Impact case study (REF3b)

Institution: University of Oxford
Unit of Assessment: 24B Development Studies
Title of case study: Using the 'horizontal inequalities' concept to improve development policy in fragile states

1. Summary of the impact
Research at Oxford funded by the UK Department for International Development (DFID) showed that countries with highly unequal resource distribution between culturally defined groups ('horizontal inequality') are more likely to experience conflict. This key insight contributed to changes in: DFID strategy towards conflict-affected areas; UNDP policy on post-conflict reconstruction; the work of the World Bank towards conflict; and OECD guidance on state-building in fragile states. The research also made a contribution to national policy discussions in a number of developing countries, including Nepal, Malaysia and Kenya.

2. Underpinning research

The research was conducted in the framework of a DFID-funded Development Research Centre (DRC) at the Oxford Department of International Development (ODID) between 2003 and 2010. The Centre for Research on Inequality, Human Security and Ethnicity (CRISE) comprised:

- Professor Frances Stewart (Director of CRISE and Professor of Development Economics, first employed at Oxford 1972; retired 2010)
- Mrs Rosemary Thorp (Reader in Latin American Political Economy, first employed at Oxford 1971; retired 2010)
- Dr Abdul Raufu Mustapha (University Lecturer in African Politics – still in post)
- Dr Graham Brown (Research Officer, 2003–08)
- Dr Corinne Caumartin (Research Officer, 2003–10)
- Dr Rachael Diprose (Researcher, 2008–09)
- Professor Valpy FitzGerald (Professor of International Development Finance – still in post)
- Dr Matthew Gibney (University Lecturer in Forced Migration – still in post)
- Dr Yvan Guichaoua (Research Officer 2004–09)
- Dr Arnim Langer (Research Officer, 2006–10)
- Dr Gudrun Østby (Visiting Fellow, January–March 2006)
- Dr Rajesh Venugopal (Research Officer 2001–03; 2003–04; 2008–09)

This research was conducted in collaboration with partners in Latin America, Southeast Asia and West Africa. The Oxford researchers were responsible for the analytical framework, research design, comparative data analysis and most of the research publications.

This research started from the premise that inequalities between groups – which Stewart **[see Section 3: R1]** termed 'horizontal inequalities' (HIs) – played a greater role in provoking conflict than had previously been recognised. This insight resulted from pioneering work carried out at ODID in the 1990s on the relationship between war and underdevelopment. Stewart and FitzGerald **[R2]** opened a new field of enquiry by exploring the workings of economies during conflict and suggesting policies to protect well-being while conflict was ongoing. Subsequent work indicated that the conventional 'vertical' measure of inequality (between households) was not a good predictor of conflict and nor were individual economic interests ('greed'). In contrast, horizontal inequalities – inequalities between culturally defined groups (eg. religious or ethnic groups) in different dimensions (eg political, socioeconomic or cultural dimensions) – were strongly associated with potential conflict **[R3]**.

Researchers at CRISE compared three areas of the world to understand why some multi-ethnic and multi-religious countries are peaceful while others succumb to violence. Using a multidisciplinary approach combining economics, political science, sociology and anthropology, the team compared sets of countries that had followed different trajectories: Indonesia and Malaysia in Southeast Asia; Nigeria, Ghana and Côte d'Ivoire in West Africa; and Peru, Bolivia and Guatemala in Latin America. The team analysed each country's history of conflict or stability and gathered qualitative and quantitative data on horizontal inequalities. 'Perceptions surveys' were carried out to clarify how people approached questions of ethnicity, religion, discrimination and inequality and how these attitudes affected their actions **[R3, Part III]**. Cross-country and within-country

regression analyses of quantitative data were also conducted **[R3, Part II]**.

The research clearly showed that where horizontal inequality is high, the probability of conflict increases, and that:
- Conflict is more likely where political and socioeconomic HIs are both high and correlated; where they are not correlated between groups, conflict is less likely **[R3, Part I, II and III]**;
- Inclusive (or power-sharing) government tends to reduce the likelihood of conflict **[R3, Ch 7 and Part III]**;
- Inequality of cultural recognition is an additional motive for conflict and cultural 'events' can act as a trigger **[R3, Ch 3]**;
- Mobilisation depends on people's personal circumstances: political exclusion is especially important for leaders, while individuals' feelings of economic and physical insecurity play a major role for those who are mobilised **[R3, Part III]**;
- The dominance of natural resource exports can be a significant cause of conflict, due to their fiscal and locational effects on horizontal inequality **[R4]**.

Policy implications were developed for fragile states generally **[R3]**, in relation to post-conflict development **[R5]** and towards international trade **[R6]**.

3. References to the research

[R1] Stewart, F (2002) *WIDER Annual Lectures 5: Horizontal Inequalities: A Neglected Dimension of Development*. Helsinki: United Nations University-World Institute for Development Economics Research (citations on Google Scholar: 398). Also published as *CRISE Working Paper* No. 1.

[R2] Stewart, F, V FitzGerald and Associates (2000) *War and Underdevelopment*, Volume 1: The Economic and Social Consequences of Conflict; Volume 2: Country Experiences. Oxford: Oxford University Press (citations on Google Scholar: 237).

