

Qualitative Growth in Fragile Contexts

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A “qualitative contraction” can be frequently observed in fragile contexts. In addition to a significant decrease in quantitative economic growth, also the living conditions of the population substantially deteriorate. For the individual, this means a difficult everyday life, full of fear and worries about survival. Qualitative growth as a target appears, however, to be ambitious in fragile contexts where government institutions are frequently incapable of acting, social security systems are non-existent and relationships between people are often characterised by mistrust. However, in fragile contexts there is no alternative to an orientation towards qualitative growth – lasting peace only succeeds if economic growth is accompanied by greater security and justice for the population. KfW Entwicklungsbank therefore helps its partner countries to offer economic prospects in fragile contexts and at the same time to promote a non-violent reconciliation of interests, political participation for marginalised groups and the reduction of social and economic differences.

We talk about fragile contexts if governments are incapable of fulfilling their fundamental duties and guaranteeing basic services and security for citizens. Nationally or locally depending on the situation of the specific country, these nations lack an important basic

Qualitative growth describes a development process which targets sustained economic, ecological and social progress. Qualitative growth means increasing welfare prosperity in society as whole, which does not necessarily mean a rise in incomes but which can also be expressed, for example, in an increase in distributive justice, equal opportunities, social security, peaceful coexistence and the preservation of natural resources.

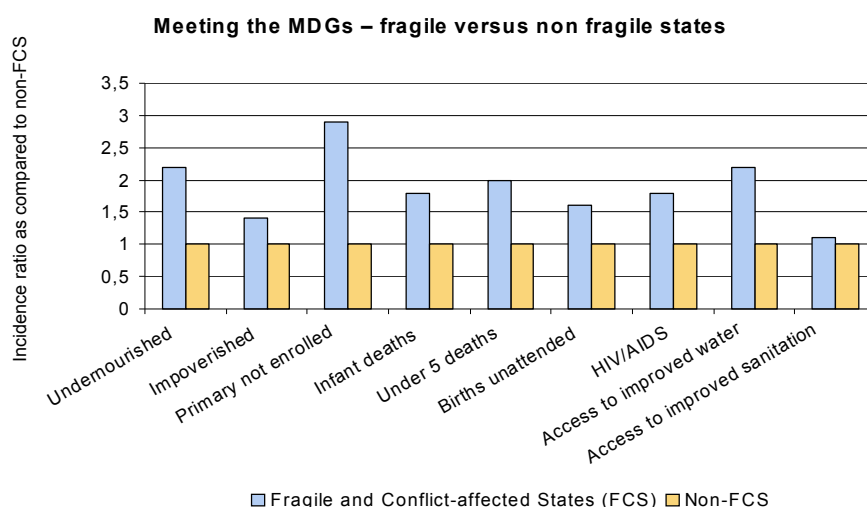
infrastructure. Legal uncertainty, corruption and a mistrust of government institutions prevail. This is often both a consequence and cause of violent conflicts and repeated local, regional or national outbreaks of violence.

“Qualitative contraction” in fragile contexts

In fragile contexts, violent conflicts can be expressed in a wide range of different ways: conventional wars, civil wars, local conflicts over resources, organised crime, political terrorism or even violence in connection with drug dealing. All of these have high social and economic costs for citizens, communities and states. Surveys in countries with fragile contexts (e.g. Columbia and Mali) have shown that on average one in five people has lost a family member, one in four people has had their home destroyed and one in three people has been driven out of their home.¹ There is thus immeasurable human suffering as well as massive economic and social costs in countries with a fragile context.

In addition to taking direct costs such as those relating to destroyed infrastructure into account, we must also consider the indirect costs which result from lost jobs, low demand and lack of investment. There are also opportunity costs, such as increased military or police spending, which lead to reduced investment in human capital and thus reduced productivity. According to World Bank analyses, the average cost of a civil war in a medium-sized developing country corresponds to the increase in GDP of that country for the last 30 years. On average, it takes a country 14 years to find its way back to its original growth path.²

This is also reflected by qualitative growth indicators. In this regard, the Global Development Report 2011 compares the achievement of MDGs in fragile countries with that in other developing countries: the poverty rate is on average 20% higher in countries with a fragile context than in countries without violent conflicts. Infant mortality in children below the age of five is twice as high, primary school



Source: Global Development Report 2011 (modified representation)

¹ Cf. World Development Report 2011: Conflict, Security and Development, World Bank, Washington, p. 59

² Cf. World Development Report 2011: Conflict, Security and Development, World Bank, Washington, p. 5

attendance rates are almost three times lower and the probability of not having access to clean drinking water is more than twice as high.

Furthermore, many men and women experience sexual violence and torture in fragile contexts. As a rule, human rights violations are so serious that on average it takes a society more than ten years to regain its pre-violence level of human rights.

To sum up, in fragile contexts a situation which is the opposite of qualitative growth can arise: lower incomes, fewer equal opportunities and less social security. Life is less worth living, not only from a quantitative economic viewpoint but also from all other aspects. This is what we mean when we speak of qualitative contraction in fragile contexts.

