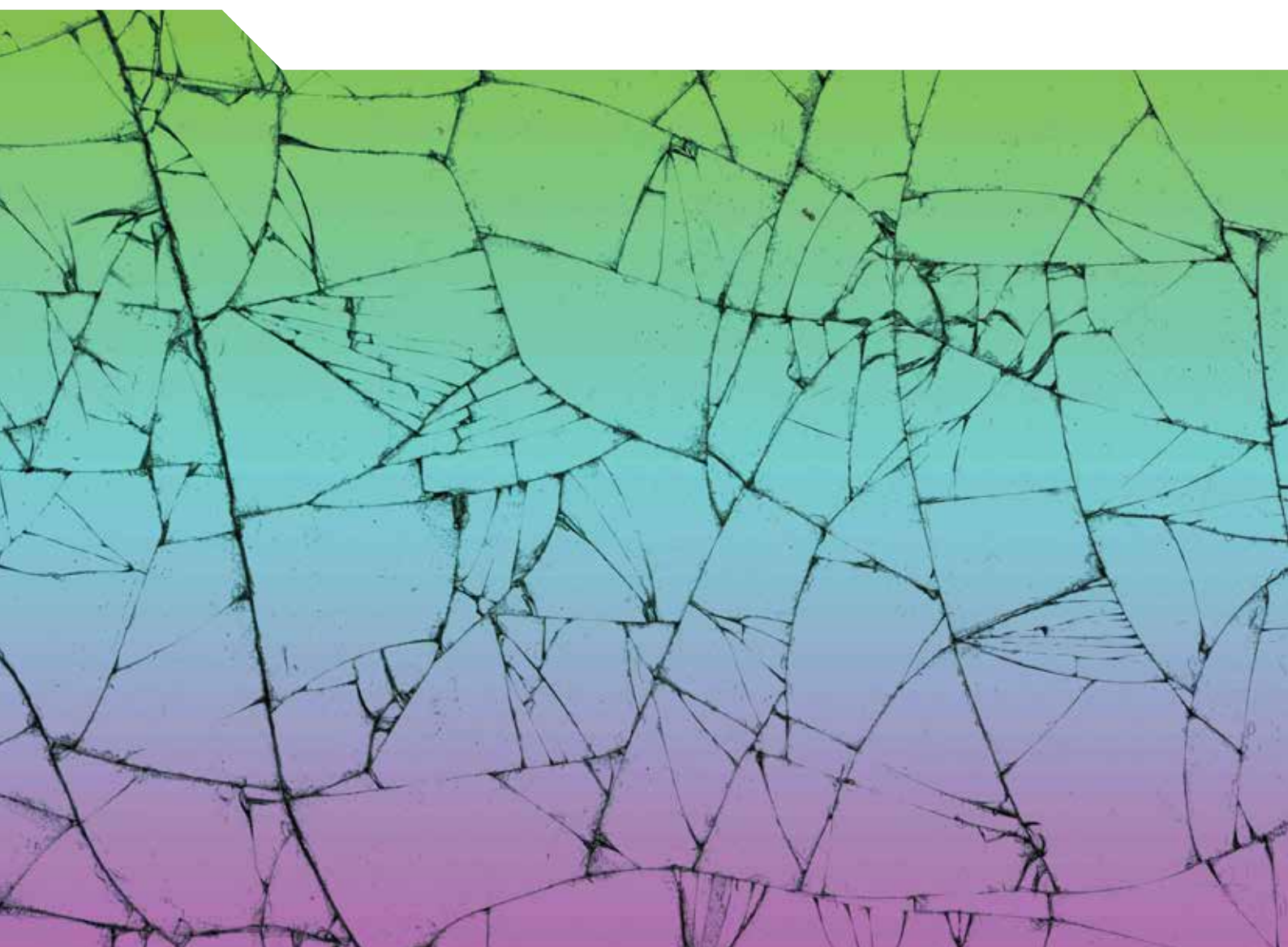




States of Fragility 2018

HIGHLIGHTS



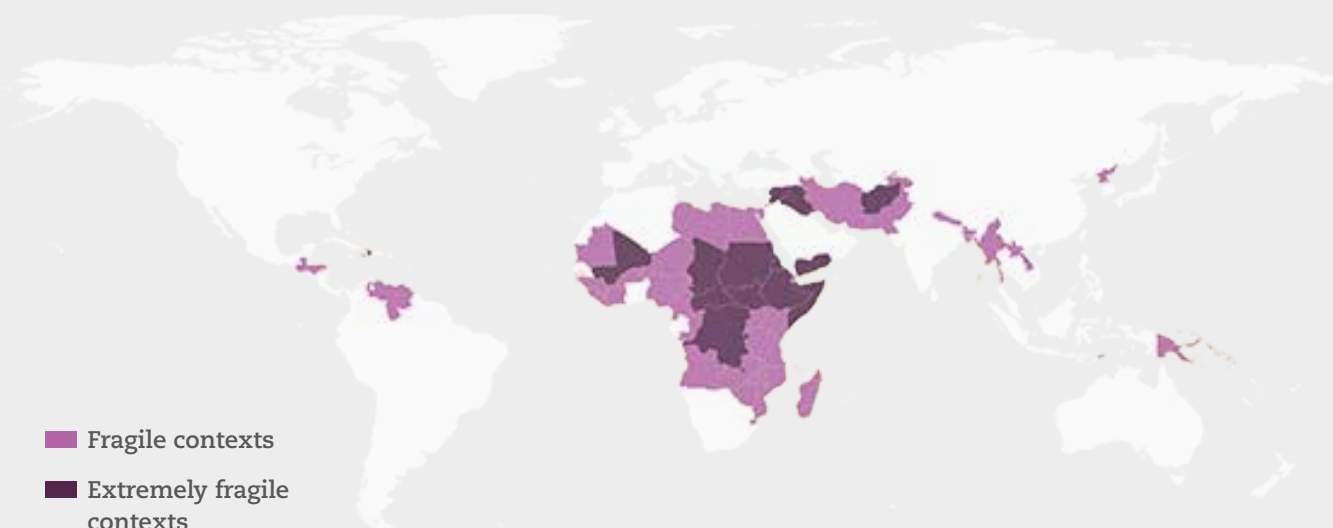


States of Fragility 2018

HIGHLIGHTS

The OECD Development Co-operation Directorate (DCD) has produced reports on fragility since 2005. These reports explore trends and financial resource flows in fragile and conflict-affected countries and economies. Several years ago, the OECD moved on from using the fragile states moniker in acknowledgement that a broader conceptualisation and label of fragility – one that recognised fragility’s many shades or states – was more in line with the universality of the post-2015 world. Likewise, in 2016, the OECD introduced its multidimensional fragility framework that captures the relationship between risks and coping capacities across five different dimensions.

The OECDs work on fragility responds to increasing concerns about the implications of fragility for stability and development, especially in the context of Agenda 2030 and the international promise to “leave no one behind”. The purpose of this series is to provide compelling evidence that can inform donor policies and underpin international debates. By doing so, the reports seek to ensure that issues driving fragility remain high on the international development agenda while also supporting better policy to drive better results where they count most – on the ground.



Editorial

Fragility poses a major global threat to the implementation of the 2030 Agenda for Sustainable Development. In 2016, more countries experienced some form of violent conflict than at any time in the past 30 years. Close to 26 000 people died from terrorist attacks and 560 000 people lost their lives because of violence. The number of displaced people in the world is the highest since the end of the Second World War. Last year, the world faced four concurrent famines.

At the heart of this catalogue of human suffering is fragility. Each crippling number demonstrates how critically important it is that the international community strive even harder to better understand, anticipate and respond to both the drivers and consequences of fragility.

This report shows that, without action, more than 80% of the world's poorest will be living in fragile contexts by 2030. This means that development actors across many sectors will need to better grasp the unique challenges of development in fragile contexts if the ambitions of the Sustainable Development Goals are to be met. Moreover, just 2% of total gross official development assistance (ODA) went to conflict prevention and associated activities in 2016. We know that conflict can reverse decades of development progress, at the same time reinforcing those very dynamics that led to conflict in the first place.

We also know that development co-operation can have a positive impact, not only by building resilience to fragility but also by improving the lives of the girls, boys, women and men who live in fragile environments. In order to change course, we have to do better. ODA is a powerful tool in addressing fragility and it is one of the few financial flows that fragile contexts can depend upon.

How development actors choose to allocate their funds can make a difference. ODA is still too concentrated in a handful of places and is not always well-aligned to the unique and multidimensional needs of fragile contexts. There is also room for improvement when it comes to co-ordinating different financial flows in fragile contexts and to combining humanitarian assistance with long-term development finance and private capital, to maximise their value and impact.

This report explores these and other issues related to the state of fragility in the world today, the state of the financing now available for fragile contexts and what these findings mean for how we can more effectively address fragility in all of its complexity. Following on the breakthrough *States of Fragility* report of 2016, *States of Fragility 2018*

continues to evolve the innovative concept of multidimensional fragility, exemplified in the OECD fragility framework that captures risks and coping capacities across five dimensions.

People living in fragile contexts are already at risk of being left behind, in an era where we all promised that no-one would be. If the member countries of the Development Assistance Committee are to keep their promise, fragility must remain a focus of development policies and practice until 2030 and beyond. The OECD will provide the policy-relevant data and analysis to support the entire development community in its efforts to sustain peace and support sustainable development.



Charlotte Petri Gornitzka, OECD
Development Assistance Committee (DAC)



Jorge Moreira da Silva, OECD
Director, Development Co-operation
Directorate (DCD)

Ambitions

States of Fragility 2018 demonstrates the need to invest in more ambitious results. The report is published at a time when the collective ambitions of Agenda 2030 – a call to action for people, planet, prosperity and peace – are three years into delivery. Yet delivery of results is already in jeopardy. Overall, the intention of this report, then, is to provide the evidence needed to inspire a correspondingly ambitious and proactive response that will deliver better results in fragile contexts.

These seven key messages therefore aim to ensure that our collective ambition – that of governments in fragile contexts, regional organisations, bilateral and multilateral actors, civil society, and the private sector – is broad enough to overcome fragility. This is in recognition that fragility is one of the most profound challenges of the 21st century.

