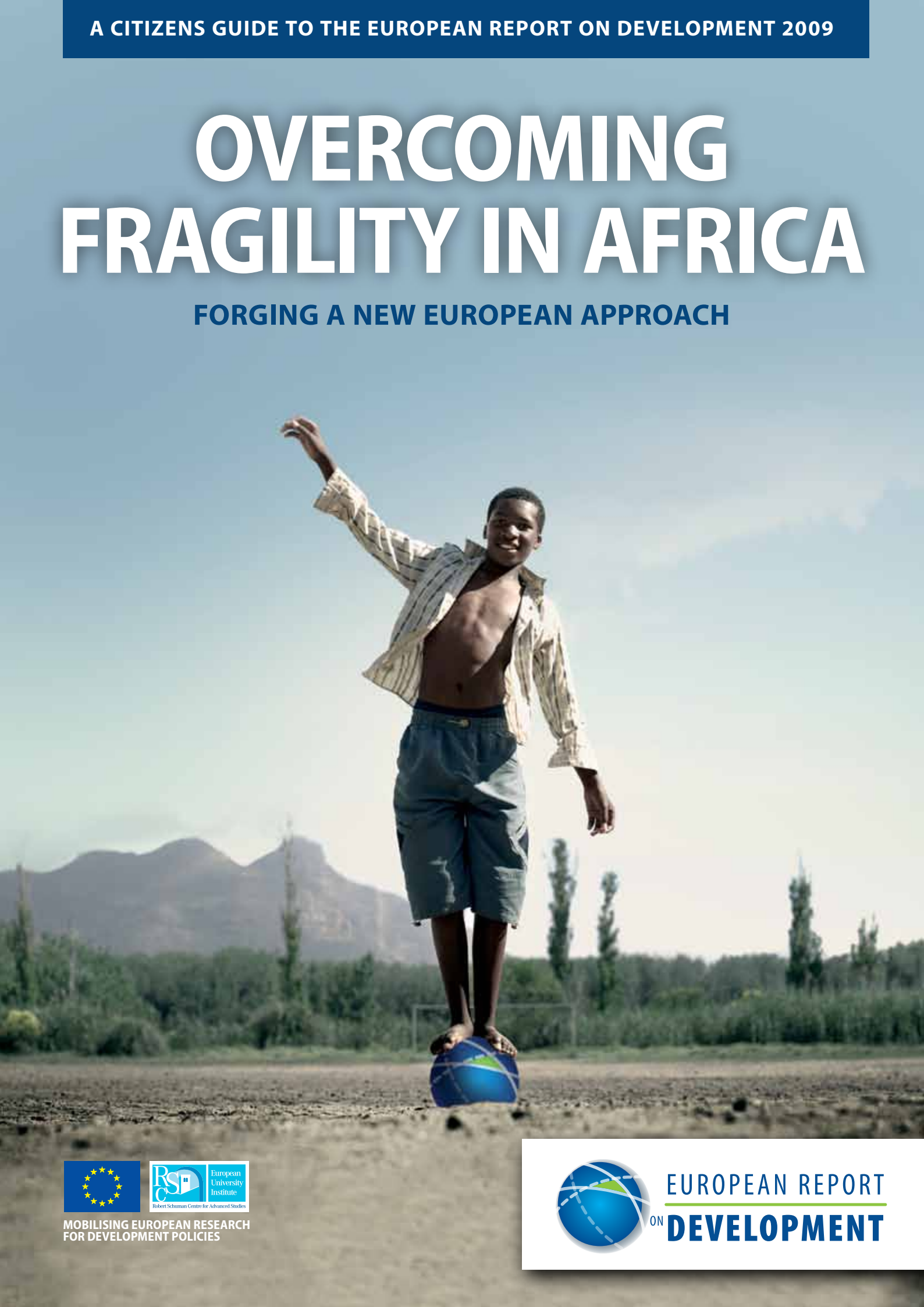
A CITIZENS GUIDE TO THE EUROPEAN REPORT ON DEVELOPMENT 2009

OVERCOMING FRAGILITY IN AFRICA

FORGING A NEW EUROPEAN APPROACH



MOBILISING EUROPEAN RESEARCH
FOR DEVELOPMENT POLICIES

European University Institute
Robert Schuman Centre for Advanced Studies

EUROPEAN REPORT ON DEVELOPMENT

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MOBILISING EUROPEAN RESEARCH FOR DEVELOPMENT POLICIES

FOREWORD

The European Report on Development will help the European Union to refine its vision on development, enrich its policies and influence the international debate. It will also complement other flagship reports on development, in an attempt to reflect the diversity of views that may coexist on various issues and – where relevant – the specific European approaches, based both on Europe's political and social values and its own history and experience. Indeed, we are convinced that there should not be any monopoly of thinking in a field as complex and rich as development policy.

This year's first edition deals with the complex and multidimensional issue of 'fragility', with a specific focus on sub-Saharan Africa, where most fragile countries are located. Described as the "toughest development challenge of our era", dealing with situations of fragility is, rightly, a growing concern both for Europe and for the entire international community.

An intensive participatory process, bringing on board a wide range of top scholars, policy-makers and civil society representatives, both from Europe and Africa, was at the heart of this ambitious policy research initiative. Through building common analytical ground on how better to grasp these difficult situations, this first edition of the ERD will help Europe fine tune its strategic approach to fragility and define more coherent policies in the future.

