

Exiting the Fragility Trap

Rethinking Our Approach to the World's Most Fragile States

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Problem

- Some states are stuck despite copious amounts of aid (reform failure, fungibility, selectivity, under-over aiding).
- Fragility is usually associated with poor policy environments, aid absorption problems, conflict and poverty but is the same true for the most extreme cases? (Carment, Samy, Prest 2008, Naude 2011).
- Theoretical explanations and empirical analysis vary. Some trapped states experience large scale violence while others do not. Conflict intensity not constant (Collier 2004).
- Our goal is to determine what if any features they have in common, and compare changes in those features over time with states that have successfully exited.
- Existing research on fragility traps: Andrimihaja et al. (2011) Chauvet and Collier (2007) rents, corruption, conflict, property rights.

Questions

- 1) Why do states stay stuck in a fragility trap?
- 2) What lessons can be gleaned from states that have successfully transitioned from fragility?
- 3) In what ways can targeted and context-specific policies and interventions support fragile state transitions towards resilience and sustainability?

Outline

- 1) Conceptual Development, Literature Review and Data Collection
- 2) Large sample empirical analysis (inductive and correlational)
- 3) Detailed studies using structured focus comparison to test interaction effects, missing variables and decision making
- 5) Conclusions

Assumptions

- Structure and Leadership matter
- Fragility constructs need context and empirical grounding
- Policies are driven by prevailing explanations about causes of fragility e.g. big push to address poverty, targeted aid, sequencing, political and economic reform etc
- Policy corrections are needed because of the specific problems trapped states pose e.g. elemental aid versus institution building, poverty reduction versus conflict management
- But....policies are rarely successful because the incentives for leaders of trapped states to embrace reforms are too weak (North et al 2007, Ottaway 2004, Pritchett et al 2012)

Using Indices To Classify Countries

- The CIFP dataset reaches back to 1980 (further on some data points with some gaps). This panel structure gives us a thirty five -year window to examine three types of countries:
 - **Type 1:** those that have been stuck in a fragility trap (top 20, 6.5 and above).
 - **Type 2:** those that have moved in and out of fragility (move in and out of top 40 with scores above and below 6.0).
 - **Type 3:** those that have exited fragility (exited top 40 for the last 10 years).

Using Indices To Classify Countries

Typology of Countries

Fragility Trap	Exit/Stabilized	In/Out of Fragility
Afghanistan	Algeria	Cameroon
Pakistan	Bangladesh	Central African Republic
Chad	Benin	Guinea
Ethiopia	Cambodia	Guinea Bissau
Sudan/S. Sudan	Guatemala	Iran
Yemen	Malawi	Laos
Dem. Rep. of the Congo	Mozambique	Mali
Somalia		Mauritania
Burundi		Rwanda
Uganda		Senegal

Fragility Trap Countries, 1980-2014

Country	# of times in top 20	# of times fragility score > 6.5
Afghanistan	35	27
Burundi	32	18
Chad	25	13
Dem. Republic of Congo	26	18
Ethiopia	31	14
Pakistan	29	8
Somalia	28	14
Sudan/South Sudan	30	17
Uganda	28	2
Yemen	25	12

Possible Explanations

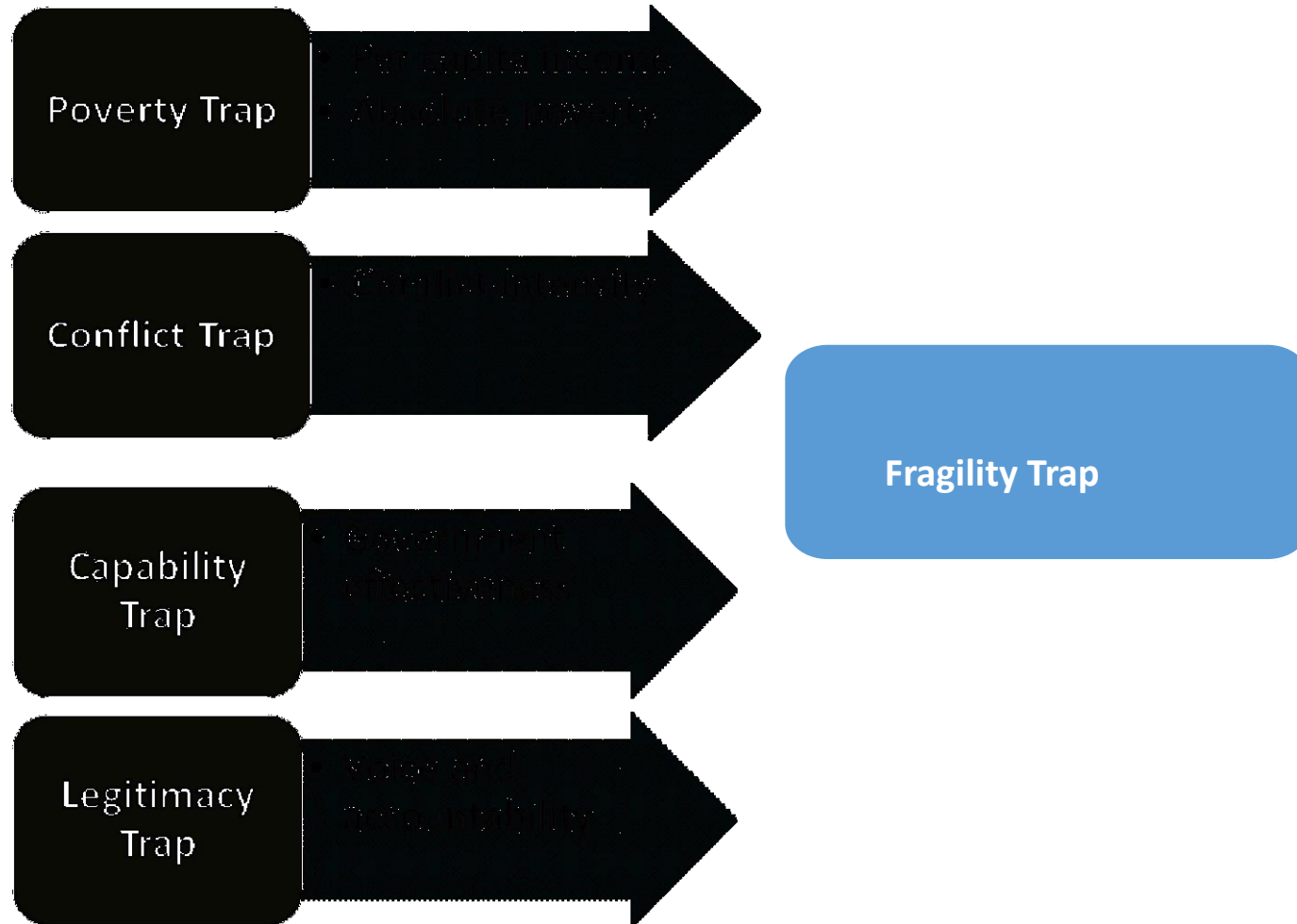
Poverty Trap: the poor are unable to save and accumulate enough capital per person for investment and remain trapped in poverty. Nutritional deficiencies reduce productivity and wages. Criticism: Empirically not true for a larger sample (Easterly 2006). But logic may be true for trapped states.

