Handout
IFIC SEMINAR
Tokyo, June 1, 2007
Global Development and Human Security
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Where does the development idea come from?
• The early pioneers (industrialization, big push, balanced growth, trade pessimism)
• The dissenter (rural development, small is beautiful, linkages, export led strategies)
• The neo-classical resurgence (Washington consensus)
• The road to Monterrey
• Towards human security?

Good and bad news

<table>
<thead>
<tr>
<th>Annual per capita growth</th>
<th>80-80</th>
<th>80-90</th>
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<tbody>
<tr>
<td>Asia</td>
<td>2.02</td>
<td>2.29</td>
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<tr>
<td>China/India</td>
<td>1.84</td>
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<tr>
<td>Africa</td>
<td>2.02</td>
<td>2.09</td>
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<tr>
<td>ME/NAfrica</td>
<td>2.72</td>
<td>2.22</td>
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<tr>
<td>India</td>
<td>2.12</td>
<td>3.00</td>
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<tr>
<td>Developing</td>
<td>2.17</td>
<td>1.60</td>
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<tr>
<td>Least China/India</td>
<td>2.23</td>
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<td>Eastern Europe</td>
<td>2.44</td>
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<tr>
<td>Non-Industrialized</td>
<td>2.27</td>
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<tr>
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<tr>
<td>World</td>
<td>2.48</td>
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Economic convergence since 1980? Not if China and India are excluded!
Life expectancy: 55 years in 1970 to 64 years in 2000; infant mortality: 107 per thousand to 56; literacy: 53 percent to 74 percent; chronic malnutrition: 55 percent to 17 percent...but Africa regressing!

Number of poor people worldwide has increased—from 2.5 billion in 1981 to 2.7 billion in 2001 ($2 a day benchmark)

What did we learn about aid?
• Aid can work but aid dependency can undermine fiscal discipline and absorptive capacity is a serious constraint (aid bombardment).
• In the aggregate, the growth effect of aid volumes is small and statistically insignificant.
• Aid quality matters on both sides of the relationship.
• Donors must improve their performance (fragmentation, inefficiency, inadequate terms, tied procurement).
• Targeting is tricky: aid does not give better results where policy indicators are good while it does in vulnerable environments: the aid orphan phenomenon is a very serious matter
• Policy coherence is critical: consistency, coherence, harmonization, alignment

Where are we going and why?
The worldwide move to the market has generated new insecurities
• Financial crises hurt the poor disproportionately (e.g. Korea’s Gini coefficient went up from 32.6 to 37.2 following the crisis)
• A majority of poor people perceive fewer economic opportunities and more insecurity than in the past
• Commodity prices on which oil importing developing countries depend have suffered a secular decline
• Clouds are gathering over the global economy (oil price spike, US deficits, etc.)

Food for thought
“Globalization must be managed so that its fundamentally benign effects are assured and reinforced. Without this wise management, it is imperilled and at risk”
Jagdish Bhagwati
Natural disasters are growing in frequency and severity
- Twice as many in the 1990’s as in the 1970’s
- Higher frequency and intensity in poor countries (53% of natural disaster deaths in countries with low human development ratings that are home to 11% of people exposed to natural hazards)
- Poor people are more likely to be victims of natural disasters

Violence causes huge damage
- Sixty violent conflicts are being waged around the world
- Almost half of them recur
- They victimize civilians more than combatants
- 27% of people see criminal violence as the greatest threat they face (vs. 15% for terrorism, 13% for health and economic threats and 12% for accidents and natural disasters)

The threat of terrorism is getting worse
- The number of attacks has grown more than eightfold over the last two decades
- The causes (ideological, cultural and political) are deep rooted and hard to address
- Catastrophic outcomes resulting from weapons proliferation are increasingly likely

Environmental stress breeds insecurity
- Competition for access to natural resources can ignite conflict among nations and groups;
- Deforestation, desertification and pollution push poor people towards natural disaster prone areas
- Global warming is creating dramatic threats to ecosystems and livelihoods (sea encroachment in low lying areas, droughts, floods, species extinction, etc.)

Two definitions of human security are vying for influence
- UNDP/Japan: Soft security (freedom from want), i.e. natural dignity of men and women, economic security, health, education, knowledge, freedom to migrate, right to development
- Canada: Hard security (freedom from fear) i.e. safety of individuals and groups, core human rights, rule of law, responsibility to protect

Kofi Annan’s synthesis
- Freedom from want
- Freedom from fear
- Freedom of future generations to inherit a healthy natural environment.
Human security does not simply repackage human development.

- It focuses on downside risks – due diligence and prudence (‘first, do no harm’)
- It addresses both hard and soft security issues and ascertains the linkages between them
- It favors quality growth over rapid, inequitable, unsustainable growth
- It gives pride of place to risk management:
  - assessment,
  - prevention,
  - mitigation
  - coping and adaptation

Human security is not a soft option or a “grab bag”

- It combines policy coherence for development with risk analysis and results based assessment of program solutions,
- It sets priorities based on probability weighted cost benefit-assessments
- Where uncertainty prevails and catastrophic risks loom it concentrates on capabilities, resilience and adaptation
- It eschews fear based, populist decision making through public information and democratic debate

The case of Bangladesh

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<tr>
<td>Exports</td>
<td>1.7</td>
<td>6.0</td>
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</tr>
<tr>
<td>Imports</td>
<td>3.5</td>
<td>9.4</td>
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<tr>
<td>Remittances</td>
<td>0.8</td>
<td>1.9</td>
<td>246</td>
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<tr>
<td>FDI</td>
<td>0.01</td>
<td>0.16</td>
<td>1,580</td>
</tr>
<tr>
<td>Aid</td>
<td>1.6</td>
<td>1.4</td>
<td>-18</td>
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<tr>
<td>GDP</td>
<td>31.0</td>
<td>47.8</td>
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What is to be done?

- Nurturing a culture of peace
- Building good governance
- Reforming security institutions
- Tackling root causes through new policy emphases

Development cooperation as if security mattered

- Address horizontal inequalities and social protection
- Equitable access to health and education
- Youth employment and engagement
- Natural resource management
- Sound public expenditures administration
- Focus on risk prevention
New emphases for development cooperation

- Tailor made, conflict sensitive country strategies (aid and beyond)
- Fulsome engagement with fragile states
- Investment in conflict prevention and security institutions
- Peace building through improved conflict management

What then is human security?

“Human security privileges people over states, reconciliation over revenge, diplomacy over deterrence, and multilateral engagement over coercive multilateralism”

*Archbishop Desmond Tutu*
GLOBAL DEVELOPMENT AND HUMAN SECURITY: WHERE ARE WE? WHERE ARE WE GOING? HOW WILL WE GET THERE?
Robert Picciotto, King’s College, London

“Globalization must be managed so that its fundamentally benign effects are assured and reinforced. Without this wise management, it is imperilled and at risk”
Jagdish Bhagwati

Abstract
The development idea emerged to deal with unique post World War II challenges. Since then, it has continually adapted to rapidly evolving economic and social needs. Further changes are in store since the authorizing environment has undergone an abrupt transformation under the pressing demands of globalization and the looming threats of a new security context. We may be standing at the threshold of a new and exciting era in development cooperation. But in order to cross it the international community will have to reconsider the basic tenets, protocols and operational practices of the development enterprise by embracing human security as the central focus of development cooperation.

I am delighted and honoured to be in Tokyo today. I am especially thankful to Madame Ogata to have sponsored my visit. Nearly four years after she completed her work as co-chair of the Commission for Human Security, the central messages of the Commission report to the United Nations Secretary General still resonate.

In this presentation, I will sketch the origins of the human security concept and demonstrate its critical relevance to the current development predicament. My colleague Professor Sakiko Fukuda-Parr will elaborate on its most distinctive feature (conflict prevention) and draw the implications for aid policy.

A. Where did it all start?

The idea that continuous and unlimited progress is a unique attribute of humankind took hold in the 18th century when enlightenment philosophers boldly decreed that the scientific method could be extended from the physical and natural sciences to the realm of society. A similar sense of optimism about the potential of rational inquiry to unveil the secrets of human interactions (and to improve the human condition) prevailed during the pioneering years of development. A more sceptical mood permeates public
perceptions today. Respect for public institutions has eroded, insecurity has increased and the aid cooperation industry has come under intense scrutiny.

The pioneering years
Following the devastation of World War II era, swords were turned into ploughshares. Development economics emerge as a distinct social science discipline. Policy makers everywhere looked towards the academy to provide the knowledge needed for international cooperation to bring prosperity to the poverty-stricken regions of the world. By then, orthodox economics had been vigorously challenged by Lord Maynard Keynes whose activist stance had validated a dominant role for the public sector.

Accordingly, development thinkers and practitioners shared bullish views about government activism, favoured import substitution and believed that public investment was the key to stepping up the rate of growth. Private investment was not expected to be forthcoming in sufficient quantities to meet development needs. Large public expenditures were advocated to ‘prime the pump’.

Government led industrialization was pursued across many sectors (to benefit from externalities, complementarities and economies of scale) together with large scale infrastructure development and urbanization. Central planning offices, industrial development corporations and elaborate controls over private economic activity proliferated.

The neo-classical resurgence
The upbeat mood was shattered by the debt crisis of the eighties when neo-liberal critics argued that development economics had created distorted incentives and promoted faulty assumptions regarding the efficacy of the public sector. The new orthodoxy alleged that development cooperation had saddled governments with too many functions, induced a neglect of agriculture, promoted cumbersome controls on private investment and unwittingly encouraged a waste of resources on low yielding infrastructure projects.