Stefano Manservisi
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EUROPEAN REPORT ON DEVELOPMENT

HANDLING COMPLEX DEVELOPMENTS

The EU seeks to be a good global citizen and to reflect the values of solidarity and cohesion that European citizens hold so dear. This explains why Europe is the world's foremost provider of development and humanitarian aid. Together, the Union and its 27 Member States spent nearly €50 billion on development and humanitarian aid in 2008. This represents an increase of about 8% on the previous year and amounts to almost €100 per citizen.

These resources are harnessed to help move developing countries towards the UN's Millennium Development Goals (MDGs) by 2015. There are eight MDGs in all: eradicating extreme poverty; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria and other diseases; ensuring environmental sustainability; and developing a global partnership for development.

RAISING THE STAKES

"Last year's aid figures for the EU are quite positive, but a resolute effort still needs to be made to ensure key targets to fight global poverty are met," said former Development and Humanitarian Aid Commissioner Louis Michel at the time the figures were released.

The UN reports that rapid economic growth in many developing countries, particularly in Asia, has helped millions to escape the vicious circle of extreme poverty. Nevertheless, the MDGs are at risk in some countries, with tens of millions of people falling into poverty and significant development gains being reversed, particularly among the so-called 'fragile countries' in sub-Saharan Africa.

"Despite a recent upturn in growth since 2000, sub-Saharan Africa remains the lagging region with respect to both income and non-income MDGs," an EU research paper entitled 'Millennium Development Goals at midpoint' concluded[1]. And evidence is emerging that the global economic crisis is exacerbating the situation.

But this must not cause the international community to neglect its commitment to the development of the world's poorest and most vulnerable nations. "Development is not part of the problem, but part of the global solution to the crisis," emphasised Commission President José Manuel Barroso. "There can be no economic recovery without the developing countries. Our growth and stability is inextricably linked to theirs and vice versa."

EUROPEAN VISIONS

Europe is a world leader and trailblazer in the development field. But given the enormous challenges facing the international community – donors, partner countries and civil society – in forging a more equitable world, the EU needs a tool that will help crystallise its vision for development and influence international debate.

The European Report on Development (ERD) is just that tool. It is a new initiative which seeks, in close co-operation with the research community and developing country partners, to elaborate a European perspective on development issues. This independent report frames a viewpoint that is based on deeper, evidence-based knowledge of the developing world and of the challenges facing it, and puts forward innovative policy ideas that can make a real difference.

This initiative is currently supported by the European Commission and six Member States (Finland, Germany, Luxembourg, Spain, Sweden and the United Kingdom).

The first edition, released in October 2009, focuses on the complex and multidimensional issue of fragility and approaches to tackling it, with a specific focus on sub-Saharan Africa. The report was prepared by a team of experts, led by Giorgia Giovannetti, based at the European University Institute (EUI). Many sub-Saharan African countries are in situations which can be described as 'fragile' due to a variety of factors, including conflict, poor governance, weak institutions and lack of social cohesion. Described as the "toughest development challenge of our era", fragility and how to deal with it is currently high on the European and international political agenda, as explained later in this brochure.

To ensure that the report is of the highest quality and covers a wide range of perspectives, the EUI employed a process that is participatory, consultative and peer-reviewed. The report primarily relies on existing literature, but original research was commissioned from specialised institutes and universities. In addition, numerous workshops and conferences were held in Europe and Africa to discuss the issues raised by the document. Peer consultations of this kind helped ensure a transparent and participatory authorship process involving all the main stakeholders in Europe and in Africa.

Interested in learning more about the ERD preparatory process? Please go to http://erd.eui.eu/ and read the brochure entitled: 'Towards the European Report on Development: an inclusive and participatory process'.

[1] http://ec.europa.eu/development/icenter/repository/mdg_paper_final_20080916_en.pdf

NEW FACES, NEW PERSPECTIVES

Local solutions are often the most effective ways of solving local problems and meeting local challenges. With this in mind, the ERD's 'New Faces for African Development' initiative gave young African researchers a prominent platform to air their findings and views on development.

Out of an original pool of 158 submissions from 38 countries, 15 researchers from across Africa were invited to present their research at a major ERD conference in the Ghanaian capital of Accra.

Together, the talented young researchers provided valuable snapshots from the field on the factors contributing to fragility in sub-Saharan Africa and how these affect the societies and people there. The issues they covered included the causes and consequences of fragility, how it affects education, the use of traditional African governance mechanisms to decentralise power, electoral violence and fragility, Zimbabwe's descent into fragility, oil management and food insecurity in Nigeria, gender discrimination in the labour market in Cameroon, the 'curse' of diamonds in Sierra Leone, as well as the link between aid and growth.

The papers produced by the young African researchers, as well as an article and podcast featuring them, are available on the ERD website.

21ST CENTURY WORLD

The Millennium Development Goals seek to make the 21st century a more equitable and prosperous time for all the world's people. There are eight MDGs in all:

- Eradicating extreme poverty
- Achieving universal primary education
- Promoting gender equality and empowering women
- Reducing child mortality
- Improving maternal health
- Combating HIV/AIDS, malaria and other diseases
- Ensuring environmental sustainability
- Developing a global partnership for development

fragility

UNDERSTANDING FRAGILITY

Perhaps the best way to understand fragility is to contrast it with 'resilience'.

In Europe and other developed countries, we take it for granted that the state will be there to ensure our security, uphold the rule of law, and provide us with a whole range of services, from collecting rubbish and building roads to providing education and social security.