Conflict Trap: Collier (2003) argues once countries fall into civil wars, the risk that conflicts will happen again increases significantly. Resource curse in developing countries increases probability. Anecdotal evidence suggests contrary cases. May be true for trapped states.

Capability Trap: Similar to Collier's Governance Trap and North's Closed Access Orders (2007). Pritchett et. al. note problems of service delivery. Causal mechanism not clear. States can be capable without being democratic. Isomorphic Mimicry and Premature Load Bearing. Intuitively Appealing.

Legitimacy Trap: Takeuchi et al. (2011). Similar to literature on rent seeking and elite capture. Trade-off between Capacity and Legitimacy where resources are not distributed evenly. Need to distinguish between process and output legitimacy. Difficult to measure legitimacy. Suggests Reversal and Backsliding possible (Carment and Tikuisis 2017, Tikuisis and Carment 2017).

Building a Fragility Trap Model



Correlates of fragility, 1980-2014

Note: all correlations are significant at the 1% level.

Variable	All Non-Advanced Countries	Non-Trapped Countries	Trapped Countries
GDP per capita	-0.47	-0.47	0.22
Conflict	0.34	0.28	0.19
Government effectiveness	-0.77	-0.76	-0.67
Voice and accountability	-0.67	-0.63	-0.60

Initial Findings From Large Sample Analysis

- **All correlations are significant** at the 1% level. There are no surprises for the signs. Except GDP per capita for trapped states.
- In the broader sample of all non-advanced economies, there is **an expected negative and significant relationship between per capita income and fragility, that is, lower incomes are associated with higher fragility.**
- For **trapped states, higher fragility is associated with higher per capita incomes**, meaning that despite increases in income in these countries over time, they have remained fragile (or alternatively, that fragility has not prevented these countries from improving their income levels).
- The **conflict variable remains significant across** the various samples. However, it is weakly correlated at 0.19 with fragility when trapped countries are considered,
- **Government effectiveness (capability) and voice and accountability (legitimacy) variables are significant and highly correlated with the fragility index** for the overall sample and countries trapped in fragility.
- **Deteriorations in capability and legitimacy are significantly correlated with poor fragility scores.**

Comparative Case Studies

- Type I **Yemen and Pakistan** - The MIFF Fragility Trap
- Type II **Mali and Laos** – Landlocked and Unstable
- Type III **Bangladesh and Mozambique** - A Fine Balance
- Graphs use a basket of indicators for each category not one leading indicator.

