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## IMF SEMINARS

### Pivotal Moments: Effective Engagement in Fragile States

RECOMMENDED READING



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**THURSDAY, October 17, 2019**

10:30AM- 11:30AM, IMF HQ1, Meetings Halls A&B (HQ1-3-430 A&B)

# Pivotal Moments: Effective Engagement in Fragile States

Sponsored by the IMF's Strategy, Policy, and Review Department, African Department, Institute for Capacity Development, and Middle East and Central Asia Department

**W**hile their circumstances vary, fragile states are generally characterized by weak institutions that fail to reliably deliver needed development outcomes to their population. How can national factors and the international community speed the path to resilience?



**Collier, Paul, Tim Besley, and Adnan Khan. 2018.**

[Escaping the Fragility Trap. London: LSE-Oxford Commission on State Fragility, Growth, and Development.](#)

Cutting extreme poverty in half is one of the greatest achievements of the last three decades. However, there is much more to do. The Sustainable Development Goals (SDGs) set the mission to eradicate extreme poverty by 2030. Yet nearly a third of the way towards that deadline, almost 900 million people are still living on less than two dollars a day and, in too many of the world's poorest countries, progress is completely stuck. A great many of these countries are what are often called 'fragile states'. They are blighted by conflict and corruption. Their governments lack the legitimacy and capacity to deliver the jobs, public services, and opportunities their people need. The latest estimates suggest that by 2030, half of the world's poor will live in countries that are fragile.

The LSE-Oxford Commission on State Fragility, Growth and Development's report *Escaping the fragility trap* sets out clearly the characteristics of fragility, looks at the wider consequences, and recommends a new approach to state fragility and international aid.

**Ingram, George, and Jonathan Papoulidis. 2018.**

["Fragile States and The Search For 'What Works.'" Future Development Blog, The Brookings Institution, Washington, DC.](#)

The question of "what works" to help fragile countries out of decades of conflict, strife, and disaster has proven elusive. Despite global progress in poverty reduction, health, education, and the economy, fragile states are poised to be left behind by the Sustainable Development Goals (SDGs) in the same way they were left behind by the Millennium Development Goals (MDGs). Conflict is increasingly concentrated in these contexts, which also have the highest vulnerability to disasters, pandemic and global price shocks. By 2030, the endpoint of the SDGs, an estimated 80 percent of the world's extreme poor will live in these volatile countries. The U.N. Secretary-General has warned that climate change and environmental degradation are key risk multipliers for fragile states and vulnerable regions. The search for new solutions and approaches in the face of fragility has never been so urgent.

**International Monetary Fund. 2018.**

["Implementation Plan in Response to the Board-Endorsed Recommendations for the IEO Evaluation Report—'The IMF and Fragile States.'" Policy Paper, International Monetary Fund, Washington, DC.](#)

This management implementation plan (MIP) proposes actions to advance the Board-endorsed recommendations of the IEO evaluation "The IMF and Fragile States." The actions outlined below would have resource implications. While some can be covered by reallocating resources or are already in the Work Program, others may require temporary funding; a review of staffing allocations to countries in fragile and conflict situations (FCS) might call for new permanent resources. The actions are broad in scope and self-reinforcing in effect if adopted as a package. They include:

- Message of high-level commitment: Reflecting the actions of this MIP, a Management statement underscoring a strengthened institutional commitment to support FCS accompanies the MIP for Executive Board and IMFC endorsement.

- An effective institutional mechanism: A high-level interdepartmental FCS Committee that reports to and seeks guidance in a formal meeting with management twice a year, will be established. The Committee will be tasked to analyze internal and external coordination issues in FCS and propose new ways to strengthen engagement. An interdepartmental Technical Taskforce will support the Committee and report on progress in implementing this MIP, including through a Board paper on Review of FCS Engagement at end-2020.

