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Fragility and development in Africa: An introduction

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This special issue focuses on fragility and development in Africa. All of the contributions are part of a collaborative project initiated by the African Economic Research Consortium (AERC). Fragility is widely recognized as the main development challenge and all major international development agencies (e.g. the World Bank, OECD, the African Development Bank and UN Organisations) have published a number of reports on the subject.[1] Fragility has not only an impact on the citizens of fragile states but also generates considerable regional and global negative spillovers. Fragility is associated with some of the world's biggest problems: poverty, hunger, malnutrition, disease, displacement, terrorism and crime.

This special issue highlights different aspects of fragility and the complex interrelationship with economic, political and social processes and outcomes. McKay and Thorbecke (2019) investigate how fragility affects individual well-being while Chuku and Onye (2019) examine the macroeconomic consequences of fragility. The consequences of fragility for inclusive growth are analysed by Fowowe and Folarin (2019). Fragile states generate regional spillovers, for example on trade (see Chacha and Edwards 2019) and exacerbate the cost of conflict (see Dunne and Tian 2019). Further aspects of conflict, namely post-conflict stabilization (Hoeffler 2019) and reduced capital accumulation (Nkurunziza 2019) are also examined.

The remainder of this introduction first provides an overview of Africa's development challenges and a definition of fragility. This then leads to the discussion of the difficulties that the authors faced when examining fragility, how they conducted their research and what their main findings are. A collaborative project should provide a whole that is greater than the sum of its parts. As the editor I concluded that even though fragility constitutes the most serious impediment to development, this is neither reflected in academic research nor in the policy efforts to support fragile states. I hope that you will find this special issue also stimulating for your own thinking and research on fragility and development.

1 | AFRICAN DEVELOPMENT CHALLENGES

The African Economic Research Consortium (AERC) supported the collaborative research effort behind this special issue because Africa is the region with the highest share of fragile states.

Understanding fragility is thus of particular importance for the continent. The OECD identifies 27 chronically fragile states; these are the states that have continually featured on the OECD list for the past decade. Of these, two thirds are African.[2] Most of the world's extreme poor now live in Africa. Although India is the country with the largest number of people living in extreme poverty (218 million people), it is then followed by Nigeria (86 million) and the Democratic Republic of the Congo (55 million). These numbers are the result of important changes over time. In 1990 Asia was the region with the largest number of poor people but with high and sustained economic growth, poverty in Asia fell more rapidly than in Africa. Today, no country outside Africa has a poverty headcount ratio of over 30 per cent.[3] Fragile countries tend to have low economic but high population growth and if these trends continue, the progress in the fight against global poverty will stall. Reaching Sustainable Development Goal (SDG) 1, "eradicate extreme poverty for all people everywhere by 2030" will crucially depend on progress in fragile countries, particularly in Africa.[4] The region also generates a large number of refugees. In 2017 the top ten countries of origin of refugees included seven African countries: South Sudan, Somalia, Sudan, the Democratic Republic of the Congo, Central African Republic, Eritrea and Burundi. Most of these refugees stayed within the region and Africa is now hosting 6.3 million out of a total of 19.9 million refugees. This makes the region the biggest host worldwide. Refugees often flee from one fragile state to another, for example from South Sudan to Sudan or from the Central African Republic to the Democratic Republic of the Congo, adding pressure to already strained systems.[5] Africa also remains the region with the highest prevalence of undernourishment, affecting almost 21 per cent of the population (more than 256 million people). Causes include adverse climate events, conflicts and economic slowdowns in peaceful countries.[6]

Here I only briefly sketch some of the development challenges that many African countries face. However, in addition to poverty, forced displacement and hunger, there are many other challenges, such as armed conflict, poor water and sanitation provision, health challenges such as high infant and maternal mortality, low quality of education, gender inequality and insufficient infrastructure provision, in particular energy and transport. Before I provide a more detailed discussion of fragility, it is important to stress that fragility is not synonymous with armed conflict. Countries such as Comoros, Guinea-Bissau and Liberia have not experienced any large scale armed violence in the past ten years. However, they tend to be included in lists of fragile countries.[7] Some agencies (e.g. the IMF) make this distinction clear by referring to "fragile and conflict-affected situations (FCS)". For the purpose of this collaborative research project we use 'fragility' as a categorization that includes societies at peace as well as those in conflict.

2 | WHAT IS FRAGILITY?

