ACHIEVING MAXIMUM ECONOMIC TRANSFORMATION IMPACT IN FRAGILE STATES THROUGH AIDS AND DEBT RELIEF

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ABSTRACT
This paper focuses on the peculiar features of fragile states and I have tried to put forward some approaches that can be adopted by development finance organisations and friendly countries at bailing out these states from their predicament. With the growing awareness and acceptance of the notion that poverty anywhere is a threat to prosperity everywhere and prosperity anywhere should be shared everywhere it is obvious that fragile states can not be left on their own without external assistance. A link between fragile states and the global economy was done with particular recourse to debt relief, aids and fragility while drawing conclusions and making recommendation on the mix of approach to be adopted in giving aids and debt relief that will help achieve maximum economic transformation impact in fragile states.

Keywords: Fragile State, Debt Relief, Foreign Aids, Economic Freedom Index, Millennium Development Goals

INTRODUCTION
In recent times in line with the attempts at achieving the millennium development goals especially as it relate to poverty reduction, much attention is being given by scholars, researchers and policy makers to fragile states scattered all over the continents of the world. This is to ensure that such nation states are not left far behind and consequently frustrate the world’s efforts at achieving the millennium development goals of reducing extreme poverty by half by the year 2015, achieve universal primary education, reduce child mortality, improve maternal healthcare, promote gender equality and women empowerment, combat HIV/AIDS, ensure environmental sustainability and the achievement of global partnership for development.

The attention paid to these states are not misplaced as fragile states are part of the international system and whatever happens in one has a spill-over effect either directly or indirectly on other countries around them and even the larger world community. The Liberia – Sierra Leone, Somali – Ethiopia examples are quite obvious. The concept or phrase fragile states have been defined by so many people but herein some relevant definitions to our focus of discuss will be used. The United States Agency for International Development defined a fragile state or failed state as that characterised by a growing inability or willingness to assure the provision of basic services and security to their population. Fragile states are also defined as those where the government cannot and will not deliver core functions to the majority of its people including the poor. The World Bank defines a fragile state based on its internal Country Policy and Institutional Assessment exercise affirming that fragile states have peculiar features of having a significant number of poor people, they are those that create negative spill-over evident as conflict, instability and refugee flow to their neighbours. In another sense, a fragile state is seen as a country that lacks either the will or capacity to engage productively with her citizens to ensure security, safeguard human rights and the provision of institutions for development. Ordinarily, sovereign states are expected to perform certain minimal functions for the security and well-being of their citizens as well as the smooth working of the international system. Essentially, people need states to work and contribute to the global economy and states that have failed to meet these minimum standards have been referred to as weak, fragile, poorly performing and in more extreme cases labelled as failed or collapsed states. Recently the African Union and the United Nations declared Somalia as a failed state.

Fragile States and the Global Economy
Fragile states from the viewpoint of the Organization for Economic Cooperation and Development are seen from the perspective of difficult environments in which case the state is largely unable and sometimes unwilling to harness domestic and international resources for poverty reduction. Ordinarily fragile states have severe development challenges among which are weak governance, limited administrative capacity, chronic humanitarian crisis, persistent social tension, violence or the legacy of civil war Examples of such nation states include Sudan, Somalia and Congo Democratic Republic, Burundi, Eritrea, Mauritania, Zimbabwe Chad and recently Nigeria in the African continent. Some of the countries considered as fragile states by the World Bank are classified under the Low Income Counties Under Stress in need of special
Anxieties about the future of fragile states are well founded according to recent reports. They have been characterized by low levels of development, high levels of poverty, and lack of governance. Poor performance in terms of human development and economic growth has been noted. In a broader sense, the features of fragile states vary from one country to another but there are common features that are shared by many of them.

