Programme

Nice, 8 May 2020

FRAGILE STATES, WEAK INSTITUTIONS AND GOVERNANCE

Strategy and policy challenges to stem mass (e)migration, brain drain and capital flight!

The main issues

The matter of weak and failed states has drawn rising attention since the post-colonial period in the early 1960s and with still more acute concern since the late 1990s due to large migration flows from destabilized developing toward OECD countries. Four questions deserve deeper attention:

a) What are the root-causes of state collapse? What are the main indicators to "define" fragile and failed states?

b) What could be the spillover effects with local, regional, or even global economic and geopolitical implications?

c) How to deal with state collapse and their internal consequences regarding poverty, human rights and migration?

d) What should be the range of policy scenarios for official bilateral and international agencies, as well as for private agents?

Identifying weak and failed states

Since the Congress of Westphalia in the mid-XVII, a nation state's legitimacy is based on a recognized territory, the ability to perform state functions adequately including in the monetary and security fields, and the monopoly of violence within its territory. Conversely, a failed state is a country with a government that cannot deliver essential political goods and public services to its citizens. Failed states can no longer perform basic functions such as education, security, or governance, usually due to fractious violence, weak institutions, or extreme poverty. According to Rotberg, nation-states fail due to internal violence and can no longer deliver positive political goods to their inhabitants. Their governments lose legitimacy, and the very nature of the particular nation-state itself becomes illegitimate in the eyes and in the hearts of a growing plurality of its citizens[1].

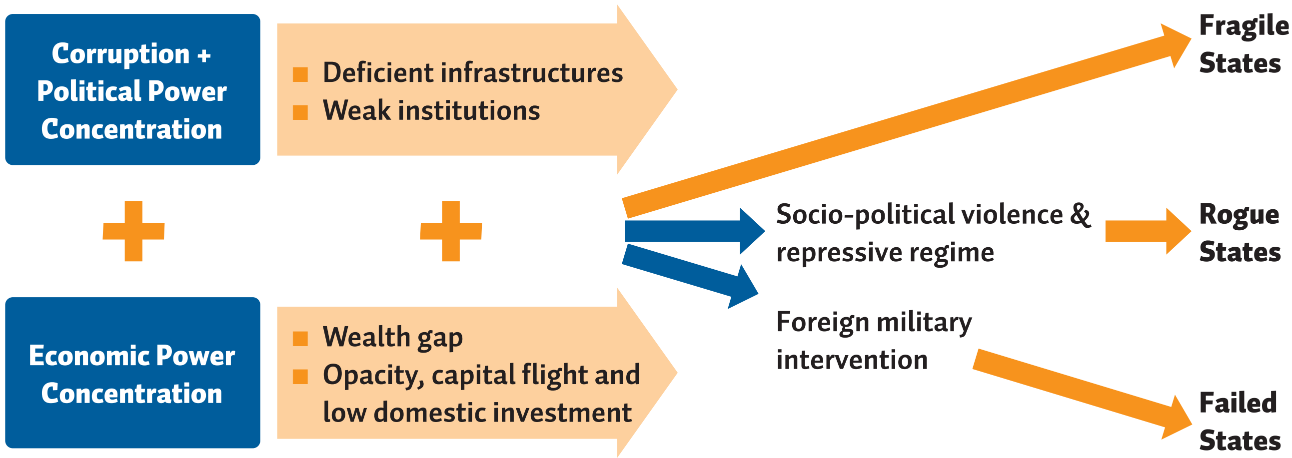
1 https://www.globalpolicy.org/nations-a-states/failed-states.html

However, states fail not only because of internal factors. Foreign governments can also knowingly destabilize a state by fueling ethnic warfare or supporting rebel forces, causing it to collapse[2]. That being said, many countries that fall apart fail not in an explosion of war and violence but by being unable to take advantage of their society's economic potential for growth, condemning their citizens to a lifetime of poverty and repression. Often mining resources-based growth leads to economic and political power concentration, hence mounting wealth gaps that create frustrations and disorder. The ensuing crisis of social mediations leaves many countries in sub-Saharan Africa, Asia, and Latin America with a cycle of socio-political upheaval, repression, violence, and declining living standards.[3] Venezuela is a clear example of that dialectics.

