



**GLOBAL CENTER ON CONFLICT
SECURITY AND DEVELOPMENT**

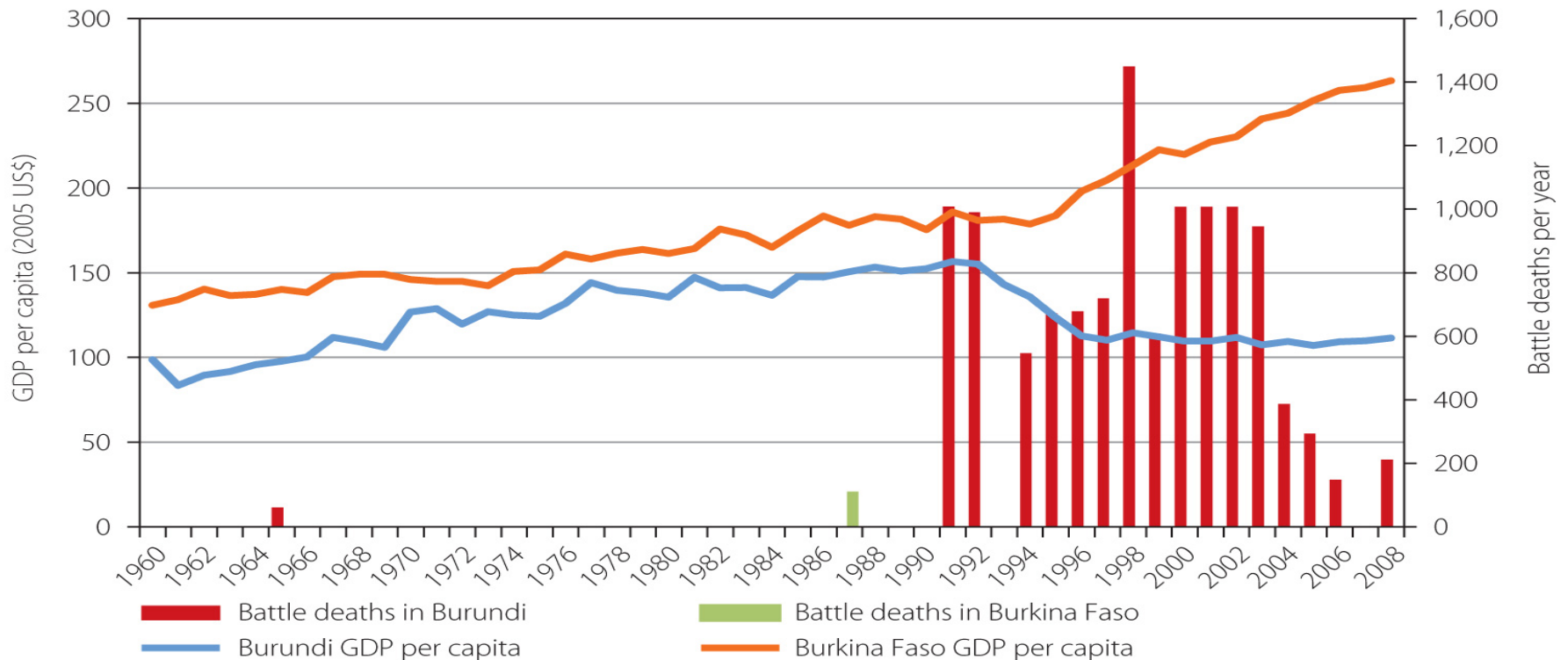
**Fragile states-
development in places that need it
most**

