INFORMAL INSTITUTIONS AND TRANSACTION COSTS IN SUSTAINABLE SECURITY SECTOR REFORM:
SUPPORT FOR BOTTOM-UP PROGRAMMING

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by

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Why are locally owned processes so critical to producing sustainable security sector reform? While academic literature has long noted that a central component of durable reforms is that they be context specific and involve deep engagement with the local population, there has been comparatively little explanation of why this is so important. This lack of explanation may be one reason this approach continues to be neglected in practice. This paper draws on North’s theories of formal and informal institutions as well as literature from the field of new institutional economics to provide a more thorough explanation of why top-down reforms are unlikely to produce lasting change in the security sector. Without the support of local buy-in, reforms are simply too inefficient to be maintained.
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Introduction

During the Cold War, militaries from the world’s dominant powers raced to build relationships with their counterparts in the developing world in an effort to amass ever-larger and stronger caches of strategic alliances. As the war came to an end however, and the West lost its primary antagonist, engagement with these militaries was no longer strategically necessary. At the same time, a shift was occurring within the world of international development that began to increasingly recognize the importance of security and stability for economic development. As a result, development practitioners began to move in to fill the gap left behind by the superpower militaries, searching for ways to engage directly with developing security sectors to make them partners for, rather than obstacles to, development (Ball 2009). The result was the emergence of a field at the intersection of development and security known as security sector reform (SSR) (Wulf 2010).

As SSR activities have multiplied, so too has the body of literature supporting and evaluating them. This literature has contributed to the search for a clear definition for the field and its objectives, critiqued the strengths and weaknesses of various SSR programs, searched for best practices, and generally monitored the growth and evolution of the field. However, SSR literature has lacked in developing a strong theoretical foundation and has seldom acknowledged the commonalities it shares with other reform fields and bodies of literature. Authors have occasionally recognized the similarities with other public sector and state building

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1 In 2006, Ball and Hendrickson provided an analysis of SSR literature as it had developed up until then, concluding that it has been heavily normative in nature. This trend seems largely to have continued, though modest contributions to the empirical development of the field have been made such as Halden and Egnell, (2010) and Martin and Wilson (2010).
literature (Egnell and Halden 2009), but there has been little effort to draw upon these similarities to deepen the SSR debate.

This paper provides a modest contribution to filling this gap, drawing primarily on the bodies of literature on rule of law and public sector reform. What this analysis will demonstrate is the importance of designing SSR programs that are inclusive and bottom-up in nature in order to establish efficient and durable reforms. While this approach has been heavily advocated for throughout SSR literature, many have noted that it often continues to be neglected in the field. This paper argues that this reality may play a central role in the field’s relative lack of success to date. Through the application of theories from these related fields, this paper suggests that reforms imposed from the top-down are simply too inefficient to be maintained, as they inadequately address the underlying incentive structure necessary to persuade people to reform. Once those in the security sector perceive that the personal costs of reform are higher than the costs of returning to their previous behavior, reforms are likely to collapse. Reform programs that involve broad-based participation in a bottom-up manner can more effectively bring about the organizational and institutional shifts needed to produce sustainable reform.

The structure of this paper will be as follows. In the first chapter, the development of SSR over the past two decades will briefly be discussed. This discussion will highlight the emergence of “human security” in the mid- to late 1990s as a key shift in the security paradigm from its previous focus on “hard” or state-centric security. Defining this as the central goal of SSR provides a platform from which to evaluate the success and failure of reforms. With human security as the unit of analysis, many have concluded that reforms taken under the umbrella of SSR have been unsuccessful (Egnell and Halden 2009).
In the second chapter, the paper will provide a review of the discussion on local participation and context specific reforms as it has developed over time. While this has been a prominent theme in much of the literature available on SSR, it remains incomplete. The OECD Handbook on SSR, arguably the definitive practitioner resource, concludes, “The involvement of civil society in SSR programmes is a precondition for wider and more inclusive local ownership and, ultimately, sustainability.” However, most of the literature about this has relied on normative statements about the importance of local involvement and the need to steer away from “cookie cutter programming”\(^2\) with little explanation of how participation actually contributes to the sustainability of reform. Without this explanation, programs continue to be implemented that do not actually engage the local population, and are often only slightly modified for given contexts.\(^3\)

In the third chapter, the paper will draw on other fields of literature to help provide this explanation, ultimately demonstrating that SSR programs that do not adequately involve the local population are unlikely to succeed. This chapter will argue that the security sector can be understood as a service provider, in much the same way as other components of the public sector; with human security as the service it is supposed to provide. (Mark Sedra 2010). Despite this similarity, the unique characteristics of the security sector render the use of traditional tools of public sector reform, such as the introduction of quasi-market competition (Pinto 1998), less useful in SSR. In particular, the nature of security is such that it is difficult to introduce the

\(^2\) Herbert Wulf (2004), Nicole Ball (2010), and Paul Jackson (2010, Mark Sedra, eds) are just a few examples.

\(^3\) This has been observed by many. For example, the OECD Handbook says, “Too often, SSR programs focused primarily on the state and fail to adequately engage civil society” (224). Nicole Ball also writes, “In reality, much external assistance is directed towards national authorities and discussions about SSR occur with a relatively small number of political or security elites” (2010, 40).
necessary competition to induce innovation and produce greater efficiency within the security sector, often a central component of traditional public sector reform.

The difficulty of introducing market-mechanisms as a usual tool of public sector reform also exists in reforming the judicial sector. Thus, in the fourth chapter this paper will explore literature from the field of rule of law and discuss its conclusions on the importance of context specific, bottom-up approaches to reform. The literature demonstrates that reforms at the top can only be successful when they are sufficiently grounded in the political, social, and economic contexts in which they are implemented. As a result of the complex nature of social organization, top-down reforms cannot adequately account for all the possible circumstances over which they are meant to guide and require the support of an informal institutional framework (e.g. cultural norms and values) to fill the gap. Without this support, the transaction costs imposed on the formal social structures as they seek to persuade actors to reform remain too high to be sustainable. As those within the security sector perceive that the costs of reforming are higher than the costs of returning to previous modes of behavior, formal structures (e.g. laws, codes of conduct) are generally incapable of independently coercing people to change their behavior. Scholars throughout both SSR literature (Ball 2010) and public sector reform literature more broadly (North 1990) have noted aspects of this limitation of top-down approaches. Application of new institutional economics will help explain these various costs and their effect, demonstrating how a bottom-up approach can reduce these costs and produce more sustainable reform.

In the fifth chapter, practical shortcomings of the bottom-up approach advocated in this paper will be discussed. The first of these is that large-scale programming aimed at broad based participation is likely to be more resource intensive then the more common top-down approach.
This is a significant problem given the already “striking variance or incongruity between the demands of SSR and the realities of what donors are equipped to provide (Mark Sedra 2010).