- Country engagement strategies: FCS teams will develop country engagement strategies that, drawing on relevant external expertise, will explicitly allow for the social and political context and the factors underpinning fragility; and lay the basis for full integration of capacity development (CD) with surveillance and lending.

- Providing more sustained financial support: Staff is reviewing the lending toolkit for low-income countries to provide more tailored and flexible support, including for FCS, while ensuring uniformity of treatment. Staff will report on efforts to support FCS with protracted arrears to the Fund in the upcoming reviews of overdue financial obligations. - Practical steps to increase the impact of its CD support: Measures already in train will be complemented by the forthcoming Capacity

Development (CD) Strategy Review's assessment of initiatives to better integrate CD and Surveillance, including in FCS. Staff will also review the experience with provision of statistical and financial CD in FCS. And consideration will be given to establishing a FCS multi-donor trust fund or another suitable financing vehicle to address unmet needs for long-term experts.

**International Monetary Fund. 2017.**

["Building Fiscal Capacity in Fragile States." Policy Paper, International Monetary Fund, Washington, DC.](#)

The paper draws on recent country experience to describe the approach to designing and implementing fiscal reforms in fragile states (FS) taken in the IMF's technical assistance (TA). In doing so, it highlights how the TA that the IMF provides to FS differs from that of non-FS, describes the trends in and modalities of TA delivery, and draws on recent experiences to derive lessons for future work.

**Organisation for Economic Cooperation and Development (OECD). 2018.**

[States of Fragility 2018. Paris: OECD Publishing.](#)

Three years into the 2030 Agenda it is already apparent that those living in fragile contexts are the furthest behind. Not all forms of fragility make it to the public's eye: fragility is an intricate beast, sometimes exposed, often lurking underneath, but always holding progress back. Conflict, forced displacement, violent extremism, famine etc. are all causes and consequences of fragility. Hence the need to better understand, anticipate and respond to fragility. States of Fragility 2018 exposes the critical challenge posed by fragility in achieving the aspirations of the 2030 Agenda, sustainable development and peace. It highlights twelve key aspects of fragility, defying common assumptions and simplistic categorisation. It documents progress made in fragile situations on attaining sustainable development, unveiling exit doors from the fragility trap. It then illustrates the current state of financing to address fragility and suggests more effective approaches, accounting for its multidimensionality. Above all, the report aims to strike a balance between fragility's inherent complexity and the degree of simplicity that is required for efficient policy and decision making, namely through systems-based thinking; longer-term, consistent aid plans; the financing of peace; and a persistent focus on human beings.

**United Nations Development Programme. 2018.**

[Forging Resilient Social Contracts: A Pathway to Preventing Violent Conflict and Sustaining Peace. Oslo, Norway: United Nations Development Programme.](#)

'Forging Resilient Social Contracts: Preventing Violent Conflict and Sustaining Peace' is an 11-country research and policy dialogue project that aims to revitalise the social contract amidst conflict and fragility and to advance policy and practice for preventing violent conflict and for achieving and sustaining peace. The comparative findings provide evidence and insight into what drives social contracts that are inclusive and resilient, and how they manifest and adapt in different contexts, transcending what are often unsustainable, ephemeral elite bargains into more inclusive ones, with durable arrangements for achieving and sustaining peace.

**World Bank Group. 2019.**

[World Bank Group Strategy for Fragility, Conflict and Violence 2020—2025: Concept Note. Washington, DC: World Bank Group.](#)

This Concept Note outlines proposed areas of focus for the FCV Strategy. It outlines the global and institutional FCV context; explains the rationale for, and objectives of, the Strategy; presents key focus areas; introduces preliminary options to address operational challenges; and lays out the Strategy development process. As part of its methodology, the FCV Strategy will take stock of how the WBG has addressed FCV challenges to date, based on its existing evaluations and reviews from the Independent Evaluation Group (IEG).<sup>9</sup> It will identify the institution's comparative advantage and the different contributions that MIGA, IFC and the World Bank can make on the FCV agenda, as well as elaborate how to measure progress.

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