Anne-Lise Klausen
Annual Conference of the
Parliamentary Network
Baku, May 2013,

A story of two countries

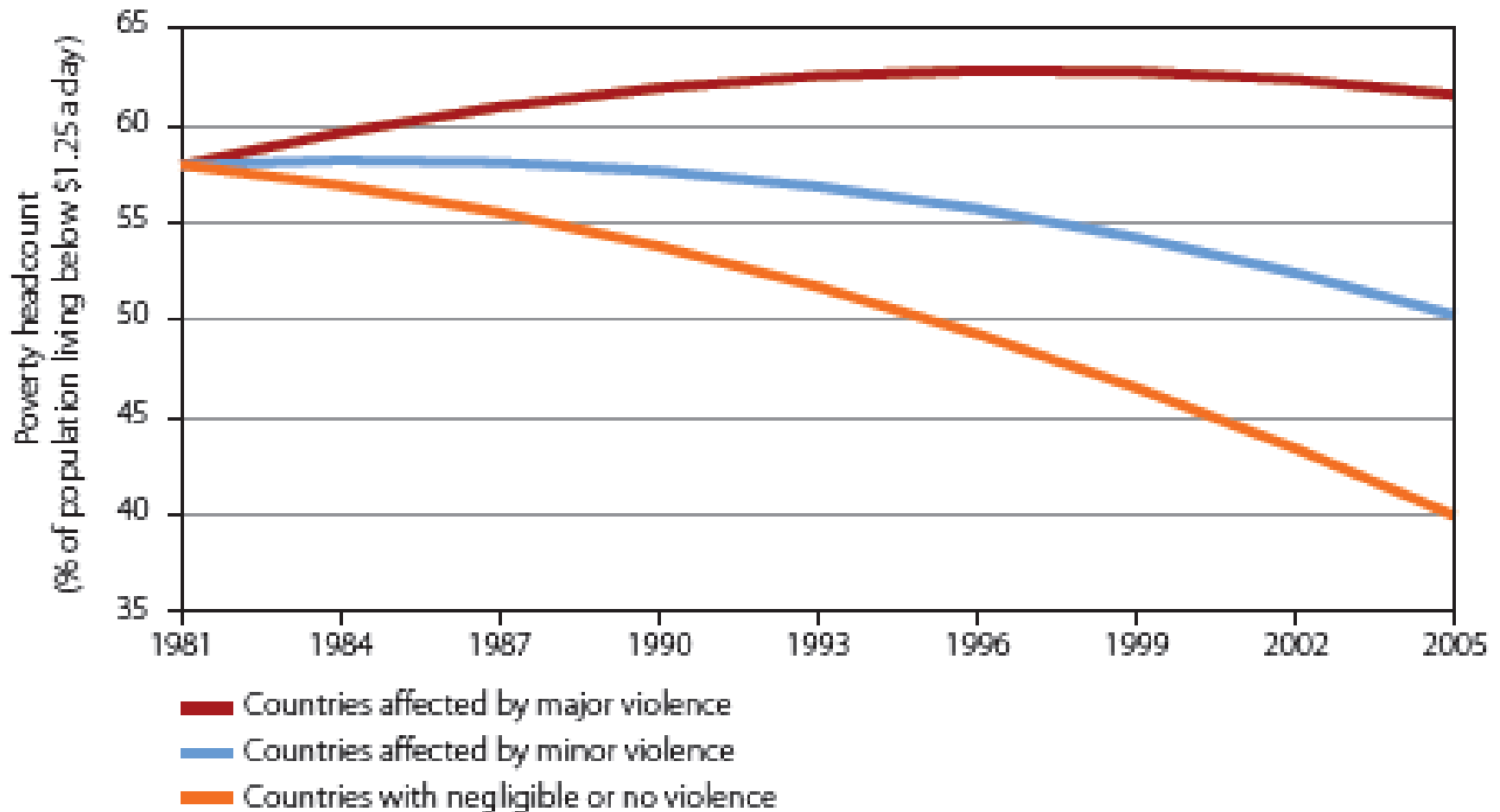
FIGURE 1.8 *Effects of violence on growth are dramatic and long-lasting*

Until the early 1990s, per capita incomes and growth in Burkina Faso and Burundi were similar. Following massive violence in Burundi, their growth paths diverged. In real terms, Burundi has lost nearly two decades of income growth, with incomes set back to 1970 levels.



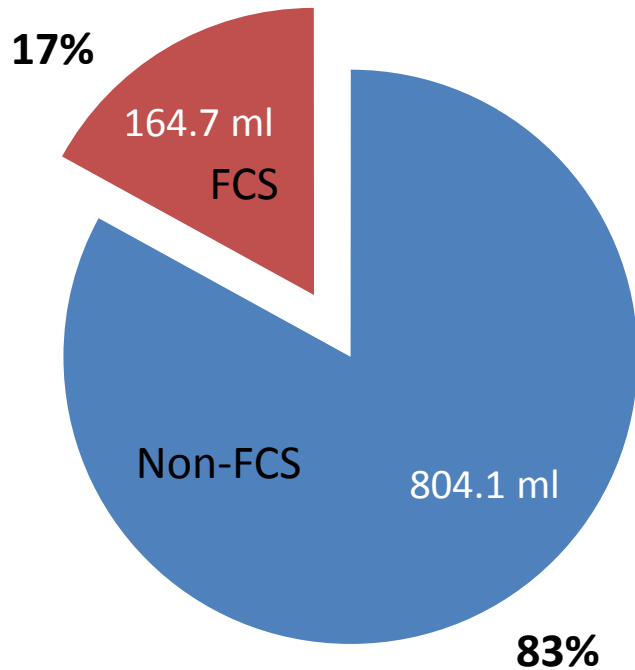
Sources: World Bank 2010n; Gleditsch and others 2002; Gates and others 2010; Uppsala/PRIO Armed Conflict dataset (Harbom and Wallensteen 2010; Lacin and Gleditsch 2005); WDR team calculations.

