalities, and to channel increasing shares of rents through them. Reformed and unreformed areas become domains of contest, as actors around each

of them try to generate positive cycles of return in their modality or layer: wider enrolment, better “grasp and reach” modality capability, more resources. As this happens, the layers become differentiated: each layer has different modalities for grasping and reaching, different enrolments (or is enrolling the same people in very different ways), different material resource bases.

Commonly, incumbent political actors will make strategic choices about whether to invest time and resources in layers of government where officially sanctioned reforms are trying to get traction. Often, they will invest in areas less encumbered by competition, including by aid elites, and in off-budget institutional arrangements beyond reform purview (Schickler 2001, 15-16; Craig and Porter forthcoming). This can have several results. Local political elites can ensure that material capabilities (e.g., rents from logging deals, locally generated revenue) are withdrawn from domains where reform efforts are underway, and directed elsewhere, sometimes into places where donors fear to tread. This process can also mean that reform efforts survive only as a donor-dependent programme layer, while the mainstream system (or off-budget machinery) remains unaffected. In heavily aid-dependent, post-conflict contexts, one form of layering is widely recognised by the terms “shadow states”, “parallel governments”, “dual systems”, etc.,¹¹ where they refer to either donor parallel modalities or off-budget arrangements, each with different machineries, different accountabilities, different resourcing.

Also increasingly recognised are ways that, as a part of the layering process of reform, some parts of the mainstream might superficially take on various features of the externally driven reform – a process described as “isomorphic mimicry” (Krause 2013; Andrews 2013) – without substantially changing day-to-day business. In other cases, the purposes of the reform (e.g., to consolidate aid and domestic revenues in one budget and expenditure control process, thus creating one politically accountable entity) have antithetical outcomes (such as creating fiscal space for politicians to maintain personalised provisioning systems that destroy accountability between legislature and executive). These outcomes arise because each layer works according to its own internal institutional logic, and the institutional logics of these layers are powerfully at odds with each other.

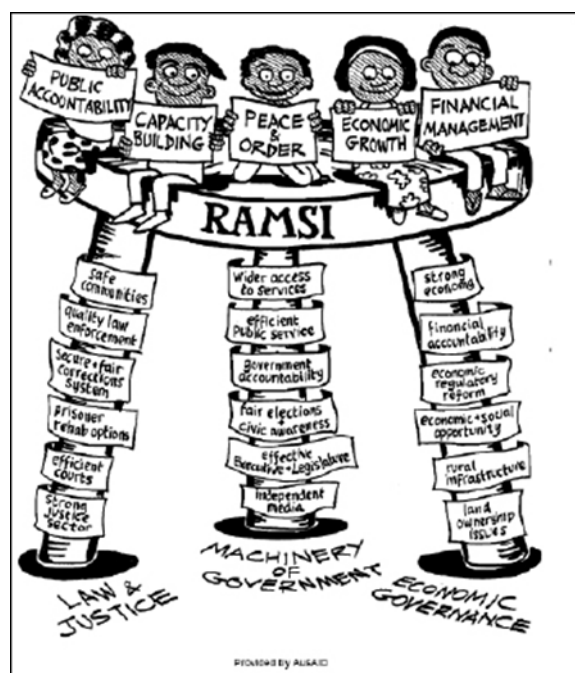
Each possible outcome can be seen in Solomon Islands, and indeed in any regime where there is substantial co-production.¹² But perhaps unique to Solomon Islands is the prominence of co-production arrangements in core state functions, coupled with the ways that national political elites have moved to expand a separate layer of provisioning arrangements: the Constituency Development Funds (CDFs). Unique too, perhaps, is the depth of the layering that is emerging.

¹¹ See Leader and Colenso (2005); Hughes (2009); Craig and Porter (2006); Ghani and Lockhardt (2008).

¹² See Craig and Porter (forthcoming) on Cambodia.

