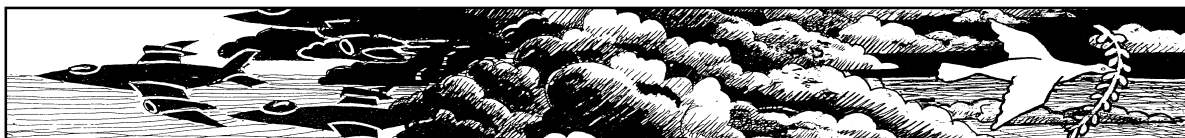


# The Transition from War to Peace: An Overview



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Social Development  
Family (SDV)  
Post-Conflict Unit  
and the World Bank  
Institute (WBI)  
in collaboration  
with InterWorks

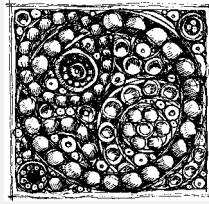
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# Introduction



*Development and international financial institutions have a critical role to play, along with political, peacekeeping and humanitarian assistance agencies, in making post-conflict reconstruction and development a success. But they must become involved at an early stage in order to prepare the groundwork for viable development plans and the reintegration of displaced populations. Development agencies also have a role to play in the prevention of conflicts by seeking to remedy the economic inequities underlying conflict. And in introducing development-oriented programs into actual conflict situations, they can help displaced populations make more manageable transitions out of conflict.*

— Roberta Cohen and Francis Deng  
*Masses in Flight, 1998*



This module is a product of a multi-year process to determine both a framework for Bank involvement in post-conflict environments and the learning needs of Bank staff involved in post-conflict activities. The Bank's organizational experience and knowledge related to working in war-torn societies is largely limited to staff with actual experience. In order to develop both institutional memory and capacity in post-conflict settings, this module takes a first step toward distilling and disseminating this information to a wide audience of Bank professionals, government counterparts and non-governmental organizations.

A prerequisite to developing a reconstruction strategy is a thorough understanding of what constitutes reconstruction. *Reconstruction is not simply replacing what existed before the conflict.* Those involved in reconstruction must evaluate where the community/country fits in today's world. This may require significant revamping of systems and infrastructure and may result in higher post-conflict standards for reconstruction than those that existed prior to the conflict. For example, communication networks destroyed by conflict will likely be replaced with systems that take advantage of new technologies, resulting in a more efficient and effective network than was previously in place. The purpose of reconstruction is to (re)establish political order, physical infrastructure, institutions and productive capacity in order to create a base for sustainable development.

The scope of this module extends beyond the mandate of the World Bank and of any one specific post-conflict program because it is critical to understand the political, social and economic environment that overshadows all assistance actions in post-conflict environments. As stressed throughout the module, post-conflict environments challenge Bank staff to

think creatively about how to use Bank resources most effectively. The main aims of the module are to promote understanding of:

- the root causes of conflict and the design of appropriate preventive strategies (e.g. early warning systems)
- the relationship between economic policy and violence in order to develop economic policies conducive to peacebuilding and stability
- the effects of war on the economy, with a view to mitigating the cost to society and improving the prospects for early reconstruction
- the various challenges of rebuilding post-conflict economies, in ways that promote a successful transition from war to lasting peace and sustainable development
- methods for assessing the interactions between external assistance, conflict, and reconstruction to improve the impact and effectiveness of external assistance

## Overview of the modules

TAB ONE: **Business as Usual?** identifies the unique nature of war-to-peace transitions as a development challenge and the role of international organizations, especially that of the World Bank, in this process.

TAB TWO: **Economic and Political Context** explores the contextual issues that need to be understood as a prerequisite to the peacemaking and reconstruction process. Awareness of the conflict's history is important, as even several years or decades after the conflict the underlying issues may still have a bearing on local politics and, therefore, on the Bank's planning.

TAB THREE: **Peacebuilding Strategies** identifies the phases of peacebuilding and the role of the Bank in these activities.

TAB FOUR: **Managing Conflict** explores various methods for managing conflict—from conflict prevention to conflict transformation—which are seen as underlying activities if any gains in peacemaking are to be maintained.

TAB FIVE: **Reestablishing Security** focuses on the priority activities in the earliest stages of intervention in a conflict situation. These include support to disarmament, demobilization and reintegration of excombatants, demining and conversion of military assets.

TAB SIX: **Economic Reconstruction Strategies** analyzes the key economic policy issues concerning countries in transition from conflict to peace. Economic policies concerning, fiscal and budgetary issues, inflation, foreign exchange, savings, investment, and structural adjustment are all considered in the context of delicate post-conflict social and political situations.

TAB SEVEN: **Reintegration of War-Affected Populations** explores the mechanisms and options for social reintegration programming, utilizing processes of social analysis to determine how best to develop social capital and address the special concerns of women and most vulnerable populations.

TAB EIGHT: **Making Transitional Aid Work** identifies the activities (and restrictions) required of individuals and the Bank in order to implement the good intentions promoted in the preceding Tabs.

If you are using this module as a self-study text, you are encouraged to use it as a workbook. There are study questions in each section. Some are for your own personal reflection, and answers are to be based on your own experience. Other questions are more closely related to the text and/or World Bank experience, and suggested answers are provided. To get the most out of this module, you are encouraged to write out your answers in the space provided.



### Acronyms

APL	Adaptable Program Lending
CAS	Country Assistance Strategy
CMR	Crude mortality rate
COPAZ	Guatemalan government commission for peace
CTF	Consultancy Trust Fund
DRP	Demobilization and reintegration program
ECHO	European Community Humanitarian Office
ECOMOG	Military Observers of the Economic Community of West African States
ECOWAS	Economic Community of West African States
EDI	Economic Development Institute
FCU	Financial Crisis Unit
GIS	Geographic information systems
HRFOR	Human Rights Field Operation for Rwanda
ICRC	International Committee of Red Cross
IDF	Institutional Development Fund
IDPs	Internally displaced persons
IFC	International Finance Corporation
IFOR	Dayton Peace Implementation Force
IFRC	International Federation of Red Cross and Red Crescent Societies
IGAD	Intergovernmental Agency for Development
ILO	International Labour Organization
IMF	International Monetary Fund
INGOs	International non-governmental organizations
JPCF	Japanese Post-Conflict Fund
LEDAs	Local Economic Development Agencies
LIL	Learning and Innovation Loan
NGOs	Non-governmental Organization
OAU	Organization of African Unity
OCHA	UN Office for the Coordination of Humanitarian Affairs
OECD	Organization for Economic Cooperation and Development
OED	Operations Evaluation Department
OFDA	Office of US Foreign Disaster Assistance (of USAID)
OTI	Office of Transition Initiatives (of USAID)
PCF	Post Conflict Fund
PCU	Post-Conflict Unit
PTA	Preferential Trade Area
SADC	Southern Africa Development Community
SAL	Structural Adjustment Loan
SRSG	Special Representative of the Secretary General
UNDOS	UN Development Office for Somalia
UNDP	UN Development Programme
UNHCR	UN High Commissioner for Refugees
UNICEF	UN Children's Fund
UNMAS	UN Mine Action Service
UNPA	UN Protected Area
UVAB	Uganda Veterans Assistance Board



## Glossary

*Note:* There is not universal agreement on all of the following definitions, and some agencies use these terms in organizationally specific ways.

**Conflict early warning** Activities taken to identify or monitor structural and proximate predictors of conflict in a particular setting. In practical terms, this generally consists of monitoring of field reports received from locally active organizations, UN agencies, and news reports.

**Demobilization** Release of soldiers from military duty and return to productive civilian life. This entails formal discharge from service, return to normal place of residence, closing of barracks and other military quarters and organizational structures.

**Disarmament** In the widest sense, the complete removal of weapons from a military force. While this is seldom (if ever) achieved in the widest sense, the term is typically used to mean any program, movement or action to disarm the military in general, and soldiers individually and systematically, even if only on a limited basis.

**Displaced** People forced from their homes and livelihoods by conflict, both within national borders and internationally. This term as used in the widest sense includes both refugees and internally displaced persons (see definitions for specific meaning of each below)

**Dissaving** Borrowing for the purpose of consumption expenditure.

**Durable solutions** Especially within UNHCR, the term *durable solutions* refers to long-term resolution of the plight of refugees. There are generally considered to be three primary durable solutions; 1) repatriation to the home country—when safe and voluntary, 2) local settlement in the country of refuge, or 3) resettlement to a third country.

**Early prevention** Early diplomatic and development interventions taken to promote diffusion of potentially serious conflicts, or proliferation of weapons, in order to lessen the potential scale of eventual hostilities.

**Emergency relief** Immediate and short-term survival assistance to the victims of violent conflict although in some cases the emergency may be prolonged.

**Exclusion** This term generally means social exclusion in which individuals or groups are wholly or partially excluded from full participation in the society in which they live, including livelihoods, earnings, property, housing, education and welfare benefits, citizenship, social contracts or respect.

**Human capital** The sum total of the skills and knowledge a person, a community, or a society possesses.

**Internally displaced persons (IDPs)** People who have been forced to move from their home community, city, area, or district but remain within the recognized national boundaries of the country.

**International community** Multilateral and bilateral agencies, intergovernmental organizations, international nongovernmental organizations (INGOs), relief agencies, and sometimes private firms involved in emergency relief, rehabilitation and development operations.

**Interactive conflict resolution** A process involving small group problem-solving discussions between unofficial representatives of opposing groups or factions, facilitated by a third party.

**Late prevention** Typically, diplomatic interventions taken after some period of conflict escalation, taken to prevent all-out war. As currently practiced, it often includes aspects of brinkmanship or pushing demands and threats to the edge of war, while still in a nominally diplomatic mode.

**Peacebuilding** Long-term support to viable political, socioeconomic and cultural institutions able to address the root causes of conflicts and establish the necessary conditions for peace and stability. In the wide sense it is an overarching activity consisting of: peacemaking, peacekeeping, and peace sustaining.

**Peacekeeping** This part of peacebuilding includes: implementation of peace accords, promotion of good governance through democratization and institution building, support of reconciliation efforts, public security, and protection of human rights. This is often considered in the narrower meaning of the deployment of UN (or other, such as NATO, or ECOMOG) forces for the purpose of placement of armed buffer forces between and among former military opposition forces.



**Peacemaking** Activities to bring peace to a conflict situation. These include: negotiations, design of peace accords, strengthening the role of civil society.

**Reconciliation** The healing process dealing with the psychological damage of conflict, especially between perpetrators and victims of violence

**Reconstruction** Reestablishment of the political order, institutions and productive capacity to create a base for sustainable development.

**Refugees** The definition of who is and who is not a *refugee* is part of international law and is closely related to the mandate of the United Nations High Commissioner for Refugees, which was created to facilitate international protection for them. The official definition states that refugees are people who are outside of their country of origin and who, *due to a well-founded fear of persecution*, are unable or unwilling to avail themselves of that country's protection.

**Rehabilitation** Actions taken in the aftermath of a disaster or war to enable basic services to resume functioning, assist victim's self-help efforts to repair dwellings and community facilities, and revive economic activities, including agriculture.

**Reinsertion** Activities targeted for ex-combatants, demobilized soldiers and their families after some type of peace agreement or accord has been reached. Reinsertion programs are "stepping stone" activities towards reintegration, specifically for ex-combatants within the community. They provide a safety net to provide support for excombatants between demobilization and full reintegration.

**Reintegration** Return to normal functioning society. This term may apply to returnees both military and non-military who must rebuild family and social life within the community.

**Resettlement** A long-term solution for those who cannot for other reasons be repatriated and reintegrated into their home communities. Particularly in regard to refugees, it carries the additional meaning of being resettled to a third location from their current situation of refuge in a second country.

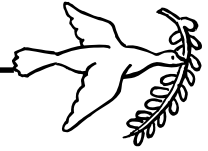
**Shadow economy** Economic activities operating outside of formal or government-controlled structures. Black market, bartering systems, ad hoc and informal arrangements for generating income which do not appear as a part of the Countries recognized GDP.

**Social capital** The norms and social relations imbedded in the social structures of societies that enable people to coordinate action to achieve desired goals.

**Watching Brief** World Bank's term for the monitoring of a country by the World Bank in conflict or risk of conflict, even if there is not an active Bank portfolio in the country.

**Weapons control** Any activities used to reduce the total amount of arms among the population, or to transfer their control to peacekeeping forces.

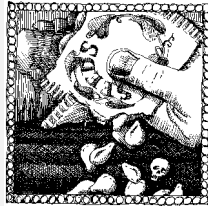
# Business-as-usual?



**T**he World Bank was born out of conflict and the need for a development agency to play a catalytic role in reconstruction after World War II. Yet, since the Bank's founding, conflict has taken on entirely new dimensions—with different players and vastly different circumstances and consequences. In the post-Cold War era, deepening structural poverty and the flare up of local animosities have led to internal conflicts in many countries.

Civil wars are liable to be more damaging than international wars as they are fought entirely on the territory of one country and are likely to undermine the state in terms of its institutions and organizations, such as the judicial system and law enforcement agencies. In addition, the social fabric of a society may be irreparably torn as neighbors and even families turn against each other. In contrast, international wars can strengthen the state, invigorate collective action and bolster some economic sectors, despite the physical and human losses that occur.

Development agencies have experienced firsthand the terrible impact of civil conflict. They have seen years of development work destroyed and have learned that providing assistance under these circumstances is difficult, if not impossible, without understanding and addressing the root causes of conflict. After decades of development work, global politics has required the Bank to refocus its mission on helping rebuild countries wracked by conflict.



*The sustainable reconstruction of countries emerging from long periods of conflict is a challenge we ignore at our peril.*

*This is not an issue we can relegate to the sidelines of development.*

— James D. Wolfensohn  
President, World Bank

## Characteristics of post-conflict countries

The collective wisdom and experience garnered from years of development work may find application in post-conflict environments. The differences between post-conflict situations and traditional development settings, however, will require new approaches in the planning, design and implementation of Bank and other development agency interventions. While each post-conflict situation is unique, evaluations of many war-torn societies have identified a number of common features. Some of these characteristics are also found in non-post-conflict

countries, but their impact in post-conflict countries is usually more pronounced and the ability to address problems significantly curtailed.

- *Dominance of elites* particularly the military, but also an oligarchy of government and the wealthy.
- *Fragile peace-consolidation processes* and continuing local rivalries between former enemies that breed political instability. In addition, the culture of violence inherited from war coupled with an abundant availability of weapons may give rise to widespread criminality.
- *Lack of confidence among socio-economic actors.* Owners of capital may be reluctant to invest in sectors where it is most needed, that is, in fixed productive assets such as agricultural infrastructure.
- *Weak judicial, financial, fiscal, administrative and regulatory capacities of the state.* This depends on the pre-conflict situation as well as the extent to which public institutions have been affected by the war. In Somalia, for example, government and public institutions virtually disappeared over several years. On the other hand, it can be argued that institutional weakness might, in certain cases, be accompanied by a plethora of “superfluous” departments, agencies and parastatal organizations created or strengthened during the war to regulate the economy.



In spite of the many obstacles that post-conflict countries must overcome, once a peace accord is reached there often is an outburst of *high expectations* that peace will quickly lead to recovery. These often unrealistic expectations lead to the risk of bitter disappointments and the danger of regression into conflict.

### Special operational requirements in post-conflict environments

Because the political, social and economic realities of war-torn societies are so different from countries at peace, the purpose and approaches of assisting in these environments must also be different if they are to be effective. For example, development agencies face *greater investment risks* in supporting activities such as peace-building that are not based on feasibility studies which indicate a high likelihood of success.



***Building peace requires knowing and addressing the causes of conflict.***



The World Bank's experience with war-torn societies indicates that a *broad understanding of the context and history of the conflict is required* to increase the probability of a project's success. Building peace requires knowing and addressing the causes of conflict.



#### Understanding Conditionality

There are three types of conditionality: economic, peace and political. Standard World Bank conditionalities applied to project and policy-based lending are typically economic. An example is instituting cost recovery policies for water and sewerage services. An example of peace conditionality is donor financing of economic activities that promote reconciliation and avoid aggravating tensions or undermining the longer-term sustainability of the peace process. In the Republika Srpska, for instance, donor money should not be used to help/reward individuals who obtained ownership of land, property and businesses by means of killing, stealing or expropriation. On a broader scale, peace conditionality is ultimately about finding the best way of delivering broad-based peace dividends, and ensuring economic sustainability and soundly based local participation. Finally, political conditionality is similar to sanctions in that donor financing is made dependent on explicit expectations of desired behaviors/outcomes.

Conditionalities in post-conflict situations must be applied more cautiously and flexibly than in normal Bank operations. The differences between post-conflict countries suggest that conditionalities be applied on a case-by-case analysis. The country's implementation capacity, the degree of social collapse and the political environment may indicate that it is not appropriate to introduce wide-ranging conditionalities all at once.

In war-torn societies, *development priorities are less predictable*. Instead of traditional support to primary education, basic health care, water supply and improved agricultural production, for example, the priorities may be ensuring public safety and security, rebuilding institutions that have crumbled, and developing mechanisms for reintegrating child soldiers into a society that has no experience with such endeavors. Therefore, at the earliest stages of post-conflict program planning, *priorities must be identified*. Due to their inter-dependency, many priority activities must be executed simultaneously and in parallel if reconstruction programming is to succeed.

Each agency needs to focus on activities for which it has a comparative advantage and ensure that other agencies undertake the remaining requisite activities. Sometimes, agencies need to alter their traditional roles. For example, the UN High Commissioner for Refugees (UNHCR) does not engage in normal development work. After conflict, however, UNHCR may work side-by-side with other agencies and NGOs that focus on rehabilitation and reconstruction. Engagement in post-conflict environments requires that relief agencies take into account the long-term consequences of their aid, while development agencies must capitalize on the experience and institutional arrangements set up during relief operations.

War-to-peace transitions also require agencies to form new partnerships to reinforce each other's actions

**? Identify a post-conflict country you are familiar with, either personally or through the news. Which characteristics described here apply to that country?**

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## The World Bank's role in war-to-peace transitions

Among the reasons for Bank involvement in post-conflict environments is the Bank's obligation to assist countries struggling for survival to recover from the trauma and destabilizing effects of conflict. In addition, it has resources that can, if strategically used, be an important catalyst for recovery. Finally, the Bank can provide leadership during the transition from war to sustainable peace.

The Bank's classic role in post-conflict reconstruction has been an operational response of urgent, accelerated investment programs focused largely on rebuilding physical infrastructure damaged by conflict. The attempt was to accelerate and simplify traditional Bank procedures and actions in terms of preparation, appraisal and implementation. The Bank's historical responses, however, were predicated on conditions after peace was in place, as after World War II. The political environments that surround post-Cold War conflicts are quite different in nature and require a different response.

In post-conflict environments, the need to respond quickly is tempered by the gaps in information that characterize crisis situations combined with a higher degree of uncertainty, institutional weakness in and a situation of flux where institutional arrangements

may be subject to change. Further complicating the response are dramatic changes in global communications, the role of the media, the multitude of actors involved in humanitarian crises, and the evolution of the Bank's role in the world.

### *Non-traditional roles for the World Bank*

Beyond the Bank's traditional financing role, there are at least four other areas where the Bank can be involved in war-to-peace transitions. The first is in *strategic and policy planning*. With its significant information resources, networks and experience in economic and social development issues, the Bank can play a central role in strategic thinking for reconstruction and development. The Bank can provide rapid, objective analyses of socioeconomic issues and define the economic and social tools that can guide decision making. In the Guatemalan peace negotiations, for example, the Bank was invited to give advice on the economic feasibility and consequences of proposed articles of the peace agreement.

The Bank can also support the process of *building new aid partnerships* and coordinating large numbers of actors. The World Bank's Consultative Group and Aid Consortium mechanisms offer precedents for aid partnerships needed in post-conflict situations. The aid coordination

mechanisms can be a source of continuing information sharing and a framework within which specific sectoral mechanisms can be organized.

In addition, the Bank can provide *policy and technical support on post-conflict issues*. The Bank can serve as a source of information to post-conflict countries, sharing the experiences of other countries and the lessons that they have learned as a result of their transition from war to peace—information that may otherwise be hard to come by. In particular, the Bank can share program design information on the full range of post-conflict needs, from demobilization of soldiers to support for child-victims of war.

Finally, the Bank can provide substantial support in the form of *socioeconomic data and tools for analysis* to help fill policy and analytic vacuums in many sectors. In some instances, disseminating information on the social costs of war may contribute to the impetus for peace, help shape consensus and form agreements. In Angola, for example, the World Bank's objective was to urge civic and government leaders to consider social and economic objectives as they worked for peace and reconciliation. The Bank did this by highlighting the immense investments that would be needed to rebuild damaged infrastructure and improve the overall health of the society as a result of the dramatic decline in social indicators during the years of conflict.

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**?** *What other roles do you think the Bank can effectively pursue in war-to-peace transitions?*

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### Revising the Country Assistance Strategy for Cambodia

The peace settlement of 1991 paved the way for the Bank to re-enter Cambodia after a 20-year absence. During this time the citizens had suffered civil war, persecution by the Khmer Rouge, massive population displacements, and isolation from the international community. Recovery required not only physical reconstruction but also major institutional and policy reform and revival of social services. Seven International Development Assoc. credits were extended to Cambodia in three overlapping phases.

Following the establishment of an "Agenda" in 1992 and a Policy Framework Paper in 1994, the Bank's first Country Assistance Strategy (CAS) was drafted in early 1995. Recognizing that many donors were operating in Cambodia, the Bank sought activities that complemented the work of others. The strategy moved the Bank well beyond its initial resource transfer/budget support cum management role. Although the CAS singles out road rehabilitation as a priority, and despite the Bank's comparative advantage in this regard, road projects did not figure into the first round of infrastructure credits and were undertaken partly by other donors.

Cambodia made remarkable progress toward economic reforms and stabilization. The economy was growing at 6%, inflation had been reduced and the transition to a market economy was on track. Accountability and transparency problems along with weak governance, however, threatened to undo what had been achieved in the economic sector. One basic failure of the core macroeconomic strategy was that the government sought to bring deficit financing and inflation down by squeezing public sector non-salary expenditures. This action produced progress on the macroeconomic balances at the cost of the continued erosion of the non-maintained infrastructure of health, education and other services.

A second CAS was issued in January 1997 extending the directions laid out in the first one. This CAS, however, developed scenarios ranging from optimistic to pessimistic and proposed three possible levels of Bank response to the country context—high, intermediate and low lending. The scenarios helped to reveal important issues that have emerged in Cambodian economic management and in general governance. This CAS also included road development, which will

proceed when a road maintenance budget has been earmarked.

The second CAS could have been further strengthened if it had included:

- Proposals for education reform—a compelling need in Cambodia
- More information on the dynamics of post-conflict Cambodia for use in sectoral planning, particularly the roles and problems of women
- Ways to meet the needs for psychological and cultural rehabilitation stemming from legacies of the past 20 years, and ways in which the Bank could contribute to the efforts of other agencies in meeting these needs
- A set of time-phased priorities to assist the government with planning
- A more in-depth explanation of options, problems and the reasons for the options taken or rejected to improve institutional memory

*Source: "The World Bank's Experience with Post-conflict Reconstruction," 1998 by Alcira Kreimer, John Eriksson, Robert Muscat, Margaret Arnold, and Colin Scott*

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**?** *What are some of the reasons for imperfections in any CAS?*  
**!** *What steps might help to ensure that important points are not overlooked?*

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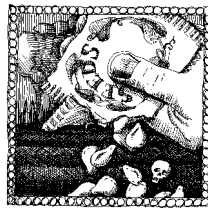
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## LESSONS LEARNED

A set of principles to help guide post-conflict reconstruction have emerged from the World Bank's experience in war-torn societies. Keep these principles in mind while reading the rest of this module.

- 1. Reconstruction is a specialized activity** with its own dynamics, mandate and costs. The primary objective of reconstruction actions is to build a base for development. It requires a clear international mandate and adequate funding, whether from existing or new budget lines.
- 2. Effective reconstruction is a comprehensive undertaking.** A reconstruction strategy must include short- and long-term considerations, public and private roles, and an impact analysis for all sectors of society with a view towards an integrated multi-sector approach.
- 3. Reconstruction is psychological and social as well as physical.** It is vital to involve war survivors in rebuilding activities whenever possible. They should be regarded as active participants in the planning and implementation of reconstruction, rather than spectators of others' actions.
- 4. A realistic timetable and sequence for transition activities is essential.** Initiatives should not be launched before political and logistical prerequisites are met.
- 5. Political issues are dominant and require priority attention.** Peace and financial assistance are mutually dependent, and not sequential. A requirement of achieving peace before making funds available is not appropriate. Instead, there must be the political will to take risks (financial and political).
- 6. Governments must be allowed to select their own paths to rebuilding institutions.** Each society needs to decide how it will deal with issues such as elections, bringing perpetrators of atrocities to justice, social reconciliation, and reforming the military and security sectors. International organizations need to accept the country's point of view and cultural underpinnings regarding its approach to reconstruction.
- 7. Reconstruction must take account of dynamics in surrounding countries.** Regional economic linkages can support reconstruction in post-conflict countries. This may require the cooperation of neighboring countries in the reintegration of displaced people.
- 8. Post-conflict relationships may impact the reconstruction process** if ethnic, religious or other identities were among the factors leading to the conflict. Conflict survivors may retain strong attachments to identity groups so all responses must consider these relationships.
- 9. Conditionalities should be used sparingly in post-conflict situations.** It is important to determine what conditionalities are appropriate and when they are counter-productive. The Bank did not impose conditionalities in Rwanda because of the participatory process and strong government commitment. Conditionality would have slowed things down.