Although various agencies and researchers define fragility differently, the definitions typically centre on the failure of the state to provide security and economic opportunity for its citizens. As an example, the World Bank states: "*Fragility or fragile situations can be said to be periods when states or institutions lack the capacity, accountability, or legitimacy to mediate relations between citizen groups and between citizens and the state, making them vulnerable to violence*." (World Bank, 2011: xvi). Fragility makes it difficult to achieve sustained development because several features occur and reinforce each other. This co-occurrence of characteristics is termed "*fragility syndrome*" by the LSE-Oxford Commission on State Fragility, Growth and Development and this terminology is helpful in breaking down the complex interlocking mechanisms that characterize fragility. Six characteristics are commonly observed:[8] (1) The society is fractured into opposing groups. The struggle for state control and the associated rents are understood as a zero-sum game. This makes it impossible to collaborate and generate a state that acts in the national interest. (2) Due to the fractured nature of society, groups of citizens do not regard the state as legitimate and do not comply with it. (3) The struggle for the control of rents as well as the lack of legitimacy generate a third problem. The state lacks the capacity to perform basic functions such as security, taxation, service delivery and infrastructure provision. (4) Low state capacity results in higher rates of (violent) crime and a higher probability of organised armed conflict. (5) All of these characteristics pose serious impediments to the development of a flourishing private sector. Few economic opportunities exist, poverty levels are high and the economic base is narrow. This curtails opportunities for the government to collect revenue and state capacity remains low. (6) The narrow base makes the economy vulnerable to economic and political shocks. This volatility feeds into the other mechanisms and makes it thus more difficult to sustain any developmental gains.

3 | MEASUREMENT OF FRAGILITY

Social science research requires the quantification of social phenomena and fragility has been conceptualized and measured by a number of organisations. The most commonly used measure in the literature is the Failed States Index (FSI) and provided by the Fund for Peace. Most authors in this special issue used this index. The Center for Systemic Peace also provides a State Fragility Index (SFI) which some authors used in robustness checks. Both indices are based on a large number of different measures in order to capture the complexity of fragility while distilling the information into a single indicator, enabling (statistical) rankings and comparisons. Although fragility is reduced to a single indicator, the measure is continuous and thus allows users to distinguish between different degrees of fragility. Authors using SFI in robustness checks find that the choice of index has no impact on their qualitative results (e.g. McKay and Thorbecke 2019, Dunne and Tian 2019). However, Chacha and Edwards (2019) used the Worldwide Governance Indicators (WGI) compiled by Kaufmann *et al.* (2011) because they argue that it provides more detailed information on the business environment. The aim of the research by Chacha and Edwards (2019) is to examine the impact of fragility in the destination country on exporting firms in Kenya. Thus, while some indices (e.g. FSI and SFI) capture similar dimensions of fragility, other indicators capture specific aspects of fragility and researchers should therefore carefully consider which measures to use in their analysis.

4 | CAUSALITY

McKay and Thorbecke (2019) make an important contribution to the measurement and research methodology debate. Research on fragility aims to inform policy and this policy advice must suggest measures that causally impact on fragility. However, causality is difficult to determine. The interrelationship between development and fragility is circular, because fragility impacts on the process of economic development and vice versa. McKay and Thorbecke (2019) therefore suggest taking out the sub-components of FSI that are consequences and not causes of fragility, namely demographic pressure, uneven economic development, poverty and economic decline. They label this measure FSI*. Purging the index in this manner strengthens their examination of well-being. Their analysis is based on a set of correlations and we can be confident that these are not mainly due to a tautology in the measurement, i.e. they do not correlate income with a measure that includes income. All of their well-being measures are negatively correlated with fragility. People in fragile countries have lower incomes, experience more volatile growth, higher infant mortality, higher prevalence of poverty and lower school enrolment. However, fragility is positively correlated with income inequality, less fragile states tend to be more unequal. This is mainly due to southern African countries that are less fragile but have very high GINI coefficients. Furthermore, their analysis suggests that improved growth does reduce poverty but that high poverty rates do not impede growth in Africa. Thus, the focus should be on growth and poverty alleviation strategies. Options include the strengthening of a number of existing institutions and policy initiatives, e.g. farmers associations, public works and cash transfer programmes.

The macroeconomic analysis by Chuku and Onye (2019) also focuses on causality issues. They use the McKay and Thorbecke FSI* index and examine the impact of fragility on macroeconomic outcomes such as income, growth, growth volatility and economic crises. They find that fragility has an impact on growth volatility and crises but not growth. This may be due to the fact that natural resource-rich economies in Africa experienced high growth rates during the global commodity boom (early 2000 to 2011) despite being fragile. On the other hand, macroeconomic policies, captured by fiscal burden, inflation and the exchange rate, have explanatory power in the growth regressions. Further analysis suggests that interventions in fragile African states should best focus on exploiting the potential for using fiscal policy, aid, and finance as instruments to improve macroeconomic outcomes.

Inclusive growth is commonly regarded as the key to development. For example the World Bank has the twin goals of ending poverty and shared prosperity, while the UN addresses poverty, inclusive growth, inequality and inclusivity in the SDGs (Goals 1, 8, 10, 16). In their contribution Fowowe and Folarin (2019) consider the concept of inclusive growth in great detail. To my knowledge they are the first to construct a measure of inclusive growth for all African countries by summing the change in absolute per capita income and the change in the income distribution. This makes for an interesting cross-country comparison. Ethiopia, Uganda and Sierra Leone experienced inclusive growth, i.e. income growth while reducing income inequality. On the other hand the growth experiences in Tanzania, Botswana and Mauritius were accompanied by growing inequality. Regression results suggest that fragility is not necessarily characterized by negative or low income growth, but fragility does impede inclusive growth. Further explorative analysis suggests that financial inclusion is a key instrument to achieve inclusive growth. One suggestion for further research is the role of mobile banking.

