



EUROPEAN REPORT
ON DEVELOPMENT

MOVING AWAY FROM FRAGILITY

Barcelona, 7-8 May 2009

CONFERENCE: "THE CHALLENGES OF FRAGILITY TO DEVELOPMENT POLICY"

This conference was the fourth in a series of seven events organised by the European University Institute (EUI) and the European Commission to prepare the European Report on Development 2009 (ERD 2009). Around 50 researchers and experts attended the event.

THE CONCEPT OF FRAGILITY

Patrick Guillaumont (University of Auvergne) underlined the difference between fragility, which relates to state capacity and policies, and vulnerability, which mainly has an economic connotation and is, hence, easier to measure. As a result, aid allocations based on the current measures of fragility risk being quite subjective and unstable. He suggested including structural economic vulnerability among the criteria for aid allocation by using the Economic Vulnerability Index (EVI). Stephan Klasen (University of Göttingen), on the other hand, questioned the idea of fragility as a useful concept to track progress towards the Millennium Development Goals (MDGs), since it appears impossible to detect a clear pattern that clearly differentiates fragile states from other developing countries, either within a single MDG indicator or across indicators.

During the discussion, doubts were raised about the 'fragility' label, which is sometimes used to define countries that are already 'broken', rather than countries that are at high risk of breaking. Concerns were also raised about the relevance of a label that would group together countries which were widely divergent in their economic and socio-political dimensions. The ERD Team Leader Giorgia Giovannetti emphasised that heterogeneity is, indeed, a crucial factor to take into account when policies are designed and implemented.

Paul Collier (University of Oxford) described fragile states as countries that are too large to be a nation (the high social fragmentation has prevented the formation of a common national identity) and too small to be a state (the small size of these countries' economies prevent them from exploiting economies of scale). Therefore, they face problems in the provision of two public goods in particular: security and accountability. He stressed the importance of taxation as a powerful instrument to promote accountability and build the relationship between a government and its citizens. Collier also underlined the ill-founded idea that elections are synonymous with democracy: this is an extrapolation from the experience of developed countries but, in fragile countries, there is a high risk of abuses and the employment of illicit tactics.

KEY DRIVERS OF FRAGILITY

The conference also dealt with problems linked to natural resource management, often regarded as a possible major driver of fragility. A broad literature, for instance, states that natural resources may have negative effects by increasing opportunities for corruption and theft, relaxing scrutiny and accountability and triggering conflicts.

For African countries, it is often hard to capture the revenues generated by natural resources and to use them effectively to foster development. This is due to problems, such as the short time horizon of their governments, technical difficulties and asymmetric information. In order to tackle this issue, Tony Venables (University of Oxford) identified three priority areas: solve the technical management issues, reduce the opportunities for looting and lengthen the time horizons, and foster better commitments from governments. In terms of policy prescriptions, he suggested to increase commitments to existing international standards and codes, such as the Extractive Industries Transparency Initiative (EITI), the Kimberley process and the recently launched Natural Resource Charter.



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A case study on Nigeria was presented by Jean-Paul Azam (Toulouse School of Economics), illustrating the strong correlation between oil production and conflicts. He explained, in particular, how pollution and violence have been used by the military governments to chase away local populations in the Niger Delta. Torsten Persson (Stockholm University) confronted a theoretical model on the causes of civil conflicts with empirical analysis. In that regard, he reported evidence on the potential impact on civil conflicts of GDP/capita (negative), higher import and export prices (positive) and democracy (negative).

Religion may also have significant fragility implications. Jean-Philippe Platteau (University of Namur) explored the history of Islam and its relationship with economic and political performances. He challenged the idea that a negative relationship between Islam and democracy would be generated by the absence of a clear separation between politics and religion, arguing that features such as the lack of a centralised religious authority structure favour the use of religion as a political weapon.

RESPONSES FROM THE INTERNATIONAL COMMUNITY: A SPECIAL ROLE FOR THE EU?

The round table on 'Development policies in fragile countries' focused on aid effectiveness and the role of the EU in conflict/post-conflict areas. A consensus emerged on the idea that the classical framework of intervention does not work for fragile countries. Collier underscored the inadequacy of the approach based on the MDG targets. He stressed that the priorities should focus on three areas, namely: employment, food security and provision of basic services. He added that fragile countries are often not in a position to exploit the opportunities of budget support. He recommended instead a "long-term compact approach", which would group three kinds of players: peacekeepers to provide security, donors to provide finance and the government to engage in reforms.

Luca Alinovi (FAO) emphasised the importance of relying on those local institutions which are functioning and recognised by the people. This calls for a shift in the perspective of the donor community which should adopt a more risk-prone perspective, to activate a learning process towards the creation of reliable, effective, durable and broadly accepted institutions. Sara Pantuliano (Overseas Development Institute) presented insights from the ground with a thorough analysis of the reasons for aid ineffectiveness in Sudan and suggested ways forward. Jorn Gravingholt (German Development Institute) stressed that the international community is facing a real cognitive challenge calling for a better understanding of the causes and solutions to fragility. The "political economy" of fragility, which relates to the political and strategic interests of governments in deciding whether and how to intervene in a certain country, was also underlined as a key factor to take into account when analysing policy decisions.

Francoise Moreau (European Commission) summed up the EU's policy approach to fragility, mentioning four main initiatives recently undertaken by the EU: the Governance initiative for ACP countries which is based on incentives and commitments to reform; the Commission Communication on Fragility (2007) and the forthcoming Implementation Plan for a more strategic, better coordinated and more coherent EU response, including through adapted modalities for budget support; the forthcoming Action Plan on Security and Development; and the EU Raw Materials Initiative.

Giorgia Giovannetti, closing the conference, stressed the leading role the EU could play in situations of fragility. The Union does indeed possess a broad set of instruments which would allow it to pursue a comprehensive and effective approach in these countries. This approach should go beyond aid and consider state-building as a priority, with a focus on three core functions of the state: security, the rule of law, and revenue collection and management. The EU could also take advantage of its own experience of enlargement and regional integration.

For further information on the ERD 2009,
please go to the ERD website:
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or contact the ERD Research Team at:
ERD.secretariat@eui.eu