prolonged conflict keeps countries poor

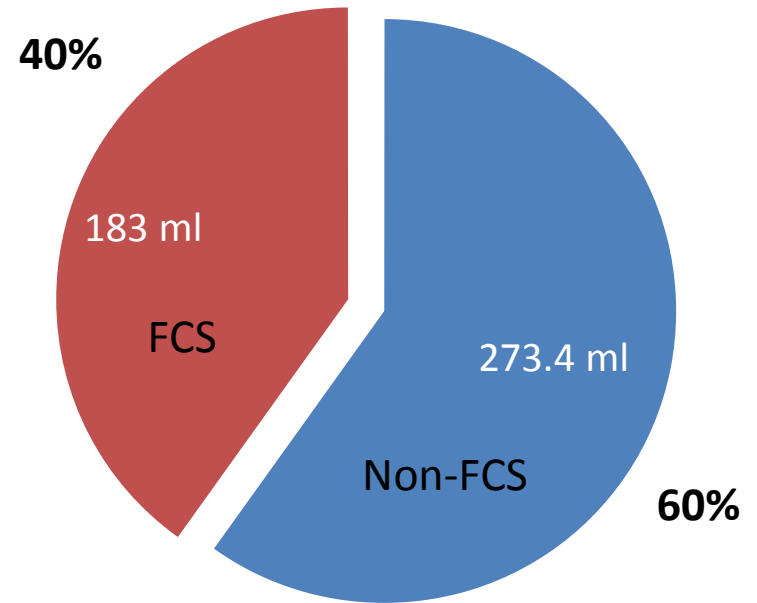


Butextreme Poverty will become increasingly concentrated in FCS

Extreme Poverty in 2015

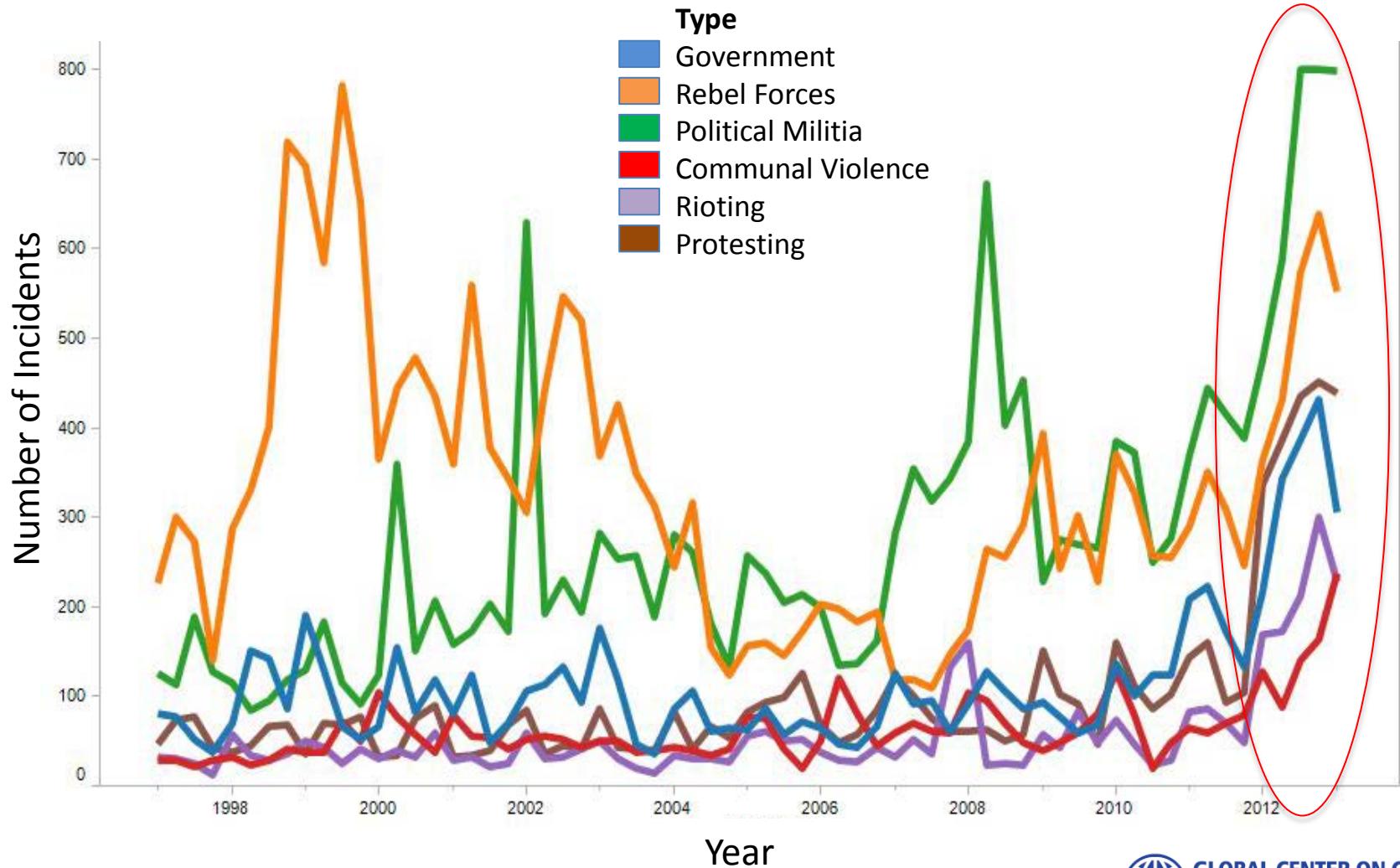


Predicted Extreme Poverty in 2030



* Source: DEC

