

The Tangled Web: The Poverty-Insecurity Nexus

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The effort to end global poverty is commonly framed as a moral imperative. Stark images of starvation and sickness weigh on our consciences, and as the world becomes more interconnected, it is harder for the “haves” to ignore the suffering of the “have-nots.” The humanitarian impulse is gaining momentum – as illustrated by the abundance of white “make poverty history” wristbands, the lavish attention paid to celebrities who now make this their cause, and more meaningfully, the historic spike in Americans’ charitable giving during the past few years. Each day, more leaders and citizens are answering the call to help.

Yet the fight against poverty is about much more than extending a hand to those in need; in a world where borders matter less and where seemingly faraway threats can metastasize into immediate problems, many now recognize that this is a fight of necessity. Addressing poverty is not just a matter of doing the right thing – it is a matter of doing the smart thing to ensure security at home and abroad. By exhausting institutions, depleting resources, weakening leaders, and crushing hope, extreme poverty fuels instability that often leads to armed conflict and can be a breeding ground for terrorists. And the reverse is also true: the insecurity stemming from conflict and demographic and environmental challenges makes it harder for leaders, institutions, and public and private outsiders to address poverty. Simply put, poverty is both a cause of insecurity and a product of it.

The 2006 meeting of the Brookings Blum Roundtable will explore this tangled web from several key perspectives, drawing on the experiences of those addressing these on-the-ground challenges everyday as well as those conducting cutting-edge analytical work. The goal is simple: the Roundtable seeks to develop a strong consensus and to galvanize action around concrete proposals that work.

On the first day, Session I will investigate the complicated connections between poverty and insecurity and set forth some of the concrete challenges that will be explored further during the Roundtable. Session II moves to the practical implications, examining the challenges that public and private organizations confront as they seek to operate in areas plagued by poverty and insecurity. Successful organizations have learned to adjust their operating models to cope with these hurdles and help support the emergence of strong community organizations. This session will explore working strategies in insecure environments, drawing lessons from business and NGO leaders in the field.

On the second day, Session III will focus on one of the most critical aspects of fighting poverty and insecurity: the role of leaders. By exploring examples of both good and bad leadership, including by hearing from many former leaders themselves, this session will probe how individuals can shape and be shaped by larger challenges. Session IV will assess one of the largest challenges that leaders face: the contribution of natural resource scarcity – or abundance – to insecurity and conflict.

The spotlight on major drivers will continue into the Roundtable’s final day, as Session V moves to a consideration of how demography influences the likelihood of hardship and the risk of violence. In particular, we’ll explore the challenges stemming from “youth bulges” and what could be done to address them. Session VI will move to an assessment of the role that democratic governance plays in addressing these key challenges to security and development, exploring the current efforts of the United States government to pursue “transformational diplomacy” by emphasizing democracy and reforming foreign assistance programs. The final working lunch will provide an opportunity to frame concrete initiatives and recommendations emerging from the roundtable.

SESSION I: GLOBAL POVERTY, CONFLICT AND INSECURITY

In recent years, world leaders and policy experts have developed a strong consensus that the fight against poverty is important to ensuring global stability.¹ Economic hardship is as much of a security threat as it is a humanitarian tragedy. This was the core message of the UK Gleneagles G-8 summit last year and is the underlying rationale of the UN Millennium Development Goals.

Even American policymakers – who have traditionally emphasized security threats that involve guns and bombs – have acknowledged this link. Former Secretary of State Colin Powell argues that “the war against terror is bound up in the war against poverty.” The 2006 National Security Strategy of the United States makes the case for fighting poverty

¹ This section draws on Paul Collier, “The Market for Civil War,” (*Foreign Policy*, May/June 2003); Susan Rice, “Global Poverty, Weak States and Insecurity” (2006 *Brookings-Blum Roundtable*); Susan Rice, “The Threat of Global Poverty” (*The National Interest*, Spring 2006); Edward Miguel, “Global Poverty, Conflict and Insecurity” (2006 *Brookings-Blum Roundtable*); “The Global Menace of Local Strife” (*The Economist*, May 2003); Lydia Polgreen, “Darfur War Rages On, With Disease and Hunger the Biggest Killers,” (*New York Times*, May 31, 2006); and Steve Hansch, “Assistance Expands in Scope and Scale” (From *Security by Other Means: Foreign Assistance, Global Poverty and American Leadership*, The Brookings Institution, Forthcoming);

because “development reinforces diplomacy and defense, reducing long-term threats to our national security by helping to build stable, prosperous, and peaceful societies.” And the Pentagon’s 2006 Quadrennial Defense Review focuses on fighting the “long war,” declaring that the U.S. military has a humanitarian role in “alleviating suffering... [helping] prevent disorder from spiraling into wider conflict or crisis.”

