

CHAPTER 1

STATE FRAGILITY IN SUB-SAHARAN AFRICA: COSTS AND CHALLENGES

1. EUROPEAN DEVELOPMENT POLICIES IN A CHANGING GLOBAL CONTEXT

Never before have poverty eradication and sustainable development been more important. The context within which poverty eradication is pursued is an increasingly globalised and interdependent world; this situation has created new opportunities but also new challenges.

European Consensus on Development, 2005

The EU's commitment to promoting more equitable and sustainable development at the global level needs to deal with the challenges of 21st-century globalisation. Countries, societies and economies are more interlinked and less isolated – and thus more likely to be influenced by changing conditions and varying external forces that interact with internal dynamics. Greater integration is accompanied by a move of economic activity to the east. The heavier weight of China and India in world GDP and exports makes them crucial players in the international arena, particularly China in Sub-Saharan Africa. Development policies cannot overlook the new sociopolitical equilibria.

Population patterns are another feature of 21st-century globalisation. Whereas the EU has an ageing population, Sub-Saharan Africa is characterised by a young population. In 2010 Africa is projected to have 40% of the population ages 0-14 and 20% ages 15-24, for a total of 60% below 25, compared with 28% in the EU. These trends – together with the challenges posed by global warming, international crime organisations and the recent international food price shock – are major examples of challenges facing societies.

Against this background, 2008-09 is the worst global downturn since 1929. The economic and financial crisis has hit the budgets of the EU and other developed countries. And it has been particularly devastating on the world's poorest countries, most of them in Sub-Saharan Africa. Preliminary estimates indicate that, because of the crisis, up to 90 million people could remain in poverty,¹ and up to 400,000 more infant deaths could occur.² But it is very difficult for numbers to convey the human costs of the crisis.

The human and economic costs call for orienting development models and actions towards strategies meant to build up the resilience of societies – that is, strategies that increase the ability of a socioeconomic system to adapt and cope with perturbations and changing conditions without compromising people's capabilities. In a world where global shocks are getting more severe and affecting more people, including many poor people who were previously little affected, the resilience of socioeconomic systems is a fundamental facet of a country's development path. And it should be a central objective of national development strategies and thus of development assistance.

¹ DFID 2009 and World Bank 2009a.

² World Bank 2009b.

1.1 THE PARADOX OF DEVELOPMENTAL ASSISTANCE TO FRAGILE STATES

In recent years, fragile countries have emerged as a core priority for the development community because of their low developmental outcomes and because of severe human rights violations.³ This group, characterised by deep failures in their state institutions, poses great global development challenges to the international community. Fragility imposes human costs that are substantial, widespread and persistent. Living in a fragile country means suffering severe deprivations of the state's basic services and safeguards to security and human rights. It also produces negative spillovers, both regional and global.

Fragile countries create greater challenges for development assistance than other settings do. They tend to be difficult partners. Aid flows can trigger perverse effects. And aid effectiveness is hindered by the weakness of national governments' capacity. Dealing with fragile state institutions can mean interacting with illegitimate, unrepresentative or weak governments – or with several actors in competition. In these settings, aid is less likely to reach the targeted populations or support a long-term perspective.

Donors can even hinder the transition from fragility. Indeed, aid flows – excluding technical assistance – can reduce the likelihood of exiting from the group of fragile countries.⁴ Such a finding, echoed by Dambisa Moyo in her bestselling *Dead Aid*, signals room for improving international engagements with fragile countries.⁵ In these contexts, state-building becomes the central objective of international engagement in fragile states, as asserted in the Principles for Good International Engagement in Fragile States and Situations.⁶

Performance-based aid allocations – loosely defined as rewarding good performers with growing aid flows – have left fragile countries as “aid orphans” (box 1.1). Sub-Saharan African fragile countries are even more likely to be left behind. Of 48 fragile countries, 29 Sub-Saharan African countries absorbed 49% of total net official development assistance (ODA) flows in 2000-07.⁷

In West Africa, several countries have never come close to state consolidation, and the region is one of the poorest and least stable in the world. Between 1998 and 2005, at least 35 armed groups were active in Côte d'Ivoire, the Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal and Sierra Leone.⁸ Sudan and the Great Lakes region have experienced the most recent genocides. And the Horn of Africa hosts an emblematic failed state, Somalia.

Sub-Saharan Africa thus predominates among fragile countries. State fragility might have a well-defined common historical root (chapter 3). And a focus on the region could improve understanding of the development challenges that fragility poses.

The international community must overcome the paradox of allocating less aid to countries most in need while adapting development assistance practices to the specific conditions, characteristics and dynamics of fragile countries. Fragile countries represent the test-bed of the EU's commitment, reaffirmed by the European Consensus on Development, to delivering better and more aid. This process will not be easy. In the current economic and financial crisis, EU countries have to finance their growing public deficits. And the recent enlargement of the EU makes it more difficult to reach a consensus on fund allocations.

³ Several classifications and rankings of state fragility exist. Unless otherwise specified, this Report adopts the (not official) list of fragile and postconflict countries used for the *Annual Report 2008 on Resource Flows to Fragile and Conflict-Affected States* (OECD 2009). This is a compilation of three lists: the bottom two quintiles of the Country Policy and Institutional Assessment (CPIA) 2007, the Brookings Index of State Weakness in the Developing World 2008, and the Carleton University Country Indicators for Foreign Policy (CFIP) 2007 index. This list of fragile states includes Afghanistan, Angola, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Iraq, Kenya, Kiribati, Laos, Liberia, Mauritania, Myanmar, Nepal, Niger, Nigeria, Democratic People's Republic of Korea, Pakistan, Papua New Guinea, Rwanda, São Tomé and Príncipe, Sierra Leone, Solomon Islands, Somalia, Sudan, Tajikistan, Timor-Leste, Togo, Tonga, Uganda, Uzbekistan, Vanuatu, Palestinian Administrated Areas, Rep. of Yemen and Zimbabwe. As it is discussed in the next section, the compilation of a list of fragile states is politically and analytically controversial. The ERD 2009 does not officially endorse this classification, which is used only for operational purposes.

⁴ Chauvet and Collier 2008.

⁵ Moyo 2009.

⁶ OECD/DAC 2007.

⁷ OECD, DAC Statistics Online Database, 2000-07.

⁸ UNODC 2009.

Box 1.1: Aid effectiveness and allocations to fragile states

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Would economic growth in fragile countries be lower, higher or about the same in the absence of aid? Are fragile states, collectively and individually, underaided, overaided or appropriately aided from a growth perspective?

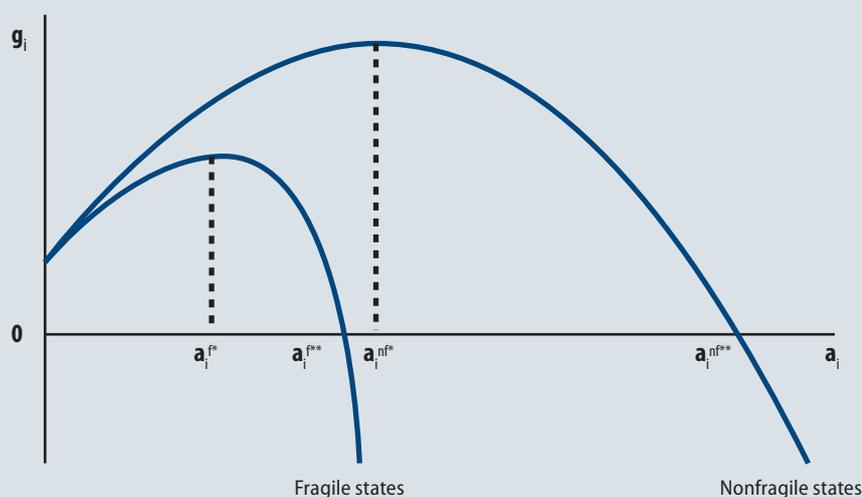
The literature on the impact of aid on economic growth has come a long way over the last 10 years, owing to better data, more incisive underlying theory and the application of more rigorous empirical methods.⁹ This is not to say that the literature is not without limitations, as many remain. Arguably the main weakness is that it has not been able to shed much light on the channels for aid to affect growth.

A robust conclusion has emerged from the literature, one drawn by practically all recent studies: the incremental relationship between aid and growth follows an inverted U-shaped pattern, with higher levels of aid associated with higher rates of growth up to a certain threshold level of aid, beyond which more aid is associated with lower growth. The threshold has been termed the “growth-efficient” level of aid. At this level, aid’s incremental impact on per capita income growth is maximized in recipient countries.

The finding of an inverted U-shaped relationship between aid and growth has particular resonance for fragile states. An interpretation of the declining incremental impact of aid, beyond the growth-efficient level, is that there are absorptive capacity constraints in recipient countries. The constraints are thought to arise for several reasons, principal among them the low quality of policies and institutional performance, a basic characteristic of fragile states.