The second limitation is in the way in which donors allocate funds for SSR projects. As noted by Martin and Wilson (2010), donors generally insist on a clearly defined project proposal before work begins, limiting the potential for programs to evolve over time to adequately involve locally generated reforms. So long as donors insist on such rigidity in proposals, the potential for truly participatory approaches is limited. The third shortcoming of the argument put forth in this paper is the enormous distrust that often pervades the SSR environment. Government is distrustful of its own security forces as a threat to its power, and the security forces are distrustful that the government may seek to exert too much control. Both are distrustful of civil society, which is also distrustful of both of them. Interveners themselves may be distrustful of local institutions. Lessons from Iraq demonstrate that sometimes these interveners don’t merely fail to include local frameworks and ideas in reforms, they intentionally circumvent them (Stover et al 2005). Acknowledging these shortcomings, this chapter will conclude with a brief discussion on the importance of sequencing reforms as a partial solution to these challenges. This argument will build on previous arguments by Wilson, Martin, and Piotukh in their papers on the need for more “evolutionary” approach to SSR (Martin and Wilson 2010; Piotukh and Wilson 2009), as well as Pinto’s theory on sequencing reforms from the broader realm of public sector reform (Pinto 1998).
Chapter 1- Context

During the Cold War, reform of security sectors in the developing world was largely the domain of militaries from the competing superpowers that built strategic alliances and worked to enhance the tactical capacity of their counterparts from the developing world in their race to win support. The nature of this engagement as one primarily designed to protect the interests of the Eastern and Western powers meant that little attention was devoted to questioning the role of these security forces within their own societies. For their part, those in the development community remained wary of engaging directly with the security sector, further limiting the potential for tackling this issue to promote security sectors that worked to protect, rather than undermine, the security of their citizens (Ball 2010). As the Cold War came to and end, however, people in the development community began to recognize the central role of security in the creation of stable, developing states (Knight 2009), and many began to see the necessity of engaging directly with security forces. They began to take advantage of the vacuum left behind as the superpowers’ militaries departed and the foundations of what would become known as security sector reform (SSR) began to emerge (Ball 2010).

In the mid-1990s, SSR began to take shape as a hybrid between the two historically distinct fields of development and security. A key factor in this emergence was the realization of the intricately linked nature of the two fields, as security was increasingly recognized as a crucial element in producing the environment for economic development. On an even more practical level though, development practitioners began to recognize that advances made in building hospitals, constructing roads, constructing water sanitation facilities, or other development activities would be directly threatened if a country turned to war (Egnell and Halden 2009).
As the field has grown, however, some argue that it has had difficulty finding definition. The range of activities under the umbrella of “SSR” has grown over the past two decades but as Michael Brzoska “it has not grown in depth, in coherence or clarity of objectives” (Brzoska 2003, 33). Issues as fundamental as whether or not SSR programming can contain arms transfers remain to be settled. Indeed, even finding a single definition for the “security sector” itself has been a point of debate.

There also remain important disagreements about SSR’s intended outputs. Much of the literature discusses the goal of creating security sectors that are democratic and accountable, while still being able to fulfill their role as security providers. This is the ambitious vision held by the OECD, as stated in its Development Assistance Committee (DAC) Handbook on SSR (2007), arguably one of the more comprehensive and prominent practitioner resources on the subject. Wulf summarizes the OECD view as the following:

“1. Establishment of effective governance, accountability and oversight structures in the security system;

2. Improved delivery of security and justice services;

3. Development of local leadership and ownership of the reform process;

4. The lack of coherence continues today. A prime example of this is a recent Reuter’s news article about the desperate state of the military in Guinea-Bissau. Quoting the head of the UN Mission to Guinea Bissau’s SSR program, the article claims that reform of the Guinea Bissau security sector- “shrinking them to a manageable size and training what remains to respect civilian rule- will carry a $200 million price tag.” It is unclear however what this “$200 million” is meant to buy, and it gives the impression that SSR is merely a commodity that resources need to be allocated to purchase.

5. Herbert Wulf (2010) has suggested that if SSR programs were adequately designed they could include an element of weapons transfer in order to assist the recipient security sector in providing adequate security. Nicole Ball responded that, “While certain types of assistance to the military and police may be considered “SSR,” the supply of “weapons, materials, and other equipment” cannot” (Ball 2010, 3).

6. For example, see Hans Born (2002), Nicole Ball (2010).

Egnell and Halden question whether these goals are overly ambitious. They summarize the field’s common objectives as “democratization, civilian control of the armed forces, good governance, gender equality, transparency and accountability” (Egnell and Halden 2009, 29). They conclude that SSR needs to be more modest about its goals, especially in the short term. They particularly question whether reforms can immediately produce states that are democratic and accountable while remaining politically stable and they urge those in the field to recognize this limitation in designing interventions (Egnell and Halden 2009).

Despite these disagreements, a survey of the literature does reveal important points of intersection. Specifically, at its most basic, SSR is about the promotion of security sectors whose orientation within society helps to promote greater security for average citizens, rather than undermine it. As Egnell and Halden (2009) explain, ”One of the chief policy or governance purposes of SSR is to redirect the dominant understanding of security away from traditional notions of national security where the dominant referent object is the state (or regime) towards and understanding of security that has the individual human being as its referent object” (2009, 34). This shift towards a conception of security with individuals as the central focus has come to be known generally as “human security.” The next section will discuss this concept and its development as a central component of SSR. Defining this as the intended output of SSR helps to provide a coherent platform from which to evaluate the relative success of SSR programming to date, and the potential changes that might need to be made in order to improve programming in the future.

**Human Security- The Purpose of Reform**
In the mid- to late-1990s, alongside the forming of SSR as a field, a fundamental shift in the concept of “security” took place. The development industry first began talking about the need for a new conception of security following UNDP’s 1994 Human Development Report (Knight 2009). The report questioned the traditional understanding of security that placed the state at the center of its locus, and began promoting an understanding that additionally considered the needs of citizens as central to pursuing greater stability. In other words, the report argued that the conception of “security” needed to be expanded beyond merely a state’s ability to protect its territorial sovereignty, to include the protection of individual citizens’ economic, environmental, personal, food, community, and political security (Knight 2009).

While Knight points out that some were initially skeptical, arguing that the expansion of the idea of “security” to include development concerns was a “securitization of development” (2009, 3), human security nevertheless quickly gained traction throughout academia and practitioners in SSR and the wider development field. The UN continued to emphasize the centrality of citizens in the promotion of democracy and of greater regional and global security. By 1998 the concept had gained such purchase that a report from Secretary General Kofi Annan’s office argued that “the prevention of conflict begins and ends with the promotion of human security and human development” (Chanaa 2002). In 1999, the UK’s Department for International Development also joined the discussion when Secretary of State for International Development, Clare Short, delivered her year-end speech, highlighting the need to understand certain aspects of development as not just goods that should be sought, but needs that are crucial to a person’s personal and physical security (Ball and Hendrickson 2006).

As the development and SSR communities in the field began to pay more attention to citizen-centric notions of security, so too did the academic community. Hendrickson (2005)
explored the relationship between human security and national and global security, arguing that
the pursuit of human security is complementary to achieving meaningful and durable national
and global security rather than in contrast with these goals. He further explored the connection
between human security and economic development, explaining that a “life free from risk and
ill-being” is critical for innovation and development, illustrating the occasionally normative
nature of the term. In other words, he explains while physical security is a necessary
precondition for development, it is not independently sufficient (Hendrickson 2005, from Ball
2006, 7).