Co-production of executive capability

Co-production modalities are common in aid-dependent, post-conflict settings,¹³ but their unintended consequences are only now beginning to be understood. From our perspective, they need to be placed within an understanding of relational political economy and institution forming processes (Hickey 2013) over time. Most simply, as extensively seen in g7+ and New Deal contexts like Solomon Islands (OECD 2011), governments and donors “pact” to deliver core state functions or services: central finances, security and policing, the judiciary, and education and health. Co-production arrangements nominally keep national sovereignty intact. But in practice policy, service delivery standards, and the administrative, fiduciary and accountability arrangements are made increasingly subject to global norms and practices. As a result, a globally referenced machinery is translated into local contexts to create hybrid forms of governance, with distinctive layers of differential, variously reformed practice (Hamieri 2010).



RAMSI's three Pillars

In Solomon Islands under RAMSI, one form of these layered co-production pact arrangements occurred in law and justice (a two-tiered arrangement, with local forces operating beneath, and then nominally “alongside” an international force guaranteeing the functionality of the service, with Australia financing around 60 percent of the entire operational budget and all capital spending [Cox et al., 2012, 6]). Another form occurred in education and health, where donors invested heavily in funding the budget, and maintained close advisory supervision, but the service was still basically run by government ministries). A third form, different again, is found in

¹³ In Melanesian contexts it is referenced in discussions about delegated governance, shared sovereignty and the like, and is increasingly the focus of forums such as the New Deal promoted by the g7+ and OECD (Krasner 2004; Matanock 2009; Dinnen et al., 2010).

economic governance – including macroeconomic and fiscal policy and management. Here, donors provide significant support directly to the national budget, but this is subject to “joint supervision”. This is ritualised through the IMF’s regular Article IV supervision missions, and the “Economic Working Group”, an arrangement that the World Bank, Asian Development Bank, the European Union and donor governments, such as Australia, have contrived as a way of pacting together to discuss government’s compliance with a suite of “policy outcomes”. All three forms have been heavily (centrally) resourced, and aimed at comprehensive enrolment and reach, across politics, populations, territory.

The principal purpose of co-production arrangements is to insulate aid/rent transfers from political instability or perversity, and to place the core state functions that are the object of reform in a zone that is subject only to a particular, bounded form of politics, with minimal discretion (Craig and Porter 2006). They contain elements of a basic international-government pact around “protection” (as in Slater’s definition), and they centralise rents (including aid rents) within an overall security and capacity rationale, and try (often with limited success) to project some of these to peripheries. These arrangements are intensively managed, with high levels of external surveillance. But this does not prevent politicians from agency around and away from, and even within, the coproduced areas; diverting, for example, fiscal resource from elsewhere in the national budget into areas and activities that are at odds with the reforms promoted by co-production arrangements. Indeed, efforts to insulate the executive and budgets from politics have unintended, perverse effects (OECD 2011).

Co-production arrangements typically work within a generic “intervener–formal government” pact, but without powerfully enrolling or forming a meaningful pact with political/economic elites about core elements of reform. Perverse effects, from the simple to the complex, can be listed as follows: most basically, they can lead to increased dependence on international support rather than the “independence” and “self-reliance” promised in contemporary state-building (Chandler 2006). They produce false and misleading shows of reform, as politicians are ventriloquised to signal their commitment, but have few incentives to seriously enrol in them, or to allow resources to become sequestered in reformed modalities. Instead, as concluded in 2012 for co-produced justice and police sectors in Solomon Islands, they become “hollow” and “unsustainable without open-ended Australian commitment” (Cox et al., 2012, 11). Or they periodically become targets for “raiding” by populist political leaders, as witnessed recently when the Solomons’ government declared “scholarships for all”, and severely disrupted basic education funding. Or, as the case of Solomons policing, co-production modalities in security can blunt the incentives for domestic political and economic actors to invest political, material and other capabilities in policing and security capability, and to enrol leading staff in that development. They can leave intact lines of authority and off-budget/informal rents (e.g., around import and export concession) whose capability they never threatened, even as they built the formal capacity of everyone through short courses and training days. More importantly still, they can lead to an overall investment in (and signalling of the centrality of) aspects of political and institutional life that are not core either to

