Human Security and Development in Africa: An Overview

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This volume revisits the risks posed to sustainable development in Africa by natural disasters, climate change and political violence, contributing to the evidence base and identifying key issues that would warrant further research. It offers a modest contribution to discussions on human security-development nexus drawing on evidence from macro- and micro-economic analysis. A key message is that in order to do a more rigorous analysis of the risks posed by key elements of human security to development in Africa, considerable effort should be devoted to data collection. Meanwhile, the evidence available suggest that the effects of these risks on development can be large and long lasting. In terms of policy responses, the insight is that the impact of some of these risks on human development can be mitigated through innovative insurance and financial mechanisms. However, all the contributions to this volume stress the imperative of strong and effective institutions in managing the impact of some of these risks, especially those related to political violence and climate change, as well as reducing the risks themselves.

JEL classification: O13, Q55

One of the benefits of the termination of cold war era is the shift in the concept of human security from the traditional interstate security concerns to intrastate transnational and global concerns. Key elements of the new concept of human security, which have implications for development in contemporary Africa, include unsustainable exploitation and depletion of natural resources,

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environmental degradation, poverty, social inequality, epidemics such as HIV/AIDS and civil strife and conflicts. Each of these elements plays major roles in the human security-development nexus at the macro and micro levels in Africa.

This volume revisits the risks posed to sustainable development in Africa by key elements of human security, namely natural disasters, climate change and political violence, contributing to the evidence base and identifying key issues that would warrant further research. Two articles by Cristina Bodea and Ibrahim Eldabawi; and Ajay Chhibber and Rachid Laajaj, focus on the macro-evidence, including growth and overall policy responses, whereas the third article by Stefan Dercon focuses on micro-level research related to the role of risk for households and firms. Two key types of risk get most attention: climatic risks and the risks related to political violence and conflict. Much of this literature has evolved separately, with few links between the (often more macroeconomic) literature on conflict and the usually more microeconomic literature on climatic risk. There are some notable exceptions, such as Miguel (2004), on the impact of growth on the emergence of conflict across the world. His evidence shows a clear link between drought and growth, and from growth to conflict. The recent debates on climate change and its economic impact in the wake of the Stern Review have further highlighted the macroeconomic consequences of climatic risk. Nevertheless, despite these contributions, issues related to climatic risks and disasters, and on conflict and the political economy of growth, are rarely discussed in tandem. This volume offers a modest contribution to reverse this tendency.

The emergence of more macro- and microeconomic analyses of risk has much to do with the increased construction and availability of systematic and comparable data based on risk across the developing world. In their paper, Bodea and Elbadawi contribute further to this by introducing new data on diverse manifestations of political violence in the macro-level cross-country data analysis. In particular, they use data on the incidence of riots, coups and civil war to construct predicted probabilities of political violence and their different manifestations across the world. Similarly, for the analysis of the implications of climatic risk, Chhibber and Laajaj build on better data that are emerging on climatic risks, as well as time series data on the number and scale of natural disasters.
At the micro-level, Dercon’s review shows the large number of studies that have been able to use micro-level variation in exposure to specific shocks on outcomes and growth. It is nevertheless striking that most evidence is related to shocks such as drought, flooding or health shocks, but little analysis has been done using risks related to forms of political violence or other risks related to the political economy, including corruption and governance. While these are clearly very widespread in Africa, it is more difficult to conduct systematic data collection, while they are also substantially covariate, so that micro-level variation is harder to identify. The examples shown in the contribution by Dercon offer a sense of the insights that could nevertheless be gained if more systematic data collection were undertaken.

The evidence in the three papers show how large the impact of risk is on growth and people’s living conditions. The existing evidence of the impact of conflict on growth is confirmed by the contribution by Bodea and Cristina. They calculate that a long-lasting conflict in Africa costs on average $46 billion in 2000 prices, roughly double the typical stock of external debt. Other manifestations of political violence may have lower but still very significant costs to the economy. Chhibber and Laajaj in their contribution highlight the lack of consensus of the long-run costs of natural disasters, highlighting methodological difficulties. Nevertheless, the evidence is suggestive for long-lasting effects, possibly largely working through micro-level channels such as stunting and education. Dercon reviews the micro-evidence in this respect, and from a number of African countries, including Ethiopia, Tanzania, Kenya and Zimbabwe, the micro-econometric evidence points to long-lasting and, at times, permanent effects, working through the stock of human and physical capital. Furthermore, there is also important evidence from these settings that households move away from optimal levels and portfolios of assets and activities, in order to avoid risk, with further large consequences for long-term growth and living standards.

In terms of policy responses, all three papers offer a number of examples of innovative policy responses. Both Chhibber and Laajaj and Dercon note that insurance products, both at the macro- and micro-level are largely missing, with international aid and safety nets the typical instruments used. Chhibber and Laajaj suggest a number of possible financial risk mechanisms, including...
insurance products with clear parametric triggers to offer transparent and reliable support in case of a disaster. In fact, while not mentioned, Africa has already at least one such innovative product in operation: the WFP-AXA weather-indexed insurance, in which Ethiopia receives a payout if the rains fail to secure at least partially food supply in affected areas. This does not necessarily mean that insurance products are the only solution. In fact, as Chhibber and Laajaj argue, they are not necessarily the best product, as catastrophe insurance tends to attract premiums that are multiples of actually fair premiums. Other instruments, such as catastrophe bonds, are also not necessarily offering an efficient solution. They argue for a role of microfinance institutions, whose portfolios could be reinsured across countries with potentially huge benefits. Furthermore, aid disbursement flexibility could also offer solutions. Overall, however, the role of insurance and other public policy interventions should not distract from another crucial means of reducing the role of risk on households and firms: by reducing risk itself. Risk reduction, including in the case of the risks of natural disasters, has to be a priority.

Responses to political risks are surely not going to be in the form of offering insurance products, but rather to design instruments that will reduce the risks faced. Institutional development is key here and, as Bodea and Elbadawi argued, the nature of the institutions really matter. For example, based on their findings, they suggest that in Africa a democracy per se is not enough, but in societies with ethnic fractionalisation, forms of inclusive, non-fractional democracies will need to be developed. At the micro-level, Dercon also argues that institutional development is key to reduce the risks related to the political economy and corruption. The nature of the problems involved require much more attention, and the microeconomic literature on risk and its consequences will need to include these in their discussions of policy responses.

Reference