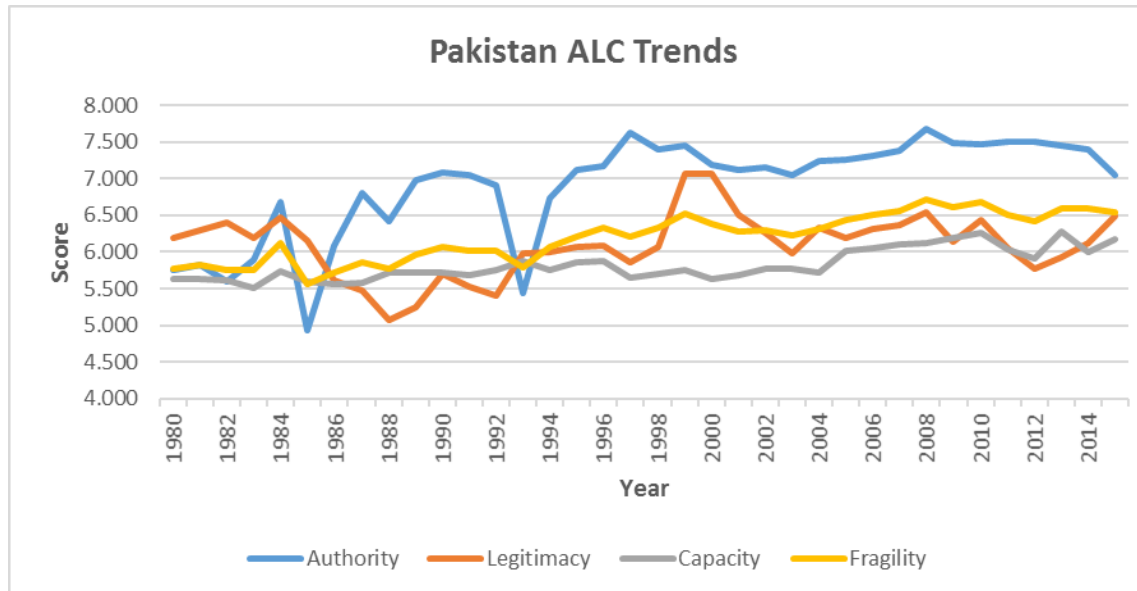
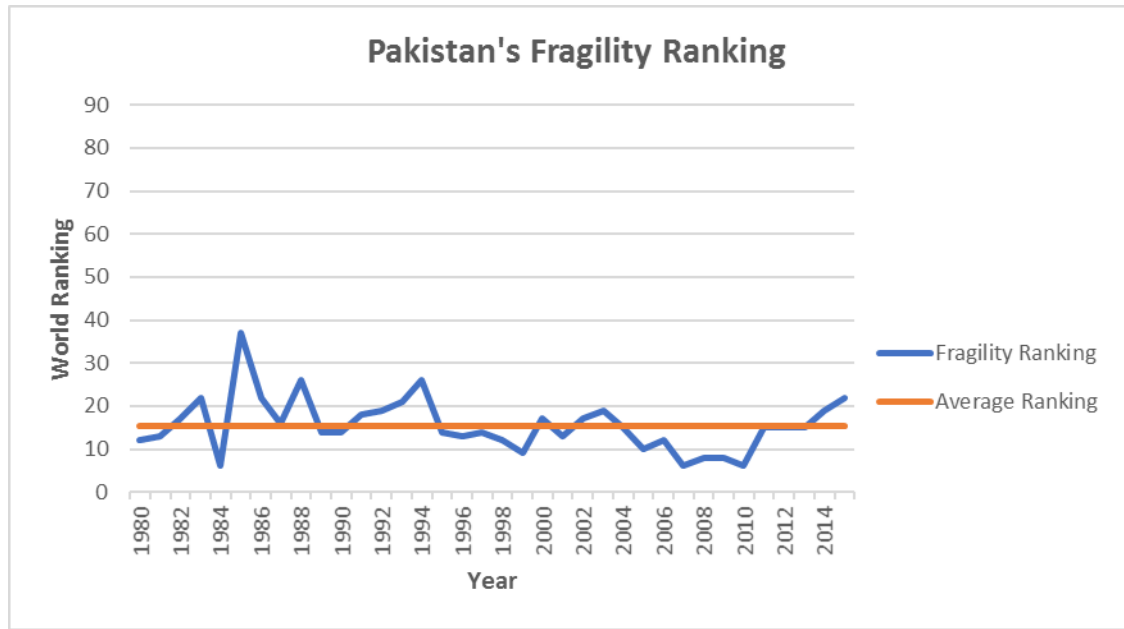
- Tasks
 - 1) Explain Main Inflection Points
 - 2) Examine Relations between ALC sequencing
 - 3) Identify Causal Mechanisms related to ALC
 - 4) Confirm/Challenge Large Sample Findings

Common Elements

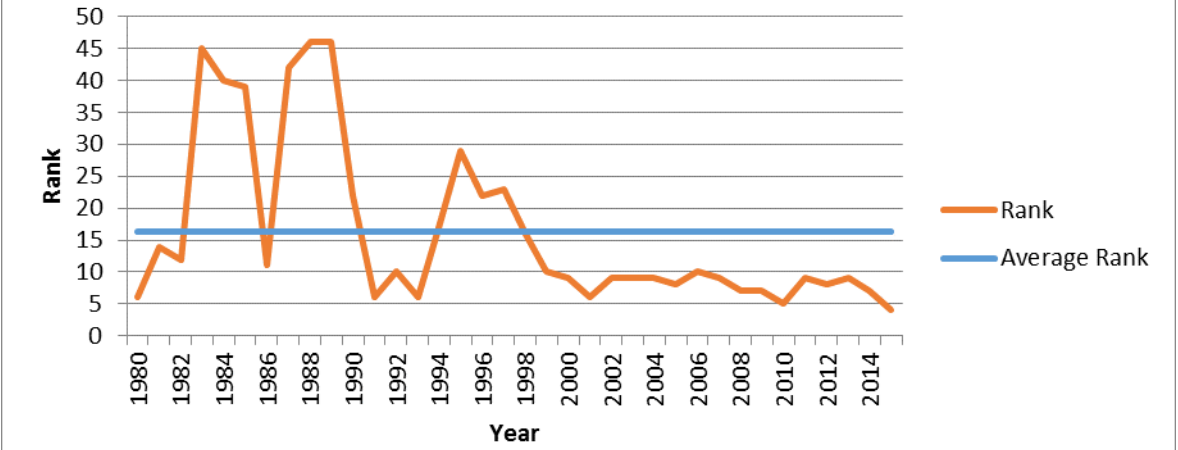
Conflict Variation: All 6 cases experienced low intensity conflict over the 35 year window, 2 of 6 exited fragility following war (Bangladesh, Mozambique) while 4 of 6 did not (Yemen, Pakistan, Laos, Mali).

