CONFLICT PREVENTION AND DEVELOPMENT CO-OPERATION IN AFRICA: A POLICY WORKSHOP

Background Paper

STATE FRAGILITY AND HUMAN SECURITY IN AFRICA

Robert Picciotto

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This background paper relates the concept of state fragility to the incidence of violent conflict in Africa. It draws the implications of recent policy research findings for the improved design of conflict sensitive development strategies towards Africa.

POVERTY AND CONFLICT

A sea change in the global security equation is underway. It will have far reaching consequences for development cooperation. During much of the twentieth century the centre of gravity of warfare was located in prosperous zones. Today, the new geography of violence is localized, fragmented and spread throughout the periphery of the developing world. According to the Swedish International Peace Research Institute, all major on-going conflicts today are intra-state and take place in poor countries[1].

Policy research has established that under-development and economic stagnation are closely associated with proneness to conflict. About one third of least developed countries were at war in any one year during 1980-2000. Compared to the rest of the world, the least developed countries lost some 40 percent of their output as a result of a greater frequency of war during 1980-2002[2]. Out of twenty countries with the lowest rankings in the human development index league table of 2002, sixteen were in conflict or just emerging from conflict.

Both prosperity and growth favor peace and stability. The risk of intra-state war is three times as high in countries with $1,000 per capita incomes than in those with $4,000 per capita incomes. It is half as high in countries that grow at an annual growth rate of 6% or more than in countries that experience an annual economic contraction of -6% or worse[3]. But statistical associations do not imply causality. We do not know for sure why these relationships hold. More research is needed and given the complexity of the security-development interface, the research needs to be context specific.

Accordingly, the JICA-UNDP policy research initiative focuses on Sub-Saharan Africa where economic performance has been poor and political violence remains a major cause of human suffering. This is the region where the deadliest confrontations of the last two decades and nearly 40 percent of on-going major intra-state conflicts are taking place.

THE NEED FOR EXTERNAL ENGAGEMENT

Contemporary civil wars are cruel and destructive. Their protagonists resort to theft, kidnappings, arson, rape and indiscriminate murder as routine instruments of warfare. The resulting turmoil and destruction stands in sharp contrast with the stability and the prosperity that prevails in rich countries. Can the benefits of peace and prosperity be shared by poor countries in Africa? Not without the fulsome engagement of developed countries.

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[1] According to the 2006 Yearbook of the Swedish International Peace Research Institute (SIPRI), there were 17 major armed conflicts in 16 locations in 2005 and no interstate conflicts were active for the second year running.

[2] Branko Milanovic, *Why did the poorest countries fail to catch up?* Carnegie Endowment for International Peace, Trade, Equity and Development Project, Number 62, November 2005.

[3] Robert Picciotto, Funmi Olonisakin and Michael Clarke, *Global Development and Human Security,* Transaction Publishers, New Brunswick, 2007 (p.116).

Most poor countries in Africa lack the resources, skills and market institutions to connect to the mighty engine of the international economy. They need special support to counteract the insecurities of globalization. If they are conflict prone, it is in large part because they have been marginalized so that only illegal profit-making opportunities remain. Furthermore, porous borders encourage the proliferation of problems without passports – disease, environmental stress and violence as well as cross-border flows of fighters, arms and weapons.

External military intervention can contribute to conflict prevention and peace building as it did in Sierra Leone[4]. But it is a last resort since it is risky, costly and hard to justify to skeptical electorates absent an international consensus to intervene (viz. Darfur). In most instances, diplomacy and development at the service of conflict prevention are the instruments of choice. Wielding such instruments, the United Nations, regional organizations and the international voluntary sector have become increasingly active since the end of the cold war. Not coincidentally, the number and severity of intra-state conflicts has declined[5].

With peace agreements now in place in Liberia and the DRC and with a secular increase in the number of democratically elected governments, the context for peace building in Africa has improved. But political violence remains a major obstacle to development in many countries. From Equatorial Guinea to Darfur and from Somalia/ Ethiopia to Niger, domestic conditions (economic, political, social and cultural) hold the key to regional peace and prosperity. Hence, the JICA/UNDP program addresses the interplay between internal and external forces on regional and national peace making and, in particular, the potential role of development cooperation in helping to meet the security and development needs of Africa.

The linkages between poverty and conflict while demonstrably tight are indirect. Only in contexts of failed and failing governance does political grievance trigger conflict (as in the Ivory Coast) and illegal natural resource exploitation sustains it (as in Sierra Leone). Thus, it is not poverty as such that produces war. But the same root causes that generate poverty also make countries conflict prone. In particular, weak governance explains poverty as well as conflict: weak states cannot compromise, cannot deliver services and cannot resolve grievances peacefully[6]. State fragility lies at the core of the new security and development challenge.

THE UNINTENDED CONSEQUENCES OF EXTERNAL ENGAGEMENT

The Hippocratic Oath 'first, do no harm' is highly relevant. The simplistic view according to which all humanitarian and development aid operations are supportive of peace and prosperity is refuted by evidence. The unintended consequences of

[4] Paul Collier, *The Bottom Billion*, Oxford University Press, Oxford, 2007.
[5] Human Security Center, 2005, *Human Security Report 2005: War and Peace in the 21st Century*. New York and Oxford: Oxford University Press.
[6] Jonathan Goodhand, *Violent Conflict, Poverty and Chronic Poverty*, Chronic Poverty Research Centre, Working Paper 6, May 2001.

peacekeeping operations have been amply documented[7]. Aid that concentrates on the pursuit of unbridled economic growth can be disruptive to a fragile society[8]. It can yield Dutch disease effects, increased inequality, corruption and unresponsiveness to citizens' needs.

Conflict insensitive aid (whether intended for peacekeeping or for development) spreads popular discontent and makes violence more likely. It is the overall quality and coherence for development of aid and non aid policies pursued by donor countries that matters for conflict prevention. There remains a wide gap between security and development goals. At the global level, the Millennium Development Goals (MDGs) that guide the policy priorities of development cooperation do not include conflict and security goals that were part and parcel of the Millennium Declaration solemnly endorsed by all heads of states at the turn of the century.

At the country level, under the aegis of the Paris Declaration, donor countries have undertaken to harmonize and coordinate their assistance in support of poverty reduction strategies (PRSs). Unfortunately, the PRSs have yet to incorporate conflict and security goals in a systematic way. Evidently, conflict myopia is rooted in the principles of effective aid that guide donor countries' engagement. These principles need reconsideration within the fragile operating environments of conflict prone states.

Thus, the 'ownership' of poverty reduction programs by developing countries' leaders is normally viewed as a keystone of development effectiveness. But traditional approaches to ascertaining ownership break down when leaders who profess peaceful intentions are in fact, "influential political, military or economic warlords who (have) their personal and professional interests tied to continued conflict"[9].

This is why conflict analysis is imperative as a prerequisite of effective external engagement in fragile states. Merely trying to work 'around' conflict is self-defeating. Conflict analysis helps to ascertain the identity, motivation and assets of local actors in order to build and nurture peace building coalitions. It guides aid operations 'in conflict' and helps produce a wholesome effect of aid operations 'on' conflict.

THE NEGLECT OF CONFLICT PREVENTION

The hard won lesson of the recent past is that preventive action has been absent or ineffective both prior to a conflict and since its mediation and presumed resolution. In countries that have been weakened by internal warfare, absent conflict prevention measures, the chances that violence will erupt once again (and that the economic recovery will be aborted) are unacceptably high. In about half of the cases conflict

[7] Chiyuki Aoi, Cedric de Coning, Ramesh Thakur (Ed), *Unintended Consequences of Peacekeeping Operations*, United Nations University Press, Tokyo, 2007

[8] Vast amounts of aid did not prevent a vicious civil war to erupt in the Ivory Coast.

[9] Jan Egeland, "*The Oslo Accord: Multiparty Facilitation through the Norwegian Channel*" in C.A. Crocker, F.O. Hampson and P. Aall, eds, *Herding Cats: Multiparty Mediation in a Complex* World. US Institute for Peace, Washington DC, 1999.

resumes within five years[10] despite significant outlays and heavy involvement by the UN and/or other actors.

Peace agreements often freeze conflict rather than resolve it. Given humanitarian imperatives, they are often imposed as a result of outside pressures well before the conflicting parties reach a ‘saturation point’ or ‘exhaustion level’ in the use of violence. Consequently, the protagonists do not internalize the notion that violence as a method of pursuing their aims is more costly than the initial injustice for which they are seeking redress.