The radical critique was not without foundation. However, many of the aid failures of the cold war era are explained by its geopolitical subversion. All too often aid was used to prop up unpopular, corrupt, and illegitimate governments that cared only for their hold on power and privilege, mismanaged their economies, and violated human rights. In such countries aid fed corruption, contributed to internal coercion, and economic mismanagement. The use of aid as an instrument of ideological competition distorted priorities and yielded poor development results. Furthermore, lack of domestic skills and organizational capacity may have been as damaging to development performance as macro-economic distortions.

The rush to globalization
After the cold war ended, the neo-liberal establishment’s control over the commanding heights of the aid enterprise was consolidated and aid priorities shifted towards the grand project of global market integration made possible by the dissolution of the Soviet Union. Trade liberalization, privatization, deregulation and devolution of responsibilities to the
lowest competent level of the administration were systematically promoted. The “Washington Consensus” was born and it would set the tone for development assistance for years to come.

**Box 1: The Washington Consensus**

John Williamson originally coined the phrase in 1990 “to refer to the lowest common denominator of policy advice being addressed by the Washington-based institutions to Latin American countries as of 1989.” These policies were:

- Fiscal discipline
- A redirection of public expenditure priorities toward fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education, and infrastructure
- Tax reform (to lower marginal rates and broaden the tax base)
- Interest rate liberalization
- A competitive exchange rate
- Trade liberalization
- Liberalization of inflows of foreign direct investment
- Privatization
- Deregulation (to abolish barriers to entry and exit)
- Secure property rights


**The road to Monterrey ⋯ and beyond**

Hard won lessons of experience demonstrated that the Washington consensus was far too narrow a foundation for broad-based, sustainable development. As disappointments with the supply response to structural adjustment programs mounted, the development agenda broadened and poverty reduction became the overarching goal of aid. Throughout the 1990’s, under pressure from public opinion, deliberate efforts were deployed to broaden the focus of development cooperation and give globalization a human face. A new paradigm eventually materialized at the intersection of market friendly, environment friendly and people friendly policies. It was endorsed by influential actors in the public, private and voluntary sectors by combining support for market solutions with advocacy of human rights and promotion of democratic ideals.

A Millennium Declaration that captured the new consensus was approved by all heads of state in 2000 at the United Nations in New York. It was consistent with a broadly based, comprehensive, and cosmopolitan vision supportive of a globalisation process that would be managed for the benefit of all. At its core was a consensus that was made explicit at the Monterrey Conference of 2002. A historic compact was unveiled; it matched improved governance and implementation of poverty reduction strategies in poor countries with reform of rich countries’ policies, including more and better aid, debt reduction, and greater access to rich countries’ markets. This was the decisive moment
when human development superseded growth as the central focus of international economic cooperation.

However, by then, the traumatic events of 9/11 had propelled trans-national terrorism to the top of the international relations agenda. While terrorism inflicts a fraction of the casualties caused by war and poverty\(^1\), fear – the most powerful of human emotions, according to Machiavelli – induced a strong military response and led to major changes in the geopolitical order. In the resulting upheaval, conflicting security perspectives undermined the harmony that had made the universal adoption of the Millennium Declaration possible.

The Millennium Development Goals (MDGs) now seem out of reach for a majority of developing countries and the means deployed to achieve them have proved inadequate. Weaknesses in governance and the conflicts they spawned underlie the disappointing outcomes in a third of the countries. In addition, the Monterrey compact has failed to elicit the necessary resources let alone the political will required within rich countries to level the playing field of the global economy. Finally and crucially, it has become clear that the framework for a common development cooperation agenda needs to be expanded since the MDGs sidestepped conflict and security issues that have become matters of urgent concern to people everywhere. This is why the time for the human security approach advocated by Japan has finally come in order to sustain public support for the development enterprise.

**B. How did we get here?**

The public wants simple answers when it comes to development. But there are none. There are good news and bad news in development. During the 1960-80 and the 1980-2000 periods annualized per capita growth rates was 2.1 percent and 3.6 percent for developing countries compared to 3.3 percent and 2 percent for rich countries. This implies progress towards convergence and evinces hope. But if we leave China and India out\(^2\), per capita incomes in poor countries rose by an annual average of only 2.3 percent and 1.2 percent for the same two periods. This indicates growing divergence and induces gloom\(^3\).

Regional differences are large. For 1980-200, East Asia achieved 6.6 percent annual per capita growth, South Asia 3.4 percent, Middle East and North Africa 1.2 percent and Latin America 0.5 percent – while Sub-Saharan Africa regressed by 0.3 percent annually. The differences are even more striking among countries: during 1990-2000, GDP per

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\(^1\) Except for 2001 when it peaked over 3,000, the annual count of deaths due to international terrorist incidents did not exceed 1,000 in the period 1988-2004, according to the United States Department of State. From 1998 to 2005, terrorism claimed 20,000 fatalities whereas a single conflict in the Democratic Republic of Congo may have caused 4 million deaths.

\(^2\) In both countries taken together, per capita incomes grew by an average of 1.8 percent annually in the first period and by a hefty 6.1 percent during the second period.

\(^3\) In terms of purchasing power parities, the per capita incomes of rich countries rose by 3.3% and 1.6% in the two periods while it rose by 2.1% and 3.1% for all developing countries and by 2.5% and 0.7% if China and India are excluded.
capita grew 9.2 percent annually in China and declined by 12 percent annually in Georgia. Such divergences in performance have massive implications for human welfare.

Average social indicators have recorded major gains: life expectancy rose from 55 years in 1970 to 64 years in 2000; infant mortality rates dropped from 107 per thousand in 1970 to 58 in 2000; literacy rose from 53 percent in 1970 to 74 per cent in 1998; the number of people suffering from chronic malnutrition declined from 35 percent to 17 percent of the population.

As a share of the total population, poverty dropped between 1981 and 2001 – from 67 percent to 53 percent for the two dollar a day benchmark. Based on the $2 a day benchmark, the number of poor people worldwide increased—from 2.5 billion in 1981 to 2.7 billion in 2001. Tragically, in Sub-Saharan Africa, overall poverty rates have been rising instead of declining and this is a region that has received a great deal of aid4.

**Does aid make a difference?**

The fortunes of aid recipients vary. Some aid recipients have experienced growth rates that are unprecedented in world history. Whereas the United Kingdom took more than sixty years to double output per person (1780-1838), Turkey did it in twenty years (1957-77), Brazil in eighteen years (1961-79), and China and Korea in ten years (1977-87). Between 1966 and 1990, Thailand tripled its real per capita income and India doubled its per capita income (Dollar, 1998).

By contrast, Ethiopia and Zambia saw no income per capita growth at all5 and both countries received vast amounts of aid. Four countries (Malawi, Niger, Honduras and Kyrgyz) received aid averaging 15 percent of gross national incomes and experienced negative per capita income growth while six other developing countries with GNP per capita growth rates in excess of 7 percent (Angola, Azerbaijan, China, Latvia, Moldova and Turkmenistan) with average aid dependency rates of only 3 percent.

Aid pessimists conclude that aid can be a curse. But aid optimists point to Eritrea, Uganda, Ghana, Mozambique and Tanzania that displayed GNP per capita growth averaging 4.8 percent. They argue that such performance would not have materialized without aid that averaged 22 percent of their gross national incomes.

In sum, aid does not always work but it does not always fail either. Development cooperation is not a simple or homogeneous process. Firm generalizations are hard to come by. The literature points towards a positive association between aid volumes, growth and poverty reduction but the relationship is weak and contested. A systematic review of cross country correlations suggests that the effect of aid volumes on growth is

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4 Whereas its share of the developing world’s population is about 10%, based on OECD data, Sub-Saharan Africa received a third of all aid in 2004 - $26b out of a total of $78b. (OECD/DAC, 2006 – table 25)

5 Relative to the United States, the real per capita income of Thailand rose from 10 to 20 percent; India’s from 5 to 7 percent while Ethiopia’s and Zambia’s dropped from 2.4 percent 1.8 per cent and 8.5 percent to 3.8 per cent respectively.
small and statistically insignificant in the aggregate. But aid should not be measured only by its volume. Nor is growth the only measure of development.

The quality of aid (the efficiency of its delivery, the choice of instruments, the adequacy of aid terms, etc.) is as important as its volume and it takes time for aid to have an impact. Aid pessimists rely on studies that have examined the impact of aid over too short a period and/or included humanitarian aid negatively correlated with growth because it is given in times of crisis. Research by the Centre for Global Development corrects for these distortions and shows that aid has a large and positive impact on growth. Every dollar of aid raises output by 1.6 dollars in present value terms and the correlation is highly significant and robust. It is insensitive to the quality of policies and the level of incomes.

Aid quality matters on both sides of the aid relationship. A large number of organizations of varying competence channel aid to poor countries. They pursue diverse agendas. Even for a single donor, aid is often saddled with multiple objectives (e.g. poverty reduction, democracy promotion, security concerns, commercial interests, etc.). Most damaging perhaps is the frequent misalignment of goals and practices in relation to the recipient country, especially in the poorest and most aid dependent countries where aid administration ‘on the ground’ is weak.

This means that policy coherence is a key factor of development effectiveness. It has four major dimensions: (i) the consistency of ends and means within a project or program (in terms of its relevance, effectiveness, efficiency and resilience to risk); (ii) the congruence of aid and non-aid policies within the donor country; (iii) the degree of harmonization and coordination of aid programs among donors; and (iv) the alignment of aid goals and practices with the country’s own.

C. Where are we going?

What does the future hold? The development agenda has always been shaped by the great issues of the day. In the 1950s it addressed post-war reconstruction; in the 1960s, decolonisation; in the 1970s, the energy crisis; in the 1980s, the debt crisis; and in the 1990s, following the implosion of the Soviet empire, the creation of a global market. Thus it is not surprising that since 9/11 the spotlight has focused on strengthening the links between security and development.