the conflict at hand, or to basic political pacting and settlement arrangements emerging from that conflict. In Solomon Islands, after initial suppression of overt violence, co-production interventions claimed no mandate and operationalised no capabilities around conflict causes, such as the politics of urban primacy and settlement, the structure of the state, or uneven development.¹⁴ Patterns of accommodation and clientage between economic and political elites and their perverse effects on political incentives, accountabilities and provisioning likewise remained off the official “reform” radar.

Co-production arrangements seek to tie down and rationalise fiscal commitments, but at the same time they offer politicians and governments fiscal space to pursue other agendas. Their primary unintended effect too often is to ease pressure on governments to build domestic capabilities in the core co-produced areas. Political elites are frequently left out of bargaining processes around how budgets will be spent in coproduced areas; indeed, these arrangements explicitly set out to hamper provisioning by politicians operating in short-term, electoral timeframes. The bargains co-production arrangements rely on are struck via high-level agreements, such as the “country partnership agreements” that provide diplomatic cover for RAMSI, Australian and NZ bilateral programmes, and IFI activities in Solomon Islands. Crucially, they exempt political elites from the need to strike a taxable bargain with economic elites by “crowding out” (Boyce and O’Donnell 2007; Carnahan 2004) the incentives to impose the costs of consolidation on economic and other elites, and thereby to draw them into the cementing of political settlements. They explicitly operate in a medium-term time frame, seeking to isolate core government functions from political cycles or near-term pressures.

One unintended outcome of co-production regimes is that politicians are unable to use co-produced services to make claims to their electorates about their own efficacy: claims they desperately want to make to get re-elected. Thus in the same timeframe that RAMSI co-production has restricted discretion and political “interference”, Solomons MPs have become even more committed to moving money out of line ministry budgets and into directly electorally “claimable” goods and services. “Claimable” aspects now include school fees and scholarships, transport to health clinics, responses to natural disasters and a raft of small infrastructure (roofing iron, outboard motors, solar panels, etc.).

Reaction to reforms: The rise of Constituency Development Funds as an executive/patrimonial layer

This has been the context for the cycle of positive returns and growth experienced by CDFs emerging as a heavily funded, institutionally novel layer of governing relations, and the simultaneous corrosion of other arrangements to deliver public goods. This modality is not uncommon in developing country contexts, and is widespread in

¹⁴ A parliamentary inquiry into riots in Honiara in 2006 concluded that neither the Special Coordinator of RAMSI, nor the Australian government felt they had any responsibility to address the root causes of the tension (Solomon Islands Government , 2009, 205).

Melanesia (Ketan 2000; Allen and Haisnan 2010; Fraenkel 2011). Its genesis is plural: local demand for immediate provisioning; its affinities with traditional provisioning; the central availability resource rents.¹⁵

While signalling to the donor community their support for co-production arrangements, MPs have acted powerfully to accumulate rents and channel them in ways that maximise their discretion and provisioning of constituencies through the CDFs. The CDF reforms have been as precipitous and spectacular as those auspiced by RAMSI's co-production. The phenomenal increase in number and size of grants controlled by the 50 Members of Parliament represents arguably the most significant institutional realignment in Solomon Islands since independence. CDFs, initiated in 1996, had by 2012 grown in total to approximately SBD245m – see Table 1. In value, they exceed grants to province governments (SBD44.7m) by a factor of six, and compare with the total outlay by Solomon Islands' Government on primary education (salaries, fixed costs and discretionary) of SBD187.6m (Solomon Islands Government 2012; World Bank 2013).