Against this background, it has been hypothesized by researchers and assumed by some policy-makers that the aid-growth relationships in fragile and other (nonfragile) states is as depicted in box figure 1. For fragile states, the relationship between aid and growth is expected to be as for nonfragile countries, but with a lower growth-efficient level of aid (a_i^{nf*}) beyond which the incremental contribution of aid to growth becomes negative and the overall incremental contribution of aid to growth is lower at all levels of aid.

Box figure 1: Incremental impacts of aid on growth



Note: a_i refers to some measure of aid to recipient country i , g_i refers to i 's real per capita GDP growth, a_i^{nf*} is the growth efficient level of aid for nonfragile states, and a_i^{nf**} is a level of aid beyond which the incremental contribution of aid to growth in these states is negative.

McGillivray and Feeny (2008) examine aid and growth data for 1977-2001 to establish whether there is empirical support for the relationships in box figure 1. They deem a state to be fragile if it belongs to the bottom two quintiles of CPIA scores. For countries in the bottom quintile, the “highly fragile states,” as McGillivray and Feeny (2006) term them, official development assistance (ODA) contributed 1.37 percentage points to real per capita GDP growth over the period. Compare that with 2.47 percentage points in the other fragile states, those in the second bottom CPIA quintile.



⁹ Surveys of this literature can be found in Morrissey (2001), Clemens et al. (2004) and McGillivray et al. (2006).

McGillivray and Feeny (2008) is the only aid-growth study that has looked specifically at fragile states, although a number of studies have looked at aid and growth in Sub-Saharan African countries.¹⁰ Gomanee et al. (2005) looked at aid to 25 Sub-Saharan African countries over 1970-97 and found that each percentage point increase in aid as a ratio of GNP contributes on average 0.25 percentage points to these countries' growth rates. Clemens et al. (2004) looked at the short-run impact of aid, finding that it raised average annual per capita income growth in Sub-Saharan Africa by at least 0.5 percentage points or more between 1973 and 2001. Lensink and Morrissey (2000) found that although aid had a weaker impact of growth in Sub-Saharan Africa than elsewhere, this impact was positive and significant. These studies would appear to provide some support for the results reported in McGillivray and Feeny (2008).

McGillivray and Feeny (2008) and Feeny and McGillivray (2009) also provide estimates of a_i^{f*} and a_i^{nf*} for highly fragile states (13.88% of GDP) and other fragile states (38.38% of GDP). Comparing these amounts with the actual ODA from bilateral and multilateral agencies in 2004 suggests that fragile states are underaided from a growth-efficiency perspective (box table 1). The most underaided countries relative to GDP in the highly fragile group were Côte d'Ivoire and Nigeria. Allocating growth-efficient levels of aid, compared with actual allocations in 2004, would have led to an average growth gain for all fragile states under consideration of 1.92 percentage points. Not all fragile states appeared to be underaided, however. Ten fragile states received more aid than the growth-efficient amount in 2004. Of all fragile states under consideration, the most overaided from a growth perspective were Burundi and the Solomon Islands.

Box table 1: Aid to fragile states, 2004

	Highly fragile states	Other fragile states	All fragile states
ODA (\$ millions)	6,629	2,719	9,348
Growth-efficient ODA (\$ millions)	14,512	10,506	25,018
Growth at actual ODA (% average)	-0.46	3.43	1.25
Growth gain from growth-efficient aid (% average)	1.43	2.47	1.92
Countries receiving more than growth-efficient aid	8	2	10
Countries receiving less than growth-efficient aid	9	13	22

Note: highly fragile states are in the bottom CPIA quintile; other fragile states are in the second bottom CPIA quintile.

McGillivray and Feeny (2008) and Feeny and McGillivray (2009) emphasise that the growth-efficient levels of aid provide only a rough guide to the amounts of aid that donors should provide to fragile states. They also emphasise that donors have many other valid developmental objectives that justify deviations from growth-efficient amounts. Their results suggest, however, that donors need to carefully consider country allocations that differ substantially from growth-efficient amounts, asking whether these deviations can be justified on developmental criteria.

¹⁰ Note that, depending on the definition used, approximately half of all fragile states are in Sub-Saharan Africa.

1.2 THE EU'S DEVELOPMENT POLICY IN FRAGILE COUNTRIES

EU and member state development assistance has great potential. For most developing countries, Europe is a main donor, trading partner, investor and migrant destination. And the EU is an important political, diplomatic and economic block. European countries also have a great responsibility towards fragile countries, with fragility's roots in colonisation and decolonisation, at times magnified by the irresponsible practices of foreign companies and the illicit and criminal trafficking to and from Europe.

The potential for Europe's action should not, however, be overestimated. The world order has become more multipolar, with emerging political and economic centres having joined the oldest actors. The US-China-EU configuration has become pivotal in the international system. In addition to the main international organisations, other countries have been engaging with fragile states, from the United States to East Asian and Arab Gulf countries. Moreover, Europe's initiatives to tackle state fragility, such as its assistance to state- and peace-building, can be perceived as intrusive and not politically neutral by partner countries. They can also affect processes and dynamics that are intrinsically internal. Finally, internal resistance and constraints can weaken the EU commitment to development policies. The ageing population, the huge debt accumulated in the crisis and the EU's enlargement can strengthen the incentives to divert public resources from international development cooperation to domestic uses.

With this situation as background, the ERD 2009 is about state fragility in Sub-Saharan Africa and EU development policies in situations of state fragility. It analyzes the room for improvement in the EU's current engagement with fragile countries and the potential for EU development policies to assist national stakeholders in overcoming state fragility. The focus is on Sub-Saharan Africa because this region appears to be particularly lagging behind in the sphere of state consolidation and because it hosts the majority of countries with fragile state institutions.

This effort is consistent with a resilience-based approach in the design of development priorities and policies. State institutions and their ability to mobilise domestic resources are a core element of the resilience of a socioeconomic system. They should maintain internal order, guarantee citizens' security, control the territory, deliver social services, enforce regulations and protect against and adapt to individual and collective risks. State institutions thus influence citizens' well-being and its variations in the face of perturbations and changes.

1.3 STRUCTURE OF THE REPORT

The ERD 2009 contributes to the goal of forging a new European approach to overcome state fragility in Sub-Saharan Africa through three main steps. The first is the analysis of the meaning of state fragility as well as its scope and costs in Sub-Saharan Africa. The report delineates the economic characteristics of fragile countries, discusses the economic factors that can affect the functioning of state institutions, governance and sociopolitical stability, and reviews the interpretations proposed by the literature on the historical and political roots of state fragility in Africa. In the second part of the report, the nexus between socioeconomic resilience and state fragility is investigated from a theoretical point of view and is evaluated in relation to the impact of the 2008-09 global economic crisis on fragile countries. In the final part, policies are discussed: chapter 8 provides an overview of EU engagement in fragile countries and an analysis of security policies. It discusses the challenges and potentialities of external actors' assistance to support state building in partner countries and it attempts to identify good practices on the basis of international experiences in this field. The last chapter proposes the criteria and priorities for the EU's intervention in fragile situations.

2. WHAT DOES STATE FRAGILITY REFER TO?

The existing literature abounds with definitions of “fragility” (box 1.2), and the use of the expression “fragile state” is highly contentious. Paul Collier, for instance, did not initially disclose the list of countries that form the famous Bottom Billion – which is usually equated with the group of fragile countries¹¹ – as he notes that “this is not a company that countries are keen to be in, and because stigmatising a country tends to create a self-fulfilling prophecy”.¹²

Despite the definitional differences, there is agreement on some basic points across the academic and policy literature. Stewart and Brown (2009) find that all existing definitions are built around three main dimensions of fragility: authority, service and legitimacy failures that occur, respectively, when the state fails to protect its citizens from violence, to provide basic services to all citizens and to be recognised as legitimate by its citizens.

This vision of state fragility is indirectly embodied by the Organisation for Economic Co-operation and Development (OECD) definition in the Principles for Good International Engagement in Fragile States and Situations: “States are fragile when state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations”.¹³ The OECD proposed to move the focus on the pivotal role of legitimacy and citizens’ expectations by adjusting the definition of fragile states as those “unable to meet its population’s expectations or manage changes in expectations and capacity through the political process”.¹⁴

Box 1.2: How fragility made its way in to the development discourse

The 1990s and early 2000s were marked by a progressive shift away from project-based assistance towards budget support – and by a growing recognition of how the policies in recipient countries mediate the impact of aid programmes.¹⁵ The effect of these two major changes was an increase in aid selectivity. The growing emphasis on aid selectivity, reflected in the Monterrey Consensus, led to a substantial shift in bilateral aid allocations.¹⁶ Donors faced a challenge: aid selectivity came at the high cost of reducing aid where it was most needed, albeit where it was possibly least effective. So, some countries became aid orphans, as countries characterised as having poor governance recorded sharply declining and volatile aid flows.¹⁷

Thus, the growing concern about fragility “appeared as a political response to an operational issue” (Guillaumont and Guillaumont Jeanneney 2009). Donor agencies faced troubles in interacting with “countries where there is a lack of political commitment and insufficient capacity to develop and implement pro-poor policies”.¹⁸ This definition provided by the OECD Development Assistance Committee (DAC) shows that the notion of a fragile country is intrinsically relational, as it refers to a misalignment between a country’s political will – or capacity – and the donor community’s universal priorities.