Causes of violence

In many cases, it is not possible to clearly determine the origin of violent occurrences in fragile contexts. However, in his book "The Bottom Billion", the renowned economist Paul Collier notes that the poorest billion people in the world do not benefit from growth processes. He also establishes a statistical relationship between the risk of civil war and a country's level of income. The probability of civil war is significantly higher in countries with a low per capita income. Economic stagnation and a deceleration in growth also make a country prone to civil war.³

On the other hand, there are also many countries with low economic growth which do not slip into violent conflicts, and thus the promotion of quantitative economic growth does not seem to be sufficient in itself to prevent violent conflicts. More recent studies⁴ show that the relationship between low growth and violence can also be the joint product of other underlying factors: countries have political and institutional weaknesses which have a negative influence on both their ability to handle conflicts and their economic governance. Qualitative studies as part of the Global Development Report 2011 show that in addition to a lack of economic growth, frequent drivers of conflict are above all political injustice, the social marginalisation of population groups and inequality between social groups.⁵

This indicates that qualitative growth can be

the decisive guideline for action in fragile contexts in order to reduce the danger of violent conflicts or a relapse into renewed conflicts. In this regard, the focus is on an increase in income, distributive justice, equal opportunities and social security along with the promotion of peaceful coexistence. This is all the more true since the restoration of government legitimacy and the state monopoly on violence is ultimately decisive in fragile contexts. Government action with the aim of qualitative growth leading to greater equality of opportunity and distributive justice can also strengthen the people's confidence in public institutions and a rule of law which is perceived to be legitimate.

Qualitative growth through the development of peace

KfW Entwicklungsbank supports its partner countries in a range of projects which purposely contribute to the prevention of violence and reconstruction work and thus also to qualitative growth. Here, acute stabilisation following violent conflicts is linked to the combating of structural causes of conflict. Important principles include conflict-sensitive action, the generation of income, a reduction in the economic and social disadvantages of specific groups, the participation of the people in the political decision-making process and the creation of security in the public sphere.⁶ These are key aspects of qualitative growth, since they contribute to a sustainable development process, above all in social terms.

Understanding conflicts and appropriate action

The nature and causes of violent conflicts differ according to the country and context. Projects for the development of peace therefore tend to be derived from a conflict analysis. It is thus possible to deliberately target structural causes of conflict. Conflict analysis is also the basis for conflict-sensitive action. In regions of crisis and conflict, KfW Entwicklungsbank pays particular attention to the improvement of the social and economic conditions of these regions and their various population groups without creating new inequalities. This is a fundamental prerequisite for qualitative growth.

Offering economic alternatives to violence

Many KfW Entwicklungsbank projects focus on the creation of employment following violent conflicts (see also the KfW position paper on employment in fragile contexts). This aims to offer former combatants economic prospects after they have been disarmed, for example. On the one hand, employment-intensive programmes give people opportunities to earn a direct income and thus increase their potential ability to help themselves. On the other hand, employment can strengthen relationships between people, even people with different socioeconomic or ethnic backgrounds, and thus promote social cohesion.

Reducing social and economic differences

Discrimination between population groups on ethnic, religious or political grounds is frequently a problem in fragile contexts and can lead to long-lasting conflicts. KfW Entwicklungsbank therefore supports projects which contribute to the targeted development of disadvantaged regions. One example of this is the promotion of the recovery of economic development in Casamance, the southern part of Senegal, where an armed conflict has raged for 30 years. Here, KfW Entwicklungsbank is promoting the rehabilitation and establishment of the infrastructure required for the unimpeded flow of goods, services and information and an increase in the region's economic output. The aim is to improve people's living conditions and achieve greater equality of opportunity.

Facilitating political participation

A lack of opportunities for the population to express and represent its interests is typical of fragile contexts and frequently impedes peaceful solutions to conflicts. KfW Entwicklungsbank therefore promotes the involvement of groups subject to discrimination in the political decision-making process. One example of this is the Financial Cooperation's involvement in the Tuareg region in the north of Niger. There, the Financial Cooperation is supporting the implementation of the national decentralisation process with the help of a communal development fund. As a result, the semi-nomadic Tuareg minority can achieve

³ Cf. Collier, Paul: The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done About It, 2007, Oxford University Press, p. 36

⁴ Cf. e.g. Fearon, James: Governance and Civil War Onset, 2010, Department of Political Science, Stanford University, p. 40

⁵ Cf. World Development Report 2011: Conflict, Security and Development, World Bank, Washington, p. 94

⁶ Cf. KfW Position Paper "Development approaches for the promotion of peace and crisis prevention"



Playground in Khayelitsha, South Africa.

Source: Isabel Huber

greater self-government in their traditional habitat, with their own initiatives within government structures. They can thus work towards greater distributive justice.

Promotion of security in the public sphere

Violent conflicts are also often prevalent in large, densely populated cities and conurbations. Large parts of the population here are affected by poverty, social segregation and

discrimination, illness and poor living conditions. These circumstances provide a fertile breeding ground for gang-related crime, violence and insecurity in the public sphere. Here, KfW Entwicklungsbank is promoting projects which combine measures for urban renewal with the active collaboration of the population and the advancement of social cohesion. KfW Entwicklungsbank's involvement in Khayelitscha, a township on the outskirts of Cape Town, is one example of this. As a result, slum settlements become desirable residential areas with a greater sense of security.

Summary

It is precisely in fragile contexts, which are frequently characterised by violent national, regional or local conflicts, that an enhanced

understanding of growth is urgently required. Only if the aspects of equal opportunities and social security are considered can the risk of conflict be reduced and the people be given a chance to regain their trust in state institutions. KfW Entwicklungsbank takes this into account in its approaches for the promotion of peace.

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