And conflict Is Increasing



*Source: Armed Conflict Location and Events Database

new trends – interlinked violence

gang-related violence



political violence



cross-border violence

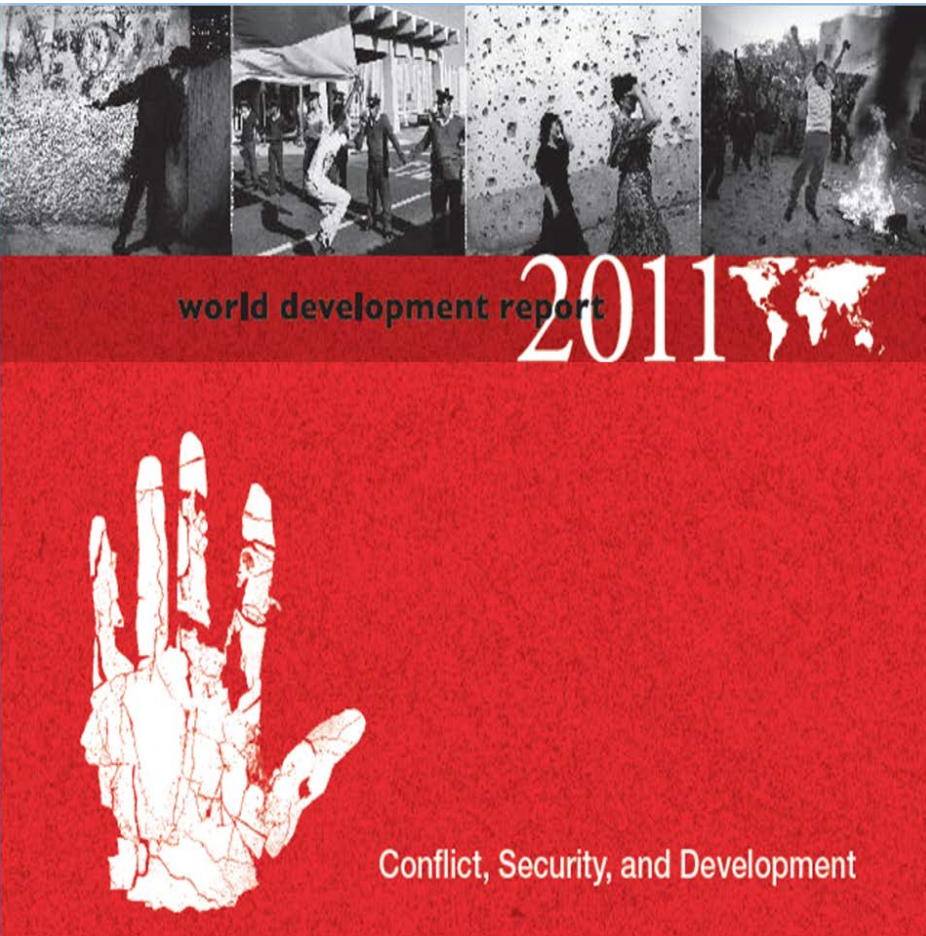


organized crime and trafficking