The institutional layering around CDFs, and isolating them from mainstream and co-produced budgets, has been rapid. Transfers are managed by the Ministry of Rural Development direct to MPs' accounts. Local accountability arrangements vary greatly, and many MPs do not routinely comply with fiduciary controls about expenditure. Much is said in the press and by donors about the need to standardise protocols for participation, transparency and accountability.¹⁶

¹⁵ Fraenkel (2011, 320) sees the latter factor as crucial: "The key precondition for the substantial expenditure on [CDFs] in Western Melanesia was not the aspiration of rural peoples for short-run welfare gains but the availability of significant revenue from aid or foreign-controlled natural resource-based industries."

¹⁶ 2013 parliamentary debate around the CDF enabling legislation captures some local concerns neatly:
<http://www.parliament.gov.sb/files/legislation/9th%20Parliament/Bills/2013/Committee%20Hearing%20Hansards/CDF%20Bill%202013/Anti%20Corruption%20Network.pdf> See also IMF (2013).

Table 1: Constituency Development Funds, FY 2012-2013

Funds administered by Ministry of Rural Development and line ministries, 2012			
Source	Name and responsible Ministry	Annual allocation per constituency (000's)	Totals, all constituencies (000s)
ROC	ROC support to constituency development	400	20,000
ROC	ROC Millenium Fund	400	20,000
ROC	Constituency micro project	200	10,000
SIG	Rural Constituency Livelihood Fund	1,500	75,000
SIG	Constituency water supply and sanitation	300	15,000
SIG	SIG support to ROC support to constituency dev.	100	5,000
	Sub-totals	2,900	145,000
	Line ministries funds		
SIG	Tourism fund	560	28,000
SIG	Forestry fund	360	18,000
SIG	Education grant	200	10,000
SIG	Agriculture fund	400	20,000
SIG	Church tithe	200	10,000
SIG	Youth and Women fund	100	5,000
SIG	Solar fund	187	9,350
SIG	Sub-totals	2,007	100,350
	Totals	4,907	245,250

Note: ROC: Republic of China (Taiwan). Source: compiled from Solomon Islands Government sources. Thanks to Eric Johnson.

The CDF reform, which is imagined in political statements as supporting the growth of rural development and economic “growth poles” in remote locations, will develop capabilities at levels of scale and locations that cannot now be anticipated. Certainly it is *centralising* power and expenditures (via the Ministry of Rural Development and Honiara-based Constituency Development Officers, and politicians embroiled in wrangles to form central coalitions and settlements) as much as it *decentralises* them. Some critics suggest this reform will corrode other budgets and modes of accountability, and that it is likely to lead to deepening patrimonialisation/fiefdoms in relation to many aspects of government, especially grant capabilities (Haque 2012). At this same time, it will also promote some stability in some constituencies. Some capable MPs will use funds to buy their way back into power, and to institutionalise patronage arrangements, by transferring resources, revenues and discretions to particular agents and, as above, to companies they have established and control. In a number of electorates, this is likely to see the emergence of Filipino-style pork barrelling and local fiefdoms, wherein politicians run “courtier” or machine-like systems, in which trusted local agents use patronage to secure loyalty. These systems often provide forms of social transfers and facilitate access to services (e.g., the list from school fees, to transport, solar panels for lighting, roofing iron, etc.)¹⁷.

These modalities have so far been subject to highly variable analysis and evaluation, and appear to have widely variant outcomes in different contexts.¹⁸ It is not too early, however, to predict that the challenges of managing these funds will not be uniformly met. There will be scandal, and some kinds of conflict, raised stakes for those seeking office, and deepening of the two-speed polity of a few long-term incumbents and many short-termers.

Conclusions: Layering power and long-term stability

A decade on, the scope and nature of the RAMSI intervention is changing in nature and scope. This paper offers an institutional assessment of the relationships between various forms of pacting and longer-term political settlement: their actors and their core enrolments; its core dynamics, modalities, and material capabilities; its temporalities and outcomes to date.

