



Open Working Group on Sustainable Development

Side Event on

Addressing Vulnerabilities to Promote Peace and Development

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**« Tackling structural vulnerabilities
to avoid conflict and state fragility »**

By

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Ferdi commitment to address vulnerability

- Advocacy for giving special attention and treatment to poor and vulnerable countries in the post 2015 agenda, in particular to the LDCs
- Expressed here in a previous event in April 2013 , with Govts of France and Burkina Faso, and OHRLLS, as well as in other circumstances (often with the LDC IV Monitor on the Istanbul Plan of Action, IPoA),
- Supported by a long lasting research on the determinants, evolution and consequences of « structural vulnerabilities », economic or climatic, and on the LDCs
- In particular by setting up « retrospective series » of the Economic Vulnerability Index (EVI) used by the CDP for the identification of the LDCs and by a new Physical Vulnerability to Climate Change Index



A special treatment to poor and vulnerable countries consistent with the universality principle of the new agenda

- Structural vulnerabilities, as structural handicaps to a sustainable development, lead to unequal opportunities between people according to the countries where they live,
- To make opportunities less unequal among world citizens, it is equitable to support most structurally vulnerable countries
- Holds for the structural economic vulnerability, independent of the present will of countries, and for the physical vulnerability to climate change, of which the LICs are not responsible
- Vulnerability (economic, social or climatic) is the opposite of sustainability in its various dimensions
- Moreover intertemporal consistency is needed, with regard to the previous commitments of the international community (eg LDC IV)



The goal of peace and security enhances the need of a special focus on structurally vulnerable countries

- Peace and security expected to be a new sustainable development goal
- Structural economic vulnerabilities, either economic or climatic, should be tackled to promote peace and security, because they are a factor of unrest and conflict, and not only because they are obstacles to sustained growth
- A consistent international approach to peace and security should be preventive, and not only curative
- Attention of the international community mainly drawn by peace and security crises when they occur
- Ambiguity of the present approach of « Fragile states », that seems more curative than preventive



Structural economic vulnerability, distinct from state fragility

- Leads to clearly separate LDCs and Fragile States (FS)
- State fragility designed and identified only from present policy and institutional factors: in principle lack of state capacity, political will and legitimacy (many changing definitions)..., often countries in conflict or post-conflict or suffering from insecurity, ...and for operational uses by a transitory assessment of policies and institutions through CPIA
- Structural economic vulnerability designed, as with EVI, from factors (frequency of exogenous shocks and exposure to these shocks), independent of policy and proven to have a negative impact on growth and development
- But structural vulnerability influences state fragility,
- So that many LDCs are also FS (most are or have been so)



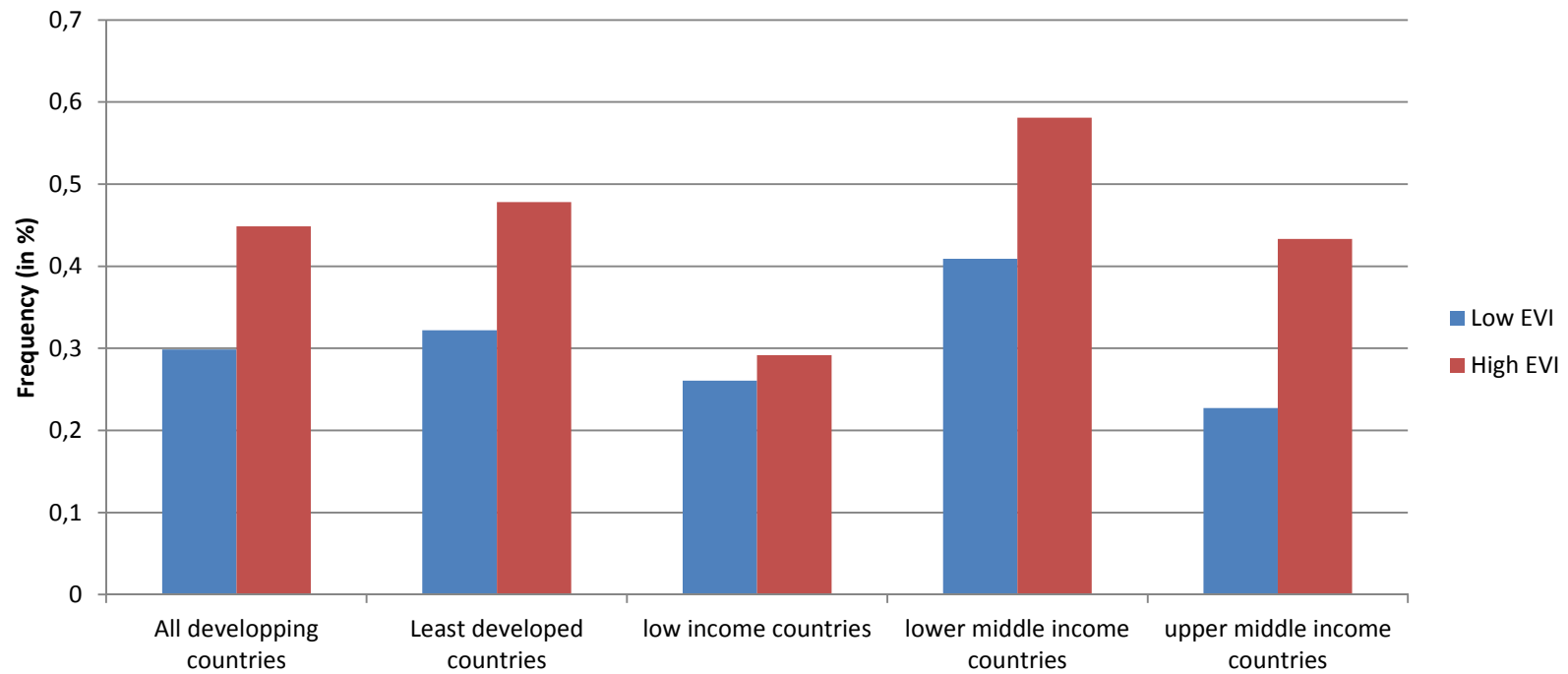
Impact of structural vulnerabilities on the risk of conflict