Accordingly, when they sign peace accords, combatants often do so for opportunistic reasons. They suspend violence in the hope that the basic issues that led them to violence will be addressed and that they will be given a major stake in the new economic and political order. At a minimum, they expect to acquire immunity from prosecution as well as privileged access to the commanding heights of the peace economy. If these prerequisites are not met, they are sorely tempted to take up arms once again – unless dissuaded by compelling force.

Prior or during a conflict, mediation activities (let alone military action or conditional aid) are resisted by domestic leaders unwilling to countenance what they perceive to be unwarranted interference in the internal affairs of their sovereign countries. Such attitudes explain the widespread resistance of developing countries to the notion that the international community has a ‘responsibility to protect’ innocent civilians who suffer from persecution and do not receive state protection. Equally, the aid allocation protocols of donors continue to favor countries endowed with good governance and good policies.

As a result, the lion’s share of development assistance is still directed to relatively well off countries and to countries that have already experienced a conflict and must contend with its consequences. Failed, failing and conflict prone states have ended up as ‘aid orphans’ unless endowed with special geopolitical significance. Conversely, the predilection for well performing and post-conflict countries has diverted efforts and funds away from the actions most needed to reduce the likelihood of violence erupting in the first place.

Yet another reason why conflict prevention in fragile states has been neglected has to do with the fact that it is complex, demanding and hard to justify in terms of visible ‘results’. It is impossible to prove that a conflict has been prevented. On the other hand, shortcomings of peace making efforts are easily spotted and condemned. Nor is there any guarantee that mediation, reconciliation and compensation arrangements however well managed, will defuse the residual bitterness of long-drawn out conflicts, assuage feelings of revenge, and address the structural inequalities that often underlie internecine warfare.

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[10] Paul Collier, et. al. *Breaking the Conflict Trap: Civil War and Development Policy*. Policy Report. Washington, D.C.: World Bank, 2003.

A shift in priority towards conflict prevention is overdue and it would be cost effective. In security matters as in the public health field, prevention is demonstrably cheaper than the cure. On average the cost of a civil war is two and a half times the value of the country's GDP at the time the conflict starts. Preventing a single war saves USD 64 billion a year[11] on average. Thus, while conflict prevention involves high risks at the level of individual transactions it generates extraordinarily high rewards in the aggregate.

It is good economics as well as good politics to invest in conflict prevention in fragile states. The opportunity cost of only five years (1983-88) of civil war in Sri Lanka has been estimated at 20 percent of GDP ($1.5b)[12]. In Mozambique, production losses have been estimated at $20b due to the deaths of some 1.5 m people and the displacement of about half of the population from its customary sources of livelihood[13]. In Rwanda, Bosnia and Lebanon GDP fell to 46 percent, 27 percent and 24 percent of the pre-conflict peaks[14].

These numbers translate into very high aggregate returns even if individual conflict prevention operations are risky. Using notional probabilities of outcomes, Bradford University has estimated the cost-benefit ratios of investments in conflict prevention at more than three to one for the international community and ten to one for the world as a whole. By any standard, these are attractive returns on investment. Obviously, not all conflict prevention investments pay off: only 58 percent succeed but their average expected net values are excellent and vastly compensate for the costs of failed operations.

STATE FRAGILITY

State fragility is now the generally accepted term to allude to the special problems associated with governance weaknesses in aid dependent countries. But there is no consensus about the underlying features of a fragile state. Thus, DFID's development-oriented model of state fragility deliberately excludes countries' political characteristics[15]. This is at odds with USAID's approach, which gives pride of place to

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[11] 'Economics Focus: The Price of Peace', *The Economist*, April 24, 2004. Collier and Hoeffler (2000) estimate that less than USD 5 billion of peacekeeping yields nearly USD 400 billion in benefits

[12] L.M. Grobar and S. Gnanaselvam, *The Economic Effects of the Sri Lankan Civil War*, Economic Development and Cultural Change 41, January 1993.

[13] R.H. Green and M. Mavie, *From Survival to Livelihood in Mozambique*, IDS Bulletin 25, No 4, 1998.

[14] World Bank, *The World Bank's Experience with Post-Conflict Reconstruction, Synthesis*, Washington D.C., 1998.

[15] DFID's model of state fragility measures (i) *Capacity*, looking at safety and security (control of external borders and internal territory, juridical statehood); political power (checks on executive powers, engagement with the population); economic management (effective public expenditures planning and management); and service delivery (more than 15 percent of GDP is raised in taxes); and (ii) *Willingness*, looking at safety and security (equitable access to security services and justice); political power (inclusion of major groups in political processes); economic management (transparency in management of revenues from natural resource extraction); and service delivery (equitable access to public services by regions and groups). By contrast, the British Government's strategy for 'countries at risk of instability' is informed by

political legitimacy criteria. By contrast, the Center for Global Development adopts an eclectic approach that combines conflict incidence, social services delivery weaknesses and governance factors[16].

At the multilateral level, the typology that was once proposed for use by the United Nations Development Program takes account of domestic political characteristics but it avoids references to policy performance indicators[17]. This approach does not match that of the World Bank, which excludes explicitly political variables from its fragile state classification while giving major emphasis to assessments of policy performance. Specifically, the World Bank's criteria give major weight to macroeconomic management, the strength of institutions, and the quality of governance[18]. They combine verifiable quantitative indicators with qualitative judgments.

Not all fragile states are low income countries. Some are not even eligible for aid. The Failed States Index compiled by *Foreign Policy* and the Fund for Peace (*Foreign Policy*, 2007) covers all states that are vulnerable to violent internal conflict based on twelve economic, political, and military indicators[19]. Together these states are home to two billion people. The list identifies 60 countries at significant risk of failure. Of these, 28 are in Sub Sahara Africa.

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security criteria that make specific reference to the characteristics of domestic political institutions and such external factors as bilateral relationships and participation in regional groupings.

[16] It uses three criteria for defining state weakness: (i) security gap measured by the incidence of conflict during 1998-2003; (ii) capacity gap measured by immunization rates for measles and diphtheria-pertussis-tetanus; and (iii) legitimacy gap measured by voice and accountability ratings derived from World Bank Institute sources.

[17] A UNDP commissioned review of country classifications used a needs-based approach rather than a normative policy stance. It proposed eleven indicators of state weakness: (i) negative economic growth; (ii) natural resource dependence; (iii) excessive debt; (iv) low human development index value; (v) severe political disruption; (vi) HIV prevalence; (vii) armed conflict incidence, (viii) literacy level of less than 50 percent; (ix) low levels of democracy; (x) corruption; and (xi) regional conflict. Out of 46 countries that fall below four or more of these thresholds, 27 are classified in the 'special development needs' category. Particular mention is given to a subset of countries that meet six or more criteria.

[18]The World Bank uses its Country Policy and Institutional Assessment (CPIA) index to allocate lending resources, to shape policy directions, and to establish debt relief targets. The CPIA is a synthesis of staff assessments arrayed along 20 criteria grouped into four clusters: (i) *economic management:* management of inflation and current account; fiscal policy; external debt management; quality of development program management; (ii) *structural policies:* trade policy and foreign exchange regime; financial stability and depth; banking sector efficiency and resource mobilization; competitive environment for the private sector; factor and product markets; policies and institutions for environmental sustainability; (iii) *policies for social inclusion:* gender equity; economic opportunity; equity of public resource use; building human resources and safety nets; poverty monitoring and analysis; and (iv) *public sector management and institutions:* property rights; rule-based governance; quality of budgetary and financial management; efficiency of revenue mobilization, efficiency of public expenditures; transparency, accountability and corruption of the public sector.

[19] Demographic pressures, refugees and displaced persons, group grievance, human flight, uneven development, economic decline, de-legitimization of state, public services, human rights, security apparatus, factionalized elites, and external intervention.

Criteria focused on policy performance yield different implications for action from those focused on security, capacity, and legitimacy (e.g. those used by the Center for Global Development):

- Six countries ranked at the top (first two quintiles) of the CPIA ratings have a security gap according to the Center for Global Development. Three of these countries are in Africa (Senegal, Uganda and Rwanda).
- Three countries at the top of the CPIA ratings have a legitimacy gap. One of them is in Africa (Rwanda).
- Eight countries at the top of the CPIA ratings have a capacity gap. Four of them are in Africa (Burkina Faso, Mali, Mauritania and Senegal).
- Ten countries ranked in the first three quintiles of the CPIA ratings do not meet the criteria for the US Millennium Challenge Account. Six of them are in Africa (Malawi, Mozambique, Benin, Burkina Faso, Mali and Mauritania)[20]
- Out of 34 countries on the World Bank list of low-income countries under stress, seven are not on UNDP's list of countries with special development needs.
- Conversely, the UNDP lists twelve low-income countries with 'special needs' that are not on the World Bank's LICUS list.