The differences in definitions are partly due to the extreme political sensitivity of a concept which – either implicitly or explicitly – cast doubts on the political priorities of a country, or on its ability to pursue them. Fragile countries were regarded – even before the 9/11 attack on the United States – as a possible haven for terrorist groups, given their limited control over their territories. Security and development are closely intertwined in fragile countries, and some authors call for a broader set of tools, including military interventions, to deal with the development challenge that these countries face.¹⁹

This is why the OECD Development Assistance Committee also began to refer to fragile situations, broadening the focus from the state alone.²⁰ Its Principles for Good International Engagement assert that the long-term goal of an engagement in these countries is “to help national reformers to build effective, legitimate and resilient state institutions, capable of engaging productively with their people to promote sustained development.”²¹ The reference to national reformers helps to convey the idea that state-building is an internal process, which can be only marginally influenced by external actors.



¹¹ Zoellick 2008.

¹² Collier 2007, p. 7.

¹³ OECD/DAC 2007, p. 2.

¹⁴ OECD 2008.

¹⁵ Chhotray and Hulme 2009.

¹⁶ Dollar and Levin 2006.

¹⁷ Levin and Dollar 2005, Fielding and Mavrotas 2008.

¹⁸ OECD/DAC 2006.

¹⁹ Bourguignon et al. 2008, Collier 2009.

²⁰ OECD/DAC 2007.

²¹ OECD/DAC 2007, p. 1; emphasis added.

One related change in the definition is a shift from a definition of fragility that – albeit implicitly – focuses on the relationship between a country and the donor community, to definitions that try to identify the substantive features of a fragile state. The Council of the European Union acknowledged that:

Fragility refers to weak or failing structures and to situations where the social contract is broken due to the state's incapacity or unwillingness to deal with its basic functions, meet its obligations and responsibilities regarding the rule of law, protection of human rights and fundamental freedoms, security and safety of its population, poverty reduction, service delivery, the transparent and equitable management of resources and access to power.²²

The reference to the social contract, the outcome of never-ending bargaining between the society and the state, substantially broadens the relevance of the pervasive effects of fragility. A concept of state fragility based on a population's expectations does not take a stance on the content of the social contract. And it introduces an interesting dynamic aspect in the definition, as fragility can be regarded as the inability to manage the perturbations that can affect the content of the social contract. Such a focus is in line with the argument by Balamoune-Lutz and McGillivray, who argue that the term fragile state should be used just to "delineate states only in terms of their likelihood of breaking up or vulnerability to downside shocks,"²³ which is precisely what the OECD-DAC argues. The break-up of the social contract by the misalignment between the ability of the state to meet the expectations of the population creates an element of latent instability, which may lead to a conflict, which, in turn, represents the ultimate manifestation of fragility.

Kaplan pushes this argument further by defining fragile countries on the basis of the features in the design of the state, and whether there is a significant mismatch between formal and informal institutions. According to Kaplan, borders that forces multiple identity groups with little common history to work together and legal and political systems that do not reflect values, belief and ways of organising society can easily detach the state from the population it is meant to serve, and such sociopolitical conditions are unlikely to produce government able to satisfy citizens' expectations.²⁴

One further definition is Engberg-Pedersen et al. who dispose of the exclusive focus on the state that characterises the definitions revised so far, and define a situation of fragility as "institutional instability undermining the predictability, transparency and accountability of public decision processes and the provision of security and social services to the population".²⁵

In line with this argument, Ikpe relates fragility to "the capacity of the state to adapt to changed circumstances, protect citizens, absorb shocks and manage conflict without resort to violence".²⁶ The sudden disruption or gradual erosion of state capacity to meet citizens' expectations, to adopt a responsive political process to manage changes in the state-society relationships or to maintain the control of its territory are thus key factors of state fragility. It is worth underscoring that legitimacy, authority and service failures, though conceptually distinct, are mutually reinforcing and interlinked. For instance, even if citizens' expectations are culturally and country specific, the capacity to ensure basic needs and human rights of the population can be considered a condition for the legitimacy of state institutions.

Fragility exhibits a large variation both in qualitative and in quantitative terms across countries. It can be triggered by different factors – from a violent conflict to a gradual erosion of state capacity and legitimacy. And it can display varying degrees of intensity. State functions are most at risk to break down in periods of political and economic transitions, extreme political instability, political and state reconstruction in conflict-affected countries, early stages of state formation and protracted periods of exposure to frequent and severe external perturbations and shocks. Badly managing these delicate phases can prompt multiplied and self-fuelling forces towards the ultimate manifestations of state fragility: conflicts and authoritarian regimes with massive and systematic repression and with human rights violations of population groups.

²² Council of the European Union 2007.

²³ Balamoune-Lutz and McGillivray 2008.

²⁴ Kaplan 2008. For a critical discussion of Kaplan's arguments, refer to chapter 3.

²⁵ Engberg-Pedersen et al. 2008, p. 6.

²⁶ Ikpe 2007, p. 86.

Heterogeneity is, therefore, a core feature of fragility's manifestations and of states labelled as "fragile." Some authors also observe that this concept is "broad" in the sense that it groups countries that are difficult to compare.²⁷ As Brinkerhoff argues, "fragile states are dynamic and move along trajectories from stability toward conflict, crisis and/or failure; and emerge from crisis toward recovery and stability".²⁸ This implies that each country can face specific constraints to capacity and political will. Some authors go further, arguing that it is not even possible to draw a convincing line to separate fragile countries from nonfragile ones and raising doubts about the gains from including some countries under the broadly defined group of fragile countries.²⁹ Briscoe observes "there is little to hold state fragility together other than its symptoms: poverty, insecurity, proneness to conflict, corruption".³⁰

Indeed, the debate on fragility has returned the focus on state institutions in the development process, and underscored the need to adapt external interventions and priorities on the basis of deeply rooted knowledge of the local political and economic context. The heterogeneity of fragility's manifestations and degrees implies that deeply rooted knowledge of the local context is critical to ensuring successful external engagements in fragile countries.

Even in its worst forms of state failure, fragility does not imply a political vacuum, for informal institutions can – at least partially – perform some functions of the state. Engberg-Pedersen et al. argue that "in fragile situations where the state is absent or very weak, nonstate authorities often perform state-like functions with respect to the provision of security and social services,"³¹ an observation is in line with the theoretical arguments by Dixit.³² For instance, the provision of law and order in Somalia is ensured by Islamic courts, and "shari'a courts perform an instrumental function in creating legal order [...] under anarchy, dispute resolution is free and speedy by international standards," as Leeson observes.³³ Though the current condition is far from ideal, it has improved compared with the one before 1991, and this improvement is not limited to the judicial system. The 2001 *Human Development Report* for Somalia observes that there are more primary schools in the country today than in the late 1980s, and the private sector has been providing water and electricity.³⁴

These observations show that external actors should not ignore such institutions once they engage in a country in a fragile situation. Indeed, a narrow focus on the state alone would not produce a well-grounded understanding of fragility and the best ways to mitigate it.

3. THE COSTS OF STATE FRAGILITY IN SUB-SAHARAN AFRICA

The crucial role of the state in shaping socioeconomic resilience, human capabilities and well-being is mirrored by the poor developmental outcomes of countries labelled as "fragile" due to the failures of their state institutions. The mechanisms leading to poor development outcomes and to problematic relationships between donors and recipient governments are differentiated. State fragility can evolve along different trajectories because state formation, state functioning and stability are the outcome of a complex process ranging from the shared sense of citizenship to the control of the territory. Despite this differentiation, the economic, security and development costs of fragility tend to be substantial, widespread and persistent in different settings.

3.1 A HEAVY TOLL ON HUMAN DEVELOPMENT

A synthetic – but revealing – account of the direct costs of fragility can be gained from human development in fragile countries. Sub-Saharan African fragile countries are overrepresented among those with a poor record in terms of human development. With respect to the Human development index (HDI) value, they rank between 128 for São Tomé and Príncipe down to 179 for Sierra Leone, the last country in the list of those for which the index is available. The average HDI for fragile countries stands at 0.459 in 2006 (0.329 for Sierra Leone and 0.643 for the São Tomé and Príncipe).

²⁷ Faria and Magalhães-Ferreira 2007.

²⁸ Brinkerhoff 2007, p. 3.