- Growing body of literature on the economic factors of conflict
- Cross country evidence of the link in Africa between either climatic shocks (negative rainfall shocks Miguel et al. 2004) or negative commodity price shocks (Brückner and Ciccone, 2010) and the outbreak of civil conflicts
- Some debate (and competing hypotheses) about the impact of positive commodity price shocks (rent seeking effect vs opportunity cost effect), seeming to depend on the kind of commodity (eg coffee vs oil in Colombia, Dube & Vargas, 2009)
- Clearer evidence when considering the impact of past export *instability* (rubs out the impact of the share of mineral exports, Chauvet & Guillaumont 2003)
- Anyway difficulty to measure the occurrence and severity of conflicts, and to assess the time lags between the various vulnerability factors and conflict
- People displaced because of conflict (average 1986 -2006, as % of pop) 5 times higher in LDCs than in other developing countries between (CIT, 2009)



Illustration of the link

Frequency of civil conflicts and structural vulnerability
(Major episodes of political violence, 1990-2011, CSP)





More general impact of structural economic on governance and security

- Other logical reasons and econometric evidence of a social impact of structural economic vulnerability (beside the level of income per capita)
- In particular impact of export instability, as well as of growth volatility, on social variables, such as crime, corruption, income inequality, and finally on poverty (various Ferdi works)
- More general evidence of an impact of EVI (beside income per capita and human capital, measured by HAI) on CPIA (Guillaumont , Mc Gillivray and Wagner, 2013): major effect of export instability
- Significant elasticity of CPIA to EVI (as well as to health or literacy)
- Means that, to a large extent, « Fragile States » are fragile due to their structural economic vulnerability
- Strong policy implications for peace and security



Building sustainable development, peace and security by tackling structural vulnerabilities

- Targetting at the three components of vulnerability
- Lowering exposure to shocks: through diversification, improvement of infrastructure, and most important by *regional integration*
- Narrowing the size of the shocks, either natural (mitigation) or external (world macro stability, and international prices stability as well)
- Enhancing a « *structural resilience* »: through human and institutional development leading to an efficient domestic policy of risk management, at the macro and micro level (such as innovative insurance schemes)...
- ...and an allocation of international resources taking into account structural vulnerabilities



Structural vulnerabilities as criteria for ODA allocation

- Progress: GA December 2012 Resolution on graduation of *LDCs*, §23 : « *Invites* development partners to consider least developed country indicators, gross national income per capita, the human assets index and the economic vulnerability index as part of their criteria for allocating official development assistance »
- A principle first applied by EU to the next EDF
- The application of such a principle, in particular by the Multilateral Development Banks, would be a significant progress in ODA allocation, which would then rely on criteria meeting principles of equity, effectiveness and transparency...
- Fragile states would then be treated in an integrated allocation framework, not as an arbitrary exception, while aid modalities could be adapted to their specific features



Extension of the principle to the allocation of adaptation resources

- A similar principle may be applied to the concessional resources for adaptation to climate change
- For that, relevant to consider the physical vulnerability to climate change as part (may be a main part) of the criteria for allocating official resources devoted to the adaptation to a climate change, for which the poor and vulnerable countries are not responsible, using again income per capita and HAI as complementary criteria.
- It would be not only equitable and transparent, but also, if combined with appropriate development measures, an efficient way to protect peace and security face to the new risks and tensions possibly resulting from climate change



Differentiation through criteria or categories?

- Legitimacy of the LDC category comes not only from its status, as the only UN official sub- category of developing countries, but also from its rationale, relying on identification criteria
- Possible redesigning of criteria through a composite index of structural handicap (EVI and HAI) or of least development (EVI, HAI and GNIpc)
- Most handicapped SIDS and LLDCs are generally LDCs...or their specific handicaps (vulnerability to climate change, remoteness,...) may be captured by appropriate indices, guiding international support
- For binary measures, as those benefitting to LDCs (EBA), always possible to come back to thresholds put on specific indicators and criteria
- But the legitimacy comes from the principles behind the criteria, addressing structural handicaps to a sustainable development



Probability of civil conflict and structural vulnerability (1990-2011)

