



**CONFLICT PREVENTION AND
DEVELOPMENT CO-OPERATION IN
AFRICA:
A POLICY WORKSHOP**

**SESSION 4
ADDRESSING DEVOLUTION AND EXCLUSION**

**Violent conflict, human rights and the state:
Lessons and questions from recent armed conflicts in
Guatemala, Liberia and Nepal**

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Introduction

Recent research on civil wars in poor countries has focused on structural conditions as causal factors, and a rich literature has emerged over the last decade. While these analyses consider specific conditions such as natural resource reliance or grievances over horizontal inequalities, and have generated controversies, they also consistently point to weak governance as a common and underlying factor.

This paper considers the role of state-citizen relationship, its nature and breakdown as a part of the process that lead to war, and its restoration as an important part of the peacebuilding and conflict prevention processes. Taking the human rights perspective to the compact between state and citizen, it explores the links between the state obligations to guarantee human rights of citizens and civil wars. The paper draws on the cases of Guatemala, Liberia and Nepal to show that where the state fails to meet its human rights obligations including the functions of security and basic needs the compact between the state and citizens breaks down, but to meet these obligations requires institutional and financial capacity. The paper then explores the nature economic, social and governance reform policies that would restore state-citizen compact.

I. Human rights and accountability of the state

Since the 1990s, the idea of a ‘human rights based approach to development’ emerged in international development debates and has gained momentum. For example, several UN agencies engaged in development cooperation officially adopted a ‘Common Understanding’¹ while the OECD DAC has recently adopted their policy Guidelines.² This approach is still new; analytical and measurement tools and policy approaches are still being developed. In fact, development and human rights have evolved quite separately as distinct fields, one field led by economists focusing on analysis of the economy and of economic and social policy choices while the other field led by lawyers, focusing on legislative changes and enforcement driven by advocacy of social activists. Development strategies and the choice of economic and social policies and governance reform measures – as reflected in documents such as the Poverty Reduction Strategy Paper (PRSP) – have direct impact on human rights. If we accept human rights as the ethical guide to development, and fulfillment of human rights as the objective of development, then development strategies should be evaluated from human rights criteria in addition to economic criteria of efficiency and equity.

¹ See ‘The Human Rights Based Approach to Development Cooperation: Towards a Common Understanding among UN Agencies’. Accessible on

http://www.undp.org/governance/docs/HR_Guides_CommonUnderstanding.pdf

² OECD, DAC. 2007.

While poverty reduction is an objective of both development and human rights fulfillment, it has quite different meaning in the two conceptual frameworks. Poverty from the human rights perspective is a broad concept, concerned with deprivations in human freedom and dignity. It covers not only economic and material deprivations but also deprivations in the broader set of freedom from want (meeting basic needs), freedom from fear (security), freedom of thought and belief (political and cultural freedom). Human rights are entitlements that individuals have for a life of dignity and freedom by virtue of the fact that they are human. Access to education is a human right recognized in both international law and in the national constitution of many countries. This differs from education as a development aspiration or a privilege that the state might confer. Thus human rights carry correlate obligations on the part of society to put in place social arrangements to assure that individuals fulfill their rights and that their rights are protected.

Human rights are claims and entitlements that people have for a life of dignity and freedom by virtue of the fact that they are human and that they are part of society. Human rights protect people from systemic threats and involve reciprocal responsibilities, involving the State and citizens. Rights without responsibilities correspond to Thomas Hobbes' "state of nature" where every individual is forced to fight for himself. Rights and responsibilities, or what can be called "legal rights", presuppose the existence of a state, established to inhibit mutual harm and to promote social cooperation.³

Are these human rights objectives of equity, non-discrimination, participation and fulfillment of basic human needs priority objectives in a context of urgent challenges? Are they luxuries? In fact, these human rights objectives – meeting basic human needs, assuring security and ensuring basic democratic freedoms – are not only intrinsically valuable as ends in themselves, but also have instrumental value for achieving the economic, security and political objectives.

First, economic, social, cultural, civil and political rights must be viewed or conceived as a "package", involving the complete set of duties and responsibilities of citizens and the State. Furthermore, the complementarity of these different rights is important. For example, civil and political rights strengthen peoples' efforts to demand their right to education, while education strengthens their ability to press for political reforms. Exclusion and marginalization, and oppressive governance have been at the root of violent conflict and war in the three countries studied here. The relationship between 'horizontal inequalities' and risks of violent conflict have been identified in the recent research by scholars such as Frances Stewart and others.⁴

Second, perhaps the single most important principle is that all individuals have equal rights, and should be free from discrimination, such as that based on identity including gender or race. Cutting through all these rights are the rights to a particular process of development

³ Homes, S. and C.R. Sustain, *The Cost of Rights. Why Liberty Depends on Taxes*. W.W. Norton and Co. New York and London, 1999; page 152.

