



EUROPEAN REPORT
ON **DEVELOPMENT**

OVERCOMING FRAGILITY

Focus on Africa

Presentation of the **ERD 2009**
Cambridge, March 17th

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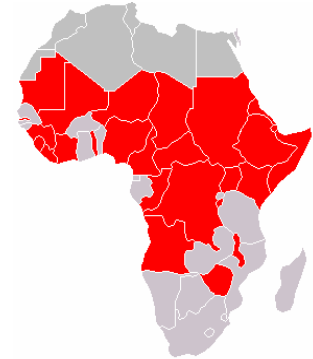


Robert Schuman Centre for Advanced Studies

Why a European Report on Development?

- Europe is the main donor, a major trade partner, an important investor, a country of destination of migrants
- Still, there is a need to have better defined development policy at the EU level
- In particular:
 - With respect to a group of countries (in situation of fragility) lagging behind in MDGs (where general budget programs may not work)
 - Because of the current economic crisis (shortage of funds, EU countries may reconsider their priorities etc)

ERD 2009 - Focus



Why **fragile African countries**?

- 1. They are relevant: countries in situation of fragility account for**
 - One third of the world's poor
 - Half of the children dying before the age of 5
 - Over one third of maternal deaths
 - Over one third of people affected by HIV/AIDS
- 2. Countries in situation of fragility lag behind in the progress towards the MDGs**
- 3. Their fragility produces negative effects at the regional and global level**

ERD 2009 - Focus



Why **fragile African countries**?

4. They are more vulnerable to shocks
5. Multiple causes of fragility & fragility is highly persistent over time
6. High need for appropriate development policies, which are extremely hard to design
7. Only with a deep understanding of fragility & vulnerability, appropriate policies can be designed
8. It is likely that the Paris Declaration is not fully applicable (hence, *ad hoc* principles needed)

ERD 2009 - Aims

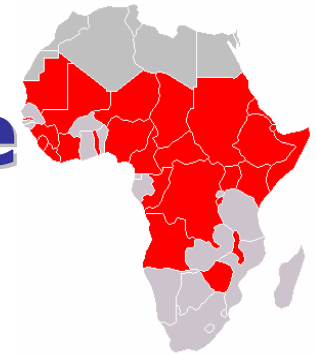
Move beyond the concept of fragility.

Provide a pragmatic taxonomy of countries in situation of fragility (accounting for 'new entries' and exit).

Gather and integrate existing data

Build a coherent framework to move from a deeper understanding of the root causes and drivers of fragility to guidelines for interventions.

ERD 2009 – Storyline and issue discussed in the project



- **Many different causes and drivers of fragility;**
- **A common characteristic: political systems and institutions in (some form of) transition or coexistence of democratic and non-democratic institutions**
- **Exposed to different shocks and likely to react in different ways;**
- **Badly affected by the current slowdown of world trade (economy)**
- **Different channels at work; Important consequences of different shocks (food price, financial crisis, conflicts, resource curse etc)**
- **A way out of fragility (vulnerability) could be an increase in regional integration**
- **So far in Africa has not worked (Why?)**
- **Are EU development policies going in the “right” direction?**