Such assertions have a compelling logic: poverty-stricken states tend to have weaker institutions and are often plagued by ineffective governance, and therefore wield less control over their territory. They can become breeding grounds for criminal activity, internal strife, or terrorist networks – and often all three. Health and social challenges are immense, which can lead to the spread of infectious disease within and across borders. Extreme poverty is also a contributor to and consequence of environmental degradation – damaging biodiversity and being exacerbated by global warming effects – that threatens the globe.

These arguments are reinforced by recent scholarly research. The ground-breaking work of Paul Collier, for example, demonstrates the direct link between deep poverty and conflict. His statistical analysis shows that rather than ancient ethnic hatreds or political rivalries, the most powerful predictors of civil violence are weak economic growth, low incomes and dependence on natural resources. As factors like personal income and national growth rates rise, the risk of conflict falls. For each additional percentage point in the growth rate of per capita income, the chances for conflict are about one percent less. According to the UK Department for International Development, a country with \$250 per capita income has a 15 percent likelihood of internal conflict over 5 years – many times greater than the 1 percent risk to an economy with \$5,000 per capita income.

Poverty and insecurity are mutually reinforcing, leading to what Susan Rice describes as a “doom spiral.” On average, civil wars leave countries 15 percent more impoverished than they otherwise would have been, with as many as 30 percent more people suffering from extreme poverty. Conflict increases infant mortality, creates refugees, fuels the trafficking of drugs and weapons, and wipes out infrastructure. It also makes it even harder for outside players to deliver assistance and less attractive for the private sector to invest. There is perhaps no more alarming example of this doom spiral than the current catastrophe in Darfur, a tragedy that the UN calls the “world’s worst humanitarian crisis” which has claimed at least 250,000 lives. The armed conflict there has sparked a massive humanitarian emergency, where today most people are not killed by bullets but by water-borne diarrhea and malaria.

While the overall number of internal and interstate wars is decreasing, a group of regions and countries remain vulnerable to conflicts over protracted periods – often cycling back into conflict after stability has been established. Instability is largely concentrated in and around two distinct areas: the poorest parts of sub-Saharan Africa, and front-line states where Islamic extremists are engaged in violent conflict (Chechnya, Kashmir, Lebanon, Sudan, East Timor, Iraq, and Afghanistan). Unfortunately, weak governance, poor economic conditions, and natural resource barriers in these areas mean that violent conflict and displacement are likely to continue – and worsen – without intervention.

The complex relationship between poverty and insecurity has often been an excuse for inaction in these conflict zones. Quick solutions are indeed hard to find. There is a

considerable debate about how best to break this cycle. While some focus on addressing the immediate suffering associated with extreme poverty, others emphasize the importance of building strong institutions and capable governance to achieve long-term stability. There are questions whether the best approaches are bottom-up or top-down, and whether those best suited to act are local leaders, neighboring nations, or international organizations. Ensuring a secure world free of poverty is impossible without dealing with environmental, health, and energy issues. So the challenge for government decision-makers, private sector leaders, policy experts and common citizens alike is to disentangle these issues and establish a sensible policy course. This is no easy task – but it is imperative.

Key Questions:

- *As we learn more about the complex interdependence between poverty, insecurity and conflict, are the operational implications becoming clearer?*
- *Is it necessary to address insecurity before poverty can be tackled or must both problems be addressed simultaneously?*
- *Should we be framing the fight against poverty as a national security issue – and are there downsides to doing so?*

SESSION II: OPERATING IN INSECURE ENVIRONMENTS

The fight against extreme poverty can only be won with active leadership from private businesses and NGOs. As last year's Roundtable meeting showed, there are many ways that the private sector and NGOs can be creatively engaged in this vital effort.² Investing in poverty-plagued areas offers tremendous opportunities to enhance both market value and social value.