New insecurities

Opinion surveys confirm that a majority of poor people perceive fewer economic opportunities and more insecurities than in the past. Because economic shocks are transmitted instantly throughout the world, the global economy has become more volatile. Financial crises hurt the poor disproportionately (e.g. Korea’s Gini coefficient went up from 32.6 to 37.2 following the crisis). Commodity prices on which poor countries

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6 The study refers to aid designed to have a positive impact within four years (whether in the form of budget support or the lending for infrastructure, industry, or agriculture). It accounts for more than half of all aid flows.
depend have suffered a secular decline. Finally, given major imbalances and divergent national policies, clouds are gathering over the global economy.

Since the early 1990’s the current account of the United States has shifted from rough balance to a deficit of over 6 percent of GDP. The dollar has depreciated. The national debt has ballooned to over $8 trillion (22 percent of GDP) and, with interest rates increasing, the budgetary burden of servicing the debt has begun to escalate. For the first time since 1933 the personal savings rate of Americans has moved into negative territory.

Conversely, foreign currency reserves outside the United States have risen by $2 trillion since 2001. A paradoxical situation has been allowed to take hold: the low and middle income countries of the world are funding unsustainable consumption levels in the United States. From a poverty reduction perspective, there could not be a more shocking example of policy incoherence.

Natural disasters have also been growing in frequency and severity. Twice as many of them were recorded in the 1990’s as in the 1970’s. 2005 was dominated by the aftermath of the tsunami disaster, the ravages caused by Gulf of Mexico hurricanes and an earthquake of major proportion in a remote area of Pakistan. Late and uncoordinated humanitarian responses not only in Kashmir but also in New Orleans have confirmed that the world is in dire need of improved disaster preparedness capacities. It is the poorest countries that are the most vulnerable. About 53% of natural disaster deaths have taken place in countries with low human development ratings that are home to 11% of people exposed to natural hazards.

The new security equation
Following two devastating world wars and a cold war characterized by a fear of mutual destruction, the dominant threats to international security have migrated to the periphery and become embedded within states. The new insecurity reflects a sea change in the history of warfare. During much of the twentieth century the centre of gravity of warfare was located in the prosperous zones of the world.

The new geography of violence has migrated to the periphery of the developing world. It is localized, fragmented and fully adapted to the new, interconnected global economic and security order. Interstate security issues have not vanished and military intervention remains a feature of the international security environment but war has become obsolete as a way of settling disputes among OECD countries.

The nature of conflict has changed. A century ago, deadly conflicts involved two or more states and the bulk of the casualties were soldiers. Today, most wars take place within states and most of the victims are civilians, particularly women and children. All major conflicts currently underway are ‘wars of desperation’ that aggravate the very conditions that help induce conflict – weak state institutions, economic deprivation and social exclusion. These wars are extraordinarily destructive: civilians are its main victims – a million deaths in Rwanda; 2 million in the Sudan and 4 million in the DRC.
Violent conflict is development in reverse. The average interstate war costs about $64 billion. The Iran-Iraq war is estimated to have cost both countries around USD 150 billion; the 1991 Gulf War is calculated at USD 102 billion; and the 2003 war at 150 billion. The Peru/Ecuador conflict cost USD 2 billion; and Ethiopia/Eritrea perhaps USD 1 billion. The Kashmir conflict is estimated to have cost India and Pakistan together around USD 35 billion. The budgetary cost of the Iraq war is now approaching $330 billion.

While it has caused relatively few casualties, terrorism is getting worse and it could portend catastrophic risks. The number of attacks has grown more than eightfold over the last two decades. Terrorism has gone global: New York, Washington, Jakarta, Bali, Istanbul, Madrid, London, Islamabad, New Delhi, Moscow, Nairobi, Dar el Salaam, Casablanca, Tunis, Riyadh, Sharm-El-Sheikh, Amman. The causes (ideological, cultural and political) are deep rooted and the apocalyptic goals of terrorist leaders cannot be satisfied. They have affirmed their intent to procure weapons of mass destruction and many intelligence reports have warned about the ease of procuring weapons-grade nuclear materials.

Finally, environmental stress breeds insecurity. An existential threat looms: global warming is generating dramatic threats to ecosystems and livelihoods (sea encroachment in low lying areas, droughts, floods, species extinction, etc.). Competition for access to natural resources may increasingly ignite conflict among nations and groups. Deforestation, desertification and pollution will push more poor people towards natural disaster prone areas.

In sum the geometry of security threats has become variable and complex. Conventional warfare is yielding ground to irregular warfare characterized by asymmetric challenges that the current mix of military and civilian assets is ill equipped to meet. The limits of coercive military tactics are becoming more and more obvious. Development must be ‘securitized’ in order to make sustainable poverty reduction feasible while security must be ‘developmentalized’ to capture hearts and minds and win the war of ideas. All is not lost and the human security idea may yet succeed.

D. How will we get there?

Towards human security
Two definitions of human security are vying for influence. The UNDP/Japan model emphasizes soft security (freedom from want), i.e. natural dignity of men and women, economic security, health, education, knowledge, freedom to migrate, right to development. The Canadian model highlights hard security (freedom from fear) i.e. safety of individuals and groups, core human rights, rule of law, responsibility to protect.

Kofi Annan’s definition (freedom from want, freedom from fear and freedom of future generations to inherit a healthy natural environment) encompasses both meanings and adds environmental sustainability to the mix. It is consistent with policy coherence
precepts according to which security and development policies must converge to tackle poverty reduction.

This definition deserves widespread support. Its rationale easily stated. First, the centre of gravity of violence has shifted to the zones of development and transition. Second, conflict is a major cause of poverty. Third, evidence has accumulated that state weakness, associated with poverty, leads to conflict. This is why the poorer the country the more conflict prone.

This means that engagement with fragile states is critical to development cooperation aimed at human security. Fragile states account for a third of the world’s absolute poor. They are conflict prone. They provide safe heavens for international terrorists and criminals. The intrastate conflicts that result from state fragility are hard to contain and spill over in neighboring territories.

Peace building demands additional and effective support to weak and conflict prone states. Current aid allocation practices discourage risk taking and rely on indicators that confuse adverse initial conditions and weak institutions with poor performance. The emergence of human security as an overarching theme of international cooperation will create new dynamics. It will facilitate the introduction of ‘whole of government’ policies that promote freedom from fear together with freedom from want.7

Human security is not simply a repackaging of human development. It pays privileged attention to downside risks that affect the poor – due diligence and prudence (‘first, do no harm’). It addresses hard and soft security issues and ascertains the linkages between them. It favors quality growth over rapid, inequitable, unsustainable growth. It gives pride of place to risk management while eschewing self defeating risk avoidance and it requires a disciplined sequence of steps including: assessment, prevention, mitigation, coping and adaptation.

Nor is human security a soft analytical approach or a grab bag of disconnected initiatives. It combines policy coherence for development with risk analysis and results based assessment of program solutions. It sets priorities based on probability weighted cost benefit-assessments. Where uncertainty prevails and catastrophic risks loom it concentrates on capabilities, resilience and adaptation. It eschews fear based, populist decision making and favors public information and democratic debate

Policy coherence
The adoption of human security as the hallmark of development cooperation would imply a broadening of its agenda. This is critical because new mechanisms of resource transfer are dwarfing the ‘money’ impact of aid and creating new connections between rich and poor countries (as well as among poor countries). The private sector is already vastly outspacing the public sector both as a source and as a recipient of loans and grants.

7 In Sweden, a ‘whole of government’ approach for global development has been endorsed by the legislative branch. It makes all government departments accountable for the promotion of equitable and sustainable development and peace making in poor countries.
Worker remittances are growing rapidly and are expected to exceed $230 billion in 2005. Another $260 billion worth of foreign direct investment, equity flows and commercial loans is directed at poor countries.

Total private flows are at least four times as high as aid flows. The net welfare benefits that could flow from trade liberalization would represent a multiple of aid flows especially if punishing tariffs against labour intensive products are reduced, workers of poor countries are allowed temporary access to rich countries and food importing countries are induced to generate a successful agricultural supply response through ‘aid for trade’ schemes’. 

Knowledge flows need liberalization too. The intellectual property rules imposed during the Uruguay round involve a reverse flow of the same order of magnitude as current aid flows. While some relaxation of the TRIPS agreement was introduced under the Doha round for life saving drugs and technological development does require patent protection, special provisions for encouraging research relevant to poor countries, for bridging the digital divide and for filling the science and technology gaps of the poorest countries are warranted to level the playing field of the global knowledge economy.

Finally, the environmental practices of rich countries and the growing appetite for energy of the Asia giants may induce global warming costs for developing countries likely to exceed the value (4-22 percent vs. 7 percent of national incomes) through losses in agricultural productivity.

In combination, all of these trends mean that (except for the smallest, poorest and most aid dependent countries) the relative importance of aid flows compared to other policy instruments (trade, migration, foreign direct investment, etc.) has been reduced as a result of globalisation. Of course, aid will remain critical to attend to emergency situations and post conflict reconstruction, as a midwife for policy reform, as a vehicle for new knowledge, technology and management practices, as an instrument of capacity building (especially for security sector reform) and as a catalyst for conflict prevention.

The case of Bangladesh

Bangladesh illustrates the need to shift towards a development cooperation paradigm that goes beyond aid and addresses a wider range of rich countries’ policies. In 1991, Bangladesh earned $1.6 billion from foreign aid, $1.7 billion from exports and $0.8 billion from remittances. By 2001, aid had shrunk to $1.4 billion; exports had gone up by more than three times (to $6 billion) despite eroding terms of trade (10% over the prior two decades). Remittances went up by more than twice to $1.9 billion. And while foreign direct investment was still low ($160 million) it was almost sixteen times the level of a decade before.