*What are some of the reasons for imperfections in any CAS? What steps might help to ensure that important points are not overlooked?*

**Suggested answers:** The needs of a country may be extensive and overwhelming; the urgency of the situation may pressure the development of the CAS; the Bank's absence from a country may limit its understanding of the historical underpinnings as well as the workings of other

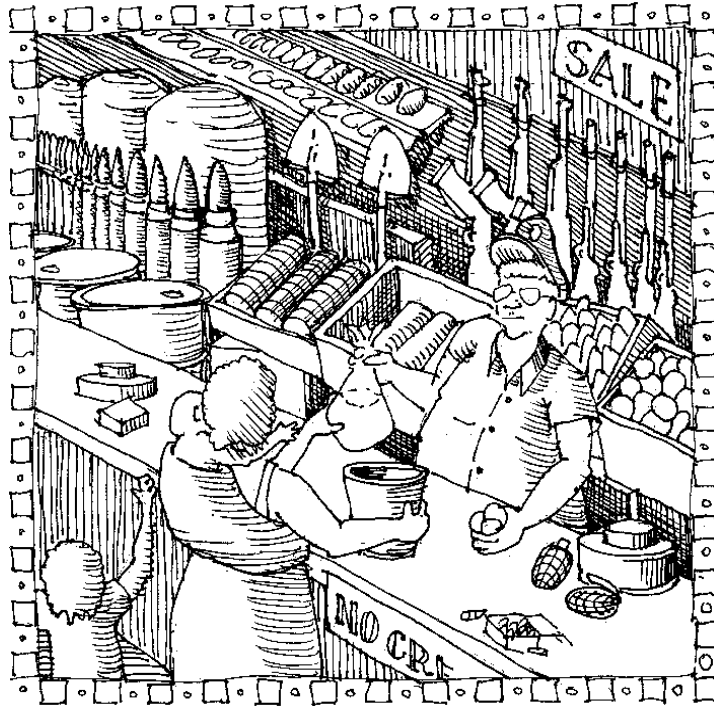
agencies and capabilities; when government institutions are weak it reduces the program's overall effectiveness and makes coordination difficult; short-term development objectives of some donors may conflict with the Bank's longer term perspectives.

The Bank might call on scholarly and diplomatic communities and NGOs with a knowledge base to strengthen its strategizing; strategy should focus on need and assessment of likely performance of the

government based on early evidence; the Bank should design strategies that do not de facto reduce social capital recovery; the Bank should identify critical needs that are not being addressed by other agencies; all involved agencies need to be aware that progress in the areas of accountability, transparency, and other supporting features of governance need to keep pace with economic reform.

# 2

## Economic and Political Context



### K E Y P O I N T S

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When working in war-torn countries, staff need to identify historical, political and economic root causes and context of situations that influence current realities.

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Staff need to understand the dynamics and effects of war on the economy.

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It is important to understand the challenges of post-war reconstruction and learn how to increase the probability of successful transitions from war to peace.

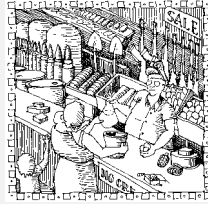
# Economic and Political Context



**W**hile the World Bank has accumulated much experience with regard to financial and economic policy, analyzing economic issues in war-torn societies requires an understanding of the political, social, structural and psychological dynamics of *each* situation in order to implement effective reconstruction and development programs. In trying to comprehend the economics of a war-torn society, the greatest challenge is working in a context where politics takes precedence over economics during civil war and in its direct aftermath.

Working in these environments requires the recognition that many of the original causes of conflict can re-emerge, even after the fighting is over. In these environments, it is crucial to assess economic policies not only in terms of their economic viability and effectiveness, but also in light of their impact on conflict and peace. Priority must be placed on addressing the root causes of the conflict, not just on addressing the visible post-conflict characteristics of the society. The root causes of conflict fall into five main categories:

- historical factors
- economic factors
- political factors
- nationalism, religion and ethnicity
- exclusion



*A European economist who served as an adviser to the Rwandan Government from 1990 to 1994 was later invited to assess his performance in retrospect of the 1994 Genocide. He insisted on the fact that his advisory job in Rwanda was strictly confined to macroeconomic issues. Although he was fully aware of the gravity of ethnic tensions and knew that conflict could burst out again at any time, he admitted that these issues were never discussed nor referred to in the framework of his mandate. As soon as violence flared up in April 1994, he left Rwanda to go back to his capital, transmitted his files to other colleagues in charge of humanitarian and political affairs, and was then assigned to a similar position in another developing country.*

— Gilles Carbonnier  
*Conflict, Postwar Rebuilding  
and the Economy, 1998*

## Historical factors

Two important historical legacies affecting many war-torn societies are imperialism and colonialism. *Imperialism* is the exercise of economic and political power by one state over another. *Colonialism*, on the other hand, is the formal control by a state over a territorial possession. Although imperialism and colonialism are distinct, the result is the same: “trade with informal control if possible, trade with rule when necessary” (Gallagher and Robinson 1953 cited in Nafziger 1996, p. 11). From the mid-nineteenth century on, these tactics dominated relationships between several high-income countries and the lesser developed countries of Africa, Asia and Latin America.

Imperialism and the end of colonialism have played a major role in the destabilization of some countries and have led to civil conflict in many instances. Sudan, Somalia and Ethiopia were pawns of the superpowers in the Cold War, each receiving military aid that contributed to the conflicts that have plagued these countries throughout the 1990s. The United States and other Western powers supported Mobutu Sese Seko in Zaire from 1965 virtually until his downfall, in spite of the systematic corruption and dysfunction of his government. The U.S. also played a major role in the humanitarian crises in Guatemala, Nicaragua and El Salvador, supporting the rightist



forces against the leftists in decades-long conflicts.

The collapse of the Soviet empire in 1991 created a new military and economic relationship between Russia and the former Soviet republics—much like the one between the United States and Central America. Russia's vital interests in neighboring countries are tied to the rights of ethnic Russians, friendly relations with the regimes of the Commonwealth of Independent States, continuance of trade and economic ties, and avoidance of Western challenges to Russian influence.

Although the effects of colonialism and imperialism have played out differently in various countries, there are some common results:

- At the end of colonialism and in the aftermath of the breakup of the Soviet Union, existing government systems were disbanded leaving a power vacuum in the affected countries. Frequently, those with competing interests sought the opportunity to take control of the government. Most civil conflicts have been fights for control of the government and, accordingly, the country. Establishing stable governments with the trust of the majority of a country's population has proven difficult but is imperative if a country is to have a lasting peace.
- Both colonial and imperial powers imposed artificial boundaries—often by force—on the territories they controlled. When these powers withdrew, conflicts surrounding these borders erupted, frequently accompanied by mass population displacements.

- European commerce and colonialism supported and used—if not created—inequalities among ethnic groups. In Rwanda, for example, the minority Tutsis were favored by the French colonizers, leading to the extreme antipathy and ultimate campaign of genocide by the Hutus. Staff working in post-conflict environments where the conflict was a result of extreme inequalities must be careful to ensure that post-conflict activities do not exacerbate these inequalities and, where possible, support activities that will reduce them.
- Both colonialism and imperialism were detrimental to human capital development in affected countries. The human capital of nationals was negatively affected by colonizers who did not allow them to manage and plan government policy or play a role in other productive sectors of the country. Therefore, they were not equipped to take over the country's management after the departure of imperialist powers. Capacity building and human capital development are essential components of post-conflict reconstruction.

A country's history affects its current internal and international political realities. It is imperative, therefore, that those working in war-torn societies have an understanding of the historical factors that led to the conflict. Staff must consider how such factors may affect planned post-conflict activities and ensure that these activities do not re-ignite conflicts.

## Economic factors

Wayne Nafziger of the World Institute for Development Economics Research has identified a number of economic causes of conflict. They are stagnation, unequal growth, scarcity and environmental degradation, sudden shifts in assets and subsidies, and failed agricultural development schemes. Each is described below.

### *Stagnation and protracted declines in income*

Most countries that experience civil conflict have several years of negative or stagnant real growth of GNP or GDP per capita before conflict breaks out. Continued income reductions trigger greater competition for scarce resources, jobs and opportunities. The situation deteriorates faster if both income and asset distributions worsen.

When food or resource scarcity become chronic, an economic Darwinism emerges. Darwinist behavior can lead households or social groups to bypass or ignore normal legal and social constraints on access to resources and respect of property rights. Protracted stagnation can also reduce society's commitment to its weaker groups; leading elites to violently expropriate the assets and resources of weaker social communities.

### *Unequal growth*

Conditions of positive economic growth and expanding resources, where one group benefits disproportionately, often lead to increased social tension and possibly conflict. Inegalitarian growth increases the relative

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**?** *Select one of the following countries, then identify 3-4 historical factors that contributed to its destabilization and outbreak of violent conflict: El Salvador, Cambodia, Liberia, Mozambique or Bosnia and Herzegovina.*

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deprivation of certain segments of a population, adding to perceptions of social injustice and dashing hopes for a greater share of the economic pie.

Relative deprivation can lead to anger, which in turn increases the potential for collective violence, and may escalate into civil conflict. The risk of political disintegration increases with surges in income disparities by class, region, and community, especially when these disparities lack legitimacy among the population. Class and communal (regional, ethnic, and religious) economic differences often overlap, exacerbating perceived grievances and potential strife.

### ***Population growth, scarcity of non-renewable resources, and environmental degradation***

Rapid population growth, as has occurred in sub-Saharan Africa, results in reduced agricultural shares per person and contributes to degradation of land, water, forests, and other environmental assets. These problems can reduce productivity and contribute to conflict. Market imperfections, misguided government interventions, the overuse of common-property resources, and undefined user rights contribute to overuse, waste, and inefficiency of environmental resources, facilitating their degradation, and exacerbating the political struggle for land and other resources. Competition for natural resources is a root cause of many conflicts and may be used by the warring faction that controls them to prolong the conflict once it has started.



Drought and desertification effects – UN photo

***The emergence of a political economy that includes asset transfer is extremely destructive and creates ever-deepening poverty and misery.***

***Moreover, since subsistence assets are a finite resource, once such an economy is established it demands fresh inputs as the wealth of different groups is exhausted.***

***Asset transfer becomes a moving feast on an ethnic table ... [and] once systemic, becomes synonymous with cultural genocide and the destruction of group rights.***

— Mark Duffield  
*Complex Emergencies and the Crisis of Developmentalism, 1994*

### ***Sudden shifts in the distribution of assets and government subsidies***

Stabilization and adjustment programs are usually introduced by governments in response to chronic macroeconomic imbalances and external deficits as well as negative or slow growth. These programs redistribute the timing and extent of costs and benefits among economic actors and affect real wages and staple commodity prices. This, in turn, affects the distribution of power within a country.

Social conflict can erupt when there are inadequate funds or social services to compensate for the loss of income for those hurt by stabilization and adjustment programs. In addition, adjustment programs can benefit (or be seen to benefit) the political, military or dominant elite, thereby increasing tension within a country.

### ***Failed agricultural development***

In sub-Saharan Africa, there have been links between failed agricultural development projects and urban unrest and conflict. Rural unemployment induces migration to cities, but lack of employment opportunities and poor living conditions in cities can result in unrest. In addition, state policies and market forces have often reduced the agricultural production of food staples by increasing cash crop production and diverting agricultural development resources to more visible urban projects.

**? For each of the above five economic factors, identify at least one country where the factor was operative.**

Stagnation and decline of income

Unequal growth

Population growth, resource scarcity

Sudden shift in assets

Failed agricultural development

See suggested answers on page 2-6



## Political factors

Political ideologies play an important role in determining the degree to which a community or nation is able to maintain cohesion. Governments that retain a commitment to equal representation for different interest groups may be able to withstand the potentially divisive impact of structural poverty and environmental decline, as has been the case in Tanzania. On the other hand, where the driving force behind government actions is the need to maintain the status quo, the repression and abuse of minorities and political opponents is often unrestrained, until challenged by insurrection. Other political factors that create a climate for violence include military dominance, historical antagonisms, globalization and democratization.

### *Military dominance*

In countries where military resources are used to support authoritarian political structures, the opposition is often driven to desperate action which may include their own military build-up. When governments deprive a faction of political involvement and there are inadequate mechanisms for settling grievances, the likelihood of a full-scale rebellion increases.

Civilian regimes in less developed countries often face an unsavory dilemma: even though a strong military is as likely to overthrow a civilian as an authoritarian regime, the political instability and conflict that would ensue make policymakers afraid to cut back on spending for powerful armed forces. They may even increase military spending as a protection against threats from the opposition. This leads to further discontent and increases the risk of rebellion.

### *Historical conflict*

Countries with a history of mass mobilization for conflict, such as Colombia, Rwanda and Burundi, are more susceptible to new conflict events than more historically peaceful

countries. A society subject to chronic tension resulting from periodic public violence may rely on the outbreak of rebellion as a "normal" coping mechanism.

Unclear or changing ideologies may increase the risk of destabilization, especially for governments trying to maintain cohesion in transitional periods. For example, the collapse of the former Yugoslavia resulted in conflict within the newly formed state of Bosnia and Herzegovina and the province of Kosovo. While the formation of the state of Eritrea was off to a good start, the political disintegration with Ethiopia resulted in a new outbreak of conflict in 1999.

### *Globalization*

The creation of world markets has been a principal human instrument for the production of wealth. Nation-states often do not have control of the information, technology, and transnational capital that affect their economies. In addition, markets distribute wealth unevenly among individuals and groups and create inequalities that are a source of social and political tensions. Currently 20% of the world's population controls 80% of the wealth. Countries experiencing population growth, many still suffering from famine and poverty, are increasingly conscious of the wealth-producing capacity of modern economies. This consciousness can lead to an increased level of frustration. Thus, globalization often produces hopelessness for those who do not benefit.

Globalization has also changed the nature of local conflicts. Such conflicts were formerly limited by access to weapons, but now, as the global scale of arms making and marketing has changed, arms producers can have a decisive impact on conflicts by regulating the flow of arms to factions. Furthermore, states motivated by their own security and welfare interests frequently furnish weapons to belligerents.

## *Democratization*

While legitimate governments are increasingly challenged to meet the requirements of democracy, certain manipulations of mass-based democracies can lead to conflict. For example, populations have been mobilized for war or in opposition to other groups (Arabs versus Jews) to justify violence and to make way for democracy (WWI), or to increase resistance to involvement in other conflicts (Yugoslavia, Somalia, Rwanda). Mass-based democracies have also assumed authoritarian or totalitarian dimensions (e.g. Hitler's Germany, Stalin's Soviet Union, Mao's China, Pol Pot's Cambodia) where populations were mobilized for governmental purposes and minority and human rights were suppressed.

## Nationalism, religion and ethnicity

When countries transform their political and economic structures, the sudden de-legitimization of their social system, without another to take its place, may cause a period of social disintegration. This situation may prompt a process of ethno-national mobilization, or a strong resurgence of ethnic identities, which can take the form of cultural revivalism and competition to define new societal boundaries along ethnic lines. It can also lead to demands for political autonomy, self-determination, separatism or irredentism (autonomy of the ethnic nation split by state boundaries, such as the Kurdish nation), which are prone to resolution by conflict if there is no forum for mediating issues.

Nationalism, religion and ethnicity are often a root cause of civil conflict. Usually one faction feels oppressed by a larger rival or, conversely, a faction has the political and military strength to impose its will on a minority, who is blamed for the problems plaguing the majority. Exemplifying the former is the struggle between Catholics and Protestants in Northern Ireland and the ethnic-based clashes between the Tutsi



and Hutu in Rwanda and Burundi. An example of the latter is the decades-long civil war in Sudan where the majority Arab population in the north is trying to control the Christians and animists in the south. Another case is the Indian Hindus attacking the Indian Muslims.

Underlying many of these cases, however, are issues other than nationalism, religion and ethnicity. Competition for scarce resources, political control of a territory, large disparities of income and social exclusion (see below) may be the real spark that ignites the flames of violence. It may be easier to rally support and recruit more fighters, however, when the target of the anger can be characterized as an identifiable enemy such as a national, religious or ethnic group.

## Exclusion

Some may argue that exclusion is a subset or a characteristic of the previously discussed root causes of conflict. But exclusion can also be a separate cause of destabilization that can lead to violence.

Social exclusion has been defined as the process by which individuals or groups are wholly or partially excluded from full participation in the society in which they live. These individuals or groups may be excluded from livelihoods, secure and permanent employment, earnings, property, housing, a minimal consumption level, education, welfare benefits, citizenship, democratic participation, public goods, family, social contracts or respect.

Groups often regarded as excluded include the long-term unemployed, those employed in precarious and unskilled jobs, the low paid and poor, minorities, foreigners, the politically

disenfranchised, recipients of social assistance, the illiterate, school dropouts, the mentally and physically handicapped, delinquents, single parents, and abused women and children. When a critical mass of people regard themselves as excluded and are able to act collectively to fight against their condition, their protests may take the form of civil violence if it is seen as the most “productive” means of improving their situation.



### Analysis of civil conflict in nine countries

In their analysis of nine post-conflict countries, the World Bank Operations Evaluation Department found that:

- *Ethnic or regional tensions* were the underlying and immediate causes of conflict in Bosnia and Herzegovina, Eritrea, Lebanon, Rwanda and Sri Lanka. The divisions in those countries were further aggravated by *exclusionary government policies* for political ends.
- *Ideological extremism* played a major role in Cambodia and El Salvador, which was also subjected to a long legacy of inequality.
- *Predatory government practices* of extracting resources as well as providing ineffectual basic services precipitated crises in Haiti and Uganda.

### Competition for scarce resources and the role of development interventions

In some instances, the real roots of conflict may be the scarcity of resources and the rules about obtaining access to or allocating them. According to this hypothesis, the poor may become willful followers of ambitious leaders who promise them preferential access to scarce resources from which they were previously excluded. Actions that change the availability of resources (such as humanitarian aid or development projects) or alter the rules about obtaining access to them may contribute to conflict.

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If development interventions do not modify inequitable access to resources or restrict access to resources, they will increase the marginalization of certain population groups and hence increase the risk of conflict as well as poverty.

The Bank’s anti-poverty focus implies a concern with some key issues at the root of many conflicts—disparities in distribution of wealth, and the denial of access to resources for certain population groups. It is clear from studies of past conflicts, that economic and distributional policies and programs can help to avoid a slide into conflict within deeply divided societies.



For each of the economic factors discussed in the text, identify at least one country where the factor was operative.

#### Possible answers

Stagnation and protracted declines in income: Rwanda, Angola, Liberia, Sudan, Somalia, Mozambique, Ethiopia, Eritrea, Iraq, Sierra Leone, Lebanon, Algeria, Afghanistan.

Unequal growth: Nigeria (Biafra), Congo (Zaire), Bangladesh (East Pakistan), Rwanda, Burundi, Sri Lanka

Population growth, scarcity of non-renewable resources and environmental degradation:

Nigeria, Rwanda, Burundi, Sudan

Sudden shifts in the distribution of assets and government subsidies:

Nigeria, Sierra Leone, Former Yugoslavia

Failed agricultural development:

Kenya, Ethiopia, Sudan, Cambodia



### Dynamics of war-torn economies

Understanding the historical, political, and economic causes of a conflict is the first step for those working in post-conflict environments. Another important aspect to consider is the underlying economic motivations in war-torn societies. While these dynamics are not always easy to ascertain, researchers are increasingly finding that learning about these realities is fundamental to peacebuilding and reconstruction strategies. One place to begin is looking at who stands to win or lose as a result of a conflict, and why.

Since the end of the Cold War, foreign financial and military support has decreased significantly making local economies and assets increasingly important in civil wars. Rebel groups seek control of natural resources and other assets as a means of financing their operations and denying the government the benefit of these resources. Even humanitarian aid becomes a target and a tool for exploitation and control over populations, as occurred in the civil war in southern Sudan. Just as economic survival strategies are central to conflict, they also become an important component of any peacebuilding framework.

In addition to the economic motivations underlying conflict situations, there are many economic consequences to take into consideration. Civil war generally has a considerable impact on both the level and types of economic activity. Military conflict usually depresses GDP growth rate and per capita income. The costs of war are generally greater when a government is unable to collect taxes and provide basic services. The economic impact of a conflict is influenced by the prevailing characteristics of the economy before the war, particularly the initial import dependence ratio, the level of subsistence production in the country, and the percentage of people living near the poverty line or survival limit. International wars typically have



Shopping queue during a lull in the fighting in Sarajevo—UNHCR/E. Dagnino

less harmful effects on participating countries if governments are able to sustain basic social services throughout their countries. Some other factors correlated with the economic costs of war are:

- duration, intensity, magnitude and geographical spread of a conflict
- existence of an international trade embargo
- absence of alternative support networks such as family, rebel forces or humanitarian agencies

These negative factors can be partially offset by a flourishing informal economy and the development of social networks for the purpose of establishing some form of economic security. Rebel groups and/or humanitarian agencies can also contribute significantly to war-time economies.

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### Economic impact

Conflict generally impacts a country's economy in the following five ways:

1. *Destruction of the physical and social infrastructure.* Post-war economies are characterized by the need to rebuild physical infrastructure in order to revive overall economic health. Countries are faced with the need for immense financial and human investments at a time when industry has likely been destroyed and a large part of the labor force killed or injured.
2. *Disruption of development.* War may have dramatic implications for long-term development. The social and cultural disintegration of a war-torn society has a dramatic impact on its economy. In the absence of political stability, mutual trust, respect for property, and the rule of law, economic relations break down. This disintegration may also negatively affect domestic production and income. Most human misery and deaths in poor countries are not a result of direct violence, but of the more general effects of protracted conflict on economic and administrative structures, such as the collapse of basic public services, famine and large-scale forced migration.
3. *Diversion of public expenditures from output-enhancing activities.* An expansion of the army, for example, may well be done at the expense of a civilian police force, thereby diminishing the rule of law. Schools, health care and food production may also suffer.
4. *Dissaving,* which occurs when income losses from diversions are regarded as temporary. The effect of this is similar to the destruction of capital stock.
5. *Portfolio substitution* occurs when investors move their assets—financial, human and physical—out of a country in response to a deteriorating economic environment.



### Recent economic reconstruction research at the World Bank

In the last three years, the World Bank has cultivated an entirely new field of research, looking squarely at armed conflict and state collapse with economic tools. This has led to new insights into the forces at work and the duration of civil wars and helps elucidate the economic spoils that post-conflict settlements revolve around.

In his current working paper on "Justice-Seeking and Loot-Seeking in Civil War," Paul Collier, with Anke Hoeffler, (1999, World Bank draft paper) compares different social issues that might underpin the risk of conflict, including social exclusion, social fractionation, and the "free rider problem." Statistical tests found the following:

- Over the range relevant for most countries, the larger is the natural resource endowment, the greater is the risk of conflict. There is some evidence that experiences of slow growth in the previous decade increase the risk of war. There is also some evidence that the higher is the proportion of the population made up of males aged 15-24, the greater is the risk. High inflation, the rate of growth of the population, and population density, ... have no significant effects.
- Unlike looting rebellions, justice rebellions face a time-consistency problem, since the benefits only accrue after the effort of rebellion has been made. In

order to defeat the government, rebel supporters must create a rival, hierarchical military organization. If the benefits of rebellion only accrue after victory, the rebel leader once victorious must be trusted to behave differently from the present government, and, in particular, to honor promises to his supporters.

One of the hardest problems for aid organizations working in conflict-affected areas is knowing how long the conflict may last; in particular whether, at any given time, conflict will grow yet worse. In the recent "On the Duration of Civil War," Paul Collier, with Hoeffler and Soderbom (1999, World Bank draft paper) find that those countries with two or three ethnic groups suffer prolonged wars whereas those which are either homogenous or highly fractionalized have short wars.

- Once wars are under way, their duration is determined by the scope for the government to divide the rebel organization.
- There is a good chance that a civil war will end during its first year. Thereafter, the probability of peace is radically lower. Beyond the first year there are no strong durational effects on the hazard of peace.... Due to the systematic over-optimism of rebels, stalemates can be ended by negotiated settlements, but they encounter a time-consistency problem, with the government being unable credibly to commit to settlement terms. As a result, military stalemates persist.

- A possible effect of duration is the exhaustion of the combatants. The very long war in Mozambique, for example, is said to have left participants with a desire for peace. The peace settlement had provision for a substantial army of national unity. (But) this had to be scaled down because most of the combatants opted for civilian life.

### The economic costs of conflict

In "On the Economic Consequences of War" (1998, World Bank draft paper), Paul Collier finds, "During civil wars, GDP per capita declines at an annual rate of 2.2 % relative to its counterfactual. ..." due in part to direct loss of production and in part to a gradual loss of capital stock as a result of destruction, dissaving, and the substitution for portfolios abroad. Manufacturing, construction, transportation, distribution and finance contract more rapidly than other sectors of the economy. In contrast, arable subsistence agriculture expands relative to GDP. Collier writes, "Peace does not recreate either the fiscal or the risk characteristics of the pre-war economy: there is a higher burden of military expenditure and a greater risk of renewed war. Empirically, if a civil war lasts only a year, it was found to cause a loss of growth during the first five years of peace of 2.1% per annum, a loss not significantly different from had the war continued."

Just as conflict has direct effects on a country's economy, the cessation of conflict can also yield distinctive economic impacts. In conflicts that have lasted ten or more years, for example, GDP may jump as much as six percent on top of the natural growth rate as a result of pent-up demand and the funding of reconstruction programs. For short-term conflicts, however, the cessation of hostilities may result in continued negative growth rates, possi-

bly because of a fear that the country may remain unstable and resume conflict, wiping out the benefits of new investment.

War typically produces *economic winners and losers*. Resources are often reallocated among sectors and institutions as well as among households and social groups. As a consequence of this shift in resources, a small minority develops a vested interest in the continuation of conflict, reaping consider-

able profits because of market shortages or because of illegal and predatory activities, while the vast majority suffers economically.

Poor people resort to a variety of strategies to cope with their plight. For example, some household members may have to get a job in the public sector or armed forces in order to have access to public entitlements and/or security. Sometimes the state does not adequately pay its soldiers, so they



### The Case of Namibia

In 1978, the UN Security Council approved a resolution outlining a plan for Namibia's transition to independence. However, ten more years of bitter warfare occurred before the resolution was finally implemented through a peace agreement signed by Angola, Cuba and South Africa in December 1988. The demobilization of opposing forces in Namibia took place in the context of a UN-supervised transition after twenty-five years of armed struggle for independence.

Economic growth since independence has been constrained by the economy's previous dependence on

the military as well as by global recession which has reduced the prices of its primary exports of uranium, gold and diamonds. Some 25,000 workers in the northern provinces—over half the local formal sector wage earners—lost their livelihoods when South Africa's occupying army departed. The return to civilian life of an estimated total of 57,000 ex-combatants further strained the labor market. The job absorption capacity of the formal sector in Namibia was already low, resulting in approximately 37 percent of the labor force being formally unemployed in 1993.

The public sector, which has 67,000 Namibians on its payroll, has been, by far, the largest single employer. The number of employees in the public sector has increased by at least 50 percent since independence. This is partly due to the fact that the peace accord specified that none of the civil servants who had worked for the South African colonial administration could be retrenched; therefore, the new government had to place its members into the existing structures. The formal private sector employs only 5 percent of the labor force.

resort to systematic corruption and looting to improve their situation. As a last resort, the most vulnerable groups may be forced to sell or pledge their subsistence and production assets, such as land and livestock or personal assets like jewelry, to other people at rock-bottom prices. Those most stressed economically or physically may migrate, or flee the country as refugees.