In framing our arguments, we proposed some distinctions between transitions that would “order power” (elite interests coincide in a protection pact, which channels elite rents back into formal government capabilities), and transitional pathways leading elsewhere (towards fragmentation or corrosion). Overall, we have argued that for a range of reasons – including: a) history and geopolitics; b) the cleavage between elite economic and political elites; and c) the coproduction arrangements involving aid and the CDF reaction – no “ordering of power” around an elite protection pact seems likely. The fragmentation and militarisation that Dan Slater has found to occur elsewhere can possibly be seen: but whether this is fatal to the peace, we think, is not yet clear. We have described a temporal process involving ongoing to-and-fro

¹⁷ Allen and Hasnain (2010) point to similar CDF-related variation in PNG.

¹⁸ Keefer and Khemani (2009), Allen and Hasnain (2010), Baskin (2010).

relationships between actors operating in a geopolitical, cultural and institutional environment which is of much longer duration (both before and after) than the RAMSI intervention. That intervention certainly changed aspects of these underlying dynamics. It achieved wider security, and it secured central public financial systems and provision of core social services. It contributed to some extent in terms of consolidating aid rents into mainstream budgets. Yet, at the same time, it failed to change the basic provisioning dynamics and it unintentionally fed the machinery of slippery, transactional provisioning that had become the institutional norm across most of politics.

The net governmental and political outcome of this process – what we might call the current Solomon islands political settlement – we have described as a “layering of power”, involving different elites (variously in concert with international actors and ethnic commercial elites) institutionalising power through different layers, to secure the outcomes they want, be this security, coproduction, concession or projecting their reach down to constituencies. Within this primary focus on fragmented provisioning, different branches of government (line ministries, subnational government, co-produced services, CDFs) continue to be governed according to a set of interlinked but distinctive logics, which provide a level of predictability while also being corrosive of each other.

In concluding, we want to return to the layering that emerged from RAMSI period attempts to reform/rebuild core state capabilities and to consider its longer-term implications.

In Layers 3 and 4, large investments in direct provision (advisors, executive positions, budget support and controls) have produced a level of capability within parts of Layer 3, the mainstream of government. But this is highly uneven, sometimes corrosive, and difficult to generalise. Budgets are better prepared and executed and, with some notable exceptions, there are clear processes and trails of accountability at central level under co-production modalities. At the same time, there have been substitution effects in Layer 3B – where international security and spending have not so much displaced local responsibilities as created a tiered set of capabilities, in which the domestic partner remains chronically weakened, to a degree by the presence of the more capable partner, as, for instance, has been observed in relation to the police, and the courts (Cox et al., 2012). In Layer 3B, policing, security, justice, education and health have seen considerable infrastructure investment, with – to varying degrees – both capital and recurrent costs now borne by Australia and New Zealand. This, however, has not stopped politicians loading patronage burdens into these sectors. This has been especially marked in education, via scholarships distributed by MPs, and this has corroded core budget execution in the Ministry (IMF 2013). In Layer 3A, central levels maintain the appearance of working well, but this is far less apparent at the deconcentrated, subnational levels, where the bulk of business needs to be done. In Layer 4, donor-funded local development/community development funds have delivered a range of

**Table 2. Institutional underpinnings of the SI political settlement:
Layers of executive and rent capability in Solomon Islands**

Layer 1 Political/ neopatrimonial revenues, off-budget, under the table.	Layer 2 On-budget funds under personalised political (but limited executive) control.	Layer 3 Mainstream government functions, organised in formal bureaucratic governance modalities.		Layer 4 Donor-funded and controlled vertical programmes.
National level Coalition-forming revenues channelled via coalition brokering incumbent politicians. Rents from concession and protection.	Constituency Development Funds (managed under Ministry of Rural Development) Other on-budget funds/ assets able to be made part of patronage/rents (concessionary powers, housing, scholarships, rental subsidies, Politicians’/ ministers’ travel budgets and per diems).	3A. Government budget- dependent branches Ministries of Lands, Resources, Fisheries, Mines, Tourism, etc.	3B. Heavily co- produced sectors (core economic management, health, education, justice, police).	TA payments (including advisory and executive positions). Military and policing security direct provision.
Subnational/ local level. Local patronage/ constituency networks.	CDFs (minimal local infrastructure, including companies established by politicians to compete for contracts).	Honiara council Provincial government.	Local health, education, justice, police.	CDD/LDF funds.