Growth over the period averaged 5% a year. As a result, the incidence of absolute poverty declined. Based on the unit-record data of the Household Income and Expenditure Survey (HIES), between 1991/92 and 2000, the incidence of national poverty declined from 58.8 to 49.8 per cent of the population. Pro-poor activities by a burgeoning civil society played a significant role in enhancing the status of women and
improving socio-economic indicators. Literacy levels increased from 35% to 41% and life expectancy has increased from 52 years to 59 years. The rate of population growth declined from 2.7% to 1.6%. Access to safe water has improved from 38% to 56%.

Looking ahead, trade protectionism by rich countries is the largest single stumbling block to further poverty reduction in Bangladesh. Average tariff protection against Bangladesh exports to the United States is 14% compared to 1% for France. As a result, Bangladesh pays the United States $331 million in tariffs every year compared to $330 million by France even though Bangladesh exports $2.3 billion to the United States compared to $24.2 billion of French exports.

**What is to be done?**
There is a strong statistical association between low levels of GDP per capita and violent conflict. Obviously, sustainable development depends on peace and stability. In fact, a recent study identifies war and civil strife as the single most important factor that explains slow growth. It accounts for an income loss of about 40% while poor policies, slow reforms, democracy promotion, education and health attainments display limited or negligible effects.

Conversely, the risk of war is three times higher for countries with per capita incomes of $1,000 compared to countries with per capita incomes of $4,000. Equally, growth is inversely correlated with the risk of conflict: it is twice as high for a growth rate of -6% compared with a growth rate of +6%.

Thus, the international community will not ‘make poverty history’ without ‘making war history’. To this end, human security provides a road map for the future of development cooperation. At country level, it requires a coherent combination of aid and non-aid policies and a broader operational agenda than traditionally used by donor agencies: (i) promotion of a culture of peace; work towards good government; (iii) capacity building in the security sector; (iv) revised development cooperation policies.

**A culture of peace**
First, the promotion of a *culture of justice and reconciliation* is necessary. *Taming violence* in poor countries is a prerequisite of sustainable development. A large number of non-governmental organizations operating in the zones of turmoil of the developing world have acquired valuable experience in *conflict management, mediation and resolution*. They specialize in dialogue facilitation and negotiation techniques successfully pioneered in domestic industrial disputes.

Voluntary action in peace making has proved its usefulness where state sovereignty is under threat, social bonds have melted, and the practice of violence has become decentralized and privatized. High-level negotiations with top leaders (backed by potential sanctions under international law) can be instrumental in shifting the rules of the game towards a peaceful order since it is elites, rather than the poor, who benefit from continued violence. The impact can be enhanced through problem-solving interventions at the middle level and training interactions at the grassroots.
Good government
Second, capacity building and promotion of good governance are critical to human security since fragile states are less able to protect themselves against insurgency, or to deploy peaceful means to resolve conflict, prevent the onset of conflict, or resolve local disputes when they arise or before they escalate into violence.

Fragile states are also less able to fulfill their minimal obligations to the population, to maintain security and to prevent gross violations of human rights. This situation leads to a breakdown in the social contract between the government and the people\(^8\). Hence, development cooperation should work ‘in’ and ‘on’ conflict rather than simply ‘around’ conflict.

Reformed security institutions
Third, for violence to be forsaken as a routine means of dispute settlement, governments should be equipped to deploy their coercive means against improper uses of violence. Given the need to create incentives for peaceful behavior, security institutions must be reformed and strengthened. Therefore, building the core capacities of the state to nurture individual safety, protect human rights and enforce the rule of law is a central priority of development cooperation in conflict prone countries. In particular, security system reform (aiming at effective security institutions operating under democratic control) is a privileged objective of conflict sensitive development cooperation.

Revised development cooperation policies
Fourth, human security should govern aid policy. This requires a focus on distinctive priorities and operational emphases that have been validated by hard won lessons of experience and policy research findings. Specifically, the poverty reduction strategy process should give primacy to structural stability, democratic governance, human rights, and social development, with particular attention to the factors identified as increasing vulnerability to conflict that Professor Sakiko Fukuda Parr will address.

Implications for development cooperation
The above policy directions lead to four specific recommendations:

- Tailor-made, conflict-sensitive country strategies. Future poverty reduction strategy papers would be conflict sensitive. They would strengthen justice and governance, reform security institutions, promote a culture of truth and reconciliation and address the structural factors that increase conflict risks, i.e. horizontal inequalities, inequitable access to social services, youth exclusion, mismanagement of land, water and mineral resources, lack of disaster preparedness.

- Engagement with fragile states. Ethical considerations and self-interest justify a major drive to engage constructively with weak states. Going well beyond aid, a coherent approach would mobilize the full panoply of diplomacy, defence and

\(^8\) Illiberal democracies are more vulnerable than fully democratic or authoritarian regimes.
development instruments. A range of interventions that mix positive incentives with dissuasion (and in some cases sanctions) would be used so that aid, trade, and security assistance reward reforms and respect for human rights.

- **Investment in conflict prevention.** Working ‘in’ and ‘on’ conflict rather than simply ‘around’ conflict, donors would support long-term institutional development strategies that help strengthen democratic systems and nurture basic state functions. They would extend assistance and recognition in line with behavioural change for the achievement of goals specified at the outset. They would frame their assistance in a regional perspective, with special emphasis on the capacity building needs of regional organizations.

- **Pioneering of new conflict management methods.** The tyranny of the conflict management cycle does not suit realities on the ground. The post-conflict phase would be launched at an earlier phase of peacekeeping to speed economic recovery and reintegrate combatants into society. In parallel, conflict management mandates would go beyond short-term objectives of political settlement and elections.

*   *   *

It is time to conclude. I have tried to demonstrate that the concept of human security has a specific meaning and that its policy implications are clear. The time has come to adopt them and implement them in a coherent way. In the words of Archbishop Desmond Tutu: “Human security privileges people over states, reconciliation over revenge, diplomacy over deterrence, and multilateral engagement over coercive multilateralism”.

RP:rp
May 23 2007
JICA Seminar
Institute for International Cooperation

Tokyo
June 1, 2007

Rethinking the policy objectives of development aid: from economic growth to conflict prevention

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Rethinking the policy objectives of development aid: from economic growth to conflict prevention

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INTRODUCTION

The current consensus objective of development aid in the international community is to reduce poverty in general and to achieve the Millennium Development Goals (MDGs) in particular. But the objectives of aid can be defined in many ways, and have in fact varied over time with shifting priorities within the international community about the ultimate ends of development and the means advancing those ends. The current dominant framework identifies economic growth as the principal means to achieve the MDGs, with particular concern over poor governance—institutions and policies—as major obstacles to accelerating growth. This paper argues that more attention should be given to conflict prevention as a policy objective of development aid and explores the implications of doing so for aid programme priorities and the international aid architecture in general. Section one of the paper reviews current trends on violent conflict as an obstacle to achieving the MDGs. It identifies 64 worst performing countries and examines their vulnerability to conflict due to the presence of the socio-economic correlates of internal war. Section two reviews how vulnerability can be addressed, focusing on ways that development policies and development aid can raise risks of civil war. Section three reviews the adjustments that would be made in aid architecture if conflict prevention were incorporated as a policy objective.

VIOLENT CONFLICT AS AN OBSTACLE TO ACHIEVING THE MDGS

Review of global data on key MDG indicators on income poverty, hunger, primary education, gender equality, child mortality, and access to water and sanitation shows that the majority of countries least likely to achieve the MDGs are affected by conflict, in most cases with destructive consequences for development.

Violent conflict in the worst performing countries

As MDG assessment reports consistently show, the MDG targets are unlikely to be met by 2015 with the present pace of progress at the global level. Violent conflict is an important factor that affects those countries that are farthest behind and least likely to reach the goals. The 2003 Human Development Report (UNDP 2003) categorizes countries according to their prospects into four groups:

1. Low levels of poverty and adequate progress to achieve MDGs (such as Chile);
2. High levels of poverty and rapid progress, adequate to achieve MDGs (such as China);
3. High levels of poverty and slow progress, needing to accelerate progress to achieve the MDGs, but possessing considerable domestic resources to do so (such as Brazil);
4. High levels of poverty and slow progress, needing to accelerate progress to achieve the MDGs, and lacking domestic resources to do so (such as Burundi and Papua New Guinea).

1 This paper is forthcoming as WIDER Research Paper publication and under review for inclusion as a chapter in the WIDER volume on development aid, edited by George Mavrotas.
2 Research support from Rachel Nadelman and Carol Messineo are gratefully acknowledged.
3 This is reflected, for example, in the way that the World Bank’s Country Performance Assessment Indicators are constructed. These points will be elaborated in the following sections of the paper.
4 See for example UN Millennium Project 2005, UNDP 2003, World Bank 2003; World Bank 2005
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Achieving the targets is the greatest challenge for the fourth category of countries for several reasons. They are starting from high levels of poverty (in income but also in other MDG dimensions such as education) and therefore will have to achieve more to attain the targets of reducing the proportions of people in income and human poverty. They are making slow progress now and therefore are likely to be straddled with difficult obstacles involving financial, capacity, technical, institutional, and political factors. Urgent action is needed to accelerate progress in this group of countries, some of which are not only stagnating but have experienced reversals. Some action can be taken by countries themselves without relying upon external resources. These include policy and institutional reforms to improve efficiency in the delivery of social services or to foster economic growth that benefits poor people. (UNDP 2003) But other actions can best be facilitated with external financial and technical resources. This fourth group therefore captures the worst performing countries that require priority international attention. Using the data and methodology of the 2003 Human Development Report, (UNDP, 2003)7 we can identify 64 countries in this category. (Annex 1)

War undermines development

One of the most striking findings of recent studies on the relationship between civil war and development is the strong statistical association between low levels of GDP per capita and the occurrence of conflict. (Collier and Hoeffler, 2002; Elbadawi and Sambanis, 2002; Fearon and Laitin, 2003; Hegre et al 2001) Rate of growth is also inversely correlated with the occurrence of conflict: twice as high for a country with a growth rate of -6% compared with a country whose growth rate is +6%. (Humphreys 2004) These correlations have given rise to a rich debate on their relationship.