But there are places in the world where the state cannot or does not manage to perform its core tasks. The governments of these 'fragile' countries either do not possess the capacity or the legitimacy to govern effectively. In these countries, citizens can lack the most basic public services, such as access to safe drinking water and primary healthcare, and they often live in acute insecurity.

Defining and measuring fragility is an immensely challenging undertaking. This is partly because there is neither a single, widely accepted definition of the concept, nor any internationally agreed list. Coupled with the huge number of factors contributing to fragility and the sparseness of available data, this makes measuring fragility difficult.

FALLING BEHIND

State fragility has serious development implications. Lumbered with dysfunctional state institutions and caught in a kind of poverty trap, fragile countries are underperforming in terms of their development, particularly when it comes to the Millennium Development Goals. Although only around 15% of the developing world's population live in fragile countries, they account for a third of the world's poor and half of the children dying before the age of five.

Many factors lie at the root of fragility, including historical legacies, conflicts, ethnic tensions, poor governance, weak institutions, the clambering for natural resources, small economic size, especially when a country is also geographically immense, and much more.

Fragile states share certain characteristics including underdeveloped infrastructure, widespread food insecurity, and low levels of human capital. In addition, external factors, such as global economic trends, can act to magnify or diminish fragility.

Nevertheless, fragile countries are not some sort of identical mass. In fact, 'fragility' is an umbrella term encompassing an extremely diverse group of societies with very different socio-economic, cultural and political circumstances and compositions. It should be pointed out that state fragility, even in its worst forms, never corresponds to a complete political vacuum, as informal institutions – from grassroots groups to militias – often perform some of the functions that should pertain to the state.

Countries experiencing fragility are extremely diverse when it comes to their socio-economic and cultural make-up and circumstances. However, one thing they share in common is that their fragility has severely affected their development prospects.

WHY FRAGILITY MATTERS

Fragility has serious repercussions for the citizens of fragile states, for the societies experiencing it, for their neighbours and for the international community as a whole – that is why it matters to all of us.

At its heart, state fragility is very much a human story. Tens, if not hundreds, of millions of people living in fragile states suffer the ravages and indignity of human insecurity, poverty and deprivation. In his book, The Bottom Billion, Paul Collier, who directs Oxford University's Centre for the Study of African Economies, describes the citizens of fragile countries as "living and dying in fourteenth-century conditions".

Fragile countries have fallen behind other developing countries, particularly those in south and southeast Asia, in achieving the Millennium Development Goals. But the MDGs could paint an unfair picture for a number of fragile states which have registered progress. Typically, fragile states in sub-Saharan Africa started in a much worse situation than all other developing countries. This means that, for example, to halve the incidence of poverty, sub-Saharan countries would require rates of economic growth – and/or foreign assistance – unseen anywhere else in the world.

Research carried out in the context of the ERD reveals that poverty, malnutrition (averaging 40% for fragile African states and reaching a high of 76% in the Democratic Republic of Congo), low enrolment in education, and high under-five mortality are much more severe in fragile sub-Saharan African countries than in non-fragile developing countries. In addition, the number of people living in poverty in fragile states is three times higher than in non-fragile developing countries.

High malnutrition is notably linked to the fact that fragile countries lack the capacity to guarantee the food security of their citizens, because they cannot manage food production and delivery effectively, nor protect agricultural assets against degradation and disruption. In other cases, food crises can lead to fragility which, in its turn, reduces food security further. This is reflected in the fact that food crises tripled in sub-Saharan Africa between the 1980s and early 2000s.

In addition to the hardships of poverty, fragility is often accompanied by severe violations of the most basic human rights, such as the right to life and security. This is particularly true for the most vulnerable population groups, including women, children and ethnic minorities. One heavy cost for women is their trafficking for sexual exploitation.

VICIOUS CIRCLE

The paradox of fragility is that it is usually not fragile in its grip on a country. Once a country falls into the fragility trap, it becomes very hard to climb out again, which makes it tough both for the country itself and its development partners to tackle. For instance, 35 countries defined as 'fragile' by the World Bank in 1979 are still fragile in 2009, three decades later. In addition, no fragile African country ranks above 115 in the UN's human development index, with Sierra Leone coming in last at 179.

The persistence of fragility could be caused by a vicious circle of factors which feed off one another: poverty, low development levels and underdeveloped institutions cause fragility which in turn creates more of the same.

Fragility can often trigger conflicts and, likewise, conflicts can also lead to fragility. Of the 'bottom billion' people in the world – the vast majority of whom live in fragile countries – nearly three-quarters have recently experienced or are living through a civil war. Moreover, even if they are currently at peace or in a post-conflict situation, the risk that fragile countries will descend into civil war in any five-year period is tremendously high – about one in six.

This propensity for conflict has left its scars across the continent and taken a severe human toll. For example, the African Development Report[2] estimates that the 27-year civil war in Angola (1975-2002) led to 160 000 direct battle deaths, and to more than 1.5 million deaths as a result of conflict-related hunger, disease and other causes. The war in the Democratic Republic of Congo has been the deadliest since World War II, claiming some 5.4 million lives.

In addition, women and children are among the most vulnerable in fragile countries, particularly if they are in conflict. An analysis carried out by the ERD found that, on average, highly fragile African countries had twice the level of gender inequality as the rest of the continent. In addition, the reliance on informal mechanisms in fragile states can harm women because traditional institutions often enact discriminatory policies.

