

Institution: University of Oxford
Unit of Assessment: 18 - Economics and Econometrics
Title of case study: Shaping development policies toward fragile states
1. Summary of the impact Research at Oxford, led by Paul Collier, on the causes and consequences of conflict and state failure for low income economies has informed policymakers, and contributed to a substantial increase in the proportion of aid programmes devoted to addressing these problems. Using rigorous quantitative methods, the research has identified the economic factors underlying conflict and state failure in low income countries, quantified the substantial costs inherent in state failure and mis-governance, and proposed effective ways of addressing these problems. The impact of Collier's team's research has been further expedited by his prominent role as advisor to governments and policymakers (eg. IMF, DFID, World Bank). In this way, Collier and his team's research has substantially influenced current thinking on development policy.
2. Underpinning research Research has been led by Professor Paul Collier, Director of the Centre for the Study of African Economies (CSAE) since its establishment in 1986, and Director of Development Research at the World Bank from 1998-2003. Other researchers involved include: <ul style="list-style-type: none"> • Christopher Adam - been a Research Associate of CSAE since 1993, and Professor of Development Economics in the Department for International Development at the University of Oxford; • Benedikt Goderis - Research officer at CSAE from 2006 to 2008, and now an Assistant Professor of Economics at Tilburg University; • Anke Hoeffler - Research Fellow at CSAE since 1999; • Dominic Rohner - Research Associate at OxCARRE since 2007, Lecturer at York 2007-09, then Assistant Professor at Zurich. <p>CSAE is a centre of excellence for the application of rigorous quantitative methods to the analysis of the particular problems facing low income economies in Africa. One important strand of their work has highlighted two issues: first, the links between conflict, state failure, and economic conditions; and second the policies that can mitigate the risks of conflict and state failure. The research has pioneered the quantitative modelling of the risks of conflict, [Section 3: R2]. It has identified the economic factors that make a country more prone to conflict, highlighting the role of poverty and sudden collapses in economic growth, and a dependence upon primary commodity exports [R1, R2]. The findings suggest that the economic factors that determine the feasibility and opportunity costs of rebellion and conflict play a potentially more important role in determining the risks of conflict than measures of grievance, such as ethnic diversity or inequality [R3]. CSAE research has quantified the costs associated with civil war and state failure - taking into account not only the direct effects on the country concerned but also the spillover effects on their neighbours - and has shown them to be extremely large [R4].</p> <p>Collier and his colleagues at the CSAE have addressed the question of how to mitigate the problems associated with conflict and state failure. The research highlights interventions with the potential to reduce the risks of conflict and state failure by enhancing economic performance. It demonstrates the crucial role that can be played by international aid in post-conflict recovery, emphasising the importance of phasing in the aid over a period of several years as the post-conflict country's absorptive capacity recovers [R5]. In the absence of post-conflict aid, inflation tends to increase sharply, hampering more general monetary recovery. Aid is shown to transform the path of monetary variables in the post-conflict period, achieving a monetary "reconstruction" analogous to its more evident role in infrastructure [R6].</p> <p>Low income countries that depend on primary commodity exports are particularly vulnerable to conflict and state failure, and strong governance is shown to be important in enabling resource-rich developing countries to harness opportunities for economic growth [R7]. CSAE research (with</p>

Impact case study (REF3b)

Rohner) shows that by itself, democracy in low-income countries may increase, rather than reduce, the risks of conflict, and that elections in post-conflict situations may also be risk-increasing [R8].

3. References to the research

[R1] Collier, P. and A. Hoeffler, 1998. "On the economic causes of Civil war" *Oxford Economic Papers*, 50(4), 563-573.

[R2] *Collier, P. and A. Hoeffler (2004): Greed and Grievance in Civil War, *Oxford Economic Papers*, 56(4), 563-595.
(Highlighted by Thomson Reuter as a 'current classic' Feb 2010 for the Economics paper with the greatest absolute increase in cumulative citations from the previous bimonthly period to now. - <http://archive.sciencewatch.com/dr/cc/10-febcc/>)

[R3] ** Collier, P., D. Rohner and A. Hoeffler (2007). Beyond Greed and Grievance: Feasibility and Civil War, *Oxford Economic Papers*, 61(1), 1-27.