Defining weak states

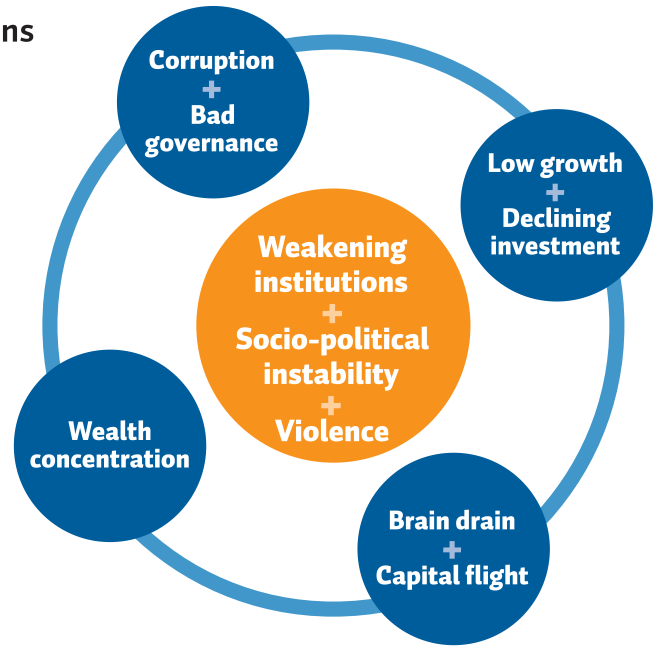
Overall, one can define a "fragile and weak state" as a state whose institutional framework is too weak to provide equal opportunities for sustainable and inclusive development. Institutional weaknesses, consequently, generate a crisis of social mediations where parties, unions, social institutions and local elites lose credibility for addressing social frustration and demands, hence rising tensions.

THE UNFOLDING OF STATE FAILURE



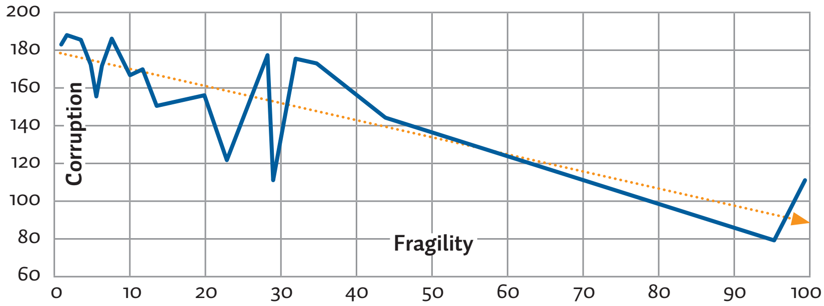
Policy challenges for public and private institutions in weak and failed states

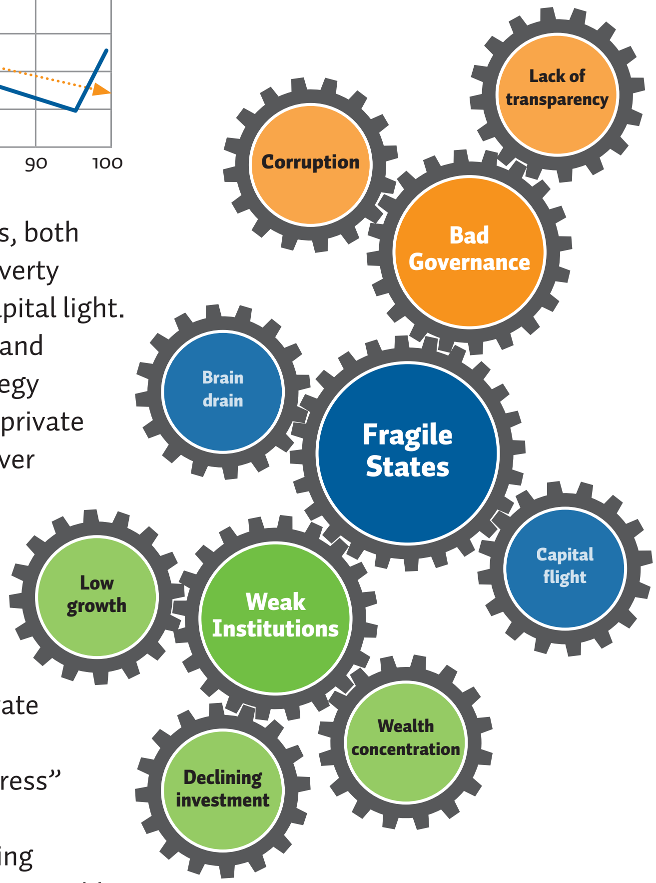
Failed states imply three strategy and policy challenges. The first one is detecting signs of institutional collapse with a number of reliable early warning signals. This is a matter of country risk assessment. Looking at historical examples of state failures such as Venezuela, Congo or Zimbabwe, institutional collapse is usually a gradual process linked to low growth and mediocre investment, large unemployment, corruption, as well as brain drain and capital flight.