Yet the reality is that operating in insecure areas presents significant challenges, ranging from dealing with corrupt governments to maintaining security of personnel. For businesses, the risks can be daunting. According to a recent survey of the mining industry, when companies were asked why they refrained or withdrew from otherwise sound investments, nearly 80 percent answered that political instability – particularly, armed conflict – was the key reason. Such perceptions have merit: unreliable or crooked institutions, weak infrastructure, potential violence, currency and commodity price swings, shortages of skilled labor, and insufficient legal protections present considerable deterrents to investment.

To address these concerns, multilateral institutions, official donors and lenders, NGOs and private investors must develop new tools to mitigate risk. For example, “Global Development Bonds” could help boost capital abroad (similar to what the municipal bond market has done locally in the United States), attracting institutional and commercial investors into poor countries. New mechanisms could be created to help promote the

² This section draws on Lael Brainard and Vinca LaFleur, “Expanding Enterprise, Lifting the Poor: The Private Sector in the Fight Against Global Poverty” (The Brookings Institution, 2005); Jane Nelson, “Operating in Insecure Environments” (*Written for the 2006 Brookings-Blum Roundtable*); Jason Switzer, “Conflicting Interests,” (International Institute for Sustainable Development); and Alessandra Sulzer, “The Business of Cooperation: Peace and Profit through Joint Ventures,” (*Harvard International Review*, Summer 2001).

financing of small-and-medium sized enterprises (SMEs) – enterprises between 10 and 100 employees – by boosting equity or strengthening long-term loans. The aim of such ideas is not to supplant market mechanisms, but to create meaningful incentives for private investors to venture into markets they might otherwise write off as hopeless.

Shaping how the private sector operates in poor countries also matters greatly. UN Secretary General Kofi Annan has explained that private sector decisions “on investment and employment, on relations with local communities, on protection for local environments, [and] on their own security arrangements, can help a country turn its back on conflict, or exacerbate the tensions that fuelled the conflict in the first place.”

Many multinational enterprises vote with their feet, essentially choosing not to enter or to withdraw from environments prone to extreme insecurity and conflict. But while this is an easy choice for some companies, such as consumer goods producers, resource-dependent companies (and related supply chains) are confronted with harder choices when resource-abundant settings spiral out of control, as so many frequently do. Even within the extractive industries, there are important differences among energy companies, which can often insulate their operations by moving offshore, and labor-intensive mining and minerals operations.

Today there is far more awareness that multinationals’ business models can influence the prospects for local stability and that core business interests are directly tied to the stability of the communities where they operate. Where once corporate chiefs might have dismissed transparency as a government issue, there is growing recognition that the diversion of tax and royalty payments can come back to haunt business directly by tarnishing reputations and indirectly by undermining local conditions. Managing risks and maximizing profits cannot come at the cost of exacerbating social problems or fueling conflict. To prevent this, there is now a wide array of global codes, compacts and voluntary principles focused on integrating performance standards and accountability into the work of companies and NGOs. A growing number of global corporations are seeking to adhere to corporate social responsibility (CSR) approaches that set standards for best practices and establish basic principles for operating in poor and insecure environments. Greater effort is also being placed on developing management tools for private organizations to measure their impact and report their performance and adherence to such standards.

Some companies have decided to address this head-on by creating business opportunities explicitly aimed at both boosting profits and fostering the peaceful resolution of conflict and sustainable development. One example is PeaceWorks, a global corporation that for over a decade has sought to develop and promote business partnerships between different nationalities or ethnicities that have historically been at odds. Another case is Siemens Data Communications (SDC), an engineering company based in Israel, which several years ago developed a joint venture with a Palestinian engineering company to hire, train and integrate Palestinian engineers into their work. This venture not only filled gaps in the Israeli labor market and provided valuable jobs for Palestinians, but in its own way helped break down the personal barriers and stereotypes that often hinder reconciliation. “As engineers, we all speak the same language and have the same goals,” one of the Palestinian workers explained. “I think the only real hope for a peaceful settlement lies in such cooperative projects.”

