

# OVERCOMING FRAGILITY

## Focus on Africa

Overview of the **ERD 2009**  
Accra, May 21<sup>ST</sup>



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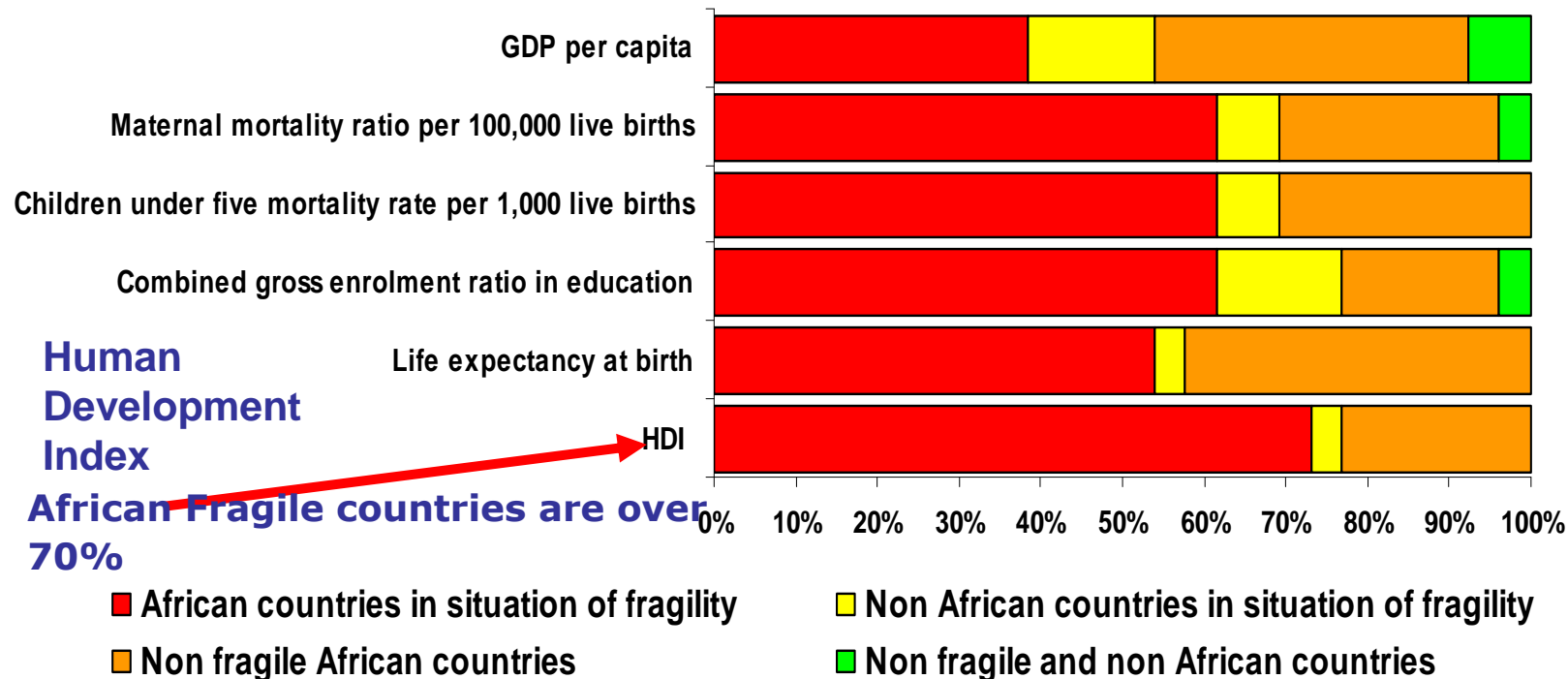


# **Why a European Report on Development (ERD)?**

- **For developing countries, Europe is a main donor, a major trade partner, an important investor, destination of many migrants**
- **While EU development policy is very articulated, there is a need for it to be better defined:**
  - **with respect to the group of countries in situation of fragility**
  - **Because of the current economic crisis: given a likely shortage of funds, EU countries may reconsider their priorities & countries may need more aid flows to offset the crisis.**

# ERD 2009 – Why a Focus on African countries in situation of fragility?

Worst performing countries by different indicators (HDR, 2008)



**Because considering the bottom quintile at the world level, most African fragile countries are there (for different reasons).**

# Hence, ERD 2009 focuses on African countries in situation of fragility. They....

1. Lag behind in the progress towards the Millennium Development Goals, which in any case may be inappropriate for countries in situation of fragility...
2. Their fragility produces negative effects at the regional and global level and transnational threats, in turn, undermine institution developing efforts
3. Being in a situation of fragility may become a “more frequent” status, because of the crisis
4. They are very vulnerable to shocks (have recently been exposed to food and oil price shocks) and have a low resilience (capacity to cope)
5. Last but not least, fragility is **highly persistent** over time