*We must recognise fragility
if we want a better world*

1

*We will accept complexity and
address all dimensions of fragility*

2

*We will invest
in more and
smarter aid in
fragile contexts*

3

*We will step up
our efforts on
prevention, peace
and security*

4

*We will invest
in the data to
better understand,
anticipate and
respond to multiple
states of fragility*

5

*We will support the capacity
of governments to deliver
inclusive solutions to their
own states of fragility*

6

*We will never lose sight
of the end goal of delivering
hope and better lives for all
people in fragile contexts*

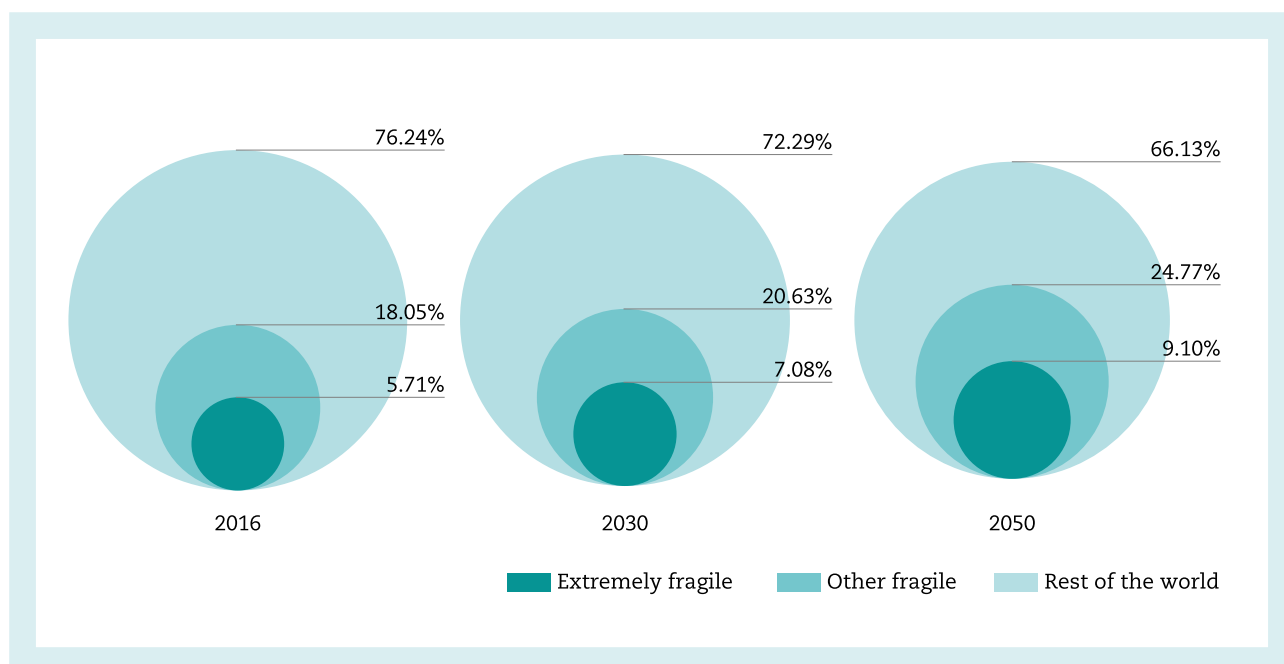
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1 We must recognise fragility if we want a better world

The increasingly interlinked nature of today's world means that suffering is no longer confined by national borders. Most of the distressing developments dominating headlines everywhere – conflict, terrorism, homicides, the threat of pandemics, forced displacement, disasters, famine and more – have fragility at their core. These issues affect large amounts of people. Currently, about 1.8 billion people live in fragile contexts, but this figure is projected to grow to 2.3 billion by 2030. Poverty, too, is increasingly concentrated in fragile contexts; upwards of 620 million people, or 80% of the world's poorest, could be living in these contexts by 2030. Gender inequality is even more difficult to tackle in fragile contexts, some of which have the most unequal education systems in the world.

In 2017, 30.6 million people, the equivalent of 80 000 people each day, were forced to flee their homes because of violence, conflict and disasters.* The burden of forced displacement falls disproportionately on fragile contexts, which generate the largest numbers of refugees and also host the largest shares of refugee populations and internally displaced. All of these perils exact unacceptable levels of human suffering. All of them are incompatible with the vision for a better world embodied in Agenda 2030.

GLOBAL POPULATION TRENDS PROJECTION



* Internal Displacement Monitoring Centre (2018), *Grid 2018: Global Report on Internal Displacement*, Internal Displacement Monitoring Centre (IDMC), www.internal-displacement.org/sites/default/files/publications/documents/2018-GRID.pdf (accessed on 24 May 2018)

KEY CHARACTERISTICS OF FRAGILE CONTEXTS

In 2016, 1.8 billion people or **24% of the world's population**, were living in fragile contexts. This figure is projected to grow to 2.3 billion people by 2030 and 3.3 billion by 2050, representing 28% and 34%, respectively, of the total world population.

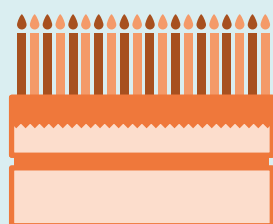


Based on UN DESA World Populations Prospects 2017

The majority of fragile contexts are situated in **sub-Saharan Africa (35)**, followed by the Middle East and North Africa (9), Asia & Oceania (10) and Latin America and the Caribbean (4).

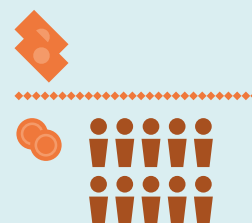


In fragile contexts, the **average median population age is 20 years** as compared to about 33 years in the rest of the world.



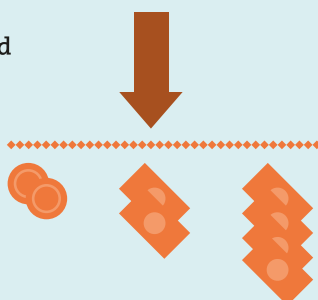
Based on UN DESA World Populations Prospects 2017

In 2015, fragile contexts were home to **513.6 million people living in extreme poverty** (defined as USD 1.90/day). By 2030 this could rise to 620 million people, or, more than 80% of the world's poorest.



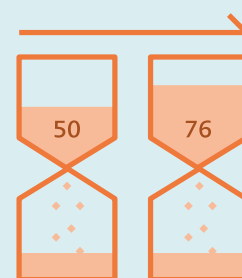
World Bank and International Futures model

The majority of fragile contexts (30) are classified as **middle-income** (6 upper middle-income and 24 lower middle-income) against 28 low-income countries.



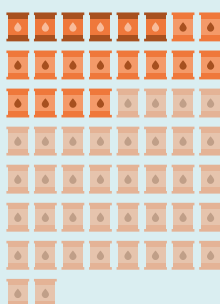
Based on World Bank data

In 2015, life expectancy in fragile contexts ranged between 50 years (Sierra Leone) and 76 years (Iran).



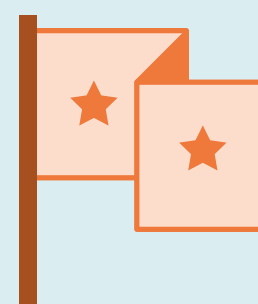
Human Development Index 2016

In 2016, **20 of all fragile contexts (58) were considered natural resource rich**. Of these, 6 are extremely fragile: Democratic Republic of the Congo, Iraq, Sudan, South Sudan, Chad and Yemen.



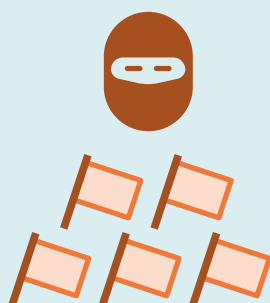
Based on World Bank data

According to the EIUs Democracy Index, **most fragile contexts (31) are classified as authoritarian regimes**.



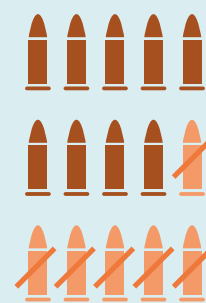
The Economist Intelligence Unit (EIU)

In 2016, the **top 5 countries most impacted by terrorism** were fragile contexts: Iraq, Afghanistan, Nigeria, Syria and Pakistan.



Global Terrorism Index 2017

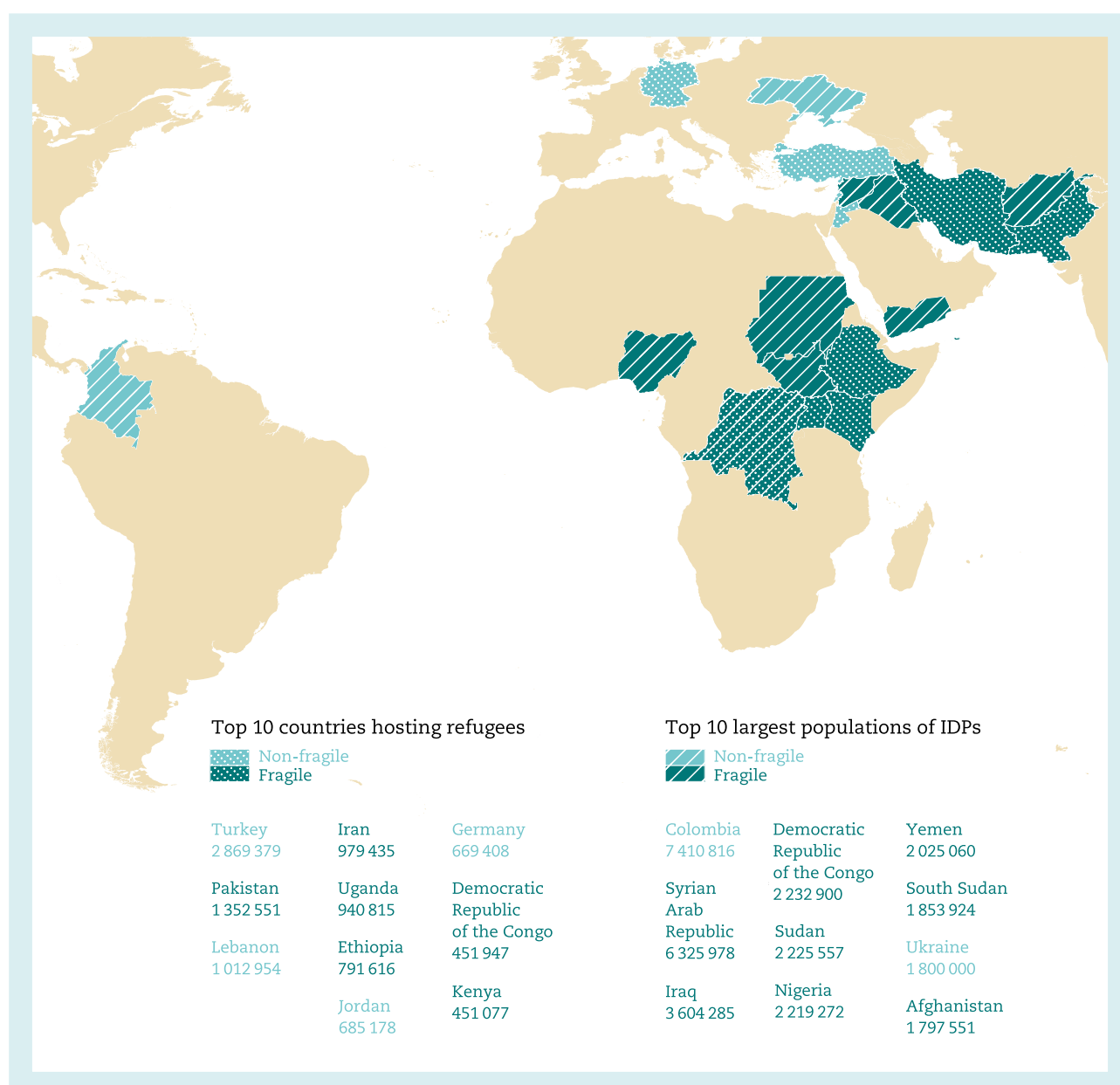
Of the 15 countries considered extremely fragile in this report, **9 countries were in active armed conflict in 2016**: Afghanistan, Central African Republic, Democratic Republic of the Congo, Iraq, Mali, Somalia, South Sudan, Syria and Yemen.