⁴ See for example the diverse publications of the Center for Research on Inequality, Human Security and Ethnicity - <http://www.crise.ox.ac.uk/> See also Fukuda-Parr, 2007. 'Rethinking the Policy Objectives of Development Aid: From Economic Growth to Conflict Prevention, UNU-WIDER Research Paper no. 2007/32; Fukuda-Parr, 2006. 'International Cooperation for Human Security: A Coherent Agenda for Development and Conflict Prevention', Kokuren Kenkyu Journal, Tokyo.

that respects the principles of participation (or having a say in decisions that affect one's life), accountability, and transparency. There is a strong mutual link between human rights and poverty and inequality; the poorest who have lowest economic assets, lowest social achievements, and least political power are most likely to be also without human rights protection from the state legal system and from the community.

Given the importance of equity and non-discrimination in the human rights approach, there is no necessary trade-off between equity and growth. While this is a widely debated issue, many research based policy studies starting with the seminal World Bank publication *Redistribution with Growth*⁵ have shown multiple ways in which improvements in distribution of wealth and income can be achieved simultaneously with growth, while recent work by such authors as Birdsall has shown that high levels of inequality can stand in the way of growth, development and democratization. The experience of many countries in the world shows the broad range of policy choices that are available to achieve growth with equity.⁶ The contrast between the high growth achieved in the more egalitarian East Asia in the 1970's-80's and the low growth experience of Latin American countries characterized by high levels of inequality have challenged the conventional belief that equity is an obstacle to growth. New work in Latin America thus focuses on overcoming inequality as an obstacle to growth.

Third, the principle of accountability implies that the state is the most important duty bearer regarding human rights. Accountability is the most distinctive aspect of the human rights approach when compared with the development approach. Human rights provide a normative framework that emphasizes obligations of government and international support to do their utmost for the rapid realization of international thresholds in securing basic needs, security and political freedom.

A right entails a correlate obligation on the part of a duty bearer. In assessing development strategies and policies from the human rights perspective, the key question is whether government efforts, and those of its international partners, represent adequate efforts to meet their human rights obligations. The scope of responsibilities has been articulated in international human rights instruments as duties to respect, protect and fulfill rights, as well as commitment to international human rights norms and standards.

II. The origins of violent conflict and war and the breakdown of the state-citizen compact in Guatemala, Liberia and Nepal

⁵ Chenery, Ahluwalia et al, *Redistribution with Growth*.

⁶ The literature on the relationship between growth and equity has a long history and is large. See for example UNDP, 1996 *Human Development Report* chapter 2 for a survey of literature and country experiences concerning the links between growth and equity as well as a broader range of dimensions of development that broadens human freedoms, including democracy, environmental sustainability, job creation, and respect for cultural identity. For more recent quantitative findings, see World Bank website material on inequality and growth relationships, starting with <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPGI/0,,contentMDK:20263391~menuPK:577810~pagePK:148956~piPK:216618~theSitePK:342771,00.html> (accessed august 13, 2007)

Over the last decade, a wealth of research has been developed to understand the structural causes of civil wars. Based on cross country economic analyses and qualitative studies, researchers have identified a number of socio-economic characteristics that are frequently associated with violent conflict. These include low incomes, overdependence on and mismanagement of natural resources, the youth bulge in the demographic structure, horizontal inequalities and exclusion based on cultural identities. Associated with many of these characteristics, especially low income is state weakness and poor governance.

Most of these factors have been present or were present in Guatemala, Liberia and Nepal, although to different degrees. Specifically, the possibility that in post-conflict situations economic growth may, under certain conditions, exacerbate exclusion of certain groups and result in horizontal inequalities, suggests that it may be useful to determine to what extent this already occurred in pre-conflict situations and was one of the explanatory factors of these conflicts. This is in accordance with Barrington Moore's theory that grievances can be a cause of revolt in situations which it is perceived that it is possible to materially cover the needs of those who are poorest.⁷ Pre-conflict experiences in Liberia, Guatemala and Nepal suggest this danger may be important, and that the failure of the state to meet these needs is part of the explanation of these conflicts.

More generally, one aspect of civil war in poor countries is the breakdown in the social compact between the state and citizens. Insurgency is a challenge to state power, and is often analyzed by political scientists and historians as a process of struggle for political power. But one feature of this is that people are prepared to join the insurgency and much research has focused on the reasons: whether it is for individual material gain (natural resources), for position in the bureaucracy, or for group allegiance to an identity group. Nevertheless, allegiance to identity group is not blind allegiance, but also grievance against exclusion from economic, social, and political opportunities. One source of the motivation to join insurgencies would be a history of the relationship between the state and citizen, and whether the state performs its basic functions and whether citizens remain loyal to the state.