The need to harmonize definitions is illustrated by the differences in the lists of fragile African states displayed below (Table 1).

TABLE 1: DIVERSE LISTS OF AFRICAN FRAGILE STATES

DFID	WB	DPCs	Failed States Index
Angola	Angola	Angola	Angola
Burundi	Burundi	Burundi	Burundi
Cameroon	CAR	Cameroon	Burkina Faso
CAR	Comoros	CAR	Cameroon
Chad	DRC .	Chad	CAR
Comoros	Rep	Comoros	Chad
DRC	Congo, Rep of	DRC	DRC
Congo, Rep of	Cote d'Ivoire	Rep.	Congo, Rep of.
Cote d'Ivoire	Guinea	Congo, Rep of	Guinea
Djibouti	Eritrea	Guinea	Guinea Bissau
Eritrea	Gambia, The	Guinea Bissau	Eq. Guinea
Ethiopia	Guinea Bissau	Niger	Eritrea
Gambia, The	Liberia	Nigeria	Ethiopia

[20]Three of them (Benin, Mali, and Mozambique) were nonetheless selected for support by the Millennium Challenge Account.

Guinea Guinea Bissau Kenya Liberia Mali Niger Nigeria Sao Tome and Principe Sierra Leone Somalia Sudan Togo Zimbabwe	Niger Nigeria Sierra Leone Somalia Sudan Togo Zimbabwe	Sao Tome and Principe Sierra Leone Somalia Sudan Togo Zimbabwe	Guinea Ivory Coast Kenya Liberia Malawi Mauritania Niger Nigeria Rwanda Sierra Leone Somalia Sudan Togo Uganda Zimbabwe

To further complicate matters, fragile states were once called 'difficult partners' in the OECD lexicon. Out of a total list of 30 countries, 19 were in Sub Sahara Africa. Their problems, while diverse, numerous and acute, differ little in their fundamental character from those faced by other least developed countries. They require long-term engagement, politically savvy treatment, and tailor-made solutions that take account of local leadership capacities. But so do other developing countries. Hence, it is not surprising that the principles that were agreed by the Development Assistance Committee (DAC) of the OECD, following the January 2005 High-level Forum on Fragile States (OECD, 2005), are strongly reminiscent of those that the DAC has long promoted for development cooperation in general (Box 1).

Box 1: Principles of good international engagement in fragile states

The development cooperation directorate of OECD issued the following principles of good international engagement in fragile states, following a high-level forum that also included the European Union, the United Nations Development Programme, the World Bank, and many bilateral agencies:

- take context as the starting point: different capacity and resilience constraints at country level must be taken into account, based on sound economic and political analysis;
- emphasise prevention: action today can reduce risks of future outbreaks; address root causes and avoid quick-fix solutions;
- focus on state building: address governance functions and basic services;
- align operations to domestic priorities and processes: avoid enclave interventions; make project designs consistent with emerging planning priorities; connect procurement and disbursement practices to emerging domestic systems;
- recognise the political-security-development nexus: improve the coherence of IFAD interventions with those of the development community;
- promote coherence among donors: adopt the harmonisation agenda; use common integrated planning tools (e.g. the transitional results matrix);
- operate under a single country-level coordination umbrella: aim at joint assessments, shared strategies; multi-donor trust funds; joint donor offices;

- do no harm: avoid salary supplements; do not bypass national processes; etc.
- sequence aid instruments: flexible provision of government core funding and recurrent financing; limited conditionality; simple project designs;
- act fast but stay engaged over the long haul: take advantage of windows of opportunity; be realistic about implementation constraints; reward ownership by reform-oriented locals.

Source: OECD

FROM FRAGILITY TO CONFLICT

What then is state fragility? One way of answering the question is: "you know a fragile state when you see it". It is a state where the society is fractured, the economy is mismanaged and social service delivery is so weak that the social contract between the state and the people has been undermined or has broken down altogether. In such circumstances, if the society lacks cohesion, the state is prone to disintegrate when threatened by a hostile and disciplined force.

Thus state fragility is linked to conflict but in a probabilistic rather than a linear fashion. Not all fragile states fall prey to a major conflict. But when a triggering event is combined with the weak 'immune system' associated with state fragility, major violence may erupt and in the absence of state protection, human rights violations are prone to multiply. Failing effective domestic leadership and/or external intervention, systematic terror, rape, property destruction, large scale population displacement and forced conscription of young people can gradually become ingrained in the society.

Fragile states may eventually reach such isolation and suffer such disintegration that legitimate enterprises have no space left to operate, and illegal pursuits become the only significant profit making opportunities. In such environments, customs officials become corrupt, illegal practices become culturally acceptable, and the shadow economy becomes dominant. Ineffective border controls, lax policing, and major price differentials make smuggling profitable. Subversion of state authority through bribery, collusion, and intimidation becomes widespread. Such conditions also facilitate the recruitment of idle and disoriented youths by extremist groups.

Eventually the state gradually retreats from basic public functions and sometimes from parts of the country. In turn, local chiefs, mafia leaders, or warlords fill the political vacuum, sometimes in collusion with corrupt officials. Given the incapacity of the state to deliver services and ensure security, loyalty to the regime withers and the locus of authority shifts to minority groups, indigenous movements, ethnic or religious leaders, or criminal syndicates that are able to deliver security services to those who can pay. The state becomes fragmented and low intensity or large-scale violence eventually ensues.

In such circumstances, institutional weaknesses in all dimensions matter but especially in the security sector since such weaknesses compound the problem and lay the foundations for a vicious circle of international trafficking and violent crime. Based in fragile states, a wide range of unlawful organizations take advantage of modern communications technologies and management methods to engage in illicit trade in agricultural, forestry,

and wildlife products as well as in drugs, arms and weapons, diamonds, antiquities, stolen cars, toxic waste, and counterfeit goods. Some crime syndicates may also engage in illegal trafficking of women and children to satisfy a booming sex trade.

Finally, the accumulation of private wealth in the midst of penury and misery creates social tension, contributes to criminality, and leads to a booming demand for private security services and property rights protection. Foreign companies, aid agencies, and voluntary organizations must also resort to private security services contracted out to specialized companies manned by former police and military personnel. Inevitably, the privatization of security services without adequate state oversight undercuts the monopoly of violence on which the state's legitimacy ultimately rests.

As health conditions deteriorate and refugee numbers soar, the conflict may spillover to neighboring states and cause international stability. Ultimately, failed or rogue states can be used as platforms for transnational criminal and terrorist networks. Thus, fragile states become the weakest link of the international security system. This means that it is therefore in the self interest of rich countries to avoid the emergence of failed states. From an altruistic perspective too, fragile states need priority attention since they represent the core of the poverty reduction challenge, being home to about one billion people and a third of the absolute poor[21].

From a development cooperation perspective, it is important to recognize that poor, fragile, debt-burdened states cannot generate fiscal resources for providing basic social services, maintaining law and order, let alone invest in economic diversification and long term development. This is why the phenomenon of 'aid orphans' is ominous. The presumption that the travails of fragile states can be overcome 'on the cheap' is simply wrong. It takes substantial external resources, a clear sense of priorities and a long term commitment to strengthen a weak state and build its resistance to the plague of contemporary conflict.

DEFINING CONFLICT AS EXIT

We propose a conception of the relationship between conflict, security, and development that puts state fragility at the center of the conflict-poverty nexus. We argue that s*ecurity* implies safety, stability, and reliability but it can also connote economic and social stagnation. Similarly, *development* promises prosperity but it can also imply risk, uncertainty and insecurity. Good governance strikes a judicious balance between these two goals. Security without development cannot meet popular expectations. Conversely, rapid growth can aggravate inequality among groups and induce social tensions. Where

[21] Low-income, fragile states number 46 countries according to the Department for International Development of the United Kingdom. These countries are home to 32-46 percent of the children who do not receive a primary education in developing countries; 41-51 percent of the children who die before their fifth birthday in developing countries; 33-44 percent of maternal deaths in developing countries; 34-44 percent of people living with HIV/AIDS in developing countries; and 27-35 percent of people deprived of safe drinking water in developing countries. In these fragile states, malnutrition, affects one of every three people – twice as many as in other developing countries

state security arrangements are weak, violence may be a cost free option to acquire power and influence.

These contending forces are captured by Hirschman's '*exit, voice, and loyalty'* model designed to explain how the deteriorating performance of a group elicits diverse reactions from its members. They may exercise their 'voice' option to help generate recuperative mechanisms within the group. Alternatively, they may decide to 'exit' from the group. The Hirschman model emphasizes the economic dimension of exit (as when consumers switch from brand to brand, employees resign, or workers go on strike).

