

Betting on better times for the world's poor

They say life's a gamble, but it's clearly more so for some. Life for the poorest citizens, many living in sub-Saharan Africa, is a high-stakes game of chance where the three Fs – fuel, food and finance – are far from a sure bet. These are the most fragile states and their story of hardship but also hope is being told in the first-ever European Report on Development, officially launched at the recent European Development Days.

Tucked away in a corner of European Development Days (EDD) – a major event taking place in Stockholm, 22-24 October, to debate international responses to worldwide poverty – is a casino. Yes, it seems out of place and the croupier at the table knows it. But that is the whole idea. Delegates place bets on a square in a superimposed grid run by interactive software that plots different countries' development progress according to two criteria shown on each axis round the table (life expectancy and children per woman).

It's a somewhat crude analogy, but it aptly portrays the nature of life in some of the poorest, most fragile states on the planet. Except the betting taking place in many developing nations is very real – gambling on favourable markets for mineral exports, gambling on the right weather conditions for crops, and praying there are no unexpected shocks. This is a picture of the highest-stakes gambling you can imagine because the outcome determines if your family has one, two or three meals a day, if your children go to school, or whether you can pay for medical treatment.

Of course, when the dreaded shocks do strike, like the food, fuel and financial crises of recent times – what *Al Jazeera's* Veronica Pedroso calls the “triple whammy” – the most fragile countries are those with the lowest resistance, whose citizens cannot draw on savings, whose governments cannot or will not provide adequate safety nets.

Timing couldn't be better

The darkest hour is just before the dawn. This is an optimist's way of saying, it is pretty terrible now but the upside is we have learnt that the models of finance, trade and development co-operation need to be rethought, perhaps overhauled. We now know we didn't have all the answers and, indeed, that there may have been too many unasked questions.

The timing of the recently launched European Report on Development (ERD), which expressly aims to present new paradigms and ideas for better development approaches, could well represent the new dawn which lifts the world out of the dark times we now face.

Nobel Laureate Muhammad Yunus of Grameen Bank believes that the current crises present the world's decision-makers with an opportunity. Instead of bumbling along with band aid solutions, he says, it's time to "unpack, retool, redesign and reconceptualise".

Citing his organisation's dual role as bank and benefactor, he calls for a "two business world"; one that makes selfish, profit-making decisions; another that makes self-less choices, configured around "social business" that addresses social problems.

The world's leaders are talking about 'fresh starts' in international relations. This clean-slate sentiment is even infecting the world's traditionally more conservative organisations, such as the International Monetary Fund (IMF).

Dominique Strauss-Kahn of the IMF says his organisation has really changed and is still changing. He concedes it may have lost its way since its inception at Bretton Woods 65 years ago. The IMF, he says, now recognises that there is no "one-size-fits-all" model and the conditions of loans need to be revisited. New programmes at the Fund now allocate a percentage to help build safety nets for the most vulnerable, what he calls a "social conditionality".

Strauss-Kahn says the crisis has set a course for change, galvanising the world in unexpected ways. "The G20 could be one of the biggest things to come out of the crisis," he offers. And the IMF was instrumental in pulling this bloc together to solve "global problems with global answers".

Indeed, the ERD provides what its lead author Giorgia Giovannetti calls a framework for rethinking Europe's engagement with the world's most fragile countries, particularly in sub-Saharan Africa. It provides food for thought for policy-makers at this important juncture for Europe, as a final decision on the Lisbon Treaty beckons – a conclusion which would usher in a new era with new possibilities for the group of 27 member states to speak with one voice in external relations.

With its quasi-governmental structure, wide policy remit and experience with regional integration and in building human and institutional capital, the EU is well placed to deal with the problem of fragile states which have very low capacity to cope with shocks, she says. She recognises that policies can sometimes backfire, so it is important to build on local ownership of the changes needed to enhance resilience in fragile African states.

"Where possible it is good if sub-Saharan Africa can do it alone, but with outside help to mobilise their resources for long-term solutions," she says, "because low resilience and short-term answers to problems is just surviving."

Joakim Stymne, state secretary to the Swedish Ministry for International Development Co-operation, says we need new models to deal with fragile states, a multidimensional approach that captures the root causes. He believes the ERD is a “useful tool” for this and should feed into the policy-making process with sharper, more responsive aid and development schemes.