There is little controversy that at least one explanation is that low GDP per capita is a consequence of war. The destructive consequences of armed conflict have been well documented and can be traced to immediate impacts on human well-being as well as longer term development. Wars destroy and disrupt physical infrastructure, human capital, government capacity, and services. As GDP shrinks, government revenues also decline, and with resources diverted to war effort, expenditures for productive and social sectors shrink further. Collier (1999) estimates that the cumulative effect of a seven year war is around 60 percent of annual GDP. A recent study by Milanovic (2005) which looks at causes of slow growth in the world’s poorest countries over the last two decades, identifies war and civil strife as the single most

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5 For example, Niger must reduce income poverty by 30.7 percentage points, down from 61.4% whereas for Bolivia, the target reduction is 7.2 percentage points, down from 14.4% over the same period of time.
6 In fact, development data on trends of the 1990s show new extremes, where well performing countries did spectacularly well while the worst performers experienced reversals. (UNDP 2003) Poverty increased in several dimensions: 21 countries registered a rise in hunger rates, 14 in child mortality, 12 in primary enrolment and for the 37 out of 67 where there is data, in income poverty.
7 See Box 2.4 and Feature 2.1 in UNDP 2003 for basic methodology for assessing countries as ‘top’ or ‘high’ priority based on the level of achievement and rate of progress. Here I use the data in the 2003 Human Development Report that assesses levels and rate of progress in the following indicators: income poverty, hunger, primary education, gender equality, child mortality, access to water, and access to sanitation. Countries are included if they are priority in at least two indicators, or top priority in one of two indicators for which data are available, and are low income countries. It is important to note that data are missing in many countries.
8 The study of these consequences has now grown but was relatively new. See for example the 1994 project led by Frances Stewart and Valpy FitzGerald at Queen Elizabeth House, Oxford University, that was one of the first studies, in Stewart and FitzGerald, 2001.
important factor to explain slow growth, accounting for an income loss of about 40 percent, while poor policies and slow reforms play a minimal role, and democratization, education and health attainments have no or negligible effects.

Human and economic costs of conflict vary across countries considerably, and in some countries, the economy continues to grow, social indicators continue to improve and poverty continues to decline even as violent armed conflict is waged. (Collier and Others, 2003; Stewart and Fitzgerald, 2001) This has been the case for example in Sri Lanka and Uganda for over a decade (Stewart and Fitzgerald, 2001), Nepal in the recent insurgency period (World Bank, 2006), and in Guatemala in the 1980s and 1990s (Stewart, Huang and Wang 2001). But the majority of wars lead to deterioration and increased poverty. A detailed empirical review of 18 countries by Stewart, Huang and Wang (2001) found that per capita income fell in 15 of them, food production in 13, export growth declined in 12, and that debt increased in all 18. These consequences have immediate impacts on human lives. Income poverty rises as employment opportunities shrink and shift to the informal sector. Nutrition deteriorates with the disruption of food supplies. Diseases spread with population movements. These consequences are reflected in such indicators as higher infant and child mortality rates, poorer nutritional status, and lower education enrolment. These costs are not always spread evenly across the population; some suffer much more than others. Children and women tend to be particularly vulnerable in these situations.

These immediate consequences also translate into long-term consequences that for example can undermine the human potential of a generation, formal and informal institutions, social capital, and government capacity. The 18 country review (Stewart, Huang and Wang 2001) shows 13 countries experiencing rising infant mortality and declining caloric intake.

The negative consequences of war continue into the long term and undermine the basis for development as they not only erode the stock of human and physical capital but also weaken social capital and institutional capacity in public, private and community sectors. (Stewart and FitzGerald 2001).

Vulnerability to outbreak of violent conflict – the socio-economic correlates of conflict

Past war not only retards development in the worst performing countries, but also increases their vulnerability to future outbreaks of conflict. Statistical evidence shows that the single most important factor to predispose countries to conflict is a history of war. (Collier and Hoeffler 2002) The rich and growing literature on the socio-economic causes of civil war in developing countries identifies several other factors: poverty and the low opportunity costs to taking up arms; demographic structure and the youth bulge (Cincotta 2003); migration and environmental pressure (Homer Dixon 1991); ‘horizontal inequalities’ and the exclusion of ethnic and other cultural identity groups (Stewart 2002, 2004); and dependence on mineral resources (Collier and Hoeffler 2002).

One explanation for why poverty is associated with high risk of civil war is that in situations of economic stagnation and high poverty, people have little to lose in waging war. In particular, in periods of economic stagnation there are larger numbers of disaffected youths, especially males, who may be

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9 Excellent reviews of this literature have been published by Humphreys (2003), Humphreys and Varshney (2004), Stewart (2003 and forthcoming) and the University of British Columbia’s Centre for Human Security (2003 and 2004).
more easily mobilized to join armed rebel groups. Cincotta and others (2003) studied demographic structures and incidence of war in the 1990s. They found the outbreak of civil conflict was more than twice as likely in countries in which the youth age 15-25 comprised more than 40 percent of the adult population compared with countries with lower proportions. War was also twice as likely in countries with urban population growth rates above 4 percent than countries with lower rates. At the early stages of the demographic transition, a surge in the adolescent population outpaces job growth. This exacerbates problems of low incomes, low levels of female education, and high levels of unemployment and poverty that can leave young men frustrated with poor life prospects and who become easily recruited by rebel movements. Homer-Dixon and the ‘Toronto Group’ (Homer-Dixon 1999) argue that many wars stem from struggles over resources in the context of environmental deterioration. As population growth puts pressure on the environment, people migrate. Local communities compete with migrant groups for increasingly scarce resources. Stewart and her collaborators at Queen Elizabeth House have made extensive studies of ‘horizontal inequalities’ or ‘inequalities between culturally-defined—ethnic, religious, racial or regional identity—groups’ as a source of conflict. (Stewart 2002 and Stewart 2003). They argue that individuals mobilize on the basis of group loyalty rather than individual gain. While the literature on conflict indicates evidence of either weak or no relationship between inequality measured as distribution of incomes among individuals (vertical inequality), researchers do find evidence of a relationship between inequality among groups (horizontal inequality) and conflict. (Brown 2007). Case studies of many conflicts document how they are deeply rooted in historically entrenched grievances that result from a long history of ‘horizontal inequalities;’ the exclusion of ethnic/religious groups from economic, political and social opportunities can escalate into violent attack on the state. Collier and Hoeffler (2000, 2002) find that a country with more than 25 percent dependence on primary commodity exports is more than five times more likely to experience conflict than countries with lower dependence on these resources. Resources that are easily transportable, such as diamonds, are particularly susceptible to capture by rebel groups, particularly as this does not require control over large territory. Collier and others (2003) argue that while the search to gain control of rich mineral resources may not be at the origin of an armed rebellion, it can become an incentive that in itself that fuels conflict. And because rebel armies need a source of financing to continue, it becomes a critical factor in perpetuating the conflict.

Much remains to be understood about the causes of civil war, yet a decade of rigorous research has produced important findings with important policy implications. Moreover, much of the debate over these findings has focused on the divergent explanations and controversies while the points of consensus have received little attention. For one thing, they do share in common a strong conclusion that economic and social factors are important aspects correlates of conflict. It is also important to see that the divergent explanations of conflict are not mutually exclusive but complementary (Stewart and Brown 2003) and mutually reinforcing. Moreover, each conflict is unique so that different factors and dynamics operate.

It is also widely agreed that state fragility and weak capacity is a common element in all civil wars in developing countries. Poor countries with weak capacity are less able to manage negative dynamics. (Fearon and Laitin 1999; Goodhand 2003; Picciotto, Olonisakin and Clarke 2006) Weak states are less able to protect themselves against insurgency, to deploy political peaceful means to resolve conflict and prevent its onset, or to resolve local disputes when they arise. Weak states are also less able to fulfill their minimum obligations of maintaining security and providing basic social services.Declining social services can lead to a breakdown in the social contract between government and governed. (Nafziger and Auvinen 2000) People lose confidence in the state’s ability to protect them when threatened by gross
violations of human rights by rebel groups or sometimes by agents of the state itself.