The worst economic impact of conflict at the household level is usually felt among the urban poor who often do not have access to an informal economy or to a social safety net.

This population largely “pays” for the war when the increasing fiscal deficit is met through inflation instead of increased taxation or external financing of the conflict. The real budget deficit is contained through inflation, which reduces the real wages paid by the government to public sector employees, and also severely affects the population's living standards.

There is also an economic component to the impact of conflict on a country's social systems. For example, the issue of child combatants needs to be understood in terms of future implications, such as their future social

adjustment and employability. In El Salvador, for example, there were twice as many killings in 1998 as there were during the civil war more than a decade earlier. The cause is believed to be the large number of young men, former combatants aged 18-24, without education who know more about power derived from guns than acceptable forms of employment. Another example is the corruption that often results from civil conflict. This aspect of social disintegration has an impact on institutional reforms and reconstruction for years to come. ■

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**?** *What economic effects of conflict does the case study of Namibia illustrate?*

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See suggested answers on page 2.10



### L E S S O N S   L E A R N E D

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There is no “blueprint” for rebuilding war-torn societies; an understanding of the origins, rationale, complexities and dynamics of each conflict situation is needed in order to design appropriate responses.

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Some of the most fundamental aspects of post-conflict reconstruction are overlooked because they do not fit existing economic paradigms. Political stability should prevail over economic efficiency in post-conflict reconstruction strategies to restore investor/consumer confidence and avoid restarting conflict.

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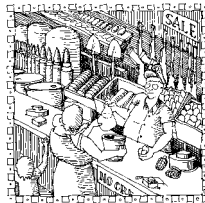
The objectives of socioeconomic rehabilitation and reconstruction are to lay the foundation for lasting peace and sustainable development, not to restore the economy to its pre-conflict state.

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Politics play a larger role than usual in post-conflict situations; staff working in this area must understand them.

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Agencies working in post-conflict situations must understand how social and economic inequalities affect the peacebuilding and reconstruction phases.



*What economic effects of conflict does the case study of Namibia illustrate?*

#### **Suggested answers**

Though not quantified, 25 years of conflict caused extensive destruction to the physical and social infrastructure;

high unemployment; public expenditures were diverted after the conflict to expand the bureaucracy as a condition of the peace agreement.



A N N E X

2.1

*Livelihood restoration for conflict-affected populations remains a dilemma*

From its work with populations who have been involuntarily displaced by development programs, the World Bank can apply cross-program lessons to refugees and other groups made vulnerable by conflict.

For example, relief agencies tend to try primarily to “restore” the population to its pre-crisis conditions, even if those conditions were dysfunctional. Aid to Rwanda, Somalia, Sudan, Afghanistan and other countries has arguably reinforced conditions that lead to recurring collapse and conflict. A few times in the last fifteen years aid agencies have recognized the importance of commercial markets as countries attempt to rebuild. In Somalia and Mozambique, aid agencies attempted to monetize food aid (sell it to local wholesalers) in order to jumpstart the chain of trade within the country for staples. In Sudan and Ethiopia, aid agencies experimented with using cash to buy local foods in one region to meet the food needs of refugees and conflict-victims in another region. Such measures have remained rough approaches to a complicated problem.

In the 1970s and 1980s, a number of aid agencies tried to train refugees in new skills that were felt to be more sustainable—away from pastoral herding, for example, into fishing—with minimal success. Arguably the affected population itself needs to be involved in the market analysis and the comparison of strategic options for their economic future.

Populations dislocated by conflict are at times brilliant at negotiating local access to land and other capital for production. Whether they find they are able to produce maize, fruit, crafts, or offer automobile repair, the question they often ask—with no answer—is: what is the market for these goods/services? How do we compare the options? How do we know which to specialize in?

NGOs have mounted extensive programs of providing micro-credit help to returning refugees and IDPs (internally displaced persons) and war-wracked countries now undergoing reconstruction. Indeed, in many peace accords, such as in El Salvador, the provision of micro-finance to refugees or ex-combatants was seen as a vital element of success in building a peaceful future. Too often, unfortunately, the strategy stops at providing micro-credit to households without a broader view as to the economic options of the society. The supply of small-scale credits grows, but information about markets and economic options remains limited. Little has, as yet, been written about how to carve out a new economic strategy for dislocated populations and these populations are rarely involved in the analysis directly.

One recent Bank publication, “*The Economics of Involuntary Resettlement*” edited by Michael Cernea (1999), draws on the experiences of over 100 million people who have been displaced in the last decade from dam and urban infrastructure development, not including those displaced from forests and reserve parks, mining and thermal power plants and other

projects. A survey of World Bank resettlement experience finds the under-financing of resettlement operations in project after project. The effects are striking. Analysis showed that resettlement projects with high financial allocations were free of major difficulties, while virtually all of the projects with a low allocation rate experienced serious implementation difficulties.

Other findings include:

If one cannot specify in precise terms the nature and sources of baseline income flows and asset holdings within households to be displaced, one has a very limited basis, if any, upon which to formulate a resettlement options package. Whereas voluntary resettlement projects benefited from involvement by agricultural and livestock specialists, agronomists, soil scientists, foresters and commodity processing experts, Bank-supported *involuntary* resettlement projects did not enjoy significant technical analysis.

On relocation, traditional communal rules and regulations may break down as traditional leaders lose their power over the allocation of rights to hunt and fish, to land, and so on—rights that effectively become the province of the government agency handling the resettlement. Resettlement projects often treat the displaced community not as a social unit, but as an aggregation of individuals and families, paying little attention to the social structure of the community.



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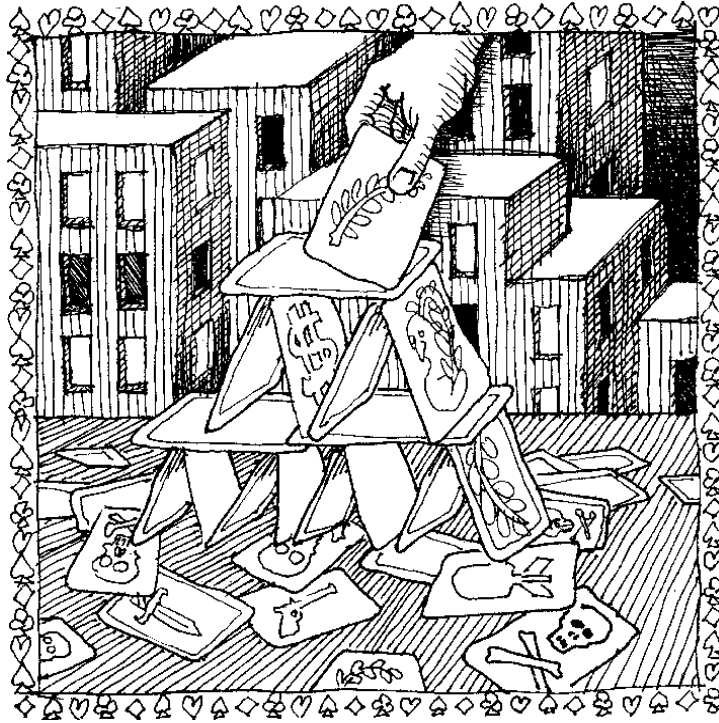
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# 3

## Peacebuilding Strategies



### K E Y P O I N T S

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The Bank can play a vital role in the peace process by fostering conditions conducive to successful negotiations—promoting trust and being sensitive to timing issues.

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Bank staff should be active advisors, rather than observers, in peace negotiations—offering advice on the economic development dimensions of peace accord options, including economic benefits and costs of alternatives.

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Bank staff should draw on previous peacebuilding experiences: negotiations in Guatemala, rehabilitation in Ethiopia, and needs assessment and organizational response in Bosnia.

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The Bank's activities should be politically realistic, recognizing the importance of other facets of the post-conflict development process such as reform/rebuilding of governance, justice, and public security systems. Adjunct programs should address related needs such as promoting secure land tenure and fighting corruption.

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Peacebuilding goals should include strengthening civil institutions while optimizing resources available from local and international sources. Adequate resources should be allocated to ensure complete recovery especially for vulnerable groups.

# Peacebuilding Strategies

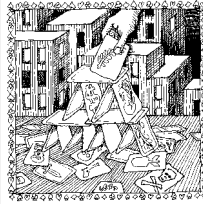


International agencies must maintain a realistic perspective of their respective roles in peacebuilding. Recent interventions indicate that humanitarian agencies are relatively ignorant about the complex causes of conflicts, how to resolve them, and the best means of peacebuilding. Since the ultimate responsibility for peace lies with a nation's citizens and government, the international community's role is necessarily one of support.

Throughout the peacebuilding process, humanitarian organizations can provide support by helping war-affected populations meet their basic needs; protecting their rights; and facilitating the processes of reconciliation, reintegration and rehabilitation. Each phase of the peacebuilding process—making, keeping and sustaining peace—requires a mix of political, security, humanitarian and economic activities.<sup>1</sup>

## Making peace

Peacemaking consists of a series of activities that include negotiating peace, designing the peace accord, strengthening the role of civil society, and identifying the appropriate role of the international community.



***The nature of war  
determines the  
nature of peace.***

***This means that the  
factors which produce  
and sustain the  
conflict will directly  
impact the ensuing  
peace settlement.***

— Markus Kostner, et al.  
*From Civil War to Civil Society, 1997*

## Negotiating peace

The essential elements of a peace process are *political willingness* by all warring factions to enter into negotiations and a *security framework* to maintain the peace. Each requires extensive investments of time and money before the parties come to the negotiating table. The parties must overcome the lack of trust that developed during the conflict and learn to view negotiations as a way out of the conflict—recognizing that all demands cannot be met and a compromise must be reached. It may take years before necessary levels of trust exist and successful negotiations can occur.

In order to minimize discontent, make progress, and reach the broadest possible consensus, the negotiation process must be comprehensive, transparent and inclusive. All aspects of the conflict—social, political and economic—must be addressed in an open forum, allowing all interested members of society an equal opportunity to participate, including women's associations, civil society and even combatants. Each group should have a negotiator with a clear mandate. No sector should be allowed to dominate, and no group should be marginalized, as such situations may lead to more violence.

The Bank served as a technical adviser to the peacemakers in Guatemala, Bosnia and Herzegovina, and to the West Bank and Gaza. The Bank gave advice on the economic development dimensions of peace accord options and helped plan post-conflict recovery with a longer-term vision by creating a coherent framework for reconstruction and recovery.

## The peace accord

The signing of a peace accord is only the beginning of a lengthy process of rebuilding a non-violent society, in which the divergent needs and timetables of various groups must be addressed. Although it is important to realize that no accord can address all demands, it is a critical step in restoring confidence.

<sup>1</sup> This chapter draws significantly from the document "From Civil War to Civil Society: The Transition from War to Peace in Guatemala and Liberia," 1997.



### The Guatemalan peace process

That the incredible political events of the 20th century in Guatemala would lead to eventual peace seems like a miracle. Six coups d'état, five constitutions and 35 different governments (15 of them military juntas) in 96 years left the Guatemalan people with wide-scale social fragmentation and polarization. The civil war began in 1960, with a failed revolt of army officers who then formed a guerrilla movement initially aligned with Cuban revolutionary forces, and later united with indigenous groups into *Unidad Revolucionaria Nacional Guatemalteca* (URNG).

The transition to peace began in the early 1980s with a new constitution, the election of a civilian president, political pluralism, and restoration of personal liberties such as freedom of speech. In 1987, the Guatemalan president, along with other Central American heads of state, signed a declaration outlining procedures for sustainable regional peace. An important component of this agreement for Guatemala was the establishment of the National Reconciliation Commissions (NRC).

Preparation for the negotiations took three years and included a series of NRC consultations with political parties, the private sector, religious groups, academics, labor unions and other members of civil society. The Catholic Church and a UN observer mediated these meetings. In 1991, formal discussions began between the UNRG and the newly formed government commission for peace (COPAZ).

Three years later, civil society was explicitly brought into the negotiations with the establishment of a Civil Society Assembly. The peace agreement, which was signed in December 1996, had taken almost six years to reach. It contained accords on democratization, human rights, displaced populations, indigenous rights, and socioeconomic issues. It defined the roles of civil society and the military.

The World Bank was invited into the negotiations as a technical adviser to help determine the economic feasibility of the proposed socio-economic accords. The Bank performed economic modeling to help identify what would be affordable within a realistic budget.

Some of the proposals proved too ambitious, either in cost or time frame. Learning this during the negotiation phase allowed the negotiators to better structure the refinancing of public expenditures.

The Guatemalan peace process offers multiple lessons:

- *Transparent processes* increased trust and reduced suspicion.

- *Participation by most of the stakeholders* built a sense of partnership among the various components of society, legitimizing the process and outcome.

- *The agreements addressed the root causes of the conflict*, providing a blueprint for socio-economic development.

- *The agreements extended beyond the military arrangements* to provide a comprehensive package for a new nation.

- *The peace was brokered by the Guatemalans themselves* and not imposed by outsiders.

*Source: From Civil War to Civil Society: The Transition from War to Peace in Guatemala and Liberia, 1997 by Markus Kostner, et al.*

Peace agreements must reflect, or at least not conflict, with the history, tradition, cultures and values of the involved populations. The plan should reflect the activities necessary to reinforce peacemaking and peacekeeping, including the precise role of international assistance and the role of peacekeeping operations, if applicable.

***Even though policy decisions may not be technically optimal or solutions may be second best, the integration of all players' perspectives into the peacebuilding process must take priority.***

Activities should be designed in consultation with all relevant national and local authorities and bodies, UN agencies, donors and NGOs. Even though policy decisions may not be technically optimal or solutions may be second best, the integration of all players and their perspectives into the peacebuilding process must take priority.

**? From your experiences in post-conflict countries, identify instances where international assistance arrangements stipulated in peace agreements have failed. What were the reasons for these failures and how might they have been avoided?**

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### *The role of civil society*

Civil society refers to all the non-state actors that make up a free society. Although it is presumed to be basically peaceful in nature, it can also include extremists and groups promoting violence. Civil society is critical to the achievement of practical results in peacebuilding—helping to amplify the voices of minority groups, bringing divergent groups together, and wielding political influence. Civil society can be a powerful force in psychosocial healing by re-establishing trust and a sense of community through both formal and informal networks.

Conflict-induced displacement and destruction usually have an adverse effect on civil society but many aspects are likely to survive or possibly be strengthened. In Somalia, for example, civil society carried out the previous functions of government institutions while local NGOs carried on the work of evacuated international NGOs in providing relief and rehabilitation assistance. In Guatemala, participation in the peace process by COPAZ and the Civil Society Assembly helped to ensure maximum support for the social and political changes resulting from the peace process.

The participation of civil society helps to legitimize the outcome of the peace process. Civil participants can ensure that discussions and recommendations take into account the needs of the larger society, as well as monitor the implementation of these recommendations.

For civil participation to succeed, institutional mechanisms must be in place to guarantee that all interested members of society are allowed to participate and that resources are available to support local peacebuilding and conflict management efforts. Furthermore, and most importantly, factions must be willing to open the peace process to civil participation. These conditions may be difficult to meet in a highly militarized society.



### **Supporting local capacities for peace through aid**

How can international and local aid agencies be instrumental in transforming the “rhythms of war” to the “rhythms of peace” and changing a “culture of violence” to one of peaceful conflict resolution?

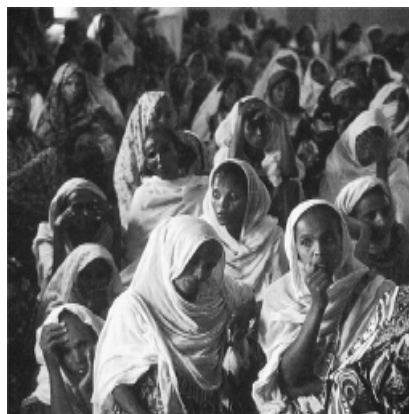
Peace capacities exist in all people. Even in the midst of conflict, some people exemplify peace through their attitudes and actions and through processes or systems that interconnect groups. Tapping into these capacities, aid agencies can undertake activities to promote similar capacities in others by:

Providing space—places where people can act in non-violent ways or where they can engage in joint endeavors with people on the “other side.” Confidence-building measures for peace include hiring staff from both sides of the conflict, promoting joint cultural and development activities, creating safe green spaces.

Providing voice—forums where peacebuilding can be discussed and issues of reconciliation and inclusion addressed. Other examples: sponsoring publications, conferences, songs, and plays promoting peace.

Providing incentives—rewards for peaceful actions, or access to media and positions of power to counter misinformation.

*Source: Do No Harm, 1996  
by Mary B. Anderson*



Eritrean Women participating in civic education.  
Jenny Mathews/Network/Matrix

### *The role of the international community*

It is crucial to ensure that external intervention does not contribute to or exacerbate the conflict, or impose a peace process that cannot be sustained, such as occurred in Angola. External solutions are unlikely to remedy the sources of the conflicts; therefore, a more comprehensive dialogue is needed. Donors should establish linkages to the agencies engaged in peacebuilding in order to gain an understanding of problems and to monitor progress.

In addition to providing critical technical and financial support, the international community’s role includes promoting civil participation by “creating peace” for civil society to realize its full potential in the process. This may involve, for example, encouraging local methods of dispute settlement, reconciliation and institution-building. Collaborative, multi-country organizations that support assistance efforts in developing countries can be important reinforcement for conflict resolution (e.g. “Group of Friends” in Guatemala; “Friends of IGAD”—the Intergovernmental Agency for Development—for seven countries in the Horn of Africa). International NGOs that were operational in a country well before, and during, the conflict understand local conditions and can be instrumental in peacebuilding efforts.

The United Nations can play a meaningful role only if it is invited to do so by all warring factions and if its participation is based on an understanding of, and sensitivity to, the problems. The Special Representative of the Secretary General (SRSG) can help ensure coordination and avoid duplication of efforts by UN agencies, donors and NGOs; hold regular briefings of the international community on the implementation of the peace agreements; and assist through diplomatic channels in securing financing and resolving political difficulties in



negotiation and implementation of the agreement.

Regional organizations may be well placed to assist peace processes, particularly where refugees and regional support for different factions have created a regional dimension to the conflict. In Central America, the Contadora Group influenced the settlement of several conflicts. In East Africa, IGAD works with Somali clan leaders to help settle territorial disputes and repatriate refugees, and the OAU (Organization of African Unity) sponsored a conflict resolution center in Ethiopia to train regional professionals. On the other hand, in West Africa, regional politics hindered attempts by ECOWAS (the Economic Community of West African States) and ECOMOG (the Military Observers of the Economic Community of West African States) to help resolve the Liberian Civil War by military intervention.

### Keeping peace

The peacekeeping phase includes implementing the peace accord, promoting good governance through democratization and institution building, fostering a representative government, strengthening justice systems, supporting reconciliation efforts, enhancing public security, and protecting human rights. During this period, when government agencies may be weak and conditions changing rapidly, chances for successful Bank interventions are greatly enhanced by the presence of a resident mission. The absence of missions and special-

ized staff limited the effectiveness of operations in Cambodia, Eritrea, Haiti, and Lebanon.

### Implementing the peace accord

Implementing a peace accord is a challenging task. The end of fighting signifies what may be the beginning of a long road to improving living standards. A return to violence is inevitable unless the post-war society recreates itself through a new set of behaviors, mindsets and institutional frameworks. While peace accords consist of the political discourse needed to achieve consensus, resource constraints have to be addressed when translating the accord into practical actions and realistic timetables. A major challenge of implementing a peace accord is ensuring that expectations are met and that unrealistic expectations do not develop.

### Promoting good governance

Good governance promoted through democratization and strengthening public institutions is essential to the process of reestablishing legitimacy, confidence and normalcy in the system. It consists of:

1. **Transparency** – disclosing budgets, debts, expenditures and revenues so that payments and beneficiaries are known to all
2. **Accountability** – ensuring that the governing body is responsible for how it generates income and allocates expenditures

3. **Rule of law** – implementing a legal framework by which government and society are guided
4. **Participation** – involving and empowering citizens to participate in government
5. **Institutional pluralism** – supporting the above conditions, is preferable to a unitary structure

The process of democratization is considered vital to peace- and capacity building. International agencies can help strengthen this process by supporting a system of political parties and initiatives to develop or reform the constitution.

Public institutions are the bridge between the state and civil society, enabling citizens to communicate their interests and needs to the government. They are the means through which governments implement policies. Civil service reform is frequently a crucial dimension of strengthening institutions as existing policies may be weak or used to favor groups or individuals.

Decentralization can help increase civil participation and promote local capacity-building and sustainable community-centered development. It may be very difficult to bring about, however, as those in control may see diffusion of political power as a threat. Support of decentralization efforts requires understanding the nature of incentives facing politicians and officials, clarifying responsibilities and resources at different levels of government, and creating a working system of accountability.

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**?** *List at least three advantages gained from a resident mission or a continuing agency presence for peacebuilding in a post-conflict country.*

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### Decentralization in post-civil war Ethiopia

While most federal states result from a centralization process, or a search for unity by a voluntary alliance of previously autonomous units, Ethiopia is a case where the center is “devolving” to regions in a form resembling a federal system. Devolution, one type of decentralizing strategy, occurs when authority is transferred from central government to autonomous local-level governmental units holding corporate status granted under state legislation. Ethiopia's adoption of this system in 1991 was partly prompted, after thirty years of war and centuries of inter-ethnic conflict, by the need to address concerns of regions dominated by the country's major ethnic groups. Only one other country, Belgium, has devolved to local level units based on cultural linguistic lines.

The transitional strategy to devolution is fraught with risks. These include the possibilities that secession demands by

certain ethnic groups will be reinforced, violence may erupt if ethnic groups are intolerant of minorities in their jurisdictions (Ethiopia has over 90 distinct cultural-linguistic groups), centralized efforts to build a democratic government will be hampered, or ethnicity might limit the mobility of capital and labor needed to promote economic opportunities. With the additional burden of rebuilding its war-torn society, Ethiopia faces problems of limited personnel and financial resources, and weak central agencies. Simultaneous reforms include establishing an electoral system; rebuilding the judiciary; building a modern army and police force; and formulating new fiscal, monetary and economic policies.

The struggle to clarify the overall structure, organization and allocation of powers to the federal and devolved regional governments is likely to take many years. The debate reflects the

various groups involved, including bureaucracies, political parties, opposition groups, and civic associations. They have differing:

- expectations about the possibilities and difficulties of empowering local populations
- experiences in managing large-scale institutions other than military units
- understandings of the difficulties of formulating policies for regulatory mechanisms, providing basic goods and services, and planning sustainable development programs
- appreciations of the complexities of public sector planning for revenue generation, budgeting, expenditure, and accounting procedures in line ministries and agencies.

*Source: Decentralization and Ethnic Federalism in Post-Civil War Ethiopia, 1997  
by John M. Cohen*

### Fostering representative government

Elections are markers of progress in democratization but do not, by themselves, create democracy. History has demonstrated that elected regimes do not always perform better than unelected regimes. Furthermore, democracy can take many forms such as power sharing arrangements or councils of elders. Popular participation in decision making encourages transparency and accountability which, in turn, contribute to socio-economic development. Therefore, a representative government and elections, as a means of achieving it, are important considerations for post-

conflict societies. Early considerations for successful elections include:

- How to guarantee the involvement of all factions in civil society, including refugees and displaced persons, in order to build trust and legitimize the process
- Determining the role of the political loser in order to promote power sharing and avoid manipulation of benefits based on political affiliation
- Whether to involve international actors to allay suspicions of rigging or intimidation

A study of election processes at the end of the protracted civil wars in Nicaragua, El Salvador, Cambodia, Angola and Mozambique indicated that international presence cannot be a substitute for a genuine commitment to peace and the cessation of hostilities by well-armed factions. Successful elections are contingent on effective disarmament and demobilization, as well as the peaceful leveling of historical differences. The electoral stage should focus on supporting the political performance of local actors and on quality, rather than quantity, of assistance from the international community, whose presence should be limited to the minimum necessary and based on its cost effectiveness.



*List at least three advantages gained from a resident mission or a continuing agency presence for peacebuilding in a post-conflict country.*

#### Possible answers

Enhanced flexibility and expediency to alter programming in response to changing conditions and needs; adequate time and staff to devote to NGO liaison and external

relations; increased cost effectiveness; enhanced commitment by staff who are able to focus on local circumstances and problem solving; increased consistency in monitoring and evaluation.



### ***Strengthening justice systems***

National justice systems are often in ruins after war because judges, attorneys, police and investigators have been killed or have fled, and physical infrastructure has been destroyed. The lack of a local justice system may constrain the effectiveness of peacekeepers and police and reduce long-term prospects for rebuilding society. Rebuilding effective legal systems and laying the institutional foundation for the rule of law provide a crucial underpinning for peace and stability by giving legitimacy to those who must wield force (such as the police) and make judgments (courts of law).

Justice systems obtain authority based on the recognition of the legitimacy of laws and the system of justice by citizens of the state. To gain this authority, the system must recognize and protect the rights of the individual, be accessible to all, and be impartial and politically independent. Ineffective systems and laws encourage people to “take the laws into their own hands.”

International assistance can be targeted at formal law and justice institutions. Specific interventions might include:

- Identifying requirements for facilities and equipment
- Determining the level of local expertise and identifying means to mobilize human resources and provide capacity building and training
- Identifying the need for new or revised legislation
- Establishing/maintaining mechanisms for conflict prevention or peaceful resolution of conflicts
- Establishing—when necessary—a transitional criminal justice system with capacities to arrest, hold and—if necessary—try criminal suspects

#### **The Truth Commission in South Africa**

Forgiving the perpetrators of violence is one of the most difficult challenges for a society emerging from violent conflict. Adhering to the principles of human rights is one of government's central responsibilities and essential for a society to come to peace with itself. Similarly, reconciliation requires concrete activities to create harmony among those who have fought each other. The Truth Commission in South Africa exemplifies one approach to reconciliation. Its objectives were to promote national unity and reconciliation in a spirit of understanding, transcending the divisions of the past by:

- determining the possible causes, nature and extent of human rights violations committed from 1960 to 1993
- facilitating amnesty for persons who disclosed acts associated with political objectives
- determining the fate of victims, informing their relatives, and recommending reparation measures
- compiling a report with its findings and recommendations



Palestinians voting in Gaza City – Sharon Abbady/BlackStar

### ***Supporting reconciliation***

Reconciliation, or the process of forgiving past wrongs and putting away grievances—on an individual, community, and national level—is crucial to the peacebuilding effort. Psychosocial healing is a necessary process following the trauma of war and the breakdown of social institutions. While those affected by war are ultimately responsible for the healing process, international organizations can also play an important role by implementing programs to prevent further violent outbreaks, increase communication, build an inclusive and strong social structure, assist and rehabilitate victims of human rights violations, and trace missing persons—normally the role of the International Committee of the Red Cross (ICRC).