²⁹ Easterly 2009.

³⁰ Briscoe 2008, p. 1.

³¹ Engberg-Pedersen et al. 2008, p. 23.

³² Dixit 2004.

³³ Leeson 2007, p. 705.

³⁴ UNDP 2001.

Table 1.1: Human development in Sub-Saharan African fragile countries

Country	Human Development Index rank ⁽¹⁾	Human Development Index value ⁽¹⁾	Life expectancy at birth ⁽¹⁾	Adult literacy rate ⁽²⁾	Under-five mortality rate (per 1,000) ⁽³⁾	Maternal mortality rate (per 100,000 live births) ⁽⁴⁾
Angola	157	0.484	42.1	67.4	202.7	1,400
Burundi	172	0.382	48.9	59.3	164.4	1,100
Cameroon	150	0.514	50.0	67.9	142.6	1,000
Central African Republic	178	0.352	44.0	48.6	178.5	980
Chad	170	0.389	50.4	25.7	209.7	1,500
Comoros	137	0.572	64.5	74.2	61.3	400
Congo, Dem. Rep. of	177	0.361	46.1	67.2	121.9	1,100
Congo, Rep. of	130	0.619	54.5	86.0	128.6	740
Côte d'Ivoire	166	0.431	47.7	48.7	196.4	810
Djibouti	151	0.513	54.2	...	123.7	...
Equatorial Guinea	115	0.717	50.8	87.0	166.9	680
Eritrea	164	0.442	57.2	...	73.6	450
Ethiopia	169	0.389	52.2	35.9	129.3	720
Gambia, The	160	0.471	59.0	...	115.3	690
Guinea	167	0.423	55.3	29.5	145.2	910
Guinea-Bissau	171	0.383	46.0	62.8	194.5	1,100
Kenya	144	0.532	52.7	73.6	102.4	560
Liberia	176	0.364	45.1	54.4	138.2	1,200
Mauritania	140	0.557	63.6	55.2	119.4	820
Niger	174	0.370	56.2	29.8	170.2	1,800
Nigeria	154	0.499	46.6	71.0	185.9	1,100
Rwanda	165	0.435	45.8	64.9	153.4	1,300
São Tomé and Príncipe	128	0.643	65.2	87.5	94.0	...
Sierra Leone	179	0.329	42.1	37.1	145.8	2,100
Somalia	n.c.	n.c.	47.5	...	177.9	...
Sudan	146	0.526	57.8	60.9	109.6	...
Togo	159	0.479	58.0	53.2	96.7	510
Uganda	156	0.493	50.5	72.6	120.9	550
Zimbabwe	n.c.	n.c.	41.7	90.7	92.3	880
Sub-Saharan African fragile countries		0.469	51.2	59.2	138.3	976
Sub-Saharan African nonfragile countries		0.545	53.2	66.4	97.5	614
Sub-Saharan Africa		0.500	52.2	62.9	123.2	824

Note: ... denotes not available data; n.c. stands for not classified;⁽¹⁾ data refer to year 2006;⁽²⁾ data refer to individuals ages 15 and older, for 2006;⁽³⁾ data refer to 2008;⁽⁴⁾ data refer to 2000, adjusted based on reviews by UNICEF, WHO and UNFPA to account for well-documented problems of underreporting and misclassifications.

Source: ERD elaboration on UNDP (2008) and OECD and AfDB (2009).

The human, social and economic costs of fragility are not limited to the poor record of fragile countries in the three components of the HDI. Fragile countries have significantly poorer achievements for the broad set of MDGs in relation to other developing countries.³⁵ Indeed, there is a strong negative correlation between fragility and MDG performance: fragile states in Sub-Saharan Africa are furthest from achieving the Millennium Development Goals (MDGs) by 2015.

By adopting a classification of fragile states based on the 2006 CPIA, Harttgen and Klasen find that fragility is clearly associated with much poorer development outcomes in terms of poverty, undernutrition, education enrolment and under-five mortality³⁶. The poverty headcount in 2006 for the CPIA list of fragile states is more than three times higher than for the nonfragile states. Primary education completion rates, the number of underweight children, under-five mortality and the employment-to-population ratio reveal that fragile states typically have a much poorer human development record than nonfragile states. Sub-Saharan African fragile states top the list on under-five mortality and the unemployment-to-population ratio. The performance over 2000-06 confirms these findings.

At the same time, development indicators – such as poverty, life expectancy and under-five mortality rates – display a certain differentiation within the group of fragile countries. Although the aggregate difference between fragile and nonfragile countries is substantial, it masks considerable heterogeneity. Only in some countries does the recent high rate of growth seem to have been transmitted to developmental goals – certainly not in Guinea, which still has an adult literacy rate of 29%, or in Angola, where under-five mortality in 2008 was above 20% – 203 per 1,000 (table 1.1).

Two recent editions of the *Global Monitoring Report* show that fragile countries are not progressing towards the MDGs, or are even moving backwards.³⁷ Compared with middle-income and low-income countries, fragile states based on the CPIA classification showed considerably less progress towards the MDGs between 1990 and 2006.

A slightly different picture is provided by Harttgen and Klasen, who compare fragile countries' performance in achieving MDGs by adopting different fragile country classifications³⁸. They find that fragile countries are performing as well as other developing countries on absolute progress towards the MDGs, though they are still substantially behind.³⁹ Changes in MDG indicators between 2000 and 2006 show great heterogeneity across fragile countries and across indicators within fragile countries, while patterns of fragile and nonfragile countries show no systematic differences. If the analysis focuses instead on Sub-Saharan African fragile countries, the pattern changes and state fragility appears to matter more to MDG progress. Figures 1.1 and 1.2 show that Sub-Saharan African fragile countries lag behind the continent in both relative and absolute changes towards the MDGs. More disappointing performances are experienced by countries where state fragility is particularly severe. Countries with a low 2007 CPIA score in all dimensions – economic management, structural policies, social inclusion/equity, public sector management – are overrepresented in Sub-Saharan African countries.

³⁵ See background paper by Harttgen and Klasen to have a complete picture of how different definitions affect the results.

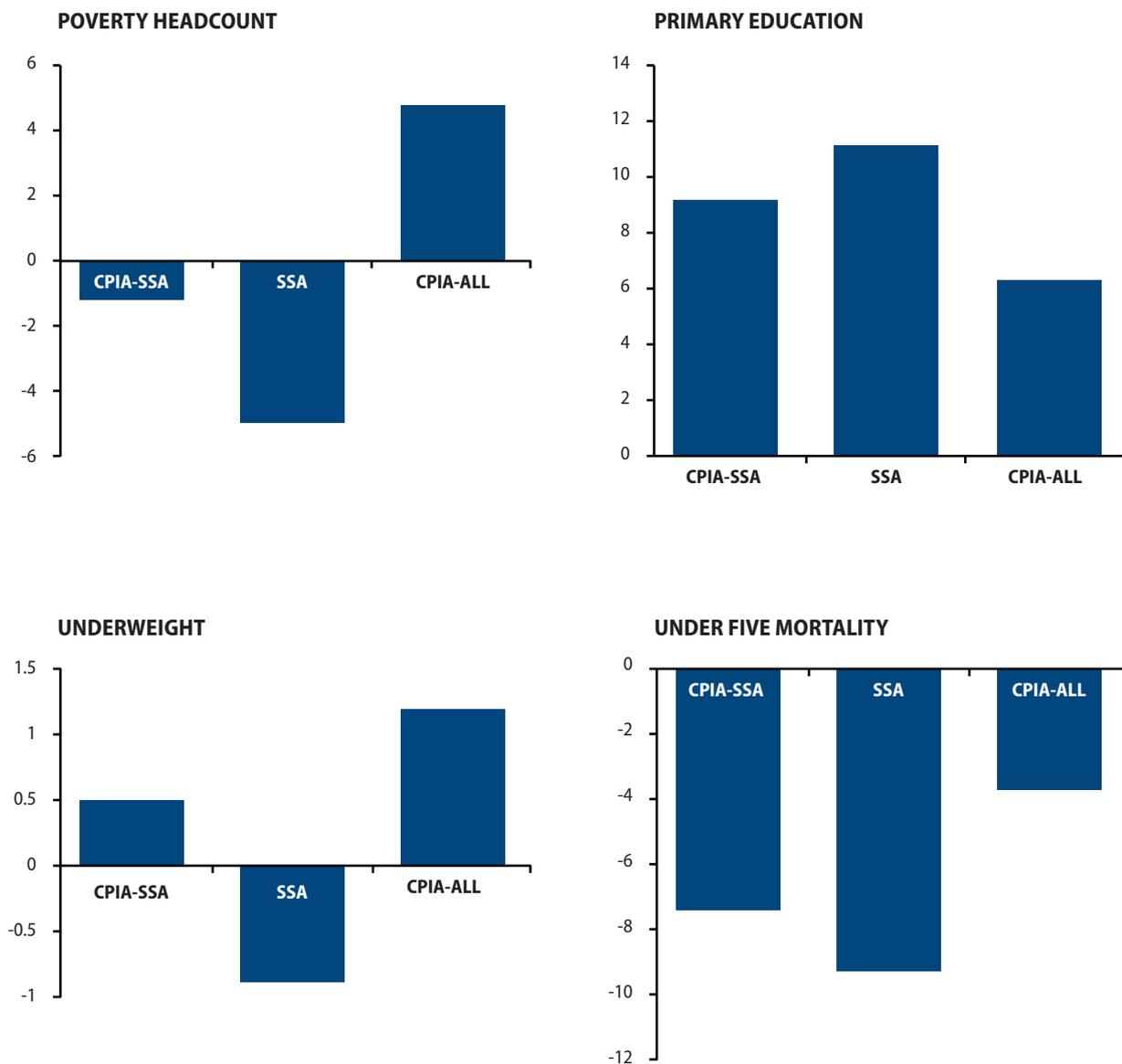
³⁶ Harttgen and Klasen 2009.