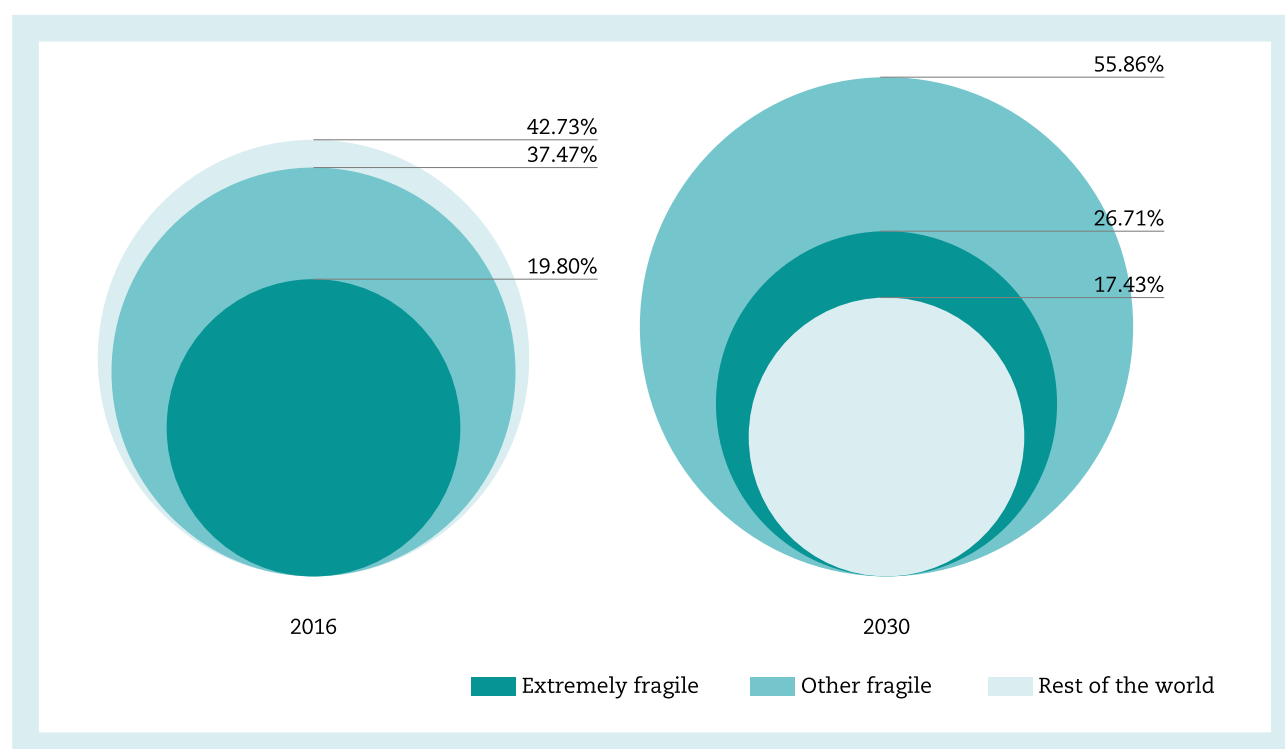
Based on UCDP data

Fragility impedes development and human potential, making it possibly the single biggest spoiler to achievement of the Sustainable Development Goals (SDGs) and the sustaining peace agenda. The success of both of these international agendas thus hinges on whether fragility's multiple drivers and manifestations can be addressed more proactively. Fragility does not matter only for people living in fragile contexts or for those who have been left behind. It is time to recognise that fragility matters for everyone.

GLOBAL IMPACT OF FORCED DISPLACEMENT, 2016



EXTREME POVERTY PROJECTIONS

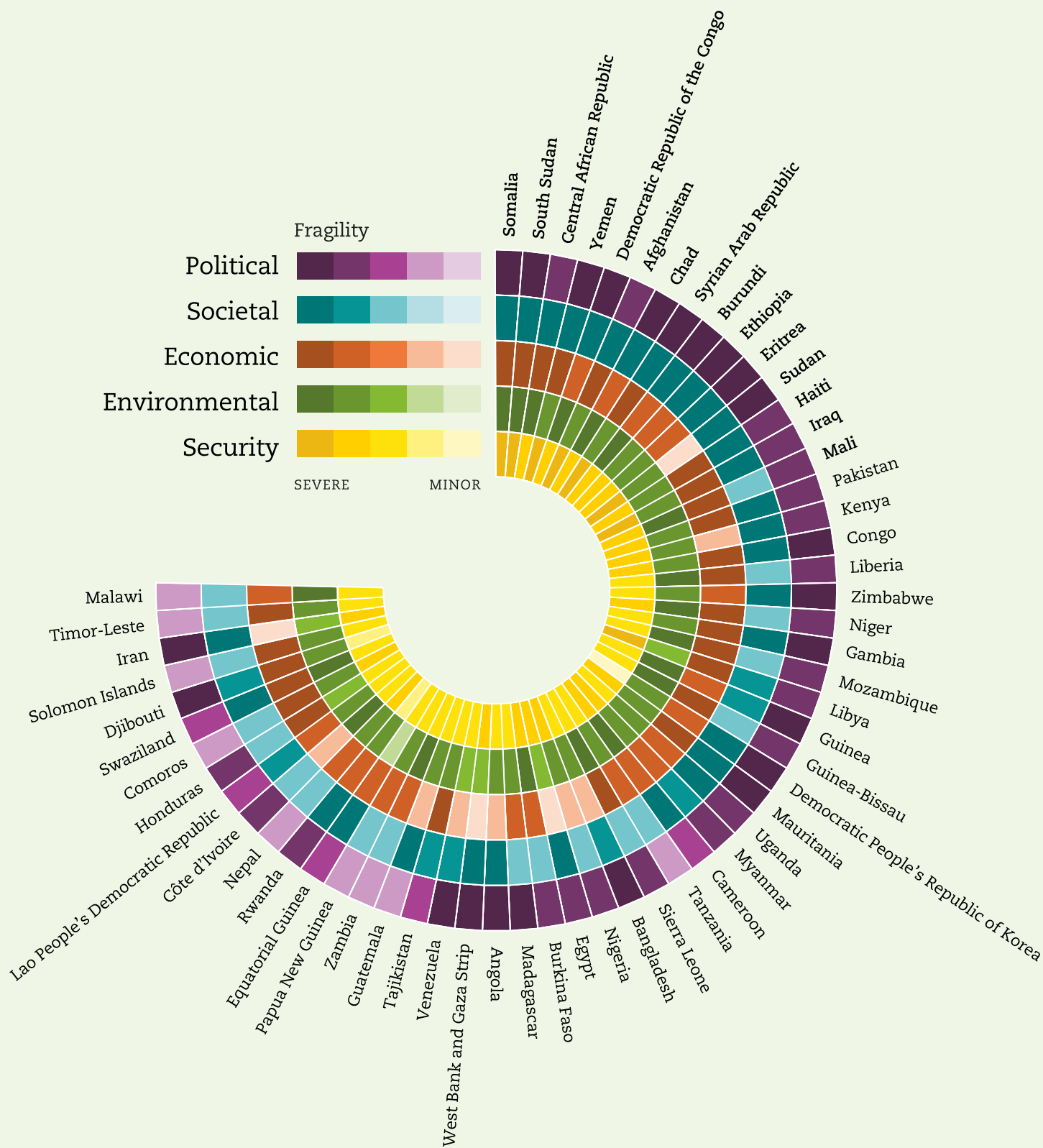


2 We will accept complexity and address all dimensions of fragility

Fragility is not simple. As a multidimensional phenomenon, it occurs over a spectrum of intensity, with all countries and societies exhibiting fragility at some point and to some extent. The OECD multidimensional framework attempts to capture fragility’s intrinsic complexity while still providing useful guidance. The framework represents a major shift in how fragility is conceptualised in that it frames fragility as a combination of risks and coping capacities in economic, environmental, political, security and societal dimensions. It thus offers the advantage of a more comprehensive and universally relevant perspective because it takes into consideration that each context is experiencing its own unique combinations of risks and coping capacities.