Judicial reconciliation can create a more palpable sense of justice for citizens who have been the victims of war crimes and human rights violations. This requires insuring individual accountability for war criminals via criminal prosecution or mechanisms of accountability in the form of an international tribunal, a commission of inquiry, or a “truth commission.” A significant shortcoming of the tribunals established for Rwanda and the former Yugoslavia is that they are powerless to enforce arrest warrants and subpoenas. A mechanism is needed to ensure a quick response to both immediate and longer-term rehabilitation needs of the justice system.

### ***Enhancing public security***

For peacebuilding to succeed, citizens must feel secure and have some freedom of movement. The abundance of weapons in post-war societies may result in increased crime. Neutral forces may be needed to keep peace while new security arrangements are developed. Immediate arrangements involve separation of opposing forces, demobilization and demining and, eventually, reintegration of ex-combatants—all in the context of efforts to promote reconciliation. (See Tab 5.)



### Police reform, human rights and democratization in El Salvador

Near the end of El Salvador's 12-year civil war, a stalemate developed between the Salvadorean government and the Farabundo Marti National Liberation Front (FMLN) following a failed final offensive in 1989. A complex series of political agreements had to be reached before a cease-fire could occur. Police reforms were central to the peace process and bridged an impasse regarding the status of government armed forces.

Crime became the top concern of the population. By 1995-96, the country's newspapers were virtual crime reports. Homicides and other violent crimes rose dramatically and groups wanting to de-legitimize the new political system caused local communities to take the law into their own hands. These circumstances made it difficult for the newly reformed police forces to be effective and gain experience.

In 1992, national and international actors set about revamping the police and public security. Reforms to the public security system included the removal of internal security responsibilities from the military except in exceptional circumstances, and the creation of a new National Civilian Police (PNC). Additionally, an ad hoc committee was created to review

the files of military officers charged with human rights violations.

International advice regarding the mix and composition of the PNC was valuable. Policing should be representative of parties which were not in the conflict but who might be left out of institutional arrangements. A decision to set a minimum of 60% noncombatants within the PNC increased courtesy and transparency and provided for inclusion of women and indigenous and other groups. Due to screening procedures for demilitarized troops in the PNC, mixed training of ex-combatants from both sides led to cooperation between them on the new force.

A significant problem was the slow development of a criminal investigation unit and other supporting mechanisms such as the justice and the prison systems. Judicial reforms were far less specific in the negotiations and did not occur quickly or completely. The absence of far-reaching and rapid judicial reforms was capable of undermining police reforms.

Meanwhile, those who benefited from the old public security system, such as the economic elites and state institutions, resisted reform efforts. During the period of negotiations, the elites realized that

their interests would no longer be protected. The military actively placed road blocks in the way and restructuring the new force was undermined by creation of parallel "special protection" units funded by businessmen.

Highlighted lessons:

1. Police reform reflects the political context rather than shapes it. Political will must exist among those who sign the peace agreement.
2. Despite constraints, new public security institutions can help consolidate peace and are important elements of peace agreements.
3. International support should be planned realistically based on the time required for developing new public security institutions, as well as judicial support mechanisms. These arrangements should be stipulated in the peace agreement.
4. NGOs and the press can help support public education programs to ensure that new models of policing are understood and given a chance by citizens and organizations of civil society.

*Source: Police Reform, Human Rights and Democratization in Post-Conflict Settings: Lessons from El Salvador, 1997 by Charles Call*

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**? What steps might Bank staff take to address the serious socio-economic problems of microinsecurity (e.g. petty theft and other public security issues) and injustice?**

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*See suggested answers on page 3.10*



### Lessons learned from the human rights emergency in Rwanda

The human rights disaster in Rwanda and the way it was addressed by national and international communities will be the subject of scrutiny for many years. Between April and July of 1994, ethnic violence resulted in: the killing of 500,000 to one million people, two million refugees in neighboring countries, and one million internally displaced people.

A comprehensive security strategy was needed to disarm the insurgents hidden among the refugees, isolate those suspected of committing violations of international humanitarian law, promote an economic and social environment conducive to repatriation, and monitor possible border clashes between government troops and rebel groups. In response,

the Human Rights Field Operation for Rwanda (HRFOR) was established. Unfortunately, the operation was plagued by a multi-faceted mandate, inadequate administrative capacity, and insufficiently trained field officers.

One of the greatest problems in the UN field operation was the failure to address the political obstacles to “restarting” Rwanda’s justice system which suffered from a lack of resources and from the internal political dynamics of the newly reconstituted government. Delays in prosecution—over 50,000 persons imprisoned and not formally charged—occurred while the new rulers looked for answers to such questions as: What will be the

response of the military and the public? Who should be punished and who should be granted immunity? What is the appropriate punishment?

A major political obstacle to the commencement of the trials was a delay in appointing members of the Supreme Court and Council of Magistrates. High level political negotiations were needed to break the impasse. For example, an emissary might have been appointed by donors to meet with Rwandan officials to determine what was needed to get the prosecutions underway.

*Source: “Protecting Human Rights in Rwanda,” 1997  
by Peter M. Manikas and Krishna Kumar*

Where the military has played a prominent role in internal security, a reduction in military prerogatives and resources may be necessary to further the process of democratization. Creating a police force independent of the military may help change the image of the police from oppressor to public servant. Questions from the Overseas

Development Council can help determine whether the political will exists to reform the security sector.

- Has the government named reform-minded individuals to key posts?
- Do these officials have sufficient power and commitment to confront those who oppose reforms?

- Is the new force engaged in abuses?
- How willing are the leaders to discipline and prosecute those who engage in abuse?
- What is the track record for investigating cases of political violence and organized crime?
- How transparent are the defense and security budgets?

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**?** *How are strengthening the justice and public security systems, promoting societal reconciliation and protecting human rights related? Why are these activities crucial to peacebuilding?*

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*See suggested answers on page 3.10*



## Protecting human rights

Starting with the peace accord, both security and justice systems must demonstrate respect for human rights and incorporate necessary measures to protect indigenous identity and rights. If a human rights field operation is needed, the roles of human rights monitors need to be carefully defined. Human rights monitors can provide a dissuasive presence in rural areas, facilitate the return of internally displaced populations and refugees, and promote judicial institutional development. National agencies and international development agencies must join forces to promote measures to enhance human rights, as well as to increase social cohesion, and to prevent escalation of tensions. Specific activities may include:

- Incorporate international human rights standards in national legislation, e.g. guarantees for the protection of human rights related to the treatment of prisoners and detainees, independence of the judiciary, and the right to a fair trial
- Enhance or establish the legal protection of human rights of women and children, disabled persons, indigenous people and those belonging to national, ethnic, religious, or linguistic minorities
- Establish a national human rights commission or ombudsman
- Collect information about human rights violations and distribution to national and international human rights bodies and the media

- Encourage the role of national NGOs and national authority figures in maintaining human rights and undertaking public education
- Provide human rights training for police, military and all officials who administer justice

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***Starting with the peace accord, both security and justice systems must demonstrate respect for human rights and incorporate measures to protect indigenous identity and rights.***

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## Sustaining peace

Post-conflict society quickly begins to search for a “peace dividend” usually in the form of improved standards of living. Achieving this dividend requires time and patience and is particularly challenging for poor, multi-ethnic states. One means of achieving social patience and consensus is through burden sharing as well as sharing of rewards among civilians. In Guatemala, for example, a national consensus emerged that taxes needed to be raised to pay for the reconstruction. In order to meet a society’s expectations and sustain peace, a wide range of confidence-building measures must be put into effect.

## Reforming the economic sector

Jump-starting the private sector is critical in post-conflict countries. It requires the reduction of three typical post-war constraints: lack of business confidence, lack of capital, and lack of infrastructure. Of these, the main concern is boosting business confidence, which in turn reduces the other two constraints. Typically post-conflict economies undergo a long period of recovery and slow return of business confidence and local investment.

Innovative policy frameworks, approaches and programs are needed to develop programs to create employment in the peacebuilding phases. For example, the International Labour Organization (ILO) promotes employment development strategies through Local Economic Development Agencies (LEDAs) to plan small enterprises and monitor their implementation. The LEDAs function as financial intermediaries to channel development bank loans and other funds from donors to small enterprises and cooperatives. Multi-faceted programs consist of skills training, counseling, promoting access to credit, and coordination with a broad range of assistance agencies.



*What steps might Bank staff take to address microinsecurity (e.g. petty thievery and other public security issues) and injustice?*

**Possible answers:** The Bank can raise the issues of insecurity and the need to strengthen the justice system in dialogue with the government and other donors. It can support workshops and seminars and encourage other donors to provide support for NGOs and other groups working to reform the systems.



*How are strengthening the justice and public security systems, promoting societal reconciliation and protecting human rights related. Why are these activities crucial to peacebuilding?*

**Possible answers:** These four facets of peacebuilding are needed to promote societal reconciliation of deep-rooted hatreds and resentments; without them peace will be short-lived and peacebuilding

activities undermined. Many crimes and atrocities will not result in prosecution because of inherent weaknesses in the justice system or lack of indictment, leading victims to find a way to personally reconcile injustices; they must feel that their rights and the rights of others will be upheld in the future in a court of law; they must feel that their right to safety and security is also upheld and that they are safe to move about.



### **Reforming land tenure**

Access to land can be both a root cause of conflict and a major constraint to peacebuilding. High concentration in land ownership—as in Guatemala where 2% of the population holds 60% of the land—and failed land reform can spur renewed political violence. Once-effective, traditional land ownership mechanisms or legal ownership are often de-legitimized during conflict, or property may have been destroyed or relegated for war-time uses. Conflict-displaced persons may return home to find their land in use by others and may have no means to secure access to arable land. Attention must be given to issues of access and land tenure as part of the reformation process and as a basis for legitimizing rehabilitation inputs.

### **Combating corruption**

Corruption is usually defined as the abuse of public office for private gain through bribery, patronage, nepotism or theft of state assets. It is also undertaken by private agents to circumvent public processes for profit. Corruption is a global problem, undertaken systematically in some countries, which negatively impacts social and economic development. The costs are felt disproportionately by the poor but also burden the private sector, foreign investors and the environment.

Corruption results from complex causes and the means to control it are not well understood. It thrives on poorly designed economic policies, low education levels, underdeveloped civil society, and weak public institutions—conditions often prevalent in developing countries and in post-conflict situations. Corruption undermines necessary confidence in governance during peacebuilding, reducing the effectiveness of aid and eroding political support for it.

Fighting corruption is neither easy nor quick and requires the political commitment of national leaders and civil society. *Corruption is controlled only when citizens no longer tolerate it.* Strengthening government and judicial systems and increasing transparency in government processes, as discussed in the section on “Keeping Peace,” are key aspects of a national anti-corruption strategy.

A growing number of partner countries are asking for Bank assistance in fighting corruption. The World Bank uses the following pro-active approaches in planning and implementing its programs.

1. Ensuring that projects and operational procedures set an example of best practice, while taking into account their effects on borrowing countries.
2. Raising the issue of corruption in dialogue with borrowers.
3. Including methods to address corruption in country strategies and taking account of the risks of corruption in project design.
4. Building the knowledge base on the dynamics of corruption and successful reduction measures.
5. Filling critical skill gaps in financial management, procurement and public sector management.
6. Building productive working relationships with national, regional and international partners.
7. Becoming an active partner in multilateral efforts, such as the Organization for Economic Cooperation and Development (OECD) initiative to coordinate the criminalization of transnational bribery and elimination of its tax deductibility in member states.

### **Replacing emergency aid with development assistance programs**

Meeting people’s basic needs is critical during a humanitarian emergency when lives are at risk, but it is not often thought of as strictly related to the political goals of peacebuilding. Providing transitional assistance where resources and services are lacking is a crucial component of confidence building and, therefore, of the process of sustaining peace. Relatively peaceful conditions in the post-conflict period provide an opportunity for rehabilitation, paving the way for development. The overriding concern is to ensure that the rehabilitation process strengthens the vulnerable and promotes reconciliation rather than rewarding violence or causing political tension.

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***The overriding concern is to ensure that the rehabilitation process strengthens the vulnerable and promotes reconciliation rather than rewarding violence or causing political tension.***

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Ex-combatants, refugees, IDPs, and those who remained in their communities are all likely to require some form of assistance. Other vulnerable groups include women, the elderly, children and minors, and people with disabilities. They all have special needs. Types of assistance include food distribution, health care, temporary shelter and employment opportunities, education and training programs, and psychosocial treatment for victims of trauma. (Tab 5 covers the needs of ex-combatants; Tab 7, social and economic reintegration of war-affected populations.)



At a minimum, rehabilitation should encompass the restoration of basic services and subsistence capacities, allowing most donated relief to be discontinued. In addition, crucial sectors may have been destroyed or their infrastructure, human, and

financial resource bases diminished. Sectors typically requiring rehabilitation include housing, transport, agriculture, water and sanitation, and health. The removal of mines on land and in waterways may be a prerequisite for most other activities.

Rehabilitation in post-conflict environments cannot be expected to closely follow developmental aid models, which are often premised on working in strong states with strong economies, a situation which rarely exists in war-torn societies. ■

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**?** *What indicators might signal a return to stability in a post-conflict country?  
What response might assistance agencies make to these indicators?*

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*See suggested answers below.*

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**?** *What indicators might signal a return to stability in a post-conflict country?  
What response might assistance agencies make to these indicators?*

**Possible answers**

Indicators: macroeconomic stability and its likely sustainability; recovery of private sector confidence measured by investment ratio;

the effectiveness with which institutional arrangements and the political system are coping with the root causes of the conflict; the effectiveness of justice and reconciliation efforts; restoration of basic infrastructure; reduction in need for transition assistance to meet basic needs; considerable improvement in situations of vulnerable groups; readiness

of civil society to support government's efforts.

Response: reduction of special procedures and resident mission staff; reduced need to address conflict-related issues in program documents; decline in humanitarian aid provisions.



### L E S S O N S   L E A R N E D

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*A peace settlement that does not take into account economic issues is liable to fail.*

There is a tendency for negotiators to be too ambitious in their objectives for the peace accords; if proposed ideas cannot work economically the accords may come apart.

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*The strategic plan to implement the peace accords needs to be linked with the*

*country's capacity.* The resources (human, financial, material) need to be in place or the good ideas of the accords will not work.

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*There is much more than economics in the peace process.* For peace accords to work, many of the proposed activities need to be implemented in parallel. That is, economic activities need to be implemented *at the same time* as reforms in governance, the justice system, and civil society. Bank staff who design economic rehabilitation projects need to understand that the success of their projects is co-dependent on parallel activities.

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*Donors and peace process agencies need to work together.* If donors are not "on board" with proposed peace accords, they will be reluctant to help support them. Involving donors at all stages of designing peace accords increases the probability of donor acceptance.

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*Empowering civil society is crucial.* Civil society's role in the design, implementation and monitoring of transition programs is pivotal and helps to buy social patience.

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*Elections do not equal democracy.* Elections are not an end in themselves; democracy can take many forms. To avoid failed elections, which may lead to renewed violence and loss of faith in the democratic process, certain conditions should be in place, such as assigning roles to the political losers.

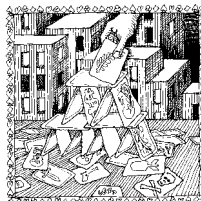
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*Justice does not equal reconciliation.* A tension often exists between moving ahead with reconstruction and bringing those who have committed atrocities to justice. Justice systems may be weak, forestalling legal reconciliation. Other forms of reconciliation such as social, community-centered, and individual also need to occur.

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*Human rights protection needs to be built into security and judicial systems.* The protection of human rights is often an elusive goal in conflict, and post-conflict, situations. Judicial and security systems, as well as the larger society, require inputs to insure pervasiveness of respect for human rights.

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A N N E X

3.1

*Re-establishing governance*

Most bilateral and multilateral donors tend to propose a fairly standard democratic model for post-conflict countries, encouraging open, competitive, national, democratic elections. In recent years, such elections have occurred. Where the results were not heeded, the country has been punished by sanctions from western countries (e.g., Haiti, Burma). Where the elected President has ruled successfully, aid has been forthcoming (e.g., Uganda, Cambodia, Nicaragua, Mozambique, South Africa). In lieu of democratic elections, the conflict is considered unresolved and long-term aid withheld (e.g., Afghanistan, Somalia). In the late 1990s, USAID undertook a series of evaluations of the role of democratic elections in the aftermath of violent conflicts (published as *Post-Conflict Elections, Democratization and International Assistance* edited by Krishna Kumar 1998). On balance the studies found that aid did permit democratic processes to take hold in some countries, such as Angola, Cambodia, El Salvador, Haiti, Liberia,

Mozambique and Nicaragua. But they also find that too much credence is given to singular national elections, and not enough attention to the overall process of ongoing peace negotiations, monitoring of peace accords, demobilization, economic rebuilding and elections at regional, district and municipal levels. Often a single party will remain in power and no real competition exists for long periods (e.g., Mexico, India, Uganda). Among the studies' findings:

- The participation of refugees in post-conflict elections is important not only to make the elections representative but also to promote political reconciliation. Refugees are often the worst victims of civil wars and therefore their active participation in elections tends to strengthen the peace process.
- Elections can themselves be divisive: In practically all case study countries, political parties appealed to parochial loyalties to gain votes. Post-election power sharing should be the object of pre-election negotiations. Civic and voter education programs, when efficiently organized before elections, can help create a positive atmosphere.
- In Angola, Cambodia, Ethiopia, Haiti, Liberia and Mozambique, the original timetable for holding elections was based on unrealistic assumptions. The planners underestimated the roadblocks created by deficient transportation and communication systems, the limited administrative capacity of the government, and the lack of political will of the leaders, as well as the difficulties in donor coordination. Political leaders often harbored serious reservations about elections and did not hesitate to create obstacles to gain advantages.



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# Managing Conflict

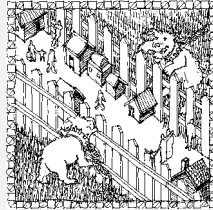


**T**he cessation of hostilities, as per a peace agreement, does not necessarily mean that conflicts have been resolved and that security will be established and maintained. Ongoing programs to promote conflict management and reconciliation, as well as economic confidence-building measures, usually need to be undertaken over a long period of time.

Managing conflict means not only avoiding escalation in a crisis but also creating a durable basis for peaceful alternatives through democracies, market economies and civil institutions that promote human rights. With an increasing number of decentralized power centers around the globe, decision makers must be able to draw on different techniques for preventing, managing, and transforming conflict.

## Types of conflict

Since WW I, most conflicts have been intra-, rather than inter-state, and since WW II most armed conflicts have occurred at a regional or local level primarily in the developing world. These conflicts are deeper, more pervasive and more intractable than the Cold War super power struggle, which was driven largely by geopolitical and ideological forces. Some, such as the Korean, Vietnamese, and Arab-Israeli conflicts, have threatened world peace.



***Conflict is one of the most pervasive and inevitable features of all social systems, however complex they may be, and irrespective of their location in time and space. This is true of personal, group, and organizational as well international systems. Wherever it occurs, conflict is significant, newsworthy and challenging. It can lead to mutual satisfaction and growth or may produce acrimony, hostility, and violence. The goal of studying conflict is to learn to manage it in a way that maximizes its potential benefits and minimizes its destructive consequences.***

— Jacob Bercovitch and  
Allison Houston  
"The Study of International  
Mediation," 1996

Edward Kolodziej and William Zartman (1996) describe modern conflicts in four general ways:

- 1) *intrastate separatist or sub-national conflicts for self-determination, such as in Sudan, Eritrea, Cyprus, Sri Lanka, India, and the former Yugoslavia*
- 2) *intrastate ideological conflicts for control or replacement of the central government with external support, as in Lebanon, Afghanistan, Mozambique, Angola, Chad, Zaire, Cambodia, Rwanda, Ethiopia, El Salvador, Iraq, Nicaragua, or without external support as in Peru and Colombia*
- 3) *intrastate rivalries over rank and relations, including boundary disputes and structural rivalries between neighboring states, such as in the Middle East, Southern Africa, and the Sahara*
- 4) *interstate claims on the same territories such as Ogaden, Kashmir, Kuwait, Sahara, Chad, Israel, and Mauritania.*

Conflicts range from dormant or incipient to immediate or urgent. For example, the ethnic conflict between Armenians and Azerbaijanis was dormant for many years when the two republics were under Soviet control. After the break-up of the Soviet Union, however, the conflict reemerged as



Inter-group conflict interventions may occur at political, institutional and social levels. By considering these interventions, we can begin to explore whether methods of conflict analysis and resolution can be developed that will allow parties an earlier opportunity to meet their needs in a less costly and more effective manner.

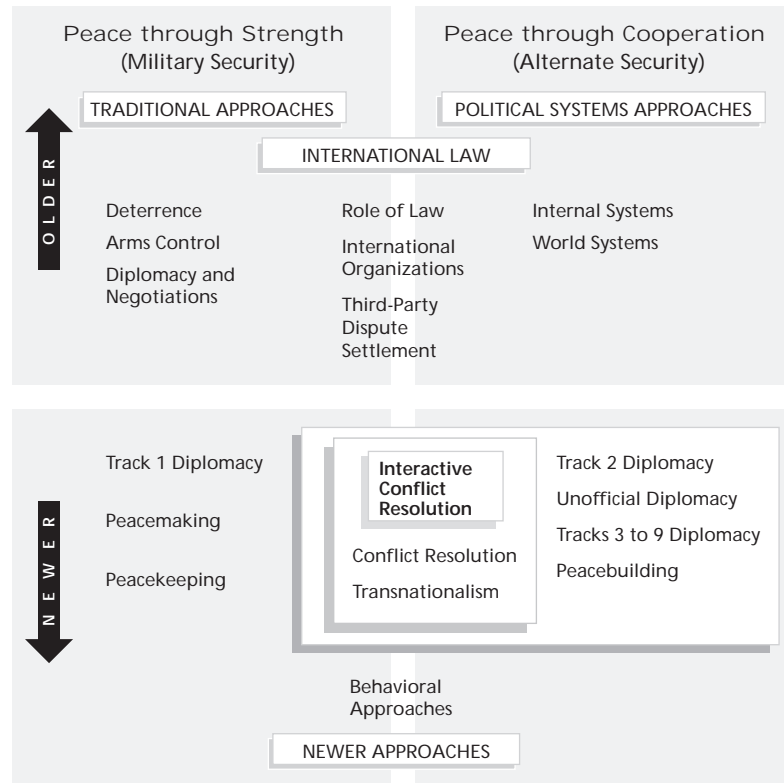
### **Conflict prevention**

The goal of conflict prevention is stopping a dispute before it becomes violent. Unfortunately, focus on the actual prevention of conflicts often gets little attention and peacebuilding processes are often disrupted through unforeseen or unmitigated, renewed violence in post-conflict countries. When this occurs, development gains and inputs accrued during a period of peace are lost. The international community must decide how much it is willing to spend on conflict prevention and whether it is willing to spend as much on it as on fighting or peacekeeping. For example, the conflict management budget in Bosnia exceeds \$8.7 billion. The question of whether conflict prevention activities such as the establishment and monitoring of early warning systems and preventive diplomacy could have been carried out more effectively and at less cost needs to be seriously considered.

### **Early warning systems**

Conflict does not follow a linear path but rather is a dynamic process in which numerous factors determine whether it will escalate or de-escalate. *Conflict early warning is the identification and monitoring of structural and proximate predictors of conflict in a particular setting. It requires both strong local knowledge and technical training.* Early warning efforts as currently practiced usually consist of monitoring filed reports from local sources, UN agencies, NGOs, and news reports. Data systems incorporate structural sources that reflect long-term background processes—sometimes obtained through “mapping” of global conflicts and weapons stores—

### **The Conceptual Domain of Approaches to Peace**



*Adapted from Interactive Conflict Resolution, 1997 by Ronald Fisher*

and dynamic sources based on tracking day-to-day developments. Analysis of indicators, however, has not been supported by adequate tools to allow useful interpretation, and has not taken account of the tendency of conflicts to evolve in different phases, with rapid transitions between them.

Many early warning networks are operated by governments, NGOs, and regional organizations to produce vulnerability assessments, especially with regard to food shortages. Some also monitor conflict indicators, such as holding or canceling elections.

Many national and international agencies monitor global “hot spots” and recognize the importance of preparing responses to incipient conflicts. However, warnings do not always result in preventive actions. Effective early warning depends on the political will to strengthen networks to provide timely information, as well as the

capacity to follow up with timely action. Warning systems need to improve the usability of information for a wide variety of audiences and make better use of the media and public opinion in order to contribute positively to conflict prevention efforts.

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***Effective early warning depends on the political will to strengthen networks to provide timely information, as well as the capacity to follow up with timely action.***  
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### Conflict settlement

The goal of conflict settlement is reaching agreement among the parties to the conflict. Mediation and negotiation are two critical activities in conflict settlement.

#### Mediation

Third-party assistance, or mediation, is best seen as an extension of—not a replacement for—bilateral conflict management. Mediation is a dynamic and flexible process and should be an extension of the parties' own efforts. Use of generic principles must be viewed with caution. The nature and effectiveness of mediation depends as much on who the parties are and the character of the dispute as on who the mediator is and his/her behavior.

The role of international bodies is generally mandated by agreements with their member states. When international bodies are involved in the mediation process and departures from their mandates arise, they face constraints that do not apply to individual states. For this reason, the UN's efforts have produced mixed results.

Efforts at mediation of conflicts with ethnic dimensions can open up some possibilities for peace, yet they always walk a fine line between the containment of conflict and its exacerbation. Two common proposals to deal with the problem of inter-ethnic cooperation have been partitions to enable hostile communities to live in separate states (former Yugoslavia) and special bureaucratic arrangements to enable parties to live within a single state (Israel).

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*Efforts at mediation of conflicts with ethnic dimensions can open up some possibilities for peace, yet they always walk a fine line between the containment of conflict and its exacerbation.*

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#### Security communities—too idealistic?

Some conflict management specialists postulate that it may be many years, at least 20, before the world is structured to cope adequately with intractable and deep-rooted conflicts. This and the unevenness of interventions and resources has led to visions of alternative security and conflict intervention arrangements for the world, or parts of the world.