Among the basic functions of the state are to provide for security and basic needs – these are in fact the essence of state human rights obligations. For citizens, these are entitlements or human rights, that they have that they have the right to demand protection for. In reality, in many contexts, the state has not historically fulfilled these functions, and in recent years the situation may have deteriorated. This breakdown of state – citizen compact surely represents a fertile ground for insurgencies and recruitment. When people have nothing to expect from the state, and the state protects neither security nor basic needs, people's lives are extremely vulnerable, and have little to lose from challenging state power.

In the case of Liberia its Interim Poverty Reduction Strategy (iPRS) states: 'the origins of the Liberian conflict can, inter alia, be traced to the exclusion and marginalization of significant portion of society from institutions of political governance and access to key economic assets, such as land. An over-concentration of power, closed political system that bred corruption and restricted access to decision making processes limited the space for

⁷ Barrington Moore, *Injustice. The Social Basis of Obedience and Revolt*, ME Shape Inc, White Plains, New York, 1978, p. 468.

civil society participation in governance and instead, fueled ethnic and class animosities and rivalries over time. This was compounded by a collapsing economy brought on by bad policies as well as declining commodity prices, which created ideal conditions for the crisis. The conflict itself quickened the pace of economic decline and today, the economy is estimated at about one eighth of what it was before the war.’⁸

The pre-war economy of Liberia was dualistic, with the export oriented plantation and minerals sector coexisting alongside subsistence agriculture. The export oriented plantation and minerals sectors (rubber, timber, and diamonds) attracted private and public investments, generated growth and wealth while traditional agriculture received little investment and remained stagnant. Economic and social infrastructure – roads, schools, hospitals - were geographically concentrated in the urban and coastal zones, with the rural areas poorly served. The concentration of economic power and resources overlapped with the concentration of political power and, specifically, the state, which was in the hands of the Americo-Liberian elite.

In comparison with other countries of West Africa, Liberia lagged in basic social indicators while it was relatively better endowed economically, implying that the country did not do as well as others in using its economic resources to improve the lives of the majority of the people. In 1987, per capita GDP was \$696 (PPP), higher than most other countries of West Africa. In fact according to the 1990 Human Development Report, Liberia’s HDI was 16 ranks lower than its GDP per capita rank. Schooling and literacy rates in pre-war Liberia were lower than the sub regional average. The contrast for example with Ghana is quite marked as shown in the table below.

Table 1
Growth and human development in pre-war Liberia: comparison with Ghana

	GDP per capita (\$ PPP) 1987	HDI 1987	Life expectancy 1987	Poverty (<\$1/day) 1990	Net primary enrolment ratio 1991	Adult illiteracy rate 1990
Liberia	696	0.333	55	55	32	35
Ghana	481	0.360	55	45	54	58.5

These analyses of the origins of war in Liberia indicate important links between human rights, poverty, violent conflict and the state.⁹ At the centre of these origins of war are the vulnerabilities of ordinary people to meeting their basic needs, security, political freedom, and to not being discriminated against. They show the absence of a state capable of defending the full range of human rights of citizens, and a collapse of a social contract between the state and citizen. As a study on community cohesion points out, the civil war has roots in the historical legacy of unequal rights, and “at the core of the Liberian problem lies a class of marginal young people who currently lack faith in any kind of institutions. They consider family, marriage, education, markets and the administration of justice have

⁸ Government of Liberia, 2007. Interim Poverty Reduction Strategy Paper.

⁹ See Fukuda-Parr, Fuentes, Parakrama, Ruane, Tran 2007

all failed them. Many have preferred to take their chances with various militia groups under the ‘law of the survival of the fittest’¹⁰.

In the case of Guatemala violent conflict can be associated with a dynamic process of economic diversification rather than with one of stagnation. Violent conflict began in 1961 and extended to 1996. During the 1960s and 70s cotton, cattle and sugar became major export products, and a new industrial sector, as part of a regional import substitution strategy that included a Central American Common Market, developed quite rapidly. GDP grew, but so did inequality. New producers, both in agriculture and industry, were part of the original landowning elite. A small urban middle class began to grow, but with limited political influence; labor unions were repressed and wages, in general, kept down.

Thus, a rapid process of unequal economic modernization (with GDP growing between 5 and 7% per year) without parallel social development, coupled with a small but repressive State, closed political systems, increased political tensions, and slow social development resulted in a prolonged low-intensity armed conflict that lasted for 35 years in Guatemala and in greater intensity conflicts in Nicaragua and El Salvador. It is not a coincidence that in all three countries the fiscal crises of the late 60s and 70s were dealt through a severe contraction of public expenditure, including spending on health and education. Neighboring Honduras and Costa Rica, faced with similar crises, were able to avoid this process of adjustment through higher revenues and increased foreign debt.¹¹ In the other three countries the state, controlled –or “captured”- by a small elite with a long history of close ties to traditional agriculture and with the support of the army, did not allow middle class or organized social movements to implement reforms that could have stopped or prevented what finally became a prolonged and at times widespread armed conflict in all three countries.