Note: CDD: community driven development; LDF: local development fund.

infrastructures. Their contribution to the consolidation of central and subnational capabilities should arguably be reassessed in the light of political settlement/consolidation outcomes. Whilst Solomon Islands has perhaps experienced less of the perverse effects of donor layering – Layer 4 – than other heavily aided post-conflict interventions, a count in 2010 tallied 125 donor vertical projects executed through project management units in 26 ministries (Porter et al., 2010, 66).

At same time that co-production arrangements, Layer 3B, have helped consolidate aid rents and contributed to some core state capabilities, donor contributions to CDFs have not had the same consolidating effects. The widening and deepening of Layer 2 arrangements has come at the expense of Layer 3, in respect of the ability of central agency “grasp” – that is, ability to impose policy priorities on how revenue is spent – and to the “reach” capabilities in central-local relations. Sub-national agencies have either disappeared (e.g., Ward authorities) since the advent of CDFs or, in the case of provinces, have become irrelevant to how services are delivered. Instead, central-local relations are increasingly being reformulated by institutional modalities which maximise the personalised agency and discretion of central politicians. Some will turn this capability into fiefdoms; many will not be so successful, and some will be spectacularly unsuccessful. Exhaustion and corrosion of other state capabilities seems likely. More analysis is needed of the ways CDFs erode coalition forming by creating more fragmented competition, not just in national elections, but between national and provincial governments, and other local authority figures such as chiefs.

Where to from here?

Overall, following the institutional logics described above to their current outcomes, the situation in mid-2014 is uneven; there is both consolidation and fragmentation, there are pockets of capability, just as there exist islands of government bereft of political capital or enabling revenue. Overall outcomes have disappointed many, and left weakness, corrosion, layered fragmentation and dispute. But the arrangements emerging are not necessarily fatally unstable; countervailing factors are also present, which may well mean that the worst elements of institutional flimsiness (and long-term collapse) can be avoided. Profoundly layered political and administrative systems can be highly durable, despite – as the experience of Cambodia shows – having ineffective government agencies and unaccountable politicians, or – as the experience of resource-rich countries like Nigeria demonstrate – being chronically prone to episodic, geographically focused civil conflict.¹⁹ Layering, where it reflects actual underlying interests and commitments, can produce an inclusive enough political settlement.

Discourse around Solomon Islands’ experience, however, currently generates two opposite scenarios, namely, predictions of apocalyptic fragmentation (including micro-federalism), versus the efficacy of remedial re-stabilisation and reconsolidation

¹⁹ These patterns of pockets of capability/neglect, and asymmetry, wherein only some core functions (such as security) are capable, are marked elsewhere, in quite different contexts. E.g., in Nigeria, see Peterside et al. (2011); Porter and Watts (2012). The concept of pockets of capability is developed by Roll (2011).

“from the bottom up” via community-driven development. There are cracks in the national institutional frameworks. Posturing continues around the need for state government and federalism, and this may be read as a pacting proposal made in the hope that it might lead to a federalised political settlement. But prospects for this are weak whilst elite interests from all over the islands remain deeply embedded in prime city (Honiara) dealings, and there are few real incentives to see the end of these. Even Guadalcanal interests are going to gain a great deal from Honiara's expansion beyond its current urban boundaries: increasingly valuable land outside the city is much more firmly in Guadalcanal hands than previously. Jobs in the central public service are somewhat more fairly allocated than pre-RAMSI: especially jobs in policing. International commitments seem to have genuinely stopped much violence, and Solomon Islanders are enjoying the peace. Democracy may be flawed, but any interests pushing a return to violence would face a powerful pushback from people, the press, churches, women's and community groups. With Bougainville just to the north, there is reason to be concerned should ongoing minerals exploration in Isabel and Western Province turn to full-scale production. Thus, cracks may become faultlines in time and with events: but, currently, there is much to countervail.