The Stockholm Initiative on Global Security and Government outlined proposals in 1991 for moving toward development of common security, or a world neighborhood. This vision includes strengthening the UN's ability to prevent and manage destructive conflicts, and a pledge by governments to reduce military spending and to allocate the peace dividend to international cooperation and human development. The savings could reach \$300 billion annually by the year 2000 and would come from the \$600 billion a year formerly used to support the Cold War (Fisher 1997).

In conceptualizing a common security system for Southern Africa, Nathan and Honwana (1995) summarize a new holistic thinking, which diverges from a focus on military matters to incorporate political, social, economic, and environmental issues. A common security regime, organized among the SADC (Southern Africa Development Community) Member States, would have many advantages including a regional early warning system, increased military confidence through disarmament and transparency, collaborative programs on security issues, multi-lateral security agreements, and peaceful methods of managing conflict. Protocols and terms of reference were designed to address these areas.

### Conflict resolution

The goal of conflict resolution is identifying and resolving root causes of conflict. Unofficial diplomacy and interactive conflict resolution are instrumental in resolving conflicts.

#### Unofficial diplomacy

Informal diplomacy, sometimes referred to as "Track Two," is the development of diplomatic relationships with private citizens or groups outside the formal power structure, and can involve leaders as well as grassroots populations. It is not a substitute for official diplomacy, but a supplemental mechanism by which non-binding ideas are tested, or by which parties who would not be included in formal negotiations may also find their grievances addressed. Frequently, unofficial diplomacy is facilitated by NGOs. For example, the Burundi Policy Forum discusses policy and coordination strategies, thereby providing a mechanism for many agencies to share information. By sharing perspectives with officials, the Forum indirectly influences the process by which official actors understand conflict and coordinate their interventions. Informal networks have blossomed in recent years and have been instrumental in laying the groundwork for international agreements, as between Israel and the PLO, that are eventually signed by "Track One" diplomats.

*Virtual diplomacy* is a U.S. Institute of Peace project designed to explore how the growth of telecommunications and information processing is transforming international relations. Virtual diplomacy—political, social and economic interactions—occurs by electronic means rather than face-to-face communication.



### Inequitable development and conflict in Sri Lanka

“Ethnic fissures” provide what seems like an obvious surface explanation for the violent conflict that has erupted almost continuously since 1983 in Sri Lanka. A long history of the two main ethnic groups the Sinhalese, comprising 75% of a nationwide population of 19 million and the Sri Lankan Tamils at 12.5 %, comprise a minority in Colombo, as well as up-country Tamils at 5.6% and Muslims at 7.4%. In examination of the past, however, one sees that the deep-rooted conflict between these two groups are tinged with religious and language differences, as well as imbalances in economic advantages. Where Tamils held precedence in terms of employment in the colonial era, the Sinhalese gained power following independence in 1948 resulting in policies that excluded the Tamil-speaking population. A major exclusionary act in 1956 made Sinhalese the official language, sharply reducing the number of Tamils in public sector employment.

The time was ripe in the 1970s for formation of the Liberation Tigers of Tamil Eelam (LTTE) which emanated from depressed economic conditions and high unemployment among youthful militant Tamil groups. Despite periodic outbreaks of violence, some economic liberalization of policy in the late 1970s made Sri Lanka seem like a model developing country. Nevertheless, ethno-political

tensions built up and resulted in violent conflict from 1983-87, mitigated by a brokered peace. An Indian Peacekeeping Force stayed in Sri Lanka from 1987-90 and was drawn increasingly into the conflict. Despite continuing negotiations, the LTTE adopted more violent tactics. Talks held in 1995 failed, although most Tamil and Muslim groups have since been in dialogue with the government parties. LTTE, however, continued guerilla attacks including hostilities against other Tamil groups.

The Bank has played a leading role in donor aid coordination for Sri Lanka since 1965. Having financed over 75 operations since 1951, the Bank did not become involved in operations directly related to the conflict until 1987, when the Bank and a Special Aid Group helped the government (GOSL) prepare the Emergency Reconstruction and Rehabilitation (ERR) program. Program progress was tenuous and infrastructure that was finally rehabilitated was significantly damaged by continuing conflict.

Some possible indicators that conflict would continue and that ultimately influenced the development and reconstruction projects included:

1. Separatist Tamil groups who were parties to the conflict were not parties to the Accord brokered by the Government of India in 1987. The LTTE publicly disavowed the accord.

2. Involvement of NGOs and the local community were lacking in the preparation of the ERR project.

3. A ten month delay between request for ERR assistance and the ineffectiveness of unexpedient procurement processes may have contributed to erosion of popular support.

4. The Mahaweli Basin development project, between 1958-1986, may have reinforced rebel perspectives of inequitable development. For many years, the GOSL resisted an approach to resettlement of each ethnic group in proportion to its representation.

5. The LTTE sabotaged most of an ERR program they perceived as emanating from and benefiting central agencies.

Given the warning signals that peace would not last, emphasis might have been better placed on assistance to households for immediate survival and rehabilitation needs, and providing temporary forms of infrastructure. More attention could have been placed in policy dialogues with the government on the costs to development of the continuation of the conflict as well as the benefits of peace. The Bank needs to be prepared to address technical and economic issues that will arise in implementing a peace agreement, such as possible devolution to the regions, and involve all parties in planning for post-conflict reconstruction.

*Source: The World Bank's Experience with Post-conflict Reconstruction, May 1998.*

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**?** *What are the factors that make the conflict in Sri Lanka a protracted social conflict? What strategy might assistance agencies pursue to address the conflict?*

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### L E S S O N S   L E A R N E D

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Conflict is normal, but violent conflict is not inevitable—the patterns of cultural violence have to be altered.

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Development institutions can play an important role in preventing and resolving conflict—as well as in stimulating it.

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No method of managing conflict can fully address intractable or deep-rooted conflict. Various approaches must be employed on different levels simultaneously by a variety of actors.

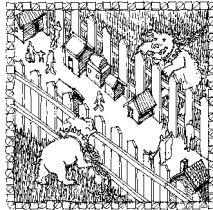
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Culture is an important factor—in both conflict analysis and resolution.

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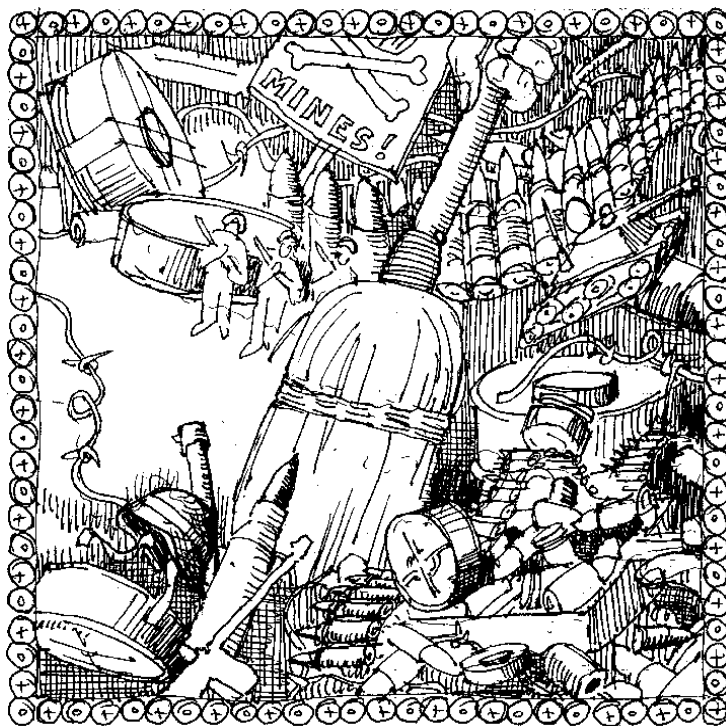
Conflict prevention through timely intervention is much less costly than reconstruction and is under-emphasized.

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# 5

## Reestablishing Security



### K E Y P O I N T S

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While the Bank does not finance disarmament, staff should be knowledgeable about the process as its success or failure impacts demobilization and reintegration programs (DRPs).

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DRP planning should be started ahead of the peace negotiations, to gather donor support, and so that activities can begin immediately after a peace agreement is signed thus encouraging former belligerents to comply.

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Bank involvement in demining should focus on non-clearance activities; support for clearance should be integrated into specific development activities.

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Bank staff must be aware that disarmament can facilitate short-term reconstruction, but long-term stability requires management of weapons and munitions, and possible reprogramming of military resources to address development goals.



Demobilized ex-combatants may become mercenaries in other conflicts, and arms can be transported and marketed across borders. Regional security arrangements, such as controlling cross-border arms traffic and promoting adequate national legislation and penalties for illegal arms possession, are needed to build confidence. The Organization of African Unity (OAU) supports regional cooperation to develop conflict management mechanisms and peacekeeping arrangements.

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across borders.***

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## Disarmament

*Disarmament*, sometimes referred to as weapons control or demilitarization, is usually understood to be the process of completely eliminating the military capacities of warring factions.

*Weapons control*, more precisely, indicates a process by which the control of weapons and military arsenals is transferred from armed factions to the peacekeeping forces. This control may be either temporary or indefinite. Weapons control can be applied in designated zones and/or limited to certain categories of weapons.

Disarmament is a fundamental, yet difficult-to-implement, component of demobilization. It is almost impossible to achieve complete disarmament since it is difficult to establish the number and types of weapons in



Too many weapons – Reuter/Corrine Dufka

circulation. In addition, if weapons are viewed as an insurance policy, or if an “arms culture” has developed during the period of conflict, combatants may be particularly unwilling to disarm.

While the World Bank does not finance disarmament because of the limits of its mandate, staff should be knowledgeable about the process in terms of:

- its relation to peace agreements
- the steps undertaken by the UN or other special monitors as a precursor to the reinsertion and reintegration phases of demobilization
- the historical problems associated with the failure or reversal of disarmament and their impact on the sustainability of demobilization and reintegration programs
- the economic impact of disarmament

Further, staff need to understand that not only does disarmament pave the way for short-term peace and reconstruction, but longer-term development and stability also require attention to the management of the primary tools of violence—weapons and munitions.

## ***Disarmament and conflict resolution***

In 1992, UN Secretary General Boutros Boutros-Ghali formally argued that the role of arms regulation and disarmament could be significant in the context of conflict resolution, peacekeeping and peacebuilding. The UN Security Council plays a basic role in establishing the mandates of the ever-increasing number of peacekeeping operations. This includes related disarmament aspects. Peace agreements are an ideal framework for bringing specificity to the mandates of the Security Council. They are negotiated at length between the parties and give some assurance of consensus, particularly regarding the delicate matter of disarmament.

Weapons control plays a significant role in most modern-day peace operations, although the objectives vary with each operation. Weapons-control activities take three main forms:

1. **Weapons control under a comprehensive peace settlement.**  
Opponents are required to disarm and form a new army under a newly elected government, or one faction is dissolved, usually with some type of compensation for the disarming party such as the restructuring of government troops. Under a comprehensive peace settlement, disarmament is one component of a larger process that includes separation of forces, cessation of outside military assistance, withdrawal of foreign forces, regrouping of rival forces, cantonment of rival forces, and formation of a national army.
2. **Stability building measures.**  
These are implemented as part of a negotiated cease-fire or conflict settlement and include weapons limitations zones, concentration of heavy weapons, demilitarization of designated zones, zones of separation of armed forces, no unapproved troop movements,



Methods for convincing the parties to fully implement disarmament obligations include the following:

- *Economic incentives*—Incentives offered to combatants on a macro-level might increase compliance, as in Nicaragua where the Contras received land after disarming. In addition, programs that trade food or agricultural implements for weapons are generally more successful than cash buy-backs. Food-for-guns was successful in Somalia but was constrained by shortages of food supplies. Weapons-for-cash in Mozambique met with limited success as it attracted mainly old weapons and stimulated illegal markets in weapons. Buy-back programs need to be followed up with search and seizure programs.
- *Increased transparency*—An increased flow of reliable information, including baseline information on actual troop and armament holdings, with an impartial distribution among adversaries can help to build confidence and provide confirmation that the parties are not cheating. Other methods for building confidence and trust include face-to-face regular meetings between belligerents, and trust building activities among the local population.

- *Improved peace support operations*—Experiences in Cambodia, Angola and other conflict settlements have shown that the UN is unable to provide credible security guarantees when peacekeepers are confined to Chapter VI rules of engagement. To be credible, peace support forces need to be the appropriate size and mix of special forces (such as military observers and infantry battalions) with equipment reflecting the disarmament tasks at hand. Coalition or multinational task forces are generally more efficient than UN peace-keeping forces, since they are not subject to the same constraints on using force.

## Demobilization and social reintegration of former combatants

Disarmament is only one component of the larger process of demobilization, which is concerned with the transition of combatants from soldiers to civilians. The Dayton Peace Settlement defines demobilization as “removing from the possession of personnel all weapons, including individual weapons, explosive devices, communication equipment, vehicles, and all other military equipment. All personnel shall be released from services and shall not engage in any further training or military activities.”

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***The challenge is  
formulating cost-effective  
demobilization programs that  
are satisfactory to  
the ex-combatants  
themselves.***

■

The successful demobilization and reinsertion of former combatants in civilian life are keys to political stability and to rebuilding war-torn societies, and thus are often a high priority with governments. If demobilization is conducted poorly, unpaid or undisciplined troops may turn to banditry, preying on villagers and road traffic, or even re-mobilizing against the established regime. The challenge is formulating cost-effective demobilization programs that are satisfactory to the ex-combatants themselves. They must feel that they have been fairly treated and adequately rewarded for their years of service.

The World Bank actively supports DRPs. In response to client requests for World Bank leadership and financing in this area, the Africa Region office established a working group in 1992 and later the Post-conflict Rapid Response team to meet the growing demand for DRP assistance both

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**?** *From your experience in post-conflict countries, describe a situation where incomplete disarmament jeopardized reconstruction or demobilization programs. What incentives worked or may have been successful in promoting compliance?*

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nities that receive them. Upon arrival at their destination, ex-combatants and their families should become acquainted with representatives of the local government and NGOs operating in the area.

When designing and implementing DRPs, staff must be aware that these programs may provoke resentment among other war-affected populations. Communities may be reluctant to accept former combatants whom they hold responsible for wartime destruction. Therefore, local communities need to be sensitized and involved directly in decision making regarding local issues. Their participation will encourage community acceptance and support for the families of ex-combatants. Ex-combatants may also require counseling to facilitate psychological adjustments during their transition from a military to a civilian lifestyle.

■

***An important  
function of the assistance  
is to reduce the burden that  
veterans and their dependents  
place on the communities  
that receive them.***

■

### ***Reintegration segment***

Ex-combatants from the lower ranks or rebel forces may have low levels of education or few marketable civilian skills. In many cases their absorption into the workforce will be contingent not only on skills training, but on other factors such as economic stability, levels of unemployment, availability of public sector jobs, land tenure and land use issues, producer prices, and access to inputs and markets. Assistance must be targeted to promote demand-driven training, which is then linked to job placement.

### **The DRP in Uganda: Learning the keys to success**

After the defeat of the military opposition in 1991, the government of Uganda decided to shift the burden of public expenditure away from defense through a DRP for 36,400 soldiers (over one-third of the national army). The Uganda Veterans Assistance Board (UVAB) was set up as a civilian body under the Prime Minister's office to support the exercise. *A phased approach, involving a trial run and then three groups of soldiers, allowed the government to learn from the first exercise and to fine tune the procedures.* Some features that helped to strengthen the program include:

- Development of a discharge certificate in the form of a non-transferable and incorruptible identification mechanism to prevent leakage, facilitate administration, and reduce costs.
- Rapid discharge and transport to reintegration areas, often within two days of notification, to avoid difficulties and costs associated with long encampments.
- Couples received joint pre-discharge counseling on entitlements, veteran's experiences, legal rights and responsibilities, health services, and AIDS/HIV issues.
- Post-discharge meetings for information and counseling were organized in district capitals for veterans and their spouses. They were attended by district reps for agriculture, health and education.
- The program's efforts to create responsibilities at the district level helped turn communities into active players and promoted community-initiated self-help and support groups by the ex-combatants and their families.
- Financial management systems and controls were meticulously managed. This encouraged donors to continue funding later phases at considerable levels.

*Source: Case Studies in War-to-Peace Transition by Nat Colletta et al., 1996.*

Successful long-term reintegration means that ex-combatants have assumed productive roles in their community and contribute to its economic growth. This outcome will depend not only on the ex-combatants' particular skill sets but also on the macro-economic, political and social context of the country.

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***The interplay of a  
community's physical and  
social capital and a veteran's  
financial and human capital  
determine the ease and  
success of reintegration."***

— Nat Colletta et al.  
*Case Studies in  
War-to-Peace Transition, 1996*

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### ***Institutional structure***

Coordination within the government and between governments and other relevant actors is important to maximize the effectiveness of program interventions. Responsibility for the overall design and implementation of DRPs is best served by establishing a single specialized civilian institution which can be dissolved after the program is completed. Such an institution should be outside the regular government structure but linked to it by a board or advisory committee. Some minimal services—information, regulation, and advocacy—will need to be provided in the post-program period. The government can integrate these activities into its mainstream development efforts, and other ongoing needs can be met through a combination of government offices, NGOs, and local community-based organizations.



Field offices should be established to give beneficiaries easier access to program benefits and staff. Field offices also enable the government to make programs more responsive to local needs. The use of ex-combatant representatives in these offices and as outreach staff amplifies these positive effects. Other institutional needs include the installation of a management and information system to provide public accountability, and to monitor, evaluate and allow redirection of program interventions if necessary.

### Demining activities

Though weapons of war, landmines constitute a threat long after armed conflict has ended. The great majority of landmine victims are innocent civilians in pursuit of their livelihoods. The unpredictable security threat posed by mines is a major obstacle to resumption of normal life and economic, social and political development. In addition to mines, unexploded bombs or ammunition and discarded weapons pose an environmental and physical hazard. Besides the need for immediate care and physical rehabilitation for mine casualties, two critical longer-term challenges face governments and assistance agencies: landmine removal, and prevention of civilian casualties from landmines.

The UN Mine Action Service (UNMAS) is the focal point within the UN System for all mine-related activities and is responsible for coordinating the mobilization of resources, developing technical and safety standards, advocating global ban and managing the Voluntary Trust Fund for Assistance in Mine Clearance. Its major UN partners are UNICEF for mine awareness, WHO for public health aspects of victim assistance, and OCHA for humanitarian implications.

The pressure to physically demine may result in lack of attention to training and institution building for anti-mine activities, insufficient preparation



Demining training – UNHCR/H.J. Davies

and methodologies for site-selection, and inadequate attention to productivity and cost-effectiveness. Studies of demining programs have recommended the creation of a national “mine action authority” with an appropriate mandate and composition to ensure that a portion of the national budget is made available for the country’s mine action activities and to ensure sustainability of national programs. A strategic demining program might include mapping the location of mines, prioritizing the land to be cleared, training demining personnel, and promoting mine awareness programs.

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***The cost of producing a mine is US \$3–20 whereas the cost of removing it ranges from \$300–1,000***

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### ***Landmine surveillance and surveys***

The primary need in planning for landmine removal is to establish the extent of the problem. Detailed surveys are necessary to establish the location of minefields and mined roads and to determine priorities for mine clearance operations. These surveys should include the physical characteristics of the mined areas and

estimates of mine density in order to assess the feasibility of different clearance techniques.

Surveys support decisions on where to focus demining, demarcation, and/or mine-awareness efforts by measuring the extent of problems and risk factors. Prioritization of areas to be cleared, however, should be developed with the advice and expertise of personnel familiar with rural development and social issues in affected communities. A critical finding of a demining study in Afghanistan, Cambodia, Mozambique and Angola was that an effective prioritization system did not exist and thus activities were not always focused on helping those who were most victimized by the mines. Better prioritization systems need to be developed to target the poor, and support the coping capacities of communities.

### ***Training of demining personnel***

The cost of producing a mine is US \$3–20 whereas the cost of removing it ranges from \$300–1,000. While the use of expert personnel from private demining companies or NGOs may increase the cost of training, they have generally proven to be efficient as long as national counterparts are available and given maximum on-the-job training. Demining is primarily the responsibility of national agencies and personnel; trainees can often be recruited from the military, or demining jobs can be created for demobilized soldiers.

Trained de-miners may adopt a “toolbox” approach, choosing from a variety of suitable techniques. In general, however, demining is restricted to manual techniques that are slow and labor intensive. Faster methods used in military operations have not been adapted for civilian use. Demining progress is best measured by the number of hectares cleared of landmines rather than the number of mines removed. “International Standards for Humanitarian Mine Clearance Operations” are available on-line at [www.un.org/Depts/Landmine/](http://www.un.org/Depts/Landmine/).



### Demining Croatia

The former Yugoslavia was a highly prolific manufacturer of landmines featuring minimal quantities of metal, which makes their detection and removal very difficult. During the conflict, full-scale use of mines was promoted, particularly in Croatia, resulting in approximately 2.5 million planted mines, with the largest concentration within the former UN protected areas.

Towns and villages, located on various types of challenging terrain, suffered heavy destruction. To prepare a village for reconstruction, all debris must be removed but all of it must first be checked for unexploded ordnance. To complicate matters, the soil is heavily contaminated with scrap metal. Croatian deminers have the skills for manual demining, but mechanical demining skills are limited, as Croatia lacks sufficient mechanical equipment.

Croatia has established a Croatian Mine Action Centre (MAC), with the support of the UN, to centralize and streamline the demining effort. Under the peace agreement, one of the obligations of the fighting factions was to hand over minefield records to UNPROFOR. Early in the war, however, mines were laid by paramilitary units that did not keep accurate minefield records. Uncertainty still exists with regard to the extent of the mined area and total number of mines, although the UN MAC database has a large number of records.

Some demining activities took place when the Zagreb Accord took effect in 1994. As the displaced returned to their homes and began land cultivation, however, casualties from mine accidents rose. In 1996 a state company for demining, the Croatian army, and special police personnel began demining on a large scale.

The government of Croatia eventually rewrote the Law on Demining, which opened up operations to international demining companies. Previously, only strictly regulated Croatian companies

had been allowed to bid for contracts. This resulted in only 20 sq. km of 13,000 sq. km being demined in 1997. Two projects funded by a Bank loan attracted both national and international bidders. It is hoped that the presence of international companies in Croatia will revive waning international interest to strengthen demining capacities and related activities, for which funding is inadequate. Other developments in the demining operation are:

- A widespread mine awareness strategy has yet to be developed by the government, but some funding is available
- Mine detecting dogs are being used successfully
- Some mine-protected vehicles are operating
- A toolbox of various types of mechanical demining equipment is being built up

*Sources: "Demining Croatia" by Slavo Baric, 1997; "Transition and Capacity Building" by Richard Todd, 1998.*

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**?** *List some positive aspects and some problems in the Croatia demining operations. Which agencies would be instrumental in addressing these and future problems?*

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*See suggested answers on page 5.13*



### L E S S O N S   L E A R N E D

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Disarmament, demobilization, reintegration and demining all contribute to the sustainability of post-conflict reconstruction. Since planning for a DRP must begin during peace negotiations, the peace agreement should reflect program components and parameters.

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DRPs will fail if warring factions are not committed to, or choose to violate, the peace agreement. National security requires a credible central authority; regional security arrangements should also be enacted.

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The DRP must be included in national reconstruction and assistance to all vulnerable groups as well as in reconciliation efforts, particularly to improve civilian-military relations.

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Demobilization is conducted under time pressures. Well-timed planning and financing, as well as cooperation among agencies undertaking various segments, are crucial to success.

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Transparency is crucial with regard to arms collection and storage.

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Assistance needs for target groups, classified according to data collected in the assembly, should be matched with relevant programs based on existing opportunities.

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Cash or in-kind assistance is vital to support the families of ex-combatants and it promotes community acceptance. Demand-driven job training, counseling, and information improves their capacity to contribute permanently to community and economic growth.

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Communities accepting demobilized combatants and their families require sensitization and opportunities to participate in decision making.

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Training and supervision of demining activities must aim to enhance national capacities. Demining sites should be prioritized.

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? *List some positive aspects and some problems in the Croatia demining operations. Which agencies would be instrumental in addressing these and future problems?*

**Suggested answers**

**Progress:** Mine clearance requirements stipulated in the peace accord; trained national staff; Bank loan to support demining operations; a new law for demining; establishment of the MAC; UN MAC database; new techniques and enhanced toolbox machinery for demining and mine detection.

**Problems:** Mines difficult to detect (UNMAS, specialized demining groups,

agencies concerned with weapons control and manufacture, human rights organizations); delays in implementation of the accord resulting in increased civilian casualties (OCHA, all involved parties); lack of minefield records (UNMAS, military organizations; agencies upholding international humanitarian law—ICRC—surveys undertaken by national and UN agencies, NGOs); demining bottlenecks hold up reconstruction efforts (government, donors); Insufficient funds to address mine-related issues due partly to waning international interest (donors); no comprehensive mine awareness program (government ministries, UNICEF, NGOs, ICRC, local Red Cross).

? *Which components of programmatic value to Bank staff should be included in peace agreements and negotiations? How can staff ensure that these points are considered?*

**Suggested answers:** Definitions of the roles of government, civil society, international agencies and other players in funding and implementing the peace agreement, a plan of action and timetable for all programs, specific steps to successful arms regulation and disarmament. Staff should work on planning Bank programs as soon as possible, before or concurrently with negotiations, to obtain support so that programs can begin as soon as possible.



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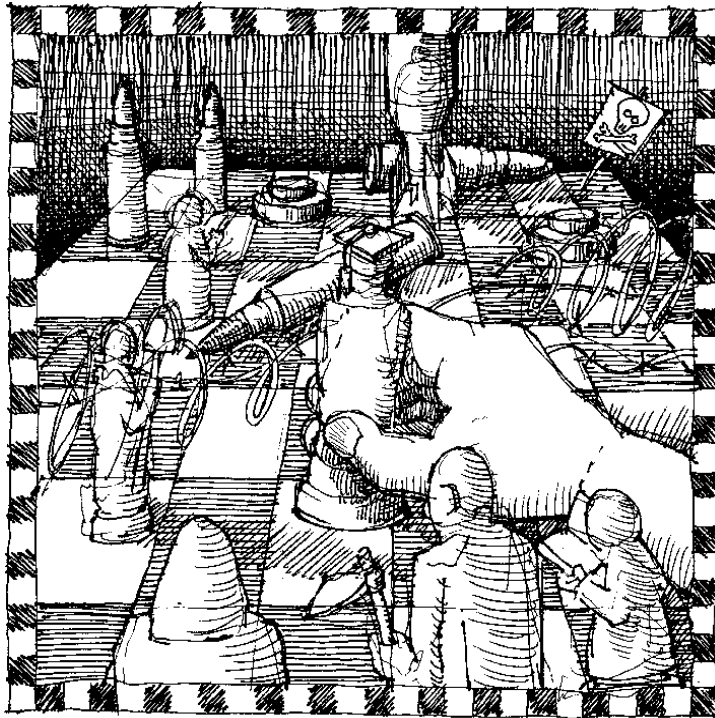
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# 6

## Economic Reconstruction Strategies



### KEY POINTS

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Economic reconstruction plans must consider the social and political context of a country.