Addressing fragility will require greater acceptance of this complexity through tailoring differentiated approaches to fragile contexts and working across the full spectrum of issues, some of which are inherently difficult and sensitive. Fragility is complex. However, not all aspects of delivering programmes to address fragility need to be complicated, provided fragility is well understood at country level. Systemic change is unlikely if approaches to fragile contexts attempt to

OECD FRAGILITY FRAMEWORK 2018



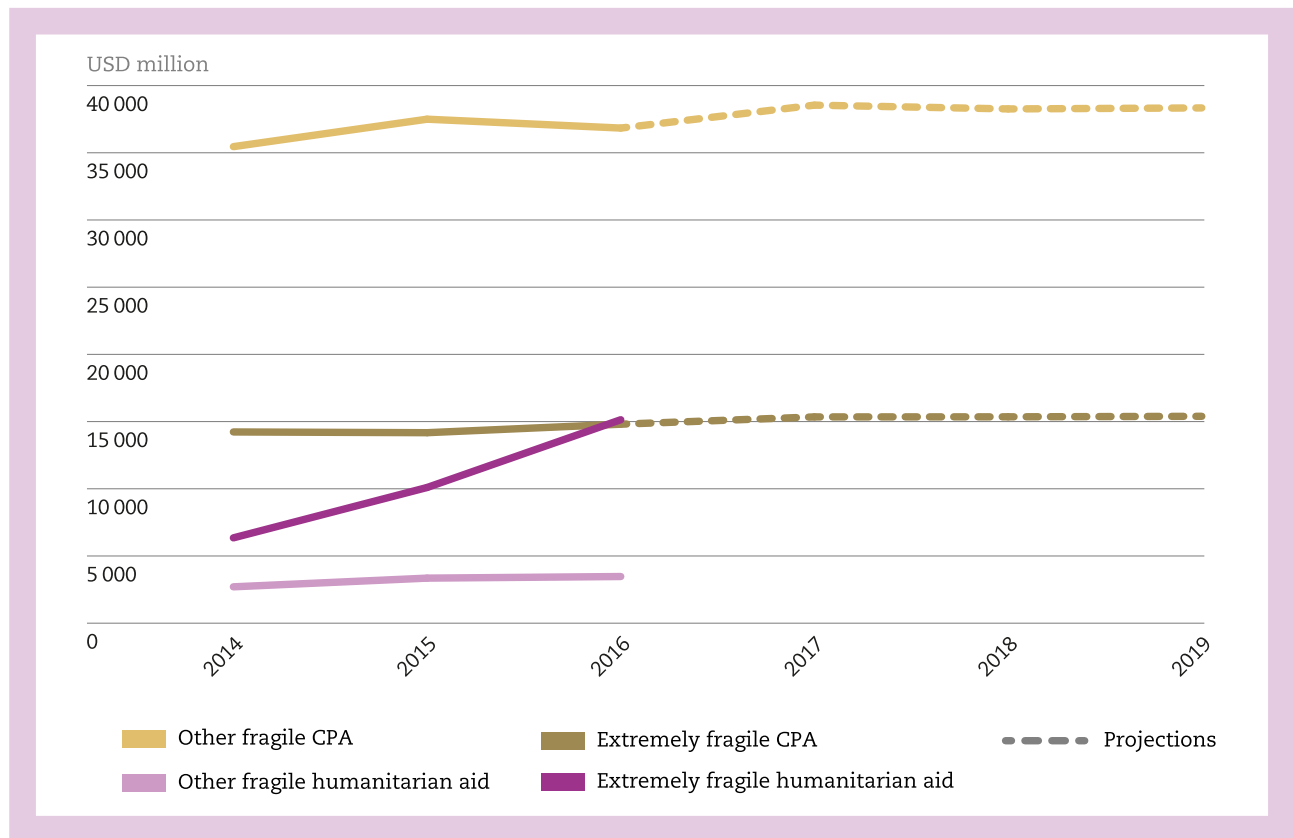
isolate and target only specific drivers or dynamics or if interventions are narrowly projectised. *States of Fragility 2018* therefore emphasises a greater focus on systems thinking and systems analysis, which can help a range of actors understand the causality, multidimensionality and impacts of fragility. Most importantly, the implications of leaving certain risks unaddressed must also be highlighted and acknowledged by all actors engaged on fragility or working in fragile contexts.

3 We will invest in more and smarter aid in fragile contexts

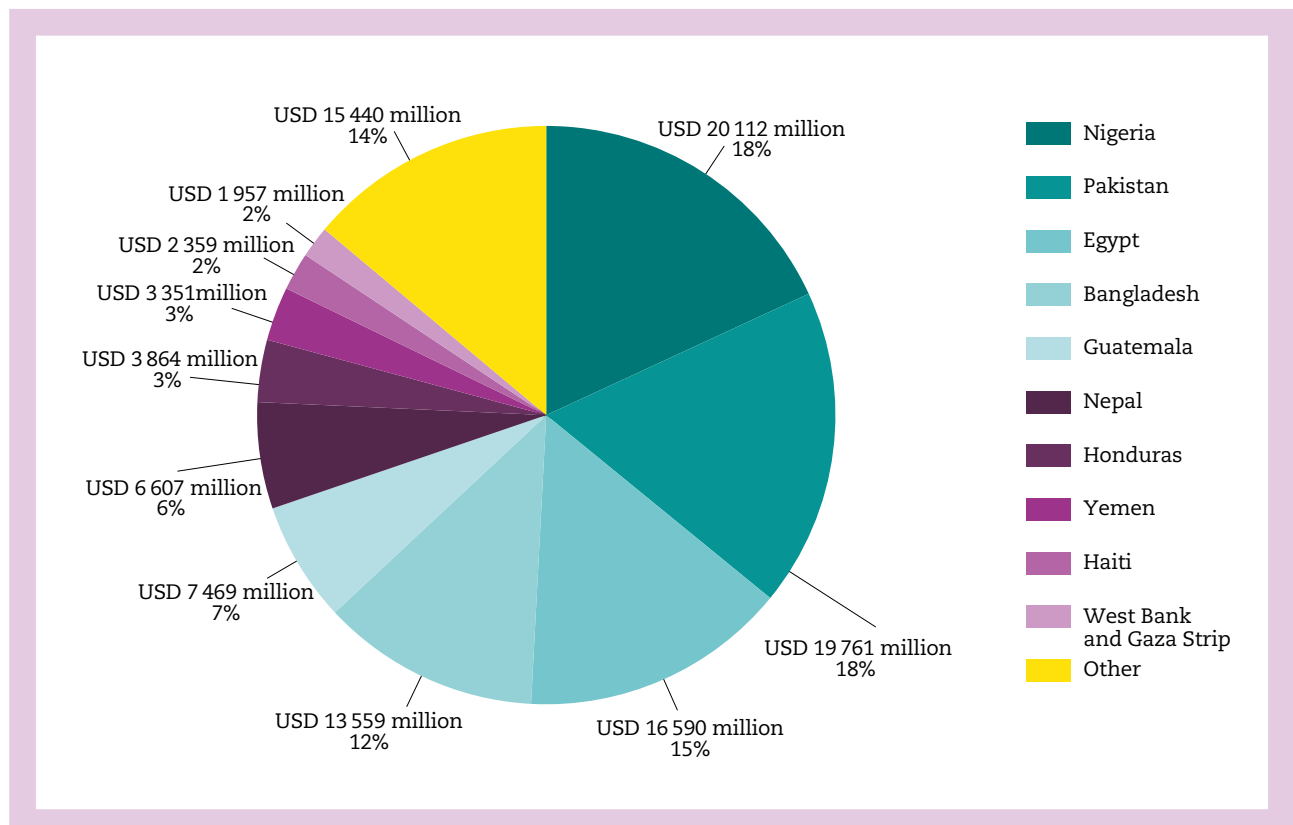
Official development assistance (ODA) matters immensely in fragile contexts. In 2016, USD 68.2 billion, or 65% of total earmarked funding, went to the 58 contexts on the OECD fragility framework. ODA to fragile contexts has been on the rise since the end of the global financial crisis, growing by 26% in real terms from 2009 to 2016. However, this growth is mainly due to the surge in humanitarian assistance, which increased by 144% in the same period. Humanitarian aid represents about one-fourth of total ODA to all fragile contexts but makes up half of all ODA in the 15 extremely fragile contexts. The humanitarian needs in extremely fragile contexts are undeniable. Nonetheless, the trend of aid increasingly being used for stopgap “firefighting” that ultimately extends to prolonged humanitarian purposes, rather than for longer-term development that actually addresses the drivers of fragility, is worryingly inconsistent with visions for sustaining peace and sustainable development.

Aid is the only financial flow that directly invests in the foundations for peaceful and stable societies, which is an investment that invites more inclusive growth and sustainable development. Aid will remain critical for the foreseeable future, as it will take many years for most fragile contexts to have a diversity of financing options at their disposal. *States of Fragility 2018* demonstrates this clearly. It shows that remittances and foreign direct investment (FDI) benefit relatively few fragile contexts, with 70% of remittances going to just five contexts while less than 10% of FDI going to ODA-eligible countries reaches fragile contexts. Additionally, fragile contexts still struggle with generating enough, and the right mixture of, domestic resources. Therefore, aid that goes to fragile places must be carefully allocated and considered – specifically with each fragile context’s risks and coping capacities, and trajectories towards resilience, in mind.