This highlights the need to address the gender dimension of fragility. This point was illustrated by Isaac Oluwatayo of the University of Ado-Ekiti, one of the ERD's 'New Faces for African Development', who found that in rural Nigeria: "Households headed by women with access to resources are more likely to be more food secure than those with little access. Indirectly, what we are saying is that women should be better empowered."

TROUBLE IN THE NEIGHBOURHOOD

Fragility is not just bad news for fragile countries' populations but also for their neighbours, as fragility has spillover effects – such as affecting intra-regional trade, deterring foreign investment and even fuelling ethnic tensions – that can weaken or destabilise the entire neighbourhood.

An estimated 80% of the cost of fragility, in terms of forgone economic growth, is borne by more stable neighbouring countries, which see an average of about 0.6% per year shaved off their economic growth potential. So, with 3.5 neighbours per country on average, the losses from this 'bad neighbour effect' can add up to more than €160 billion a year in Africa.

When a fragile state is in civil war, this can have even more severe repercussions for its neighbours. Although conflicts are not contagious, they can sometimes spill over. An example is the Liberian government of Charles Taylor, who provided mercenaries, money, weapons, and infrastructure to rebel groups in neighbouring Sierra Leone in the hope of gaining control of the region's diamond mines and economic networks.

Another example is Zaire (now DRC), whose first civil war (1996-1997) was partly triggered by the flow of Hutu refugees from Rwanda fleeing possible revenge attacks by Tutsis following the Hutu-instigated genocide against Tutsis in 1994.

THE GLOBAL DIMENSION

Fragility can also have a global fallout which can affect the international community as a whole. One recent example of this is the revival of piracy in the Gulf of Aden which is closely linked with the turbulence in Somalia. In addition, economic, political and war refugees not only head to neighbouring societies but also, understandably and often reluctantly, flee the fragility at home to build better and more stable lives in Europe and other wealthy parts of the world.

More fundamentally, in a world of growing wealth and prosperity, it is unacceptable for the international community to stand by while hundreds of millions of people are deprived of their most basic human rights to security and well-being.

Given all this, it is unsurprising that World Bank President Robert Zoellick described fragile states as "the toughest development challenge of our era".

[2] http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African%20Development%20Report%202008.2009_00_Full_Report.pdf

UNIQUELY FRAGILE

Although fragile countries share certain features in common, it is important to recognise that each one is unique – and so requires a customised approach.

Fragility is a difficult concept to define, and identifying which countries could be regarded as 'fragile' is an equally tricky challenge. At one level, most societies have some aspect of actual or potential fragility about them, and these become much more apparent at times of crisis, such as during hard economic times.

Nevertheless, as noted earlier, countries which gain the uncoveted 'fragile' label do share certain basic characteristics, including their inability to guarantee the security of their citizens and provide them with the basic public services expected of a modern state.

While there are substantial differences between fragile states and stable or resilient countries, there is also a huge diversity within the ranks of countries suffering from fragility. "There is little to hold state fragility together other than its symptoms: poverty, insecurity, proneness to conflict, corruption," asserts Ivan Briscoe, a senior researcher at the Fundacion para las Relaciones Internacionales y el Dialogo Exterior (Fride) in Madrid.

They can be rich in natural resources or poor; they can have high economic growth or low; and they can have high foreign debt burdens or low ones. In addition, fragility can be triggered by a whole host of factors – from a violent conflict to a gradual erosion of state capacity and legitimacy – and it can manifest itself in varying degrees of intensity.

ONE SIZE DOES NOT FIT ALL

By way of illustration, both Angola and Zimbabwe are in the OECD's 2009 list of countries in situations of fragility, but they are very different. Despite being formally at peace since 2002 and having experienced a number of years of double-digit economic growth fuelled by the rise in commodity prices, Angola still has a low literacy and a high infant mortality rate.

In contrast, Zimbabwe has seen its economy shrink, yet Zimbabweans are among the most literate in sub-Saharan Africa and the infant mortality rate is still relatively low.

Since fragile countries are so diverse and heterogeneous in nature, there can be a no 'one-size-fits-all' approach to their development challenges. The concept of fragility is useful for flagging up countries that require special attention and for whom the conventional development tool kit is not appropriate.

In fragile countries, quick fixes tend not to work and can sometimes make the situation worse. Fragile situations require long-term, tailored, context-driven and active involvement.

THE ORIGINS OF AFRICAN FRAGILITY

Many of the seeds of African fragility lie in sub-Saharan Africa's diversity and low population density, colonial legacy and post-independence failure to reform the institutions left behind by the European empires.

Although the European powers had a centuries-old presence in Africa, it was mostly confined to small coastal settlements, and the devastation of local societies was limited mostly to West Africa, mainly owing to the slave trade.

Despite its relatively short duration, it was the so-called 'scramble for Africa' – between the 1880s and the First World War – when 'informal imperialism' was to give way to more direct rule that was to have profound long-term consequences for much of sub-Saharan Africa. "The colonial experience marked a watershed in African history," observes the ERD.

This colonial experiment imported foreign institutions, drew arbitrary national borders, undermined or co-opted indigenous leadership – creating a sort of 'decentralised despotism' – and created extractive economies geared towards transferring resources to the colonial powers. "The state [is] in most of Africa an essentially artificial one, 'suspended above' a society which would never have produced it and did not demand it," observes Virginia Luling, a British scholar. Some experts point out that this volatile mix destined many African states "to fail" almost from the outset.

But the European presence in Africa also exacerbated an existing challenge. "The fundamental problem facing state builders in Africa – be they precolonial kings, colonial governors, or presidents in the independent era – has been to project authority over inhospitable territories that contain relatively low densities of people," writes Jeffrey Herbst in States and power in Africa.