2 https://www.globalpolicy.org/nations-a-states/failed-states.html
3 Bouchet et al. https://link.springer.com/book/10.1007/978-3-319-89752-3

Relationship Institutional Fragility and Corruption

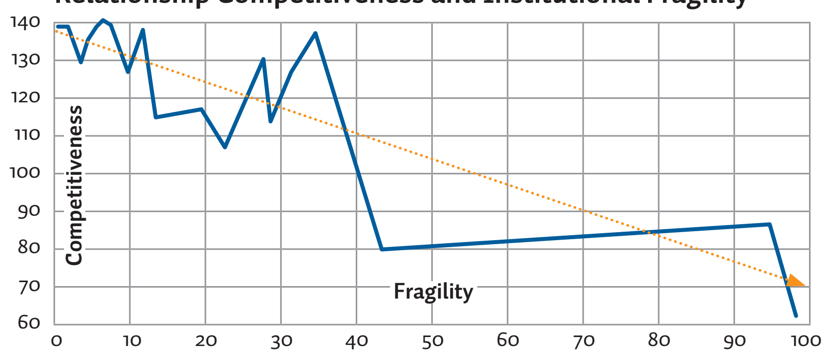




The second challenge is identifying the main consequences, both domestic, regional, and international, including deeper poverty and larger wealth gap, mass migration, brain drain, and capital light. Fragile states contribute to regional and global instability and violence. This is a matter of country risk analysis and strategy planning for national and multilateral agencies as well for private investors and NGOs, which must focus on the risk of spillover effect of social and political turbulences.

The third challenge is implementing flexible policy responses to limit negative consequences both on the most vulnerable segments of the domestic population as well as on the foreign agencies, including donor institutions, investment funds and investors, and other private companies such as NGOs. This is a matter of country risk management. Official institutions face the "punish or buttress" dilemma, that is, either reducing donor programs to put pressure on corrupt and violent governments, or maintaining flexible financing flows in order to encourage a return to sustainable policies and politically acceptable government practices.
The World Bank devotes considerable attention to the issue of institutional weaknesses and its consequences regarding poverty, health and education, and more widely development objectives, including though its Indicators of Governance and Institutional Quality. Helping countries strengthen institutions and combat corruption has gained growing importance since the late 1990s. Private financial agencies such as banks, investment funds and insurance companies face a similar challenge that consists of running the risk of abrupt reduction of exposure with the risk of losing the invested assets or a prudent "wait-and-see" posture. As for NGOs, they must decide whether shunning corrupt governments or protecting the poorest and most vulnerable segments of the population.

Relationship Competitiveness and Institutional Fragility



Learning Objectives and takeaways

The training seminar proposes an in-depth analysis of the root causes of failed states and of the consequences of institutional weaknesses, while offering a practical understanding of the range of policies for official and private agencies and business in fragile states. It invites participants to observe critically current policy responses to socio-political upheaval in conflict areas. The seminar will lead participants to assess the range of risk mitigation options to strengthen business efficiency, boost governance quality, protect local population's well-being, and enhance security in fragile states. The seminar will rely on interactive teaching methods to stimulate critical thinking and fruitful exchanges.

The main takeaways from the training sessions and debates will include:
a) identifying early warning signals of failed states,
b) assessing the causes and consequences of institutional weaknesses,
c) measuring and comparing governance across countries,
d) analyzing the range of suitable policy responses; and
e) identifying sources of reliable data and participating in challenging cross-cultural debates.

