

CHAPTER 5

FRAGILITY VERSUS RESILIENCE

The resilience of a socioeconomic system depends on the ability of its different layers – household, community and country – to adjust to both internal and external shocks. It is a dimension of development that can no longer be overlooked. Building and maintaining resilience promote human well-being.

In a static world, the degree to which members of a social system or group (households, communities, states) can control their destiny depends on the rights, identity, decision power and problem-solving mechanisms attached to membership. The capability of individual members to pursue their objectives and aspirations depends on how the group:

- Generates solidarity among its members and guarantees a minimum set of resources, services and rights.
- Allows its members to act within a normative system.
- Has the institutional mechanisms to resolve the problems of those members.
- Offers members a degree of influence in the group's governance.¹

In an evolving world, socioeconomic systems experience changes, and shocks can affect these elements. So, the capacity to maintain or reorganise these conditions enables a system's members to exert their capabilities over time. In other words, if the capacity of a social system promotes well-being among its members, its resilience makes this functionality durable.

How do different societies build resilience, and on which components and mechanisms is resilience based? Two arguments can be put forward:

1. Proper functioning of the state supports the resilience of a socioeconomic system, because it enhances human capabilities both in stable situations and, to a greater extent, in times of distress.
2. In a socioeconomic system, managing adaptation processes in reaction to changes is not restricted to state institutions. In every society, nonstate actors elaborate their own capacities and systems for self-organisation, adaptation and learning. The sources of resilience that originate in civil society include social cohesion and networks, social memory,² bonds of mutual trust and of penalisation for wrongdoing, informal and private institutions regulating economic activities, resource use rights and dispute resolution.

Fragile state institutions can co-exist with resilient societies, but the result is unlikely to be socially beneficial and stable. Indeed, state fragility tends to erode the resilience of civil society's systems and of the socioeconomic system overall. By contrast, resilient households, communities and civil societies can help protect the population from the costs of state fragility.

Sub-Saharan African civil societies have adapted creatively to repeated crisis episodes, and they have developed sophisticated and deep-seated survival, coping and adaptive mechanisms ranging from intrafamily and community insurance systems to traditional pastoral land management.

Despite these resilience mechanisms and the attempts by nonstate actors to partially complement or substitute for state services and functions, civil societies have not been able to fully cushion the human and developmental costs of political, economic or climate shocks or of state fragility.

¹ Stinchcombe 1975.

² Folke 2006.

1. ENHANCING RESILIENCE

Resilience, initially developed in the natural sciences, refers to the ability of a system to adjust to a perturbation and maintain its core functions unaltered.³ The resilience of a system therefore has to be assessed in relation to its functions. When applied to an economic system, resilience is about the capacity of the market and its supporting institutions to “allocate resources efficiently or to deliver essential services”.⁴ When applied to a socioeconomic system, resilience is about its capacity to enable society’s members to pursue their well-being and to satisfy needs and wishes that they could not fulfil if they were in isolation.

The resilience of a system – an inherently dynamic concept – can be gauged from its capacity to react to the changes and shocks by activating adequate adaptation mechanisms (box 5.1).

Box 5.1: Defining resilience and vulnerability

Resilience and vulnerability are concepts adopted in different disciplines, ranging from economics to psychology, and from ecology to security. Like other attributes of a system, these terms are prone to imprecision, confusion and different interpretations in their use. This report uses the following definitions:

Resilience is the “capacity of a system to absorb disturbance, undergo change and still retain essentially the same function, structure, identity, and feedbacks”. This is the definition elaborated within the *Resilience Alliance*, a multidisciplinary research network that has explored the topic since 1999.

Vulnerability is the susceptibility of a person, group or a system to be harmed by shocks. Vulnerability is the result of the size and frequency of the shocks and stresses, the exposure to the shocks and the capacity to react to the shocks, that is, the resilience.

Structural vulnerability is the vulnerability to factors that are durably independent from a system’s capacity to react to changes and shocks. Structural vulnerability thus depends on the size and frequency of the shocks and stresses – and the exposure to the shocks.

Resilience is also an important ingredient of sustainability. Sustaining human well-being over time requires limiting the degree to which socioeconomic and ecological systems are stressed. Resilience refers to adaptability to changes and new stresses. Resilience is essential to sustainability because shocks, perturbations and mutating conditions are inevitable and usually unpredictable – while the need to reduce the pressure of forces on socioeconomic systems is necessary for sustainability because those forces can undermine resilience.

2. WHAT DOES A RESILIENCE-BASED APPROACH IMPLY?

A resilience-based approach has multifaceted – and possibly far-reaching – implications for the development discourse. It influences the priorities of the development agenda, the design of aid policies and the appropriate analytical framework. The resilience perspective entails the acceptance of the limitation of policies based on steady-state thinking.⁵ In addition, new objectives and tradeoffs can rise from the application of this approach.