Others have been more skeptical of the rise of the concept. Yuen argues that casting the
plight of those in the developing world as “security” challenges does little to actually improve
their conditions. He explains that ultimately the promotion of greater quality of life for the poor
depends on the willingness of their governments, who will pursue or ignore their needs
regardless of whether it is branded as “security.” He provides the example of China’s Deng
Xiaoping, whom he claims did far more for his citizens than “any amount of securitizing the
Chinese peasant” could have, highlighting the importance of political will independent of
semantics. (Yuen 2001,236)

This skepticism notwithstanding, the concept has gained widespread acceptance within
the development community and has become a central component of the SSR agenda. While
other potential objectives of SSR continued to be debated such as it’s tactical and democracy
enhancing aspects, promotion of human security as a concept has remained a nearly constant

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7 Egnell and Halden (2009) describe SSR as the means to achieve human security. Paul
Jackson (2010) talks about a “liberal peace” based on individualism, egaistarianism, and
universalism and the need to get beyond the traditional state-centric notion of security.
Wulf (2010) and Ball (2006, 2010) are two additional examples of prominent theorists in
whose work “human security” is centrally featured.
theme throughout the development of the field and its objectives. Despite human security’s central role, evaluations of the field that conclude that reforms have been successful at promoting human security are hard to find.

For example, Sierra Leone, one of the more prominent arenas in which SSR has taken place, was initially one that was welcomed with optimism. Led by DFID, the reforms in Sierra Leone represent some of the most comprehensive and ambitious programming to date (Law 2006). Nonetheless, in recent years commentators have come to regard Sierra Leone as merely a “qualified success” (Jackson 2010). Egnell and Halden (2009) argue that the existence of peace in Sierra Leone may be more due to the large presence of international peacekeepers than to meaningful reform.

One region in which SSR might be able to claim success is in the Eastern European transition states. However, the unique historical context in which reforms took place in these countries, as well as the proximity of these states to the rest of Europe may deserve more credit for their relative success than the SSR agenda. If anything, the Eastern European context may demonstrate the importance of having a high-degree of strategic value to the Western powers or the necessity of historically strong domestic political institutions, more than a success of the SSR agenda specifically. These are conditions that much of the rest of the world do not enjoy (Ball 2010, Egnell and Halden 2009).

One reason for the lack of success in the field may be attributable to the US and its allies’ “war on terror” since 9/11. Particularly in Iraq and Afghanistan, the priority of the intervening forces has been the promotion of state and security structures that can play an immediate role anti-terrorism, promoting Western interests more than those of the local population (Martin and Wilson 2010). As Jackson writes, “In Iraq…current attempts of the US
to construct a Western state, and its initial emphasis on deconstructing Saddam Hussein’s state and political party, have effectively created an artificial layer of a state overlying subnational political systems. That state exists solely because the US supports it, not because there is an underlying support for it within Iraqi society” (Jackson 2010, 123). Ball comes to a similar conclusion with regards to both Iraq and Afghanistan (Ball 2010).

The focus on tactical capacity over the promotion of human security as a result of the war on terror has been an important trend that may partially explain the limited success of reform in places like Iraq and Afghanistan, but one that does not necessarily explain the lack of success in less strategically important countries such as Sierra Leone or Liberia. Without discounting the inherent complexity and difficulty of these environments, their experience may demonstrate a fundamental flaw in the SSR model, or in how it is applied.

The next section suggests that one problem may be a lack of engagement with the local population. While the concept of local engagement and the need for context specific approaches to SSR have been featured prominently in much of the literature in the field, observers have noted that this is rarely the case in practice. At best, “local engagement” has come to mean consultation with a small number of a given country’s elite, resulting in programs that are imposed from the top- down, rather that owned from the bottom- up (Ball 2010; Martin and Wilson 2010).

Local Engagement, Context Specificity

Deep engagement with the local population in order to produce context specific program design has long been recognized as crucial to producing sustainable reforms. Sedra (2010) writes that “flexibility and adaptability” (5) in programming that reflects local conditions is an important landmark in searching for SSR success. Similar themes can be found in the OECD
Handbook, which defines it as a “precondition” for sustainability (OECD 2007, 224), and throughout much of the work done by Ball (2009, 2010), Wulf (2010), and Law (2006). Indeed, the realization of the importance of local ownership has even spawned entire articles (Martin and Wilson 2010) and collections (DCAF 2008) dedicated solely to discussing this component of reforms and mechanisms for achieving it.

Despite the centrality of the concept in the literature, many have noted that reform programs have generally failed at adequately achieving meaningful engagement with the population in the recipient country or at producing reforms that are sufficiently context specific. Ball explains that that, “In reality, much external assistance is directed towards national authorities and discussions about SSR occur with a relatively small number of political or security elites” (Ball 2010, 40).

The OECD has similarly reached this conclusion, arguing in the Handbook on SSR, “Too often, SSR programmes are focused primary on the state and fail to adequately engage civil society.” (224) Furthermore, there remains a lack of understanding on the importance of designing programs specifically for a given environment. Jackson (2010) notes that, too often, interveners tend to see the recipient country as merely a “blank slate,” lacking institutions and thus fertile for “one size fits all” approaches.”

In their evaluation of Sierra Leone, Afghanistan, and Iraq, Martin and Wilson (2010) find that local participation and ownership has in practice meant the involvement of only a small group of elites, whose ability and/or desire to represent the population as a whole may be limited. As a result, even when these reforms are to some degree or another “locally owned,” they write, “An important emerging criticism of SSR, even when locally owned, is that a top-down strategy of reform rather than a more organic approach can often change formal structures
but has less impact on underlying incentives, power politics and culture” (85). This statement is an important, but relatively rare step in seeking to provide an explanation as to why local engagement is so critical. Among other reasons, this lack of an understanding of the reasons for local engagement may help to explain why it is has been so uncommon in practice.

As the discussion in the following chapters will show, local participation is central to achieving reforms that are durable, as it helps to change the underlying incentives of the organizations and institutions to be reformed. Without doing this, the costs of reform remain too high, leading those in power to opt for a return to prior modes of conduct. Thus, while interveners may be distrustful or disinterested in indigenous institutions and organizations (Stover et al 2005) and confident of the frameworks at their disposal, programming that fails to engage in broad-based participation and is imposed from the top is unlikely to produce an environment of improved human security.

In the next chapter, focus will shift to the broader field of public sector reform. As essentially a provider of a public good, the security sector is similar in many respects to other entities in the public sector. Drawing on this literature provides a starting point for explaining why context specific reforms are more likely to succeed.
Chapter 2- Traditional Approaches to Public Sector Reform

At its core, like any other public agency, the security sector exists to provide a public good or service - in this case, security. The nature of this service has evolved over time from one that was intended primarily to support state security to one that is meant, ideally, to address more contemporary security challenges and promote greater human security. From this understanding, citizens can be thought of as “customers” or consumers of security as a service, just as they are in other non-market settings (Knight 2009). As is often the case with other public entities, the relationship between service provider (security sector) and the consumer (citizens) is obscured and distorted by the provider’s monopoly on provision. As a result of this monopoly, public sector organizations often lack the incentive to respond to consumer needs that they would normally have in a competitive market economy in which those that most successfully satisfy consumer needs survive and prosper, while those that fail to do so typically fail (Nelson and Winter 1982).