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Implementation of standard structural adjustment policies may have unintended and counter-productive effects in post-conflict environments.

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The Bank must ensure that a country's government has the capacity to plan, implement and manage economic adjustment programs.

# Economic Reconstruction Strategies

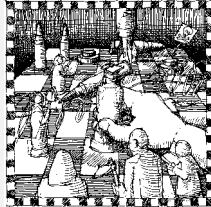


**E**conomic reconstruction activities must be tailored to fit each country's unique requirements. The specific circumstances will determine whether the first priority is restoring the public sector, seeking macroeconomic stability, or achieving political stability.

Planning for post-conflict economic reconstruction must take into account the potential to turn natural wealth into a real *stimulus for reconstruction and development* and, accordingly, increased welfare for the population. This objective needs to be balanced with preservation of environmental quality and biodiversity. The Democratic Republic of the Congo is an example where a wealth of natural resources creates the potential for regional development, but such development has not happened, and enclaves within the country are still without access to either neighboring regions or the outside world.

## Economic policy issues

The Bank has a comparative advantage in macroeconomic issues, but is not accustomed to working in post-conflict environments. A summary of the key issues regarding economic policy challenges and options facing war-torn countries follows.



***One does not have to spend long in Bosnia, or Gaza or the lakes district in Africa to know that without economic hope we will not have peace. Without equity we will not have global stability. Without a better sense of social justice our cities will not be safe and our societies will not be stable. Without inclusion, too many of us will be condemned to live separate, armed and frightened lives.***

— James D Wolfensohn  
President, World Bank

## ***Fiscal and budgetary policies***

During conflict, budget deficits increase and the allocation of government resources tends to shift toward military expenditures and away from other public investments such as education and health care. Although peace settlements allow for a reduction in military expenditures, this reduction is usually accompanied by an increase in spending for priority reconstruction and restoration of basic services, thereby generating a need to raise revenue and contain the budget deficit. Limited tax bases mean that governments face politically unpopular alternatives—such as increasing indirect taxation via sales taxes or import duties, or increasing user fees for public goods and services—which may also result in increased inflation and a more regressive tax system.

In some countries Bank and International Monetary Fund insistence on a rapid increase in tax effort (ratio of tax revenues to GDP) may have been counter-productive. These policies seem to have resulted in constraining growth of the economy and the size of the tax base. For example, Uganda had a history of predatory government tax policy during conflict periods. Pressure from the Fund and the Bank to increase taxes reduced private investment, which diminished economic activity or drove investors abroad.



Raising revenue for the recovering state is a critical issue. Two options for raising revenue in post-conflict situations are:

- Strengthen and modernize administrative, auditing and fiscal control capacities
- In post-conflict countries with histories of ineffective tax administrations and high levels of tax evasion, declare a one-time tax amnesty to encourage re-entry into the tax system

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*Although peace settlements allow for a reduction in military expenditures, this reduction is usually accompanied by an increase in spending for priority reconstruction and restoration of basic services, thereby generating a need to raise revenue and contain the budget deficit.*

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### Pacing economic reforms

The impact of early measures to liberalize and restructure post-conflict economies has sometimes been negative. The OED evaluation found that in most cases, liberalization of the exchange rate has been an early and successful reform. However, sharp reductions in tariffs, liberalization of interest rates, elimination of subsidies, civil service reform, and sweeping privatization have sometimes been counter-productive if implemented at the wrong time in the process. The political environment of a new post-conflict government may be too fragile and unstable to implement a broad reform program that goes beyond stabilization. The Bank found that too much emphasis was put on a rapid pace of reforms in Haiti, Rwanda, and Uganda. A better approach would have been to concentrate on maintaining low inflation and a convertible currency, approaching other reforms incrementally.

### Inflation and monetary policy

Inflation generally rises during war when governments engage in deficit spending while trying to maintain some essential services. In post-conflict environments price stabilization is a priority as it is necessary to protect the poor and to restore confidence among economic actors. Governments should avoid money targeting, which typically fails to keep prices constant because of large and unexpected shocks in the demand for money.

Possible actions to contain inflation include:

- Limit the supply of money
- Encourage commercial investment rather than consumption

### Foreign exchange

There is a wide range of experience with foreign exchange in post-conflict countries. In some countries, barter and/or foreign (hard) currency tend to replace domestic currency when it has lost most, if not all, of its value. In parts of Bosnia and Herzegovina, for example, the Deutschmark became the accepted form of payment. On the

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**?** *Aside from the two methods for raising revenue described above, what other actions can you suggest to raise revenue in transitional states?*

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**?** *What other actions can you suggest to contain inflation?*

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other hand, in El Salvador a large influx of worker remittances, coupled with increased demand for domestic currency by international agencies, led to an appreciation of domestic currency and an overvalued exchange rate.

During the early stages of the transition from war to peace, undervaluation of a country's currency can encourage substitution of nontradable for tradable goods and help correct the balance-of-payments problem. It also encourages nationals that hold foreign assets to bring part of their capital back into the country to finance domestic investment. In the long-term, it may help make exports profitable while discouraging smuggling and black market activities.

### Savings

During a conflict, *savings*, in absolute terms, are likely to decrease as a result of falling income and the need to use savings to maintain consumption levels. For some, however, the uncertainty linked with political instability may lead to "hoarding" such as hiding assets in a safe place in their home country, sending money to a safe haven, such as a Swiss bank or politically stable nation, or investing in precious metals, like silver and gold.



### Macroeconomic rules-of-thumb in post-conflict settings

Many macroeconomic rules of thumb for dealing with post-conflict settings are not yet documented. Following are some key lessons from recent Bank experience, particularly in Africa:

- During conflict there is net dissavings: wealth is consumed, capital is not invested, facilities are not built or maintained
- There are shifts in the portfolio of production activity away from maximal production efficiency
- Both financial and human capital are lost as citizens flee to other countries
- Hyperinflation is common in many conflicts; post-conflict policy must deal with inflation early;
- Fiscal discipline and restructuring go hand in hand: if there is a peace dividend from reduced military spending, this should be immediately channeled to social expenditures. Practices of accountability and transparency should be established immediately
- Financial markets and trade networks will depend on the restoration of legal and judicial processes

### Investment

There is generally a decrease in *private investment* in conflict and post-conflict situations because of distrust and uncertainty. Higher risk, greater transaction costs, and higher interest rates also discourage investors.

After hostilities cease, there are several scenarios for investors. Macro-level instability, combined with a high level of criminality and political insecurity, often discourages investment in visible assets and perpetuates the premium on liquidity that emerged during the war. Potential investors tend to adopt a wait-and-see attitude before switching from liquid assets to domestic fixed investments. When private investors do make the switch, they are likely to invest in quick-yielding, mobile assets such as transport equipment and light machinery that can be easily redeployed in case of renewed conflict. Investors are reluctant to invest in the most critical needs—that is, fixed, productive assets like agricultural infrastructure.

In the case of privatizing state enterprises, it is essential that they be sound enough to attract private investors or managers. The evaluation in Rwanda illustrated a case where the Bank pushed privatization of the major utility before the government

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**?** *One typical foreign exchange action is to devalue the currency. What other actions can you suggest that may be effective?*

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**?** *Are there other issues to address when attempting to restore the confidence of local investors?*

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had the knowledge and capability to proceed, and before the management and operation of the utility was sufficiently strong to attract a private sector manager or investors.

The restoration of local investor confidence can also be a difficult task. Some techniques that can be used to try to restore local investor confidence and promote investment are:

- Political and macroeconomic stability
- Restoration of the rule of law
- Access to credit at reasonable rates
- Inflation

### ***Trade policy and regional economic integration***

War usually leads to a decrease in exports. Trade routes are disrupted; transportation systems and infrastructure are destroyed. Unofficial and illegal cross-border trading tend to increase during and after conflict, perhaps becoming the main form of interregional trade activity. Arms and drug trading usually rise, and border controls or embargoes may be imposed. Having become accustomed to high profits during the conflict, illegal traders resist reintegrating into the formal sector. Customs corruption and administrative burdens further discourage formal trade.

The World Bank should consider supporting regional economic integration mechanisms as a means of solving



Women are often the primary agricultural force.  
United Nations Photo

political crises. The Arias Peace Plan encouraged Central American countries to deepen regional economic cooperation. Other existing regional groups such as the Preferential Trade Area for Eastern and Southern African States (PTA) and the Inter-governmental Authority on Development (IGAD) in the Horn of Africa could be instrumental in strengthening regional integration. Possible actions related to trade policy and regional economic integration include:

- Improve customs administration
- Promote trade liberalization through reducing or removing tariff and non-tariff barriers to trade

- Promote regional economic integration as a means of reducing the transaction costs of regional trade flows and increasing the vested interest of neighboring countries in political stability

### ***Agriculture***

Agriculture is a priority sector for post-conflict economic support because it contributes to self-sufficiency in food production, reduces the need for imports and foreign aid that may have developed during the conflict, and is an important source of employment for the reintegration of excombatants. In some countries, agriculture may be an important source of exports, foreign exchange and government revenue. Possible actions include:

- Improve credit and transport conditions
- Settle questions of land ownership
- Ensure that farmers can spend their harvest earnings on producer goods such as fertilizers or agricultural machinery
- Encourage governments to make necessary investments in non-tradable capital and lease those to private entrepreneurs on short, but renewable tenure
- Suggest that governments subsidize the act of commitment of private investors in irreversible agricultural assets

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**?** *Can you suggest any additional actions to facilitate regional economic integration?*

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**?** *What actions can you suggest to improve development potential in the agricultural sector?*

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## Structural adjustment issues

Considerable controversy exists regarding the role of structural adjustment as part of the reconstruction strategy for a post-conflict country. Since most post-conflict countries have low- or low-middle income conditions, external financial support is vital. For these countries, addressing macroeconomic imbalances is often at odds with, or even contradicts, peacebuilding and reconstruction priorities.

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***Addressing macroeconomic imbalances is often at odds with, or even contradicts, peacebuilding and reconstruction priorities.***

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The main creditors of countries in conflict or post-conflict are often international financial institutions. These institutions play a crucial role in influencing a country's economic policy by requiring economic reforms to allow a country access to foreign funds. Some analysts believe that these international institutions are not equipped to operate in post-conflict situations.

According to Giles Carbonnier (*Conflict, Postwar Rebuilding and the Economy*, 1998), "Economic adjustment involves both stabilisation and structural adjustment. Short-term stabilisation policies as designed primarily by the International Monetary Fund (IMF) traditionally aim to reduce inflation, restore currency convertibility and renew debt service. They involve expenditure-cutting measures as well as sharp tightening of fiscal, credit, and monetary policies. Structural adjustment lies rather in the realm of the World Bank and the regional development banks. It involves economic liberalisation through the removal of controls and regulations, privatisation, and the implementation of export-oriented policies."

### **Structural Adjustment Loan (SAL) in El Salvador**

The structural adjustment loan (SAL 1) for El Salvador, approved in 1991, was widely viewed to have been successful in accomplishing its objectives. SAL 1 focused on five principal areas that were closely aligned with the government's economic program: 1) trade policy, centered on narrowing the tariff band, 2) fiscal policy, aimed primarily at introducing the Value Added Tax (VAT), 3) monetary policy and financial system reforms, with special emphasis on liberalization of interest rates and the restructuring and privatization of the banking system, 4) agricultural sector reforms, focusing on the liberalization of producer prices and the divestiture of assets of agricultural marketing agencies, and 5) social reform, with primary attention given to nutrition programs.

The nutrition programs were put into place as countervailing measures to the possible social hardships that might be caused by the adjustment operation. Although the nutrition pilot programs posed management-intensive implementation problems, two out of three were successfully implemented.

"They tend to take for granted the basic underpinnings of the economy, with a well-established legal system to enforce property and contracts and well-defined social norms. But these have often been shattered by civil war, if indeed they ever existed" (Boyce and Pastor 1997 cited in Carbonnier 1998, p. 33). Even though macroeconomic stability and fiscal discipline are required of post-conflict countries, economic policy should also promote adjustment toward peace. Indeed, sustainable development is only feasible when minimal stability and predictability has been established.

The implementation of structural adjustment policies in post-conflict countries has often been criticized for eroding public institutions and weak-

ening the state's capacity to mediate conflict, secure law and order, and rebuild essential infrastructure and services. Structural adjustment has widened inequalities, thereby aggravating political tensions. Experience has also shown that for economic reforms to work there must be commitment on the part of the government to make it happen, not just the imposition of policies by external actors.

An evaluation of Cambodia found that the Bank continued to push for downsizing the civil service when the political coalition arrangement under the peace accords was based in part on increasing civil service to absorb large numbers of the incoming political parties' functionaries. The Bank's position was not politically realistic.

Although privatization is often a priority, the case of Cambodia and Haiti showed that the degree of corruption and cronyism within or between the private and public sectors may not enhance the prospects for sustained, equitable development, and may even make them worse.

There are also risks involved with adjustment policies or a development process that produces large or abrupt shifts in income and wealth distributions. Adjustment programs redistribute the timing and extent of costs and benefits of reforms among economic actors. Most expenditure-reducing policies tend to impose immediate welfare costs, while the benefits may not be evident for one or two years. The risk is that the perceived grievances of classes and regions may mount during this time and may rekindle tensions that jeopardize the peace process.

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***Experience has also shown that for economic reforms to work there must be commitment on the part of the government to make it happen, not just the imposition of policies by external actors.***

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### Successful Intervention in Bosnia and Herzegovina

A review of the Bank's efforts in Bosnia and Herzegovina identified factors that contributed to successful reconstruction:

- Early establishment of a resident mission
- Streamlined project processing and procurement procedures
- Pilot projects and project preparation
- Sector diversification
- Local ownership and implementation oversight
- Widespread participation
- Good public relations
- Priority for the program within the Bank

Of special importance, given the political complexities of the situation, were contributions made by the Bank during the negotiation stages, as well as during the immediate implementation stages. Because of the coordination role assumed by the Bank, it was able to facilitate the creation of a coherent framework for reconstruction and recovery. Delivering this framework to donors contributed to the overall success of the Bank's intervention.

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**?** *Orthodox economic adjustment packages sometimes are counterproductive when implemented in war-torn societies. What are your economic policy recommendations for each situation below?*

1) A country's currency has been devalued to prevent inflation. Unfortunately, the cost of devaluation has been passed entirely to increased consumer domestic prices, since imports are largely debt financed. Also, export volume has not increased at all as supply is limited by lack of investment.

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2) Trade restrictions have been relaxed but the result has been reduced sales for competing domestic enterprises and an increase in imports of non-essential goods and services.

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**?** *In your experience in post-conflict countries, what are some of the other unintended consequences of traditional economic policies?*

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## Economic reconstruction actions

There are many reconstruction actions that can facilitate the transition from war to peace. The chart below lists some interventions for which the World Bank may hold a comparative advantage. It also cites examples of lessons learned that can assist Bank staff in strategy development.

### *Economic activities for early transition programs*

Agencies that have experience working in conflict and crises have developed a toolbox of programs to apply when populations have been displaced, and/or when normal coping strategies and market networks have failed. Some interventions that can be initiated before, during or immediately following conflicts include:

- **Food for Work**—for public works projects, efficient at targeting the most vulnerable, including the unemployed or recently repatriated or demobilized. FFW projects tend to be for infrastructure repair or for improvement of land (contouring, terracing, erosion control, crop salvaging, etc.).
- **Food/Cash for Training**—for new skills development for start-up industries.
- **Micro-finance**—revolving loan funds self-target to the poor as they must agree to put in time at weekly meetings to collaborate with other members of the fund; credit programs for ex-combatants are frequent ingredients of peace accords and fraught with difficulty; smaller loans are more manageable.
- **Quick Impact Projects**—used for short time-frame support for populations returning home; a UNHCR invention designed to fill a need while not extending UNHCR's scope of responsibility into long-term recovery.
- **Public works programs in construction**, irrigation repair, road resurfacing, and ports. In the short-term, NGOs and UNICEF often undertake new construction of primary schools, district health clinics and counterpart NGO offices. The government often undertakes construction for public utilities, and larger infrastructure.
- **Seeds, tools and agroforestry**—address the problems returning families have with getting back into the agricultural cycle (most populations lose or sell their farm assets

	Intervention	Description	Examples and notes
E C O N O M I C	Institutional reform	Rehabilitation of financial institutions; restoration of legal and regulatory frameworks; support of conditions for resumption of trade	Uganda Economic Recovery Credit—demand management, liberalization of trade policies and public sector management reform
	Macroeconomic stabilization	Balance of payment support; handling arrears; rescheduling debt; longer-term normalization	Eritrea Recovery and Rehabilitation program; Strategic planning in Liberia
	Income-generating activities	Training and job creation; expansion of the private and informal sectors; credit schemes	Northern Reconstruction and Poverty Reduction Strategy in Namibia; Public Works and Employment Projects in BiH
	Private sector support	Private sector investments; private sector assessments; property rights advocacy; privatization	Avoid privatization of state-owned companies – Eastern Europe
	Exclusion	Promote inclusion and economic opportunities; target regional exclusion	Revitalization of agriculture in Guatemala; Concentration of reconstruction assistance in Beirut did not work in Lebanon
S E C T O R A L	Physical infrastructure repairs	Restore water, sanitation, transportation, communications and utility networks	Tajikistan Post-conflict Emergency Reconstruction Project
	Social infrastructure	Restore and maintain education and health facilities, etc.	Tajikistan Post-conflict Emergency Reconstruction Project
	Agricultural production systems	Restore domestic food and other products production and marketing systems; rehabilitate infrastructure	Eritrea Recovery and Rehabilitation Project; BiH Emergency Farm Reconstruction



in the course of flight). These are common interventions by NGOs like CARE, World Vision, and the Food and Agriculture Organization, as well as the International Fund for Agricultural Development (IFAD).

- Large food rations that can last up to six months, frequently given to demobilized soldiers, returning IDPs, and repatriating refugees (as well as clothes and other household goods in some settings) to support their startup efforts to repair homes and plant fields, and to achieve the means for self-reliance.
  - Subsidies and voucher programs stimulate demand, can be an efficient way to deliver resources to the poor while re-establishing market structures, and can simultaneously secure a safety net for things like staple grains.
  - Land reform in conjunction with the provisions of a peace agreement; rapid implementation has been found to be critical to fostering peace by ensuring trust that peace agreement provisions are going to be upheld.
  - Social healing—inclusion of diverse groups in programs—for example having public health extension.
- teams include members from both sides of warring factions—has been a common feature of programs in the 1990s in an effort to promote reconciliation. (See Mary B. Anderson, 1999, *Do No Harm—How Aid Can Support Peace or War*.)
- With capital loss during conflict, there is much effort to get more currency of one form or another into local economies. Any contracting, new demand, and the subsequent infusion of purchasing power is felt to have an important local multiplier effect—to “jump start” trade and production.

### LESSONS LEARNED

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The period of reconstruction is an opportune time to implement major political, economic, and administrative reforms as well as the modernization of production capacities. The economic reforms, however, are often in conflict with needed political reforms and the peace process. The challenge is to develop an integrated and coherent approach that addresses all of these and to see and seize the opportunities presented out of tragedies.

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Traditionally sound Bank approaches to supporting adjustment programs may not work in fragile post-conflict situations where achieving political stability is paramount.

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Before the Bank undertakes support for a program, especially one that involves major structural changes in a system, the Bank should ensure that the government has adequate capacity to plan, implement, and oversee the process.





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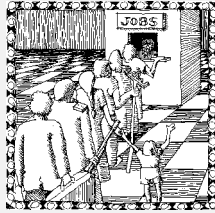
# Reintegration of War-Affected Populations



A key component of achieving the transition from war to peace relates to the successful social and economic reintegration of war-affected populations. These populations include not only repatriating refugees and ex-combatants but also internally displaced people and populations affected by conflict whose social and economic systems have been destroyed as a result of the conflict.

## Reintegration is more than relocation and resettlement

*Reintegration* is a concept that extends far beyond the physical process of *relocating* affected populations. *Resettlement*, as used by the United Nations High Commissioner for Refugees (UNHCR) and agencies assisting refugees, refers to the durable solution in which refugees move to and settle in a third country rather than repatriate to their home country or settle in their country of asylum. *Reintegration* is a situation in which formerly displaced populations and their receiving communities are able to co-exist, sharing both economic and social resources, with no greater conflict than existed within the community before the displaced population returned. Experience indicates direct compensation is frequently not enough



*We have learned that without proper analysis of social contexts and structures, and without involving local populations in defining short-term priorities and long-term goals, the services offered by a Bank-financed operation may not be ones that the intended users find beneficial or that they will help sustain. We also know well from past and painful experiences that failure to take into account how local institutions work, what communities need, and how their participation is incorporated has been a frequent cause of failure in many development projects.*

— Johannes Linn and Ismail Serageldin  
*Social Assessments for Better Development, 1997*

to prevent people from eventually being impoverished as a result of displacement. A more developmental approach is required. The World Bank has found that access to arable land and supportive social capital are the main determinants of successful rural reintegration. Low unemployment and crime rates for both previously displaced populations and receiving communities may be indicators of successful urban reintegration.

*Economic reintegration* refers to the process whereby affected populations gain economic self-sufficiency in the community in which they settle. In post-conflict countries, entire economic systems, such as the banking system, may have been disrupted by the conflict. Restoration of these systems, as explained in Tab 6, will be crucial to the eventual economic reintegration of affected populations. In rural areas, resolution of land tenure disputes may be key to the process of economic reintegration. In addition, the provision of seeds and tools may enable farmers to begin the process of recovery by planting and harvesting their own crops. Other methods for achieving economic reintegration include micro-credit programs to enable entrepreneurs to start-up small businesses and achieve economic self-sufficiency, and job training to provide the skills needed for participants to obtain employment in local labor markets.



reintegration programs for war-affected populations, therefore, is to conduct a social assessment of the affected populations. Incorporating the results of an assessment into programming decisions will increase the probability that the affected populations will make a smoother transition from war to peace.

## Gathering data

Social assessments do not have to be a daunting task. The World Bank has had positive experiences in conducting social assessments when project managers have used the expertise of a country's own social scientists and nongovernmental organizations. These experts have the advantage of knowing a great deal about the history and culture of the affected populations. In addition, it is usually more cost-effective to use local experts rather than expatriates. The use of local experts can have an additional benefit when social assessments are replicated or used for other development initiatives. In post-conflict situations, however, care must be taken to ensure that experts from both sides of the conflict are used. Otherwise, the results of a social assessment could be extremely biased for or against one side of the conflict. Consider these key variables when conducting social assessments:

- **Demographic characteristics of the affected populations** (number of men, women, children, elderly; ethnic, religious, tribal affiliations; education levels)

- **Distribution of resources in the society** (inclusiveness of opportunities; geographic disparities; ethnic or other disparities based on affiliation with a particular social group)
- **Social network and structures in the community**, both traditional and modern (role of the family, schools, health care systems)
- **Political network and structures**, both traditional and modern (decision-making processes as well as the rights, responsibilities and accountability implied by varying political positions; methods of conflict resolution)
- **Community satisfaction with political systems**
- **Community perception of work performed by the government**, both central and local
- **Capabilities of existing community organizations**

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*The World Bank has had positive experiences in conducting social assessments when project managers have used the expertise of a country's own social scientists and nongovernmental organizations.*

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## Encouraging participation

The Bank's experience with social assessments also indicates that the use of participatory methods is critical to the success of these assessments. Whenever possible, members of the affected populations must have a voice in the assessment process as well as in deciding what types of programs will best support the reintegration process.

Participatory methods are more likely to be successful if the needs of all stakeholders are considered. Stakeholders in Bank-supported projects include those negatively or positively affected by the outcome or those who can affect the outcome of a proposed intervention, including the following:

- Government representatives
- Directly affected groups (individuals, families, communities, organizations, at-risk groups)
- Indirectly affected groups (others with vested interests including, NGOs, donors, religious and community organizations, private firms)

Bank experience also indicates that attempts to bypass powerful stakeholders often result in opposition from them and make it difficult to accomplish project objectives. In post-conflict environments, project managers must exercise particular caution. Animosity that built up during the conflict can flare up again during the post-conflict period. Those who

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**?** *In your experience, how are the experiences of people displaced by conflict and those displaced by large-scale development projects similar? How are they different?*

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claimed “victory” may be interested in consolidating their positions of power at the expense of the “defeated.”

Therefore, Bank staff need to consider how their actions will be viewed by all parties to the conflict and recognize that when resources are made available to one group, this may potentially be to the detriment of other members of the affected population. Bank staff need to be aware of and evaluate the potential “cost” of such choices when making programming decisions.

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***Bank staff need to consider how their actions will be viewed by all parties to the conflict and recognize that when resources are made available to one group, this may potentially be to the detriment of other members of the affected population.***

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### Assessment methods

There are many ways to conduct social assessments. Among other factors, the choice of technique, or combination of techniques, depends on the local circumstances, what is being assessed, financial resources, and time available.

Methods include:

- Focus groups
- Individual interviews
- In-depth case studies
- Quantifiable sample surveys
- Reanalysis of data from past research or of statistical/demographic information
- Stakeholder workshops

Whatever the chosen method(s), common questions that should be considered include:

- Who are the stakeholders?
- Are the objectives of the project consistent with their needs, interests and capacities?
- What social and cultural factors affect the ability of stakeholders to participate or benefit from the proposed activities?
- What is the impact of the programs on the various stakeholders, particularly women and vulnerable groups?
- What are the social risks (including re-escalation of conflict) that might affect the success of the program?
- What institutional arrangements are needed for participation and project delivery?

### Gender analysis

A recent World Bank study found that, in many post-conflict countries, a third or more of the working-age men have been killed, and women are the productive base for restarting the economy. In these environments, gender analysis takes on increased importance. Determining which community members are responsible for which tasks will facilitate project design. In addition, if women are responsible for the well being of their families, steps must be taken to facilitate their reintegration.