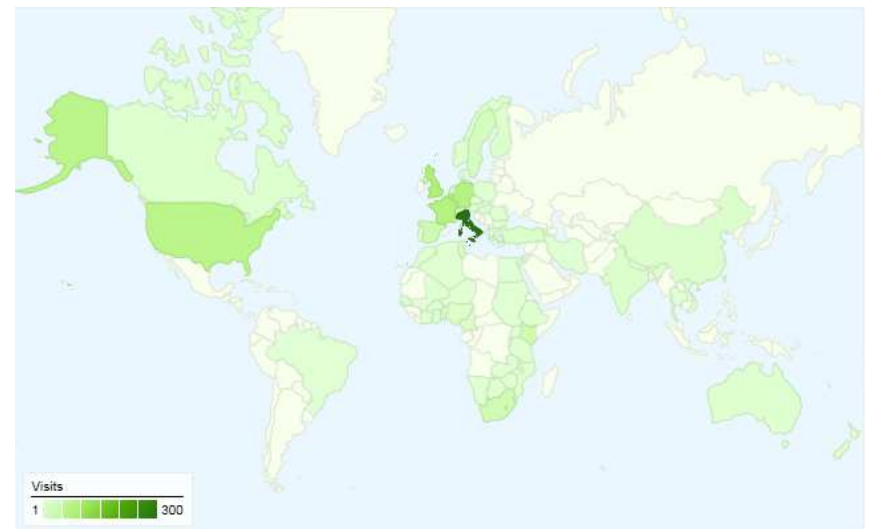
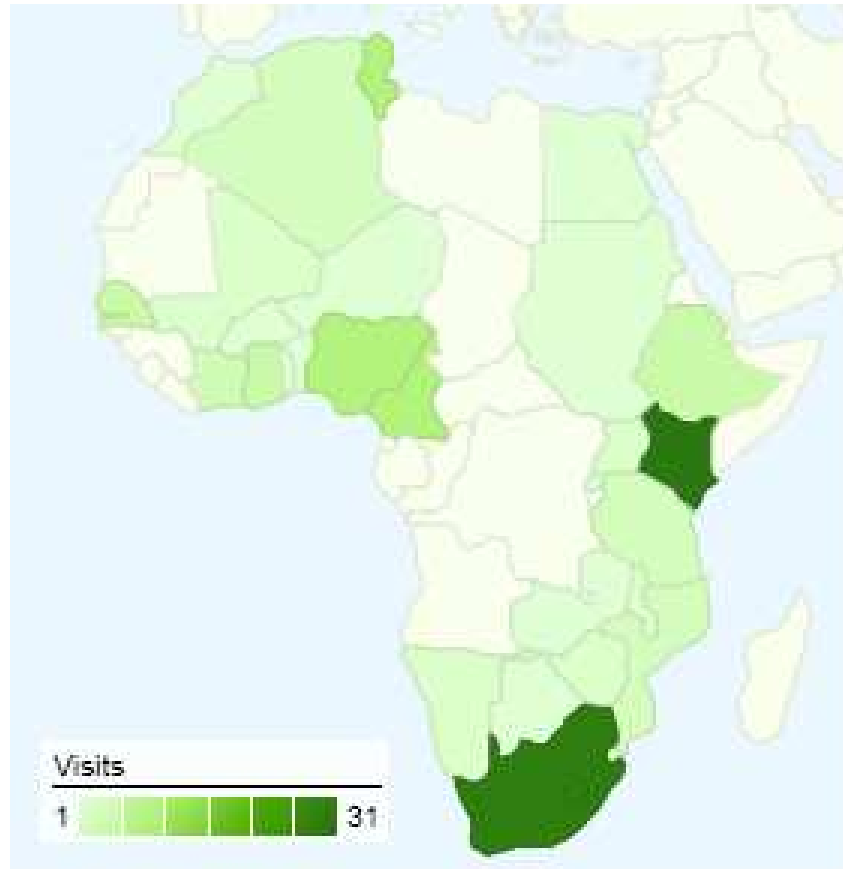
ERD 2009 - How?

- **Networking**
- **Bringing together experts from academia and policy circles to discuss issues (in international conferences) :**
 - **Food security, agriculture and raw materials (Cambridge)**
 - **State building, security and regional integration (Florence)**
 - **Natural Resources, conflicts (Barcelona)**
 - **Financial Crisis (Accra)**
 - **Wrapping up (Florence & Brussels)**