2.1 TRADEOFFS AND COMPLEMENTARITIES BETWEEN LONG-TERM AND SHORT-TERM PERSPECTIVES

A possible tension with current practices arises from the need for fast reactions to emergencies, which could jeopardise long-term development. For instance, humanitarian food interventions and service provision by international and nongovernmental organisations protect people in situations of extreme risks, but agricultural development is likely to be low in socioeconomic systems excessively reliant on food aid.⁶ And the separate structures managed by external actors run the risk of bypassing state institutions

³ Holling (1973) defines the notion of resilience as the amount of disturbance a system can absorb without shifting to an alternative regime.

⁴ Perrings 2006, p. 418

⁵ Folke 2006.

⁶ Alinovi and Russo 2009.

and preventing their consolidation.⁷ This tradeoff, however, must not be overstated. Urgent interventions do not automatically exclude long-term strategies. And because an exposure to repeated shocks can erode resilience, short-term responses can be in line with a resilience-based approach.⁸ They can avoid the emergence of fragility traps by learning from the best practices in many years of interventions in complex humanitarian crises.

2.2 TRADEOFFS BETWEEN RESILIENCE AND EFFICIENCY

Economic efficiency and economic growth are necessary, but not sufficient, conditions for poverty reduction. A resilience-based approach would question development policies that see only efficiency and economic growth as pivotal in increasing human welfare. By contrast, growth-maximising policies could in some cases undermine the resilience of a system, endangering its sustainability. For example, export-oriented policies that promote efficiency and enhance a country's growth potential can also reduce its resilience. How? By creating pressures to specialise in primary sectors, which are exposed to wide price fluctuations in international markets. As Perrings (2006) observes, concentrating assets in areas of activity that yield the highest short-term returns will almost certainly reduce the resilience of the system as a whole.⁹

2.3 NEW ELEMENTS OF ANALYSIS IN THE FORMULATION OF DEVELOPMENT STRATEGIES

A resilience-based approach tends to expand the purposes and the requirements of effective development policies. Policy design should be informed not only by static analyses and outcome monitoring but also by "resilience assessments." An analysis of the sources of resilience in a socioeconomic system would require a better understanding of the mechanisms of adaptability, learning capacity, self-organisation, decision-making processes and collective action. These elements of analysis could complement the study of social capital and social cohesion, household assets, exposures to risks and shocks and options for citizens and households to tackle shocks.

3. STATE FRAGILITY UNDERMINES SOCIOECONOMIC RESILIENCE

The processes for people to improve their well-being depend on interactions between different levels of the social structures, such as household, local, state and global community and different types of institutions ranging from markets to political, cultural and legal systems, to social capital and formal and informal systems, to regulating resource use rights, and to dispute and conflict resolution.

Box 5.2: Economic growth, development and well-being in fragile countries

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Some time ago W. Arthur Lewis observed that economic growth was not the purpose of development, but a means to increase the choices available to people. Now widely recognised, this key message has been elaborated by many prominent development thinkers. But it is not always consistently applied in policy and practice.

The recent multiple crises of the global economy, of global governance and of the global environment have given impetus to a call for readjusting how we understand development and how we organise international development policy and practice. There are widespread calls for a more human approach to development thinking (see the Sarkozy Commission Report 2009), built firmly on the recognition that the purpose of development policy is to provide the societal conditions for people to achieve well-being and to attack the conditions that produce human suffering.

In fragile developing countries, the challenges of rebuilding the societal conditions for human well-being are acute. In many of these countries, people and communities generate their own social conditions for surviving and thriving. They band together in local arrangements. They pay private militias for physical security. They may depend on local business bosses for market opportunities. And they may fall back on traditional systems of justice to enforce some basic law and order. While these arrangements may provide the barest conditions in which to get on with life, they also usually involve compromises that cannot be considered good for human development and well-being. Some key needs may be met, but freedoms may be sacrificed, and high levels of instability and insecurity reduce the overall quality of life.



⁷ Manor 2007.

⁸ Guillaumont and Guillaumont Jeanneney 2009.

⁹ Perrings 2006.