Andrews and Shaw (2003) note that this problem of unaccountable, monopolistic public agencies has been particularly challenging in the developing world. They summarize the point explaining, “Monopoly producers have no incentive to improve on (service delivery). This incentive problem results in entrenched inefficiencies, in effect entrenching the status quo. Inefficient bureaucrats do everything they can to protect their production processes” (2003, 3). Lacking the profit motivation of the private sector, public agencies’ incentive to perform efficiently is obscured. This characteristic presents a unique challenge when it comes to reforming organizations in the public sector versus those in the private sector.

Recognizing the limitation the lack of a competitive market poses for inducing efficiency in the public sector, Pinto explains that a common tool for reforming public sector
organizations lies in finding a means of introducing those very market mechanisms that are absent (Pinto 1998). By introducing alternative metrics to the profit driver such as cost recovery and revenue retention, managers are faced with a need to search for efficient means of obtaining goals, which in theory benefit the consumer of the good or service. This approach can be particularly effective when accompanied by partial privatization of aspects of the organization that clearly do not belong as part of the public sector (Pinto 1998).

Useful as this model may be in many circumstances, certain pure public goods⁸ such as security may provide a conundrum to the usual approach to public sector reform. Introducing mechanisms for promotion or compensation based on merit within the security ranks, similar to Pinto’s model of introducing market oriented metrics for public sector managers, is a valuable tool and one that has been recognized in SSR literature.⁹ However, this alone may be insufficient to produce large-scale change in security sectors that are likely to be heavily entrenched in various corruption schemes or lucrative criminal activity. Furthermore the privatization mechanisms normally envisioned are difficult to apply to the security sector. This tool generally demands that the reforming organization be one that is providing a good or service that is already, to some degree, “private in nature” (Dixit 2002). The nature of security is such that the state has a monopoly on its provision. It is difficult to envision an acceptable

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⁸ Pure public goods are those things that the state is expected to be the primary supplier of. Private alternatives are either nonexistent or insufficient, often by the vary nature of the particular good or service (Pinto 1998). The security sector is a perfect example of this. While private security sectors exist, they are not capable of supplanting the state security sector, nor would this be generally acceptable if they could. The state is expected to provide security, as a primary function of its existence.

⁹ For example, the OECD DAC Handbook notes clear mechanisms of promotion as an important tool for security buy-in from officers and soldiers.
alternative to this arrangement, and even more difficult to envision a politically viable one.\textsuperscript{10}

Paul (1992) illustrates an additional challenge of the traditional view of public sector reform. Paul argues that when it comes to increasing the accountability of the public sector to the population, citizens have two primary tools: exit and voice. Exit refers to the ability for people to seek alternative sources of the good or service that the state organization offers, a tool that, as discussed above, does not apply in the case of the security sector. While some citizens may be able to find alternative, non-statutory means of security, these alternatives do not induce competition in the same way that they might in the private sector or in other areas of the public sector because security. This is because security is not paid for on the basis of consumption. The state will likely continue to fund its own security mechanism, regardless of whether people are utilizing it or not. In fact, one might wonder whether the proliferation of private alternatives may, in this case, actually cause inefficiencies in the state security sector to become more entrenched. With private organizations tending to citizen security issues, the state security sector has even less incentive to respond or be accountable to the population.

The second tool citizens have, voice, refers to the ability for the population to “take to the street” and demand reform. Enhancing the ability for the population and civil society to do this can be seen as an important check against state oppression and has been noted throughout SSR literature and its call for civil society capacity building efforts. However, this may also be of limited utility in many contexts in which protest against the security sector merely results in crackdown and abuse. As the recent example in Syria demonstrates, “voice” alone may not always be enough (BBC News April 19, 2012). Even in Egypt, where protests on a scale rarely seen led the military to support a revolution, there has been doubt at times about whether the

\textsuperscript{10}While private security outfits can potentially provide basic personal security to those that can afford it, these are not generally in competition with state mechanisms.
transition would continue past the military intervention despite the apparent strength of the population and its voice (Reuters Online April 19, 2012).

The limitations of voice as a mechanism for producing change point to a broader challenge in security sector reform. The nature of traditional approaches to public sector reform outlined above is such that they are externally imposed. However, in the case of security sectors that have enjoyed a long history of impunity over their actions based on their dominant position in society and their generally exclusive hold on large-scale power, coercion alone may be severely limited as a tool of reform. These security sectors have at their disposal the obvious means to physically resist reforms that do not seem to serve their interests, a characteristic that does not apply in any other part of the public or private sectors.

The case of Guinea-Bissau in April 2012 when military officials arrested the country’s outgoing Prime Minister and presidential frontrunner Carlos Gomes Junior is a clear example of this. At the time of his arrest, Gomes looked likely to take the Presidency in the upcoming run-off elections, having already obtained 49% of the popular vote in the first round. International observers have speculated that the military had detained him in what effectively amounted to a “preemptive” coup. He had plans to downsize the military upon reaching office, something that military officials were clearly unhappy about (BBC News Online 13 April, 20102). Using the uniquely powerful position that security sectors, as a rule, enjoy, they simply intervened to protect their interests, demonstrating the limitation of externally imposed coercive reforms. In this case, the reform attempt appears to have actually caused more harm. In addition to immediately destabilizing the political situation in Guinea-Bissau, in the week following the coup, the military junta responded to international pressure to return the country to civilian rule by stating that it would do so only within the next two years (Reuters Online 18 April, 2012).
Thus, while the long history of coups and abuse in Guinea-Bissau makes clear that reform is necessary, these recent developments point to the potential limitations of imposed, coercive reforms.

As the example from Guinea-Bissau demonstrates, when it comes to the reform of institutions such as the security sector in which privatization, exit, and voice are not viable mechanisms for forcing or producing reform, alternative strategies must be sought that properly incentivize actors within the organization to “buy-in” to the reform process. The next chapter will begin to explore this notion first through an examination of broader theories of institutional creation and reform, and then through the lens of rule of law. While the judicial sector is considered to be a part of the security sector (Ball 2010), SSR literature has not often incorporated the theoretical debates that have taken place in the field of rule of law reform. These debates may offer some important lessons about potential mechanisms and approaches for SSR.