In Nepal, and contrary to what might be expected, both income poverty and a number of social indicators improved despite its conflict. Although inequalities increased, income poverty declined from 42% to 31% between 1995/6-2003/4, not so much as a result of the poverty reduction strategy, but largely as a result of a rapid increase in levels of migration and remittances which grew to 12% of GDP. Health and education indicators appear to have improved which beg a number of questions, given the absence of an effective state presence (as 70% of VDC secretaries were displaced) and the establishment of parallel administrative structures by the Maoists in remote regions, which in many ways was equivalent to a “parallel state”. An important exception to improvements, however, is the malnutrition indicators amongst children which have remained stubbornly high. In addition, despite improvements, disaggregation of the data between different groups and regions shows distinct inequalities in health and education.

In spite of this “resilience amidst conflict”, factors contributing to Nepal’s conflict are not so different from those found in Liberia, Guatemala and other countries like Colombia.¹²

¹⁰ United Nations, 2006. p. 6

¹¹ ICEFI, *La Política Fiscal en la Encrucijada. El caso de América Central*. Artgraphic, Guatemala, 2007, p. 128.

¹² The World Bank, *Resilience Amidst Conflict. An Assessment of Poverty in Nepal, 1995-96 and 2003-04*. Central Bureau of Statistics of the Government of Nepal, the World Bank, DFID and ADB, Nepal, 2006; p. 35.

Analysis of the geographical distribution of violent conflict provides some insights regarding the relationship between conflict and inequality. A study on Colombia found a close relationship between the rate of homicides and a concentration index of a quality of life indicator in different municipalities, distinguishing between municipalities in which violence had increased and those in which it had not, and covering two periods: 1985-86 and 1990-96.¹³ No relationship was found between violence (measured by the homicide rate) and poverty, but a positive relationship between violence, higher income and inequality was found. In the case of Nepal, more specific analysis of conflict reported by the World Bank suggests that changes in local inequality is an important explanatory variable of conflict, and that perceptions of unfairness fueled support for insurgents.¹⁴

III. Legacies of conflict and human right abuses: weak state capacity and the post-conflict challenges

The range of possible structural causes of civil war should feature prominently in the design of post conflict development strategies. As explained in the previous section, these include low incomes, overdependence on and mismanagement of natural resources, the youth bulge in demographic structure, horizontal inequalities and exclusion of cultural identity groups. A factor that is also integral to these is the history of ethnic divisions and the oppression in governance that evolved over the centuries as explained by Goodhand,¹⁵ and documented by scholars such as Sawyer¹⁶ and Levitt.¹⁷

Within this context Liberia, Guatemala and Nepal, despite their differences, share three particularly negative legacies of violent conflict that are a result of the failure or breakdown of the state as a duty bearer: a) insecurity and weak rule of law, including a weak judicial system and legal protection against human rights abuses; b) weak state capacity to fulfil basic rights to education and health; and c) uncontrolled economic activity, including illegal activity and limited generation of employment.

1. Insecurity and weak rule of law

Insecurity and a weak system of justice are both among the most basic forms of weakness of the state, and at times regions or urban areas in Liberia, Guatemala and Nepal resemble

¹³ Sarmiento Gómez, Alfredo. "Violencia y Equidad", 2001, http://www.dnp.gov.co/ArchivosWeb/Plan_Colombia/articulos_paz_desarrollo/articulo_10_violencia_equidad/articulo10.doc

¹⁴ The World Bank, *Resilience Amidst Conflict*, op.cit. See page 35 footnote and reference to Karen Macours paper. High levels of economic and social inequality, as well as the exclusion of many groups from political power, provided grounds of support for the Maoist rebels who extended their agenda to include caste, gender, ethnic/indigenous and regional issues. More recently, the relative failure to follow through on these multiple demands is one reason behind the persistent unrest amongst Madhesi, indigenous and other groups.

¹⁵ Jonathan Goodhand (pending)

¹⁶ Amos Sawyer et al 1992. *The Emergence of Autocracy in Liberia*. Institute for Contemporary Studies Press, San Francisco

¹⁷ Jeremy Levitt, 2005. *The Evolution of Deadly Conflict in Liberia*, Carolina Academic Press, Durham, North Carolina.

or have resembled –even after signature of formal peace agreements- closely to Hobbes’ “state of nature”, in which legal rights are not respected and the state is virtually absent. This situation also has to do with processes that involve switching behaviour based originally on expectations of honesty to behaviour based on expectations of corruption and violence, a common effect of violent conflict that tends to outlast civil wars and become one of its legacies.¹⁸ The weakness of both security and justice are part and parcel of the same problem. Impunity against abuses is not only an issue for war-related atrocities but other human rights abuses generally.