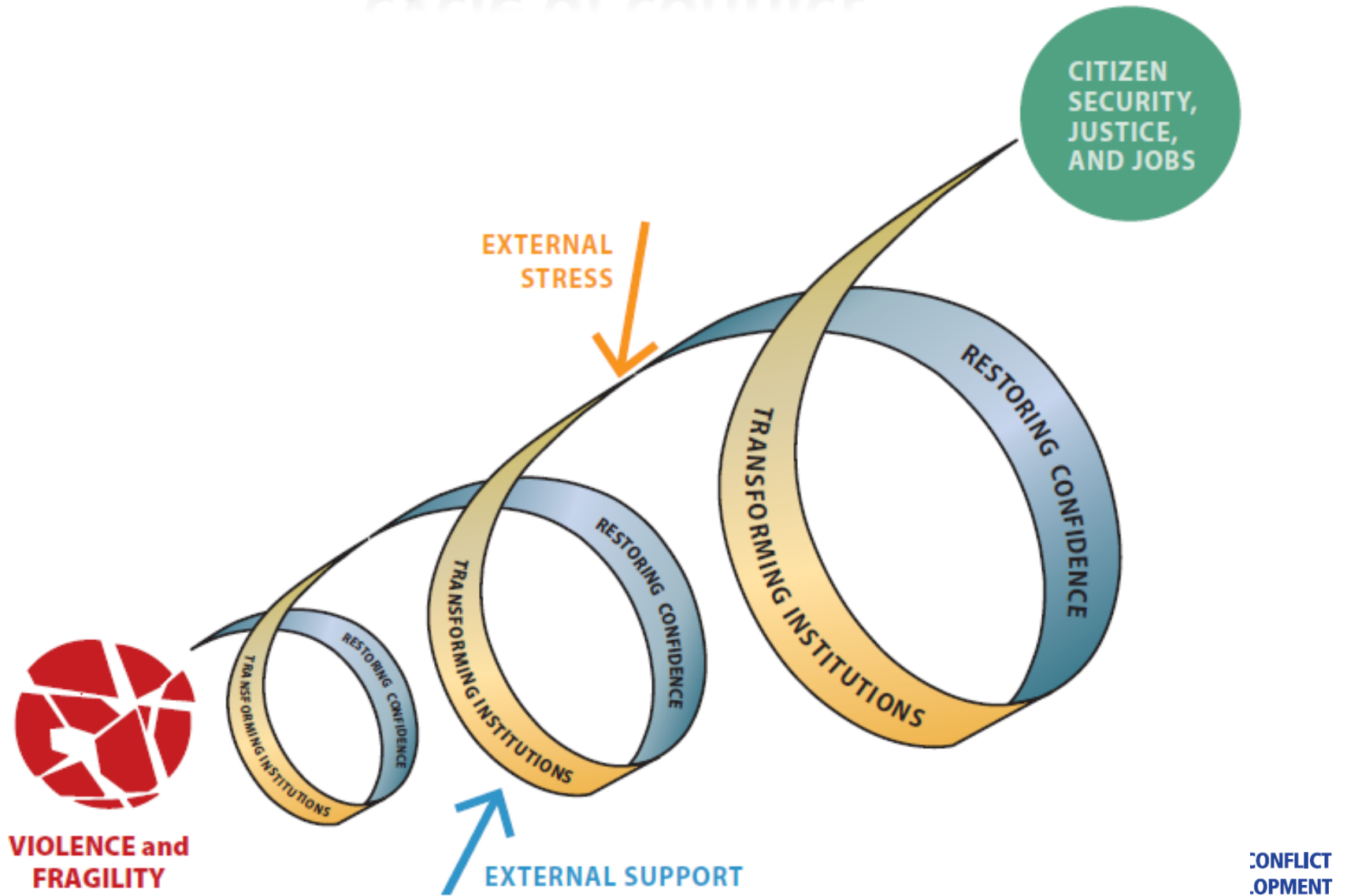


What it takes to exit fragility

*strengthening the institutions that provide **citizen security, justice and jobs**—and alleviating the international stresses that undermine them—is crucial to break cycles of violence.*