[R3] Stewart, F (ed) (2008) *Horizontal Inequalities and Conflict: Understanding Group Violence in Multiethnic Societies*. Basingstoke: Palgrave Macmillan. First book in new series. Reviewed in *Journal of Peace Research* (2009, 46 (1): 154–5): 'high-quality, innovative empirical research'. (citations on Google Scholar: 133).

[R4] Thorp, R, S Battistelli, Y Guichaoua, J C Orihuela and M Paredes (2012) *The Developmental Challenges of Mining and Oil: Lessons from Africa and Latin America.* Basingstoke: Palgrave Macmillan.

[R5] Langer, A, F Stewart and R Venugopal (eds) (2011) *Horizontal Inequalities and Post-Conflict Development*. Basingstoke: Palgrave Macmillan.

[R6] Langer, A, and F Stewart (eds) (2012) 'Horizontal Inequalities and International Trade'. Special section of the *European Journal of Development Research* 24 (5). (Impact factor: 0.679).

[R7] Brown, G, and A Langer (2010) 'Conceptualizing and Measuring Ethnicity'. *Oxford Development Studies* 38 (4): 411–36.

These outputs were supported by the following research grants:
- *Centre for Research on Inequality, Human Security and Ethnicity*, Department for International Development grant R8230, 2003–10, £3,181,700
- *The Impact of Humanitarian Aid Distribution on Horizontal Inequalities and Conflict Management*, AusAID grant HUM05, 2007–10, AUS$354,300
- *Horizontal Inequalities. Trade and Natural Resources,* Ford Foundation grant 1085-0888, 2008–10, $200,000

4. Details of the impact

The prevention of conflict has become one of the most important imperatives of development policy – not only because insecurity threatens well-being but also because it is a major cause of poverty. As a result of ODID research led by CRISE, horizontal inequality is widely cited as one of the key causes of conflict, and thus its reduction has become part of policy towards fragile states at the major development agencies. The concept has also influenced a number of governments and is reflected in a range of policy documents.

DFID: CRISE research was funded by DFID in order to provide the evidence base for policy. It contributed to a shift in DFID development strategy towards a recognition that existing approaches

were not always appropriate in fragile and conflict-affected states and donor policy needed to tackle disparities. As DFID stated in a news item on its website on 5 January 2012, 'by turning the focus of policy towards inequality and the neglected dimensions of political, social and economic inclusivity, CRISE's research has had a significant impact on policy making and development strategy' (see https://www.gov.uk/government/news/dfid-research-strengthening-work-in-conflict-affected-countries-through-research).

The new DFID emphasis was apparent in a series of policy papers, including the 2006 DFID White Paper *Preventing Violent Conflict* which notes that exclusion of social groups and inequality can lead to conflict (p 14) and cites a 2005 paper on social exclusion prepared by CRISE for DFID. The 2010 DFID Practice Paper *Building Peaceful States and Societies* **[see Section 5: C1]** has a new emphasis on inclusivity, influenced by the research by CRISE among others, and the first theory on the causes of conflict listed in this paper (Table 1, p 19) is the HI approach. The ractice paper was supported by a number of briefings designed to aid implementation of new OECD-DAC *Principles for Good International Engagement in Fragile States & Situations*. Of these, *Briefing Paper D: Promoting Non-discrimination* **[C2]** draws extensively on the CRISE research **[R1, R3]** (see, for example, pp 2–5).

OECD: CRISE was involved in helping develop the new OECD-DAC *Principles* through a DFID-commissioned consultancy paper on fragile states with the result that non-discrimination, inclusive development and avoiding social exclusion formed part of the principles (Principle 6) **[C3]**. A 2011 OECD publication exploring how far the Principles had been carried out **[C4]** found that Principle 6 in particular was on track. In 2010, Stewart was asked by the OECD to advise on HIs, and the OECD's 2011 policy guidance *Supporting Statebuilding in Situations of Conflict and Fragility* **[C5]** makes a number of references to HIs (citing **[R3]**) and the need to take them into account (pp 31, 46, 47, 52, 60, 67).

World Bank: CRISE research influenced the work of the World Bank's Conflict Prevention and Reconstruction Unit, encouraging a shift in focus from income inequality towards HIs and their link to conflict. According to the then-manager of the unit, speaking in an interview about the research: '[t]he insight from the CRISE work was that we were measuring the wrong thing' (see http://www.ox.ac.uk/research/social_sciences/projects/investigating.html)

Stewart was asked to contribute a background paper to the World Bank's 2011 *World Development Report* **[C6]** and had several discussions with the main authors in London and Washington. The report cites 'Horizontal Inequalities and Identity' as one of the theoretical strands in the literature on conflict on which it draws (p. 75) and notes HIs among the economic and political stresses that can lead to conflict (p. 79). It cites (p. 82) Østby's regression analysis of 55 countries **[R3, Ch 7]** and Langer's research on Côte d'Ivoire **[R3, Ch. 8]**, among other references to the research (eg pp 6, 17, 168, 260).