Of all three countries Guatemala possibly illustrates best the problems of insecurity in a post-conflict situation. It ended its 30-year civil conflict in 1996 with the signing of a comprehensive agreement launching an ambitious peace process designed to establish the foundations of a fully inclusive, democratic society. As in other post conflict states, however, Guatemala’s efforts to implement its peace accords have been hampered by lack of political will, weak institutions and increasing social conflict. Ten years after the signing of the peace agreement, the country finds itself plagued by widespread common and organized crime and political violence, which neither the judiciary nor the security forces have been able to reduce, challenging the ability of the State to protect fundamental human rights, particularly the life and physical integrity of its citizens, and enforce the rule of law.

One factor in the increasing violence has been the continuing presence of illegal armed groups and clandestine security organizations, illicit structures that emerged out of counterinsurgency programs created by the Government during the civil conflict. They have evolved into looser mafias defending a broad range of political, economic and criminal interests, but maintain and use links to state organizations and state officials.

In the 1994 Comprehensive Human Rights Accord, the Government had committed to “combat any manifestation” of “illegal security forces” and “clandestine security machinery”. Nonetheless, human rights organizations and the Human Rights Ombudsman continued to report on the existence of such groups. They were implicated in threats against human rights defenders, lawyers and judiciary officials investigating political crimes committed during the war. They have also been implicated in the use of violence against political actors and parties. State institutions, particularly in the judiciary and security sectors, have been penetrated and undermined by these mafias, limiting the State’s capacity to dismantle them. The recent assassination (February 2007) of three Salvadorian members the Central American parliament (Parlacen) in Guatemala, followed by the execution of their suspected assassins (police agents) while in jail, has further lightened the importance of the security issue and the rule of law.

After the end of the war in Liberia the absence of credible internal security forces meant relying mostly on foreign military and police forces, coordinated by the UN, to deal with this issue. Regarding the judiciary the Independent Expert Abaka stated that ‘limited infrastructure, a weak human resource base and years of neglect, political interference and

¹⁸ World Bank, *Breaking the conflict trap: Civil War and Development Policy*. Collier, Pau; V. L Elliott, H. Hegre, A- Hoffler, M. Reynal-Querol dn N. Sambanis. World Bank research Report No. 2621. Oxford University Press, 2003, p. 21.

corruption conspired to weaken the ability of the judiciary to be truly independent and to fulfil its role in a democratic society. By the end of the war, the judicial system lay in ruins'.¹⁹ One fundamental cause of this situation is that of the total 200 qualified lawyers in the country, most of them are practicing in the private sector, leaving the courts short on prosecutors and defence attorneys. Thus only 18 out of the 52 serving judges and none of the 135 magistrates, and none of the 11 public prosecutors currently serving hold law degrees. This lack of expertise results in trials being routinely conducted in violation of fair trial standards, including the right to legal counsel, the right to an interpreter, and the right to have time to prepare defence. For example, there is no provision for juvenile justice and children below the age of criminal responsibility are detained in cells with adults, and only one juvenile court exists in the country. Violence against women, as in Guatemala, has also been part of a legal system that does not protect against discrimination of women.

2. Weak capacity of the state to fulfil basic rights to education and health.

Although the situation of public services varies widely between Liberia, Guatemala and Nepal, they all share their state's limited capacity to comply with each one of its obligations as a duty bearer, and to ensure an adequate provision of schools, health care centres and clean water. This weakness is particularly noteworthy when taking into account regional, gender and ethnic disparities in each one of these countries. Malnutrition is probably the single most relevant indicator of the basic incapacity of the state to fulfil its obligations in the area of social and economic rights, and chronic malnutrition affects between half and a third of all children that are less than 5 years old.

The weakness of basic social services can be partly measured by the amount of public expenditure that each government assigns to fulfilling economic and social rights. A country's budget, and specifically its actual expenditure, is a good indicator both of state capacity and of real political will regarding different priorities. In the case of Liberia, Guatemala and Nepal three conclusions tend to confirm their limited capacity to fulfill social and economic rights.

First, all three countries evaluated in this paper have low tax burdens (ratio of tax income to GDP of between 9 and 13%, compared to tax burdens above 30% for most developed countries), which confirms the weak capacity of these states to mobilize domestic resources to comply with their obligations as duty bearers. Second, all three countries spend a very small proportion of their own resources on health and education, measured as a proportion of GDP, and when compared to other developing countries in general (see table 2).²⁰

Third, this weakness is compensated, to a greater extent in Liberia and to a lesser extent in Nepal, through foreign aid. Aid may also alter significantly the composition of public expenditure if the use of domestic resources is taken as a reference. In Liberia spending on health, mostly financed by foreign aid, is more than twice the amount for education –

¹⁹ Charlotte Abaka, 2006. *ibid.* p.7

²⁰ Health and education are the critical mass of human rights spending in all three countries. These expenditures have consistently comprised between 60 and 75% of human rights spending by the three governments in the years analyzed

probably because of the very recent end of the war-, making it the only of the three countries with more funding going towards health than education.²¹ In Nepal foreign aid is also concentrated to a greater degree on health, though not in such a high proportion as in Liberia, and an important share of spending on education is financed by foreign aid.