UNHCR developed the People Oriented Planning (POP) framework to use for gender analysis in refugee situations. A critical component of POP is “activities analysis.” In a post-conflict environment, activities analysis involves asking questions about what people did before the conflict erupted, during the conflict, and what they are able to/must do in the post-conflict environment. This involves asking questions about their role in the production of goods and services such as farming, domestic work, teaching and business activities. It also includes house-building and household production activities such as meal-preparation, fuel collection, home gardening, food preservation and water collection. Finally, it includes social, political and religious activities, such as traditional ceremonies and community meetings, which in some cultures take considerable time or resources.



*What benefit do you see in promoting community economic development with a view to improving inter-ethnic ties? Who is best placed to determine how this improvement would take place—international agencies or the individuals themselves? What steps might improve the microcredit programs?*

**Suggested answers:** The ethnic barriers to cross-entity trade are formidable and deep-rooted. The historical evidence is difficult to understand and often disputed as to cause and effect. Ultimately, it may be that only the individuals themselves will be able to negotiate the complexities and overcome the barriers in their own ways. International agencies, however, can promote the climate for such development and help encourage

economic policy that will change attitudes toward a respect for ethnic differences. It is unlikely that outside-imposed measures to enforce pluralism would work and are likely to be resisted. The success of the microcredit programs might be compounded if loans become easier to get, are integrated into a broader economic strategy, and if community based economic organizations are supported as well.



## Rebuilding social and human capital

Post-conflict societies suffer from diminished levels of capital—financial, social and human. World Bank involvement in developing and contributing financial capital to post-conflict environments was covered in Tab 6. Just as a country's financial capital is usually drained as a result of civil conflict—by budget diversion to military spending, dramatic declines in productivity, and fund transfers by wary investors—a country may suffer equally devastating losses in terms of its social and human capital.

Social capital can be thought of as those institutions that help to develop a sense of social cohesiveness among the citizens of a country or community. The breakdown in trust that occurs as a result of civil conflict can be a major obstacle to successful reintegration of war-affected populations. Families, neighborhoods, churches, local governments and other social structures can be destroyed as a result of internal conflict. In the extreme case, husbands and wives of different ethnic affiliations can even destroy their own families as a result of ethnic violence such as that which occurred in the Rwandan genocide. In situations where these types of severe breakdowns in trust and social structures occur, those offering assistance or support to reintegration must consider ways to rebuild social capital in the project area.

For example, before ex-combatants and displaced populations return to a particular community, it is important to consider whether they have any existing social networks, such as



### Peace education in Lebanon and Rwanda

UNICEF established peace education programs within the normal school systems of Lebanon and Rwanda. All prewar educational materials were scrutinized for biased and unethical influence and subsequently replaced with stereotype-reducing curriculums that supported moral development. Training was conducted to help teachers elicit and encourage cross-group sharing, discussion of moral principles, and appropriate, nonprejudiced behavior among students.

*Source: "Rebuilding Community" by Kimberly Maynard, 1997.*

family members already residing in that area. The process of reintegration will be facilitated when some social bonds already exist between the returning and receiving communities. These bonds may provide a necessary support network for returnees—both emotional and financial.

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***Where severe breakdowns in trust and social structures occur, those offering assistance or support to reintegration must consider ways to rebuild social capital in the project area.***

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### ***The Bank's role in rebuilding social capital***

In addition to the World Bank's role with regard to peacebuilding (discussed in Tab 3), the Bank can contribute to the development of social capital by incorporating the results of social assessments into programming decisions. Maynard (1997, p. 220) also suggests that "foreign organizations can establish a milieu of commitment and reliance through credit incentives and joint small enterprise programs. Accordingly, they might encourage or mandate certain kinds of interaction as a condition of funding. For example, small business startup credit may be granted more readily to those proposing cross-conflict partnerships, to those hiring across identity lines, or those intending to locate in shared areas, high-tension zones, or areas traditional to other groups." By encouraging parties from all sides of the conflict to work together, the Bank can support the development of social capital.

Education is normally thought to play a critical role in the development of human capital, but it can support the development of social capital as well. Bank staff should consider how education programs can contribute to conflict resolution and community building.

The stakes associated with rebuilding social capital and post-conflict reconstruction are high. "Not only

? What types of interventions should you consider in societies where men are traditionally the main sources of income for their families, and female-headed households will have more trouble gaining economic self-sufficiency?

**Suggested answer:** Planners should consider programs that specifically target women, such as specific training for women in income-earning skills or programs focusing on women's access to credit.

? In societies where men traditionally are responsible for plowing land and women are responsible for cultivation, what types of assistance might be required to facilitate reintegration and economic self-sufficiency among female-headed households?

**Suggested answer:** While female-headed households may need assistance in obtaining access to land, this may not be sufficient to promote their self-reliance. They may be unable to get their land cleared and plowed in order to begin cultivation. Some kind of special assistance with these tasks may be necessary to get them started.



## Letting communities manage schools in El Salvador—The EDUCO Program

During the conflict, many rural areas had no public education. By 1989, national enrollment in basic education was only 76 percent and 1 million children were not in school. In response, some communities began organizing to repair schools and hire teachers from their own resources. Recognizing the potential, the government of El Salvador decided in 1991 to develop a community-based approach to expand basic education in rural areas through its *EDUCO* (*Educación con Participación de la Comunidad*) program, supported by the Bank's *Social Sector Rehabilitation Project*.

Self-management makes this program distinctive. Schools are operated by parents organized in a locally-elected community education association (*ACE*). *ACEs* hire and fire teachers, following Ministry of Education (MOE) selection guidelines, closely monitor their attendance and performance, enter into annual contracts with MOE and receive funds monthly to cover teacher salaries and operating costs. MOE provides teaching and learning materials and teacher training programs; *ACEs* provide classroom space, furniture and school maintenance.

Despite class sizes averaging 36 students—compared with 30 in non-program schools—and the fact

that students are among the poorest, these schools perform well compared with traditional schools. Even more important, however, is the fact that the *EDUCO* experience has played a significant role in bringing elements of civil society and the political spectrum in El Salvador together in their assessment of an initiative of vital importance for the future development of the country. This finding of 'common ground' constitutes a contribution to the sustainability of the continuing peace process.

*Source: The World Bank's Experience with Post-Conflict Reconstruction, Volume III: El Salvador Case Study 1998.*

systems included training in basic primary health care. In addition, USAID supported the Rwandan Ministry of Health by ensuring that health care staff be paid for their services thereby contributing to the long-term objective of the Rwandan government assuming complete responsibility for training health care workers and paying their full salaries.

The Bank's experience in supporting the development of human capital in post-conflict situations is mixed. Promising results have been achieved, however, with support for the Basic Education Modernization Project in El Salvador. The World Bank's evaluation of this project concluded that it

played a significant role in bringing elements of civil society and the political spectrum in El Salvador together in their assessment of an initiative of vital importance for the future development of the country. This finding of 'common ground' constitutes a contribution to the sustainability of the continuing peace process. ■

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**?** *What role can the World Bank play with regard to rebuilding human capital in post-conflict situations? Why is rebuilding human capital in post-conflict situations different from strengthening human capital in traditional development situations?*

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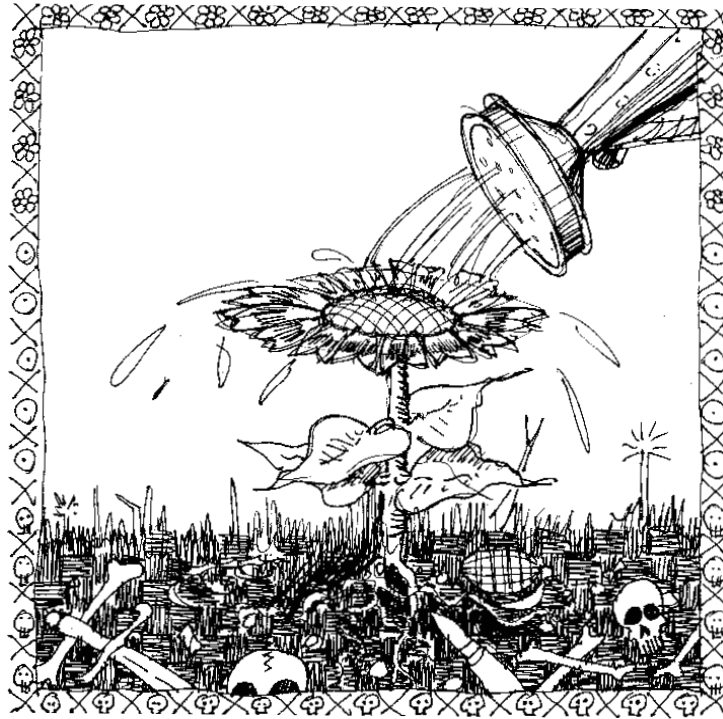
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# 8

## Making Transitional Aid Work



### K E Y P O I N T S

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When no active lending portfolio exists in a country due to conflict, the Bank must maintain a Watching Brief to track circumstances and provide information for effective programming. Staff must look beyond their normal counterparts and learn to work with, and sometimes strengthen, organizations that operate in conflict areas.

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The Bank must follow legal, mandate, and administrative restrictions in post-conflict situations. Recognizing political and other factors, all financing of rehabilitation and reconstruction activities must be justified on economic grounds.

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During and after a conflict, staff need to mobilize funding sources to help get the country ready for standard long-term loans. Short-term grants, technical analysis, training of government officials and flexible phased loans are vital during this period.

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In post-conflict settings, Bank staff must adopt a more flexible approach to social assessments. A range of grant resources can be tapped for support.

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Specialized units, such as the Post-Conflict Unit, as well as other personnel within the Bank, have experience in conflict areas and can provide critical guidance on the special technical skills needed for reconstruction and peacebuilding.

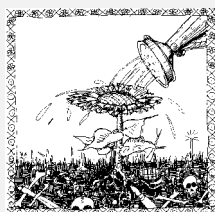
# Making Transitional Aid Work



**M**uch has been learned in recent years about how the Bank can and should function in post-conflict countries: how to assess a conflict and its consequences, design and compare program options, mobilize resources, and frame the Bank's activities within its mandate and operational policies. Even during the conflict period, the Bank can do much to analyze the situation and organize future responses. In addition, skills about how to adapt standard development programming to the special needs, short-term urgencies, and uncertainties in conflict countries have been identified. Some skills have more to do with being aware of opportunities and tools; while others have to do with recognizing limitations and risks. Most of the added skills require innovation and flexibility. Good management in post-conflict situations requires lateral thinking and attention to the rapidly shifting windows of opportunity that open up.

## Monitoring countries affected by conflict

As mentioned in Tab 1, a key Bank tool for monitoring crisis areas is the Watching Brief, which the country desk initiates. The Watching Brief is a process for organizing existing



*[Reconstruction] is a matter of the utmost urgency and importance where we should, therefore, press forward to reach agreement on methods and on details.... We should be bitterly failing in duty if we were not prepared for the days of liberation. The countries chiefly concerned can scarcely begin to make their necessary plans until they know upon what resources they can rely. Any delay, any avoidable time lag will be disastrous to the establishment of good order and good government.*

— Lord Keynes, Opening Remarks  
At first meeting of the  
second commission on the  
International Bank for  
Reconstruction and Development,  
Bretton Woods, 3 July 1944.

information about a country and drawing on secondary resources, supplemented by World Bank-commissioned research. The process also involves communication with potential partners—including the many multi-lateral and non-governmental organizations working in the conflict country. Finally, it is a means by which the Bank identifies and compares its various options for engagement with the country. The Watching Brief process may involve consultations, workshops, and negotiations.

“Watching Brief” also refers to that period of time during which a country is in non-lending status due to conflict. According to operational guidelines, a country can be said to be in Watching Brief status, even if no actual Watching Brief document exists.

Much of the information needed for a Watching Brief can be obtained from secondary sources, some published and open, others obtained via confidential communications with other agencies such as UNHCR, UNICEF, ICRC, and concerned governments. Economic information is more difficult to obtain than political information. Therefore, the World Bank may need to sponsor original data collection as part of the Watching Brief process. Other elements of the Watching Brief are discussed in the following sections.



### *Use existing data*

Existing data can be very useful for tracking the shifting needs of countries in crisis. Watching Briefs should include this information in order to develop as complete a picture as possible of the current situation. Media sources such as Reuters, Le Monde, CNN, AP, and AFP are good sources of information relevant to conflict and political risks. More proprietary information sources can also be tapped. The World Bank subscribes to two monitoring services that give risk forecasts: the Economic Intelligence Unit, and Oxford Analytica, both available on the Bank's Intranet. In addition, a great store of information on conflicts and political risk can be found on the Web, including current data from many UN agencies, human rights NGOs and think-tank organizations.

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***Economic information  
is more difficult  
to obtain than  
political information.***

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In severe conflicts, the UN Office for the Coordination of Humanitarian Affairs (OCHA) is responsible for collecting information on needs and activities. In longer-term conflicts, specialized bodies may emerge, for example, the UN Development Office for Somalia (UNDOS) collects a range of economic and program information on each region of Somalia from the safe vantage point of Kenya. OCHA posts this type of information on its website—ReliefWeb—which is accessible to Bank staff online at <http://www.notes.reliefweb.int>.



UNHCR staff members monitoring a repatriation movement to Chechnya – UNHCR/T. Bølstad

### *Early warning indices*

During conflict, early warning systems can be used to measure changes in disturbances.

They can also provide useful information about the scale of violence, human rights violations, instability, and population displacements. One such system, the Famine Early Warning System (a project of USAID, located on the Internet at <http://www.fews.org>), tracks new population movements, food price levels, and abrupt asset sales as advance indicators of impending crisis. Measures such as crude mortality rate (CMR), excess mortality, and cross-border flight are reported as measures of realized crisis and can be rough indicators of how far a country is from being able to accept development programs. These same measures might also be used to track ongoing crises or the return situation of affected populations in post-crisis environments.

### *First-hand information from conflict-affected areas*

While a tremendous amount of information is available by doing nothing more than browsing the Web, World Bank staff must also make *direct contact* with aid organizations in the country, most of whom have valuable in-house data. Other essential information sources are: UNHCR, UNICEF, UNDP, WFP, WHO, and major donor organizations, including the European Community Humanitarian Office (ECHO), and USAID's Office of US Foreign Disaster Assistance (OFDA).

Humanitarian aid agencies can be a valuable source of timely information about vulnerable groups that are cut off from markets, national networks, communication, transport systems and, in the long-term, from prospects for economic development. NGOs working in different parts of a conflict area often have the best first-hand information. NGOs such as CARE, the American Refugee Committee, Save the Children, and Médecins sans Frontières have valuable information on trends in vulnerabilities and observations about the conditions of infrastructure and local economies that are rarely documented or used by longer-term development groups like the World Bank.

Much critical information is available just by asking, but some groups may have hesitations about sharing information. The International Committee of the Red Cross (ICRC), for example, needs to ensure the confidentiality of some of its information. But the ICRC and its sister-organization, the International Federation of Red Cross and Red Crescent Societies (IFRC) are willing to share information about their work examining rural economies, livelihood and economic questions in conflict-ridden areas.



Contacts with commercial entities working in a country, or handling trade to and from a conflict zone can prove useful. Some multinationals, including Royal Dutch Shell, Mobil, Bechtel, and transport companies have first-hand observations on conflict trends, export flows and port capacities/needs. The ability of commercial contractors to respond competitively and transparently to bids, however informal, can be extremely valuable in determining levels and types of economic activity.

Survey information is helpful for determining priority sectors for World Bank involvement. Over-flight assessment data incorporated into geographic information systems (GIS) technologies, crop surveys, and other observational surveys can be drawn on to tabulate the remaining infrastructure capacities in an area—including the extent of destruction of education, health and transport systems. For example, many NGOs examine and report on the level of health care available in areas where they propose to work. Taken together, this information can be used to map the health infrastructure of a country.

Information about the location and extent of planted landmines is extremely important in many post-conflict situations. International organizations have recently established a protocol for examining the extent of landmine coverage and its effects on society, called “level one surveys.” These surveys help aid agencies prioritize assistance to areas requiring demarcation, where populations need education for landmine awareness, and where alternate infrastructure

might be built. Landmine surveillance, in contrast to surveys, monitors ongoing problems with landmines, including ongoing planting of new mines, trends in landmine injuries, and improvements in the ability of health systems to provide emergency health care in a timely manner.

### ***Determine threshold conditions for Bank re-engagement***

The Watching Brief process serves to flag when the Bank can and should begin planning for regular lending operations in a country. Thresholds for entry into technical assistance, or to developing an active loan portfolio, ought to be developed with each country’s particular case in mind. Such thresholds include the absence of systematic violence; the signing of a peace agreement by conflicting parties; the re-entry of other organizations, such as UNDP and foreign embassies; and the return of foreign direct investment. External triggers include recognition by neighbor governments of the legitimacy and authority of the national government in the conflict-affected country.



***Bank staff must make judgments about the reasonableness of moving forward with new programs before time has tested the durability of peace and reconciliation.***



### ***Initiate contingency planning***

Because it is never easy to know when a conflict may re-ignite, a government collapse, or populations flee, Bank staff must make judgments about the reasonableness of moving forward with new programs before time has tested the durability of peace and reconciliation. The first step in contingency planning in post-conflict situations is to assess the risk of regression or return to conflict. Transition programs should also be planned to minimize the exposure of investments to loss.

### ***Shifting and emerging windows of opportunity for intervention***

Bank staff have to pay particular attention to finding accurate and meaningful data in their countries which help decide when to sequence different interventions and investments, when to exit from strictly relief work, and when more conventional development programming is preferable. Unfortunately, conflict indicators or indicators of transition opportunities are still primarily site-specific.

Much attention, however, is focused on the re-invigoration of civil society. Crude measures of civil society include countable institutions, participation in national and municipal politics and the number of counterparts, and some measure of freedom of expression. Often the apparent growth in civil society is correlated with flows of donor commitments.

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**? What external agencies would you contact first in beginning to develop a Watching Brief for a country where, for example, the Bank has not been involved in ten years?**

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## **Working within the Bank's legal and mandate restrictions**

The World Bank cannot seek to influence the political course of events in post-conflict settings. In this regard, the World Bank is less flexible in its use of resources than many bilateral funders. In general, the World Bank can be active in post-conflict settings so long as there is agreement among the Bank's governing members. For example, following the Dayton Peace Accords in Bosnia, donors agreed that Bank funds would be applied, along with other donor aid, to reinforce those cities that had shown ethnic tolerance.

In Tajikistan, World Bank programs were targeted to areas specified in the peace accords, at the encouragement of stakeholders, including the government. It was not a decision to target aid on an ongoing monitoring basis. Instead, the targeting allowed for a more sustainable investment, from a national point of view, than alternative programs that might not have reinforced peace.

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***Bank financing should not be based on or conditioned by political or military goals; instead, the financing of rehabilitation and reconstruction activities must be justified on economic grounds.***

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The World Bank must take into account all potential risk factors that may realistically endanger the sustainability of a project, including forces and political trends. The basic principle is this: Bank financing should not be based on or conditioned by political or military goals; instead, the financing of rehabilitation and reconstruction activities must be justified on economic grounds.

## ***Restrictions on arranging loans to governments***

The main work of the Bank is to provide loans to its members that are, by definition, national governments. Where a government has collapsed there is no counterpart to "ask" for Bank loans. Furthermore, new lending is barred unless there is a national government that neighboring states recognize as sovereign.

While the World Bank cannot play a role in raising or promoting the question of when a de facto government becomes recognized, the Bank can meet and work with UNDP, with coordinating committees of donors and UN agencies and other monitoring bodies. The Bank is not barred from assistance that involves applying its technical expertise or knowledge of banking functions to the problems of failed states. In addition, the Bank can still provide grants to external agencies, including UN organizations working within or around the country.

## ***The Bank cannot loan to sub-national political entities***

Although a portion of a country may have a stable government, as well as assistance needs that merit assistance, the World Bank cannot approve a loan to a sub-national government without concurrence from a recognized national government. An example is Somaliland which has had a stable government over an area relatively free of armed conflict. Because Somaliland remains part of Somalia, which lacks a national government, no loans can be entered into with the sub-national government of Somaliland.

The Bank has shown, however, that it can move quickly to work with post-conflict areas where a government exists in a newly split-off country. Eritrea, created in the aftermath of a long conflict in Ethiopia, began discussions with the Bank about

loans shortly after its independence. Azerbaijan, Armenia and Tajikistan are all war-torn countries where the World Bank has been involved since they were recognized as separate nations, after the 1989-1991 splintering of the Soviet Union.

## ***Communication with sub-national groups may be permissible***

Bank staff may find circumstances where they have opportunities to communicate with factions that challenge the sovereignty of a government. Indeed, communications with these factions might help signal the international community's interest in seeing a resolution of the conflict. Such an instance occurred when the democratically elected government of Sierra Leone requested that a World Bank country team speak with a military faction that threatened to withhold power from the elected government. In these circumstances, Bank teams may communicate in a non-political manner, or seek guidance from legal counsel and the operations committee.

## ***Special grants can be targeted to non-government organizations***

The Bank has limitations in working with would-be breakaway regions, such as Kosovo, Southern Sudan, or the Tamil-populated areas of northern Sri Lanka. In such situations, the Bank must work through the sovereign national government and cannot enter into discussions with authorities who control contested territories. In some cases, however, special grants can be targeted to non-government organizations. For example, in the 1990s, the World Bank provided an emergency grant to UNICEF to develop water sources in war-torn Southern Sudan. At the time the grant was needed to save lives, but it was also made on the premise that the investment had long-term developmental value. This occurred during a period when the Government of Sudan was in arrears and, therefore, ineligible for Bank funding.



***Restrictions concerning states in suspension***

The World Bank, as well as regional lending institutions, cannot loan to a government that has failed to reconcile its payments to the IMF and the World Bank. Inability to keep up with loan payments is a recurrent problem in countries wracked by intense conflict, and is a particularly difficult dilemma for new governments where the treasury may have been ransacked by the previous government. Expediting the clearance of arrears is frequently a first step toward reconstruction.

***Assist with problems resulting from suspension***

The World Bank may become involved in resolving some of the problems resulting from suspension, particularly where the counterpart government ceases to exist (state collapse). When a country goes into suspension, some contractors may be left hanging. The Bank may become directly involved in helping to resolve their payment crisis. As a result of such problems, a new Bank policy requires counterparts to provide advance notice if there is a chance of going into suspension.

***Coordinate international donor efforts to settle arrears***

Because post-conflict countries may see more monies committed than delivered by international donors, the World Bank can play a pivotal role in coordinating donors to recognize the short-term cash-flow difficulties of a new government as it makes efforts to repay past loans. A common way to clear arrears with the World Bank is for bilateral donors to provide emergency funding so that the country can pay what is necessary.

The World Bank also plays a critical role in settling arrears for the shared debt of newly divided states. In Ethiopia and Eritrea, for example, the World Bank established a standard formula for determining how much of old-Ethiopia's debt would be owed by Eritrea, and how much by Ethiopia.

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***World Bank loans are for long-term development and must not give preference to one political party or set of actors over another.***

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***Further limitations on the use of Bank funds***

The principle is that World Bank loans are for long-term development and must not give preference to one political party or set of actors over another. Elaboration of this rule prohibits Bank loans from being used to buy armaments, purchase land, or help raise revenue that would normally come from taxes. These kinds of restrictions have made it difficult to address urgent needs in post-conflict settings such as the removal of landmines, disarming of combatants and provision of loans where the government lacks matching contributions.

***Bank loans cannot be used to pay for taxes***

When a government has little or no revenue, it is unable to provide even a minimal match for World Bank loans. The prohibition against using Bank funds to pay taxes has posed a short-term impediment in some post-conflict settings. In Rwanda, for example, World Bank funds were used to pay for tariffs and import duties related to procurement within projects. This exception to Bank rules was made because of the extreme difficulty facing the counterpart. When exceptions are made, the key task is to document them clearly—explaining the rationale for the exception, the request, and the decision by those in authority.

***Land cannot be purchased with World Bank funds***

Though Bank loans cannot support procurement of land for repatriation, resettlement or land redistribution, Bank lending can support activities related to land use. Funds may be used to support the overall process by providing micro-credit, land quality improvements, shelter, and other inputs for large populations moving to new locations. In many forced resettlement programs, the Bank has learned that a large portion of the expenses related to the provision of resettlement land is not the purchase per se, but the reclamation (e.g., clearing, enhancement) for which Bank funds can be used.

***Bank loans are not meant to be used for purchasing arms or simple de-mining***

As discussed in Tab 5, Bank funds cannot be used for weapons buy-back programs during demobilization or for landmine clearance itself. Based on evaluations of Bank reconstruction experience in mine-contaminated areas, recent guidelines direct the Bank to support capacity building of demining centers, area demining programs, and sector demining programs (for example, as part of an agricultural rehabilitation program). In addition, the Bank can play a pivotal role in funding alternative infrastructure (schools, roads) that skirt mine-contaminated areas. In this regard, the Bank may be relatively more flexible than other donors.

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***Based on evaluations of Bank reconstruction experience in mine-contaminated areas, recent guidelines direct the Bank to support capacity building of demining centers, area demining programs, and sector demining programs.***

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### Working with and strengthening counterparts

The first step in working with counterparts in post-conflict countries is to determine which government representatives actually have the authority to enter into programs with the Bank. In the past, Bank staff have worked with national delegations, only to find later that these delegations did not have negotiating authority.

Government ministry structures, rules, and responsibilities may also be ill-defined in post-conflict administrations where new ministries are being organized (or reorganized) and staffed. Post-conflict governments display a more rapid-than-average turnover of officials in positions of authority. Where government staffing is largely new, subsequent political realignments are likely to result in sudden switches in postings. Similarly, because of unclear responsibilities, government counterparts are frequently unprepared to make decisions.

#### *Train government counterparts in skills of civil administration*

Frequently, either former military officers or former humanitarian relief workers obtain senior level positions in post-conflict governments. Often, neither one is particularly trained or experienced in the skills or concepts of public administration, or in its language and procedures. In addition, junior staff, perhaps also ex-military, may have insufficient technical skills or lack discretion.

A lesson of Bank experience, therefore, is to provide non-military public administration and management training for middle managers with a focus on conducting business in civilian settings. In addition, Bank teams are advised to second consultants to counterpart ministries and bring their representatives to World Bank headquarters for training to enhance their decision making and management skills.