COUNTRY PROGRAMMABLE AID VS. HUMANITARIAN AID

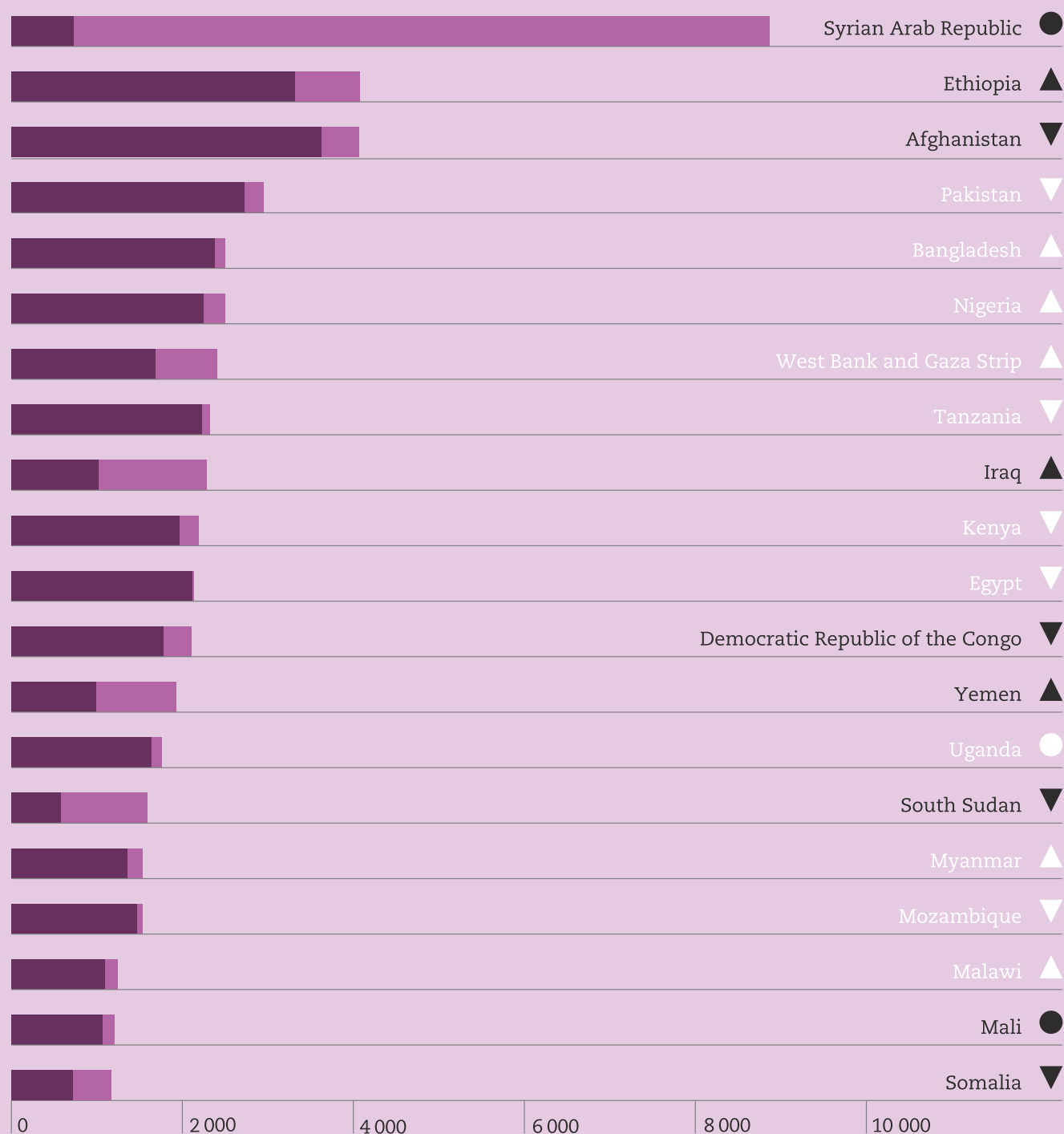


TOP 10 FRAGILE RECIPIENTS OF REMITTANCES, 2016



TOP 20 ODA RECIPIENTS AMONG FRAGILE CONTEXTS, 2016

USD million

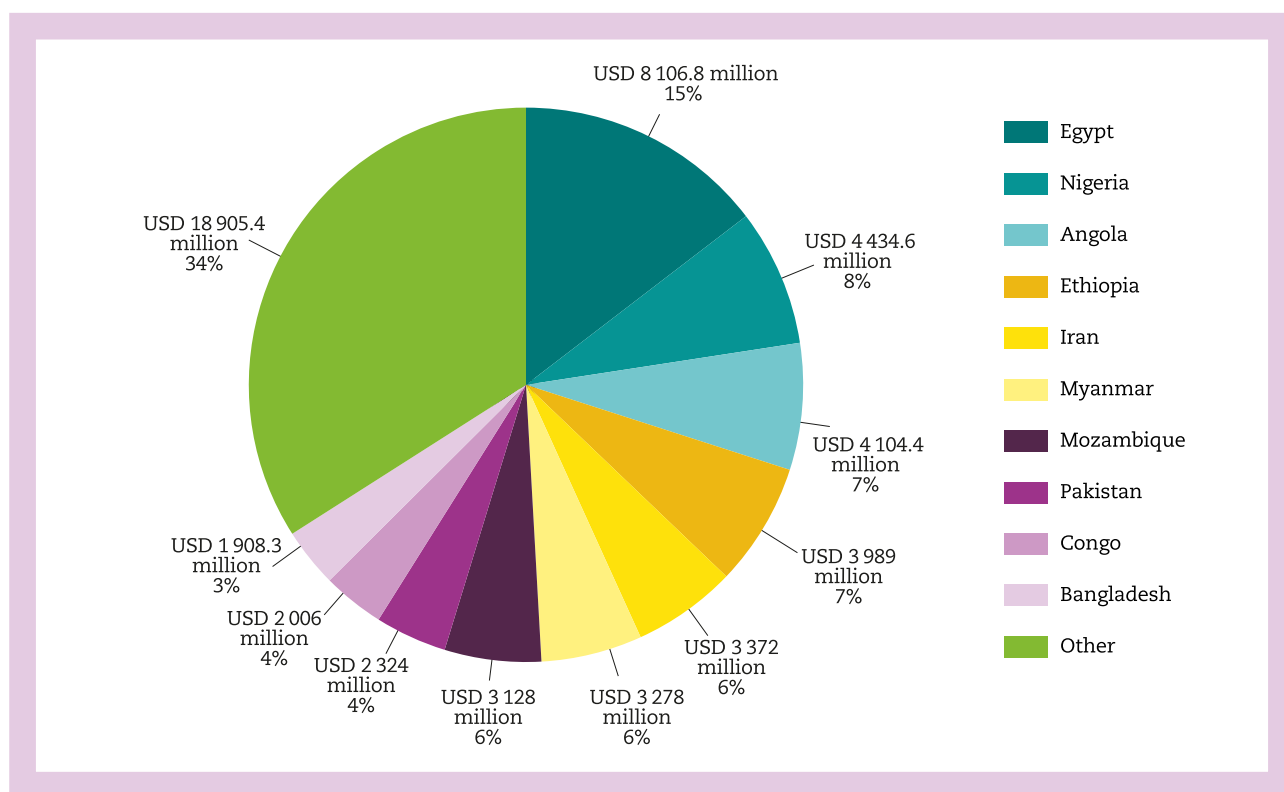


Other ODA
Humanitarian

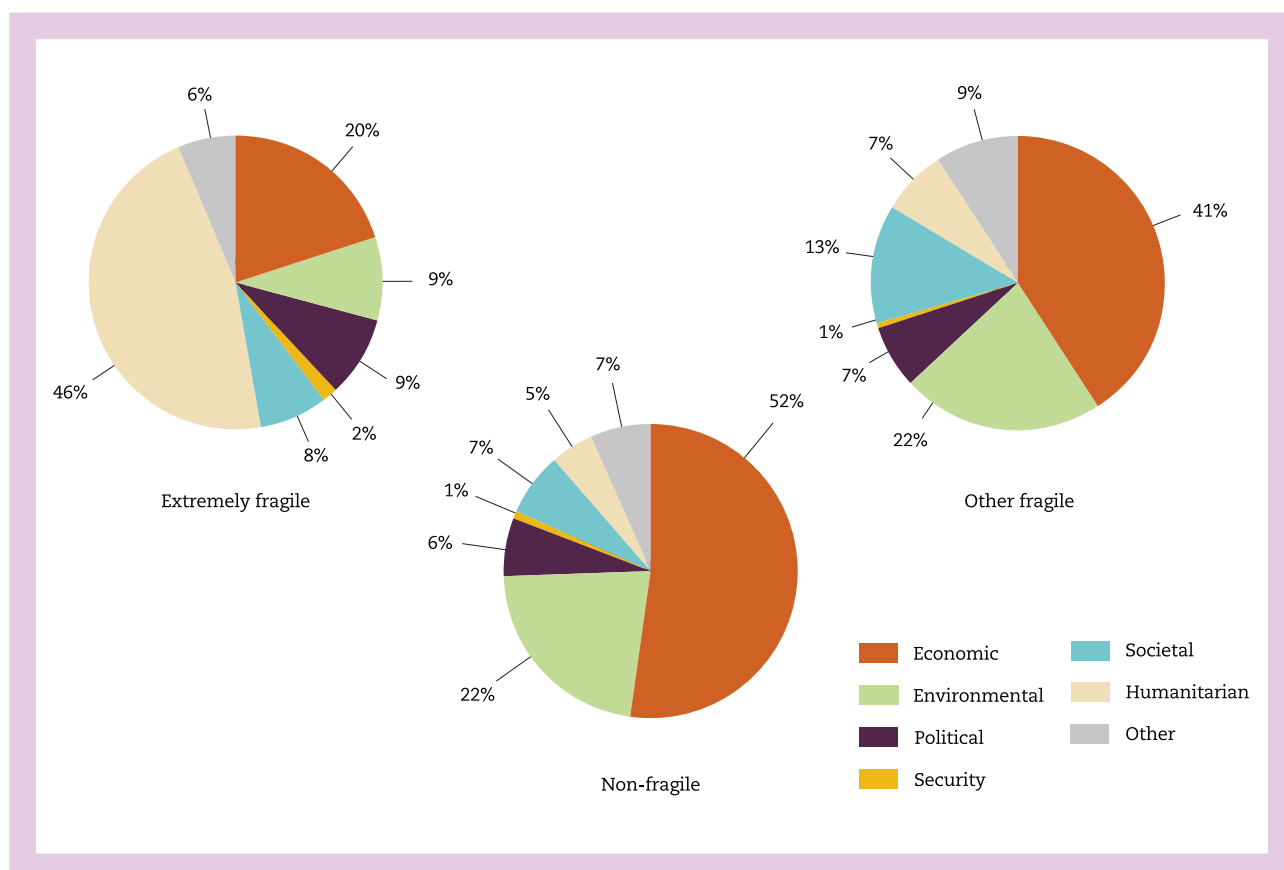
▲ ▼ ● Extremely fragile
▲ ▼ ○ Fragile

Change in ranking 2015-2016
△ Up ▼ Down ○ Same

TOP 10 FRAGILE RECIPIENTS OF FDI, 2016



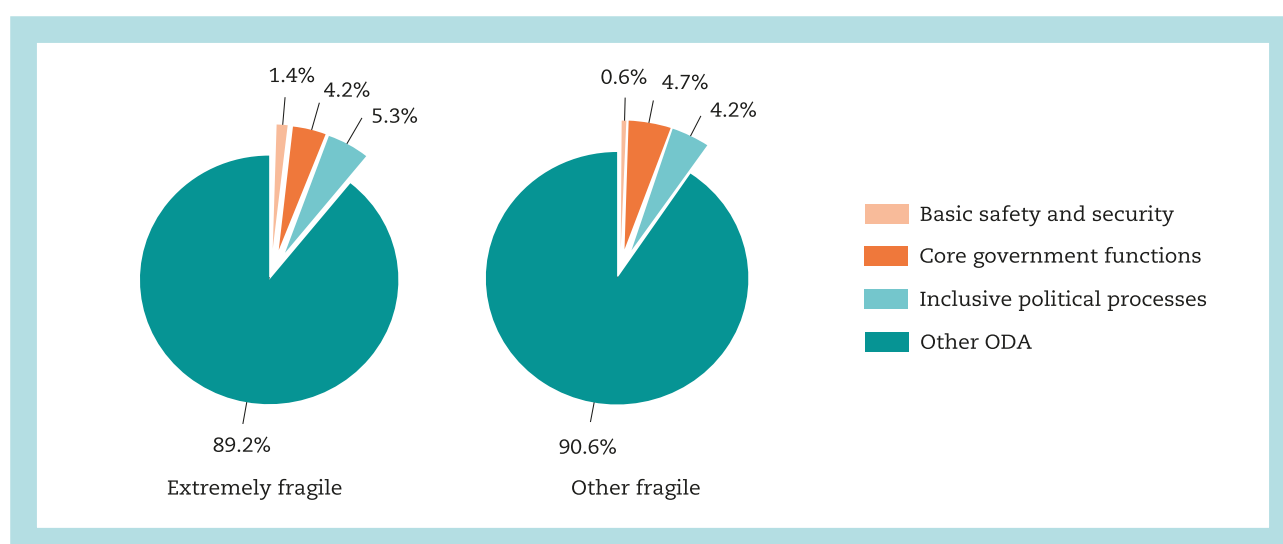
MULTIDIMENSIONAL ODA TO FRAGILE AND NON-FRAGILE CONTEXTS, 2016



4 We will step up our efforts on prevention, peace and security

From the highest echelons of the international community, there are now calls to give priority to confronting persistent vulnerabilities in countries and regions prone to fragility, violence and conflict in order to prevent their further unconscionable human and financial costs. But these ambitious calls will not advance beyond rhetoric without equally ambitious international efforts and financial commitments to support them. Peace is not a direct or inevitable outcome of development assistance. It takes targeted and intentional support. Likewise, addressing fragility, preventing violent conflict, and building and sustaining peace are not easy or short-term endeavours. They require