Struggles with Democracy: 3 of 6 have been or are de-facto one party states over the 35 year period (Mozambique, Yemen, Laos) 3 of 6 are hybrid or civilianized BA states (Mali, Bangladesh, Pakistan), 3 of 6 have witnessed more than one coup (Bangladesh, Pakistan, Mali).

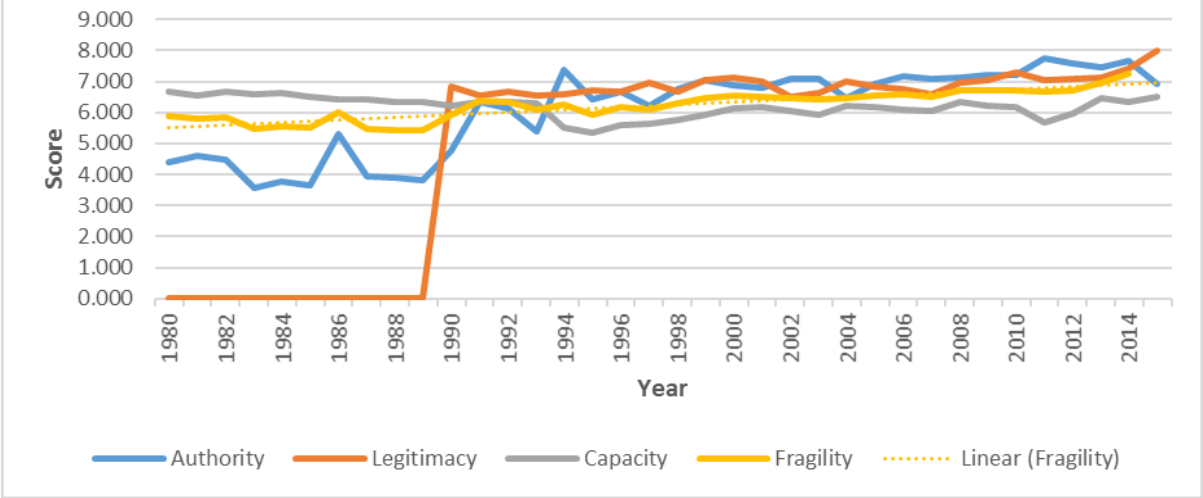
Growth: 6 of 6 have seen economic growth during the 35 year period; 6-8% in some periods. 4 of 6 have sustained that growth in the last 10 years or so (Pakistan, Mozambique, Bangladesh, Mali). Aid dependence (all receive aid in varying degrees).