Reform of the judicial sector presents a similar challenge to that of the security sector given its monopoly on service provision and the difficulty of introducing market mechanisms to incentivize efficiency. While it does not have the same tools of resistance available to the security sector, an analysis of rule of law reform literature will illustrate the importance of less tangible, alternative means of incentivizing change. An important tool in accomplishing this is through measures aimed at addressing the underlying cultural norms and values that undergird the organization, rather than solely focusing on the structural levels of reform. This is done through broad based reform efforts that change the conditions within which the organization operates, rather than just its rules.
Chapter 3- Bottom-up Reforms: Altering the Incentives

The unique nature of the security and judicial sectors compared with other components of the public sector renders traditional approaches to public sector reform somewhat limited in producing change in these sectors. As a field, rule of law has long searched for means of producing sustainable judicial systems in the developing world. Despite this and the fact that the judicial sector is often considered to be a component of the overall “security sector” (Ball 2010), SSR literature has drawn relatively little from rule of law’s theoretical developments. Drawing on that body of literature, as well as more theoretical literature on the creation of institutions, this chapter will demonstrate and explain the importance of bottom-up, participatory approaches to reform in these unique sectors. This will contribute to the discussion of participatory reform approaches already present in SSR literature, which has generally lacked a theoretical foundation explaining the manner in which these approaches support reform to illustrate their central importance for promoting durable change.

This chapter will begin with an exploration of North and Stoker’s seminal pieces on the formal institutions that guide society and the informal institutions that support them. This will help to illustrate the importance of addressing not only structural aspects of the security sector, but the less tangible and more normative elements as well. Next, the paper will explore Carothers and Upham’s analyses of rule of law reforms. This will help to uncover the way in which formal legal institutions are formed and subsequently interact with informal institutions (e.g. organizational and societal culture), and the necessity of addressing both in producing lasting reforms, supporting the conclusions to be drawn from the Stoker and North pieces.

The chapter will then turn to Furbohn and Richter’s exploration of new institutional economics, which will further highlight the limitation of top-down reform efforts and the
importance of local involvement and context specificity in producing lasting reform. The bottom-up approach is more sustainable than the top-down method, because it addresses the fundamental nature of incentives underlying the organization. By doing so, it manipulates the transaction costs involved in maintaining or abandoning reforms. The chapter will conclude with the argument that these costs provide crucial insight for why SSR interventions should seek local ownership.

Over time, the ordering of societies has gotten more complex. As populations have multiplied, as the pace of life has quickened, and as international trade and economic interdependence have expanded, the challenge of solving global, national, or even local collective action problems has increased. As a result a fundamental shift has occurred in the way societies solve these problems. As Stoker explains, in the past formal institutions (e.g. government bodies deliberately created by constitutions, legislation) were far more capable of solving society’s problems and producing social order. As the scale and complexity of needs has grown, however, informal institutions have evolved to fill the gap between what formal institutions are able to provide and what society actually needs (Stoker 1998). These include private, non-governmental institutions and networks that serve to provide goods or services to society that traditionally would be provided by the state.

Stoker’s analysis is important because it helps to illustrate the need for those involved in state-building or other areas of reform to step back and survey the full array of stakeholders that may be having an impact on reforms. In terms of security, an obvious example would be that SSR program ought to incorporate private security actors into reforms, or to deal with the integration of informal militias into the statutory security regime. Without doing so, reforms might be only partially complete.
While this represents an important contribution for the purposes of this paper, North’s (1990) landmark work on institutional change adds a crucial additional dimension to the discussion. North too focuses on the formal and informal institutions that support one another to produce societal order, but his understanding of those institutions is greatly expanded. His is a much less tangible focus, with institutions being the collective “rules of the game” in society that serve to constrain and incentivize individuals living in society. For North, formal institutions are the constitutional and legislative rules that people deliberately create to reduce uncertainty in collective action and social life more broadly. Informal institutions, on the other hand, are all the other forces such as cultural values and “codes of behavior” (1990, 4) that support those institutions in guiding behavior. North recognizes the fundamental importance of these informal norms in producing social order, even if their impact is not always apparent. Indeed, even the creation of formal institutions is itself a reflection of the society’s cultural values and ideals (North 1994).

This distinction between North and Stoker’s conceptual understanding of the depth of the institutions constraining and incentivizing society is more than merely semantic and has important implications for state building, rule of law, and for SSR.11 These projects have generally been implemented in a manner consistent with the perspective put forth by Stoker. That is, they have often considered the both the formal state security mechanisms and the informal militias and guerilla groups in designing DDR or other programs.

However, this approach is limited if it does not take into consideration the less tangible institutions that undergird and direct those structures that are normally addressed in

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11 This paper is not claiming that the piece discussed represents the entirety of Stoker’s view of institutions, or that he disagrees with North. Rather, the point is merely to illustrate the various ways we can think about institutions, and that a perspective similar to Stoker’s is the one most commonly adopted in reforms guided by foreign interveners.
SSR programming. As North argues, efforts aimed at reform from the top by directly changing formal rules and structures will be limited if they do not address the informal norms and values that underlie them (North 1990). As the following exploration of Upham and Carothers’ works will demonstrate, rule of law reforms have taken a top-down approach comparable to that usually adopted in SSR and success has similarly been limited. Instead, these authors conclude, sustainable change requires reforms that are supported by the underlying norms of an organization and society, thus highlighting the importance of context specific, bottom-up approaches.

Upham explores this issue through the lens of rule of law reforms in the developing world. He argues that these reforms have usually been an attempt to export and recreate Western legal systems to a foreign context, rather than to devise systems that are specific to the given context. He comes to the conclusion that these legal systems can’t be so simply transferred from one place to another, arguing that contrary to the beliefs of rule of law practitioners, the creation and maintenance of legal systems is highly dependent on the social and political conditions of the receiving society. Thus, rather than taking root, the reforms “may result in legal anarchy where the system lacks social capital.” In other words, he explains, reforms must be supported by the cultural context in which they are implemented.

Upham cautions rule of law practitioners from replacing indigenous legal systems or dispute resolution mechanisms, even if they appear to be ineffectual. The failure of the new system to take root is not merely of neutral cost to the recipient society, but one that likely carries negative consequences (Upham 2002).

“Unless the creators of the legal system get it exactly right, unexpected consequences will occur. In a mature system, established institutions can deal
with negative consequences. However, in countries with new legal systems, especially ones imposed or imported from abroad, preexisting institutions often lack the experience, expertise, and, most seriously, political legitimacy necessary to deal with unforeseen consequence of reform” (Upham 2002, 33).

In terms of the potential for interveners to “get it exactly right,” Upham concludes that legal systems are far too complex to be adequately planned from the top-down. This is because of their interaction with the social, political and cultural contexts for which they are intended, supporting North’s conclusion that failing to consider these informal institutions will spell doom for institutional reform.

Carothers comes to a similar conclusion in his own analysis of rule of law reforms. He explains that the reason for the lack of success of most rule of law reforms is that interveners focus their activities on the structural level of formal institutions to the neglect of informal cultural institutions, a decision based on “instinct” rather than informed by empirical evaluation. Their hope is that if they construct formal structures that replicate those in the developed world, then rule of law and social order will organically emerge as a result. However, Carothers too finds that legal systems are context specific and that their complexity limits the potential for viable top-down design, again highlighting the crucial role that the informal institutions play in the creation and reform of social structures. He concludes that the transplantation of legal systems and concepts may well be valuable, but can only work if they are sensitive to local conditions and are supported by the underlying incentive structure of the context’s informal institutional norms.