# Defining Fragility....

Not easy, and controversial

Different definitions, different measurements,  
some consensus

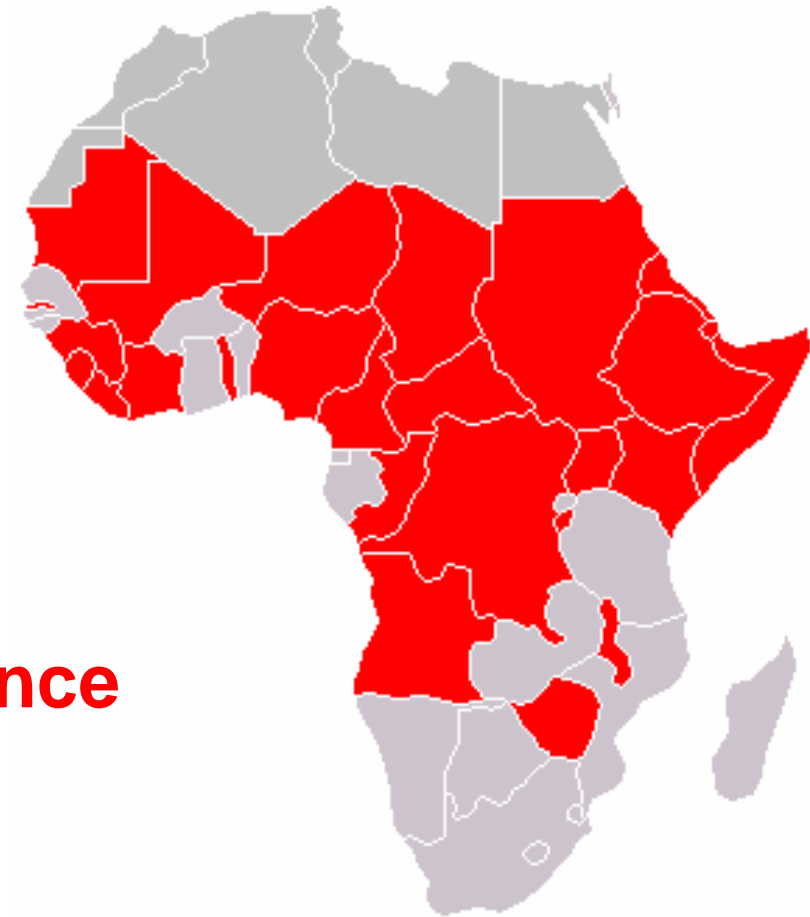
Most definitions share the idea that state fragility is directly related to **dysfunctional institutional capacities**.

But also, **lack of social trust**; governments do not enhance social trust; on the contrary, tend to worsen it because of:

- ✓ authority failures
- ✓ service entitlements failures
- ✓ legitimacy failures.

# Which African countries are in a situation of fragility? No agreement....

**But 30 SSA countries have been defined as fragile in recent years, according to at least one definition,**



**The issue of persistence is very important**

**Asymmetry: new countries can “get in”, but few can “get out”**

# Countries in situation of fragility are heterogeneous...

With respect to key structural factors and to macroeconomic outcomes

	RESOURCE INTENSIVE						NON RESOURCE INTENSIVE			
	oil			non oil						
	Angola	Chad	Cote d'Ivoire	Guinea	Uganda	Eritrea				
GDP growth	Green	Red	Yellow	Green	Red	Green	Green	Green	Red	Red
Terms of trade	Green	Red	Green	Green	Red	Yellow	Green	Yellow	Red	Green
Current Account (% of GDP)	Green	Red	Yellow	Green	Red	Red	Green	Red	Yellow	Green
Reserves	Green	Green	Red	Green	Red	Red	Green	Green	Red	Red
Export concentration	Red	Red	Green	Red	Red	Green	Green	Green	Green	Green
Inflation	Red	Green	Green	Green	Red	Red	Yellow	Red	Red	Red

	COASTAL				LANDLOCKED		
	Nigeria	Kenya	Togo	Congo, D.R.	Central African Republic	Zimbabwe	
GDP growth	Yellow	Green	Green	Green	Yellow	Green	Red
Terms of trade	Green	Red	Green	Green	Red	Red	Red
Current Account (% of GDP)	Green	Yellow	Yellow	Yellow	Yellow	Red	Yellow
Reserves	Green	Red	Red	Red	Red	Red	Red
Export concentration	Red	Green	Green	Green	Yellow	Green	Green
Inflation	Yellow	Red	Red	Red	Green	Green	Red

Cote d'Ivoire is doing better than Guinea, but also of Angola  
Togo better than Nigeria, Zimbabwe worst than CAR...