There is also growing awareness that companies and NGOs can and should play a larger role in supporting civil society organizations, media and high risk groups like youth, women and ethnic minorities. By helping to build more effective community advocates for good governance and security, whether through philanthropy or local investment, the private sector can help develop greater opportunities while promoting high returns. And by choosing to operate in a way that focuses on addressing the grievances and needs of traditionally disenfranchised groups, like women and youth, the private sector can help enhance long-term stability.

Key Questions:

- *What guidelines and procedures have proven most effective for NGOs that operate in unstable and insecure environments?*
- *What are best practices in environments with dysfunctional governance for ensuring that business operations do not exacerbate conflict and instead contribute to improved governance, greater stability, and development?*
- *What should donor governments do to influence how outsiders operate in poor and insecure regions?*
- *How does the new “China factor” affect the competition for natural resources and the prospects for corporate responsibility approaches?*

SESSION III: THE ROLE OF LEADERSHIP IN OVERCOMING POVERTY & SECURITY IN AFRICA

“What Mugabe has done to this country is despicable,” Peta Thornycroft, a Zimbabwean journalist, recently told one of her American colleagues. “He has destroyed the second-most-industrialized country in Africa. He has wrecked the infrastructure, wrecked education and health care. His only concern has been his own safety, his own power...he must know that there is nobody left who can write him a good obituary.”

Tragically, Thornycroft’s stark assessment of Zimbabwe’s longtime President, Robert Mugabe, could be repeated in too many places around the world today.³ Countries on every continent suffer from poverty and insecurity because of the decisions and actions of leaders. Of course, some regions are more deeply affected than others – and Africa has particularly suffered from a leadership deficit. Robert Rotberg reports that by some measures, 90 percent of sub-Saharan African nations have experienced despotic rule in the last 3 decades.

The impact of venal and cynical leadership can be devastating. To continue with the example of Zimbabwe: Mugabe has taken a country that once stood out as a regional economic and political success and has turned it into a repressive, chaotic mess. Its economy has been grossly mismanaged – fifteen years ago, a quarter of Zimbabweans were unemployed, compared with 70 percent today. Inflation is over 1000 percent a year. With

³ This section draws on Joshua Hammer, “Big Man: Is the Mugabe Era Near its End?” (*New Yorker*, June 26, 2006); Robert Rotberg, “The Role of Leadership in Overcoming Poverty and Insecurity in Africa” (*written for the 2006 Brookings-Blum Roundtable*); Robert Rotberg, “Africa’s Mess, Mugabe’s Mayhem” (*Foreign Affairs*, Sep/Oct 2000); and “More Than Humanitarianism: A Strategic U.S. Approach toward Africa” (Council on Foreign Relations Task Force Report, 2006).

one-fifth of the population infected with HIV, funds designated for treatment are frequently diverted to line the pockets of government ministers and their cronies. According to the World Health Organization, a Zimbabwean female's life expectancy is the lowest in the world – 34 years. Newspapers have been closed and scores of reporters thrown in jail, foreigners have been kept out, while Zimbabwe's police and armed forces have forcibly eradicated slum-dwellers in ways reminiscent of the horrific ethnic cleansing of the 1990s Balkans.

The damage done by bad leaders can last long beyond the period of misrule, as illustrated starkly by the difficulties Dr. Mohamed Ibrahim, Chairman of Celtel International B.V., encountered when seeking business partners for an investment in Uganda. "I remember the first guy I talked to... who designed a number of the networks in Europe and in Asia. I said, 'Let's go and build a telecom network in Uganda.' And he said, 'Mo, are you crazy? There's a guy called Idi Amin in Uganda. Do you want me to drag my company to work in a country run by a crazy guy called Idi Amin?'" I said, "Listen, Idi Amin left 15 years ago."⁴

Of course, bad leadership alone is not the cause of every instance of poverty and insecurity. But it is hard to imagine how countries can overcome such challenges without effective and competent leadership. Enlightened leaders with vision and strength are especially important when their state's organizational and institutional capacity to govern is lacking. To attract outside assistance and investment, leaders of poor countries have a responsibility to implement effective policies to help the private sector navigate the risk/reward trade-offs. Unsurprisingly, strong states that successfully provide their citizens with basic security, political freedom, transportation and communication infrastructure, medical provisions and educational institutions – states like Botswana, Mauritius and South Africa – possess the most farsighted and effective leadership.