³⁷ World Bank 2007, 2009a.

³⁸ Harttgen and Klasen 2009.

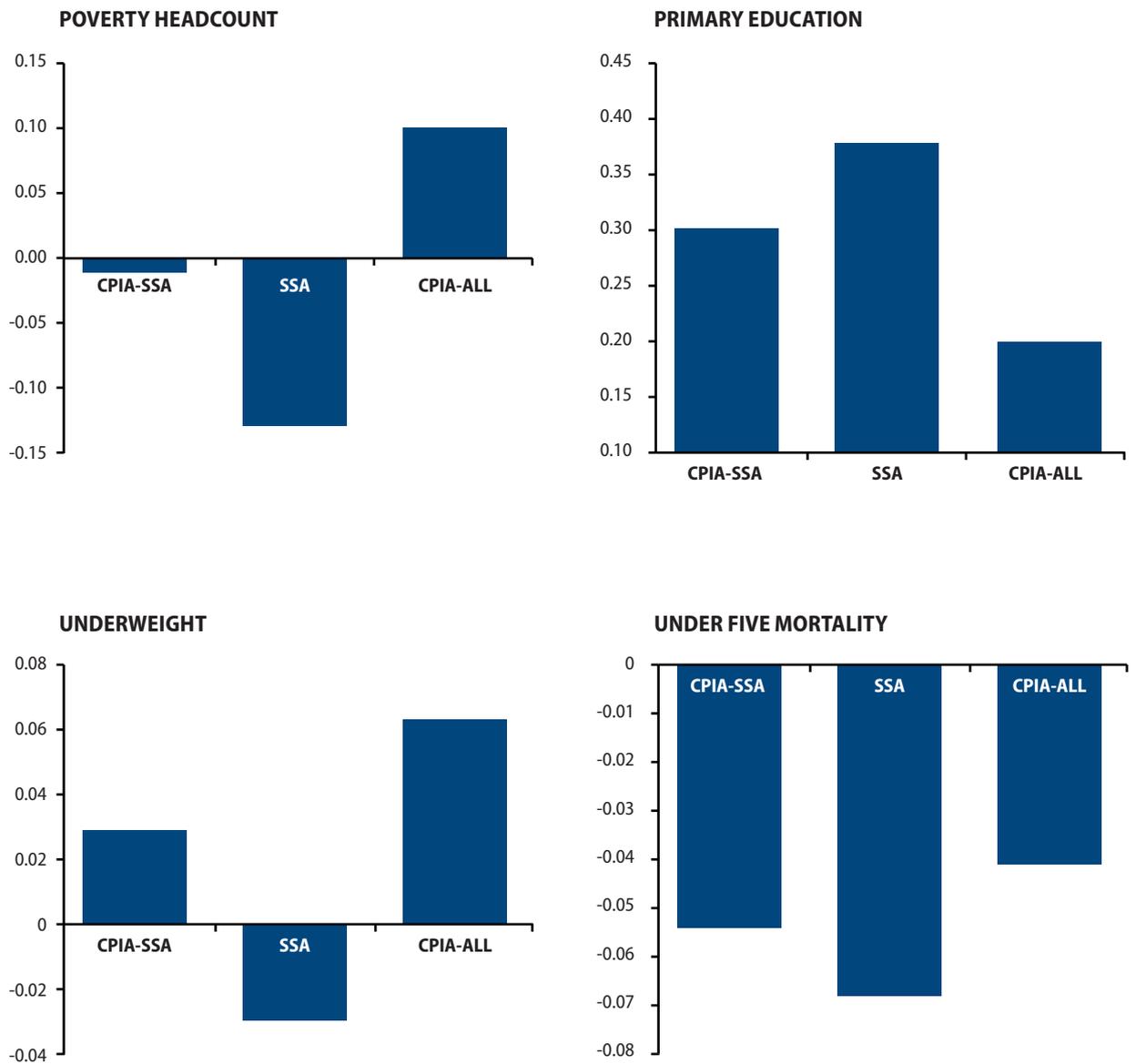
³⁹ Harttgen and Klasen 2009. Note that the conclusion by Harttgen and Klasen (2009) could be exposed to a bias due to missing data, because the relevant information to assess the progress towards the Millennium Development Goals is missing for a large number of fragile countries. Assuming that the countries with missing data are characterised by a worse than average record, even the absolute progress towards the set of goals could be poorer for fragile countries.

Figure 1.1: Absolute changes in key MDG indicators, 2000-06



Note: CPIA-SSA are Sub-Saharan African countries included in the 2007 CPIA list (with a CPIA score of less than 3.2); CPIA-All are countries that show a CPIA score of less than 3.2 on any of the CPIA sub-lists (economic management, structural policies, social inclusion/equity, public sector management) in 2007; SSA: all Sub-Saharan African countries; for the calculation of the means of each indicator by fragility status, changes in poverty headcount, primary education completed, underweight and employment to population ratio are measured in percentages; changes in under-five mortality are measured in absolute changes in deaths per 1,000 children.

Source: Harttgen and Klasen 2009.

Figure 1.2: Relative changes in key MDG indicators, 2000-06

Note: CPIA-SSA are Sub-Saharan African countries included in the 2007 CPIA list (with a CPIA score of less than 3.2); CPIA-All are countries that show a CPIA score of less than 3.2 on any of the CPIA sub-lists (economic management, structural policies, social inclusion/equity, public sector management) in 2007; SSA: all Sub-Saharan African countries; for the calculation of the means of each indicator by fragility status, changes in poverty headcount, primary education completed, underweight and employment to population ratio are measured in percentages; changes in under-five mortality are measured in absolute changes in deaths per 1,000 children.

Source: Harttgen and Klasen 2009.

3.2 COSTS ARE SEVERE AND MULTIFACETED

Fragility is also characterised by its severity, including the worst forms of human deprivation and violations of basic human rights to life and security. It often captures the ability of government to fulfil one of its main tasks, such as managing food security, or it can flow into violent conflict and civil war, imposing tremendous human, social and economic costs.

Conflict. Of people in the countries of the Bottom Billion, a proxy for the list of fragile countries, 73% have recently experienced or are in a civil war. Moreover, the risk that these countries fall into civil war in any five-year period is tremendously high – one in six.⁴⁰

The relationship between fragility and conflict is dynamic and complicated. Conflicts may at the same time be an outcome of fragility and one of its driving forces. Fragile countries are often characterised by social exclusion against particular groups (ethnic, religious, owners of natural resources), which can trigger conflicts. But conflicts also undermine the capacity of the state to deliver public services, weakening institutions and slowing economic performance and poverty reduction. The combination of these factors adds to the destabilising forces.

The costs of conflicts are numerous and widespread.⁴¹ Some are direct and can be broadly quantified: deaths, casualties, diseases, internally displaced people, mass migrations. Some are indirect, with conflicts disrupting economic activity, shifting public expenditures from health and education to the military and reshuffling public revenues (from, say, taxes on oil exports, as in the Niger delta crisis). Conflicts can also increase unemployment, especially among young males, increasing the likelihood of crime and the appeal of extremism. After a conflict, often because of less control on the ground, entire regions can be converted to areas of drug cultivation, and drug smuggling is easy (and profitable), so that people might embark on illegal activities rather than return to their (often destroyed) occupations. Some costs cannot be quantified: citizens are often traumatised long after the end of conflicts, but psychological costs are not easily measured.