**.... growth is not always translated into  
development....**

**nor development is translated into  
well being.....**

Angola has had a very high rate of growth in the past 10 years, but still has the highest mortality rate under five

# ERD 2009 – Storyline - 1



- **The current crisis- as we shall discuss in this conference- has hit also fragile countries, under stress because of food and oil price development**
- **Hence, also fragile countries are affected (not sheltered) and have very low levels of resilience**
- **Transmission channels work differently (there is a specificity of fragile countries)**
- **We highlight the effects of the crisis on GDP, poverty, income distribution, gender, social instability.....**
- **and the fact that a drop in income levels increases the likelihood of being pushed in a situation of violent conflict**

# ERD 2009 – Storyline- 2




- Hence, there is **more need for aid and coherent development policies** (to help countries out of fragility)
- But there is a possible trade-off between short term and longer term policies
- A “one size fits all” policy does not work because of underlying heterogeneity of countries (landlock, oil exporters, net food importers and so on)
- Policies targeted at solving a single aspect (hunger, conflict) are likely to be ineffective (but Aid agencies tend to focus on one factor e.g. FAO, food because it is simpler and within institutional duties)
- There is **room and need for EU, which is institutionally different**, to implement a **coherent set of development policies**

# First workshop: Cambridge

- **Food security, agriculture and raw materials**
- **Most fragile SSA states are agricultural-based and characterized by a persistent food insecurity**
- **Thus, the role of State and informal agricultural institutions is crucial.**
- **Scaling-up of safety net programs might be ineffective in countries with weak governance**
- **Implementation cannot be overlooked.**  
**International experience shows that:**
  - External interventions risk to be ineffective (if not counter-productive) if the role and functioning of local institutions is not taken into account.
  - Need for an effective *partnership* between donors, intermediaries and final recipients

# Second workshop: Florence

- **State building, security and regional integration**
- **Security-development nexus**
- Highlighted that fragile context can  threats of regional or even global dimension, undermining the institution building efforts.
- **Focus on the state alone needs to be avoided; non-state local institutions have to be involved in the process of institution building.**
- **Regional integration** can be a way out of fragility, but **cannot be top-down**. It needs to be built from the bottom, accounting for the **existing structure of political incentives (heterogeneity)**.

# **Third Conference: Barcelona**

- **The challenges of fragility to development policy**
- **We discussed definitions, measures and usefulness of fragility**
- **Addressed the issue whether Natural resources are a curse or a blessing? And to what extent macroeconomic shocks can induce civil wars**
- **Round Table where aid effectiveness was discussed**

# **This Conference:**

- **The effects of economic and financial crisis on African countries**
- **Transmission mechanisms: try to see whether/to what extent mechanisms are different in fragile countries**
- **To see how the crisis could be transmitted from emerging African countries to fragile countries (migration)**

# **Development policies and a long- term framework**

- **Support for building/rebuilding/developing state institutions**
- **Enhancing trust and enforcement**
- **Monitoring Stability**
- **Long term (credible) contracts**
- **Heterogeneity between (fragile) countries implies that policies have to account for specific factors and cannot be just “intervention at the moment of a crisis”; they should be put into perspective**

**While we have to consider a long term framework, we cannot postpone acting (e.g. now it could be waiting after solution of the financial crisis). Situation would worsen if we did.**

# **Next Events**

**Presentation of the draft report**

**Florence**

**June, 22nd- 23rd**

**Presentation of the consolidated  
version of the draft report**

**Brussels**

**September, 4th**

# The ERD 2009 Core team



**Giorgia**



**Thierry**



**Marta**



**Pascal**



**Wendy**

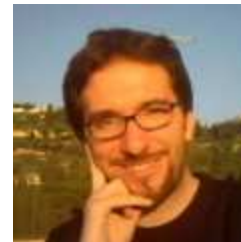


**Franklin**



**Shailaja**

**Project  
assistants**



**Simone**



**Elisa**



**Marco**

# But we can count on... **And many others!**



**Ernest**



**Sara**



**Torsten**



**Antonio**



**Luca**

including  
**158**

Applications  
to a call for

**Young  
Faces**

from **38**  
African  
countries!

**15 here  
today**



**Paul**



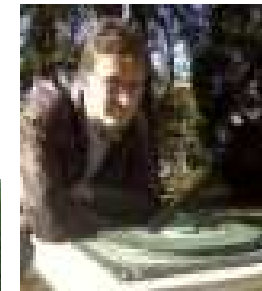
**Francois**



**Stephan**



**Andy**



**Jean  
Philippe**



**Yaw**



**Diego**



**Mina**



**Rodi**



**Ramon**

# The ERD web page

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



EUROPEAN REPORT  

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ON **DEVELOPMENT**