Executive Training Programme 8 May 2020

Morning

9:00 to 12.30 h

Presentation
ARNAUD LECONTE Director, CIFE Joint Master of Global Economic Governance and Public Affairs

Introduction
Defining weak states and the root causes of institutional weaknesses:
How to detect early warning signals of state weakening?

Case study
Measuring capital flight – Tunisia
MICHEL-HENRY BOUCHET Skema Business School

The pioneering work of Transparency International since the late 1990s: measuring corruption across countries and across time
CYNTHIA ROCAMORA Transparency International

Afternoon

14:00 to 18:30 h

The good governance data challenge: how gathering and analyzing date to transform information into robust economic intelligence regarding corruption, governance, and institutional strength?
THIERRY APOTEKER CEO, TAC Consulting

Corruption, capital flight, and stolen national assets
SARA BRIMBEUF Transparency International

Governance and multinational development programs: the case in Maghreb and sub-Saharan African countries
JEAN-LOUIS ARCAND Geneva Institut de hautes études internationales et du développement

Training methods

An interactive online training. Seasoned experts will deliver presentations while trainees will participate in debates and case studies discussions.

Profile of participants

Students of the Joint Master in Global Economic Governance and Public Affairs; high-level professionals and civil servants of both EU and non-EU countries whose responsibilities are affected by the quality of institutions in foreign countries; high-level civil servants in the EU Commission, national and European Parliaments; NGOs involved in governance and sustainable development programs in EMCs; rating agencies' analysts, export-credit agencies, investment fund managers, insurance companies.

Programme lead

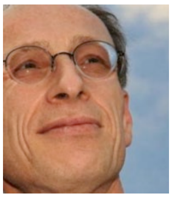
The training is lead by

MICHEL-HENRY BOUCHET *Distinguished Finance Professor, SKEMA (Master in Financial Markets & Investment); former President of Owen Stanley Financial and Senior Economist World Bank*

ARNAUD LECONTE *Programme Director at CIFE of the Joint Master in Global Economic Governance and Public Affairs; former Senior Analyst Wall Street Systems*

Contributors and lecturers

The contributing lecturers are seasoned country risk analysts and development specialists from private and official institutions with experience in governance and institutional issues in both developed and developing countries, such as:



THIERRY APOTEKER *Chairman & Chief Economist of TAC Consulting, specialising in country risk issues and macroeconomic analysis. At Banque Indosuez (now Credit Agricole Indosuez / Calyon/ CACIB), he set up the country risk division before becoming the bank's chief economist and head of the Research Department.*

JEAN-LOUIS ARCAND *Professor of International Economics and Head of International Economics Department at the Graduate Institute Geneva. Expert in the regions of Sub-Saharan Africa, Middle East and North Africa.*

SARA BRIMBEUF *Advocacy Officer for the restitution of diverted assets at Transparency International, after several experiences in the fight against corruption within international organisations, non-governmental organisations and law firms.*

CYNTHIA ROCAMORA *Head of Fundraising at Transparency International After working for the United Nations Conference on Trade and Development in Geneva on issues related to sovereign debt governance, she joined UNICEF in Marseille, France.*

Contextual reading

www.fragilestates.org/

siteresources.worldbank.org/INTLAWJUSTINST/Resources/IndicatorsGovernanceandInstitutionalQuality.pdf

link.springer.com/book/10.1007/978-3-319-89752-3

eml.berkeley.edu/~groland/

www.oecd.org/dac/conflict-fragility-resilience/

foreignpolicy.com/category/failed-states/

www.transparency.org/about

fundforpeace.org/fsi/

fundforpeace.org/global/2018/04/24/fragile-states-index-2018-annual-report/

www.brookings.edu/opinions/the-weak-states-gap/

www.brookings.edu/wp-content/uploads/2012/04/20080226_weak.pdf

onlinelibrary.wiley.com/doi/pdf/10.1002/9780470670590.wbeog809

www.cgdev.org/sites/default/files/archive/doc/commentary/15_Eizenstat.pdf

www.eulerhermes.fr/etude-economique/Pages/default.aspx