Fragile countries are in a virtuous cycle of conflict



transforming institutions

citizen security	e.g. community policing, dismantling criminal networks
access to justice and services	e.g. independent judiciaries linked to security reforms; extending justice services, PFM
jobs	e.g. public employment programs; macroecon policies to encourage labor-intensive growth

- ‘best-fit’ institution building approaches
- function over form

External Support support is important

Reducing Stresses:

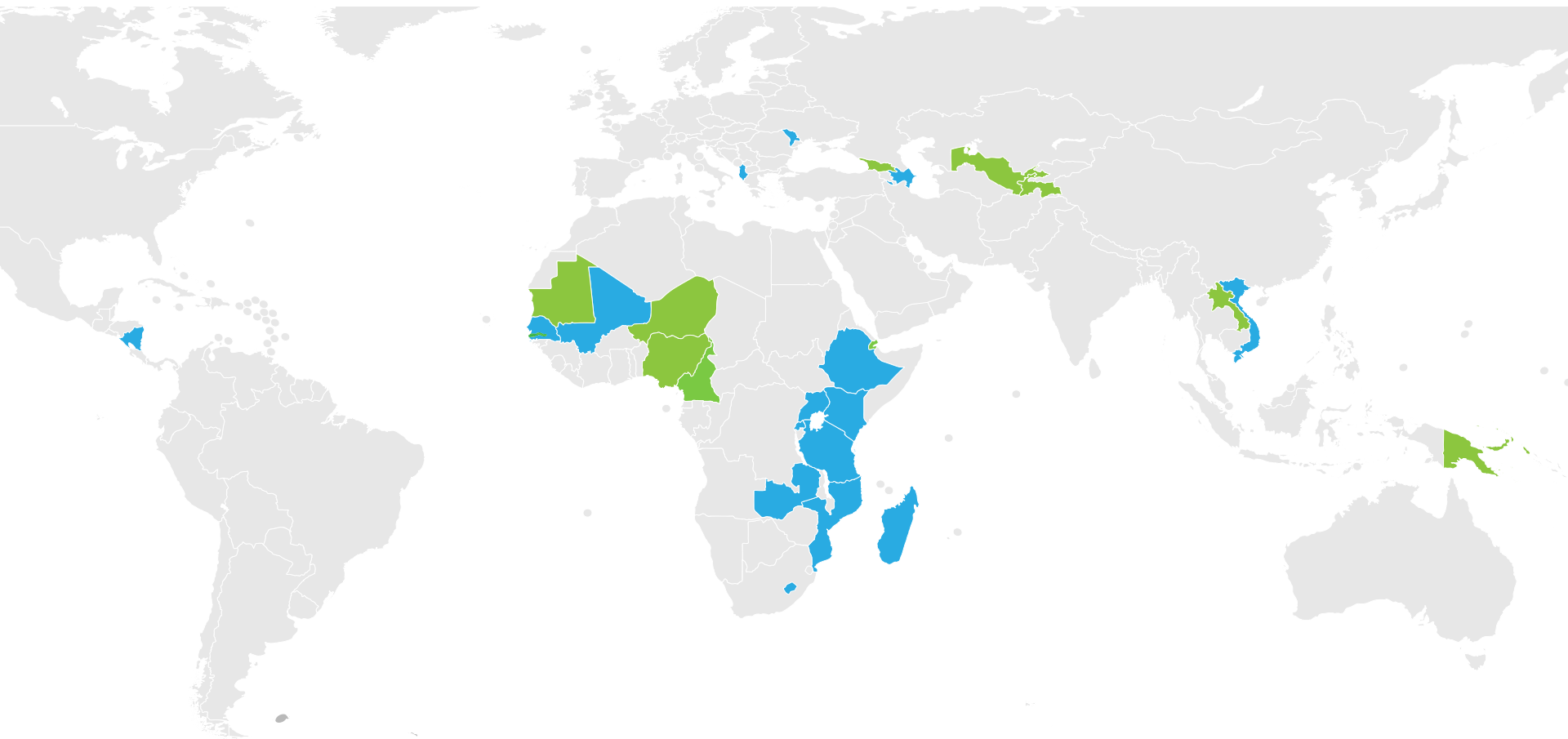
- Reducing coordination costs
- Promoting regional collaboration
- Reducing price volatilities
- Reducing incentives for illegal trade