MISSED OPPORTUNITIES

Following World War II, sub-Saharan African states gradually gained their independence. "The peaceful transition from colonial rule to political autonomy represented a clear window of opportunity for getting rid of the detrimental institutional features of colonial states," the ERD states. "Nevertheless, the political elites of these newly born countries often went not far beyond a mere Africanisation of the bureaucracy."

The failure to 'indigenise' the post-colonial state structures was due to a number of factors: the weakness of state institutions often caused post-independence leaders to be cautious in their reforms; many of those leaders were westernised in their outlook; the difficulty of redrawing borders; and the perpetuation of colonial institutions suited the interests of some corrupt leaders and Western economic interests. Ironically, overseas aid, though intended to help, may have, in some instances, perpetuated a culture of dependence that has held back indigenous development through the mobilisation of domestic resources.

THE GLOBAL RECESSION'S HIDDEN AFRICAN FACE

It may not have made many headlines but sub-Saharan Africa, particularly its most fragile states, has been hit badly by the global economic crisis - with serious implications for its development.

For the better part of a decade, things were looking up for much of sub-Saharan Africa which had been recording robust economic growth rates. When the financial crisis became apparent in 2008, many experts and pundits thought it would pass sub-Saharan Africa by, because of the tiny size of its financial sector and its low integration into the global financial system.

Only a few countries with more developed financial markets – Ghana, Kenya, Nigeria and South Africa – suffered the same sort of financial sector turbulence as in the more industrialised world. In fact, Nigeria experienced stock market falls that were even greater than those in many developed countries.

However, just as the financial crisis infected the real economy in developed countries, it also spilled over into African economies which have grown much more reliant on international trade – and hence more vulnerable to global downturns – over the past decade.

At a time when sub-Saharan Africa, and particularly its most fragile corners, needs economic growth the most in order to pluck more citizens out of poverty, its economies have slowed down significantly. Expected real growth in gross domestic product (i.e. national income) for 2009 will average around 1.5%, down from an estimated 5.5% in October 2008. If this proves to be the case, this would make 2009 the first year in a decade in which per-capita income will have actually fallen in most sub Saharan African fragile countries.

Although industrialised countries date the global recession back to the sub-prime bubble bursting in the latter part of 2007, in many ways, the crisis began much earlier in fragile sub-Saharan African states, particularly for ordinary citizens and the poor. While the food and fuel crisis of 2007-2008 was uncomfortable for Western consumers, it was devastating for many Africans, and pushed them further into abject poverty.

TRICKLE-DOWN MISERY

The global recession threatens progress made by sub-Saharan African countries towards achieving the Millennium Development Goals. "While the initial effects of the financial crisis were slow to materialise in Africa, the impact is now becoming clear. It is sweeping away firms, mines, jobs, revenues, and livelihoods; it is

in short a full-blown development crisis," concluded a report from the Committee of African Finance Ministers and Central Bank Governors[3].

The African Development Bank estimates that 27 million Africans will join the ranks of the poor, while the International Labour Organisation forecasts that unemployment will rise by 8.5% in 2009. "In Africa, although we were spared the first-round effects, we are suffering in the second round," observed Joe Masawe of the Bank of Tanzania at an ERD event in Accra (Ghana). And unlike in industrialised countries, the "shock to the financial system is likely to come from the real sector".

There is of course enormous heterogeneity among African countries and their populations, both regarding the impact of the crisis and their ability to cope with these effects. Nevertheless, as the ERD points out, the fragility of state institutions has generally impaired the ability of the governments in fragile countries to react to shocks and mitigate their effects. The combination of recent external shocks – food, fuel, financial and economic – poses the risk of further destabilising fragile states or even pushing some previously stable or resilient countries into situations of fragility and conflict – which are easier to enter than to leave.

CRISIS CONDUCTORS

The ERD has identified four indirect transmission channels through which the global recession has reached sub-Saharan Africa's shores: falling exports, a drop in remittances from diaspora communities, lower levels of foreign direct investment, and emerging reductions in foreign aid flows.

The crisis has hurt sub-Saharan Africa mainly through trade. Most countries are dependent on commodity exports – either agricultural or natural resources – for their economic growth, and the global downturn has reduced demand sharply for these commodities, and made prices extremely volatile.

As in previous recessions, Africa seems to have suffered a disproportionate decline in exports compared with other developing regions, even those dependent on commodity exports. In part, this could be because sub-Saharan exporters, lacking domestic sources of credit, are more dependent on trade financing, such as letters of credit from destination countries, which are drying up. Another reason is that African businesses lack the human resources and capital to find new niches or move up the value chain in times of crisis.

In a way, people are one of sub-Saharan Africa's biggest exports, and the remittances sent home by migrant African workers – working in richer or more stable African countries or the West – are a significant source of income, particularly for the poorest and most fragile states. Estimates of the drop in registered remittances forecast a decline of up to 7%, while unofficial transfers, especially from other African countries, are hard to measure, but could be significant for some fragile countries.

SLOWING FLOW

A similar pattern emerges for foreign direct investment. Although FDI has been growing in recent years, sub-Saharan Africa still has some of the lowest levels in the world. As the recession tightens credit and lowers profits for firms in developed and emerging economies, this has led them to invest less abroad, especially in sub-Saharan African countries which are seen as 'high risk'. In fact, investment in natural resources and manufacturing has largely been put on hold. For example, Zambia and Botswana have had mining projects cancelled, while Sudan has had a refinery postponed.

