



IMF Conference: Fragility, Conflict, and Macroeconomic Policy in a Shock-Prone World

June 6-7, 2022

Supporting fragile and conflict-affected states (FCS) is an important priority for the international community. FCS are home to nearly 1 billion people facing a variety of challenges: from reduced institutional capacity and the limited provision of public goods to extreme poverty, forced displacement, and in some cases war. In addition, fragility and conflict also interact with – and are exacerbated by – trends such as climate change, food insecurity, and persisting gender inequalities.

Most recently, the economic impact of the COVID-19 pandemic has been most severe in FCS, where **per capita incomes are estimated to recover to 2019 levels only after 2024.** The **war in Ukraine** has shown that spillovers emanating from conflict zones entail **macro-critical implications** not only for neighboring countries, but also for the entire world. FCS already had limited fiscal space emerging from the pandemic, with elevated debt levels. Now, **rising food and energy prices** are hitting them hard. If current trends persist, 60 percent of the global poor may live in FCS by 2030, who are at a significant risk of falling behind in their post-pandemic recovery, but also in achieving the Sustainable Development Goals (SDGs).

In this context, the International Monetary Fund is organizing a conference in partnership with the United Kingdom’s Foreign, Commonwealth and Development Office to explore the nexus between fragility, conflict, and macroeconomic policy, as well as to present the Fund’s newly approved **FCS Strategy**. The conference will gather FCS policymakers, leading academics, and practitioners to reflect on the role of macroeconomic policy in FCS, and the Fund’s **stepped-up efforts** to support these countries. **The conference is divided into two parts:**

- **On June 6, discussions will highlight insights and lessons learned from a new volume on *Macroeconomic Policy in Fragile States* (Oxford University Press, 2021),** coordinated by IMF staff with contributions from leading academics and funded through Macroeconomics in Low-Income Countries (LICs) research partnership with the United Kingdom’s Foreign, Commonwealth and Development Office. Two sessions will focus on how fiscal, monetary, and financial sector policies can play an essential role in reversing state fragility and preventing a spiral into state failure. Challenges and opportunities to build state capacity in FCS will also be highlighted.
- **On June 7, discussions are dedicated to Fund’s FCS Strategy, which aims to enhance the IMF’s ability to deliver tailored, robust, and long-term support to FCS.** Two sessions will highlight new elements in the Fund’s engagement in FCS, including the ways to strengthen partnerships with humanitarian, development, and peace actors to support these countries in improving macroeconomic outcomes and building resilience.

The format of conference is virtual – only panelists will be able to attend in person. The conference will be broadcasted live to the public through **a dedicated website** and IMF social media channels – participants can register on the website. The event will be recorded.

9:00 – 10:00 Session 1: Fragility, Conflict, and Macroeconomic Policy

Fragility and conflict impose heavy human costs, but also create a radically different policy space shaped by the mix of limited public goods, social tensions, political instability, and weak state capacity. This session will provide an overview of how macroeconomic policies can be adapted to address these challenges. Discussions will focus on insights and lessons learned from the new publication “Macroeconomic Policy in Fragile States” (Oxford University Press, 2021), coordinated by IMF staff with contributions from leading academics.

Session Chair and Moderator • **Pierre-Olivier Gourinchas**, Economic Counselor and Director of Research, IMF

Welcoming Remarks • **Antoinette Sayeh**, Deputy Managing Director, IMF

- Speakers**
- **Raphael Espinoza**, Deputy Division Chief, IMF, and co-editor *Macroeconomic Policy in Fragile States*
 - **James Robinson**, University Professor and Director of the Pearson Institute for the Study and Resolution of Global Conflicts, University of Chicago
 - **Ibrahim Elbadawi**, Managing Director of the Economic Research Forum, former Minister of Finance, Sudan
 - **Ralph Chami**, Assistant Director, IMF, and co-editor *Macroeconomic Policy in Fragile States*

Q&A 30 minutes

10:00 – 10:30 Break

10:30 – 11:30 Session 2 – Building State Capacity to Exit the Fragility Trap

This session will explore efforts to build state capacity in FCS, especially through the lens of policymakers. Building state capacity through technical support offered by institutions such as the IMF and donors can help reverse fragility. However, the task goes beyond technical constraints, reflecting a wide range of challenges such as weak governance, the lack of cohesiveness in the operation of the state, and the lack of state legitimacy. The session will identify challenges but also opportunities of strengthening capacities in the context of fragility and conflict – including a frank conversation of policy trade-offs in FCS.

Session Chair and Moderator • **Dominique Desruelle**, Director, Institute for Capacity Development, IMF

- Speakers**
- **Salam Fayyad**, Visiting Senior Scholar and Lecturer in Public Policy, Princeton University, former Prime Minister of the Palestinian Authority
 - **Malangu Kabedi-Mbuyi**, Governor of the Central Bank, Democratic Republic of Congo
 - **Katherine Baer**, Deputy Director, Fiscal Affairs Department, IMF

Q&A 30 minutes

9:00 – 10:00 Session 3 – Enhancing the IMF’s Engagement in FCS: The Fund’s FCS Strategy

The IMF is stepping up its engagement with fragile and conflict-affected states, including by completing its first FCS Strategy. Through long-term engagement and working with partners, the Fund aims to enhance its effectiveness to support FCS in achieving macroeconomic stability to help them exit from fragility, strengthen their resilience, and promote sustainable and inclusive economic growth. This session will showcase the new elements of the Fund’s engagement with FCS, as articulated by the FCS Strategy.

Session Chair and Moderator • **Mahmoud Mohieldin**, Executive Director, IMF

FCS Strategy Overview • **Franck Bousquet**, Deputy Director, Institute for Capacity Development, IMF

- Speakers**
- **José Carlos Casimiro Varela**, State Secretary for Budget and Tax issues, Guinea Bissau
 - **Abebe Aemro Selassie**, Director, African Department, IMF
 - **Kate Phillips-Barrasso**, Vice President of Global Policy and Advocacy, Mercy Corps
 - **Masood Ahmed**, President, Center for Global Development

Q&A 30 minutes

10:00 – 10:30 Break

10:30 – 11:30 Session 4 – Strengthening Cooperation between International Organizations in FCS

This session will discuss the importance of partnerships in supporting fragile and conflict affected states (FCS) and provide concrete ways to further scale up the coordination among international, national, and local organizations. Using examples and lessons learned from country cases, the discussion will highlight the importance of leveraging each organization’s mandate and core competencies through humanitarian, development, peace, and macroeconomic policy interventions that jointly address fragility and conflict. The session will also showcase perspectives from country authorities and donors.

Session Chair and Moderator • **Sarah Cliffe**, President, Center for International Cooperation, New York University

- Speakers**
- **Abdirahman Dualeh Beileh**, Minister of Finance, Somalia
 - **Nick Dyer**, Director General, Humanitarian and Development, Foreign, Commonwealth, and Development Office, United Kingdom
 - **Peter Maurer**, President, International Committee of the Red Cross
 - **Ousmane Diagana**, Regional Vice President, Western and Central Africa, World Bank
 - **Tobias Adrian**, Financial Counsellor and Director of the Monetary and Capital Markets Department, IMF

Q&A 30 minutes