Supporting a way out of the Fragility Trap:

- Technical support for good governance and institutional reform
- Investment in key infrastructure and sectors to promote economic growth and employment
- Targeted assistance to marginalized groups to help alleviate grievances and drivers
- Convene partners to collaborate and reduce coordination costs

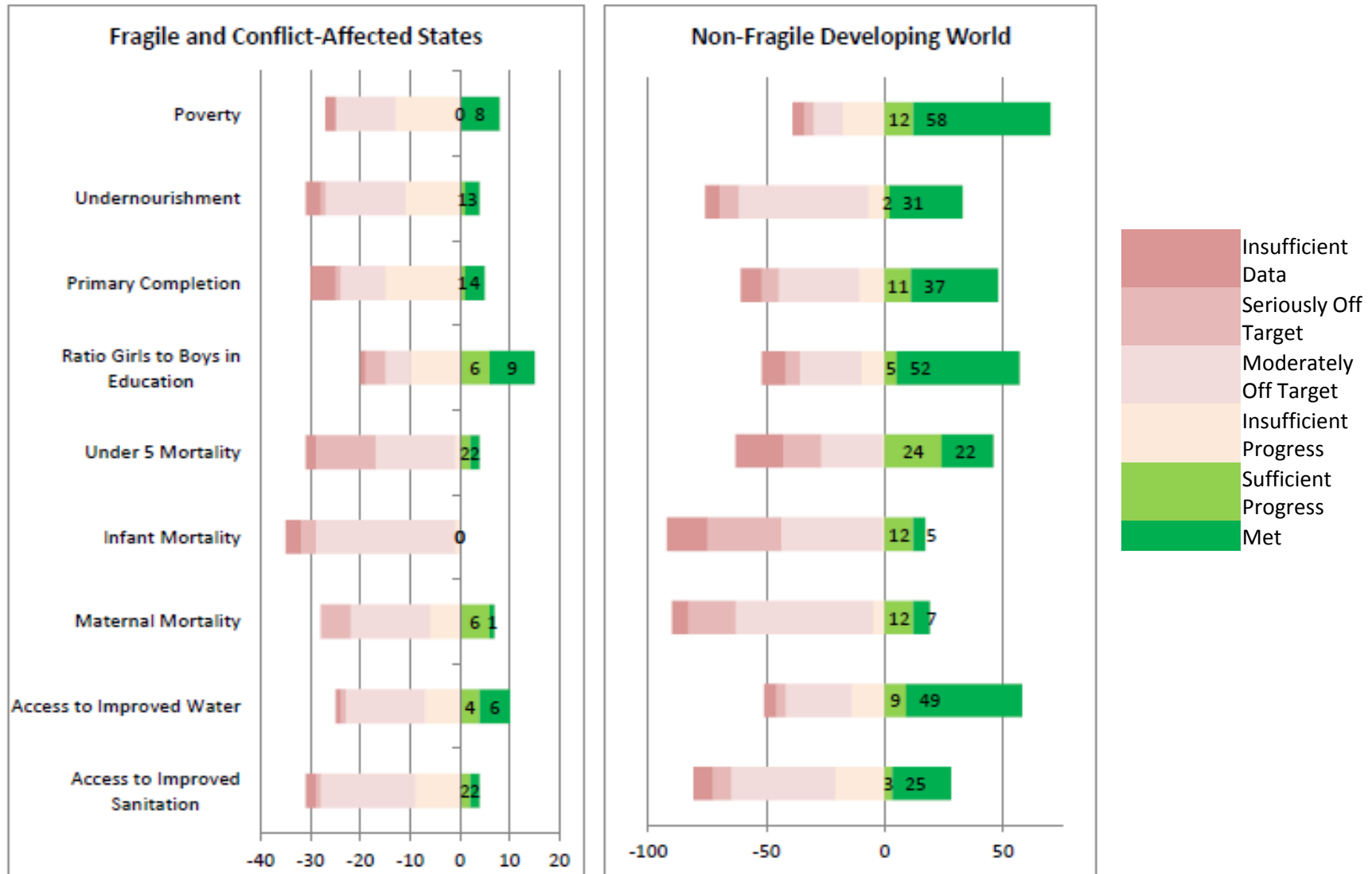


Countries Can Exit from Fragility



-  Exits from the FCS list (2004-2013)
-  Exits from the FCS list (1990-2003)