Stewart was also invited to be a lead speaker at a 2010 World Bank Headline Seminar entitled *Promoting Inclusive Growth and Employment in Fragile Situations*. The World Bank-prepared report of this meeting **[C7]** lists the link between HIs and conflict as the first 'key finding'. Subsequent policy guidance has included 'justice' as a critical objective.

United Nations: CRISE was contracted by the UNDP Bureau of Crisis Prevention and Recovery (BCPR) to co-edit a report on policy in post-conflict countries **[C8]**. One of the report's six 'key conclusions' was that sustained post-conflict recovery requires economic growth that addresses horizontal inequalities (p. xxiii). The UNDP's 2009 guidance note on *Governance in Conflict Prevention and Recovery* **[C9]** cites **[R1]** and **[R3]** and notes that '[a]s Stewart convincingly argues, the likelihood of social unrest and violent conflict is higher in contexts with significant political or economic horizontal inequalities – especially when both types are combined' (p. 3).

CRISE research has also been taken up by the Human Development Report Office (HDRO) and is drawn on in a number of its flagship global Human Development Reports. The 2010 *Human Development Report*, *The Real Wealth of Nations: Pathways to Human Development,* includes

discussion of HIs in its review of human development challenges (pp. 75-6). The 2011 *Human Development Report*, *Sustainability and Equity: A Better Future for All,* notes the role HIs can play in the link between natural resources and conflict (p. 76) **[C10]**.

Impact at the national level: Stewart was commissioned by UNDP Malaysia to review Malaysian policies towards HIs and make recommendations for future policy. She reported on her results to government planners in 2011. She put forward the view that Malaysia should move from an emphasis on direct to indirect policies towards HIs, but should monitor HIs with the aim of a continued reduction, while also focusing on regional and political inequalities. Her input was 'instrumental in framing the situational analysis and the areas for priorities for the inclusive growth agenda' to be pursued by the Malaysian government in cooperation with the UNDP in 2013–15, according to the Assistant Resident Representative (Programme), UNDP Malaysia, Singapore and Brunei Darussalam. **[C11]**.

Langer and Stewart were also invited to Kenya for discussions with the prime minister and his chief economic adviser on policies towards horizontal inequalities and social cohesion **[C12]**. Ex-Ghanaian President John Kufuor, who gave the 52nd Anniversary of Nigerian Independence lecture in Abuja in September 2012, cited 'imbalanced development involving horizontal inequalities' as an important source of conflict that was impeding Nigerian progress (see http://allafrica.com/stories/201209190753.html). This followed a public meeting and media appearances in Ghana by CRISE in 2006

DFID commissioned a special study to ascertain the extent and significance of horizontal inequalities in Nepal, and subsequently designed its development programme to target particularly the poorest regions and poorest groups **[C1]**. This approach continues in the World Bank's Poverty Alleviation Fund, which is directed towards targeting excluded and vulnerable groups. The lead author of the 2009 Nepal *Human Development Report*, *State Transformation and Human Development,* stated that the ideas of social exclusion and HIs had 'guided the conceptual framework of the report' (email to Frances Stewart, 2 April 2008).

Mrs Chandrika Kumaratunga, former president of Sri Lanka, and now a prominent member of the opposition, uses the concept of horizontal inequalities (and cites CRISE work) in her speeches: eg the Thirteenth Emmanuel Onyechere Osigwe Anyiam-Osigwe Lecture 'Unity in diversity; Building Shared and Inclusive Societies for Peace and Prosperity', 29 November 2012 (see http://www.asiantribune.com/news/2012/11/30/unity-diversity-building-shared-and-inclusive-societies-peace-and-prosperity%E2%80%9D-former).

5. Sources to corroborate the impact
[C1] Personal corroboration: Former Permanent Secretary, DFID.
[C2] Department for International Development (DFID) (2010) *Building Peaceful States and Societies* and *Briefing Paper D: Promoting Non-discrimination.* London: DFID.
[C3] Personal corroboration: Senior Social Development Adviser, Asia Regional Team, DFID.
[C4] OECD (2011a) *International Engagement in Fragile States. Can't we do better?* Paris: OECD.
[C5] OECD (2011b) *Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance*, DAC Guidelines and Reference Series. Paris: OECD.
[C6] World Bank (2011) *World Development Report 2011: Conflict, Security, and Development.* Washington DC: World Bank.
[C7] http://siteresources.worldbank.org/EXTLICUS/Resources/511777-1224016350914/5474500-1274376912494/Report-HS5-Growth&Employment_April_12&13_2010.pdf.
[C8] UNDP (2008) *Crisis Prevention and Recovery Report 2008: Post-Conflict Economic Recovery* New York: UNDP Bureau for Crisis Prevention and Recovery.
[C9] UNDP (2009) *Governance in Conflict Prevention and Recovery: A Guidance Note.* New York: UNDP.
[C10] Personal corroboration: Former Director, Human Development Report Office, UNDP.
[C11] Personal corroboration: Assistant Resident Representative (Programme), UNDP Malaysia, Singapore and Brunei Darussalam (held on file).
[C12] Personal corroboration: Former Chief Economic Adviser, Prime Minister's Office, Kenya.