Here we quantify, to the extent possible and aware of the uncertainties, the main costs for Sub-Saharan Africa.⁴²

Battle deaths can be broadly quantified,⁴³ but most civilian deaths, connected to violence and the spread of disease, cannot – so that even estimating the total number of deaths connected to violent conflicts is difficult. *African Development Report 2009* reports battle and total war deaths in selected African countries: in Angola (1975-2002) there were around 160,000 battle deaths and 1.5 million total deaths, in Burundi (1990-2002) around 7,000 battle deaths and 200,000 total deaths and in the Democratic Republic of Congo (1998-2008) 5.4 million total deaths, making the war the deadliest war since the end of World War II.⁴⁴

Data for internally displaced people, concentrated in the Republic of Congo, Côte d'Ivoire, Somalia and Sudan are easier to obtain and more comparable (table 1.2). Displacement, a cost in itself, also implies the spread of diseases, malnutrition, violence (especially for women, subject to extreme violence and often raped).⁴⁵

⁴⁰ Collier 2007.

⁴¹ Collier et al. (2004) claim that civil wars last about seven years on average but that it takes around 21 years to return to the prewar income. The total cost of civil war is calculated at almost \$3 billion a year.

⁴² See Reynal-Querol 2009 and AfDB 2009 for an analysis of causes of conflicts.

⁴³ Battle-related deaths represent on average less than 30% of total conflict-related deaths.

⁴⁴ AfDB 2009, p. 12.

⁴⁵ AfDB 2009.

Table 1.2: Refugees and internally displaced people, 2008

Country of origin	Total refugees	Internally displaced persons protected or assisted by UNHCR	Total population of concern
Angola	171,393	0	185,186
Burundi	281,592	100,000	483,626
Cameroon	13,870	0	16,803
Central African Republic	125,106	197,000	323,357
Chad	55,105	166,718	267,222
Comoros	378	0	418
Congo, Dem. Rep. of	19,925	0	25,069
Congo, Rep. of	367,995	1,460,102	1,918,424
Côte d'Ivoire	22,227	683,956	737,792
Djibouti	650	0	716
Equatorial Guinea	384	0	431
Eritrea	186,398	0	201,094
Ethiopia	63,878	0	95,552
Gambia, The	1,352	0	2,489
Guinea	9,495	0	11,517
Guinea-Bissau	1,065	0	1,342
Kenya	9,688	404,000	762,617
Liberia	75,213	0	88,413
Mauritania	45,601	0	53,421
Niger	796	0	1,067
Nigeria	14,169	0	24,645
Rwanda	72,530	0	90,428
São Tomé and Príncipe	35	0	35
Sierra Leone	32,536	0	35,480
Somalia	561,154	1,277,200	1,860,373
Sudan	419,248	1,201,040	1,749,536
Togo	16,750	0	22,679
Uganda	7,548	853,000	1,466,792
Zimbabwe	16,841	0	51,639
Sub-Saharan Africa	2,628,765	6,343,016	10,530,951
Sub-Saharan African fragile countries	2,592,920	6,343,016	10,478,161
Sub-Saharan African nonfragile countries	35,844	0	52,789

Source: ERD elaboration on UNHCR Statistical Online Population Database.

Conflicts not only cause a contraction of output – they also destroy infrastructure through bombings and other actions and through lower spending for maintenance and renewal. Financial and human capital tends to leave countries, but to quantify the phenomenon is hard without a counterfactual. During and after conflicts, major changes in the sectoral composition of GDP are recorded.⁴⁶ Indeed, some sectors are more vulnerable to conflicts: higher military spending often means lower spending on education, which has a high cost in the longer term and can have a permanent impact on a country's growth. Another cost, important because of its impact on domestic policy, is the shortening of time horizons of policy-makers and private investors. Coping with persistent conflicts creates a continuous situation of emergency, and governments react with short-term responses.⁴⁷

⁴⁶ Collier 2007

⁴⁷ A related issue is that of the "optimal size" of the military sector in conflict-affected countries (see Acemoglu et al. 2009).

Food insecurity. The role of the state in setting up the institutional and legal framework for food production and distribution and government interventions and reforms can affect both the food availability and the food entitlements of different population groups.

State fragility can become an underlying cause of food insecurity through different channels:⁴⁸

- **Capacity failure:** When a state's delivery capacity fails – or risks failing – a food crisis is more likely. Inadequate provision of basic services can produce this result. Fragile state institutions might be less able to put in place mechanisms that can support food access for the poor or that can protect citizens (both consumers and producers) against the fluctuations in world food prices or against other variations in the source and size of food entitlements, such as cyclical food insecurity linked to the seasonal component of some economic activities.
- **Authority failure:** When a state's authority fails, obstacles in food distribution systems and the incapacity to protect productive assets for farm production and distribution can produce food crises and humanitarian emergencies.
- **Legitimacy failure:** the implementation of social protection systems is a matter not only of capacity but also of the willingness and accountability of the state. Some typical features of illegitimate state institutions (lack of effective forms of democracy, persecution of opponents or population groups, prominent role of the military forces in the government, control of the media) can threaten the food security of large population groups. According to the Nobel laureate Amartya Sen, for instance, a free press is crucial to disseminate information about food crises and to hold government accountable for protecting and ensuring food entitlements.⁴⁹

State fragility and food insecurity are therefore closely linked (table 1.3). In Sub-Saharan African fragile countries, average food intake was 2,093 Kcal per person, compared with 2,303 in other Sub-Saharan African countries, while the undernourishment prevalence was 12 percentage points higher (35% versus 23%). Malnutrition indicators are not only on average lower in fragile countries, but they also reach dramatic peaks: in most Sub-Saharan African fragile countries, undernourishment levels are above 40%, soaring to 68% in Eritrea and 76% in the Democratic Republic of Congo.⁵⁰ The 2008 Global Hunger Index, an aggregated index developed by the International Food Policy Research Institute to measure hunger and malnutrition⁵¹, points out an extremely alarming food and nutrition security situation in 25 Sub-Saharan African countries, 16 on the operational list of fragile states. And at the global level, the 10 countries whose food insecurity has worsened since the beginning of the 1990s include six Sub-Saharan African fragile countries⁵² (Burundi, Comoros, the Democratic Republic of Congo, Guinea-Bissau, Liberia and Zimbabwe). This evidence suggests that state fragility tends to undermine the food and nutrition security situation.

⁴⁸ Stewart and Brown 2009.

⁴⁹ Drèze and Sen 1989.

⁵⁰ FAO 2008.

⁵¹ The Global Hunger Index (GHI) combines three equally weighted indicators: the proportion of undernourished as a percentage of the population, the prevalence of underweight in children under the age of five, and the mortality rate of children under the age of five. (IFPRI 2008).

⁵² IFPRI 2008.

Table 1.3: Food security indexes for fragile countries

Country	Undernourishment prevalence, % ⁽¹⁾	Food availability (Kcal/person/day) ⁽²⁾	Food production index ⁽³⁾
Angola	46	1,880	116
Burundi	63	1,630	98
Cameroon	23	2,230	101
Central African Republic	43	1,900	103
Chad	39	1,980	101
Comoros	...	1,800	95
Congo, Dem. Rep. of	76	1,500	90
Congo, Rep. of	22	2,330	99
Côte d'Ivoire	14	2,520	96
Djibouti	...	2,170	118
Equatorial Guinea
Eritrea	68	1,530	73
Ethiopia	46	1,810	103
Gambia, The	30	2,140	77
Guinea	17	2,540	106
Guinea-Bissau	...	2,050	94
Kenya	32	2,040	102
Liberia	40	2,010	85
Mauritania	8	2,790	98
Niger	29	2,140	97
Nigeria	9	2,600	96
Rwanda	40	1,940	108
São Tomé and Príncipe	...	2,600	99
Sierra Leone	47	1,910	101
Somalia
Sudan	21	2,290	100
Togo	37	2,020	97
Uganda	15	2,380	98
Zimbabwe	40	2,040	84
Sub-Saharan Africa	30	2,212	98
Sub-Saharan African fragile countries	35	2,097	98
Sub-Saharan African nonfragile countries	23	2,367	98

Note: ... denotes not available data; ⁽¹⁾ data refer to 2003-05; ⁽²⁾ data are in kcal per person per day, and are referred to 2003-05; ⁽³⁾ data refer to 2002-04 (1999-2001 average equal to 100).

Source: ERD elaboration on OECD and AfDB (2009) and FAOSTAT.

Violations of human rights: a focus on violence against women. State fragility implies heavy costs, especially for the most vulnerable sections of the society more in need of social protection, such as women, children and the elderly.

The effects on women's well-being are one of the most emblematic manifestations of the severe costs of state fragility. Fragile states are more exposed to violent conflict, and the consequences are not gender neutral, though official numbers are difficult to find beyond anecdotal evidence. In fragile contexts, low economic growth pushes women into income-generating work for longer hours, typically in the informal sector and in agriculture-related activities. War industries developed to finance the conflict can be a new source of income, as with oil, diamonds and other precious metals in Angola, The Republic of Congo, the Democratic Republic of Congo, Liberia, Sierra Leone and Sudan. But economic advances for women can be offset by the closure of other industries and the collapse of government structures and corresponding employment losses. In Angola, Eritrea, Mozambique and Zimbabwe, women lost their formal sector jobs to men returning from conflict. And during conflict, the absence of men leaves many women with the sole responsibility for maintaining the household. And many cannot inherit or claim the property of their deceased husbands.