Extending this model to the political arena, collective violence is an extreme manifestation of exit. While exit can be blocked by coercion, it fuels resentment and generates social exclusion that can contribute to further violence. By contrast, the exercise of voice (e.g. through participation in democratic politics) provides a peaceful way to negotiate differences and manage conflict. Therefore, it is through voice and accountability that the state achieves resiliency.

First, we posit that the achievement of security and development requires ways of avoiding the *'exit'* of some groups from society, especially violent exit: this requires a capacity to generate rewards as well as a capacity to impose penalties. Second, we stress that the exercise of *'voice'* (participation that takes account of cultural factors) is needed to minimize the temptation of exit. Third, we recognize the importance that *'loyalty'* to state institutions holds in constraining exit.

In particular, we note that state strength and resiliency is achieved through accountability and participation that define responsive policy options and reconcile conflicting views in combination with the authority of a legitimate hierarchy that can take timely decisions and make them stick. These prerequisites of sound governance are embedded in institutions. Specifically, for authority to be sustained over time, it must be backed by a social contract between the government and the governed. Its terms vary from country to country.

Some states maintain a narrow range of core functions (e.g. defense, law and order, protection of property rights, and delivery of basic social services) and create an enabling environment for private and voluntary enterprise. Others adopt a more activist role including wealth re-distribution, industrial policy and social safety nets. But all states have one thing in common: they aspire to a monopoly of violence. In return, they undertake to protect human rights and deliver social services.

To deliver its side of the social bargain, a state needs *capacity*. To overcome the social tensions that its development efforts will inevitably generate, the state also needs *resilience*. Without the resilience associated with legitimate authority, it cannot mediate among various interest groups, settle disputes or meet the felt needs of its influential constituents. But institutional solutions vary because the inevitable tensions between security and development goals must be resolved on a case by case basis.

The implicit hypothesis of the model can now be stated: *state fragility is a combination of incapacity and lack of resilience.* Capacity is critical to the delivery of development performance, while resilience is central to the mediation of conflict and therefore it promotes security. Thus, development is integrally linked to state capacity while security is correlated with state legitimacy. Of course, the two dimensions are interconnected since failure on one front can lead to deterioration on the other. In particular, deficits in capacity or resilience, or more often in both, can lead to large scale conflict and – given other aggravating factors such as a natural disaster or an external threat – to the breakdown of the monopoly of violence that defines the state.

Customs, rules, and social protocols determine the balance between *exit* (violence) and *voice* (resilience). They generate various degrees of *loyalty*, defined as the extent to which poor performance is tolerated without resorting to exit. Loyalty is strengthened by voice. Hence, freedom of expression and assembly are conducive to resilience. Conversely, the provision of human security made possible by the state's monopoly of violence strengthens loyalty and allows the exercise of voice within accepted social protocols.

Loyalty is a function of the degree to which citizens identify with the state. A common language, a distinctive culture, and national symbols contribute to a sense of identity. These societal features improve the efficacy of the voice option and strengthen loyalty. As a result, nationality provides state leaders with greater discretion than would be justified by a strict calculus of individual interests.

On the one hand, citizenship confers privileges. On the other hand, it creates obligations that allow the state to exact sacrifices from citizens. It makes taxation feasible and it requires soldiers and policemen to take personal risks (and as a last resort to offer their lives) to protect the safety of the state and its citizens. Thus, the human yearning for cultural identity is harnessed by nation-states to protect their security.

Consequently, nation building goes hand in hand with state building and, within limits, nationalism can substitute for both capacity and legitimacy. Conversely, the excesses of nationalism undermine international security by promoting aggression (as in Nazi Germany), while vulnerability to intra-state security problems arises where national borders are not aligned with cultural and ethnic cleavages (as in Cote d'Ivoire, Rwanda) and triggering events or opportunistic neighbors ignite violence.

According to this logic, the exercise of voice generates loyalty (the margin of tolerance for shortfalls in capacity) and it also makes authority responsible. In this way, voice helps to enhance social cohesion so that loyalty provides governments with the space they need to innovate and to take judicious risks in the national interest. It follows that, within certain bounds, resilience can substitute for capacity, and capacity for resilience. The more legitimate a government, the greater the trust that citizens place in it and the greater their tolerance for shortfalls in government performance. This is why cultural identity matters. Conversely, governments that are capable of delivering security and other public services to their citizens may survive even if their legitimacy is partial.

In sum, development has to do with building capacity fast enough to keep up with change in the external environment and in popular expectations. But without the resilience conferred by legitimacy (often achieved through the glue of national identity), the increment in capabilities that is needed to maintain social cohesion may be too demanding for the domestic actors - unless supplemented by aid. Similarly, in a state that cannot demonstrate capacity, by providing human security and delivering services, the patience of citizens wears thin. As a result, state legitimacy is undermined and conflict becomes more likely.

This conceptual framework gives equal weight to cultural, structural, and incentive factors in explaining conflict. In doing so, it connects three alternative explanations of contemporary conflict proposed by Samuel Huntington, Mark Duffield and Paul Collier. First, national, ethnic, or religious identity facilitates social cohesion by building intra-group loyalty within the state – but it can also be tapped to foment violent conflict among groups or states (thus illustrating Huntington's partial and much contested *cultural doctrine*).

Among citizens who lack the voice option, grievances build up. In such circumstances, as presaged by the *structural doctrine* of Mark Duffield, power relations that smother voice underlie the resort to coercion and its concomitant – violent backlash. Finally, resort to the extreme brand of exit (violence) can be explained in *neoclassical terms* of greed favored by Paul Collier: without effective rewards delivered by a state capable of generating social services (and penalties for errant behavior enforced by competent security institutions) rebellious violence emerges the most profitable option.

MEASURING STATE FRAGILITY

The state fragility model presented here relies on published measures of state *capacity* and *resilience*. It helps to connect security and development strategies by focusing on the factors that guide development cooperation actions and donor engagement. We posit that conflict proneness is associated with state fragility characteristics that (along with leadership factors) make civil strife and violent conflict more likely. This approach eschews simplistic definitions of democracy and distinguishes between government performance (for which domestic authorities are responsible), structural conditions (about which country authorities can do little in the short run) and ultimate security and development outcomes (which are the object of donor country engagement).

First, we define state capacity in terms of the ability to manage the economy, collect taxes, educate the citizenry and deliver basic health services (Annex 1). Next, we measure resilience through indicators of voice and accountability, extent of political freedom, governance and institutional quality, and perceptions of corruption (Annex 2). Both types of indicators illustrate core state functions since protection of basic human rights through effective justice institutions is as basic a human need as access to food, clean water or shelter.

Conflict sensitivity is the new frontier of development cooperation and it is this frontier that the UNDP- JICA program is designed to explore. In order to help determine the quality of outcomes that result from country efforts and donor engagement we focus on security and development indicators. Regarding security we use indicators of conflict frequency and intensity, severe political change and refugee populations (Annex 5). For development we rely on the UN human development index and the per capita annual GDP growth rate (Annex 6).

Based on these indicators we find that 93 percent of African states (13 out of 14) that have endured serious political violence or serious and prolonged warfare since the end of the cold war are very fragile states, i.e. they suffer from a combination of weak capacity and low resilience. This compares to a ratio of 53 percent (9 out of 17) and 33 percent (5 out of 15) for African countries that have experienced limited or negligible political violence during the same period (Annex 7).

Thus, it would appear that violent conflict is probable but not inevitable even in very fragile states. Furthermore, and this is a hopeful finding, the same fragility factors that increase vulnerability to conflict do not consign countries to economic and social stagnation. To be sure, all five countries that experienced a contraction in their economies between 1990 and 2003 (and five of six that experienced a growth rate of 0-2 percent) were very fragile. On the other hand, 7 out of 11 countries (64 percent) that experienced annual economic growth rates of 4 percent and above and 13 out of 18 countries (72 percent) with annual growth rates in the 2-4 percent range between 1990 and 2003 were also very fragile (Annex 8).

The same kind of ambiguous pattern is displayed in Annex 9. Out of 44 Sub-Sahara African countries, 11 improved their rankings on UNDP's Human Development Index (HDI) between 1994 and 2004. Of these, 7 (or 64%) are classified as very fragile. This is *higher* than the share of the 19 very fragile countries (58 percent) out of the 33 Sub-Saharan Africa countries that actually lost ground on the HDI league table during the same period.