Guatemala, with a low share of foreign aid as a part of its budget at present, after having benefited from greater flows of international cooperation immediately after its peace agreements in 1996, shows how difficult it may be for a country to develop its own sources of finance and move beyond dependence on foreign aid. This situation also raises the question as to the effect of foreign aid on domestic mobilization of resources (taxation).

Table 2
Internal versus External Financing of HR Spending (% of GDP)²²

	Guatemala^a 2005	Liberia^b 2004-07	Nepal 2006/07
Education	2.5	2.8	3.6
Internal	2.4	1.5	2.6
External	0.1	1.3	1.0
Health	1.1	6.4	2.7
Internal	0.9	1.5	1.3
External	0.2	4.9	1.4
Total HR	5.5	14.9	8.7
Internal	..	5.1	5.3
External	..	9.8	3.4

Sources: Ministries of Finance, Liberia RFTF (UNDP)

a/ Although capital expenditures are classified in terms of internal vs. external financing, current expenditures outside of the Ministry of Education and the Ministry of Public Health are not; for current expenditures in health and education outside of the Ministry of Education and the Ministry of Public Health, the financing mix was assumed to be similar to the ratios found in the corresponding ministry of the given expenditure

b/ Liberian donor assistance provided does not correspond to fiscal years but rather the cumulative period from 2004 to November 2006 so an annual average was created; internal financing figures are from FY 2006/07

3. Uncontrolled economic activity

Part of the worsening economic conditions in situations of violent conflict, taking advantage of the breakdown or weakness of the state, and which continues to exist during the post-conflict situation to the extent that the rule of law and the state's own economic policy is not consolidated, is the extent of uncontrolled economic activity, ranging from growing "informal" sectors to drug trafficking, and including trafficking of women, boys and girls for bondage and prostitution as in Liberia or children for adoption without

²¹ It is difficult to analyze real expenditures in Liberia since much of the resources come from donors. Because each donor has its own expenditure mechanisms and approaches to financial monitoring, data on donor expenditures are incomplete. The absence of clear information regarding the budget and its sources of financing is an indicator, in itself, of Liberia's weak state capacity in particular. Aggregate information is available but it is not possible to analyze the allocation of donor resources by sector, nature of activity and region or beneficiary group.

²² IMF figures from IMF World Economic Outlook

regulations as in Guatemala. This is also part of deteriorating values resulting from prolonged violent conflict. The environment of post-war situation with the collapse of family and social bonds, the breakdown of law and order, displacement and extreme poverty created a ripe environment for trafficking. Growing globalization can in this context strengthen its “dark” side, as when remittances from migrant workers disguise what are money laundering activities, at the same time that they reduce the room to manoeuvre of macroeconomic policy, and specially of monetary and exchange rate policy.

IV. Towards a strong, accountable, state: a development state with a human rights approach

1. State obligations and state-citizen relationship

It is particularly urgent that the development agenda take measure to prevent recurrence of war, taking into account that more than half of civil wars recur. One source of the motivation to join insurgencies is the history of the relationship between the state and citizen, when the state does not perform its basic functions and when citizens do not remain loyal to the state. Among the basic functions of the state are to provide for security and basic needs – these are in fact the essence of state human rights obligations. For citizens, these are entitlements or human rights, that they have the right to demand protection for. In reality, in many contexts, the state has not historically fulfilled these functions, and in recent years the situation may have deteriorated. This breakdown of state – citizen compact surely represents a fertile ground for insurgencies and recruitment. When people have nothing to expect from the state, and the state protects neither security nor basic needs, people’s lives are extremely vulnerable, have little to lose from challenging state power. If state capacity is not significantly strengthened violent conflict will persist or resume.

Renewed expectations may generate even greater pressures on the state than in the past. For instance, Nepal is going through a demanding period of transition that will probably involve the transformation of the state from a military, mono-cultural, rigid state to a federal, plural and flexible state, capable of implementing an ambitious development strategy based on a shared vision. This will involve creating a more accountable state, regionally, culturally, and democratically, and capable of promoting growth with equity. Growing demands in presence of a weak state could lead to serious governance problems and could result in renewed violent conflict.