Good News: Some FCS are Achieving MDGs



What is the “New Deal”

PSGs Peacebuilding and Statebuilding Goals	FOCUS Terms of engagement	TRUST Commitments for results
Legitimate politics Foster inclusive settlements and conflict resolution Security Establish and strengthen people’s security Justice Address injustices and increase people’s access to justice Economic foundations Generate employment and improve livelihoods Revenues and services Manage revenues and build capacity for accountable and fair service delivery	Fragility assessment One vision, one plan Country compact Use the PSGs to monitor Support political Dialogue	Transparency Risk sharing and risk management Use and strengthen country systems Strengthen capacities Timely and predictable aid

What is the “New Deal”

PSGs Peacebuilding and Statebuilding Goals	FOCUS Terms of engagement	TRUST Commitments for results
<p>Legitimate politics Foster inclusive settlements and conflict resolution</p> <p>Security Establish and strengthen people’s security</p> <p>Justice Address injustices and increase people’s access to justice</p> <p>Economic foundations Generate employment and improve livelihoods</p> <p>Revenues and services Manage revenues and build capacity for accountable and fair service delivery</p>	<p>Fragility assessment</p> <p>One vision, one plan</p> <p>Country compact</p> <p>Use the PSGs to monitor</p> <p>Support political Dialogue</p>	<p>Transparency</p> <p>Risk sharing and risk management</p> <p>Use and strengthen country systems</p> <p>Strengthen capacities</p> <p>Timely and predictable aid</p>

What is the “New Deal”

PSGs

Peacebuilding and
Statebuilding Goals

FOCUS

Terms of engagement

TRUST

Commitments for results

Legitimate politics

Foster inclusive settlements
and conflict resolution

Security

Establish and strengthen
people’s security

Justice

Address injustices and increase
people’s access to justice

Economic foundations

Generate employment and
improve livelihoods

Revenues and services Manage
revenues and build capacity for
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Fragility assessment

One vision, one plan

Country compact

Use the PSGs to monitor

Support political Dialogue

Transparency

Risk sharing and risk
management

Use and strengthen country
systems

Strengthen capacities

Timely and predictable aid

Who supports the New Deal?

Afghanistan

Australia

Austria

Belgium

Burundi

Canada

Central African Republic

Chad

Democratic Republic of Congo

Denmark

France

Germany

Guinea

Guinea Bissau

Haiti

Ireland

Japan

Liberia

Luxemburg

Netherlands

Norway

Portugal

Sierra Leone

Solomon Islands

Somalia

South Sudan

Spain*

Sweden

Switzerland

Timor-Leste

Togo

United Kingdom

United States

African Development Bank

Asian Development Bank

European Commission

Organisation for Economic

Co-operation and Development

United Nations Development Group

World Bank

**Pending official confirmation*



The WB President is committed to change:



- *“We will never walk away from fragile states. We are determined to show we are an organization that works in the toughest places in the world and can deliver results.*
- *We must stop calling any country a basket case. No country is a lost cause. All countries can create good jobs for their people, educate their children, and provide quality health care for all their citizens. One of our most important priorities is to help lift fragile states out of their fragility”.*

Fragility Forum May 2013

The WBG is dedicated to fragile states

- *IDA has 262 projects, a portfolio of USD 12.8 billion and about 700 staff in fragile countries and now also a center on conflict in Washington and Nairobi.*
- *We work in infrastructure, service delivery, public financial management, health, education, justice and job creation and through a number of instruments.*
- *IFC's investment and advisory services in fragile countries are growing (4% from 2011 to 2012).*
- *MIGA's role is rapidly increasing from USD 428 million in 2010 to 1270 million in 2012.*



The World Bank is changing its game in fragile countries -

- Analyse fragilities and design operations accordingly
- Recruit the best people to the most difficult places
- Increase funding to assist fragile countries to exit fragility
- Building a stronger community of practice around FCS issues.



Reaching Out to Partners

- ❖ The New Deal: a new framework for partnerships
- ❖ Renewed and reviewed UN partnership
- ❖ Non-OECD donors
- ❖ Parliaments and civil society (country systems, transparency and accountability, open data, learning)



Bending the arc of history....



- *“Our efforts to reach a global target of cutting extreme poverty to three percent in the developing world will be a total failure if there are still fragile and conflict-affected countries with more than half their people living in abject poverty”*. World Bank President at Fragility Forum, May 2013



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Thank you for listening