Examples of these two extremes are readily available. Just as the economic decline and instability of Zimbabwe have paralleled the decay of effective leadership over the past decade, the administrations of Botswanan Presidents Khama, Masire and Mogae offer a promising future. Both through their actions and the examples they set, these leaders successfully turned Botswana into a stable democratic meritocracy that now serves as a beacon for the rest of the continent. Such examples disprove the canard that Africa is somehow destined to weak leadership – but they also make the reality that so many corrupt and incompetent leaders still rule quite depressing.

Recognizing that it is difficult to prosper in the midst of an unstable neighborhood, African leaders have tried to institute collective mechanisms to help promote better leadership and good governance. The New Partnership for Africa's Development (NEPAD) set forth a continent-wide agenda for improved governance, sound economic policies and greater regional integration. To help monitor whether participating countries maintain such standards, NEPAD established the African Peer Review Mechanism (APRM), which 23 countries have joined. This calls on states to conduct their own internal review process to identify governance weaknesses, followed by an outside assessment and creation

⁴ Remarks at Clinton Global Initiative, September 17, 2006.

of an action plan for corrective measures. And yet, NEPAD failed a critical test, when members proved reluctant to condemn Mugabe's record.

Leadership must ultimately come from within; but outside help can make a critical difference, especially in places like Africa. For the international community, the challenge is to develop ways that it can help find, train and support the leaders of tomorrow – and assist those who are making a difference today. In many places, the international community can help create an ethos of public service. For example, the 2005 G-8-Africa Action Plan places emphasis on improved governance. And in 2004, a group of former and current African leaders joined together to establish the African Leadership Council, showing their commitment to human rights and rule of law and setting an example for other leaders in the region. They also stressed the importance of efforts to educate aspiring leaders, not just in addressing economic and social reform challenges, but in promoting good governance generally.

Without visionary leadership or a strong tradition of good governance, too many African states simply lack the ability to govern effectively – and therefore are confined to a future of poverty and insecurity. Africa's people must challenge themselves to develop cultures of good governance and just leadership that will be needed to overcome the corruption, criminality and incompetence that fuels extreme poverty and insecurity. And the international community must do more to help.

Key Questions:

- *What are the most effective mechanisms for external governments, businesses and NGOs to support leaders who are trying to transform governance and address poverty?*
- *Given the critical importance of leadership quality, are there proven ways to address the leadership deficit directly? Is it more effective to address the surrounding institutional environment, or must both be addressed simultaneously?*

SESSION IV: RESOURCE AND ENVIRONMENTAL INSECURITY

Throughout West Africa, poor villagers struggle with the effects of desertification that degrades the land on which they farm. In Haiti, forest and soil loss aggravates its deep economic woes and sparks periods of conflict. In Pakistan, women walk long distances to collect drinking water from ponds that are used by livestock, leading to tremendous health challenges and high infant mortality. In eastern Congo, innocents are terrorized by rebels fueled with weapons bought with diamonds. These examples illustrate what for many poor people around the world is an obvious fact: the scarcity, abundance and tensions of and over natural resources are intertwined with poverty and insecurity.⁵

⁵ This section draws on Thomas Homer-Dixon, "Scarcity and Conflict" (*Forum for Applied Research and Public Policy*, Spring 2000); Jason Morrisette and Douglas Borer, "Where Oil and Water Do Mix: Environmental Scarcity and Future Conflict in the Middle East and North Africa" (*Parameters*, 2004/2005); Simon Robinson, "Nigeria's Deadly Days," (*Time International*, May 22, 2006); "Bringing Water to the Poor" (Asian Development Bank, January 2004); and Colin Kahl, "Demography, Environment and Civil Strife" (*written for the 2006 Brookings-Blum Roundtable*).