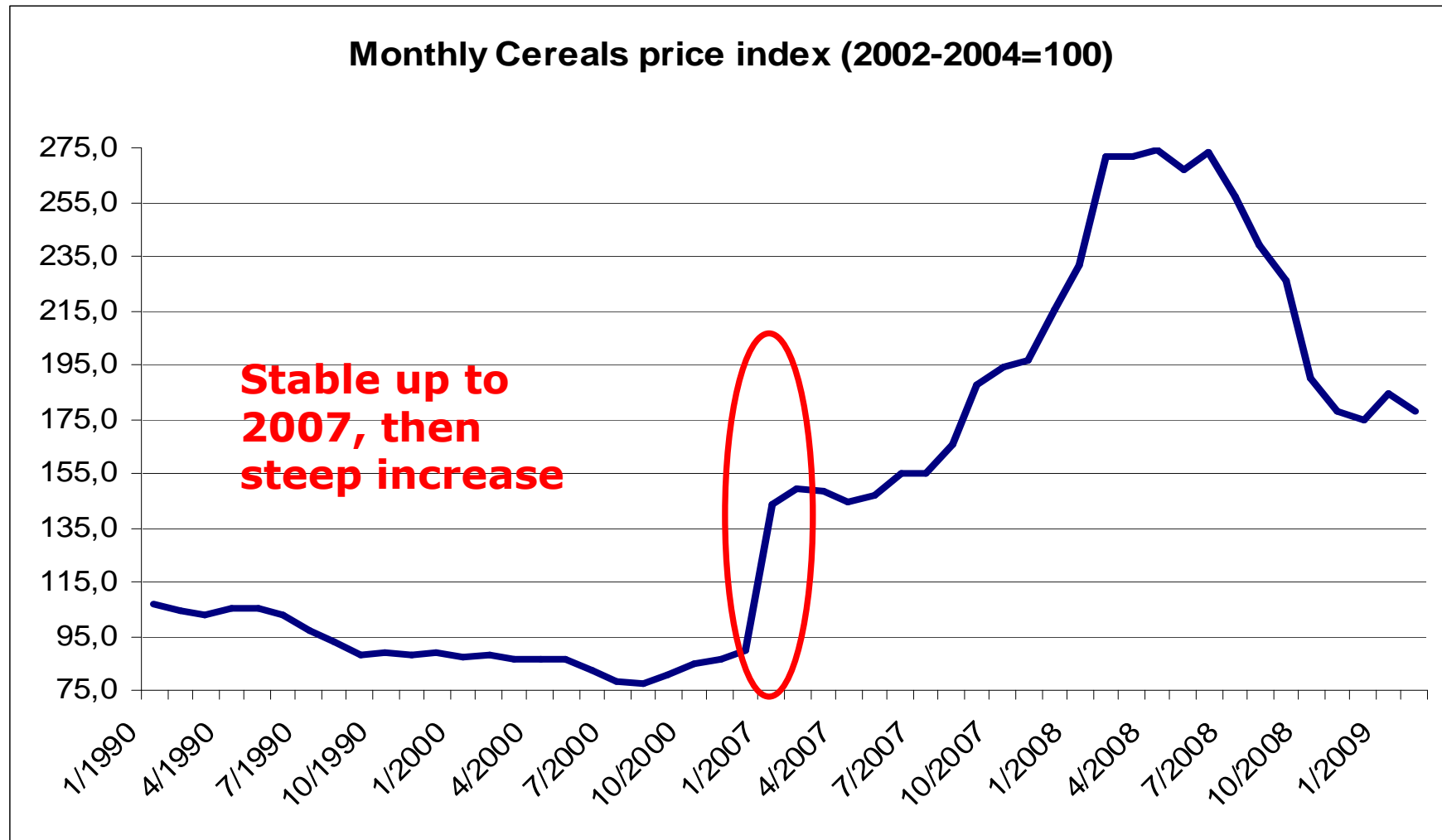
ERD 2009 - How?

- **Learning lessons from the ground through the involvement of national development agencies**
- **Using the round tables**
- **Learning from the limits of a narrow focus (e.g. food/conflict) and emphasizing that there cannot be a “one size fits all” policy**
- **Involving African Colleagues**
- **Involving young African Economists, Social Scientists etc (call for papers, poster session in Accra)**

In few days, we received contacts from 29 African countries, and applications to the call from 10 different African countries.