Shared commitments

Delegates at the Development Days tell us that the financial and economic crisis might be softening but developing countries are not out of the woods. They are being hit harder than anyone could have predicted, as export markets splutter and unemployment rises.

Businesses are failing, mines are closing and industry is slowing. If we didn’t know it before, we now know that globalisation is the real deal and the impact on the real economies in the poorest countries, especially fragile states, is just as real.

In his address in Stockholm, European Commission President José Manuel Barroso underlines that the poorest countries need our solidarity more than ever. “We must stick to the ambitions we have set for combating poverty,” he says, and not let the economic crisis be an excuse to shirk on aid commitments.

Karel De Gucht, European Commissioner for Development and Humanitarian Aid, suggests the crisis is a clarion call to make aid more effective and to deliver it to the most fragile countries which have shown to be least resilient to such external shocks. In unpredictable times, it is too easy to let short-term decisions dominate – this applies both to donor nations and beneficiaries.

De Gucht stresses the importance of collective effort – that means the EU, the IMF, the African Development Bank, the World Bank, etc. – and longer-term, predictable aid horizons in helping those worst hit by the cycle of crises now deeply impacting the developing world. He echoes the findings of the European Report on Development at this “turning point” in Europe and the world’s engagement with poor and fragile states, especially in sub-Saharan Africa.

Five key strategies to help fragile countries

These countries are fragile because they struggle to adapt to the unexpected, they lack the safety nets and mechanisms needed to resist external and internal threats. It is very difficult to apply a single definition to fragile states – they have different histories, ethnicities, socio-economic backgrounds, and cultural and political landscapes – but their fragility shares some common causes, such as conflict and instability, poor governance, low levels of social cohesion, poor social infrastructure.

And in all cases, their fragility has severely affected their development prospects.

The ERD, launched immediately after the opening plenary session at Development Days, presents five key priorities for a new European approach to fragility: bridging the gap between short-term needs and long-term policies and resilience; enhancing human and social capital; supporting state-building and social cohesion; supporting better governance at regional level; and strengthening security.

Martin Dinham, director-general of the UK's Department of International Development, welcomes the ERD's arrival as a "helpful reminder" of the value of EU efforts in dealing with fragile states and keeping the momentum going towards meeting the Millennium Development Goals.

According to the ERD, the EU should also "tailor general policies to address specific issues and adapt them to individual contexts". And it should concentrate its efforts and support on areas in which it enjoys comparative advantage, such as regional integration processes and human capital. But this is not to ignore the infrastructural imperatives, like roads, telecommunications and hospitals.

Infrastructure versus democracy, or both?

Europe and western aid organisations are sometimes criticised for imposing heavy conditions on development aid, such as furnishing evidence of good governance, which may or may not match the recipient country's own ambitions. Whereas China is popular in countries like Kenya because it doesn't impose heavy conditions on its aid; if they want roads, for example, China provides them. However, panellists in the EDD session on democracy and development generally feel you can't have one without the other.

"The developing world needs infrastructure and governance, they're not mutually exclusive," says Amr Moussa, secretary-general of the League of Arab States. He doesn't blame Europe for its approach to aid but when the world's poor see roads and schools, they feel the tangible benefits. That's much harder to achieve with good governance exercises, he suggests.

Helen Clarke of the UN Development Programme agrees that poor governance does constrain development, but she acknowledges the importance of "alternative, perhaps less conditional" approaches, including more South-South exchange where developing countries can perhaps better empathise with one another and assist in improving soft and hard infrastructure in their own region.

Commissioner De Gucht points out that the EU also builds roads and they don't all necessarily link mines to ports. "It's very difficult to get development without effective governance... especially in low-income countries," he concludes.

State and individual security

“The security-development nexus is at the core of the EU’s distinctive foreign policy and its emergence as a civilian world power,” the new ERD notes. Each context is unique, it stresses, and it is important that any assistance in the security area involves the local population, tailoring actions to their needs and serving the best interests of the society as a whole.