The one exception where foreign direct investment has actually grown is land, which is being bought up by foreign countries seeking food security or biomass for biofuels. Although this may cushion the crisis, the potential effects of these inflows on receiving countries are highly controversial as they could undermine their food security or open the door to corruption.

Although donor governments have reiterated their commitment to the MDGs and many have said they will do their utmost to maintain current aid levels, there is growing evidence that development assistance flows are falling. If that is the case, this would match the pattern of previous recessions – and fragile countries are likely to be the main victims. More soberingly, even if governments upheld their earlier pledges to scale up assistance to Africa, this may not actually result in higher flows because aid commitments are expressed as a percentage of national income, which has been falling, as have the exchange rates of certain key currencies, such as the British pound against the US dollar.

[3] http://www.londonsummit.gov.uk/resources/en/PDF/africa-recommendations

STATES OF RESILIENCE

Despite the apparent fragility of much of sub-Saharan Africa, many African communities have developed coping and adaptive mechanisms that can provide home-grown prototypes and models for sustainable and resilient state building.

Since the end of the Cold War, 'state building' has become a top priority for donor states. For a variety of reasons, the international community's efforts tended to be top-down and focused on the technical aspects of institution building, such as training judges and officials, drafting laws, building tribunals, and helping organise elections.

In recent years, there has been a growing realisation that state building is an endogenous process which cannot be imported from abroad or led by external actors – the best the international community can do is to provide assistance. In addition, the most enduring change comes from the grassroots and cannot be imposed from above – or outside – and that state building involves many intangible factors and aspects which need to be harnessed and taken into account.

In response to this growing realisation, the international community is gradually shifting its efforts towards facilitating endogenous, bottom-up reform and change, both to formal and informal governance structures.

DURABLE DEVELOPMENT

Ecosystems that are rich in biodiversity and with individual species that are highly adaptive are more resilient to changing circumstances and external shocks. This is because, like human populations with different talents and know-how, if something adverse happens, the system has the capacity to deal with it.

In fact, although 'resilience' as a concept began in the natural sciences, it has found a natural home in the field of development. A society with diverse human, material and institutional resources at its disposal is generally better at weathering unexpected storms, such as bad economic times. However, a society or community leading a 'hand-to-mouth' existence and struggling simply to subsist often lack the capacity to deal with unexpected change.

Despite the fragility of many African nation states and their formal institutions, sub-Saharan African societies have demonstrated a broad capacity and ability to adapt creatively to the repeated occurrence of crises episodes. In fact, they have developed sophisticated and deep-seated survival, coping and adaptive mechanisms, ranging from intra-family and community insurance systems to traditional land management institutions which often straddle artificial national boundaries. These mechanisms can help protect the population from some of the human and development costs of state fragility, but without fully cushioning them.

LOCAL COPING MECHANISMS

Abena Oduro of the University of Ghana researched what effects economic and other types of shocks can have on African households and the coping strategies they employed to deal with them. She found that the current global crisis adds an additional layer of risk and uncertainty to already risk-prone communities and households.

Shocks can have both short- and long-term ramification. For instance, in the immediate aftermath of an adverse weather shock in Cote d'Ivoire, school attendance declined and malnutrition rose. However, in situations where adverse shocks cause prolonged under-investment in education and healthcare, these negative consequences can persist over time.

When hit by an adverse shock, households tend to employ a wide range of coping strategies, such as selling assets to finance consumption or reducing consumption, drawing on the support of grass-roots networks, such as family, clan and village, migrating to find better opportunities and send home remittances or tapping into informal lending and insurance mechanisms. Nevertheless, informal mechanisms work best when the shock affects individuals or small groups, not the community as a whole.

BACK TO BASICS

Resilience is an important aspect of sustainable development because a society which is unable to adjust to change can hardly develop itself over time. Enhancing the resilience of fragile countries involves boosting the capacity of both informal and formal institutions to overcome shocks and navigate a path to development and prosperity.

One promising avenue to building enduring and sustainable institutions is to employ, adapt and expand indigenous and traditional governance instruments. Jesse McConnell, a South African researcher who was part of ERD's 'New Faces for African Development' initiative, explored how decentralisation and the use of indigenous governing mechanisms can improve governance in fragile countries which are either geographically immense or ethnically diverse, or both.

"In Rwanda, they use an indigenous idea called Imihigo which basically involves a public commitment… to deliver on specific targets and objectives within a specific time frame," he explained. McConnell found that Imihigo "has helped create a new national identity while instilling a culture of service delivery and accountability amongst its public servants and political leadership".

A SECURE BEDROCK FOR DEVELOPMENT

Fragile states are often plagued by insecurity. The cornerstone of resilience and stability is security – and the EU has played and can continue to play a pivotal role in this domain.

In Maslow's famous hierarchy of needs, safety and security needs are the second step in the pyramid, just above the physiological needs, such as breathing, water and food. What applies to the individual also applies to a society, more or less. While the relationship between development and security is a complex one and is not always straightforward, there is most certainly an intimate link between the two. Security is a particularly crucial issue in fragile countries because they often suffer from chronic and persistent insecurity.

Given the important relationship between security and development, the EU has focused a lot of effort in this area in recent years and has developed a number of policies and instruments to promote it. "The security-development nexus is at the core of the EU's distinctive foreign policy and its emergence as a civilian world power," the ERD notes. These include the 2003 European Security Strategy, and the European Security and Defence Policy.