Although transforming the state has a highly political dimension, account should also be taken of its economic and fiscal dimension, since a state with very limited resources will not be able to meet its HR obligations. Significantly, the Peace Agreement signed in Nepal in November 2006 commits both parties, “To restructure the state in an inclusive, democratic and progressive way by ending the present centralized and unitary structure of the state in order to address the problems of women, Dalits, indigenous peoples, Janajatis, Madheshis, the oppressed and neglected, minorities and the backward regions while at the

same time ending discrimination based on class, caste, language, sex, culture, religion and region.”

A strategy for development should thus identify conflict prevention measures as high priority goals. The challenges outlined in the preceding sections imply a need for policy response in areas of economic policies, social policies, and governance reform policies, that would deliver more effectively on the following agendas:

- Creating employment for the youth. Without an economic model that would generate employment, the problem of ex-combatants or of youth prone to violence would not be solved.
- Food security. Most of the food insecure and poorest people are in rural areas. Agricultural development that increases productivity and production is central to addressing the food security issue, as well as for increasing employment for the youth.
- Building up the institutions of the judiciary and security. This is essential to addressing gender based violence, land disputes, trafficking, spread of crime, and a whole range of abuses that individuals are exposed to currently, but also to address the impunity for war atrocities. This is also essential to building any faith that people have in the state as a democratic authority that serves rather than oppresses and exploits people.
- Meeting basic needs – schools, water, health, sanitation, roads. Longer term capacity building and institutional development are required in these sectors.
- Monitoring progress and disparities Monitoring progress should focus not only on progress but on disparities. Mapping key social indicators would also be a useful tool that could track developments at the county and district levels. Disaggregated data and mapping key social indicators for allocating national budgets and directing donor programs is necessary for the purposes of planning.
- Removing discrimination based on identity. It is hard to see how conflict prevention can be a reality without addressing this factor squarely in political, economic, and social dimensions. It needs to be brought into the development process as a central goal.
- Reversing the historical mismanagement of natural resource. Control of natural resource has in many cases been an important factor in the civil war and in the case of Liberia international sanctions were placed as a measure to cut off resources to warlords. Management of natural resources must serve national development – rather than the oligarchy.
- Rebuilding ‘social capital. Along with physical infrastructure, wars and violent conflict undermine communities, and the trust and norms that create networks of relations, or ‘social capital’. Addressing psycho-social needs and rebuilding social capital at the community level is thus a key priority.

Post-conflict states do not usually have the capacity to face all these challenges successfully. Building trust between the state and citizen, in which the state plays a more effective role in reducing human vulnerabilities, and protecting and providing for human rights would seem to be an important aspect of peacebuilding. This requires a

transformation in the nature of the state from an oppressor to a protector of human rights. For want of a better term, we might characterize this state as a ‘developmental state with a human right approach’. This has many dimensions; one important aspect is to build the capacity of the state both financially and administratively. One of the central policy issues is the role of taxation in generating the resources for the state to provide for the basic functions of security and basic needs. Taxation policy requires a social compact not only between a group of citizens and the state, but of all citizens in that the rich and the middle class all have to share.

2. Developing state capacity: fiscal policy to fulfil human rights

Rights have costs. As Holmes and Sunstein have explained, both “negative” and “positive” freedoms and rights in general require a state and taxes to guarantee that they are enforced and fulfilled.²³ According to the Maastricht Principles, state obligations are not only to respect, but also to protect and fulfill human rights of citizens. Furthermore, human rights serve collective purposes and require public institutions, and therefore must be funded out of general revenue. Since revenue is scarce, rights may be curtailed or expanded depending on the availability of resources, and involve trade-offs. “Taking rights seriously means taking scarcity seriously”.²⁴

Since scarcity does not allow for an absolute or complete fulfillment of all rights immediately, general criteria for defining expenditure priorities have been suggested. They include immediate actions to meet minimum thresholds and, when that is not possible, they would involve what has been called a “progressive realization of rights”. In both cases, the mobilization of resources by the state, and therefore fiscal policy, will be a crucial determinant of its capacity to fulfill its human rights obligations.

In fact, both a human rights approach and a comprehensive view of fiscal policy lead to the need to focus on bargaining processes and to restraints. Rights are the result of negotiations, bargains. The culture of rights is associated with the peaceful and legal resolution of conflicts. From a rights perspective the state can be conceived as being the result of a social contract that specifies the duties of the state as well as the rights and obligations of citizens. In practice this is a process that usually takes the form of an implicit and gradually changing social contract, resulting from continuous compromise and mutual adjustment.

Nevertheless, special events like the end of war or the establishment of a democratic regime may trigger the inclusion of new actors, changes in power relations and the establishment of longer term agreements. Examples of relatively recent examples of explicit agreements include Sweden in 1938, Costa Rica in 1948, Spain in 1976 and Chile in 1990- These social contracts included the definition of state responsibilities as well as a fiscal pact that could generate the revenue required to meet the rights and duties that were part of the social contract.