Yemen's Fragility Rank



Yemen ALC Trends



Type I - Fragility Trap: Caught in a Loop

- **Lethal and Vicious Feedback Loops**

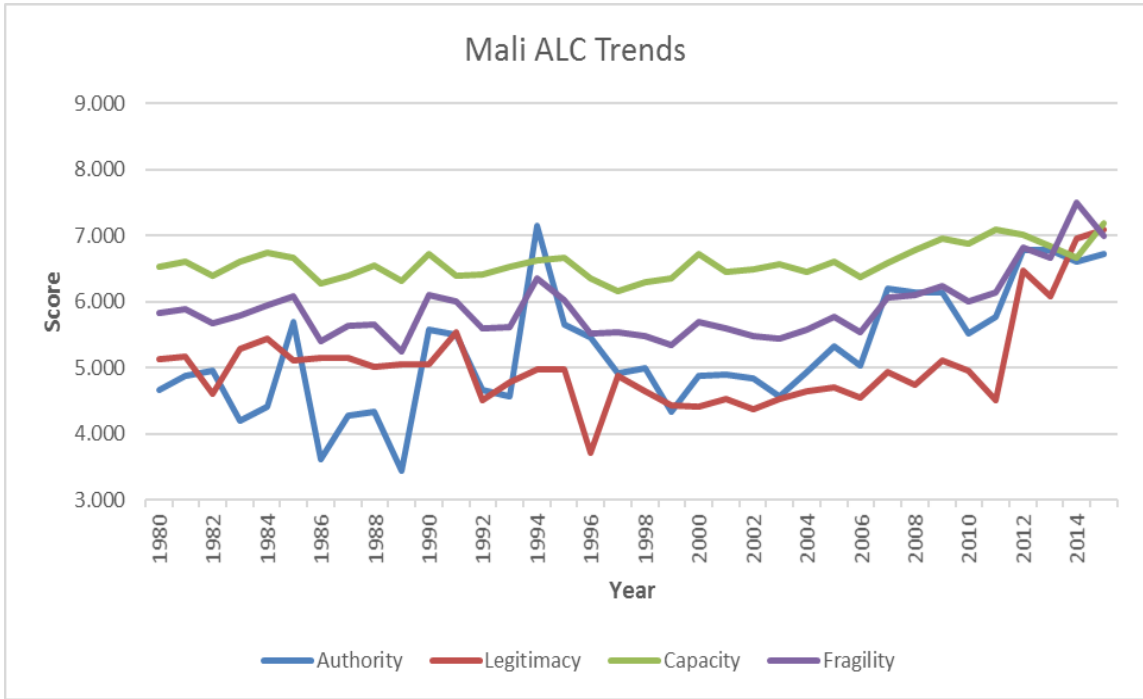
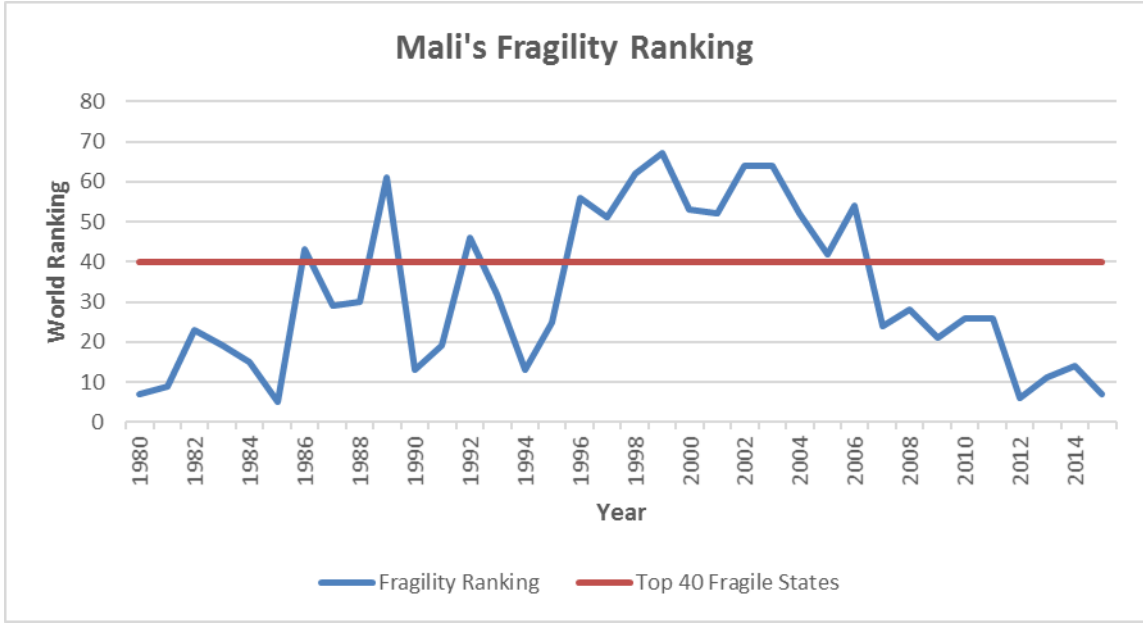
- a) Pakistan: shoring up of authority structures leads to a decline in legitimacy. Capacity is then skewed to maintaining power over distribution.
- b) Yemen: regime survival leads to reduced capacity and control over territory. GWOT reveals this.