COHERENT AND CONSISTENT

Security is not a stand-alone issue and cannot be stripped away from the local context, nor pursued in a standardised fashion. Each context is unique and, as the ERD stresses, it is important that any assistance in the security arena involves the local population, is tailored to their needs and serves the best interests of the society as a whole.

It is also essential that security comes as part of a broader package of complementary policies and programmes which include political reconciliation, good governance, institutional reform and capacity building, the boosting of civil society participation, not to mention investments in the economy, infrastructure and health.

This complementarity is encompassed in the notion of policy coherence for development (PCD) which is enshrined in EU treaties and aims to ensure that all Union policies serve the development process.

A NEW LEAF IN DEVELOPMENT POLICY

The EU already has some robust policies in place to deal with fragility. The ERD is seeking to help inform, fine-tune and refine this evolving approach.

The issue of fragility and how to deal with fragile states has been on the EU radar for some years now. "The EU is not working with a 'blank sheet' to develop a better response to situations of fragility," explains the ERD.

As early as 2001, fragile states were declared a priority by Belgium's six-month presidency of the European Union. By 2005, the experiences and lessons learnt in this area fed into the European Consensus on Development, a landmark policy document in which the EU and its Member States crystallised a shared vision for development based on a commitment to eradicating poverty and building a more stable and equitable world.

Identifying 'state fragility' as one of the five key principles of development policy, the Consensus outlined an EU approach based on governance reforms, establishing the rule of law, combating corruption, the building of viable state institutions, and boosting state capacity. The policy document also advocated remaining engaged, even in the most difficult situations, to prevent the emergence of 'failed states'.

TAILORING DEVELOPMENT POLICY

In 2007, an extensive debate and consultation led to a Commission Communication, a series of Council Conclusions and a Resolution by the European Parliament sketching out a comprehensive EU response to situations of fragility.

A 2008 EU research paper entitled 'Millennium Development Goals at midpoint: where do we stand and where do we need to go?' recommended a special development agenda for fragile states. An EU action plan on situations of fragility and conflict, with concrete proposals for a more coherent and strategic European approach to states in fragile situations, is due out in 2009. As part of this effort, the Commission is also looking into reforming its financial instruments and procedures to make them more responsive to the challenges posed by fragility.

In general, the Union pursues a three-pronged policy approach to fragility in sub-Saharan Africa: overarching policy frameworks, joint EU-Africa policy frameworks (such as the Cotonou Agreement, which outlines the main principles of development co-operation between the EU and its African, Caribbean and Pacific partners), as well as EU-wide development policies and policy guidelines relating to security, conflict prevention, good governance, policy coherence, etc.

THE EUROPEAN DIMENSION

In partnership with its African partners, the EU is well placed to make a difference in the context of fragility. This is because the Union is a political actor which deals with the whole gamut of policies – and not only those directly related to 'development' – that can help fragile countries move towards stability. It notably possesses a Common Foreign and Security Policy (CFSP) through which the 27 Member States pool their diplomatic energies on matters of mutual importance. "I think the EU is in a very good position to do something about fragility because there is no one magic policy instrument that works on its own," noted Paul Collier of Oxford University at an ERD workshop in Barcelona. "Very few agencies control that full span. For example, the World Bank is essentially an aid agency. It doesn't have a mandate to move much beyond that. Whereas, because the European Union is itself a sort of government, it spans all the policy instruments."

In addition, the EU is engaged with a wide range of actors other than governments, from local authorities and civil society to regional organizations, which can add different perspectives to its understanding of the local context and dynamics. Moreover, the EU, through its Member States or the Commission's delegations, has a long-standing presence in African states, including fragile ones, which can be incredibly valuable when tailoring responses to unique situations.

In fact, owing to the diverse needs of the beneficiary countries, development programmes – and indeed the policies that breathe life into them – have to be flexible enough to work effectively. That is why the ERD, as the report's lead author Giorgia Giovannetti puts it, is more of a "framework to think" than a policy prescription.

Giovannetti also notes that if Europe is to be effective in combating fragility, it needs to reassess its role on the world stage. Highlighting the same point, the report cautions that: "The EU's added value will remain underutilised until the [EU] and Member States are able to speak and act with one voice and mind… and have an effective and implementable division of labour." This implies greater policy coherence and coordination at EU level, beyond technical considerations to build common visions and political strategies.

AWAY FROM FRAGILITY

Fragile countries need to navigate their own course away from fragility and towards resilience. With the range of policies and instruments at its disposal, the EU can help this process, but this requires a tailored approach to each country and a long-term involvement spanning all policy areas.

We are living in uncertain times: the global economy has slowed down, world economic power is gradually shifting eastwards, while climate change, rising populations and dwindling resources are all set to exact a heavy toll, particularly on the world's weakest and most vulnerable.

The Millennium Development Goals seek to bridge the developmental gap between the 'haves' and the 'have nots' and leave behind the inequalities of the 20th century to build a more equitable world. But the issue of state fragility threatens to undermine these aspirations.

The next two decades will be crucial if the 21st century is not to represent another 'lost opportunity' for sub Saharan Africa. The region has all the ingredients for success: a young and growing population, bountiful natural resources and fertile land. What it lacks are the stability and resilience to capitalise on its assets.

And the European Union has a role to play in creating these conditions, but this requires a sustained commitment. "The EU should make its commitment to fragile states credible, its policies easily understood, and its impact substantial," the ERD urges.