It would therefore seem that the relative economic and social performance of fragile countries can improve despite the handicap of state fragility. This is why development cooperation, well conceived and effectively implemented, emerges a privileged driver of human security.

TOWARDS MORE EFFECTIVE INTERNATIONAL ENGAGEMENT

First, fragile states are less able to protect themselves against insurgency, or to deploy peaceful means to resolve conflict, prevent the onset of conflict, or resolve local disputes when they arise or before they escalate into violence. They are less able to fulfill their minimal obligations to the population, to maintain security and to prevent gross violations of human rights. This situation leads to a breakdown in the social contract between the government and the people[22].

[22] Illiberal democracies are more vulnerable than fully democratic or authoritarian regimes.

Hence, development cooperation should focus on strengthening the core functions of the state. Accordingly, donor countries' engagement with conflict-prone poor countries should help build clean, lean, and able systems of justice, and penal systems. This means increased accountability of the state and long term capacity building. It also means increased transparency in decision making and public spending. Furthermore, it requires popular participation since development priorities are only owned by the citizenry if they are set following principled deliberations and protected by the safeguards of checks and balances. .

Second, given the need to create incentives for peaceful behaviour and prevent exit through violence, *security institutions* must be reformed and strengthened. This is critical to re-establish the state's monopoly of violence following a conflict as well as to help prevent one. It should be viewed as part and parcel of the long-term project of achieving democratic governance over all security forces. Security is the most crucial service provided by government and no public expenditure assessment is complete without an examination of the efficacy of military security services. Greater respect for the dignity of poor people, and better protection of human rights by security staff and police officials in low-income neighbourhoods have emerged as major demands in poverty surveys.

Third, the state should be in a position to offer rewards for the loyalty of its citizens and this is where aid comes in. To facilitate conflict prevention, *human security should govern aid policy.* This requires a focus on distinctive priorities and operational emphases that have been validated by policy research findings. Specifically, the poverty reduction strategy process should give particular attention to the factors identified as increasing vulnerability to conflict[23]. Not every kind of development intervention meets the security imperative. New policy priorities should be adopted by aid donors in order to ensure that aid operations reduce the risks of conflict. They are outlined below.

Reducing horizontal inequalities

Accelerated economic growth remains a key development priority since it is critical to poverty reduction. Good macroeconomic performance is necessary but it is not sufficient. Inefficient and inequitable public spending may undermine much of its gains. Social development can be frustrated as a result. Furthermore, conflict sensitivity in development cooperation means that external engagement should help to *reduce 'horizontal inequalities'.*

Economic liberalization provides conditions for rapid enrichment of market-savvy minorities that exacerbate social resentments and ethnic tensions. Such vulnerabilities are amplified in countries in an early phase of the demographic transition. Exclusion of ethnic or religious groups from economic, political and social opportunities can escalate into violent attacks on the state. This is why so many conflicts are between rival ethnic

[23] Out of 20 countries with the lowest human development ratings in 2002, 16 were in conflict or just emerging from conflict. And though most terrorists are drawn from the middle classes, the ideologies they serve do not thrive in countries that have benefited from equitable and socially inclusive development.

or religious groups; for which the casual and inaccurate explanation is deep rooted 'primordial' identity and hatred for other groups.

This means that reduction of inequality among identity groups matters to human security. So does improved gender equity – about 70 percent of the poorest are women. Human security also requires a special emphasis on strengthening social safety nets. While poor people use extraordinary ingenuity in dealing with risk, they are vulnerable to illness and injury, crime and domestic violence, loss of employment, harvest failures, and price fluctuations. Equitable access to schooling and to health services is equally critical.

Youth unemployment and exclusion
From a human security perspective, population trends are critical since, in combination with other factors, they create the conditions that radical leaders exploit to foment unrest and violence. The development process invariably involves a demographic transition when lives lengthen and average family sizes decline. About a third of the world's countries, home to 1.5 billion people, are in the early stage of this transition, which is characterized by a youth bulge, that is, a large share of young adults in the population.

Countries at this stage of the transition are nearly 2.5 times more likely than other countries to experience a civil war. In most of them, growth is not sufficient to create enough jobs for the expanding labor force. Their unemployment rates are 3-5 times higher than the average for developing countries. Among job seekers, young adult males are least likely to find work and most likely to resort to violence in response to their deprivation. Especially where the state is weak and cannot manage social tensions, the combination of low growth and high fertility is highly combustible, especially where urbanization rates are high.

The ease of access to small arms and light weapons makes violence an economic proposition for young unemployed men, especially where a demographic transition has created a youth bulge[24], economic stagnation prevails and the state security apparatus is weak or illegitimate. This suggests that development programs should take account of demographic and employment factors in parallel with security sector reforms that address disarmament, demobilization and reintegration of former combatants in the peace economy.

The policy implications of these findings are straightforward. Population policies should be designed to accelerate the demographic transition, for example by favoring girls' education, family planning, women's rights, and gender sensitivity in other policy areas. Promotion of employment reduces the risks of conflict. Hence, economic policy should focus on providing enabling environments for rural development, small and medium

[24]Countries at an early stage of the transition are nearly 2.5 times more likely than other countries to experience a civil war. About a third of the world's countries, home to 1.5 billion people, are in this stage of the transition. It is characterized by a youth bulge, i.e a large share of young adults in the population. The effects of youth bulges are worsened by mortality from HIV/AIDS and related diseases, which begins to strike young adults in the 20-24 year age range, jumps in the late 20s, and peaks through the 30s.

enterprises, and vocational training. Trade policies, foreign direct investment, credit programs, and infrastructure development should also be geared to job creation. Emphasis on job training in deprived urban areas and community-based initiatives is especially useful as it combines social capital creation with employment.

Mismanaged natural resources
Competing demands over natural resources can fuel discord especially when the structure of ownership is skewed, rights to land are contested, and the claimants (for example farmers, pastoralists, ranchers, miners) belong to different ethnic groups. Pressure on scarce natural resources is bound to increase further as climate change produces floods, droughts, and heat waves.

Lopsided land ownership in agrarian societies (Kenya, South Africa and Zimbabwe) induces social tensions that fuel resentment and lawlessness. Disputes among different ethnic groups with incompatible requirements for (and/or inequitable access to) arable land, water, forests, or fisheries tend to escalate as the natural resource gets depleted. This has been a significant factor behind local conflicts in Cote d'Ivoire, Nigeria and Rwanda. In Darfur, such violence has forced at least 1.2 million people from their homes and fields.

Land disputes are being aggravated by infrastructure investment (for example for irrigation and transport) that increase land values in areas where land ownership rights are tenuous, allowing displacement of poor farmers by rich farmers and powerful politicians. Development also induces intensification of land use and deprives nomadic communities of traditional grazing rights. Increased land values resulting from mineral exploration, or forest concessions can lead to land grabs where ownership rights are tenuous and the rule of law fickle.

Over-dependence on natural resources
Statistically, conflict is more frequent in autocratic countries highly dependent on extractive industries. In such environments, local elites may capture the bulk of revenues, thus making domestic taxation redundant and weakening the social contract between the rulers and the ruled. But, as illustrated by now-developed countries (as well as by Botswana) there is no good reason why oil, gas, and mining resources should be a curse. They have been a blessing under governance systems able to mediate competing claims and provide a suitable enabling environment for their profitable extraction, processing, and use.

Natural resource exploitation has been at stake in a quarter of 50 recent wars. Illicit resource extraction has supplied warlords with resources to purchase arms and recruit combatants. The lure of easy profits has also induced military incursions by neighbors, as in the Democratic Republic of Congo. Conversely, external intervention may hold the key to their resolution, as in Angola and Sierra Leone.

The involvement of foreign companies in natural resource extraction has led to scrutiny by advocacy groups that have promoted public awareness of the links between natural

resources, conflict, and corruption. The resulting public pressures have made multinational companies more sensitive to their social responsibilities. Safeguard policies have been designed to ensure that project finance by development agencies and banks is contingent on compliance with social and environmental sustainability safeguards.

REFORMING AID

Strategy matters. But implementation matters too. Unfortunately, the aid delivery system is under severe stress. Despite recent increments in the volume of aid, the amounts are inadequate to deal with the increasingly complex and far-flung aid agenda. Official development assistance now stands at about 0.25 percent of GDP and accounts for less than 0.8 percent of the gross national income of all developing countries, or about 4 percent of their government expenditures. For the least developed countries, official development assistance has shrunk from 12 percent to 7.5 percent of GDP while debt service is about 3 percent of GDP. Debt reduction policies are highly restrictive. Declining terms of trade have meant that capital has flowed out of rather than into Africa. Administrative costs absorb 6-7 percent of aid flows.