consistent commitment at both the policy and programmatic level. At the same time, they are not necessarily expensive endeavours, especially compared to peacekeeping and other forms of crisis response.

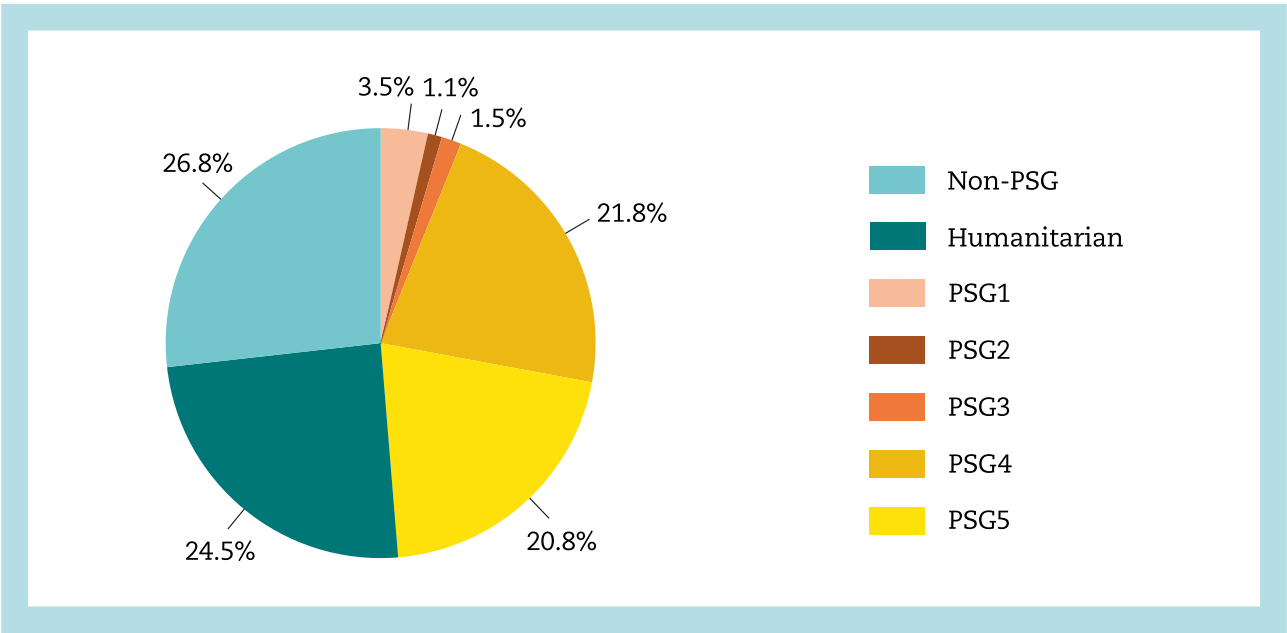
PEACEBUILDING EXPENDITURES AS COMPARISON OF TOTAL ODA, 2016



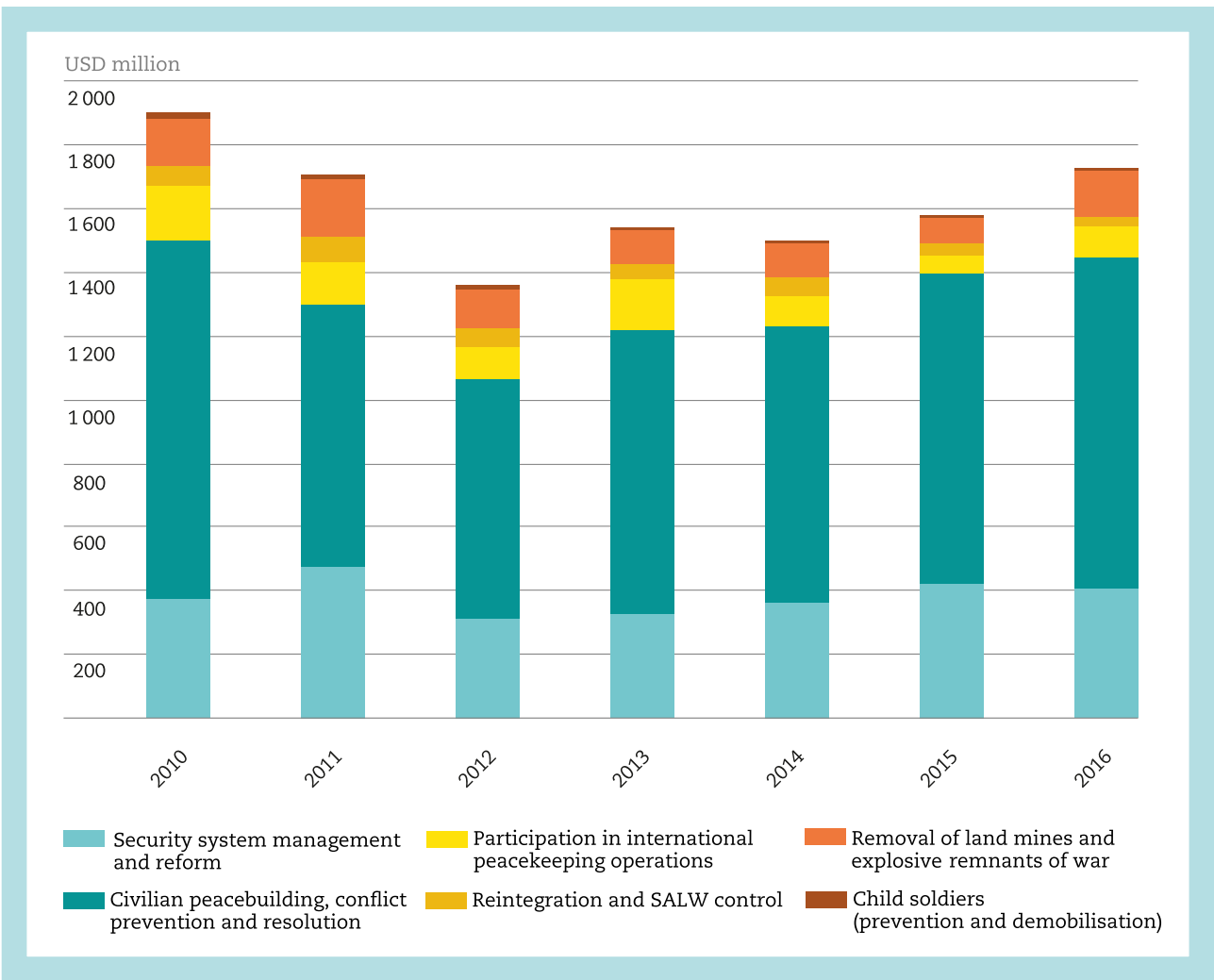
Despite the attention, however, it is clear that the amount of funding channelled towards issues such as prevention and peacebuilding has been inadequate, especially when compared to the USD 233 billion spent over the past ten years on crisis response.* After reaching a high point in 2010, financial commitments to conflict prevention and peacebuilding have levelled off and have yet to regain popularity. Indeed, in 2016, only 2% of total ODA to fragile contexts went to conflict prevention. Only 10% went to peacebuilding. The international community must now demonstrate that its financial commitments to the prevention and sustaining peace agendas match its rhetoric. If these agendas are to retain their legitimacy and sincerity, they must be given the chance to succeed.

* This figure includes the amount spent by the international community on humanitarian response, peacekeeping and hosting refugees. See www.un.org/press/en/2018/sgsm18923.doc.htm.