[R4] Collier, P. and A. Hoeffler (2004) Conflicts, in B. Lomborg (ed.) *Global Crises: Global Solutions*, Cambridge University Press: 129-156.

[R5] *Collier, P. and A. Hoeffler (2004), Aid, Policy and Growth in Post Conflict. *European Economic Review*, 48, 1125-45.

[R6] Adam, C., P. Collier and V. A. B. Davies (2008), Postconflict monetary reconstruction, *World Bank Economic Review*, 22 (1) 87-112.

[R7] **Collier, P. and B. Goderis (2012), Commodity prices and growth: an empirical investigation, *European Economic Review*, 56 (6), 1241-1260.

[R8] ** Collier, P. and D. Rohner (2010): Democracy, Development and Conflict, *Journal of the European Economic Association*, 6(2-3), 531-540.

Research Quality:

European Economic Review is a leading general-interest journal and is classed as "AA" in the Combes-Linnemer (2010) ranking.

Journal of the European Economic Association is a leading general-interest journal. It was rated as "4*" by the ESRC-RES review of UK Economics and is classed as "AA" in the Combes-Linnemer (2010) ranking.

Oxford Economic Papers is a general-interest economic journal and classed as "A" in the Combes-Linnemer (2010) ranking.

* denotes publication returned as part of RAE 2008

** denotes publication returned as part of REF 2014

The Centre for the Study of African Economies was a designated ESRC research centre between 1991 and 2001. Since 2008, CSAE research has received funding for its work from a broad range of sources including the ESRC, DFID, the Bill and Melinda Gates Foundation, the Open Society Institute, the Vanguard Charitable Endowment Foundation, and the World Bank, totalling approx £5.5m.

4. Details of the impact

The research undertaken by Collier and other members of the CSAE team has played a major role in bringing the economic and political problems of 'fragile' developing economies to the forefront of the public policy debate around aid and development policies. It has been influential in shaping the policies of donor countries and intergovernmental organisations to support these fragile nations.

A key driver in influencing the public policy debate and securing impact from this work has been a

Impact case study (REF3b)

number of best-selling books, written by Collier, summarizing the technical research by the CSAE, and thereby bringing it more directly to the attention of a broad array of policymakers, civil society organizations, and other commentators. Most notably *The Bottom Billion* (2007) summarized the body of research relating to distinctive problems facing small, poor countries (including [R2]). This book won the Lionel Gelber prize in 2008, the Arthur Ross Book award in 2008, the Corinne Prize for Economics in 2008, and the Estoril Global Issues Distinguished Book prize in 2009. It has been described by DFID as the 'seminal work' in the field [C7, p.6]. *Wars Guns and Votes* (2009) summarized a broad range of CSAE research on the economic drivers of conflict, the costs of conflict, and policies to reduce the risks (including [R2, R3, R6, R8]). Both books have become major bestsellers – *The Bottom Billion* has been translated into 20 languages and has 45 million citations on Google.

The CSAE team's research on the costs of conflict (including [R4]) was influential in helping to focus greater attention on fragile states. Successive British Governments increased the proportion of the UK's aid programme that is devoted to fragile states and to cases of conflict and insecurity. The policy objectives and commitments to making development more effective in fragile states are set out in a 2005 DFID policy paper [C1], drawing on CSAE research throughout (including [R5]). The Coalition Government's Strategic Defence and Security Review (SDSR) committed to spend at least 30 per cent of aid in fragile and conflict-affected states [C2]. CSAE's work on the cost of conflict [R2, R3, R7] has also been influential in creating greater attention to fragile states and *The Bottom Billion* and associated CSAE research are identified as key references in the current (2011) Guidance Note produced by the Governance and Social Development Resource Centre, under contract from DFID [C3].

