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Evidence Brief

What Works in Addressing Global Poverty – Aid Challenges in Fragile States

James Fearon

Theodore and Frances Geballe Professor, Stanford School of Humanities and Science
Professor of Political Science
Senior Fellow, Freeman Spogli Institute for International Studies

Key Points

1. Development is hampered and foreign assistance is ineffective in fragile states lacking well-functioning governments capable of performing the basic tasks of public administration. Moreover, the weakness of fragile-state governments is a seedbed for civil war and violent conflict, which frequently represent a catastrophe for development.

2. UN and other peacekeeping operations often succeed in checking hostilities. When combined with development aid, these interventions sometimes give fragile states a chance to progress. But the model of peacekeeping that developed in the 1990s is increasingly hard to apply in the regions with the most armed conflict. Further, in the most fragile states peacekeeping operations have not by themselves enabled state building.

3. State building may require more effort by development aid organizations to work through rather than around fragile-state governments, encouraging local authorities to set priorities and plans, while monitoring for abuses. The medium-run goal should be to build a cadre of technocrats who can lead the state-building effort.

The Problem

To achieve sustained economic development, a country must have effective political, economic, and social institutions, and a government capable of implementing coherent policies and programs. It needs responsible authorities who can administer health and education systems, and build basic infrastructure, such as water and sanitation systems, roads, and electricity.

Many of the lowest-income countries lack well-functioning governments and an administrative apparatus capable of carrying out a systematic development agenda. The international aid community describes such countries as fragile states. Often in these states, the weakness of the central government creates a vacuum that spawns violence and civil war that can have devastating economic and social repercussions.

Donor countries, NGOs, the United Nations, and other multilateral organizations have little idea how to strengthen government institutions in fragile states. What's more, concerned about misuse and feeding corruption, the aid system has tended to bypass local authority in countries where government institutions are weakest, which can unintentionally reinforce that weakness and systematically undermine the essential process of building more effective institutions.