ODA TO PEACEBUILDING AND STATEBUILDING GOALS, 2016



ODA TO CONFLICT, PEACE AND SECURITY ACTIVITIES, 2016



5 *We will invest in the data to better understand, anticipate and respond to multiple states of fragility*

Knowledge and understanding of fragility have grown impressively in the past decade, but the data have not kept up. Gaps persist in our ability to capture subnational and regional dynamics and the pace of change within societies. Factors such as social and cultural capital and societal cohesion also affect the way that societies experience and deal with fragility. Yet gaps persist here, as well. While various forms of inequality can be measured, it is still very difficult to quantitatively and fully capture the myriad, interwoven influences and systems that determine how well, or how poorly, societies function.

Moreover, it is difficult to gather information about informal systems such as networks, institutions, processes and economies, despite the fact these are often impossible to separate from either the risks the society faces or its inherent coping capacities. In addition, and despite growing recognition that people's perceptions matter to overall fragility, this type of data on perceptions is hard to collect and even harder to integrate into programming. Without greater investment in data, accurate measurement of progress – or lack of progress – towards achieving the SDGs in fragile contexts will be elusive, as will be our ability to better anticipate and respond to fragility.

6 *We will support the capacity of governments to deliver inclusive solutions to their own states of fragility*

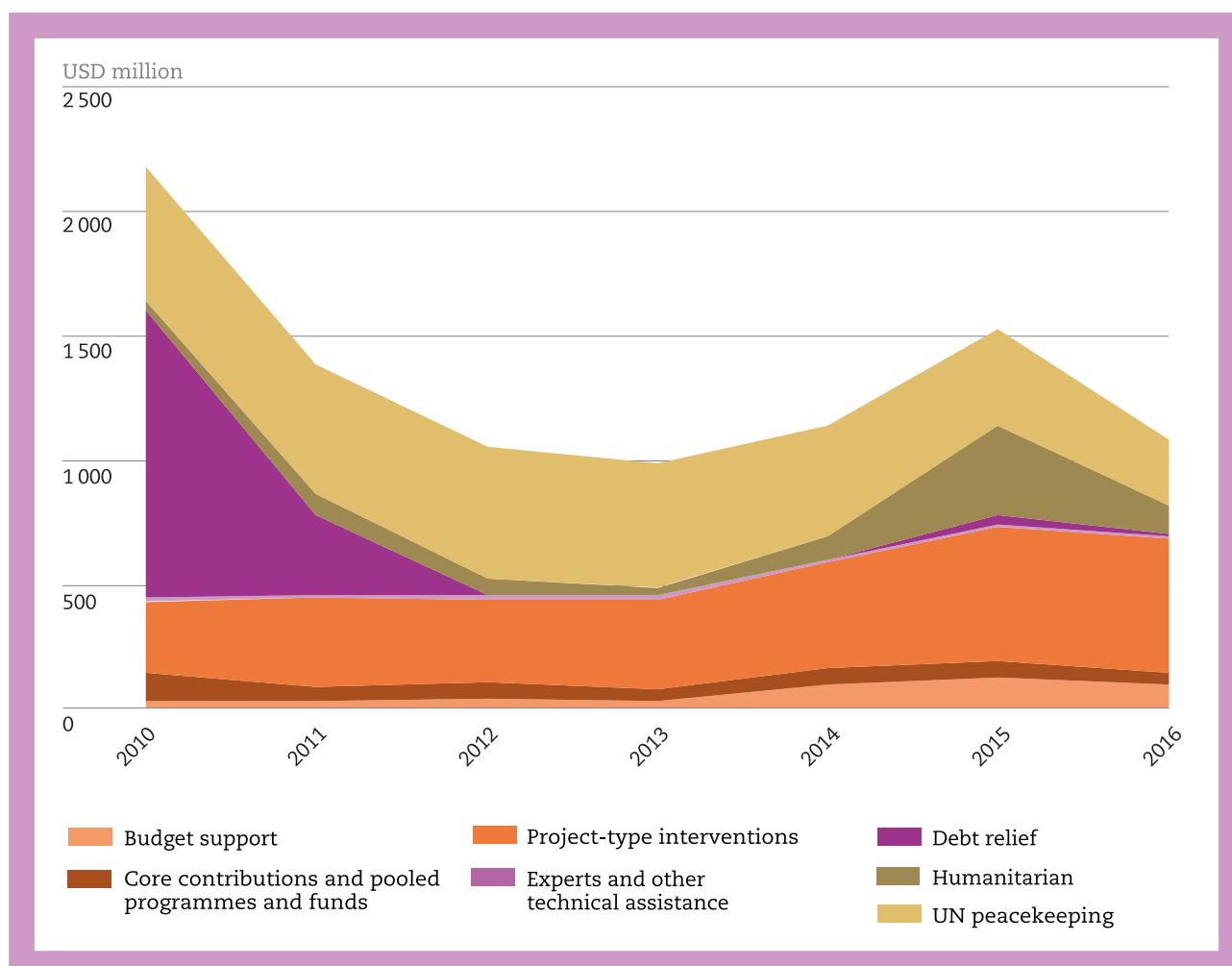
Governments in fragile contexts must chart their own exit strategies from fragility. Domestic resource mobilisation is one widely recognised means for them to be able to do so. However, fragile contexts lag far behind other developing countries in their revenue raising capability. Donors should therefore invest in targeted technical assistance; strengthened capacity for domestic resource mobilisation; economic diversification, budget execution, and decentralisation; small and medium-sized enterprise development; and, where relevant, natural resource management. At the same time, fiscal decisions – pushing high levels of taxes on weak economies too quickly, for example, or budget allocations – can have knock-on effects that must also be anticipated and mitigated against.* Continued support will be needed to

* Long, C. and Miller, M. (2017), "Shaping policy for development taxation and the Sustainable Development Goals: Do good things come to those who tax more?" Briefing Paper, Overseas Development Institute, www.odi.org/sites/odi.org.uk/files/resource-documents/11695.pdf

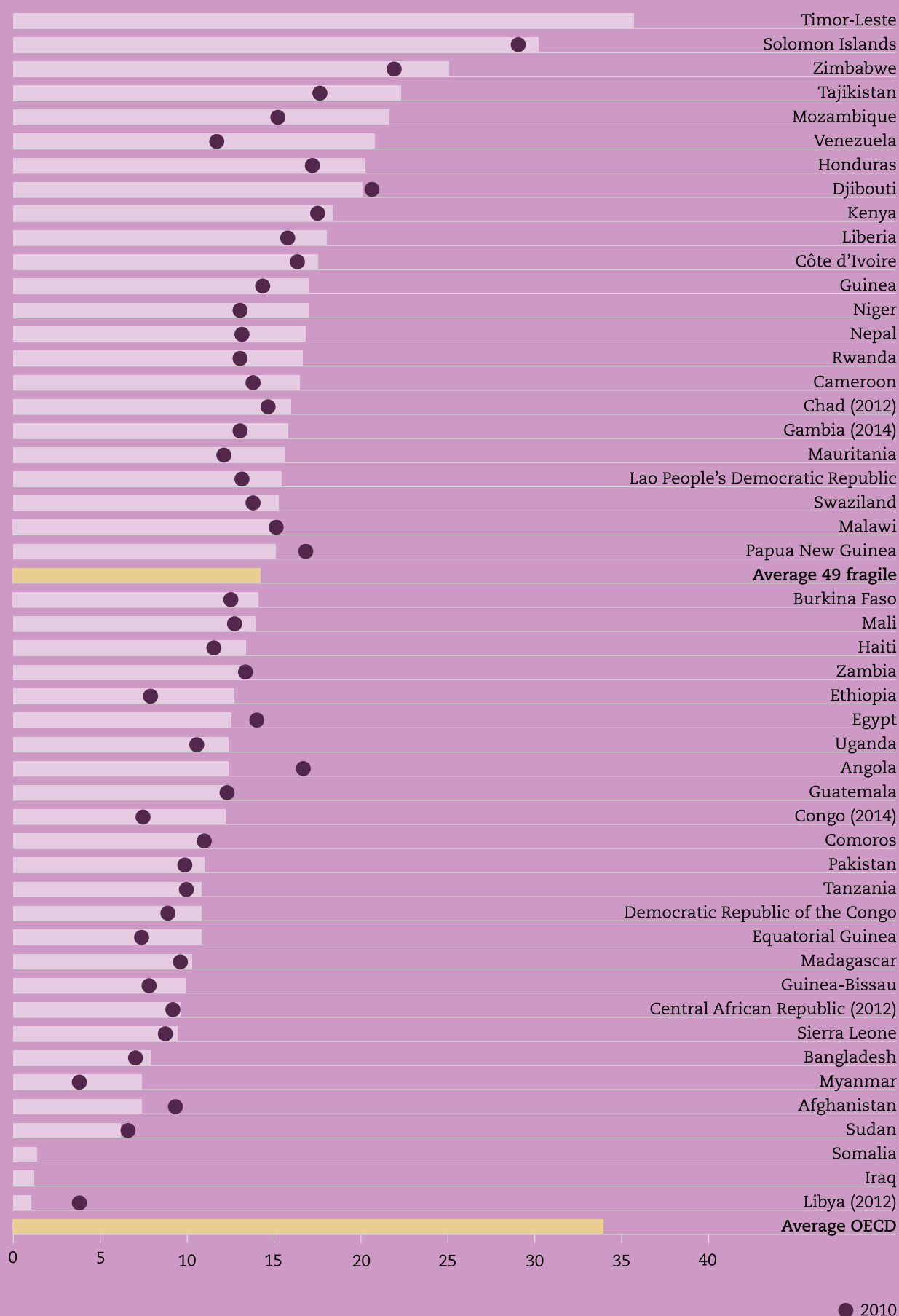
ensure that efforts to strengthen domestic resource mobilisation are accompanied by greater transparency, as well as civil society empowerment and capacity building. These will promote greater civil society engagement in oversight and monitoring of fiscal accountability.

In fragile contexts, the amount of resources matters. But it matters, just as much, how and on what resources are spent. Governments in fragile contexts and their development partners must invest in developing peaceful, prosperous and inclusive societies. To realise this longer-term vision, they will need to make choices based on what is appropriate for each context and be prepared to resist those options that are based solely on shorter-term political considerations. Mutual accountability frameworks can play an important role – to ensure, first, that all actors are working towards coherent results on nationally defined priorities and, second, that everyone is living up to their commitments in a manner that discourages fragmentation and volatility.