In Sudan, where war has been a constant since independence in 1956, women and their children have taken a heavy toll. The majority of the displaced and those living in internally displaced persons camps are women with children. Most Sudanese

women, especially in the South, live in extreme poverty, with high rates of illiteracy and limited access to health care and water. Maternal mortality is among the highest in the world, with 1,700 deaths per 100,000 live births for Southern Sudan and 509 for Northern Sudan. And 90% of women in Southern Sudan are illiterate.

Women have also been the victims of gender-based violence, such as forced impregnation through rape. By the end of 2005, when 2.2 million internally displaced persons were living in camps, the situation had become so unsafe for women that they risked being raped every time they left their settlement to go and collect fuelwood.⁵³

In the Democratic Republic of Congo, one of the characteristics of the war has been the indiscriminate use of rape as a weapon of war. Between 1998 and 2003, 51,000 cases of rape were reported in the provinces of South Kivu and in Kalemie. Médecins Sans Frontières reports that 75% of all the rape cases they had to deal with globally were in the Eastern Democratic Republic of the Congo.⁵⁴ The stigma attached to sexual violence is very high. Women fear that, if they go to the police, they will lose any prospect of marriage or that their husbands will abandon them. They also fear that their perpetrators will punish them for reporting the abuse. Widespread sexual violence is profoundly damaging to society, beginning with the victims' dignity and physical and moral integrity. The scale and nature of sexual abuse have also created a serious public health problem, with an increase in HIV and other sexually transmitted diseases. The lack of medical infrastructure, especially in remote areas, has compounded the problem.

In Northern Uganda, according to a 2007 Amnesty International report *Doubly Traumatized* women and girls suffer sexual and gender-based violence and face considerable difficulties in trying to ensure that the perpetrators are brought to justice.⁵⁵ The study, conducted in five districts in 2007, reveals the discrimination women face trying to pursue cases of rape, defilement, domestic violence, assault and other forms of violence.⁵⁶ Amnesty International considers the current justice system in Northern Uganda to be grossly inadequate, particularly in ensuring the protection of women and girls from sexual and gender-based violence.

As these examples show, the violent conflict that marks fragile states affects women in profoundly difficult ways. The violence and loss that they face in the community often impede them from being able to act as full citizens, unable to participate in rebuilding institutions and reforms of the state.

Women can be exposed to severe forms of human rights violations not only in conflict settings, but also when the justice system cannot control illicit and criminal activities. A recent United Nations Office of Drug Control report reveals that a heavy cost for women in West Africa is trafficking for sexual exploitation, often due to the need to repay debts.⁵⁷ In 2006, 570 West African victims of sexual exploitation were detected in 11 European countries, so "if only one in 30 is detected, which seems plausible, this suggests a pool of some 17,000 victims a year".⁵⁸ Prostitution trends seem to be stable over time, though with variation across countries. The value of the sex market is estimated at around \$850 million a year.⁵⁹

3.3 STATE FRAGILITY AND ITS COSTS PERSIST

The limited progress towards the MDGs as well as the expenditure shift during and after a conflict, from education to the military, gives an idea of the long-lasting human, social and economic costs. The persistence of fragility relates to deeply rooted political and institutional characteristics in a country. Thirty-five countries regarded as fragile by the World Bank in 1979 are still fragile today, 30 years later,⁶⁰ whereas the probability of sustained graduation from the group of fragile countries was a mere 1.85% a year over 1977-2004.⁶¹

This trend is consistent with the history of state formation, which in Europe took centuries of battle and profound economic, social, political and technological changes. State-building support from external actors can help consolidate the state, but the process remains internal. In countries where state formation has not yet been completed, overcoming fragility is expected to take longer and be more difficult.

The persistence of state fragility is also mirrored by governance performance and the disappointing evidence of progress in enforcing the rules of law. Poor governance is a symptom and a parameter of state fragility. Fragile countries perform badly on governance indicators (figure 1.3). Most are affected by high political instability, pervasive corruption and little confidence in the

⁵³ WILPF 2006.

⁵⁴ The Guardian 2007.

⁵⁵ Amnesty International 2007.

⁵⁶ Amnesty International 2007.

⁵⁷ UNODC 2009.

⁵⁸ UNODC 2009, p. 7.

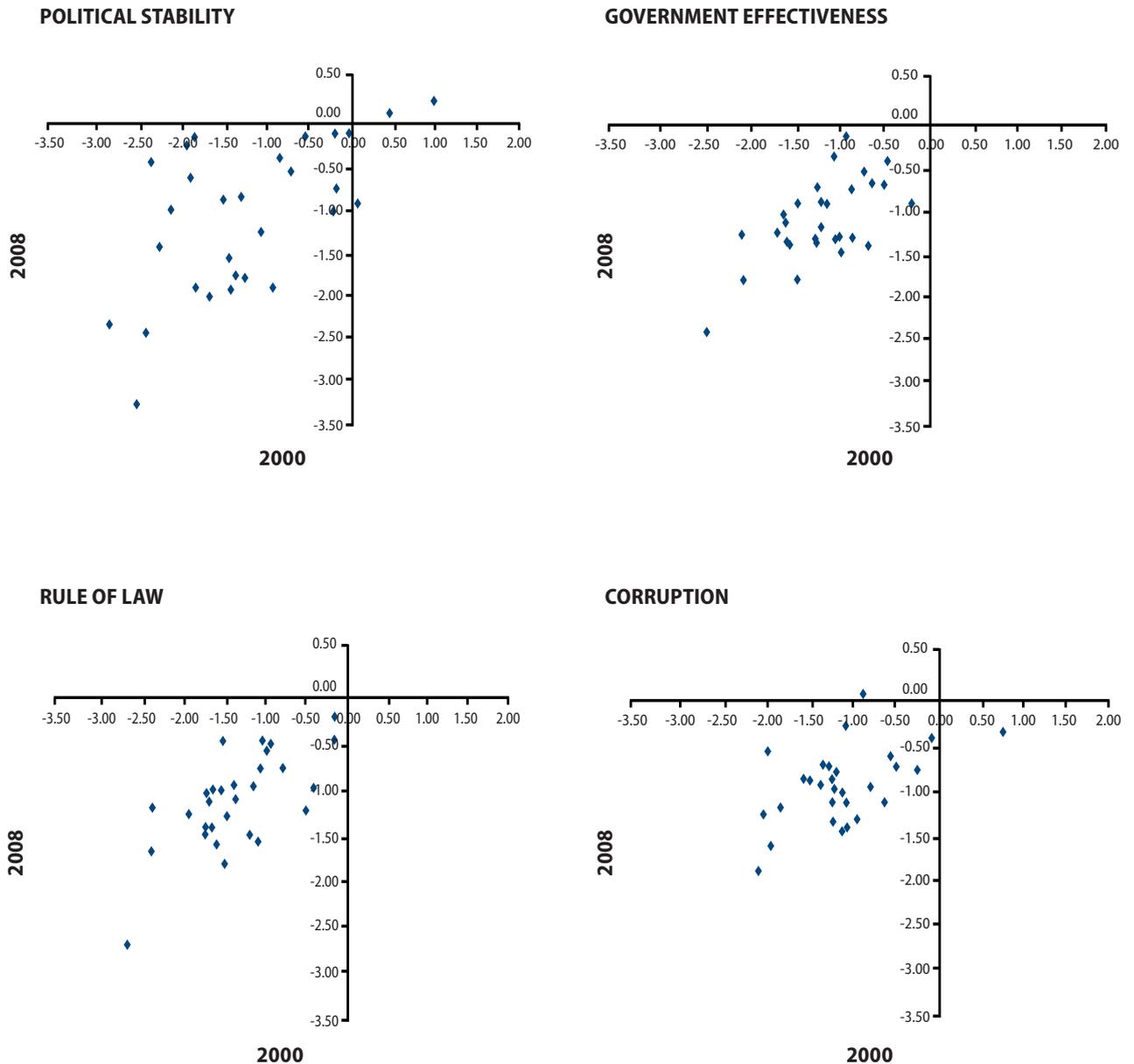
⁵⁹ UNODC 2009.

⁶⁰ OECD 2009.

⁶¹ Chauvet and Collier 2008.

rule of law. Moreover, low levels of governance tend to persist and be highly path dependent: poor government effectiveness or rule of law in 2000 increases the likelihood of low scores in 2008, and many fragile countries had less government effectiveness and weaker rule of law in 2008 than in 2000.⁶²

Figure 1.3: Trends in governance indicators, Sub-Saharan African fragile countries, 2000-08



Note: The governance indicators are measured in units ranging from about -2.5 to 2.5, with higher values corresponding to better governance outcomes. Political stability measures the perceptions of the likelihood that the government will be destabilised or overthrown by unconstitutional or violent means; government effectiveness measures the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies; rule of law measures the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence; corruption measures the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Source: Kaufmann et al. 2008.