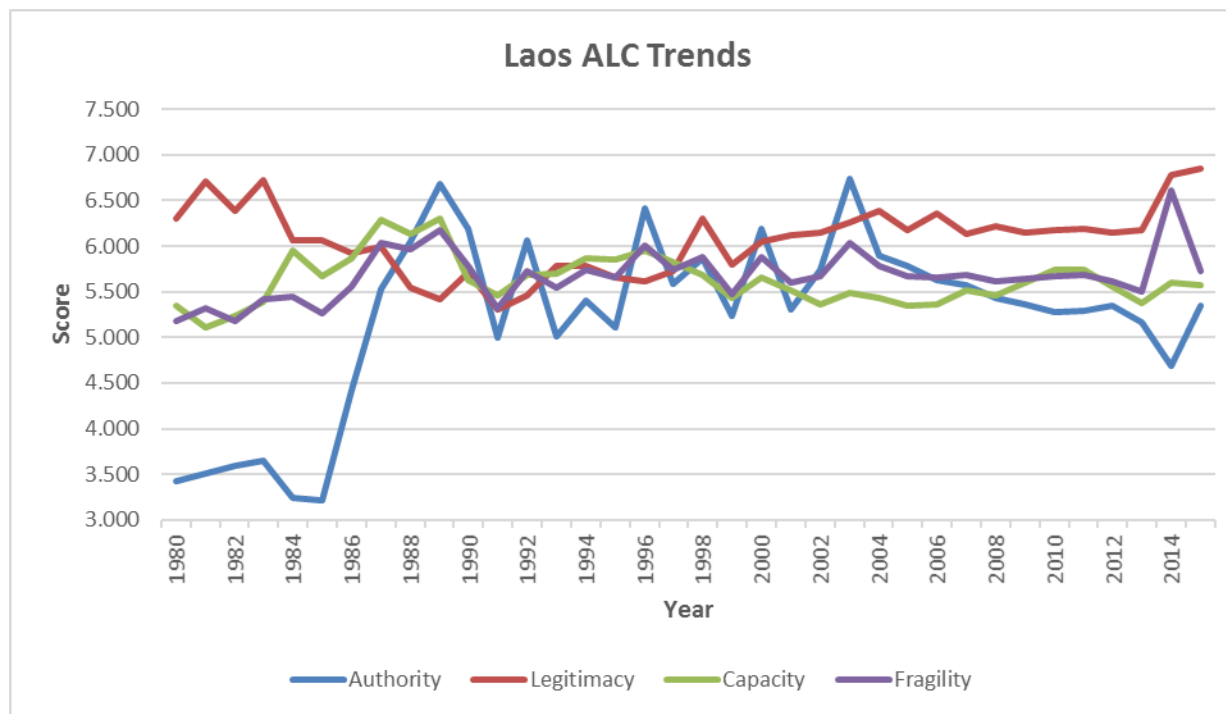
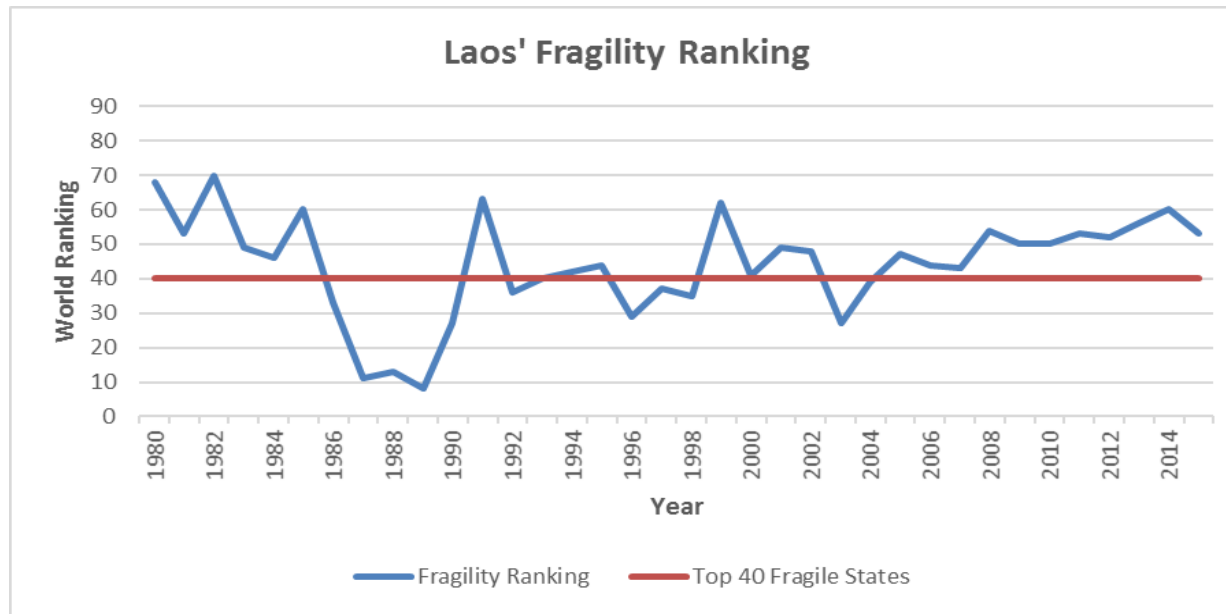
- **Elite bargaining**

- a) Pakistan : ethnic cleavages, elite capture, rent seeking leads to BA. Pan Islam agenda not sufficient .
- b) Yemen: undergoverned spaces increase over time and patron-client politics weaken as resources weaken.

- **Minimal Commitment to Reform**

- b) Pakistan: centralization of state authority and the pursuit of development policies aimed at maximizing revenues and rents rather than social welfare - a process which has non-elected institutions and elites dominating. Limited opportunity for Change
- b) Yemen: Rents from oil economy minimize opportunity for change. Change comes from collapse





Type II – In and Out: Isomorphic Mimicry as a Coping Mechanism

- Limited Capacity

- a) Mali: conflict in the North a result of decentralization.

- b) Laos: struggles even when its neighbors succeed (security, environment and economy).