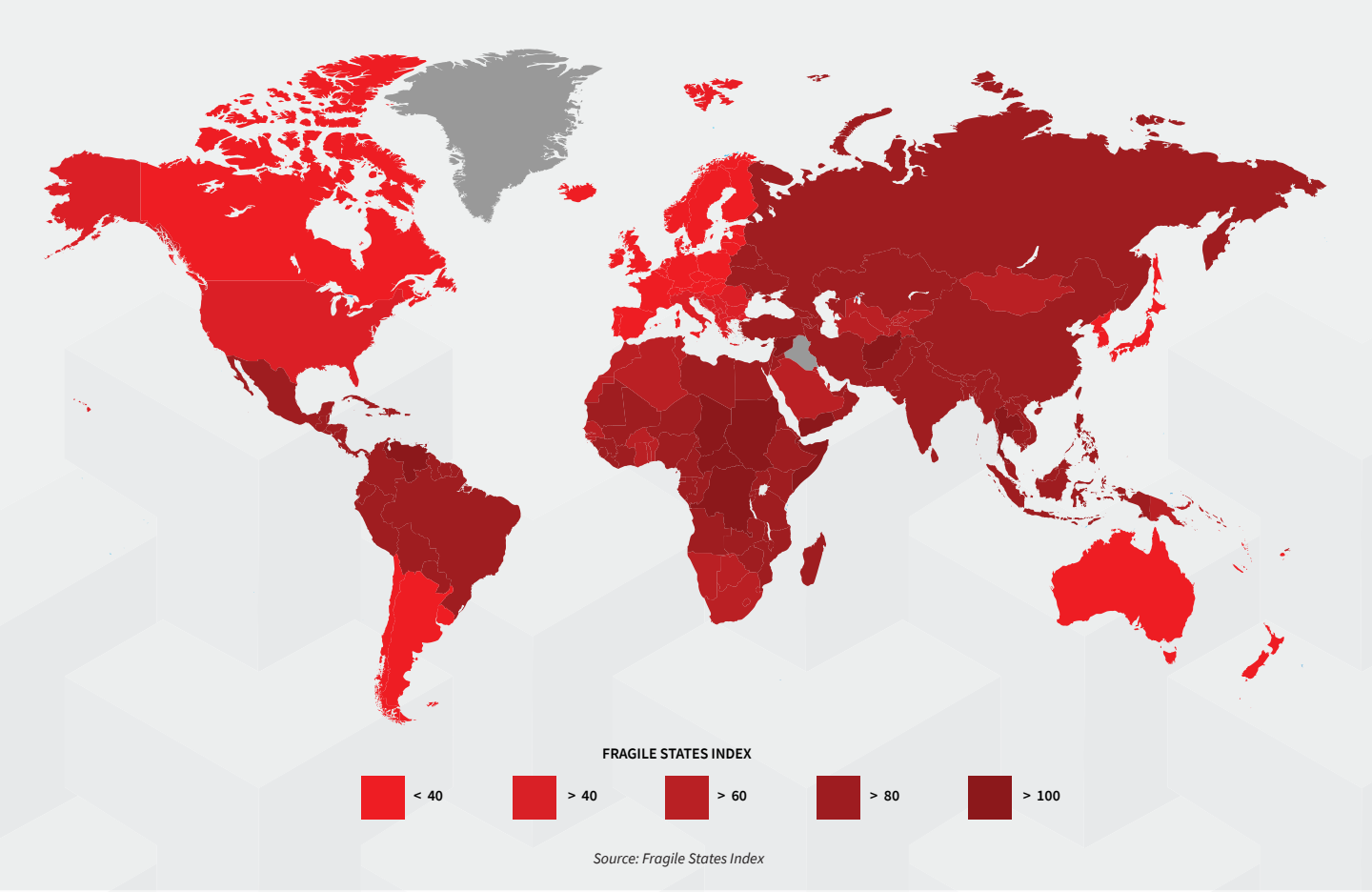
What We've Learned

The post-World War II experiment with a global nation-states system has succeeded economically and socially in many parts of the world, raising standards of health, education, and living, spreading democratic institutions, and reducing the incidence of wars between states. But there are glaring exceptions. The phrase fragile states is a recognition that state creation has failed in such countries as the Democratic Republic of the Congo, Somalia, Afghanistan, Yemen, Libya, and Syria.

How can we tell that a state is failing? Civil war and violent internal conflict are excellent indicators. This combination of state fragility and internal warfare is a product of history. Decolonization created many impoverished post-colonial states with ineffectual administrative, military and police capabilities. Violent conflict typically breaks out when a political or economic shock weakens the central government relative to potential challengers.

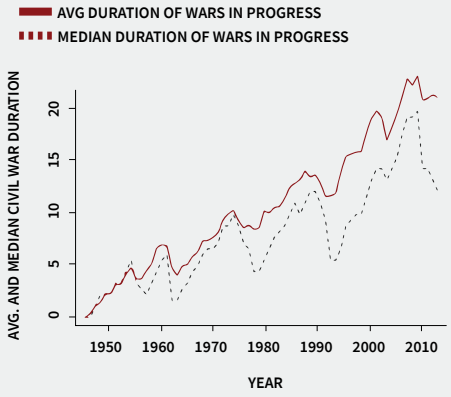
Fragility may be either the cause or the effect of conflict. Institutional weakness and bad governance create the conditions that allow rebellion to take root. But, in turn, violence further erodes state institutions, a feedback loop that has been described as a trap or spiral (Collier, et al., 2003).

Many states in Asia, Sub-Saharan Africa, the Middle East and North Africa, and the Americas have experienced little or no civil warfare. And the prevalence of civil war has actually fallen since the end of the Cold War.



Source: Fragile States Index

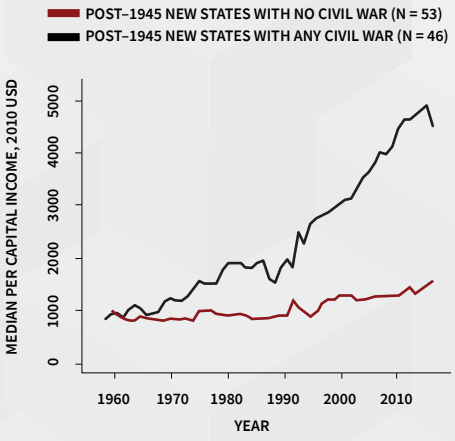
Average and median duration of Civil Wars in progress, 1945-2014



Source: Fearon, 2017

However, civil wars have become increasingly persistent and long-lasting in the past few decades. The average civil conflict in progress today has been ongoing for 20 years. Once civil wars start, they are very hard to end, mainly because guerilla techniques are extremely difficult for vulnerable governments to suppress. And power-sharing or other forms of compromise are extremely hard to arrange and enforce because the parties correctly fear that the other side can and will exploit any good opportunity to violently renege.

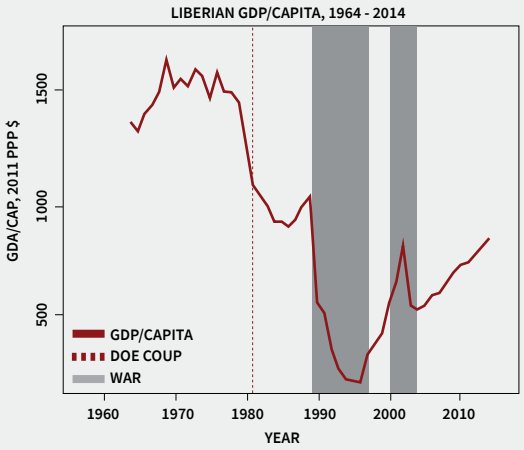
Peace and economic development are strongly related



Source: James Fearon

Violent conflict is often a catastrophe for economic development. Among nations created since the end of World War II, half have seen their per capita income increase at least five-fold. But new countries that had one or more years of civil war have registered terrible economic performance overall, with at least half growing hardly at all over the same period.

Liberia. A "fragile state."



Source: World Development Indicators, The World Bank

Liberia is a case in point. Per capita GDP plummeted during the 1989–97 Liberian civil war, partly recovered when the war ended, and then plunged again during the 1999–2003 war. It remains less than half what it was at its peak in the 1970s.