The spillover effects of fragility are examined by Chacha and Edwards (2019). Recorded intra-African trade flows are low and researchers have so far neglected the role of fragility, concentrating instead on high trade costs, poor trade facilitation and insufficient infrastructure. With their innovative study Chacha and Edwards (2019) provide the basis for additional policy advice. They study the impact of fragility in destination markets on Kenyan firm export behaviour. The analysis shows that fragility negatively affects a firm's decision to enter a given destination market, reducing Kenya's bilateral trade flows to African countries. However, this negative effect can be overcome by larger firms. This suggests that policy makers should (1) use diplomacy to lessen the extent of fragility, (2) encourage regional trade integration but (3) consider how firm size in their countries can be increased.

The contributions by Nkurunziza (2019), Dunne and Tian (2019) and Hoeffler (2019) all examine the impacts of armed conflict. As discussed above not all fragile states experience armed conflict and some countries with armed conflict are not classified as fragile states. Nkurunziza (2019) focuses on capital accumulation. Unsurprisingly, war destroys capital but interestingly many post-conflict episodes are also characterized by continuing capital destruction, making an economic turnaround and the realisation of a peace dividend difficult. This has negative implications for long-term economic growth and African countries and their international partners should therefore pay more attention to capital accumulation, including capital reconstruction after periods of armed conflict. Dunne and Tian (2019) also take a long term view and examine the cost of armed conflict. They find that fragile countries experience higher growth losses than non-fragile states when they experience armed conflict within their territory. In addition, fragile countries experience a reduction in their growth when neighbouring countries are at conflict. Fragility thus magnifies the problems of armed conflict and encourages negative spillovers. Hoeffler (2019) examines stabilization in post-conflict societies. Half of all peace episodes break down within the first eight post-conflict years and in Africa this risk is even higher. The statistical results confirm that negotiated settlements are less stable than military victories but that the chances of peace surviving can be significantly improved through the deployment of UN peacekeeping operations. This is also the case in Africa but case study evidence suggests that peacekeepers face particularly complex situations and should therefore be well resourced.

5 | OUTLOOK

Critical readers might argue that none of the results in this special issue are unexpected. No matter how state fragility is defined, these countries are characterized by low state capacity and poor socio-economic outcomes. After all, it confirms the common assumption that bad things happen together and reinforce each other. However, the articles that make up this special issue contribute to our understanding of fragility because they provide details on under-researched aspects of fragility and suggest new angles for policy advice.

Researching fragility is hard, disentangling the interrelationship between historical and political processes on socio-economic outcomes is challenging. However, if research aims to inform policy shapers, we have to gain a better understanding of which entry points are available to stabilize fragile states. Furthermore, data availability restricts the use of the economist's typical analytical toolkit. Jerven (2013) demonstrates the poor quality of African data in general, but the data situation is even worse in fragile countries. In precarious security situations little household and firm data can be collected and many governments either lack capacity and/or willingness to collect data. Often the political science data is stronger than the economic data. For example, agencies score the level of conflict and democracy and we have information regarding third party interventions, such as UN peacekeeping operations. On the other hand, we often have very little information on the size of the population or economic output, fiscal, monetary or trade data. The standards of peer reviewed journals require novel analytical work, including the use of rigorous statistical methods. Given the shortage of data, this is often not possible and new insights have to be gleaned by combining an analytical narrative with a thorough data description.[9] Initiatives to encourage the development of innovative evaluation strategies in development economics are therefore very welcome (e.g. Centre of Excellence in Development Impact and Learning (CEDIL) and the Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (DeVal)) because economists should become more flexible in their methodological approach if they want to produce knowledge on the central topics in development.

International development organizations have put the spotlight on fragility in a number of reports. Their mission is stabilization, poverty alleviation and supporting societies to become peaceful and inclusive. Currently, the World Bank and the IMF treat fragile states as special cases. However, if current trends continue fragile countries and regions should become the main focus of these development organisations and they should start to prepare to make fragility their core business. The Independent Evaluation Office of the International Monetary Fund's (IEO 2018) critical assessment of the IMF's engagement with fragile states forms a promising starting point. The World Bank is currently in the process of designing a strategy of their involvement with fragile states and academics, think tanks as well as development practitioners should grasp this opportunity to provide their perspectives during the consultative process.

ENDNOTES

[1] For example World Bank (2011, 2018), AfDB (2016) and OECD (2018).

[2] OECD (2018:26).

[3] All poverty data obtained from Rosner and Ortiz-Ospina (2017). Extreme poverty is defined at 1.90 int.$ in 2011 PPP prices. Global total of extreme poor: 746 million, of which 383 million live in Africa.

[4] For more discussion see Kharas and Rogerson (2017).

[5] For more information see UNHCR (2017).

[6] FAO, IFAD, UNICEF, WFP and WHO (2018).

[7] See for example the World Bank list of fragile states http://pubdocs.worldbank.org/en/892921532529834051/FCSList-FY19-Final.pdf, accessed 28. February 2019.

[8] LSE-Oxford Commission on State Fragility, Growth and Development (2018:16).

[9] See for example the excellent book on "Making Africa Work" by Mills et al (2017).

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