This discussion of Upham and Carothers’ work helps to partially explain the need for contextually specific programming in SSR. If the security sector is considered to be a social
institution with a similar degree of complexity, it seems clear the ineffectiveness of top-down reforms in this context as well. Furubotn and Richter deepen this explanation further through their argument on the mutually dependent nature of formal and informal institutions.

Furubotn and Richter (2005) provide a slightly different approach that nonetheless leads to a similar conclusion about the importance of informal institutions in producing lasting reforms. They explain that while formal institutions are a necessary component of social order, they are insufficient to produce that order independently. This is because it is impossible for all of the potentialities of human interaction to be neatly anticipated ex ante. (Furubotn and Richter, 21). Instead formally created institutions rely on informal norms to fill the gap of human imperfection and uncertainty that legislation cannot cover. As North, Carothers, and Upham suggest these two components support each other in effectively constraining and incentivizing organizations or society (Furubotn and Richter 2005).

In evaluating formal institutional design, Furubotn and Richter explain that there are two ways in which formal institutions come about. First, they can be created through deliberate design, shaped from the top-down. Conversely, they may arise “spontaneously” over time through the solidification of informal social norms into more formal codes of conduct. The authors concede that deliberate design of institutions provides a neater, simpler option for those seeking to create formal rules than does the alternative. This point is somewhat intuitive: those intervening, whether they be forces from the local, domestic, or international level, find an more efficient solution in merely proposing and enacting institutional solutions than in spurring the broad-based collective action necessary to spawn spontaneous institutional development. However, they argue that institutions created in this manner are not as sustainable as their naturally occurring counterparts. The organic nature of spontaneous development as a
solidification of the norms already held by a collectivity means that these institutions are better able to approach “self-enforcement.” There is little cost involved in ensuring people adhere to these rules because the vary nature of them means that individuals are unlikely to have an incentive to deviate from their mandate, as doing so would by counter to their personal norms (Furubotn and Richter 2005, 23).

SSR programming tends to heavily follow Furubotn and Richter’s deliberate design model. With reforms generally initiated by foreign actors, and carried out with only the involvement of the receiving country’s elite, they are by definition top-down in nature. The effect of this is reforms that are unstable because the transaction costs involved in maintaining them are simply too high (Furubotn and Richter 2005). The next section will discuss these costs and demonstrate the way in which bottom-up SSR programming can help to reduce the costs of reform, creating formal institutions that are supported by the cultural norms and incentives of a particular organization or society.

Transaction Costs

One way to think about the durability of reforms is to think about the transaction costs involved in sustaining them. Transaction cost economics has arisen from the school of new institutional economics and helps to provide a number of useful assumptions about the creation and maintenance of organizations of social order. According to transaction cost economics, it is the relationship between the individual and the institutional environment of a given society that determine the costs involved in supporting a given governance structure. Williamson provides a “three-level schema” to help illustrate this. Describing his graphical representation of the relationship between the individual, the institutional environment and the governance structures he writes governance, “is bracketed by more macro features (the institutional environment) and
more micro features (the individual)… the institutional environment is treated as the locus of shift parameters, changes in which shift the comparative costs of governance, and the individual is where the behavioral assumptions originate” (Williamson 1995, 80). In other words, in an ordinary governance environment, governance structures respond to inputs from the social environment in which they operate, and these structures correspondingly support the institutional environment in constraining and incentivizing choice at the individual level. It is in this relationship between the individual and these behavioral choices available that transaction costs occur.

As Williamson notes, this awareness of the agency possessed by the individual is an important and somewhat unique characteristic among economic theories. The theory relies on the assumption of “bounded rationality” of the individual. That is, the individual is “intendedly rational, but only limitedly so” (Williamson 1995, 81; quoted from Simon 1957, p. XXIV). In other words, the individual will attempt to make rational decisions based on the information available to him or her, but with regards to the individual’s self interest as a motivating factor in decision-making. This “opportunism” on the part of the individual is summarized as “the active tendency of the human agent to take advantage, in any circumstances, of all available means to further his own privileges” (Williamson 81; quoted from Crozier 1964, 194).

Transaction cost refers to the degree of efficiency with which governance structures and the institutional environment manage to mitigate this opportunistic behavior and incentivize the individual towards socially desired modes of behavior. Simply put, in an environment in which governance structures and the social environment support each other, the rational decisions available to the individual are limited to a socially acceptable spectrum of choice. The transaction cost involved in guiding the individual is therefore low, and the system operates
efficiently.

In terms of SSR, this means that reform must ensure that formal and informal institutional changes are mutually supportive and that they incentivize the desired behavior of actors in the security sector. If we accept that these individuals are rational and opportunistic in nature, then the relationship between the formal and informal institutions must limit opportunities for deviating from the desired mode of behavior or else the system may become too “costly” to maintain. Figure 1 (next page) illustrates just some of the key factors that individuals in the system will be evaluating as reforms take place. If actors in the system perceive that the costs of behaving in a new way are higher than the costs of behaving in the old way, then reforms are likely to collapse. This is especially true of the security sector, of which mechanisms are largely absent for using force to coerce their compliance, and reform must instead focus on searching for a means of incentivizing them.

Informal institutions act to change the overall cost calculation in reform and limit the opportunities for individual opportunism (Furubotn and Richter 2005; Williamson 1995). Without adequate support from informal institutions, there is little to incentivize actors to submit to changes that do not seem to serve their interests. As a result, as soon as the personal costs of submitting to reform exceeds the cost of resisting it, people will resist.

An example illustration of the costs calculation is reforms that last so long as foreign peacekeeping forces are present, and reverse once that force withdraws. Some have speculated that this may be the case in Sierra Leone- that the international forces are merely playing “referee” to a situation that remains fundamentally unchanged beneath the surface (Egnell and Halden 2009). While the international presence remains, the costs of returning of reverting to the previous modes of behavior remain high enough to discourage a relapse in reform, as the
peacekeepers could potentially resist the change physically or otherwise withdraw needed or welcome support. However, once that force withdraws, the calculation may change in a manner that threatens the sustainability of reform if the informal institutions do not adequately incentivize the desired behavior and constrain individuals from opportunistic choices.

<table>
<thead>
<tr>
<th>Potential Costs of Reform</th>
<th>Potential incentives to reform</th>
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<tbody>
<tr>
<td>• Loss of impunity</td>
<td>• Honor(^\text{12})</td>
</tr>
<tr>
<td>• Loss of corruption schemes/plunder</td>
<td>• Career concerns</td>
</tr>
<tr>
<td>• Reduced political power</td>
<td>• Cultural norms</td>
</tr>
<tr>
<td>• Reduced size of forces</td>
<td>• Regular Paycheck</td>
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<tr>
<td>• Less control over budget</td>
<td>• International prestige</td>
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Figure 1- Examples of potential costs and incentives involved in reform or relapse.

Figure 2\(^\text{13}\) (Next page) demonstrates this point in graphical form. As the cost of reform increases relative to the cost of reverting to previously opportunistic behavior, actors will choose the later leading to “relapse.” On the other hand, if informal and formal institutions are adequately supportive then the costs of reform are relatively low, as actors’ choices are constrained and “self-enforcement” begins to take place. The upper right and lower left quadrants help to illustrate the imperfection of the individual’s bounded rationality. As the cost calculation becomes less clear, individual’s decisions may be less predictable.