The research has also been highly influential in encouraging the international donor community to address with greater energy the problems of fragile and failing states. In 2011, the World Bank devoted its flagship economic report to the issues of conflict, security and development [C4]. No fewer than nine papers and books authored or co-authored by CSAE members are referenced in the bibliography (including [R1, R2]). Professor Collier served on the Advisory Council, and Anke Hoeffler led research for a key background paper on Post-Conflict Recovery [C5]. The high cost of conflict and state failure was given a high profile, referencing CSAE work [R4]. As a follow-up to the World Development Report (WDR) 2011, World Bank management presented a strategy paper operationalizing the 2011 WDR, that was discussed by the Development Committee in Spring 2011 (the Development Committee is a forum of the World Bank and the International Monetary Fund that facilitates intergovernmental consensus-building on development issues) [C6]. At the 2013 World Bank/IMF Spring Meetings, conflict was a prominent topic because of the recent collapse of Mali and the Central African Republic, and Collier's work was heavily cited [C7].

Similarly, bilateral donors, meeting in the OECD-hosted International Network on Conflict and Fragility (INCAF), produced Policy Guidance in 2011 on Supporting Statebuilding in Situations of Conflict and Fragility [C8] that drew on CSAE research findings and concepts, referencing *The Bottom Billion* and the research directly [R3]. This document provides a point of reference for the OECD Development Assistance Committee, an international forum of major donor countries (including US, Canada, Japan, Australia and all the significant donor members of the EU) and the World Bank, IMF and UNDP.

Through his research and his role as advisor to governments and policymakers, Collier has substantially influenced current thinking on development policy. In 2009, the IMF created a Low Income Unit within the Strategy and Review Department and appointed Collier as Senior Advisor [C9]; Collier is a member of DFID Policy Advisory Group; Advisor to the Vice President of the Africa Region of the World Bank (2003-); and a member of the European Commission's Scientific Advisory Board for EU Development Policy (2012-).

5. Sources to corroborate the impact

[C1] DFID [2005] Why we need to work more effectively in fragile states. (January)
http://www.jica.go.jp/cdstudy/library/pdf/20071101_11.pdf pages 6, 12, 13.

[C2] HMSO (2010) Securing Britain in an Age of Uncertainty: The Strategic Defence and Security

Impact case study (REF3b)

Review, cmdnd 7948 (October), 4.B.2. p. 44.

http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalaset/dg_191634.pdf

[C3] DFID Governance and Social Development Topic Guide on Fragile States, Introduction.

<http://www.gsdr.org/docs/open/CON86.pdf>

[C4] World Bank (2011). *Conflict, Security and Development: World Development Report, 2011.*

http://siteresources.worldbank.org/INTWDRS/Resources/WDR2011_Full_Text.pdf

see Foreward by Robert Zoellick, President World Bank Group; Acknowledgements; WDR Advisory Council p. xxi; Bibliography.

[C5] Hoeffler, A, S. von Billerbeck, and S. Ijaz. (2010) *Post-conflict Recovery and Peace Building.*

World Development Report 2011, Background paper (October).

[C6] Operationalizing the 2011 World Development Report. Document prepared for the Development Committee (Joint Ministerial Committee of the Board of Governors of the Bank and the Fund on the Transfer of real resource to developing Countries), April 4th 2011.

<http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22884392/DC2011-0003%28E%29WDR2011.pdf>

[C7] Chief Economist, Middle East and North Africa Region (former chief economist, Africa Region) World Bank will corroborate the contribution of CSAE research to discussions of policies towards fragile and failing states within the World Bank.

[C8] OECD Development Assistance Committee (2010), *International Support to Statebuilding in Situations of Fragility and Conflict*, DAC Meeting 24 September 2010.

[http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=DCD/DAC\(2010\)37&docLanguage=En](http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=DCD/DAC(2010)37&docLanguage=En)

Subsequently published as:

OECD(2011), *Supporting Statebuilding in Situations of Conflict and Fragility. Policy Guidance.*

DAC Guidelines and Reference Series (February).

DOI :10.1787/9789264074989-en

[C9] Chief of the Low-Income Countries Strategy Unit in IMF's Strategy, Policy and Review Department will corroborate the contribution of CSAE research to the work of the unit.