Untied aid accounts for only 41 percent of total aid. This means that about USD 5 billion a year is spent on needless mark-ups for goods and services. Much of the technical assistance that is funded by aid (especially involving resident experts) is perceived by recipients as expensive, donor driven, and commercially or politically motivated. Poor aid coordination and fragmentation contribute to inefficiency in aid delivery. Finally, aid is misdirected: the least developed countries get less than 30 percent of the aid, and the share of aid allocated to basic social services is about half of that recommended by the United Nations. Overall reform of the aid system would improve human security.

Invest in early conflict mediation and reconciliation

Spending for conflict mediation and reconciliation is an investment in peace and prosperity. Neutral facilitation is a better option for nurturing a sustainable peace than backing the friendlier faction. Prudence dictates donor country engagement, not inaction, to help avoid state failure and its likely consequences: growing poverty, violent conflict, large-scale population displacement, and sanctuaries for criminal and terrorist enterprises.

Most violent conflicts result from a combination of underlying and precipitating causes. While the former requires treatment of root or structural problems (along the lines sketched above), the latter may be amenable to diplomatic solution. It aims at sparing the international community a choice between respect for national sovereignty and the duty to intervene to protect the innocent. It is a chain with six major links: (i) predictive intelligence and analytical capacity, (ii) early warning system, (iii) toolbox of preventive methods, (iv) effective decision making, (v) capacity to respond, and (vi) political will needed for timely action.

The first two have received extensive scrutiny. The art of intelligence is to cry wolf at the right time and to avoid crying wolf prematurely. The sheer mass of intelligence data hinders interpretation. Human intelligence is often at a premium as multiple dots are identified but remain unconnected. Predictive models predicated on systemic variables

tend to predict trouble everywhere. Even the best intelligence-gathering apparatus cannot eliminate all the uncertainties.

Much progress has been made in building early warning capacities, and through the hard-won lessons of history a toolkit has been assembled to facilitate conflict mediation. Equally, a variety of multi-actor models are available to help coordinate the response. With the right skills and the right incentives, preventive diplomacy can help turn spoilers into stakeholders.

Donor country engagement should help trigger dialogues and initiatives that can help to remedy social grievances and facilitate the proactive and principled involvement of non-state actors such as nongovernmental organizations and private entities. Small arms monitoring, embargoes, and targeted sanctions are also part of the arsenal, along with preventive deployment of forces as the last resort. The weakest links in the chain are the political will to act and the strategic capacity to design a response.

Advocacy, political pressure, and the promotion of a culture of prevention can nurture political will. This requires shared norms, shared definitions, and shared parameters. Conflict prevention strategies should be adapted to the local environment by involving domestic actors, adopting their terminologies, and respecting their distinctive cultural traditions. The civil society has a special role to play in changing public attitudes and facilitating reconciliation.

Select the right instruments
How then should aid instruments, methods, and skills be adapted to weak institutional environments? Pious mantras regarding ownership, partnership, and results orientation do not help produce results in fragile states. Investments in the security sector normally have a high priority in such environments, but steps should also be taken to prevent military and police assets from being used for political repression and oppression. Large revenue-producing projects deserve support but not in the absence of sound systems for managing public spending. Assistance for democratic elections should be promoted but not if they are likely to destabilize the society.

The project vehicle, which lost favor in the era of policy-based lending, is a highly suitable one for assisting weak states. Sachs describes ‘on the ground’ solutions for ending poverty in poverty-stricken villages and urban neighborhoods, and he unveils a ‘new’ approach to development policy formulation: ‘clinical economics’. The methods replicate in precise detail the approaches that aid practitioners have long been using to identify development interventions suitable for external funding.

For social interventions that scale up promising pilot interventions, development projects (with features adapted to the risky conditions of weak states) should regain the luster they have lost. Policy-based lending retains an important place in the development tool kit. But it is equally true that large infrastructure projects that have strategic value, and can be executed through transparent bidding procedures by autonomous project implementation

units, are entirely appropriate in the tough operating environments of weak, failing, or post-conflict states.

Aid can support positive leadership at local, regional, and national levels, encourage productive links with diaspora entrepreneurs, remove transport and communications bottlenecks that isolate poor regions and communities from the national economy, assist rural development and slum improvement through grassroots initiatives and, above all, seek out projects that protect or benefit economically disadvantaged or repressed ethnic groups while avoiding projects that may reinforce inequalities.

Improve the enabling environment for foreign direct investment
Secure access to the natural resources required to fuel the global economy is a strategic imperative for OECD countries and now for the energy-hungry Asia giants. Regions at risk of conflict or already affected by conflict include countries with abundant oil, gas, metals, minerals, and timber resources where governance is weak or failing. Rather than assuming that natural resources constitute a curse, aid agencies ought to adopt can-do attitudes geared to better public revenue management, transparency of royalty payments, and the participation of local communities. They will thus help to improve the quality of foreign direct investment and assist poor countries to achieve sustainable development by converting natural capital efficiently into physical and human capital.

To this end, aid agencies should seek pragmatic solutions. They should maintain tough fiduciary standards when relying on government agencies in partner countries, and channel aid through private companies and NGOs while maintaining links with state agencies and processes. Partnerships with private mining and oil companies that incorporate fair royalty arrangements, transparent use of revenues, and strict implementation of social and environmental safeguards should be encouraged, in order to kick-start moribund economies and provide the revenues needed to deliver social services.

The misguided aid practices of the Cold War era should not be reinstated. Instead, the capacity of aid professionals to operate effectively in conflict-prone, conflict-affected, and post-conflict countries should be drastically enhanced. Currently, few aid agencies are well equipped to deal with core issues of regional inequities, ethnic imbalances, and group antagonisms. The artificial wall that has been erected between economic assessment and political analysis should be dismantled.

Do not overdo conditionality
Aid officials have often succumbed to the temptation of 'big bang' reform packages in post-conflict situations, when governments are weak and still unrepresentative. To be sure, policy-based operations have a role to play in transferring resources, helping to strengthen or re-establish core economic ministries, and locking in basic principles of sound economic management. But these operations may exacerbate conflict and destabilize fragile governments if they involve, as they often do, shifts in resources among competing groups and if, given the law of unintended consequences, they favor one faction over the other in a conflict.

Subsidy reductions, fiscal reforms, and reallocation of public expenditures can have enormous political repercussions and hence should be subjected to critical scrutiny from a conflict-prevention perspective. Where states have collapsed (as in Somalia), aid agencies a modified concept of sovereignty should be adopted to allow official interaction with de facto entities over a period of time. The human cost of awaiting the restoration of territorial integrity may be too high. In general, aid should be conceived not only as an incentive for good policy performance but also as an instrument for capacity building and conflict management.

Post-conflict aid should heed the lessons of experience

Post-conflict assistance should be designed to promote four distinct objectives: (i) public safety, (ii) reconciliation and justice, (iii) economic and social well being, and (iv) reform of governance. Integrating military, political, economic, social, and humanitarian goals is a delicate endeavor that requires a legitimate authority with good domestic leadership and generous external assistance. Acceptable security is the lynchpin of reconstruction, but healing the wounds of war through justice and reconciliation matters too. Effective coordination between donors and building the capacity of local agencies are more important than speedy implementation. Plans for reconstruction should be based on sound damage assessments and properly sequenced interventions that display early results and provide for the return of displaced populations and their reintegration into society.

The conversion of military assets for civilian use is an important and complex aspect of the fragile transition from war to peace. Realizing a peace dividend is not straightforward. Many of the resources used for war (military installations, small arms) are of little use in peacetime. The reduction of military establishments may reduce tensions and build public confidence but it may also undercut legitimate national security needs. Conversion of arms production enterprises to civilian purposes raises complex issues of commercial feasibility and public sector restructuring.

Sharp reductions of military expenditures and rapid demobilization may have the unintended effects of privatizing violence and undermining security, as unemployed soldiers turn to criminal activity in order to survive. Collection and disposal of weapons requires careful planning and good community relations. Recruitment of former soldiers into the police and private security forces calls for retraining programs. Reintegration of ex-combatants into the fabric of civilian society requires investments in shelter, health support, counseling, transport, registration, subsistence, training, credit facilities, referral to private sector employers, and so forth. The reinsertion of child soldiers into their families and communities requires special support programs.

Reconsider aid allocation patterns

While aid may not be the primary instrument of donor countries' engagement with fragile states, it plays an essential supporting role. The current aid allocation system short-changes fragile states and urgently needs reconsideration. It rests on three basic operational assumptions: (i) country policies cannot be changed for the better through ex ante conditionality or other forms of donor engagement; (ii) aid cannot be channeled to

minimize the distorting effect of poor policies, because of fungibility and the difficulties involved in 'working around' governments; (iii) policy and governance as measured by the CPIA determine aid effectiveness.