\(^{12}\) Dixit (2002) provides an analysis of the role honor and career concerns can play in shaping decision making of actors in public institutions. He talks about the importance of clearly defined organizational objectives in order to incentivize desired behavior. This points to the importance of formal institutional frameworks defining the objective of the security sector as promoting human security, and sensitizing officers and the ranks to this notion.

\(^{13}\) Credit Jason Gillespie for assistance in the creation of this figure.
What this discussion demonstrates is the importance of a bottom-up approach to SSR. Producing “less costly” reform of the formal institutions guiding the security sector requires ensuring that the informal institutions within the sector and within society as a whole support them. If they do then they should incentivize reform, constraining those at the top from pushing the sector in the direction of relapse. Designing formal institutions that are supported by their informal counterparts can only be achieved through broad-based consultation and participation of stakeholders in reform. Furthermore, there may be potential for participatory interventions to help shape these informal institutions to further incentivize and constrain behavior in the desired manner. As Williamson notes, the “endogenous preferences” of the individual are “the product of social conditioning,” shaped by the institutional environment in which they exist (Williamson, 1995, 81). Education or training can therefore help to shape those preferences and in turn sculpt a more desirable institutional environment (Williamson 1995).
Chapter 4- Limitations

The theoretical argument put forth in this paper is not without important limitations in practice. In reality, there exist at least three factors that make instituting broad- based, bottom- up reform programs a practical difficulty. First, this model is resource intensive. Unlike the concentration of funds at top- level processes that deal with a small number of people, this model requires directly engaging with large groups of people, from middle level officers to the lower ranks of the security bodies to civil society organizations and their constituents to government officials in order to generate truly locally owned reforms. Furthermore, in order to affect the organizational culture of the various components of the security sector, a large portion of each organization’s population likely must be engaged. Thus in reality, obtaining the resources necessary to accomplish this may be very challenging. This is particularly the case given the reality that SSR is already suffering from a lack of adequate resources (Sedra 2010).

The second key challenge is the nature of the relationship between the donor and the implementing organization. As Martin and Wilson (2010) explain in their own argument for a more “evolutionary” and less design-oriented approach, donors typically expect implementing organizations to demonstrate their desired outcome and the mechanisms they will use to achieve it prior to the start of a project. While this may be understandable from the donor’s perspective, it produces a situation in which implementers are forced to take “cookie-cutter” approaches that do not adequately consider local conditions.

As Martin and Wilson (2010) further explain, this is especially problematic in the unstable environments that SSR often takes place in. Because the given context has likely long been unstable, the intervening forces are likely to be new to the country, arriving after the cessation of violence. Thus, at the time of the project they have very little understanding of the
local conditions and very little ability to effectively propose reforms. This is a key obstacle that has to be overcome if reform programs are to take the open-ended approach necessary for their success (Martin and Wilson 2010).

Finally, the third limitation has to do with the relationship between the various actors involved in reform: the international intervening forces, the domestic government, the security sector, civil-society, and the general population. The intervening foreign community, for example, may be skeptical of the indigenous institutions in the receiving country. The government may have been nonexistent, ineffectual, or oppressive until then, the security sector may have a history of serious abuses against the population, and civil-society almost certainly lacks capacity following years in which they were unable to develop. Given this context, interveners may tend to feel more comfortable importing structures and reforms they are familiar with and have more confidence in (Stover et al 2005).

Additionally and just as significantly, there is almost invariably a great deal of distrust between the population, civil-society, the government, and the security sector. The government is understandably concerned that actors from the security sector might use their monopoly on force to overthrow the new regime. For their part, the security sector is likely afraid that increased oversight from the new government might mean a threat to their livelihoods. Civil-society and their constituents may distrust both the government and the security sector after years of abuse and may in turn be distrusted by a government and security sector not used to being questioned by a political and publicly active civilian population. This environment of skepticism obviously makes it very difficult to implement the style of programming this paper advocates, which depends on the ability for these groups to work together to produce lasting reforms.
These limitations need further evaluation. The aim of this paper has merely been to illustrate the ideal method of producing sustainable SSR, recognizing that those in the field are the ones best able to deal with realities on the ground. However, in contributing to the pursuit of a solution for these problems, this paper suggests that a framework for sequencing reforms is beneficial. The obstacles and opportunities that reforms face at the start are almost certain to be very different from those faced years or even months down the road and approaching them from the perspective of a continually evolving sequence of reforms helps to ensure that interveners are continually seeking local involvement to ensure applicability of activities. For example, at the point of intervention, reforms may necessarily need to be modest in scope, seeking merely to sensitize the ranks and the general population of the ideals of human security and the general tenets of SSR.

The current situation in Zimbabwe provides a clear real-world example of the need for realistic early reforms. Following years of conflict between ruling ZANU-PF regime and the opposition party MDC, the Mugabe government grudgingly agreed to share power with the MDC. While the degree to which power has actually left ZANU’s hands has in many ways been questionable, a key area has been in the ascension of MDC’s Tendai Biti to the head of the Finance Ministry. Biti has been widely credited with stabilizing the economy after its spiraled out of control, setting world-records for hyperinflation in the millions of percent (Smith 2011). As part of that effort, he worked to gain control over the bloated military budget and issued a moratorium on military’s use of state funds to procure arms in international deals (Partnership Africa Canada 2010). Transferring control of defense spending to civilian hands and reducing it to a more manageable size is often thought of as a cornerstone of SSR (OECD 2007). However, in this case, the military reacted by annexing many of Zimbabwe’s lucrative mines to
independently fund its activities, while also ensuring that none of the mining revenue reached state coffers (Partnership Africa Canada 2010). Thus, the reform measures taken could actually be said to have had a negative impact in this case.

Foreign or domestic efforts at reforming the security sector should heed this as a warning to be realistic in the ambitions of their goals, particularly in the early stages. The example from Guinea- Bissau in Chapter 2 provides an additional illustration of this. Even before reforms took place, the military intervened to prevent them from occurring as the recognized the direct threat they posed to their way of life. Efforts at reform should recognize the limitation of coercion as a primary tool, and search for means of incentivizing organizations and actors to reform as well, especially in the early stages.

While in a slightly different context, Pinto (1998) also argues this point. As discussed in Chapter 2, Pinto explains that an important tool in the reform of public organizations is the introduction of competitive market mechanisms to induce innovation and more efficient service delivery. However, he recognizes the resistance that will likely be incurred along the way. Mid-to upper-level bureaucrats have the same reason to resist reform as officers in a corrupt military; they recognize that the reforms threaten their livelihood. As a result, Pinto argues that reforms need to be sequenced, first starting with familiarization of the reforms to take place and then moving into more complex and difficult levels as things progress.