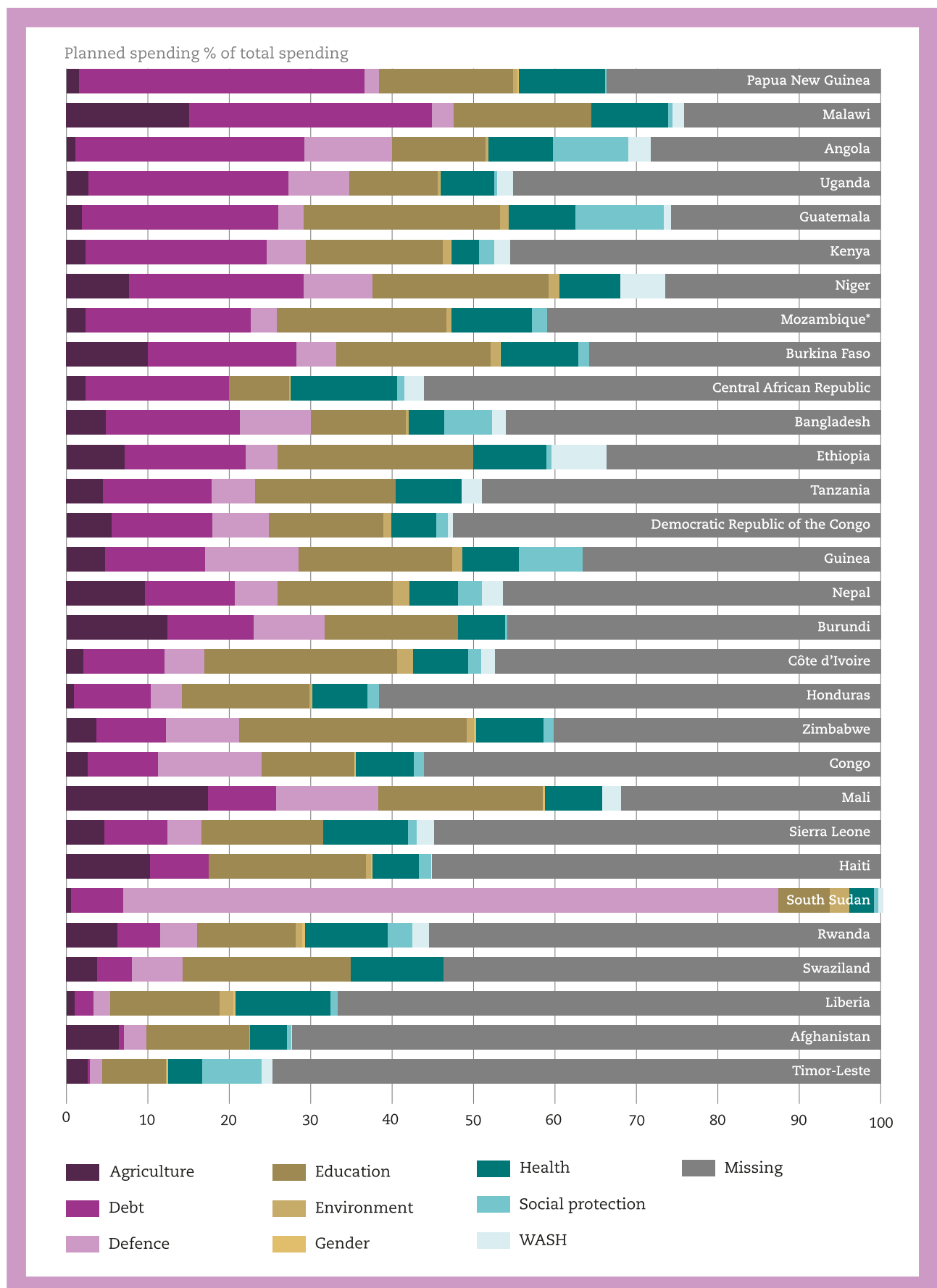
CHANGES IN TYPES OF AID: LIBERIA, 2010–2016



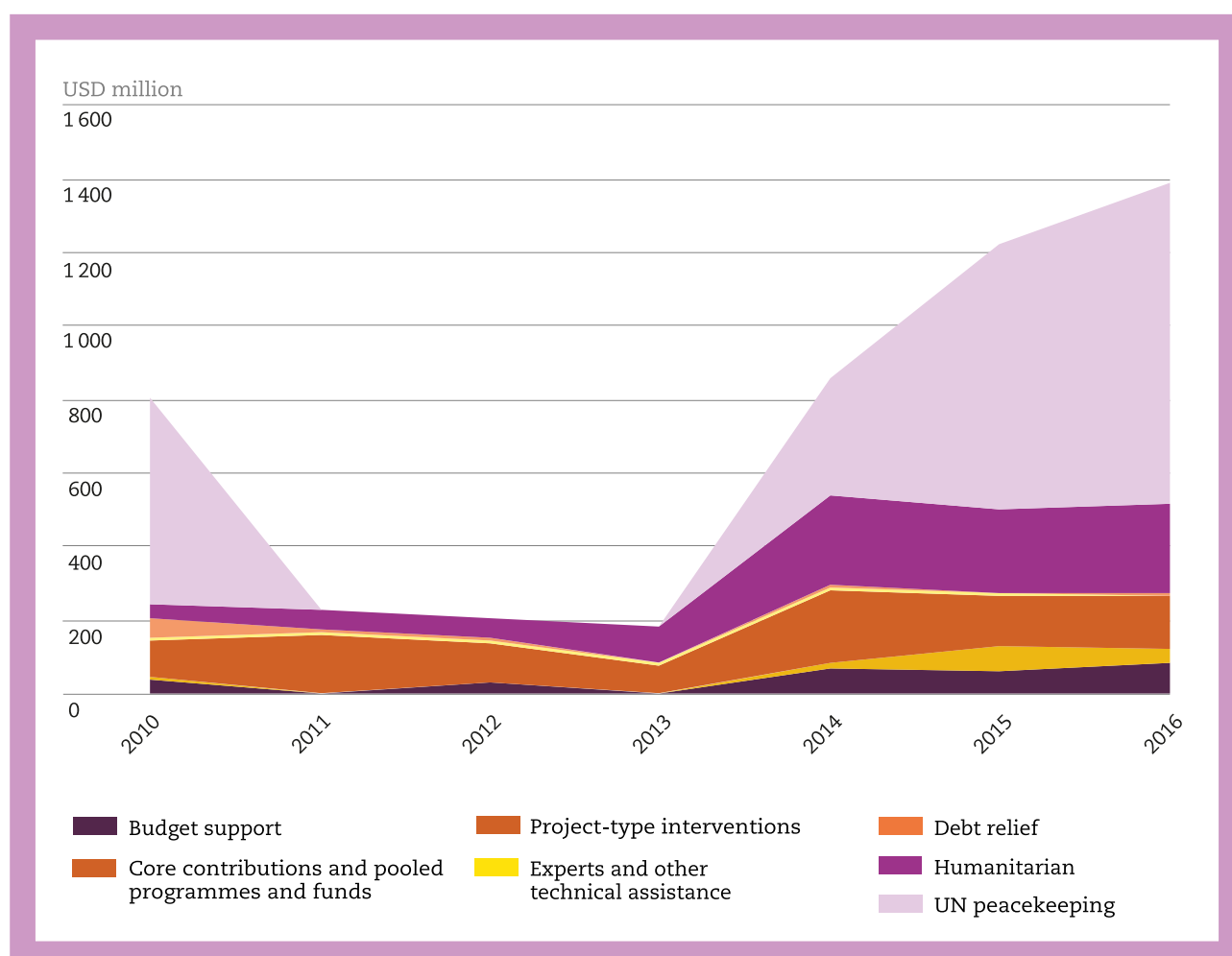
TAX REVENUES % OF GDP, 2010 & 2015



PLANNED GOVERNMENT SPENDING BY SECTOR, 2016



CHANGES IN TYPES OF AID: CENTRAL AFRICAN REPUBLIC, 2010–2016



We will never lose sight of the end goal of delivering hope and better lives for all people in fragile contexts

There has been a deficit of development to deliver hope to people living in fragile contexts. Successful results must be about more than just keeping people alive during crises or ticking boxes on an evaluation form to say a certain activity was delivered. Attempts to find technical, surface solutions will overlook deeper feelings and perceptions of dissatisfaction, inequality and injustice, and they will undermine sustainability. A focus on well-being is not only about the satisfaction of objective needs and wants, but also about the quality of life that people experience. Far from being an altruistic approach, this also can tangibly affect progress because development that is not people-centred risks alienating populations when programmes fail to meet their expectations. Therefore, success must also be about demonstrably supporting

people in building a better future for themselves and their families and about honouring people's hope for a future that can accommodate their dreams and aspirations.

Delivering better lives is central to the values of aid, sustainable development and sustaining peace. This ambition must guide all engagements in fragile contexts, even where aid is under pressure. Development never was and never will be a panacea. Nevertheless, development should itself aspire to meet people's aspirations and, at the very least, understand that neglecting to do so may well negatively affect the very dynamics that development sees itself as an answer to.

History indeed will judge the development community on how it manages or fails to improve the state of fragility, given that it is widely considered the "new development frontier".* The verdict is not yet in. But, as *States of Fragility 2018* confirms, it is abundantly clear now that effectiveness and progress on fragility will have to be accelerated to bring about essential, imperative transformational change in most of the 58 fragile contexts featured in the 2018 fragility framework. Change cannot wait until 2029. It cannot wait for many more years of red alerts and high-level warnings. It must be planned, programmed for and financed now.** Investment in the future – by all actors – must begin today and benefit all people.

* Kharas, H. and Rogerson, A. (2 October 2017), "Back to the future: 5 lenses on the future of global development", Future Development, The Brookings Institution, <https://www.brookings.edu/blog/future-development/2017/10/02/back-to-the-future-5-lenses-on-the-future-of-global-development/> (accessed on 15 May 2018).

** Eliasson, J. (2018), "Time to get serious about peace & development", Inter Press Service, www.ipsnews.net/2018/05/time-get-serious-peace-development/.

ODA TO FRAGILE CONTEXTS BY DONOR TYPE, 2016