- Poor resource Distribution

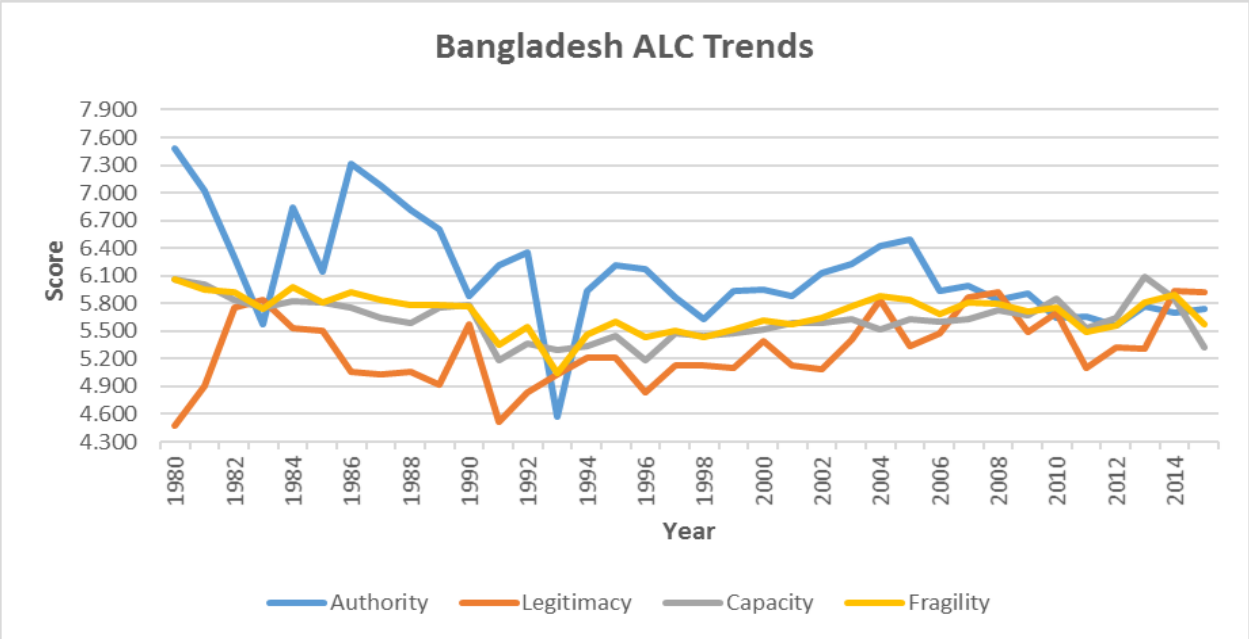
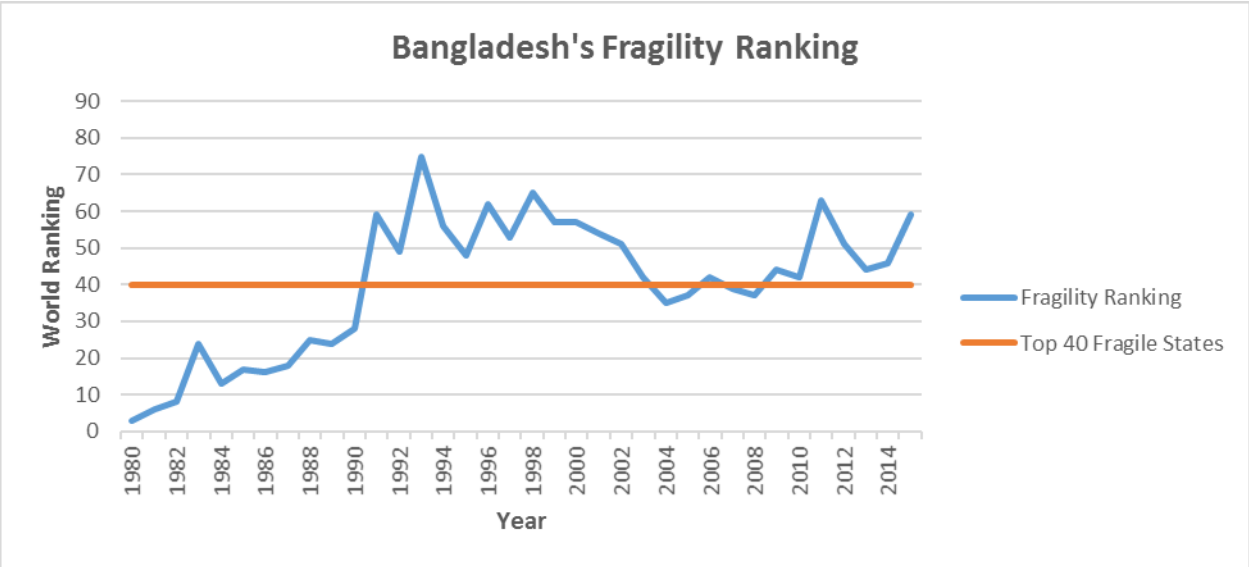
- a) Mali: structural adjustment and neglect of the North, Military and Minorities.