Peacekeeping operations. Among the most important developments affecting violent conflict in fragile states has been the increasing frequency of UN and other international peacekeeping operations combined with post-conflict aid. Since 1990, more than half the civil wars in Sub-Saharan Africa, the Americas, and Eastern Europe have been sites of UN peacekeeping operations. Research suggests this “treatment regime” has been at least partly responsible for the drop in the number of civil wars since the early 1990s (Fearon, 2017).

Unfortunately, peacekeeping operations face a clear and growing set of problems. First is the eruption of civil wars and the collapse of states in the Middle East and North Africa in such countries as Syria, Libya, and Yemen. The conflicts in this region present insuperable obstacles to peacekeeping, including regional and great power rivalries, and non-state armed groups that are emphatically opposed to any foreign presence. These wars are on too big a scale, too politically loaded, and too dangerous for peacekeepers to dare step in, as illustrated by the decision to end the 2012 UN operation in Syria after a few months.

Second, third-party state-building efforts, including development aid, have mainly failed in large states collapsed by civil war or intervention, as the cases of Afghanistan and Iraq show. What works to contain a war does not necessarily lead to long-run progress on governance.

It may be that building effective institutions can't be imposed from outside, but must be a project for the people of the country itself. Yet aid is often delivered in ways that sideline local officials. European and Latin American history show that state-building has often been slow and violent. And sometimes the most promising state-builder candidates in terms of monopolizing control of violence, such as the Taliban in Afghanistan, may be unsupportable on the grounds of how they wish to use government.

Three approaches to development. The question of how to respond to fragile states is one of the key dilemmas facing the international development community. Aid in fragile states often reinforces corruption and personalist rule. It also tends to encroach on the government's role of providing services, which relieves authorities of responsibility for performing some the most basic tasks of public administration.

The aid community has adopted three approaches to address these problems:

Conditionality. This approach makes aid depend on recipient countries meeting minimal standards of governance, and freezing out the most corrupt and dictatorial rulers. While conditionality has motivated some governments to improve administration, it can cut off aid to the neediest populations. In addition, it tends to concentrate assistance in a small number of countries deemed to have decent governments (a judgment that may be influenced by geopolitical interests of the donor countries).

Bypass fragile state governments. Aid organizations may choose to focus on interventions that involve direct delivery of services and don't require government participation, such as vaccination campaigns. This strategy reduces losses to corruption and allows more control of quality. But it can be disastrous for donor coordination and, by taking government out of the picture, it may actively promote state fragility.

Work through fragile state governments. State-building won't happen unless it is carried out by local leaders. That suggests that aid organizations should fund government implementation of projects through the official state apparatus, while keeping an eye out for unacceptable levels of corruption and malfeasance. The goal is to build state capacity through the aid process by encouraging authorities to determine priorities and plans (IGC, 2018).

Recommendations

Collaborating with fragile-state governments runs the risk of supporting corrupt and incompetent rule. But, in the long run, it may offer the best hope for progress and may be the strategy aid organizations should adopt. It should be based on the following principles:

1. Support UN and other peacekeeping services. It is very hard for aid projects to succeed in countries riven by violent conflict. Therefore, measures to quell hostilities may be essential before something resembling an economic development program can be carried out. Despite their limitations, peacekeeping operations have proved beneficial overall, especially in some of the poorest countries. Though peacekeeping is hard to conduct in some of the most intractable conflicts where deep-rooted insurgencies and great power rivalries are present, they can play a vital role elsewhere. They give countries that have had serious civil warfare a period of stability, which may permit governments to pursue development projects and build administrative capacity in the process. The case of Liberia shows that this kind of intervention can give a country a chance to get back on a growth track.

2. Stop working around fragile-state governments. More aid projects should be run through the state apparatus. Officials of recipient governments should set priorities and coordinate donors, despite the difficulties and risk of corruption. Projects should be monitored and donors should be prepared to impose sanctions or shift funds elsewhere if official wrongdoing is excessive. When governments play a primary role in managing development projects, they learn from doing well and take the blame when interventions fail.

3. Build a cadre of technocrats. Aid should include systematic support for training a wide range of experts and administrators. Over the long run, this helps develop the human capital essential for state-building. Many of the lowest-income countries suffer from a dearth of people who have basic public administration skills, such as budgeting or managing staff. Finding the right people and giving them the skillset to run bureaucracies is a slow, but essential process.

There is no silver bullet in promoting development in fragile states. Still, keeping civil war in check can give countries the respite they need to move forward.

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About James Fearon

James Fearon is the Theodore and Frances Geballe Professor in the School of Humanities and Sciences, a professor of political science, and a senior fellow at the Freeman Spogli Institute. His research has examined civil and interstate war, ethnic conflict, the international spread of democracy, governance in developing countries, and the evaluation of foreign aid. He was elected to the National Academy of Sciences in 2012 and the American Academy of Arts and Sciences in 2002.

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Stanford | King Center on Global Development

kingcenter@stanford.edu
(650) 725-8730

John A. and Cynthia Fry Gunn Building
366 Galvez Street, Stanford, CA 94305
kingcenter.stanford.edu