That development can’t happen without security is perhaps an over-simplified argument, suggest panellists at the EDD session on the subject. For a country like Sierra Leone, which was torn apart by 11 years of conflict, international peacekeeping and support has definitely played its part in putting the nation on a path to development, according to its president, Ernest Bai Koroma, but there is more to it than simply making the “guns go silent”, he adds.

He says there are lessons that can be learnt from the UN military and peacekeeping efforts in his country, that there needs to be greater coherence between national security and individual security, a “parallel peace ensuring more sustainable security throughout the community”.

Irene Freudenschuss-Reichl, director-general of Austria’s Ministry of European and International Affairs, says the security-development nexus is a popular subject for speeches. “Yet looking at the actual set-ups in the international community [dealing with this issue] there are still many gaps,” she believes, such as disjointed funding sources, questions on peacekeeping troop safety, and lack of coordination between various ministries and agencies involved, and the question of how the term fragile is used in this context.

Fragility risks becoming a buzzword that may have negative connotations like the earlier term ‘failed states’, she suggests, offering the example of Sierra Leone which is doing relatively well, democratically and economically, considering it’s tragic conflict and its low starting point. And yet the country is in the bottom group in a number of key development indicators which are aggregated to establish how fragile the sub-Saharan country is.

President Bai Koroma concurs that fragility as a classification needs to be used carefully: “We are considered democratic with accountable government [by the international community] and we are trying to respond to the economic crisis... yet we are ‘fragile’. What is fragility and how does it relate to different states?” he asks the audience.

The ERD refers to the notion of ‘resilience’ as a measurement of how well developing countries are dealing with the factors that collectively make them vulnerable to shocks.

Freudenschuss-Reichl highlights the ERD's useful contribution to the fragility and resilience debate in that regard.

Change you can feel

Haiti's Prime Minister Michèle Duvivier Pierre Louis speaks passionately of the importance of fairness and having the voices of the world's poorer nations heard on the international stage, especially in matters of pressing concern, such as global warming. It's a problem largely not of their making, but countries like Haiti, the arctic region and small island states are on the frontline of this fight against rising seas, unpredictable weather and other climate change-related challenges.

"We have a collective global destiny," says Emmanuel Manny Mori, president of the Federated States of Micronesia, whose future is in doubt as seas rise. "Can you imagine all infrastructure round your shorelines disappearing under water?" he asks the audience. "We can. We must work with and depend on one another to save the world," he urges.

EU Vice-President Margot Wallström echoes the view of other panellists that the time to act against climate change is now. "There is no plan B, as fellow speakers have said, because there is no planet B," she opens. "If you think it's too expensive today, wait till you see the cost tomorrow," she adds on the difficulty of getting member states to put up the billions needed for a dedicated climate change mitigation and adaptation fund. Climate change affects us all, especially developing nations. It affects political stability, security and other fundamental development issues, she notes.

Back to basics

Thoraya Ahmed Obaid, executive director of the UN Population Fund, says we need to get back to basics. "Something has happened and now we need to look not so much at the principles of democracy but at the practices," she stresses.

This view is underscored in the ERD's sections on 'European development policies in a changing global context,' in particular aid effectiveness and allocations to fragile states. It is also reflected in the section 'Governance affects the relationship between land and fragility', including the checklist for ensuring the poverty reducing effects of new investments in farmland in the developing world. And it is touched on broadly in chapter 6 of the Report, focusing on impacts of the financial crisis on Africa's fragile states, especially the effects on the three Fs (food, fuel and finance).

As the Swedish Prime Minister Fredrik Reinfeldt puts it, the crisis has hit not only the financial and credit markets, but also those who were already poor, leaving millions more living in poverty.

But Carl Bildt, Sweden's foreign minister, puts this into perspective, recounting the fear

just last year of a total global economic meltdown where headlines talked of Wall Street and main street's serious woes, "[while] our concern was for the parts of the world with no streets". The actions taken to save the economies of the rich and poor worlds show a resurgent commitment to the creation of a global system for development, he suggests.

Commissioner De Gucht sums up with a telling metaphor of development being more than just about money. "Development is a three-legged stool," he says, with one leg for structures, one for human rights, and one for freedoms. "If the legs are unequal, development will be unbalanced and unsustainable," he says. "It will fall over!"