This complex relationship will only grow more challenging over time. The statistics paint an alarming picture. The world's population is projected to reach 8 billion by 2025 – and over 90 percent of the projected growth will take place in countries where the majority of the population is dependent on local renewable resources (by 2050, the population of high-income countries is expected to be in decline). Almost 70 percent of the world's poor live in rural areas, and most depend on agriculture for their main income – which both requires and exhausts natural resources. Over 40 percent of people on the planet – 2.4 billion – use wood, charcoal, straw or cow dung as their main source of energy, and over 1.2 billion people lack access to clean drinking water.

When it comes to extreme poverty, the challenge of natural resources is usually considered to be mainly one of scarcity. And when demand for resources far outweighs supply, conflict is often the result. Demographic and environmental stress can create greater demands on states, which are usually already weak. These grievances can foment instability from below, such as demands for services or better access to resources. Scarce natural resources can also tempt elites to manipulate them – controlling them for personal gain or using them to reward certain groups over others – or even fueling civil strife in an effort to maintain power. Scarcity is also often the result of the severe imbalance of wealth, which is almost always a key factor in the outbreak of conflict in poor areas.

But alongside scarcity is the challenge of managing resource abundance. Development analysts draw attention to the governing pathologies created by the “resource curse,” describing those states whose economies rely disproportionately on valuable natural resources as often likely to be undemocratic and corrupt, with leaders that have few incentives to address social inequities. Abundance can also lead to “honey pot effects,” in which rogue groups fight to secure valuable natural resources – which, once acquired, provide them the additional means to buy weapons, fueling a cycle of growing instability.

For example, while companies like ExxonMobil and Shell have poured money and infrastructure into the oil-rich Niger Delta, the region suffers from sustained conflict and instability. Frustrated that they remain poor even as oil money floods the country, militant groups have resorted to violence. Local attacks continue each day, growing more sophisticated and organized, making one of the most resource-rich areas of the world also one of the most dangerous.

Many of the world's poorest countries suffer from a combination of threats; high dependence on natural resources, rapid population growth, environmental degradation and emerging scarcity combine to create a kind of perfect storm of poverty and insecurity.

An acute resource problem besets one of life's most basic necessities: water. Battling drought, lack of clean water and inadequate sanitation, the poor struggle to survive – and many do not. According to the World Health Organization, more than five million people die every year from contaminated water or water-related diseases. “Many of the wars of the 20th century were about oil, but wars of the 21st century will be over water,” explains Ismail Serageldin, a former vice president of the World Bank.

Innovative solutions are emerging. For instance, in Pakistan, WaterAid, an NGO dedicated to alleviating poverty and disease caused by unsafe water and sanitation, joined

forces with local urban partners to construct and improve sewers in low-income areas of Karachi. The new sewers have revolutionized life for the community, empowering local citizens to take control of their situation and implement effective change. Similarly successful stories funded by the World Bank, WaterAid, the Asian Development Bank and others exist across communities in Latin America, Africa and Asia.

Yet time is not on our side. According to a Pacific Institute analysis, between 34 and 76 million people could perish because of water-related diseases by 2020, even if the UN Millennium Development Goals are met. Experience has proven that successful intervention can work. Unfortunately, many of the effects of water scarcity are irreversible, so only one question remains: will our intervention be too late?

Key Questions:

- *What are the most promising solutions currently being tested for the pervasive problem of inadequate clean water supplies and sanitation?*
- *Is the water challenge primarily the province of governments, or can NGOs and the private sector make a decisive contribution?*
- *Do resource challenges receive a sufficiently high priority in the development and poverty alleviation agenda – at the international level? In the afflicted countries?*

SESSION V: YOUTH AND CONFLICT

While the United States braces itself for retiring baby boomers and aging European welfare states struggle, the developing world is getting younger.⁶ Nearly half of the planet is under 25 years old, and over a billion people are between the ages of 12 and 24. The size of today's youth population – the so-called “youth bulge” – is the largest cohort ever to transition into adulthood.

This fact presents tremendous challenges, particularly for the developing world. Young people often bear the brunt of suffering from poverty, lack of educational and economic opportunities, poor health, crime and armed conflict. Youth represent approximately half of the developing country population (located predominantly in sub-Saharan Africa and the Middle East), and almost 60 percent of the total poor globally. Nearly 17 million of the world's youth are refugees or internally displaced persons, 130 million are illiterate, and over 300,000 fight as child soldiers. In too many places, the next generation is caught in a troubling cycle – as its numbers soar, its opportunities to make a useful contribution to society diminishes.

