Fragility and Conflict

On the Front Lines of the Fight Against Poverty

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The world’s success in driving down extreme poverty is overshadowed by failure to reduce fragility, conflict and violence.

- Millions of people living in extreme poverty, 2007-17
- Millions of people living in proximity to conflict*, 2007-17

* living within 60 km of a major conflict event, defined as 25 or more battle-related deaths in the year in question.
Data deprivations hinder a full understanding of welfare in FCS

3 types of data deprivations for poverty estimates in FCS:

1. Economies with no poverty estimates at all (74 million)
2. Economies with outdated poverty estimates (400 million)
   *No recent data since entering, escaping or while being in conflict*
3. Lack of poverty data on IDPs and refugees (66 million)

> 500 million people – equivalent to 7 out of 10 people – in FCS (including transitions) are not well represented in global poverty estimates

In contrast, only 3 in 10 people not in FCS are data deprived
A tenth of the world's population accounts for a majority of world’s poor.
The war on poverty can only be won by ending fragility, conflict and violence.

Nowcasted international poverty rates, 2019

a. Economies in FCS
b. Sub-Saharan Africa
c. Rest of the world

The 43 poorest economies are all in FCS and/or in SSA.
Countries chronically in FCS are facing the greatest challenges

Backcasted FCS categories:

**Chronic FCS**
Countries which appear in the FCS list throughout the period 2000-2019

**Entered FCS**
Countries which entered the list after 2000 and have remained in the list.

**Recurrent FCS**
Countries which appear in the list more than twice and move in and out of the list during the period

**Escaped FCS**
Countries which appeared in the list at least one year in the period and have not been classified again as FCS

**Never FCS**
Countries not classified in an FCS situation since the year 2000
Living in an economy in FCS more than doubles your risk of missing out on education and access to basic services.

**Monetary and multidimensional poverty**

- **Economies in FCS**:
  - Monetary: 36
  - Multidimensional: 48

- **Other economies**:
  - Monetary: 12
  - Multidimensional: 19

**Dimensions of multidimensional poverty**
- Education
- Money
- Water
- Housing
By compromising human capital, conflict attacks the very roots of resilience and economic potential

- Phadera (2019) finds that in Nepal, women exposed to the civil conflict as children have suffered not only worse health outcomes, and moreover, a mother’s exposure to conflict in her childhood is detrimental to her own children's health.
- Bundervoet and Fransen (2018) in Rwanda and León (2012) in Peru find that exposure to violence in utero adversely affects educational attainment, beyond the direct effects of violent conflict on school-aged children.

- Such generational human capital shortfalls are likely to translate into reduced individual productivity and earnings.
- By acting soon and effectively or through prevention, these irreversible losses can be avoided.
Economies in FCS are lagging behind in human capital
Conflict is associated with lower intergenerational mobility.

**Absolute mobility**
(share outperforming parents)

**Intergenerational persistence**
(correlation between parental and child outcomes)
Intergenerational mobility in Iraq and Vietnam

a. Absolute mobility in Iraq, 1940–90

b. Absolute mobility in Vietnam, 1952–90

Cohorts exposed to the Iran-Iraq war or the Gulf war before or during primary school.
Monitoring and measuring welfare in FCS is not enough

- The welfare dimensions of FCS are multidimensional, long-standing, and inter-generationally persistent
- This means we need to act early and appropriately
- To do that, we need to recognize that not all FCS are the same
- Data driven approaches are widely being used to help decision making
  - Take the Google search engine, which tailors your search based on your past searches
  - Or Amazon’s suggestions on what you may like to buy
  - Or Netflix...
- These types of clustering analyses can help us differentiate our response in FCS
Clustering can shed light on the heterogeneity of FCS that can guide a differentiated policy and programming approach for more effective solutions.

- **Group 1** is made up of mostly high income countries, and shows the best outcomes among the considered dimensions.
  - Display well above average values for governance indicators.
- **Group 6** is made up of FCS economies with a high number of battle deaths, along with the lowest governance indicators of all groups.
  - Worst governance indicators.
  - 2nd highest share of GDP from natural resources.
  - Highest battle deaths, active conflict economies.
  - All are FCS, 5 chronic, 3 entered recently.
Group 5 – natural resource and poor governance could lead to conflict:
- Higher than average ethnic fractionalization values;
- Highest average value for share of GDP from natural resources.
- Low voice and accountability

Group 4 – High refugee population
- Low governance indicators
- Highlights potential risks associated with neighborhood effects

Group 3 – No outliers, but plenty of precarious economies:
- Higher than average ethnic fractionalization
- Low governance indicators

Group 2 – Elevated homicide requires tailored solutions:
- Highest homicide rates
The right data, at the right time.
Action - early, consistent, comprehensive.

- **Monitoring for early action**: Identifying early entry points for mitigating risk and limiting negative spillovers will need the right data at the right time.

- **Keeping an eye on the ball**: Monitoring and measuring welfare and risk identification in these contexts needs timely, quality data, disaggregated at the appropriate geographic level.

- **Addressing welfare traps**: Coordinated package of interventions to address overlapping welfare deprivations.

- **One-size does not fit all**: A differentiated package of interventions based on country profile, informed by country-specific analytics.

- **In it for the long haul**: Focusing on women and children; Addressing inter-generational impacts.