1. Political instability and weak government. The lack of strong institutions and infrastructure is a notable feature of fragile states. This makes it difficult for them to contribute their needed quota to the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

2. Lack of adequate and efficient financial markets. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

3. Low level of economic growth. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

4. Weak institutions and infrastructure. In a broader sense, fragile states are often overwhelmed by socio-economic and political problems that manifest in the following ways:
   - Political crisis and regime instability
   - Weak institutions and infrastructure

5. Low income and inadequate domestic savings. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

6. High crime rate and corruption. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

7. Inequality in income distribution arising from unjust and inefficient revenue system. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

8. Humanitarian crisis and widespread poverty. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

9. High crime rate and corruption. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

10. Lack of natural resources in many instances to support the population adequately. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

11. Human rights violation. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

12. Inappropriate economic policies and high debt portfolio. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

13. High illiteracy population and as such deficient human capacity with a large percentage of unskilled labour often engaged in agriculture and local textiles. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

14. High human development index. The peculiar features highlighted above have made it difficult for fragile states to contribute their needed quota into the global economy. Instead they have been sources of drains and leakage to the drive at achieving a better world. Since fragile states cannot be wished away unattended to, the issue now is what best approach international partnership efforts should take in the light of global economic reforms to tackle such economies.

In addressing the problems of fragile states, the issue of aids and debt relief are two broad dimensions of development finance interventions. More often, the characteristic features of fragile states include their lack of capacity to effect meaningful positive changes in their economies due to the lack of territorial controls and enough presence of supposed government in power in such nations over the entire landmass, region and people they are supposed to be governing. In some cases, it is the lack of effective exercise of political power while in other cases it is the lack of basic competencies in economic management and lack of administrative capacity for implementation. In a broader sense, fragile states are often overwhelmed by socio-economic and political problems that manifest in the following ways:

1. Political crisis and regime instability
2. Weak institutions and infrastructure
3. Low level of economic growth
4. Low income and inadequate domestic savings
5. High crime rate and corruption
6. Inequality in income distribution arising from unjust and inefficient revenue system
7. Humanitarian crisis and widespread poverty
8. High crime rate and corruption
9. Lack of natural resources in many instances to support the population adequately
10. Human rights violation
11. Inappropriate economic policies and high debt portfolio
12. High illiteracy population and as such deficient human capacity with a large percentage of unskilled labour often engaged in agriculture and local textiles
13. High human development index
14. High human development index

It should be understood that in most cases aids and debt relief have failed to achieve their desired results in fragile states because the conditions given by donors and creditors do not often take into consideration the peculiarities of each nation state. For example the directive to weak states to devalue their currencies and extend debt relief to these troubled nations. The assumption is that the major cause of political problems is the fight by different groups for better access to economic opportunities available in those fragile states. Also the fact that the debt overhang on most of the states arising from unprofitable trade relations, natural disasters, official corruption has helped to trump up the need for better trade relations, debt cancellation, foreign direct aids assistance. At this stage my concern is not to ascertain which of these two approaches is better suited for solving the problem though that may be done later. My primary concern now is to take an objective look at the inter-related factors that can be deployed towards reversing the negative fortune of fragile states and how best they can be deployed.
CONCLUSION

In extending aids and granting debt relief to fragile states, benefactors of such countries should deal with them within the context of broad development issues. This is to say their political and economic intervention initiatives should be synthesised and development programme and projects must be designed to make the citizens have a sense of ownership. In situations where political problems have been surmounted, a bottom-up approach to project and programme conceptualisation till implementation must be done. A good knowledge of existing institutions, history of policies, inclusive participation and human capital development to ascertain the capacity of human resource must be done in the quest towards ensuring macroeconomic stability and the achievement of maximum economic transformation impact in fragile states.

With particular reference to foreign aids which could come in form of direct investment, indirect investment known as portfolio or 'rentier' investment through foreign ownership of transferable securities and as public foreign capital, giving aids to fragile states as public foreign capital should be more as it addresses more realistically the social expenditures issues of education and public health. Moreover foreign aids assistance should come in form of untied aids or what is also called programme aid whose disbursement is at the recipient’s discretion mainly on a wide variety of items justified in terms of the total needs and development plan of the country rather than on any particular project.

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