This can have profound effects on security. Researchers have shown a strong statistical link between the youth bulge (especially among young men) and violent instability.

⁶ This section draws on Henrik Urdal, “The Demographics of Political Violence: Youth Bulges, Insecurity and Conflict” (*written for the 2006 Brookings-Blum Roundtable*); Marc Sommers, “Embracing The Margins Working with Youth Amidst War and Insecurity” (*written for the 2006 Brookings-Blum Roundtable*); Jane Nelson, “Memo on Youth Employment” (*written for the 2006 Brookings-Blum Roundtable*); and Richard Cincotta, Robert Engelman and Daniele Anastasion, “*The Security Demographic: Population and Civil Conflict After the Cold War*” (Population Action International, 2003).

Henrik Urdal explains that for each percentage point increase in the youth population, the risk of conflict increases by more than four percent. Other analysts have shown that conflicts with a high proportion of youth tend to be more deadly. To be sure, the mere existence of young people is not the cause of conflict, but the social and economic pressures that a swelling youth population places on already weak states that are unable to provide opportunities for economic and political advancement are too often destabilizing.

While it is easy to see the youth bulge solely within the framework of threats, it is important to consider that a dynamic youth population also presents tremendous opportunities. To take one example, some estimate that lowering youth unemployment in Caribbean countries could boost their GDP by as much as 3 percent. With the right policies and institutions, and with critical outside help, today's youth could help usher in a brighter future for many countries. Engaging young people to become effective citizens, workers, social and economic entrepreneurs, and leaders is indispensable to lifting countries out of poverty and enhancing security. Access to education and jobs lowers the risk of conflict and increases the odds of economic growth (although higher education unaccompanied by job growth is a combustible mix). For lower-income countries, the priority should be placed on establishing basic literacy and adequate health.

But too many programs and policies aimed at helping youth in poor countries fall woefully short. In numerous countries, the strategies for addressing youth needs are not part of a broader approach towards poverty, and they suffer from poor coordination and lack of accountability. Another problem is the top-down approach taken by many programs. According to a recent World Bank survey, young people are rarely consulted when devising strategies to help them. There is also the question of the strategies themselves. As Marc Sommers argues, the tendency to concentrate efforts on helping youth in rural areas often leaves the needs of urban youth unaddressed – potentially exacerbating challenges rather than overcoming them.

Increasingly, the international community is taking notice. Of the UN's eight Millennium Development Goals, seven relate directly or indirectly to the plight of young people. The World Bank's upcoming World Development Report is addressing "Development and the Next Generation," which should spark further analysis and focus assistance programs.

Innovative private sector players and NGOs are also working to engage and empower youth in poor areas. For example, this year the ImagineNations group received support from the Bill & Melinda Gates Foundation to develop programs that provide training and capital to a new generation of young entrepreneurs. The goal is not only to spur investments in small and medium-sized enterprises, but also to create incentives for larger companies to hire young people or recruit them as interns and apprentices. Other organizations are pursuing grass-roots efforts to make youth an integral part of community safety. In Liberia, a local organization called Youth Crime Watch Liberia is working to assist schools and communities to establish and sustain crime prevention programs, including a rape awareness campaign.

Key Questions:

- *What is the best way to address the challenge of providing avenues for socioeconomic and political advancement to the growing population of poor youth?*
- *Is it more effective to incorporate youth considerations into general health, education and livelihood generation programs or instead to design programs with a specific focus on youth?*
- *What are the best programs addressing youth needs today, and what are the barriers to scaling them up and adapting them to different environments?*

SESSION VI: TRANSFORMATIONAL DIPLOMACY AND THE ROUTE TO SECURITY

Strengthening *governance* is a sine qua non of effective development and essential for mitigating insecurity and conflict. Countries governed by the rule of law are more accountable and predictable, and therefore better able to meet the needs of their people and capable of attracting and effectively using outside help. During recent years, the U.S. government has progressively elevated *democratization* as the top goal of foreign assistance, variously labeled as “the freedom agenda” and “transformational diplomacy.”⁷ While there is mounting evidence of the virtues of liberal democracies that emerge organically on robust political and societal foundations, disagreement remains over foreign intervention to transplant democracy into societies with weak institutional foundations.