The consequences of state fragility for governance can generate forces that resist exiting from fragility. The erosion of checks and balances can create new interests inimical to social well-being. These interests try to defend and reproduce the opportunities for corruption, political interference and rent-seeking activities, further weakening the state's accountability. And in authoritarian

⁶² Kaufmann et al. 2008.

regimes, the state can turn into a vehicle for personal enrichment. Although these settings can be inherently unstable because attempts to appropriate the “spoils” can end in violent changes of government, the underlying predatory dynamics are likely to remain the same.⁶³

3.4 FRAGILE COUNTRIES ARE “BAD NEIGHBOURS”

The costs of fragility also appear to pay little attention to national boundaries. An estimated 80% of the cost of fragility – in forgone economic growth – is borne by neighbouring countries, which suffer from a substantial bad neighbour effect, with growth about 0.6% a year lower per neighbour. So, with 3.5 neighbours per country on average, the losses from the bad neighbour effect can add up to about \$237 billion a year.⁶⁴

Fragile countries exert an adverse influence on their neighbours through other channels. Fragility does not appear to be contagious, but it gives rise to adverse cross-border effects, such as the diffusion of political unrest and instability.⁶⁵ There is no evidence of that fragility leads to a systematic increase in the probability that neighbouring countries experience civil conflict or engage in interstate war.⁶⁶ But there are well-known cases where such an effect played a role, such as the Liberian government of Charles Taylor, who provided mercenaries, money, weapons and infrastructure to rebel groups directed at Sierra Leone – in the hope of gaining control over regional diamond mines and economic networks.

The diffusion of the risk of instability and violent conflict across borders is abetted by extensive regional markets for weapons in Africa.⁶⁷ Africa’s porous national borders facilitate the movement of arms and ammunitions across countries, so that their supply can easily match the geographical distribution of the demand.⁶⁸

Further bad neighbour effects arise from cross-border movements of refugees, mostly to neighbouring countries, imposing substantial costs on the receiving country.⁶⁹ Refugee movements contribute to the spread of malaria across Sub-Saharan African countries.⁷⁰ And refugees moving from Burundi and Rwanda to the Kagera region in northwestern Tanzania exacted a heavy toll on health and schooling.⁷¹

Mass refugee movements can also destabilise neighbouring countries.⁷² And as the recent violence in the Great Lakes region highlights, refugee camps can be a site for organising violent groups. Sub-Saharan African refugees and internal displaced persons originate almost exclusively from fragile countries in the region (see table 1.2).

Other illicit flows, attracted by countries with limited control of the territory and weak rule of law, can also threaten the stability of neighbouring countries, especially those with a low capacity to enforce the law. Guinea-Bissau is the transit centre for cocaine moving from South America to Europe, with considerable security and humanitarian implications.⁷³ At the Eleventh High-Level Meeting of Heads of United Nations Peace Missions in West Africa (Dakar, 4 November 2007), the Heads of Peace Missions in West Africa in 2007 expressed “concern about the alarming increase in drug trafficking and the threat posed to stability both in the country and in the subregion at large.”

⁶³ UNODC 2009, p. 67.

⁶⁴ Chauvet et al. 2007.

⁶⁵ Iqbal and Starr 2008.

⁶⁶ Iqbal and Starr 2008.

⁶⁷ Lambach 2004; Studdard 2004.

⁶⁸ Killicoat 2007b.

⁶⁹ UNHCR 2009.

⁷⁰ Montalvo and Reynal-Querol 2007.

⁷¹ Baez 2008.

⁷² Mandel 1997.

⁷³ UNODC 2007.

3.5 FRAGILE COUNTRIES ARE SOURCES OF GLOBAL THREATS

The adverse effects of fragility can have global reach. Indeed, the concept of state fragility emerged in the development arena at a time of substantial concern about global security threats due to weak and nonexistent state structures.

Still, a causal relationship between state fragility and transnational threats – such as terrorism – has been often contested.⁷⁴ The relationship between fragility and terrorism in Sub-Saharan Africa remains controversial. Not all Sub-Saharan African fragile countries are afflicted by terrorism, least of all by that with transnational objectives and reach. Terrorist groups have also emerged from, and operated in, countries that have strong stable states and a variety of systems of government. Moreover, fragile countries may be of declining importance to transnational terrorists, given that they have diffused in more global networks with autonomous cells in dozens of countries, both poor and wealthy.⁷⁵

The revival of piracy in the Gulf of Aden is portrayed as a textbook example of the transnational threats of fragility.⁷⁶ The European Parliament Resolution of 23 October 2008 on piracy at sea stresses the urgency of this threat, and the EU's military response in the Horn of Africa through the recent Atalanta mission underlines its importance. The link between fragility and piracy is intuitive, yet the conditions of fragility that favour piracy and armed robbery remain underinvestigated.⁷⁷ Piracy in the Gulf of Aden also reveals the limitations of portraying these threats as coming from fragility alone. External factors were crucial in the initial revival of piracy,⁷⁸ as "foreign fishing trawlers aggressively moved into Somalia's rich and unpatrolled waters, at the expense of coastal fishing villages" after the fall of Siad Barre in 1991.⁷⁹ The grievance of Somali fishers against foreign trawlers – and against the alleged dumping of toxic wastes in their waters.⁸⁰ – falls short of explaining the surge in piracy.⁸¹ But it suggests that some of the widespread costs of fragility can be generated by the opportunities for profit reaped by outside actors.

Despite contrasts on the causal relationship, the distribution of aid from DAC donors suggests that security ranks high among the criteria for allocations. The first four fragile countries in aid inflows in 2007 were either a pressing security concern – Afghanistan and Iraq – or a big player in highly unstable regions – Ethiopia and Pakistan. These four countries absorbed half the aid directed to fragile countries.⁸²

3.6 FRAGILE COUNTRIES ARE FERTILE LAND FOR ORGANISED CRIME AND ILLICIT TRAFFICKING

As mentioned above, organised crime flourishes in fragile countries, tending to emerge when state institutions are weak. Some activities are high in value added, such as stealing oil or trafficking drugs. Also common are smuggling cigarettes, counterfeiting (especially antimalaria pills), financial fraud, high-tech crime, arms trade, organised sexual exploitation and money laundering. The high monetary value of such activities understates the threat. For cocaine, most of the value is realised outside the country (or region) where it is grown and traded. Some 250 tons of cocaine are trafficked from West Africa to Europe each year, worth some \$11 billion if it were to reach the wholesale market.⁸³ As far as stolen oil and counterfeit cigarettes are concerned, a large share of money remains in the country (or region). Hence, while cocaine trade imposes costs globally, the impact of oil and cigarettes is likely to be more concentrated locally. The environmental impact of stolen oil poses health risks and degrades the quality of life in countries neighbouring the Niger delta. Illegal trafficking of counterfeited medicines is large and particularly involves countries where many people are affected by malaria and AIDS as well as their neighbours. The absence of punishment for such a crime is a symptom of weakness of the state institutions that makes it possible to speculate on people's health.

The risk of the proliferation of high-end weapon technology, such as nuclear, chemical and biological weapons or carrier rockets, is low.⁸⁴ But the proliferation of small arms and other tactical weapons can afflict regional security. The links are clear: groups seeking to challenge the state are the main customers for small arms. Between 1998 and 2004, more than 200,000 small arms were seized or collected in West Africa, at least 70,000 of which were subsequently destroyed. While impressive, these numbers are small in proportion to the estimated number of small arms in the region (7-10 million).⁸⁵

⁷⁴ Chandler (2006) argues that "the idea of failed states as a security threat is [. . .] an exaggerated one," and Hehir (2007), Patrick (2007), Newman (2007) and Stewart (2007) move along similar lines of reasoning.

⁷⁵ See, for example, Korteweg 2008 and Takeyh and Gvosdev 2002.

⁷⁶ The inability of the Somali Transitional Federal Government to patrol the waters pertaining to its Exclusive Economic Zone led the United Nations Security Council to adopt Resolution 1816, authorising foreign navies to fight pirates in Somali waters (Guilfoyle 2008).

⁷⁷ Nincic 2008.

⁷⁸ Menkhaus 2009, p. 22.

⁷⁹ FAO (2009) suggests that "700 foreign-owned vessels are fully engaged in unlicensed fishing in Somali waters".

⁸⁰ Hansen 2008.

⁸¹ Menkhaus (2009) argues that "Somali piracy is a textbook case of a shift in the motives of an armed group from grievance to greed."

⁸² OECD 2009.

⁸³ UNODC 2009.

⁸⁴ Stewart 2007.

⁸⁵ UNODC 2009, p. 54.