As highlighted earlier, the ERD is more of a "framework to think" than a policy prescription. It does not aim to reinvent the wheel. Rather, it seeks to draw lessons from decades of experience and, based on that, point a way forward for addressing the apparently intractable challenge of state fragility. It recognises that, over the years, there have been a lot of successes and some failures – all of which provide valuable lessons for the future.

A FORK IN THE ROAD

Essentially, each fragile country is unique and so needs to pursue its own path out of fragility. This requires the harnessing of every available policy and instrument in a way that suits the local context which, in turn, requires a deep and full understanding of the situation. That is why the ERD stresses that the EU should "tailor general policies to address specific issues and adapt them to individual contexts".

Together, the EU and local actors – from governments to civil society – should jointly plot a course forward. Efforts must focus on a wide spectrum of priorities over the long term, because the problems of fragile states are mainly structural and persistent, and require a l stable and sustained commitment, as well as flexible approaches

The ERD identifies five key priority areas for EU engagement, namely: bridging the gap between short-term needs and long-term policies and resilience; enhancing human and social capital; supporting state-building and social cohesion; supporting better governance at a regional level, including regional integration; and strengthening security.

Furthermore, the ERD advocates that the EU should concentrate its efforts and support on areas in which it enjoys a comparative advantage.

Developing human capital, for example, is important as a society's strength lies in its people. Investing in

education in fragile states, attending to the gender gap, and building social capital are crucial areas to achieve sustained economic growth and development over the long run.

Moreover, in order to promote true sustainability and accountability, underutilised domestic resources need to be harnessed and expanded by building up a domestic tax base and developing robust local financial institutions.

Despite its importance to individual well-being and the economy at large, farming in sub-Saharan Africa has faced neglect for years. The ERD pleads for a reversal in this situation through greater investment in the agricultural sector.

FIRST BUT NOT LEAST

The 2009 edition of the European Report on Development is the first, but by no means the last. The ERD will become an annual report, focusing on different pertinent themes and issues each year, with the aim of helping to adapt development policy to new and emerging opportunities and challenges in the context of the Millennium Development Goals' 2015 deadline and beyond.

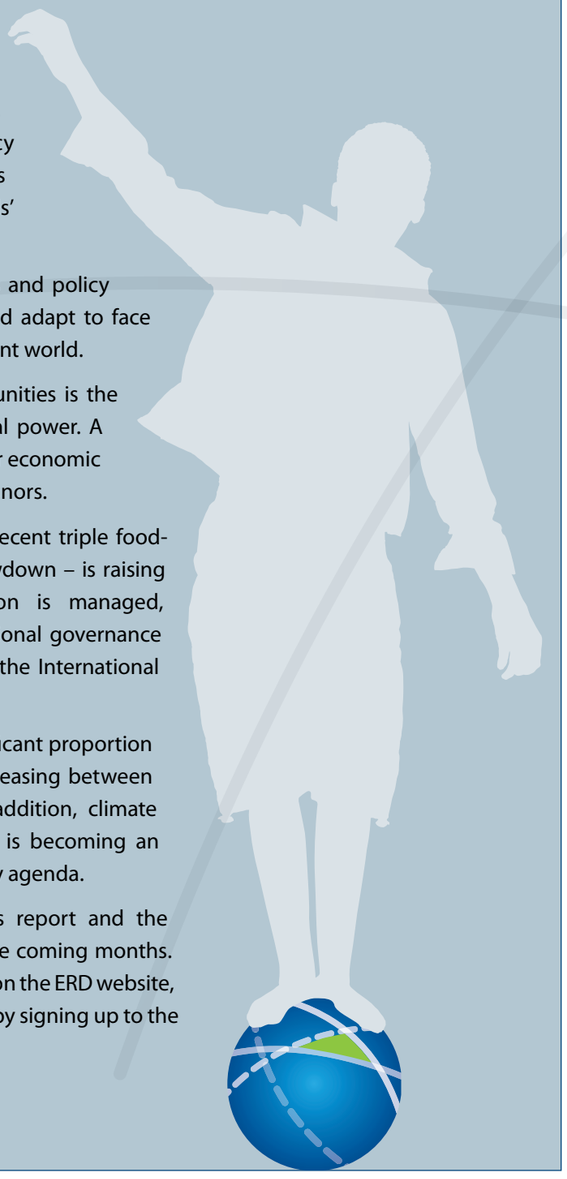
Each edition of the ERD will provide solid analysis and policy options to help EU development policy evolve and adapt to face new global realities in an increasingly interdependent world.

An example of these new challenges and opportunities is the changing balance of global economic and political power. A number of countries are emerging not only as major economic actors but also as important political players and donors.

Global economic instability – highlighted by the recent triple food-oil-financial shocks and the current economic slowdown – is raising fundamental questions about how globalisation is managed, which could lead to structural reforms of international governance structures, such as the World Trade Organisation, the International Monetary Fund and the World Bank.

Competition over scarcer natural resources, a significant proportion of which is located in developing countries, is increasing between confirmed and emerging economic powers. In addition, climate change, and its major development implications, is becoming an increasingly high priority on the international policy agenda.

Preparations have already begun for next year's report and the topic of the 2010 edition will be made public in the coming months. Information on the ERD 2010 will be made available on the ERD website, where you can keep abreast of the latest ERD news by signing up to the e-newsletter.



MEET THE ERD RESEARCH TEAM

The ERD core team is made up of 11 members:

Giorgia Giovannetti Team leader of the ERD report. She is a full professor of economics at the University of Florence and a visiting professor at the New York University in Florence.

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