#### **The PRODERE program in El Salvador**

In El Salvador, PRODERE provided momentum for the peace accords by stabilizing social, economic and political conditions. Community-level discussions on development priorities were initiated which permitted populations historically excluded from the broad political process to have a voice in identifying community needs and deciding priorities. By supporting the demands of uprooted populations to return home to demilitarized communities, PRODERE helped to redefine the content and shape of official policies. The program was instrumental in tipping the balance of power away from military toward civilian authorities throughout the region. In Nicaragua and El Salvador, PRODERE was able to accelerate the shift of control over population settlement policy.

*Source: Lessons of the PRODERE Experience in Central America by Peter Sollis and Christina Schultz, 1995*



Mozambican women holding a workshop on peace and reconciliation – Christian Care

### *Facilitate re-establishment of agreements with neighboring states*

During protracted conflicts and state collapse, formal arrangements with neighboring countries may have lapsed. Sector-specific programs at the Bank can promote faster resolution of potential inter-state conflicts as happened during the disputes between Sudan and Egypt over water management and the headwaters of the Nile. At the same time, however, Bank policy is clear that counterpart governments must approve and support Bank programs.

For example, although food self-sufficiency is a top priority in Eritrea, the most straight-forward way of achieving it depends on the agreement of both Egypt and Sudan. Agricultural output could be increased through improved water management and retention by building small- to medium-sized check dams on mountain streams (thus increasing arable land and reducing variance in water availability). Unfortunately, all streams on the western versant drain, ultimately, into the Nile. Egypt and Sudan say that they will go to war if anyone impinges on their (perceived) water rights. Since the Bank's International Waters Policies preclude investment in anything involving water diversion when the interested parties are not in agreement, the Bank's options for addressing rural poverty and food self-sufficiency through agricultural assistance projects are extremely limited unless the Bank can foster successful negotiations between Egypt, Sudan and Eritrea.

#### *Encourage community involvement*

Community discussions about World Bank programs can be an integral part of reconciliation and reconstruction. Community decision making, in and of itself, can be an important part of grassroots reconciliation, separate from decisions about how to invest external resources in new programs.



Consensus-building efforts were a critical part of achieving peace and the reintegration of populations in Central America in the 1990s, after many years of war. The UNDP program in Central America, known as PRODERE, found that the process of working with villages and municipalities had as much of an impact as the actual projects that were implemented.



***Community decision making, in and of itself, can be an important part of grassroots reconciliation, separate from decisions about how to invest external resources in new programs.***



### ***Seek common ground with other international aid groups***

Transition periods require greater coherence and coordination among aid agencies for a variety of reasons. One reason is the importance of a proper hand-over between emergency activities and longer-term reintegration and development work. For example, a failure to provide continuity between aid to refugees and their eventual return can be a trigger for renewed conflict. This is one reason that the World Bank and UNHCR now favor more cooperative working arrangements, including cross-secondments, joint training, and a working agreement to share information for Watching Briefs.

In the 1990s, Azerbaijan had several hundred thousand internally displaced people as a result of the armed conflict with Armenia. When the World Bank became involved in long-term planning for Azerbaijan, UNHCR was providing support to the internally displaced. Both agencies worked closely together, which proved to be pivotal for the success of their joint programs. Without the World Bank's backing, UNHCR

would not have been permitted access to front-line (near-conflict) areas where many of the displaced were seeking resettlement. Without the Bank's support for a comprehensive shelter program, various bilateral donors would not have had a framework within which to effectively apply their semi-humanitarian, semi-development aid.

NGOs are not only a useful source of information, but they are also valuable counterparts for transition programs, particularly in health care, nutrition, basic agricultural services (seeds and tools), social services, education, and peace education (including ethnic tolerance). Because they were already doing these tasks during the conflict period, they have investments, experience and presence that will be lost if the Bank fails to tap them. In many other sectors, including infrastructure rebuilding, government training, and macroeconomic reform, the Bank needs to explore creative ways for cooperating with the growing number of specialized commercial firms that work with bilateral donors to help promote governance.

### **Assessing needs and the optimal role for the World Bank**

Decisions about use of Bank resources cannot be made strictly on a return-on-investment basis. Instead, effort must be targeted toward those very time-sensitive needs that are specific to the phase of the peace or reconstruction effort. More flexible social assessments are required to identify these needs.

Instead of thinking in terms of conventional sector needs as described in earlier sections, Bank officers must identify problem areas that can inhibit the entire progression towards stable, peaceful rehabilitation. For example, there may be specific problems with a country's laws that will hinder the successful reintegration of war-affected populations. Short-term reform of inheritance laws

might be urgently needed to accommodate them. Similarly, the Bank can facilitate the development of formal relationships between humanitarian-aid NGOs and the government so that transition work already begun by private aid groups is not prevented from going forward.

Perhaps one of the greatest advantages the Bank can bring to post-conflict settings is its knowledge of comparable situations. Local stakeholders benefit from hearing how the special problems of transition worked, or didn't work, in other countries that had similar problems. Bank experiences with social safety nets for vulnerable populations can be proposed as interim measures to address poverty while a nation rebuilds.

### ***Pinpoint gaps in the overall aid portfolio***

The Bank is generally not among the first humanitarian assistance organizations to begin programming in post-conflict countries. Therefore, Bank staff have the opportunity to survey what others are doing in order to selectively focus on sectors which are disproportionately under-supported by other humanitarian assistance agencies. It is likely that the World Bank's comparative strength will involve building on household survival strategies, informal trade, rebuilding infrastructure that is critical to market access, and informal credit systems. Few other agencies are capable of the economic analysis needed, particularly given the lack of statistics in post-conflict situations.



***Few other agencies are capable of the economic analysis needed, particularly given the lack of statistics in post-conflict situations.***





### Mobilizing resources

Funds for humanitarian (emergency) aid tend to be separated at the donor level from funds for development aid. As a result, funding of “transition” programs tends to be in short supply. Resource mobilization for post-conflict settings is late and long drawn-out, whether managed via Donor Round Tables, Consultative Groups or country-specific Trust Funds. Ad hoc pledges by donors are often not matched by timely appropriations and disbursements. Indeed the World Bank’s normal development lending is too slow to meet post-conflict transition program needs.

Yet, the Bank can play an important role in helping to coordinate resource mobilization among donors, and to provide key resources of its own. The more appropriate lending tends to be the Social Fund kinds of investment for community-based activities, including public works rebuilding.

Two recent lending instruments have been developed to help expedite quicker disbursement and greater flexibility. The most notable—the **Learning and Innovation Loan (LIL)**—is smaller and easier to design and disburse than most loans. It encourages learning by doing, which is fitting for the shifting terrain of post-conflict settings. These loans, however, are limited to \$5 million in size. The new **Adaptable Program Lending (APL)**—pronounced like ‘Apple’—is also geared for shorter project cycles and allows for mid-course adjustments. But the APL is somewhat less flexible than the LIL in that it requires better coordination in-country.

The Bank can also raise resources for non-loan assistance, including policy advice, capacity building for new government staff, and technical assessments. An example is the **Institutional Development Fund (IDF)**, which has proven particularly useful for upgrad-

ing the professional capacity of new governments, most recently in Liberia.

The **Post Conflict Fund (PCF)** exists to promote the Bank’s efforts in developing transitional support strategies, Watching Briefs, and cross-cutting research among its partners to exchange information and lessons.

The **Japanese Post-Conflict Fund (JPCF)** is another recent resource, in the range of \$15 million per annum, to help support the Bank’s technical efforts in post-conflict settings. The JPCF is oriented toward Asian countries. Some tasks, such as the development of a Transition Support Strategy, may be co-funded by both the PCF and the JPCF.

Another fund, the **Consultancy Trust Fund (CTF)**, is useful for bringing in key technical assistance for surveys, analysis and technical assistance in project design and monitoring.

### *Compare social sectors against baseline conditions*

Increasingly, the Bank recognizes the need for a social safety net that can handle crises as well as address long-term structural poverty. The central element of the proposed safety net for developing countries is a public guar-

antee of low-wage work on community-initiated projects. For example, the federal or state government may announce its willingness to finance a specified number of days of work on community projects for any adult, at a wage rate no higher than a certain percentage of the market wage for unskilled manual labor in a normal

year. The work is available to anyone, at any time, crisis or not. This type of safety net extends the coverage of public works schemes, often found in relief efforts, to include normal times when demands for such work would be much lower.

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**?** *How do social assessments need to be adapted for post-conflict environments?*

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**?** *What Bank resources are appropriate for aid in the rebuilding of “social capital”?*

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### Administration issues

The unique nature of post-conflict situations requires creativity with regard to programming decisions as well as the administration of projects. The precarious peace in some post-conflict countries may require quick disbursement, or disbursement to non-traditional entities. As a result, Bank administrative processes may need to be adapted to facilitate working in these situations.

#### Disbursement

The main problem encountered with disbursement is not the Bank's policies or procedures but the capability of counterparts to receive, track and manage accounts received. Therefore, many of the solutions to disbursement problems involve training post-conflict government personnel in accounting.

Bank staff need to be creative in disbursing loans. In some post-conflict countries there is no central bank or the government prefers to draw from an international bank, for example, in New York. There can be advantages to working with external banks where currency controls and money supplies are weak. Liberia and Malawi have presented interesting cases where the lack of Central Bank capacities led the Bank to find alternate sites for managing aid accounts.

Due to weak legal infrastructures, a climate of uncertainty, and poor government supervision, the Bank has learned that it is better to support the development of new banking systems, as opposed to the reinforcement, or reform, of existing state-owned banks. Banking reform should stress decentralized, institution building and penalties for weak banks (Claessens 1996).

### Accounting

In the field, it is less important to have sophisticated accounting software in place, than it is to have a competent person keeping basic records, even with pencil and paper. Because exceptions to accounting procedures occur in these settings and needs are great, it is all the more important to ensure that decisions are made at the appropriate level and are thoroughly documented.

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*In the field,  
it is less important  
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pencil and paper.*

■

Bank staff recommend bringing government personnel from post-conflict countries to World Bank headquarters for weeks or months of exposure and training. Funds spent on improving their skills pay better dividends than do resources spent on more controls or recording systems, or for conducting Bank reviews.

### Procurement

In post-conflict settings, the domestic commercial sector often cannot deliver adequately, so normal standards for competitive bidding may need to be modified with approval from the country director. For example, in Bosnia, the Bank adopted simplified procurement procedures that had important repercussions. The threshold for international competitive bidding was raised and the Bank was able to use

“limited international bidding,” which involves “shopping” for project quotations rather than the Bank’s standard “public bidding” process that can take up to six months to complete. Not only did the limited international bidding process save time, it also allowed transition programs to begin sooner. Bosnia was the first instance where the Executive Director was directly involved in order to influence procurement processes. The change in procedures required the Bank to take extra steps to ensure standard auditing practices to counter-balance the rushed procurement procedures and to check processes and prices.

From similar experiences in Africa and elsewhere, Bank procurement officers have learned that they need sufficient advance warning to design adaptations to normal procurement procedures. Normally, international bidding requires a “public bid opening” (international competitive bidding involves advertising widely for fairness) and a 45-day window just to allow for replies (bids). Even after the project is designed, the contract signing process can take 4-6 months. This is an unreasonably long period to wait for urgent transition support projects needed in the immediate aftermath of conflicts.

In post-conflict settings and for small projects, however, the process can proceed faster with “shopping” (or limited international bidding) whereby the Bank invites five companies to submit a quotation by fax in roughly two weeks’ time. Bank staff working in post-conflict settings should take advantage of the shopping process by ensuring that small projects are designed and that, when necessary, the country office makes a request to raise the threshold for international competitive bidding.



*Even after the project is designed, the contract signing process can take 4-6 months. This is an unreasonably long period to wait for urgent transition support projects needed in the immediate aftermath of conflicts.*



### **Supervision and monitoring**

Bank staff and Government officials tend to treat resettlement and reintegration programs as one-strike efforts, though monitoring and supervision may be needed for several years. In one recent population resettlement program, the Bank was faulted for inadequate supervision of project implementation. Payments to villagers who were moved did not resolve insecure land tenure arrangements, which Government offices had been established to oversee. "There was a failure to make the transition from relocation assistance to rehabilitation, and the government agencies that were entrusted to provide follow-up did not do so" (World Bank 1998). Bank operations should have been monitoring the accomplishment of the program's objectives.

### **Tapping a range of World Bank specialists**

For the Bank to improve its performance in post-conflict settings, it must promote, throughout the Bank, greater interaction among those with shared experiences in war-torn societies. Informal networks and thematic groups may be valuable tools for sharing experience and expertise.

#### **The Post Conflict Unit**

The Post-Conflict Unit (PCU) of the World Bank, created in late 1997, provides advice, references, links, and cross-support. The PCU develops policy guidelines, instruments, and approaches to work in different post-conflict settings on all continents. PCU staff can advise on, or help make contacts with external agencies that specialize in post-conflict humanitarian analysis or implementation.

In 1998 the Bank's European Office in Paris hosted a conference of donors involved in post-conflict transition planning—such as the Office of Transition Initiatives (OTI), a part of USAID that specializes in analyzing the transition from war to peace—in order to develop closer working relationships with them. This network can be tapped through the Post-Conflict Unit.



*For the Bank to improve its performance in post-conflict settings, it must promote, throughout the Bank, greater interaction among those with shared experiences in war-torn societies.*



In addition, the Post-Conflict Unit is in frequent and regular contact with UNHCR, the Red Cross, and various NGOs. The PCU also has knowledge of and contacts with a wide range of research organizations worldwide that track conflicts and can commission field-level research. Examples range from the OECD Informal DAC Task Force on Conflict, Peace and Development Cooperation to the Foundation-supported Carnegie Commission on the Prevention of Deadly Violence.

Post-Conflict Unit staff can also provide direct cross-support as part of country teams. PCU staff understand social assessment techniques, participatory appraisal techniques, and the options for using experts in non-quantitative methods who can deal with the special assessment and appraisal problems that transition settings pose.

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**?** *Based on your own experience, what administrative measures work effectively to minimize corruption in post-conflict countries?*

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### ***The Financial Crisis Unit***

The Financial Crisis Unit (FCU) works closely with the country offices of the Southeast Asian countries affected by the 1997-1999 collapse in exchange rates, investments, and equity markets. This unit specializes in rapid program planning in support of restructuring banking, capital control markets, currency boards and other macro-economic policies. The FCU also analyzes and proposes plans that help address the short-term surges in poverty, as seen in Indonesia. The analytic skills of this unit may apply well to other crisis settings, including governments coming out from under intense conflict.

### ***The Disaster Management Facility***

The Disaster Management Facility facilitates innovative Bank aid in those exceptional circumstances characterized by natural disasters, including climate change, earthquakes, flood and fire hazards. The Facility's goals include the provision of operational support, promotion of capacity building, and establishment of partnerships with both the international and scientific communities to work on disaster issues.

### ***Thematic groups***

*The World Bank Thematic Group on Economics of War-to-Peace Transition* provides theoretical and technical support on post-conflict economics. In order to lend greater discipline to the analysis and interpretation of post-conflict situations, the group includes economists from all parts of the World Bank. In addition to this thematic group, the Bank also has experience tailoring micro-credit programs to the unique financing and insurance needs of reintegration populations. *The Resettlement Thematic Group* or any of the Bank's Regional Resettlement coordinators can also provide valuable resettlement expertise.



## LESSONS LEARNED

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The Bank is often among the last aid agencies to come into a country affected by conflict. Therefore, in meeting the urgent needs of the country, the Bank needs to understand what other organizations are already doing and where their programs begin and end.

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The Watching Brief serves four key purposes: to forewarn the Bank about the likely time when operations can re-commence; to improve understanding of the special political risks, and economic and social needs that occur in conflicts; to identify the areas of comparative advantage where the Bank should plan to work; and, to examine and compare potential counterparts that the Bank should work with.

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In obtaining information for the Watching Brief and for the Transition Support Strategy, Bank staff need to look outside the Bank more, in collaboration with other non-governmental organizations including the UN. Health, agriculture, education and vulnerability data can be garnered from humanitarian NGOs. Information about production, trade, credit and infrastructure are more likely to require in-field research initiated by the Bank.

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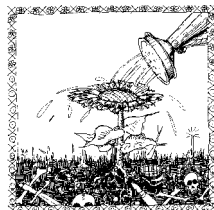
In designing the Transition Support Strategy, Bank staff need to be aware of the full range of options and legal restrictions for Bank lending. Creativity and political sensitivity will be needed in order to design programs that reinforce peace, population return, and social rebuilding. Experience has taught that there are many ways for the Bank to address a problem.

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Procurement and disbursement procedures can be modified in simple ways to allow for more rapid initiation of new projects during the post-conflict period. In particular, the budget threshold for which international competitive bidding becomes necessary can be raised, allowing for more programming to be done by informal and rapid shopping.

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The Post-Conflict Unit was created as a center of expertise and resource for the rest of the Bank. The PCU maintains routine communications with a wide array of external entities that can be helpful in analyzing conflicts and in designing and implementing reconstruction.





A N N E X

**8.1**

***Environmental conservation in conflict and post conflict***

Environmental conservation represents a large and growing sector for World Bank programs, and for thousands of non-governmental organizations as well. The Bank's lead role in supporting the Global Environmental Facility is testament to the primary role the Bank plays in coordinating technical lessons and programming to protect the environment.

Yet there is a large gulf between the knowledge and practice of effective environmental programming in conflict versus non-conflict settings. Most habitat-protection programs take many years to develop, foster and see through. Indeed, by their nature, they imply a very long-term outcome of protracted protection. But in complex emergencies, environmental and conservation implementing agencies are particularly incapable of knowing how to react, and tend to exit the setting. In

their place, a plethora of emergency aid organizations, such as UNHCR on the UN side or CARE, as an NGO, become involved in a whole different set of environmental programs that attempt to mitigate environmental damage by providing fuel (fuelwood or charcoal) to displaced populations.

The table below illustrates some of the general types of environmental consequences that have resulted from emergencies, mass migrations and failed states.

Most of the work of emergency groups has been directed toward short-term remediation. Common programs that are implemented include the provision of fuel-efficient stoves to refugee households in order to decrease their energy consumption, and environmental education to explain to displaced populations the importance of avoiding the indiscriminate killing of local

wildlife. There have been few such programs that have continuity or linkage with the longer-term efforts of government ministries, the World Bank, the GEF, UNEP or environmental NGOs to demarcate and establish laws and regulations to protect fragile habitats or keystone species.

UNHCR has a growing environmental protection section, which has recently published a series of guidelines, geared toward minimizing short-term environmental harm. The World Bank, however, can play a critical role in providing the bridge between short- and long-term, particularly to fill in where governments are weak. In Pakistan, the World Bank and UNHCR teamed up for a large, unique reforestation program in the hills of Baluchistan, which had been degraded by large camp-based populations of refugees from Afghanistan.

***Environmental consequences resulting from emergencies***

	Wooded biomass loss, land cover	Fragile habitats as distinct whole	General wildlife	Endangered species
Large refugee camps	High	Sometimes High	Sometimes	Small
Government collapse, no ministry	Low relationship	High	Modest	High
Armed factions, invading armies	Low	Modest	Moderately high	Moderately high
Economic collapse/desperation	Moderate	Moderate	Modest	Moderate
Withdrawal of conservation organizations	Low	High	Low	High



A N N E X

8.2

***Education in the transition from conflict***

Primary or basic education is often cut back during conflicts, particularly as young people become recruited in conflict, families are broken up and forced to migrate, and state-supported school systems lose their budget resources. Aid agencies tend to see education as a lesser priority than food and health and so it often is forgotten until the post-conflict transition.

Post-conflict reconstruction has seen the greatest surge in attention in recent years, including the roles for education, vocational re-training of demobilized soldiers, and activities that promote peace and reconciliation. Education and training initiatives are now put forward as key elements in the bridge from relief operations to longer-term development. UNHCR, UNICEF, and UNESCO now emphasize “education for repatriation” in their relief programs. Primary education and vocational training foster knowledge and skills that can improve economic

reconstruction, health and nutrition, family planning, income generation, and long-term self-sufficiency. The evidence suggests that perhaps it is in post-conflict settings where there is the most opportunity to work intensively with adolescents, whose school attendance normally falls off with advancing age. Adolescence is an age at which young people begin to make independent decisions about their health and to form attitudes and adopt behaviors that influence their current and future health, as well as the health of their children. Schools may be key sentinel sites for monitoring psychosocial recovery of trauma-affected child populations. Given the number of post-conflict and state-transition situations in Central America, Africa, and the Former Soviet Union, many aid agencies have gained considerable programming expertise in the delivery of vocational programs married with credit provision. In Central Asia, Eastern Europe and other areas of the Former Soviet Union, the deterioration of educational services has

led to youth unemployment as well as a collapsing vocational education system.

Much of the positive experience has been in how in-service training of teacher networks can be put in place in a very short period. With just a few weeks of training, schools can be established in a decentralized manner during the immediate post-conflict period. The lessons of this kind of highly decentralized model have been learned from work in the 1990s in places like Mozambique, Rwanda, Cambodia, El Salvador and Nicaragua.

When populations are displaced to other countries for protracted periods, questions arise about the selection of language for schools, the choice of curriculum, and the use of refugee versus host-country teacher cadres. The World Bank’s Post Conflict Unit can be a source of further insight and advice on how these questions have been resolved in different settings.



A N N E X

8.3

*Health care program considerations in post-conflict transition*

In recent years the interactions among war, drought, mass forced migration, and the disruption of services and industry have contributed to circumstances where infectious disease and starvation have led to millions of avoidable deaths. The re-establishment of health networks and of water and sanitation infrastructures is made more difficult in complex emergencies because of the massive dislocation of people and the ongoing conflict and banditry which makes access to vulnerable groups difficult, if not impossible. In Bosnia, deliveries of drug and food supplies suffered delays at checkpoints. Basic vaccines, necessary to prevent epidemics among children, were not delivered throughout Somalia because of armed robbery of the refrigerators necessary to maintain the cold chain. Efforts to re-establish basic health programs in complex emergencies are complicated by the need to address disease epidemics (cholera, shigella, HIV, Ebola), sporadic upsurges in war-related casualties and the inability to accurately determine the size and location of affected populations, particularly internally displaced persons (IDPs).

While reaching populations who are on the move is hard enough, the delivery and provision of assistance may also have to be discontinued in conflict situations. Both during and following complex emergencies, there is a rise in violence, including armed robbery of food/medical convoys, and violent attacks on health professionals. The great challenge in complex emergencies is reconstructing health systems when they are being torn down as fast

as they are being built up. Rarely is it possible to know the long-term viability of implemented programs. In many complex emergencies, equipment installed, clinics built, and personnel trained are soon lost with new rounds of conflict and displacement. It is difficult to know when it is safe to invest in different interventions, which could be lost. In conflicts, refugee, repatriation and post-conflict settings, humanitarian aid agencies have, over time, learned to give priority to the following programs (in order from most important on down):

1. **Location, measles immunization and blankets.** Address the three urgent imperatives which are the big killers in conflict: inappropriate camp locations and densities (overcrowding), failure to vaccinate and hypothermia. Ensure that displaced people are located/encamped in the right place, and moved onward or home as soon as possible; vaccinate for measles (and give vitamin A which reduces measles severity); and provide blankets to reduce hypothermia.
2. **Surveillance system.** Establish sentinel sites and train the Ministry of Health to aggregate health reports and trends in order to immediately note important disease trends (e.g. shigella, meningitis, cholera, malaria, etc.)
3. **Provide safe water supply—20 liters per person per day.** Rehabilitate urban water systems; add chlorine everywhere. Safe water is the biggest gap in most aid programs. Only Oxfam, MSF and

the Red Cross routinely provide water and sanitation.

4. **Set up community health teams and referral systems.** Train and support community health workers who save far more lives than do clinics or hospitals. They are the key not only to preventive programs—including education and social mobilization—but are also the basis for effective referral networks.
5. **Primary health care for children.** Establish maternal-child health centers with immunization and growth monitoring.
6. **Contain infectious diseases.** Test for, monitor, treat prophylax and provide education to control communicable diseases. Where necessary, reduce reservoirs or vectors of disease.
7. **Food and nutrition.** Provide 2,000 kilocalories per day, plus essential vitamins and minerals, and seeds and tools and other support for agricultural recovery and for household gardens that provide dietary diversity (micronutrients).
8. **Clinical care.** Organize rehabilitation of clinics, training of medical staff, stocking of essential drugs.
9. **Reproductive health care for women.** Train traditional birth attendants (TBAs), educate about sexually transmitted diseases, and develop a referral network for emergency obstetrics.



A N N E X

8.4

***Recent thinking on post-conflict psychological and social barriers to development***

The psychosocial health of people who have experienced complex emergencies has become an important public health problem. The effects of violence and displacement on human health and the subsequent need for psychosocial services have attracted particular attention since the experiences of the Great Lakes Regions of Africa and Eastern Europe. Experts agree that psychosocial disability is a very prevalent problem, as documented in epidemiological surveys in Rwanda, Bosnia and El Salvador. A few of the program recommendations are as follows:

- Utilize a pyramid of mental health needs and outline the types of psychosocial interventions needed to support people at those different levels.
- Engage the community in addressing the issues of persons at the top of the pyramid (unaccompanied children, severely disabled persons) so that the community continues to be involved in caring for its own.
- Develop a base of competent psychosocial professionals in agencies who can respond rapidly to a crisis, and who can come with some of their own resources.
- Cull best practice guidance, including unconventional programs, such as children's soccer leagues.
- Train para-professionals, such as teachers, to provide support to the community.
- Utilize traditional art and music to restore the community (e.g., traditional weaving of textiles, puppeteers).
- Promote groups for widows, etc. that are visible to the community at large.
- Foster economic gains as an essential component necessary for the sustainability of psychosocial gains.

Some organizations, such as MSF, IRC and UNICEF have implemented community-oriented programs— theater, support networks, media—that reach large populations. The efficacy of such efforts remains unknown. A recent book by Save the Children critiques the clinical method, and presents a range of field experiences with combatants, separated families and rape victims caught in complex emergencies. The various contributors to the

book dispute Western-based views about trauma (and Post Traumatic Stress Disorder—PTSD—in particular). They question their appropriateness for other cultures and challenge clinically-oriented approaches. “Rethinking the trauma of war means a shift away from projects targeted at individuals, or specific groups of victims such as child soldiers or victims of rape” and toward community-based healing that incorporates justice, listening, and rebuilding social structures that can renew meaning for living. None of the functional consequences of psychosocial trauma has been quantified, so it remains unclear how to prioritize or deal with this problem in long-term reconstruction. The World Bank has conducted research on this very question—looking at the connections between displacement, trauma, depression, PTSD indices, current employment, current expenditures, and current social participation. The research is based on a national (representative) household survey completed in 1999 in Burundi—a country coming out of decades of conflict.



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