Review of data for 65 worst performing countries with respect to MDGs reveals in almost every country the presence of more than one risk factor. By definition, all of the 65 countries have high levels of poverty. Demographic pressures are high in these countries; in 12 of the 65, youth (15-29 year olds) make up more than 40 percent of the population while in 32 others this age group comprises between 35 and 39 percent of the population. Horizontal inequality is a marked characteristic of many of these countries. In a range of 1-10 (10 being the worst rating) in the Failed States Index Indicator of uneven economic development along group lines, all countries with data (56 out of the 64 countries) are rated at 5 or above, and 34 are rated at above 8. Most also have a history of group grievance, with 50 scoring above 4 in the indicator of Legacy of vengeence-seeking group grievance, and 12 above 8. All score above 5 in the indicator of rise of factionalized elites. In fact, all but 6 of the top 40 countries in the Failed State Index that measures vulnerability to violent internal conflict are in our list of 65 worst performing countries. (Fund for Peace, 2007)

Another important risk factor is neighbourhood; sharing a border with countries at war puts significant burdens on the development resources of a country especially regarding the inflow of refugees. Tanzania is affected by conflicts in Uganda and Congo; Guinea by Liberia and Sierra Leone, Burkina Faso by Cote d’Ivoire and Kenya by Somalia. Other economic disruptions lead to slower growth. Political dynamics also lead to spillover effects as neighbouring countries become involved with the warring parties, illicit activities such as arms and minerals trade spread, and a conflict becomes regional in nature, such as the conflicts in West Africa involving Sierra Leone, Liberia, Cote d’Ivoire, Guinea, and the Great Lakes region involving Congo, Burundi and Rwanda. Recent studies found that in 2002, 11 of 15 conflict cases were in fact spillover cases. (Seybolt, 2002).

Table 1 summarizes the risk factors present in the 65 worst performing countries in which MDGs will not be achieved without significant acceleration: 43 have a history of violent conflict since 1990; another 8 border on countries that have experienced conflict; and two had experienced protracted war before 1990. Most of these countries score high on indicators of horizontal inequality as a risk factor for civil war, and have a significant youth bulge.

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10 Poverty is used here to mean not only income poverty but other dimensions of inadequate capability such as health and education. The 69 countries were selected for having both high levels and slow progress in poverty reduction in more than one dimension.
11 Data based on calculations using UN 2006.
12 www.fundforpeace.org
Table 1: 64 worst performing countries requiring priority international assistance to achieve the MDGs by 2015

<table>
<thead>
<tr>
<th>Conflict affected 1990-2005</th>
<th>43</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighbourhood (Not affected but bordering on countries conflict affected countries)</td>
<td>8</td>
</tr>
<tr>
<td>Horizontal Inequality: high scores in -legacy of vengeance seeking group grievance -uneven development along group lines -rise of factionalized elites</td>
<td>50 56 64</td>
</tr>
<tr>
<td>Youth bulge: -over 40%</td>
<td>12</td>
</tr>
<tr>
<td>-35-29%</td>
<td>32</td>
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ADDRESSING VULNERABILITY TO CONFLICT

How should this vulnerability to conflict be addressed? An important policy implication of the research on the links between conflict and development is that not all development is good for peace. There are important policy choices that can contribute to conflict prevention in the areas of both development policy and aid policy.

Development can exacerbate or reduce risks of conflict

There is a strongly held belief that development and peace are complementary and necessary conditions for each other\(^\text{13}\). The strong statistical relationship between the level of national per capita GDP and the incidence of civil war supports this view. (Collier and others 2003) This can lead to a conclusion that economic growth is good for peace, even a solution to the problem of spread of civil wars. This may be true in general but it does not mean that all patterns of growth and development have a positive impact on reducing the risks of civil war. Development that exacerbates the socio-economic correlates of conflict worsens the prospects for peace and increases vulnerability. A conflict-preventing growth and development strategy is one that does not exacerbate the identified risk factors.

Patterns of growth that increase horizontal inequality and entrench exclusion of ethnic or regional groups and their political oppression may increase risks of conflict. If only the elite groups benefit from economic growth, expanding education and other social facilities, and or if historically marginalized ethnic or other identity groups continue to be excluded from the benefits of development, horizontal inequalities will widen. Development could then aggravate the sense of grievance felt by excluded groups who see dynamic growth of jobs, incomes, schooling, and other opportunities benefit others and bypass them. Retrospective analyses often attribute the origins of conflict to past development patterns that were unequal and exclusionary. For example, the Guatemala Peace Accords make provisions for improving opportunities for indigenous people in recognition of socio-economic inequality, entrenched discrimination and political oppression as a root causes of the 35-year war. For example, the conflict in

\(^{13}\) This belief has underpinned the work of the United Nations and has been recently restated. See for example, *In Larger Freedom* (UN 2005)
Nepal is attributed to decades of development that neglected the West and Far Western regions and excluded Dalits who were then susceptible to mobilization by the Maoist insurgency. (Brown 2007; World Bank 2006; Do and Iyer 2007; Gates and Murshed 2005) The international donor community that finances most of the development budget had been aware of the entrenched group inequalities in the country, but had neglected development in the West and Far West; since the escalation of insurgency in 2004, donors have rushed to develop projects in those regions and to initiate projects that benefit excluded groups. (Brown 2007; Fukuda-Parr 2007).

The youth bulge and demographic pressures cannot be addressed to achieve immediate impact but policies are important in accelerating the demographic transition. Girls’ education, child nutrition and other social policies are important determinants of fertility14 which remains high and has only begun to decline in most countries of Sub-Saharan Africa. (UNDP 2003, UN 2006). The slow pace of progress in these areas, as reflected in unlikely prospects for achieving MDGs for education, maternal mortality, child mortality, water and sanitation reflects inadequate policy effort in these areas. (UN 2005)

Expansion of youth employment and household incomes depend not only on the level of economic growth but its pattern15. Labour intensive sectors such as smallholder agriculture and small scale manufacturing have greater potential to generate employment. Recent reviews of Poverty Reduction Strategy processes have found that almost none of the PRSPs address employment (UN 2007) and have policies to ensure that growth is pro-poor (UNDP 2003; Fukuda-Parr, 2007).

The risks associated with natural resources have received considerable policy attention at global levels. Global initiatives have been introduced to manage trade in natural resources that finance rebels including the Kimberley Diamond Certification Process to restrict trade in ‘blood diamonds’. Other initiatives aim to restrict private corporate collusion with rebel groups such as the US-UK voluntary principles on security and human rights and the OECD convention on combating bribery of foreign public officials in international business transactions. (USAID 2004)

Finally, the risks associated with state fragility are affected by a broad set of governance issues. Less is known about the nature of state fragility, policies for strengthening governance and conflict prevention. Much of the policy work on governance has been directed to improving economic efficiency and relatively little has been written in the development literature about governance for conflict prevention. One clear issue is the capacity of states to meet citizen expectations to deliver on their essential roles in areas such as food security, education, and access to justice. When the state is unable to deliver on these expectations, it will lose legitimacy. (Nafziger and Auvinen 2000) Citizens can be more easily mobilized by insurgencies when they lose hope that the state would defend their interests and rights. (Picciotto and others, 2005; Picciotto and Fukuda-Parr, 2007)

**Development aid and conflict risks**

An important recent study finds that the volume of aid does not increase the risk of civil war, though the capture of aid resources may provide an incentive to rebel groups. (Collier and Hoeffler 2002b) However, development aid can influence risk factors through two other channels: first as an input to shaping government policy, and second as a factor in domestic politics that empowers or disempowers parties in conflict and that acts as an incentive or disincentive to violence. What matters in these contexts is not

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14 There is a well established literature on the socio-economic determinants of fertility and policies that influence the demographic transition.

15 There is a well established literature on pro-poor growth. See for example, UNDP 1996,
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the volume of aid but its programme content; how what and who is supported has an impact on the
structural conditions and the political dynamics in the country.

Development aid donors have significant influence in shaping government policy, particularly in the
countries that are the focus of this paper which are highly aid dependent. ODA as a percentage of GNI
in 2005 averaged 13 percent for these countries in contrast to xx percent for all aid recipients. More
significantly, it ranges from one percent in Somalia, Cote d’Ivoire and Uzbekistan to a high of 70
percent in the Soloman Islands, 58 percent in Sao Tome, 54 percent in Liberia, 46 percent in Burundi and
percent in Eritrea. In most low income countries, development aid finances almost all of the capital
budget. Since external resources finance almost all of the capital expenditures in the budgets of many of
these low income countries, they have a direct influence on the allocation of public expenditures and the
conflict prevention agenda described above. Lack of state capacity in delivering basic social services is
a critical weakness that undermines the legitimacy of the state. As debates in OECD have already
recognized, aid can support development agenda that reduce rather than increase conflict risks. (OECD
2004) It can support better management of environmental decline and mitigate horizontal inequality and
exclusion. Aid resources and policy advice can help develop institutions of the judiciary, the media, and
civil society organizations that promote equity and justice.

One critical policy area is the allocation of public expenditures and its impact on horizontal inequalities,
an issue that has been analysed by several studies and reviewed by Brown and Stewart. (Brown and
Stewart, 2006; Stewart, 2005; Brown 2006). As they point out, current practice of donors in public
expenditure reviews focuses on efficiency and poverty reduction and does not include an assessment of
the distributional consequences along group divisions. Drawing on studies of country experience, they
note that it is not easy for donors to raise these issues with government and within the aid community
generally, but that public expenditure reviews and budgetary support present an important opportunity
to correct horizontal inequalities through budget shifts across sectors and regions.

The second channel through which aid raises or reduces risks of conflict is through its influence on the
political dynamics of the receiving country. By virtue of the fact that it brings sizeable resources and
international endorsement, aid cannot avoid having political impact, empowering some actors and
disempowering others, and providing incentives or disincentives to violence. (OECD 2004)

Aid can unintentionally exacerbate conflict. Uvin provides a particularly detailed analysis of donor
actions in Rwanda prior to 1994 when the country’s development performance was considered very
positively by the donor community. (Uvin 1998) Much as donors were fully aware of the political
tensions in the country and were promoting political change towards democratization, their actions had
‘unintended’ consequences on conflict. This and other studies of conflicts from Afghanistan to Sierra
Leone have argued persuasively that both development aid and humanitarian relief aid, during, before
and after violent conflict, represent financial resources and influence that can reinforce tensions and
repressive behaviour. (Anderson, 1999; Uvin, 1998; Uvin 1999) In preconflict situations where social
and political tensions are high, aid resources can worsen disparities between parties to a potential
conflict. During periods of violence, these effects are even starker; humanitarian assistance to provide
food, shelter, health services in conflict zones can worsen tensions between groups and risks
strengthening the leadership of warring factions.