Starting with President George W. Bush’s second term, his Administration has made what it calls “transformational diplomacy” the hallmark of its foreign policy. This is an effort to orient foreign assistance policy, planning and oversight toward a goal of “helping to build and sustain democratic, well-governed states.” While the word “poverty” does not appear in this goal, Administration officials argue that their policy aims to address what they see as the root cause of hardship. “Achieving transformational development requires more than short-term charity or even the long-term provision of services,” Randall Tobias, the Bush Administration’s new Director of Foreign Assistance, explained recently. “We must support citizens to make demands of their governments, and reject excuses for failure.”

To implement this strategy, the U.S. government is in the midst of reforming the way it plans and implements foreign assistance, working to develop a more integrated approach. How this will end up – and how dramatic the reforms will actually be – remains to be seen. This effort is a continuation of reforms started during the Bush Administration’s first term, like the creation of the Millennium Challenge Corporation (MCC), which aimed to focus assistance efforts on capable and committed partners, where it rewards good performers and places special emphasis on corruption scores. The United States government has also worked to build its capacity to deal with the range of development and security challenges in states coming out of conflict, creating the State Department Coordinator for Reconstruction and Stabilization (S/CRS) and issuing several directives and executive orders to organize the

⁷ This section draws on Lael Brainard, “A Unified Framework for U.S. Foreign Assistance” (From Security by Other Means: Foreign Assistance Global Poverty and American Leadership, *The Brookings Institution*, Forthcoming); Jennifer Windsor, “Advancing the Freedom Agenda: Time for a Recalibration” (*The Washington Quarterly*, Summer 2006); Randall Tobias, “Getting a Better Return on America’s Investment in People” (Speech delivered at the Initiative for Global Development National Summit, June 15, 2006)

bureaucracy. Although such reforms were long overdue, many criticize them as largely unfulfilled (especially in the case of the MCC) and still falling far short of the need.

There is also a concern that the focus on democratic reforms might leave out states that are suffering most from poverty and conflict. Democracy is important, but building the institutions needed to sustain a robust democracy takes time. Many poor states in conflict confront immediate challenges such as pandemic disease, resource scarcities and a growing population of underemployed youth; they do not have the capacity to control their territories, let alone provide for their people. Democracy is necessary for sustained peace and development. But democracy itself is not sufficient, and deciding where to place the emphasis of effort is no easy task. Stephen Krasner, one of the architects of the Bush Administration's reforms, acknowledges the uncertainty about elevating democratization as a primary organizing principle for foreign assistance: "This is a very hard problem, and we don't have a clear theory about how to go about it. Do we need organic change in which we have to do everything at once? Can we identify certain key sectors?"

Others have raised worries that making democratization central, especially in the context of deep poverty, could be destabilizing in the short run. Scholars have shown that while full-fledged democracies might be more peaceful, democratizing states are often more unstable and prone to violence than autocratic states. Some regional specialists warn that pushing democracy and elections too soon in parts of the Middle East might lead to greater conflict and economic hardship – as witnessed by the recent electoral victory of Hamas in the Palestinian territories.

But despite such uncertainties, there is growing consensus that the coming years could be a turning point for how the U.S. approaches foreign assistance. With the ongoing challenges in Iraq and Afghanistan, there is wider appreciation of the growing importance of conflict prevention and stabilization – as well as an appreciation for how much more there is to learn about the relationship between poverty and insecurity in order to conduct such missions effectively.

Key Questions

- *What are the implications, risks and benefits of framing the U.S. foreign assistance agenda as transformational diplomacy? Where do trade-offs arise between promoting democracy and addressing other key facets of poverty and conflict, like natural resource and demographic pressures?*
- *What are best practices in democracy promotion programs? What kinds of organizations are most effective – local or international, nongovernmental or official?*
- *How can we assess current reforms of U.S. foreign assistance, and how can the efforts be improved?*