All the same, worries about institutional fragmentation and the “retreating state” in Melanesia, coupled with continuing difficulties of getting political leaders to “stay the course” with reforms, have led, as Allen (2011b, 295) notes, to “growing consensus among academics, policy makers, and donors that institutional strengthening measures must be accompanied by efforts to strengthen civil society and generate grassroots demand for good governance” (AusAID 2006, Haley 2008). In relation to PNG, Harris (2007, 202) in particular has argued that “the behaviour of national politicians will change only in response to a change in expectations at the local level”. Certainly, Solomon Islands has many pre-independence instances of *kastom*-based identities achieving an impressive level of aggregation and scale, and resistance, to national colonial nation-building projects (Kabautalaka 2008). This “demand side” refrain is of course common in policy literature well beyond Melanesia. Building on the relative stability, peace and personalised accountability of local village life, then, it might seem possible to hold politicians accountable and reduce wastage by harnessing this form of social capital. Donor repertoires for doing this currently include various “social accountability”/demand for good governance mechanisms.²⁰ It has become common donor practice to seek to devolve responsibility for significant social and even political outcomes to local level, and apply a range of measures to enhance local voice, choice and empowerment. That this happens at the same time as these same donor actors avoid having the difficult discussions at the central level about political power and patrimonialism has not escaped critical notice (Biddulph 2010).

²⁰ See for example, the normative claims and techniques at <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/0,,contentMDK:21211265~pagePK:210058~piPK:210062~theSitePK:244363,00.html>

We, however, think these bottom-up narratives require wider institutional context. What we hope our analysis has made clear is that so-called “local” interests are in today’s Solomons inextricably tied to central interests on several levels: central political interests corral rents and divide them up centrally, but they depend on local support, and continually reach down into local arrangements from a position of prime urban power and money. This is true in relation to resources, government services, policing, justice and security, money for projects, funding for cultural, civil society and other local organisations. Local ability to project power, political and economic influence into Honiara, by contrast, remains meagre. Central local relations will long, we suspect, be lopsided, all the more so as Honiara’s primacy advances still further.

Understanding political settlements, and implications for policy and practice

This paper’s perspective, by contrast, has been that long-term peace and prosperity (and their opposites) will emerge from both immediate pacts and wider political settlement. We have tried to show too how aid interventions and capabilities (material, political and modality) that they create can directly impact on these pacts, and thus on the long-term nature of the political settlement. The Solomon Island case, we believe, has something to say to wider questions of the dynamic and temporal relationship between political settlements, pacts and post-conflict interventions, and currently held notions about “sequencing” and “transition”. For a start, Solomon Islands offers clear evidence that basic political settlement formations and capability issues existing before conflict can persist despite extensive, “successful” and medium-term intervention. Settlement issues, in other words, work to a different and longer time frame, and in a to and fro between pacts, shifting institutional capabilities, and underlying features of political power and settlement. It is these processes (and their temporal development), we have proposed, which provide the real drivers and time frame for emergence (or failure) of a long-term settlement.

What matters here is not chronological time rolling out towards the end of a period or cycle of intervention, partnership or transition. It is rather the actual secular, somewhat non-sequential timing of uneven institutional developments themselves that matters. This sequencing or timing, which operates in the to and fro of real relationships rather than the narrative of intervention and transition, is determined by a complex interplay between: 1) the modalities themselves; 2) the resourcing they are able to capture and channel; 3) the political and executive commitments needed to create cycles of positive return and development; and 4) the usual contingent factors: geographies, events, political leadership and personalities.