All three assumptions are questionable. First, while the history of conditionality is a litany of broken promises, and standard conditions have often proved ill adapted to genuine country needs, constructive changes in policy have been made easier by judicious conditionality combined with trade inducements (as, for example, in Mexico before the agreement on NAFTA, or in Hungary and Poland, before their EU accession). Similarly, businesslike aid conditions embedded in long-term development partnerships have helped many countries to reduce poverty (for example Ghana, Tanzania and Uganda).

Nor is aid fully fungible. It is simply incorrect to postulate that aid funds channeled through government merely release resources for other uses. This overlooks the fact that in poor, aid-dependent, fiscally pressed countries, development spending expands as aid increases and that fiduciary rules associated with project aid are specifically designed to restrain fungibility, by attesting that funds are used for the purposes intended by donors. Furthermore, to the extent that development projects incorporate 'trait-making' features, aid provides genuinely additional resources.

Third, the correlations between policy quality and aid effectiveness are weak. Indeed, statistical tests show that the positive growth consequences of aid are *more pronounced* in countries of high economic vulnerability, based on indicators that give pride of place to structural factors and human resource endowments. From an ethical perspective, then, the provision of aid to vulnerable countries has merit in that it helps to compensate them for handicaps over which they have little or no control in the short run. By contrast, linking aid flows to policy prescriptions that may not impact on growth performance or conflict-proneness has no redeeming social value.

Further, current aid allocation protocols pay no heed to the channels of aid delivery, that critically influence aid effectiveness. While ratings by the World Bank's independent Operations Evaluation Department confirm that projects have a poorer record in low-income countries under stress (LICUS) than in other countries, they also show that the right kind of aid can achieve good results even in a difficult policy environment. Specifically, 58 percent of the evaluated projects approved by the World Bank in LICUS during 1998-2002 had satisfactory outcomes. And, remarkably, the performance of private sector projects funded by the International Finance Corporation has been as good in LICUS as in other countries.

Conversely, through a signaling and pump priming effect, aid helps to attract private flows and voluntary sector involvement in fragile countries. It helps to create the infrastructure, partnerships, and enabling conditions that allow non-state actors to participate in development operations. These externalities are not captured by current aid allocation principles. Nor do the allocation principles take account of the potential benefits associated with aid flows that are timed to compensate for economic shocks

caused by natural emergencies, major adverse movements in terms of trade, or structural vulnerability created by exposure and susceptibility to shocks (counter-cyclical aid).

Thus, aid allocations should be based on risk/reward assessments rather than static models based on flawed correlations. A venture capital model of aid allocation would be more relevant to the new security and development environment than the prevailing aid allocation protocols.

Improve aid coordination
Finally, *policy coherence among donors* is fundamental. Unless the foreign policies of major external actors are coordinated, conflict prevention is undermined. But care must be taken not to subject conflict prevention to the foreign policy priorities of individual donor countries. The objective application of human security principles—focused on the impacts of alternative policy options on human lives—implies that broadly based poverty reduction—aiming at progress towards a world free from want as well as from fear—should remain the overriding objective of development cooperation.

CONCLUSIONS

Development cooperation practices need major adjustment, given past neglect of downside risks, the high incidence of intrastate conflict, and the threats of conflict spill over and international terrorism. Effective engagement with fragile states should be the hallmark of the revised strategy. A broader development cooperation agenda that goes beyond aid to improve the global enabling environment for development would be a suitable foundation for conflict sensitive development cooperation.

At the country level, development assistance should work ‘in’ rather than ‘around’ conflict. This calls for systematic conflict assessments that illuminate the role of stakeholders and protagonists. Furthermore, aid should promote a culture of reconciliation, reform of security institutions and improved governance capacities together with operational priorities that help reduce the risks posed by horizontal inequalities, overdependence on (and mismanagement of) natural resources and youth exclusion.

Aid instruments need to be adapted to difficult environments. Creativity and innovation should be nurtured to find effective ways to engage with fragile states and to align aid activities to domestic processes. In difficult environments, adaptable project instruments combined with safeguard policies should be favoured and conditionality should be used with care to avoid worsening social tensions. Aid allocation protocols should be reformed to emphasise state fragility, rather than relying on indicators of governance quality that reflect initial conditions, not performance. Equally, post-conflict activities should heed the lessons of experience.

Annex 1

State Capacity Indicators

	Economic Mgt (GDP Deflator)	*Measles Immunization*	*HIV Prevalence*	*Tax Rev.*
Angola	92.31	72	9.4	
Benin	2.53	65	3.3	

Burkina Faso	2.22	50	6.5	
Burundi	9.37	75	8.8	
Cape Verde	2.57	72		
Central African Republic	3.05	29	21.2	
Chad	0.45	36	7.2	
Comoros		70		
Democratic Republic of Congo	12.48	46	9.9	0.0
Djibouti	1.97			
Equatorial Guinea	-1.42	19		
Eritrea	16.97	88	7.3	
Ethiopia	14.50	52	8.5	13.0
Gambia	28.24	90	4.2	
Guinea	12.41	52	8.2	11.2
Guinea-Bissau	-1.42	48		
Lesotho	9.76	77	31.7	
Liberia				
Madagascar	2.75	55	2.7	
Malawi	6.89	82	17.7	
Mali	1.80	37	5.9	
Mauritania	4.51	58		
Mozambique	12.70	92	15.7	
Niger	0.83	51	2.3	
Rwanda	4.55	78	7.6	
Sao Tome and Principe	5.26	69		
Senegal	0.85	48	1.7	17.0
Sierra Leone	6.43	37		6.8
Somalia				
Sudan	8.20	67	7.2	6.6
Togo	2.84	58	6.4	10.7
Uganda	9.25	61	6.6	
Tanzania	7.16	83	11.9	
Zambia	19.04	85		

Sources : World Development Indicators, 2004, World Bank; Human Development Report 2004, United Nations.

Annex 2

State Resilience Indicators

	Voice & Accountability	*Political Freedoms*	*Corruption Ranking*
Angola	9.6	NF	133
Benin	51.0	F	77
Burkina Faso	42.9	PF	

Burundi	14.1	PF	
Cape Verde		F	
Central African Republic	23.7	NF	
Chad	20.7	NF	142
Comoros	34.3	PF	
Democratic Republic of Congo	2.0	NF	133
Djibouti	26.8	PF	
Equatorial Guinea	8.1	NF	
Eritrea	1.0	NF	102
Ethiopia	14.6	PF	114
Gambia	18.7	PF	90
Guinea	12.6	NF	
Guinea-Bissau	25.8	PF	
Lesotho	45.5	F	
Liberia			
Madagascar	49.0	PF	82
Malawi	29.8	PF	90
Mali	55.1	F	77
Mauritania	27.3	NF	
Mozambique	43.4	PF	90
Niger	44.9	PF	122
Rwanda	8.6	NF	
Sao Tome and Principe			
Senegal	53.0	F	85
Sierra Leone	28.8	PF	114
Somalia			
Sudan	4.0	NF	122
Togo	12.1	NF	
Uganda	24.2	PF	102
Tanzania	37.9	PF	90
Zambia	39.4	PF	102

Sources: http://info.worldbank.org/governance 2002, Transparency International 2004, Freedom House, 2003

Annex 3

Aid Dependency Indicators

	$ per capita	*% GNI*	*% gross capital formation*
Angola	37	4.6	11.8
Benin	44	8.5	46.5

Burkina Faso	37	10.8	57.6
Burundi	31	39.0	246.1
Cape Verde			
Central African Republic	13	4.2	23.0
Chad	29	10.6	17.2
Comoros			
Democratic Republic of Congo	101	99.9	695.0
Djibouti			
Equatorial Guinea			
Eritrea	70	34.2	182.5
Ethiopia	22	22.8	110.6
Gambia	42	16.2	78.7
Guinea	30	6.6	66.0
Guinea-Bissau	98	63.6	468.1
Lesotho	44	5.7	23.3
Liberia	32	28.3	278.0
Madagascar	32	10.0	55.1
Malawi	45	29.8	358.0
Mali	45	12.7	52.1
Mauritania	85	20.9	49.5
Mozambique	55	25.1	85.7
Niger	39	16.7	117.0
Rwanda	39	20.0	100.3
Sao Tome and Principe			
Senegal	44	7.0	34.5
Sierra Leone	56	39.0	315.6
Somalia	18		
Sudan	19	3.8	17.0
Togo	9	2.6	13.5
Uganda	38	15.6	73.7
Tanzania	47	16.3	87.0
Zambia	54	13.4	49.4