14 This point may also be a valuable one to SSR practitioners. While we often think of political, economic, or security reforms as a process that will be uncomfortable at first but lead to a better outcome in the end, this view is from a macro perspective. The reality is that reforms in these categories are likely to result in a group of people whose life actually will be worse off than it was prior to the reforms. This group is generally going to be small in number- such as those top military officers in Zimbabwe with unlimited access to the country’s mines- but they nonetheless must be recognized and understood in order to prevent them from playing spoiler to the reform.
Drawing on Pinto’s model, one can begin to construct a framework for sequencing reforms of the security sector. It is beyond the scope of this paper to provide a strict prescription of how reforms should take place and, as the argument about context specificity earlier demonstrates, such a universal prescription likely does not exist. However, the following will explore some potential considerations in creating a rough framework for those in the field to employ as a tool for guiding their work.

As mentioned before, Pinto’s first stage is about merely familiarizing or sensitizing those within the organization to be reformed. It is at this stage when the groundwork for the bottom-up approach advocated for earlier in this paper should begin. The goal here is to begin to redefine the military’s objectives and beginning the process of reorienting it in relation to society. Programming options might take advantage of possible international presence and political momentum to engage directly with lower- to middle- level members of the security sector, and begin opening the security forces up to a more public stance.

Activities during this stage might include training low- to middle- level soldiers and officers on the concept of human security, modest civil- military dialogues or projects, or civil society capacity building with training on issues related to SSR and human security. This phase might also include a census of the security forces to better understand their makeup for later reforms. The intended goal of this phase is to lay the foundation for changing the mindset of those within and out of the security sector about the sector’s role in their lives. This is a significant first step in increasing the transaction costs in reversing reform.

Pinto’s second stage is about beginning to internally introduce “quasi-market mechanisms” (Pinto 1998, 396). He advocates importing incentive mechanisms similar to those found in the competitive market to motivate bureaucrats to be more innovative and competitive.
Since organizational profit is not a motivating factor in the public sector, he talks about "cost recovery and revenue retention" as possible factors to be used in performance and salary assessments. While SSR offers a slightly different challenge, the overall theme of Phase II should remain the same. The reason for first introducing market mechanisms internally in Pinto’s model is because this prepares the entity for later reforms, while not directly threatening the security or livelihood of bureaucrats. In terms of SSR, activities in this phase should focus on laying the formal and informal institutional foundation for later reforms, such as training elected officials on evaluating security budgets, establishing a regular paycheck for the ranks to reduce the need for them to rely on patrimonial systems for their salary, returning military forces to the barracks, establishing clear mechanisms of promotion based on merit, training programs for post-military careers, drafting a national security policy, and establishing roles for the various components of the security sector.  

In Pinto’s final stage, the more uncomfortable reforms of privatization of aspects of a given public organization’s work take place such as the introduction of external forces of competition. In terms of SSR, the focus of this stage is to implement the more uncomfortable reforms, such as downsizing military forces (DDR) and cutting the defense budget to manageable size. If appropriate, this might also be the time when tactical capacity building could take place. It is important to remember that this capacity is not only necessary as a tool for oppressing threats, it is also crucial for the security sector to adequately tackle the very real human security threats likely facing its population, such as gun, drug, and human trafficking, gangs, international and domestic crime, terrorism, or other threats.

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15 Many of these tools are discussed in OECD DAC Handbook (2007).
16 As a final caveat, it should be recognized that the state of world affairs as it is today dominated by the “war on terror” may make it very difficult for an SSR program to
It is important to stress again that this analysis is merely meant to inform a discussion about sequencing that will take place in the field, sensitive to the given context. In some cases, for example, DDR simply has to take place in Phase I to get guns out of the hands of rogue soldiers and militias that are wreaking havoc on public safety rather than in Phase III (Jackson, 2010). Or, perhaps the government cannot afford to establish regular pay systems for soldiers until after their ranks are downsized. Undulating political-will may also play a role in deciding what reforms to consider, and at what time.

While sequencing reforms is not likely to have an affect on the shortage of monetary resources available to SSR programs, it may help in addressing the other two limitations noted above. If a widely accepted framework for sequencing could be developed, then applicants for SSR funding could potentially draw on this framework to justify more open-ended project activities that are aimed at uncovering the immediate needs of a given context and are more modest in ambition. For example, donors may be more willing to accept proposals that are focused on short-term gains, such as sensitization, if a framework is developed that can justify this as early stage activity. Sequencing can also help to ensure that projects are implemented with continual reevaluation of the opportunities and limitations of a given context, of which the trust mentioned above is a significant component.

This proposal is not a complete solution to the limitations noted above. In addition to the shortage of resources, sequencing reforms does not get at the challenge of interveners being distrustful of or politically disinterested in local mechanisms or institutions. No amount of postpone tactical capacity building until this late stage. There has been a shift in recent years as the West has begun partnering with foreign militaries as allies against terrorism. Programmers should be aware of this context and search for ways to deal with it to try to prevent this increased capacity from being used for means that it was not intended.
literature can account for interventions that are blatantly designed for the benefit of the
intervener rather than the recipient. However, for those that are simply unsure of the viability of
adopting an approach that is anchored in these indigenous institutions, the previous chapter
should serve as persuasive. That chapter argues that without engagement with those institutions,
programs are likely to fail. Thus, even if interveners remain skeptical of domestic institutions, it
should be clear that involving them is the only potentially viable option.

The sequencing framework proposed in this chapter is meant only as a starting point for
further research and discussion. Others might rightly see additional phases that need to occur, or
different goals at different times than those outlined above. The point has simply been to point
to a need for a framework, rather than provide the final prescription.
Chapter 5 - Conclusion

This paper has sought to demonstrate the importance of bottom-up approaches to SSR programming. While this has long been argued in SSR literature, the reasons for its importance have not generally been articulated. Drawing on theories from other bodies of literature, this paper has argued that the reason bottom-up approach is central to program sustainability is that it helps to ensure the development of reforms that consider both the formal and informal processes that guide the decision making of individuals in the security sector. It has been argued that a crucial element of program durability is the production of reforms that are relatively efficient in terms of the transaction costs involved in sustaining them. Broad-based, participatory approaches help to ensure that reforms are produced that help to limit the scope of available behavioral choices to those that are socially desirable and promote greater human security.

As explained in the previous chapter, the argument put forth in this paper is not without limitations. Monetary resource constraints, the nature of donor guided programming, and the frequently prevalent distrust in the transitional environment all serve to impede the potential for the theoretical proposal in this paper to be made a practical reality. In response to this, the paper has argued that sequencing reforms may serve as a partial solution. By sequencing reforms, interventions can be designed incrementally to ensure they take place at politically and socially viable times. This may also help to provide interveners with a means of applying for funding for each step, rather than having to produce project proposals that envision long-duration objectives. Unfortunately, the constraints of what donors are willing to provide for SSR may continue to be a factor that requires strategy on the part of interveners.
While this paper has hopefully made a useful contribution, more research is still needed into the potential ways to incentivize security sector actors to reform. The need for incentives is often called for in SSR literature but the means of doing so are rarely articulated. Given the security sector’s monopoly on force and ability to unilaterally resist reform, coercion alone cannot be considered sufficient. Therefore, attempts at deepening awareness of the need to incentivize and the potential for doing so will remain critical to developing durable security sector reforms and bringing a human-centric notion of security to people who have too long been denied it.
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