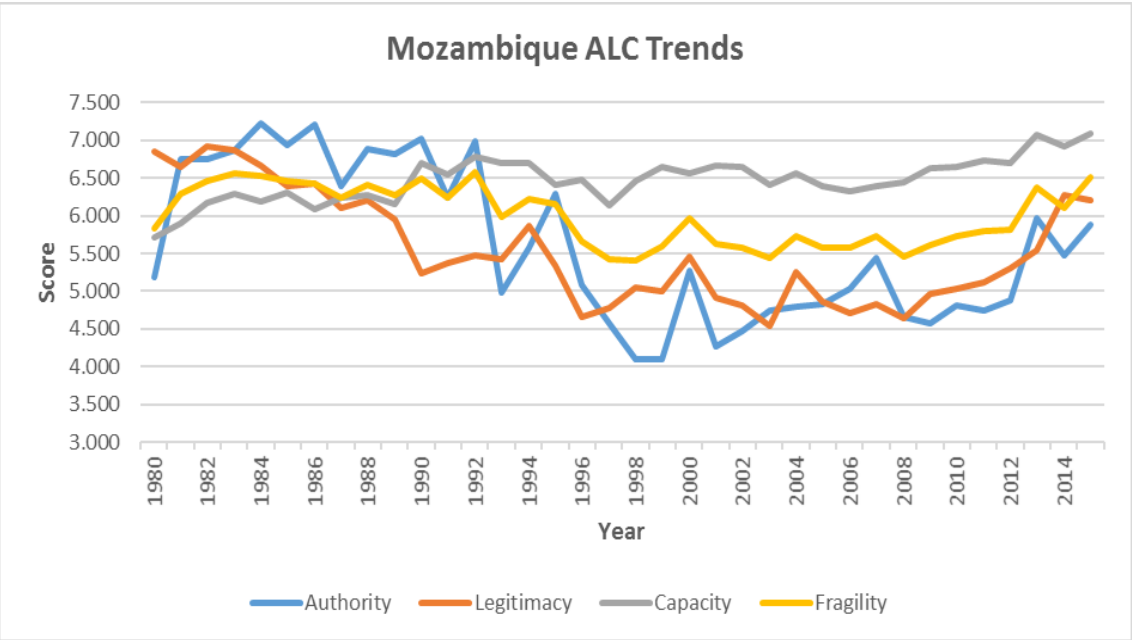
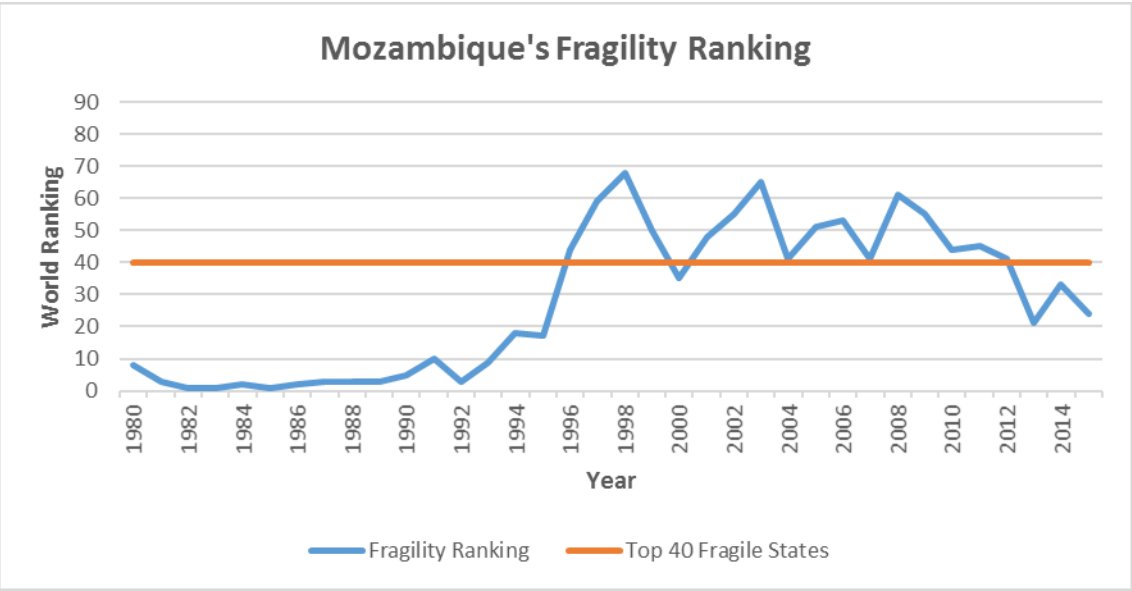
- b) Laos: regional dependencies and a weak policy environment.

- Low Commitment to Reform

- a) Mali: limited private sector development, local elites significant brokers.

- b) Laos concentrates on liberalizing and expanding only those sectors which it fully controls.





Type III - Exit From Fragility: A Fine Balance

- Moderate Commitment to Reform
 - a) Bangladesh: “successful” civilianization and multi party political organization, virtuous corruption
 - b) Mozambique: Frelimo’s flexibility and pragmatism in aftermath of war
- Strong Improvement in Capacity fueled by Rapid Economic growth
 - a) Bangladesh: Complementarity and Substitution (CSOs)
 - b) Mozambique: A de-facto single party state able to implement reform with access to resources
- Resilience ?
 - a) Bangladesh: patron client relations, CSOs and Human Capital
 - b) Mozambique: Strong North South divide and limited accountability weaken the overall gains.

Summary

1) Traps occur when a state fails to establish strong legitimacy even in the face of improved capacity (Pakistan, Mali).

2) The risk non trapped states face is a closure of the political system even when growth is achieved (Bangladesh, Laos, Mozambique).

3) Interdependence between local and national elites is crucial and determines if a state will remain in equilibrium or destabilize further (Mali, Yemen).

4) The government of a trapped state that lacks sufficient resources to retain its supporters is likely to lose their narrow power base, thus becoming vulnerable to political challenges (Yemen).

5) Disengagement sets in a cycle of violence on the periphery, a decline in state capacity and further crackdowns (feedback loop) (Pakistan, Yemen).

Implications for Theory

- Institutional processes may be, as Pritchett (2017) argues, only superficially indicative of a functional state (Mali, Yemen, Pakistan) while in others, they are effective in inducing positive development (Bangladesh, Mozambique).
- Partial liberalization is a strategy not for democratization, but to sustain control. Providing social groups with a degree of freedom allows states to pursue a 'divide and rule' strategy whereby control is maintained by playing groups against each other

Why Reforms Don't Work in Trapped States

- Leaders of trapped states are able to survive with a small support base by tying private benefits to their own welfare. Even though the state is the primary instrument of power and may even indeed possess overwhelming coercion, its elites lack the autonomy to affect concessions for reform
- Elites that are unaccountable to the large population (in which the possibility of overturning the government is always present) have little incentive to pursue change.
- States fall back into fragility when they fail to provide public goods that benefit large parts of the population, even in the face of improved capacity.

Policy Recommendations

- Examine link between (political and economic) reform and aid
- Societal consent and participation in indigenous systems of governance (local, and regional) must be considered
- Need to examine all of legitimacy output dimensions not just service delivery in regions that are typically “undergoverned”, where group cohesion is low, and in relation to minorities and women
- Public perceptions of inequitable distribution of resources for public welfare needed