Source : World Development Indicators, 2005, World Bank

Annex 4

Structural Characteristics

	Primary Product Dominance	*Inequality*	*Infant Mortality*	*Mal-nutrition*
Angola	93		154	49

Benin	94		94	16
Burkina Faso	59	48.2	104	17
Burundi	5	33.3	114	70
Cape Verde				
Central African Republic	62	61.3	115	44
Chad			117	34
Comoros			59	
Democratic Republic of Congo	16		129	
Djibouti				
Equatorial Guinea			101	
Eritrea			72	61
Ethiopia	27	48.6	116	42
Gambia		47.8	91	27
Guinea	73	40.3	109	28
Guinea-Bissau		47.0	130	
Lesotho		56.0	91	25
Liberia				
Madagascar	5	46.0	84	36
Malawi	2	50.3	114	33
Mali	43	50.5	141	21
Mauritania	71	37.3	120	10
Mozambique	69	39.6	125	53
Niger	61	50.5	156	34
Rwanda	37	28.9	96	41
Sao Tome and Principe			57	
Senegal	26	41.3	79	24
Sierra Leone	1	62.9	182	50
Somalia				
Sudan	78		65	25
Tanzania	23	38.2	104	
Togo	26		79	25
Uganda	23	37.4	79	19
Zambia	77	52.6	112	50

Source : World Development Indicators 2004, World Bank ; Human Development Report 2003 ; United Nations Statistics Division 2004

Annex 5

Conflict Indicators

	Refugee Population (2003)	*Severe Political Change*	*Degree of conflict*	*Neighbors in conflict*
Angola	323,575	Yes	4	Yes

Benin	282	No	1	Yes
Burkina Faso	852	No	Nil	Yes
Burundi	531,641	Yes	5	Yes
Cape Verde	9		Nil	No
Central African Republic	35,401	Yes	5	Yes
Chad	52,277	No	1	Yes
Comoros	58	No	2	No
Democratic Republic of Congo	453,372	Yes	5	Yes
Djibouti	522	No	Nil	Yes
Equatorial Guinea	589		Nil	No
Eritrea	124,020	No	1	Yes
Ethiopia	62,601	Yes	3	Yes
Gambia	748	No	Nil	No
Guinea	3,874	Yes	1	Yes
Guinea-Bissau	975	Yes	3	Yes
Lesotho	6	No	Nil	No
Liberia				
Madagascar	88	No	2	No
Malawi	59	No	Nil	No
Mali	460	No	Nil	Yes
Mauritania	30,527	No	3	No
Mozambique	111		Nil	No
Niger	730	Yes	1	Yes
Rwanda	75,270	Yes	3	Yes
Sao Tome and Principe	42	No	3	No
Senegal	8,352	No	3	No
Sierra Leone	70,570	Yes	3	No
Somalia				
Sudan	606,179	No		No
Togo	10,549	No	2	No
Uganda	35,247	No	5	Yes
Tanzania	711	No	1	Yes
Zambia	100	No	Nil	No

Source : UNHCR 2003, 2004 ; The Global IDP Project/Norwegian Refugee Council 1998-2002 ; HIIK 2003 ; Uppsala Conflict Database 2004

Annex 6

Development Indicators

	HDI Rank (2004)	*Change in HDI Per capita (1994-2004)*	*GDP Growth (1990-2001)*
Angola	166	-11	2

Benin	161	-5	4.8
Burkina Faso	175	-3	4.5
Burundi	173	-21	-2.2
Cape Verde	105	17	
Central African Republic	169	-9	2.1
Chad	167	1	2.5
Comoros	136	5	
Democratic Republic of Congo	168	-28	-4.8
Djibouti	154	-9	
Equatorial Guinea	109	41	
Eritrea	156		5.3
Ethiopia	170	-9	4.7
Gambia	155	-11	3.4
Guinea	160	13	4.2
Guinea-Bissau	172	-8	1
Lesotho	145	-25	4
Liberia			
Madagascar	150	-19	2.4
Malawi	165	-9	3.6
Mali	174	-7	4.1
Mauritania	152	6	4.2
Mozambique	171	-12	6.7
Niger	176	-7	2.5
Rwanda	159	-6	0.8
Sao Tome and Principe	123	5	
Senegal	157	-13	3.9
Sierra Leone	177	-7	-4.4
Somalia			
Sudan	139	12	5.6
Togo	143	2	2.2
Uganda	146	-8	6.8
Tanzania	162		
Zambia	164	-26	0.8

Source : UNDP Human Development Report 2004

Annex 7

Fragility and Conflict

A. Least Developed Sub-Saharan Africa Countries

Serious political violence and/or prolonged warfare	*Limited political violence*	*Negligible political violence*

Angola (VF)	Guinea-Bissau (CF)	Cape Verde (CF)
Burundi (VF)	Senegal (CF)	S.Tome&Pr. (CF)
Chad (VF)	Djibouti (RF)	CAR (VF)
Congo (VF)	Niger (VF)	Eq. Guinea (VF)
DRC (VF)	Mali (CF)	Gambia (VF)
Ethiopia (VF)	Mauritania (VF)	Madagascar (RF)
Eritrea (VF)	Uganda (VF)	Malawi (RF)
Liberia (VF)	Togo (VF)	Tanzania (RF)
Mozambique (CF)	Burkina Faso (CF)	Zambia (VF)
Rwanda (VF)	Comoros (VF)	Lesotho (NF)
Sierra Leone (VF)	Guinea (VF)	Swaziland (VF)
Somalia (VF)	Namibia (CF)	
Sudan (VF)		

B. Other Sub-Saharan Africa Countries

Ivory Coast (VF)	Nigeria (VF)	Gabon (RF)
	Cameroon (VF)	Benin (CF)
	Zimbabwe (VF)	Botswana (CF)
	Ghana (CF)	S. Africa (CF)
	Kenya (RF)	

NF: not fragile
CF: capacity fragile
RF: resilience fragile
VF: very fragile (capacity and resilience fragile)

Source: Monty G. Marshall, *Measuring the Societal Impact of War*, in F.O. Hampson and David M. Malone (eds), *From Reaction to Conflict Prevention: Opportunities for the UN System*, International Peace Academy, Lynne Rienner Publishers, Boulder and London, 2002

Annex 8

Fragility and Growth

Average GDP Annual Growth (1990-2003)

Not/ somewhat fragile states *Very fragile states*

Negative growth		Burundi, Sierra Leone, DRC, Liberia, Somalia
0-2 percent	Kenya	CAR, Congo, Guinea Bissau Zambia, Zimbabwe
2-4 percent	Cameroon, Rwanda, Senegal Lesotho, Namibia	Angola, Chad, Eritrea, Gabon, Gambia, Madagascar, Cote d'Ivoire Malawi, Niger, Nigeria, Swaziland, Tanzania, Togo
Over 4 percent	Botswana, Ghana, Benin, Mali	Burkina Faso, Guinea, Mauritania, Ethiopia, Uganda, Mozambique, Sudan

Source: World Bank, *World Indicators, 2005*

Annex 9

Fragility and Development

Changes in HDI Rankings (1994-2004)

-40 to -20	*-20 to -10*	*Zero to -10*	*Positive*
Botswana (CF)	Swaziland (VF)	Ethiopia (VF)	Chad (VF)
DRC (VF)	Madagascar (RF)	CAR (VF)	Namibia (CF)
Cote d'Ivoire (VF)	Cameroon (VF)	Malawi (FR)	Togo (VF)
Zambia (VF)	Tanzania (RF)	Djibouti (RF)	Ghana (CF)
Zimbabwe (VF)	Senegal (CF)	Guinea Bissau (CF)	Comoros (VF)
South Africa (CF)	Mozambique (CF)	Uganda (VF)	S.TomeP (CF)
Lesotho (NF)	Nigeria (VF)	Gabon (RF)	Mauritania (VF)
Kenya (RF)	Angola (VF)	S.Leone ((VF)	Sudan (VF)
Burundi (VF)	Gambia (VF)	Niger (VF)	Guinea (VF)
Congo (VF)		Mali (VF)	Cape Verde (CF)
		Rwanda (VF)	Eq. Guinea (VF)
		Benin (CF)	
		Burkina Faso (CF)	
		Eritrea (VF)	

NF: not fragile
CF: capacity fragile
RF: resilience fragile
VF: very fragile (capacity and resilience fragile)

Source: UNDP, *Human Development Report, 2004*