There is a well established literature on pro-poor growth. See for example, UNDP 1996,
Aid can also be used intentionally for peace. In situations of rising tensions, aid can be applied deliberately to shift the dynamics in favour of reducing tension. It can act as an incentive to influence the behaviour of repressive regimes, to help strengthen pro-peace actors’ capacities, to change relations between conflicting actors, or to alter the socioeconomic environment in which conflict and peace dynamics take place. It can strengthen the capacity of national actors through such measures as human rights training of the military and police.

Aid can be used as disincentives against violence. Donors can threaten to cut off their funds as a disincentive. Donors can withdraw in protest against government policies or actions that are repressive or corrupt and willfully neglect peoples’ needs. Recent examples include protests against corruption and lack of transparency and accountability in governance as in Kenya, protests against a range of human rights violations and poor economic management in Zimbabwe, and protests against curtailment of democratic institutions in Nepal.

The effectiveness of these measures is uncertain. One study commissioned by the OECD concludes that conditionality rarely works. (Uvin, 1999) Donor coordination is clearly important for these incentives for peace and disincentives for violence to take effect, but is often lacking. Much more systematic analysis is needed of the impact of aid conditionality and aid withdrawal. No comprehensive study has been carried out that looks at the impact of aid withdrawal on its intended purpose, but also the broader impact on the population and longer term development of the country.

Withdrawing aid is a diplomatic statement of protest and sends a strong powerful message to the government in power. Donor agencies may be under pressure from their own publics who see support to regimes who engage in human rights violations, corruption, and repression as condoning those actions. Using aid as an incentive or disincentive may be useful in obtaining one-shot changes but not necessarily as a means of effecting longer term change.

However withdrawing aid also incurs an opportunity cost for building a longer term safeguard for peace. Aid contributes to preventing state collapse in situations where no state is the worst of all possibilities for human well-being. But little aid goes to countries with weak states because of the logic of aiding good performers to ensure that aid has most impact.

Donors all too often withdraw in situations of rising political tensions or when governments engage in increasingly unacceptable behaviour. While the socio-economic consequences are not as heavy as comprehensive sanctions, there is nonetheless a large opportunity cost to development. While humanitarian assistance only mitigates the immediate human suffering, aid can make a difference to maintaining socio-economic policies that protect human development.

Aid for development during conflict. While war is inevitably destructive, some countries do better at keeping economic activities going, sustaining government revenues and protecting social expenditures, and thus mitigating negative consequences on both the economy and human survival. (Stewart 2003) For example, Indonesia, Nicaragua, Uganda, and Sri Lanka have experienced significant conflict yet have continued to make progress on key social and economic indicators. One explanation for this outcome is that the impact of violence is geographically contained, such as in Uganda and Indonesia, so national averages mask the declines in regions affected by conflict. But another explanation is that government policies that continue to provide services for people make a huge difference, as in the case of Nicaragua and Sri Lanka. (Stewart and FitzGerald 2001) Thus it makes a difference that national
governments not abandon their developmental role, and that international donors not resort to humanitarian relief efforts exclusively. In the recent case of Nepal, income poverty continued to decline due to increase in remittances (World Bank 2006). Social indicators also improved even though government services closed down. (World Bank 2006; Fukuda-Parr 2007)

**RECONCEPTUALIZING POLICY OBJECTIVES OF AID**

**Poverty reduction, economic growth and good governance as consensus objectives**

The objectives that are emphasized in aid policies depend on how the ultimate ends of development are defined as well as on an assessment of the key obstacles to achieving them. Individual donor governments may see the ultimate ends of their aid programmes in a variety of ways, often motivated by foreign policy concerns as well as the particular way in which they define important objectives of development in the recipient country. Alongside such bilateral concerns, however, development aid is also motivated by the global agenda of the international community as a whole that help define the ultimate ends of development for donor programmes. The 2000 Millennium Declaration (UN 2000) adopted at a historic General Assembly, the largest ever gathering of heads of state and government, articulated a strong commitment to development aid as an instrument for achieving global objectives of development, environmental sustainability, peace, security, and human rights. In this context, a strong consensus has emerged on poverty reduction as the main purpose of development aid\(^{17}\). This has been formalized with the adoption of the Millennium Development Goals (MDGs) which define concrete, quantitative and time-bound targets which now guide multilateral and bilateral donor programmes and frame key international development debates, such as in the G-8 summits and the on-going consultations of the OECD’s Development Assistance Committee (DAC).

While the ending poverty in the context of the Millennium Declaration is the consensus end of development, there is also a consensus—or a dominant—view on the means. This focuses on economic growth as the principal means to poverty reduction, and on governance, especially macroeconomic policies and institutions, as central issues in accelerating growth. While good governance is not as explicit as poverty reduction and MDG objectives, this view is implicit in the policy priorities and analysis deployed in global development debates such as the UN Millennium Project’s business plan for achieving the MDGs or the World Bank’s Global Monitoring Report.\(^{18}\) It is reflected in the Monterrey Consensus (UN 2003) adopted at the UN Conference on Financing for Development held at Monterrey in 2003 as an understanding between donors and developing countries as a basis for partnership. Under this consensus, donors commit to increasing aid financing when developing countries demonstrate commitment to strengthen their institutional and policy environment including addressing issues such as corruption. (UNDP, 2003) It draws on policy research literature on constraints to growth and on aid effectiveness. A particularly influential study that set the stage for this policy is the World Bank study *Assessing Aid* (World Bank 1999) that argued that aid is only effective in contributing to economic growth when countries have sound macroeconomic policies and institutions. Other studies also built a case for aid allocation priorities to favour countries with good policies and institutions. (Burnside and Dollar, 2000; Collier and Dollar, 2004; Mosley et al, 2004)

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\(^{17}\) As I have argued elsewhere (Fukuda-Parr, 2004) this focus on poverty is relatively new; in the 1980sand 1970s, there was greater emphasis on economic growth.

\(^{18}\) Such reports address issues such as gender equality, fragile states, within the growth framework.
Current debates and research on aid effectiveness thus define effectiveness in reference to the impact of aid on economic growth. This framework motivates the policy oriented academic literature that has grown over the last several years such as the papers presented to the 2006 WIDER conference to which the papers in this volume were presented, as well as the highly publicized studies that come to divergent conclusions from *Assessing Aid* (World Bank, 1999) to *The White Man’s Burden* (Easterly, 2006) to *The End of Poverty* (Sachs, 2005).

This line of thinking has important implications for aid priorities, in the allocation of resources to countries and to types of activities. Resource allocation policy will be to ‘reward the good performer’ and favour those countries with able leadership and administrative strengths, and those activities oriented to economic governance institutions such as efforts to address corruption, as well as macroeconomic policy management. They will leave out countries that have weak state capacity. Adjusting any one of the elements of the paradigm and defining the ends and means of development differently would lead to different aid priorities.

There are arguably many important development objectives depending on how we define the ultimate end of development and on how we identify the critical means to achieving those ends. While economic growth is an important means to poverty reduction, it is not necessarily the only one. The World Bank’s 2000/01 World Development Report looks at lack of political voice or disempowerment, lack of security and lack of opportunities that result from institutionalized discrimination as causes of poverty. There are several more direct mechanisms than economic growth for addressing the problems in poor peoples’ lives. It is also well established that while growth has a positive impact on poverty reduction, the links are not automatic. (UNDP 1997) There is a wide range of potential policy objectives for aid; this paper is concerned with only one of them, preventing civil war and other forms of violent conflict.

**Conflict prevention as a global objective in the development agenda**

Conflict prevention is an important policy object of development aid because it is a major obstacle to reducing poverty for reasons that have already been explained. But conflict prevention is also an important end in itself for the international community, and particularly for global development agenda and global development actors. Peace and security constitute one of the central global objectives for the 21st century set out in the 2000 Millennium Declaration, along with development, democracy and human rights. Security is an essential dimension of human well-being that is fundamentally and universally important for people.

There is nothing new in the idea that security is an important global objective. What is new is that security and conflict prevention should be part of development agenda, rather than peace and political stability agenda. For the last half century, issues of security and development have been carefully separated institutionally and conceptually in both global institutions and academia. Within the UN system, while political units pursued the peace agenda, economic and social units pursued the development agenda. Even academic research was separated in a similar fashion, with political

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19 If we adopt the capability and human development perspective, the ultimate purpose of development extends far beyond poverty reduction and achieving the MDGs. It would encompass many capabilities that are universally valued including those that are captured in the MDGs such as being knowledgeable and health, as well as those that are not, especially enjoying political freedom and participation, freedom of identity, and being secure.
scientists and international relations scholars studying issues of peace and war while economists and social scientists study development. It is only in the last decade since the emergence of civil war in poor countries that development agencies have engaged with problems of violent conflict and their consequences for development, and with poverty as a possible cause of conflict. It is only natural that security agenda would not currently be part of development agenda, nor seen to be a policy objective of development aid. Defining conflict prevention as a policy objective in development aid would be a departure from this historical trend and a break with the legacy of the Cold War.