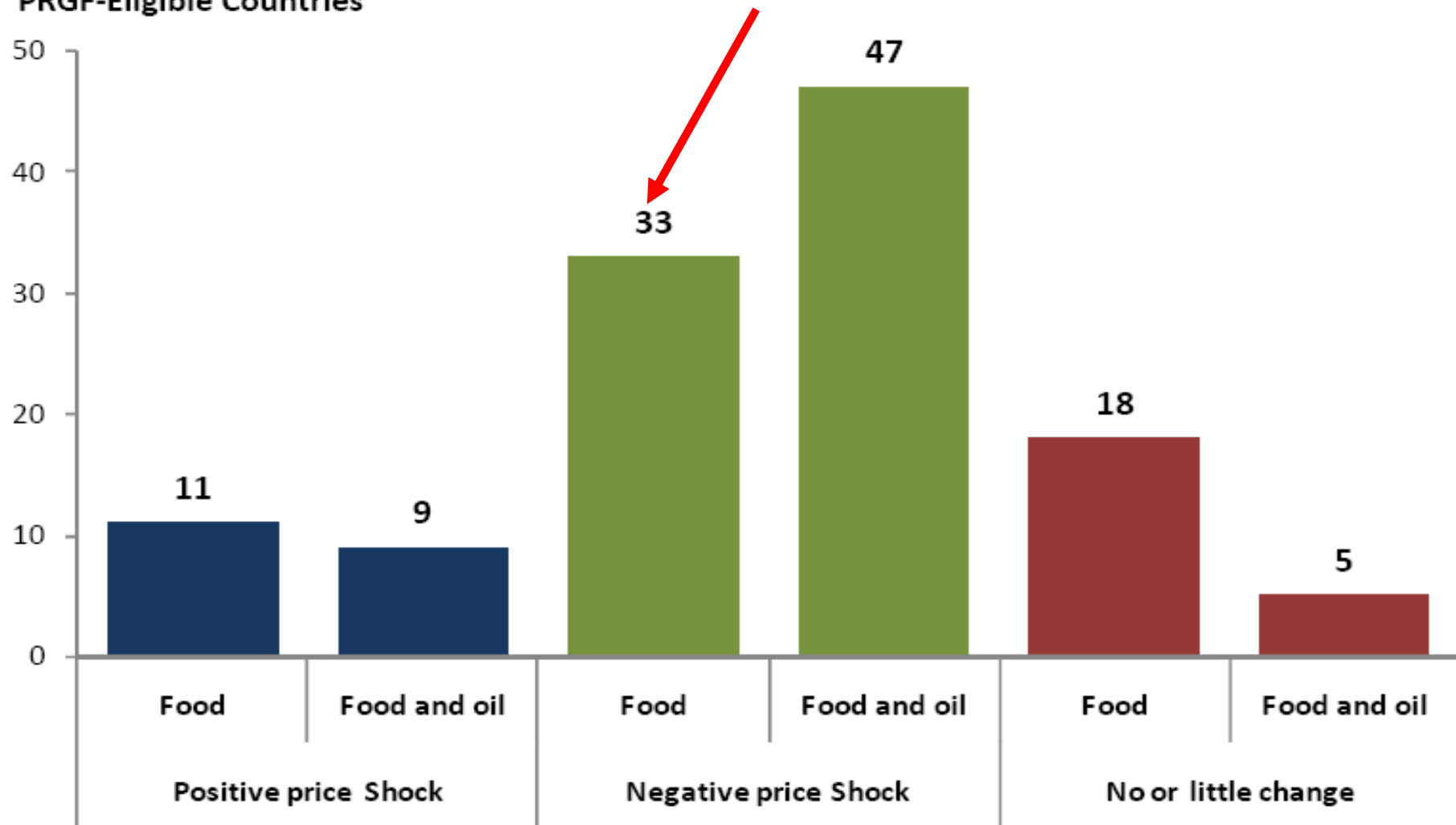


Huge drop in 2008, but historically high also at more disaggregated level

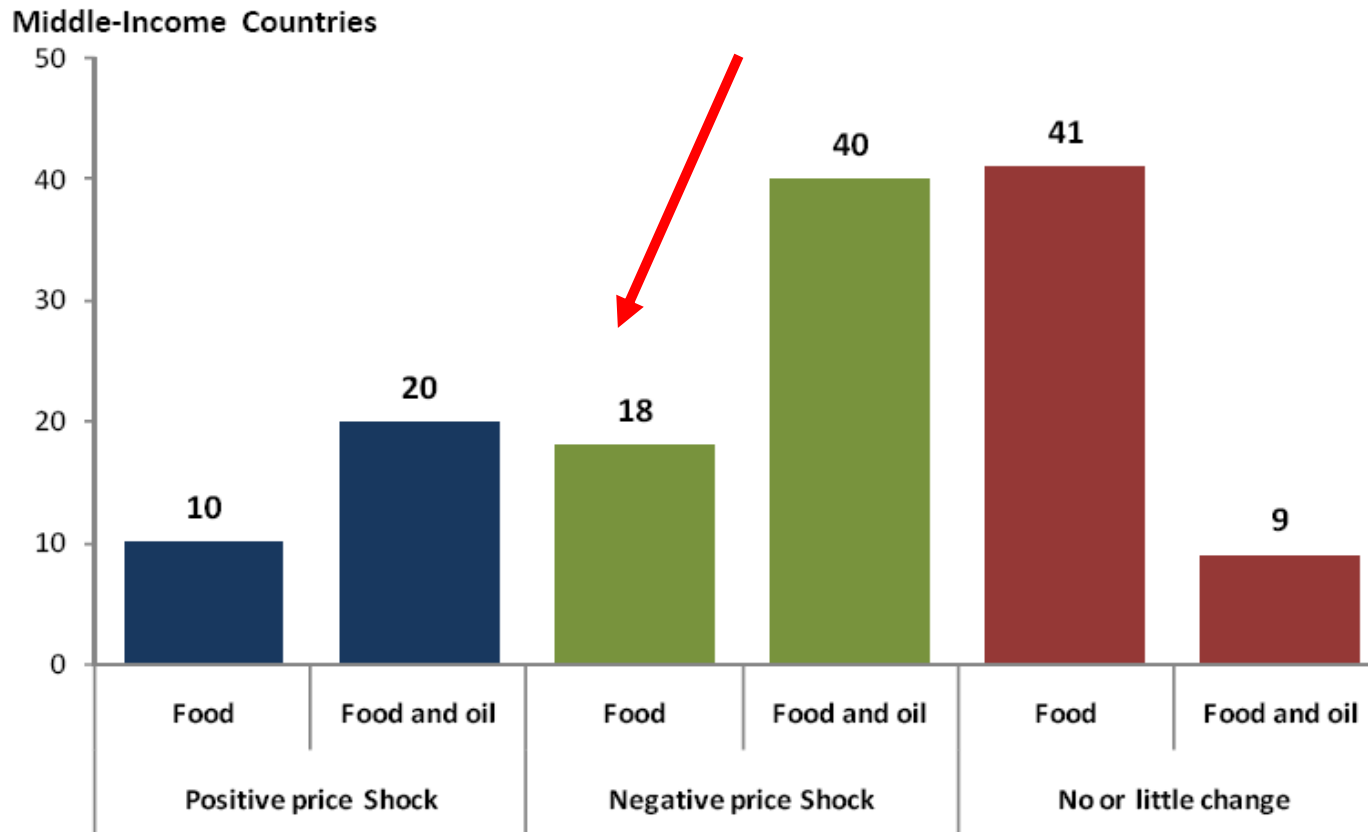


In most low income countries, a price increase induces a negative impact on the Balance of payments

PRGF-Eligible Countries



In Middle income countries, much less so



Source: Author's construction based on data from IMF (2008)- Tables 1a and 1b. Notes: Positive and negative price shock refers to changes in the current account (as % of GDP) equal to or larger than 0.5 in each direction. The total number of countries considered is 62 for food shocks and 61 for combined shocks for the IMF's Poverty Reduction and Growth Facility (PRGF) eligible countries and 69 middle-income countries. Countries with missing information are not included. PRGF-eligible countries are those eligible for the IMF's Poverty Reduction and Growth Facility (a low-interest lending facility for low-income countries).

So, what about this workshop?

- Food (raw materials) importers (most) versus food (raw materials) exporters
- (Little) diversification of imports and exports of agricultural goods in fragile African countries
- Different effects of price development for exporters/importers: which is the extent of the relief (if any)? Are countries better off if food importers and prices down (food exporter and prices have an increasing trend)?
- Relationship between food prices and reserves (Balance of payment)
- The issue of access to markets (EU Common Agricultural Policy, US market etc.)

The ERD web page

<http://erd.eui.eu/>

No “one size fits all” policy

Maxwell (2005)

“many have questioned how sensible it is to talk of Africa as a whole, rather than about individual countries, or even regions within them”

- To think about Africa as a whole is a mistake, just as it is to think about fragile countries as a group
- Policies conditioning on fragility are likely to be ineffective
- Policies targeted at solving a single aspect (hunger, conflict etc.) are likely to be ineffective
- Most agencies tend to focus on one factor (e.g. FAO, food) because it is simpler and within institutional duties

but a “portfolio” of policies

- We emphasize the existing complementarities, linkages and feedbacks between different causes**
- A successful development policy has to account for all (most) of them**
- Because of heterogeneity, “one size fits all” policy does not work. We need a “portfolio”, even if countries in situation of fragility have some common elements: low HK, “bad” governments, no empowerment**