The capabilities engendered via the resourcing, executive modalities and political commitments are, we would emphasise, the crucial building blocks here. Modalities are, we think, crucial: they are constitutive of (embody, convey, enable articulation of) three key capabilities that determine in a practical way the *material* ability to concentrate power, make an impost on economic elites to cover the costs of protection and governance, the *political* ability to combine political and economic

power in publicly responsive ways, the *executive* capability to provide services. In Solomon Islands, the intervention modalities of core state capacity building and co-production operated alongside *and in the same time frames* as fragmented, transactionalised central elite relations and pacting processes and weak, underdeveloped and/or corrosive provisioning modalities of subnational government, CDFs and clientage payments.

In summary, the RAMSI intervention has changed very little of Solomon Islands' basic underlying (and unstable) political settlement. Its loose security, provisioning and capacity-building pact with the "government" created more centralised, grasping capability in areas including public finance and policing, and co-produced other services, such as primary health and education (Barbara 2014). But whilst this appreciably improved some executive reach, it did not do so comprehensively, or in ways that could be claimed by local politicians, or used to create durable political accountabilities between leaders and citizens. In fact the modalities used by the interveners actively set out to ring-fence executive arrangements in core co-produced areas from political interference. Co-production and harmonised whole of government reforms have not created a durable, effective pact enrolling all the actors: rather, the layers of post- conflict institutions lurch along together, flimsy, perhaps; disengaged from the issues which drove conflict, certainly. Innovating and reaching out to create the institutional basis of a new, stable political settlement? Scarcely, but not impossibly.

Ten years on, the basic elements of the fraught, provision-oriented political settlement remain in place. They remain, too, in our view, just as incapable now of dealing with the geopolitical realities of urban primacy and unsustainable, fragmented provisioning as they were before the tensions erupted. In our view, neither subnational government nor CDF machineries are currently demonstrating that they can provide the institutional solutions to these problems. But the CDF option is arguably the only one which can provide the core element of political responsiveness and accountability on a national scale.

Appendix 1: a practical assessment rubric using a capabilities and protection/ provisioning pact framing

In light of the framing presented in this paper, we offer here – in the form of three sets of questions – simple parameters by which we think intervention in Solomon Islands and elsewhere might be assessed for their potential or ongoing contribution to inclusive and effective political settlement.

Material capabilities: abilities to durably impose an impost on private/economic actors and direct them into formal revenue/budget processes.

1. Is an increasing share of rents and revenues turning up on the formal budget? This includes aid, as well as resource concessions, taxes, land rents.
2. Are there strong incentives for politicians/military, etc., to have substantial rents and revenues turn up on formal budgets?
3. Are there any strong incentives for economic elites to accept a continuing impost on their wealth by formal governmental systems in return for the protection and concessions they need?
4. How are rents divided between the formal and informal sectors, and how do they layer arrangements and accountabilities there?

Political/enrolment capabilities: ability to make the impost durable, in which both sides pact over time (protection/security and provision, in return for rents), and to make budgets that connect policy priorities to revenues, whilst being contestable

5. Are there incentives and possibilities for economic and political elites to form longer-term political coalitions/parties which address national protection and provisioning arrangements? Are these arrangements emerging, and are they largely formal or informal? Which elites are enrolled, and how powerful is this enrolment?
6. Are citizens able to access, understand and organise to contest these arrangements and hold elites accountable on a policy, budget allocation and executive delivery basis? Or is this largely done outside of public engagement?
7. Are donors'/interveners' political commitments and actions consistent with these incentives and supportive of such contests?

Modality capabilities:

8. Is the capture and spending of rents happening via formal provisioning modalities that are formally institutionalised and politically contestable? Or are the most important modalities largely outside of formal institutions?
9. Do emerging formal and informal modalities reflect different sets of interests, different sectors, different channels for rents and resources? How does this emerging layering affect the overall capabilities of government, in areas including public finance, security, education and health?

10. Are there real efforts being made by all concerned, so that provisioning is done in ways that sustainably overcome weaknesses and challenges in the provisioning system?
11. Are the modalities that are being deployed by donors/interveners to project their interests, normative commitments and funding creating incentives as above for sustainable, formal, politically contestable funding, provision and regulation?

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