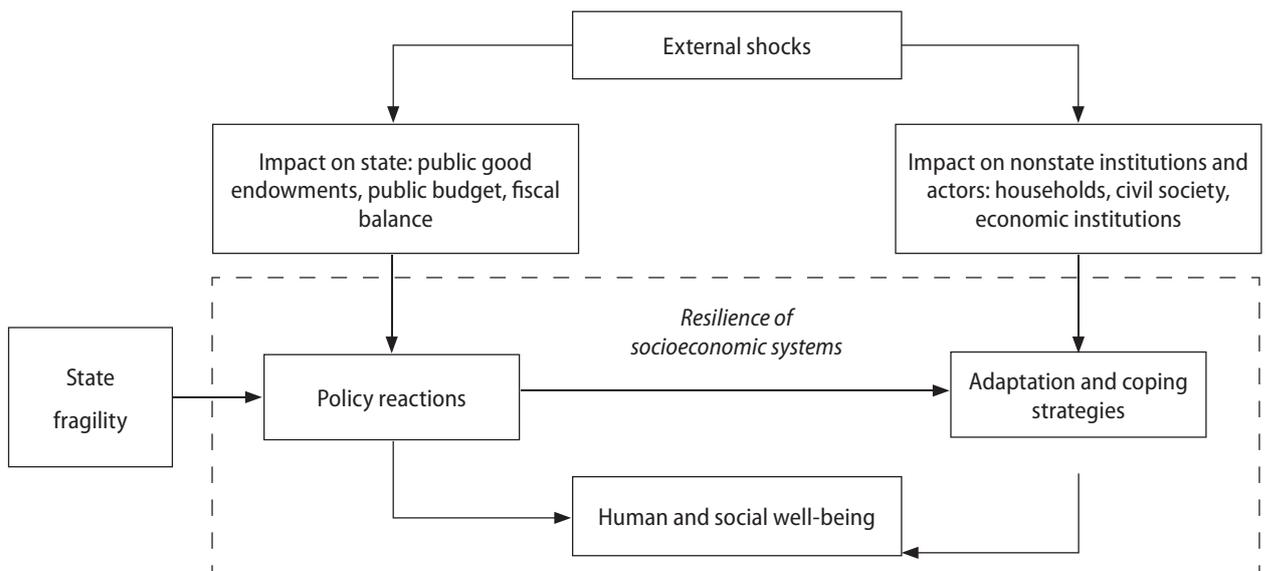
From this perspective, development efforts in these fragile contexts should proceed from an analysis of what is already providing some conditions for well-being and then pragmatically work with and build from them. This almost certainly involves engaging with a range of different actors beyond the state, such as self-help associations, local civil society organisations, militias and local business networks. The developmental purpose of such engagement is to strengthen the positive dimensions of the societal conditions for well-being and to steer these organisations and institutions away from their more harmful practices and procedures.

Using this well-being framework, the immediate priority in fragile and failed states is to establish who the most vulnerable are and who experience the most severe well-being failures as a result of state breakdown. This agenda of well-being focused engagement can support the first steps in reconstructing a basic social contract and the foundations for effective governance.

The resilience of a socioeconomic system – intended as a complex body of functionally interdependent state and nonstate actors – is shaped by the resilience of all its components in performing their functions, by their reciprocal influence and their capacity to constructively interact in order to manage the whole system and its trajectory. The concept of resilience can be profitably applied to all levels of a socioeconomic system, from households to local communities and to state institutions.¹⁰

State institutions are a crucial part of this complex system. The resilience of a socioeconomic system can be ensured or strengthened by the coping and adaptation strategies implemented at its different levels.¹¹ At the same time, the state shapes the resilience of the other social structures because it sets the governance mechanisms in society, delivers public goods, provides basic services and protects citizen safety and security, all essential for building human capabilities (figure 5.1).

Figure 5.1: Interactions between state fragility and socioeconomic resilience



Conversely, state fragility can undermine the resilience of a socioeconomic system. Economic and human development, resilience and the strengthening of state institutions are closely intertwined. If economic development can strengthen state capacity and create demand for the “state”, the formation processes and elements of functional and legitimate state entities help people to perform their economic activities and to pursue their well-being even in the face of changes.

The capacity and the evolution of state institutions cannot be analysed in isolation. If, for instance, households or communities are better able to resort to effective coping strategies when they have to deal with external shocks, this reduces the extent and pressing character of the political demands that they express. State fragility can be influenced and mediated by social resilience.¹² State-building can thus be effectively pursued by focusing on all layers of the socioeconomic system, not just state institutions.

The struggles and alliances between the state and other social organisations (families, clans, political parties, multinational and domestic enterprises) define how society and the state create and maintain the rules guiding collective action, power and distribution

¹⁰ For an application of resilience analysis at the household level, see Alinovi et al. (2009).

¹¹ Engberg-Pedersen et al. 2008.

¹² Engberg-Pedersen et al. 2008.

of the benefits and costs.¹³ A mutually reinforcing process can arise from the interaction between those Migdal (1988)¹⁴ calls *strong states* and *strong societies*: “a strong civil society provides a base of legitimacy and a capacity for activity on which state can build, but civil society also needs the state for the provision of certain services”.¹⁵

The next chapter sheds light on the nexus between state fragility and socioeconomic resilience by discussing the impacts and channels of transmissions of the global downturn in Sub-Saharan African fragile countries, as well as the potential capacity of their macroeconomic systems to tackle the crisis. Acknowledging that macroeconomic resilience is only one part of socioeconomic resilience, the analysis can help in understanding the relevance of state fragility for the capacity of Sub-Saharan African countries to cope and adapt to major shocks.

¹³ Migdal 1988.

¹⁴ Migdal 1988.

¹⁵ Spalding 1996, p. 66.