The reason conflict prevention should be an important policy objective of development aid is because of the causal linkages between development, conflict and aid described in the previous section of this paper, and the fact that the problems of this nexus loom large on a global scale. As the Human Security Report 2005 (Human Security Centre, The University of British Columbia. 2005) shows, the global patterns of war have dramatically shifted; while the world has become more secure overall, with a decline in violent conflicts and civilian deaths over the last few decades, there has been an increase in conflict in Sub-Saharan Africa. And as the report notes succinctly, ‘the combination of pervasive poverty, declining GDP per capita, poor infrastructure, weak administration, external intervention and an abundance of cheap weapons, plus the effects of a major decline in per capita foreign assistance for much of the 1990s, mean that armed conflicts in these countries are difficult to avoid, contain or end’. (University of British Columbia 2005)

Recognizing security as a policy objective with intrinsic value from the development perspectives demands new work on understanding the importance of security and freedom from violence as a part of human well-being and how this relates to other dimensions of well-being, poverty and development. Some work is already under way. The concept of human security has emphasized the importance of security in human wellbeing while recent work on poverty has increasingly recognized the relevance of security as part of poverty and development challenges. For example, the World Bank’s World Development Report 2000/01 identifies security together with opportunity and empowerment to be the three pillars of the global poverty agenda. (World Bank, 2000).

**Aid effectiveness**

The literature and policy debates about ‘aid effectiveness’ today are largely defined in terms of effectiveness in contributing to economic growth. If conflict prevention is both an end in itself but also a means to achieving the MDGs, aid can be as much an investment in conflict prevention as in economic growth. Its effectiveness should be judged not only against the economic benchmark but against contribution to building democratic governance. Aid to Tanzania in the 1980s was declared an unmitigated disaster by the World Bank study Does Aid Work? that pointed out that millions spent in building roads were washed away by poor government policies that did not provide for maintenance. But that aid may have been important in establishing the lead that Tanzania now has in educational attainment among low income countries, and in the country’s progress towards democratization as well as social and political stability that the country enjoys.

By standard efficiency criteria, aid for Tanzanian roads may have had low returns in the presence of weak macroeconomic policy and administrative capacity. But even badly maintained roads may have

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20 See for example the work of Caroline Moser on violence and poverty.
been better than none, particularly if they helped keep communications open to the hinterland and government responsive to the needs of otherwise neglected populations. Tanzania has been less successful than its neighbours by measures of GDP growth, but more successful by measures of social indicators. It is a poor country that enjoys more social peace and stronger democratic governance than its neighbours. If the foregone benefits of having prevented conflict in Tanzania were taken into account, the returns to aid might be considered to be highly positive. Much more needs to be learned about the effectiveness of aid in preventing conflict; methodology for such analysis need to be developed.

Resource allocation priorities

The Monterrey consensus builds an approach to aid allocation around the logic of ‘rewarding the good performer’, with performance centered around policies that would be effective for growth and poverty reduction. This logic marginalizes the worst performing countries that are being considered here; countries most vulnerable to conflict and with most entrenched poverty, countries most in need of international support.

As Picciotto and others (2006) argue, the logic of rewarding the good performer assumes that existing policies cannot be changed by donor engagement, that aid cannot be used to minimize the effect of poor policies, and that governance and policy, as defined by the Bank’s CPIA measure, determine aid effectiveness. They advocate a case by case assessment of possibilities for change in policy and governance that could instead serve as a basis for aid allocations. At the same time they acknowledge that aid to fragile states will always be full of risk. They propose a ‘venture capital model’ of aid allocation. This study reviewed the experience of aid in fragile states and showed that only 58 percent of the projects succeeded, but that average returns were high.

The donor community has become increasingly concerned with the needs of the countries with weak governance, now termed ‘fragile states’, an ill-defined category. (Cammack et al 2006). It is often defined as those countries that lack the capacity and/or will to put in place effective policies for development and poverty reduction, or those that are vulnerable not only to violent conflict but also to terrorism, organized crime, epidemic diseases, natural disaster, and environmental degradation. For want of a more precise concept and definition, international debates use the criterion of World Bank’s Country Policy and Institutional Assessments (CPIA) that incorporates policy for economic management, structural policies, social inclusion and poverty reduction, and public sector management and institutions. It now includes 35 countries based on World Bank CPIA classification. All except two of these countries are included among the 65 worst performing countries being reviewed in this paper.

What has been the actual allocation of resources to countries with weak institutions and policies? Recent analyses find evidence of disproportionately low allocations. The 2006 OECD monitoring of aid flows to fragile states shows post-Monterrey increase in aid flows has been smaller for fragile states compared with non-fragile states. (OECD 2005) The 2007 OECD monitoring report finds a small group of countries that are marginalized: eight countries receiving low aid flows relative to need and capacity, and/or highly volatile aid flows and international engagement. (OECD 2007) A recent analysis by DfID for the pre-Monterrey consensus period (1996-2001) shows a decline of flows to poorly performing states (bottom two quintiles of the world Bank’s country performance index or CPI) in contrast to

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22 World Bank 2007; OECD 2007
Integrating Conflict Prevention in the Agenda for Poverty Reduction and Aid Priorities

Increases in flows to the well performing countries (top two quintiles of the index). (DfID, 2004.) The poor performance countries received only 14 percent of bilateral aid whereas the ‘good performers’ received two thirds of all aid. Moreover, poor performers receive less aid that would be expected on the basis of need. Other studies find that these countries are not only under-aided but that aid flows are twice as volatile. Among these countries, post-conflict countries receive large volumes of aid; others tend to be under-aided, especially when they are very large or very small, have a small number of donors, but also are very poor and very poorly governed. (McGivray 2005, Levin and Dollar 2005)

Donor policy approaches to fragile states and to conflict prevention

Donor debates about development-conflict nexus has been evolving for over a decade. The March 2005 DAC High Level Meeting adopted “Principles for good international engagement in fragile states”. (OECD 2005) These principles include: take context as the starting point (differentiate countries recovering from conflict or political crisis from those facing declining governance and from those with collapsed state capacity); move from reaction (to conflict) to prevention; focus on state-building as the central objective; align with local priorities; recognize the political-security-development nexus; promote coherence between donor government agencies; agree on practical coordination mechanisms; and do no harm.

All these principles, with the exception of the second, do not differ substantially from the basic principles for more effective aid through improved coherence and more country specific approaches that the donor community has been promoting over the last several years, contained in the Paris Declaration (2005). The second principle reflects the 2001 DAC Guidelines on Conflict Prevention (DAC 2001). In that sense, a new policy initiative has not yet been developed. The earlier 2001 DAC guidelines Helping to Prevent Conflict advocated ‘ensuring peace through security and development’ that emphasizes building accountable systems of security and strengthening public sector management overall, and ‘engaging long term and putting a conflict prevention “lens” to policies in all areas from development to trade to investment. They also emphasized conflict prevention as a central issue in poverty reduction.

In practice, post-conflict reconstruction and aid practice issues tend to dominate policy debates and agenda, and neither reducing risks that are part of development patterns nor conflict prevention generally figure large. Despite an increasing focus on ‘fragile states’, a consensus policy framework is still in the making. Perhaps this is because the interest and concerns of various bilateral donors over the issues of states which are fragile have quite varied origins. (Cammack 2006) Some donors are concerned with poor development and poverty reduction performance in countries where government is unwilling to pursue that agenda; some, with terrorism and global threats; some with human security and peacebuilding; and others with the functional relationship between poverty and conflict23. There is considerable ambiguity in the concept of fragile states that captures overlapping sets of countries but that responds to several concerns and criteria for inclusion. Thus for now, there is no coherent international agenda for conflict prevention as a policy objective of development aid that focuses on addressing diverse risk factors for different countries.

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23 Picciotto, Ononisakin and Clarke (2006) point out this category is inconsistently used by different donors. For example, UK DfID that focuses on state capacity and willingness, UNDP that focuses on a wide range of economic, social and political characteristics, and the World Bank’s approach originated with the initiative on Low income countries under stress (LICUS) that focuses on poor country performance indicators attributable to a variety of causes.
CONCLUSIONS

This paper has argued that more attention should be given to conflict prevention—along with other objectives including poverty reduction—as a policy objective of development aid, and has explored the implications of doing so for aid programme priorities and the international aid architecture in general. Violent conflict is a major obstacle to achieving the MDGs because the countries that face the greatest challenges are characterized by conflict risk factors. These are also countries in greatest need of assistance from the international community for assistance. The paper has identified 65 worst performing countries where development and poverty reduction will need to be sharply accelerated if they are to achieve the MDGs by 2015. The majority of the countries are affected by civil war, either in the recent past or as a reality in a neighbouring country that has spillover effects in the subregion. While there is high risk of recurrence of conflict, other risk factors are present in the socio-economic structures of these countries, notably: horizontal inequalities and group exclusion, the youth bulge in their demographies, dependence on natural resources, and their weak management as well as weak state capacity overall.

Preventing conflict is not only important as a means to accelerated achievement of MDGs but also because as an end in itself because security is both an important global agenda as well as an important aspect of human well-being.

Not all development and poverty reduction contributes to conflict prevention; in fact, some patterns of development might contribute to raising risks. For example, development that reduces poverty among the privileged ethnic groups or regions but neglects historically marginalized groups or regions might fuel social and political tensions. Development in natural resource exploitation that is not accompanied with measures to manage its distribution might easily be captured by rebel groups and fuel and intensify war.

Similarly, not all development aid contributes to conflict prevention; in fact, some patterns of aid can exacerbate the potential for war. Aid is too powerful an instrument to be politically neutral. Defining conflict prevention as one of the policy objectives of aid would have far-reaching implications. New criteria for aid effectiveness would need to be devised. Development priorities would also need to shift and be reconsidered. Most importantly, analysis of the root causes of historic conflict and social and political tensions would need to be carried out as an essential information base for development and aid programming and the socio-economic correlates of violent conflict addressed as a priority.
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