²³ Holmes and Sunstein, op.cit. chapter 5.

²⁴ Homes and Sunstein, op.cit. p. 94.

A strongly accountable fiscal policy may also allow for a successful strategy of taxation of natural resources, transforming part of its rents into public social expenditure and investment capable of contributing to the generation of broad based growth, as explained in the next section. A strong accountable state or a development state with a human rights approach can do away with the “natural resource curse”. “With significant powerful restraints a resource rich democracy can be an economic success.”²⁵

In pre-conflict situations the failure of the state to fulfill its obligations and to create conditions that favor equitable growth and development can be identified as one of the basic reasons why violent conflict arises, grows and takes the form of a civil war. When a country’s social compact is only partial, does not exist or breaks down, as occurs in the case of a civil war, the capacity of the state to implement an appropriate fiscal policy and fulfill its obligations is significantly reduced. In post-conflict situations rebuilding the state’s capacity, including the strengthening of fiscal policy, with adequate restraints, is therefore crucial.

The process through which these negotiations to implement fiscal policy and rebuild the state take place is vital. The process may itself generate conditions for good governance or not. M. Moore has noted how negotiations regarding taxes may facilitate long lasting arrangements between state elites and societal actors, since “dependence on general taxation provides incentives for state elites and taxpayers to resolve their differences through bargaining”.²⁶ In liberal democracies enforcing social or “welfare” rights – including the corresponding tax obligations- have been part and parcel of a process of negotiations that has also included respecting property rights.²⁷ Furthermore, public income that is not earned through taxes but, instead, has been obtained from resource exports –and, to a certain extent, from foreign aid- may provide a negative incentives to resolve differences through bargaining and may strengthen the strictly coercive nature of the state.²⁸ Thus, international cooperation must be particularly careful so as to avoid the creation of incentives that go against the domestic mobilization of resources and should, instead, favor a continuous process of negotiations, with its inevitable ups and downs, and that will hopefully lead to a sustainable and accountable national fiscal policy.

While the state of a particular country is the primary duty holder and can be considered to be the result o a national (implicit) social pact that also includes obligations of citizens of that particular country, other international actors have duties, including the responsibility of providing adequate incentives to favor a state-citizen compact with an a accountable and progressively stronger state. The exact nature of these obligations is a subject of live debate

²⁵ Collier, P., 2007, op. cit. p. 47

²⁶ Moore, M., “How Does Taxation Affect the Quality of Governance?”, IDS Working Paper 280, Centre for the Future state, Institute of Development Studies at the University of Sussex, April 2007.

²⁷ Homes and Sunstein, part IV. Certain rights involve continuous negotiations. Homes and Sunstein explain how respecting the right to freedom of religion involves a continuous social interaction that may give rise to serious conflict if it does not include a measure of self restraint, mutual adjustment and a state that is conceived more as a broker than as a partner.

²⁸ Moore, op.cit. Badly managed rents obtained from natural resources have received a great deal of attention as a source of violent conflict and war, as in Collier, P. *The Bottom Billion. Why the Poorest Countries Are Failing and What Can Be Done About It?* Oxford University Press, 2007. Chapter 3.

in international human rights law, particularly since the effective capacity of the state to protect and promote human rights of its citizens is limited in the context of globalization. Actors such as global corporations play an important role. The role of the international community, and of states beyond their national borders, however, is clearly recognized, as *duties of assistance and cooperation*.

3. Revitalization of the economy – policy choices for pro-poor and inclusive growth

It is often said that ‘development’ requires peace and peace requires development. This is misleading as some development could in fact work against peace. It can be development that does not resolve but entrenches underlying socio-economic and structural factors that are at the origins of war, and that does not resolve the new tensions and resuscitate old divides. Given the scarcity of human, financial and political capital, it is particularly important to define a small set of strategic policy challenges.

In the context of Liberia, issues such as identity-based conflicts over land in the context of resettlement, or the majority of ex-combatants being unable to find employment are obvious sources of tensions. To strengthen the human rights and security objectives of national development greater attention should be given to a pro-poor growth model that provides stimulus to rural development and small enterprises aiming improve productivity and create employment for the mass of people; to reducing disparities as an explicit policy that goes beyond gender gaps to gaps between rural and urban areas, and between geographic regions and communities that would guide allocation of public investments in social and physical infrastructure that would reduce disparities; to ensuring businesses comply with human rights standards and higher levels of corporate social responsibility; and to strengthening dispute settlement mechanisms and securing justice, especially addressing conflicts over land, impunity and the failures to secure human rights through the judiciary, areas that would lead people to lose faith in the state and that can fuel resurgence of conflict.

Broad based growth – growth that is inclusive in which the benefits of growth are shared is a central objective of peace building. The revitalization of the economy emphasizes and restoring the productive capacity destroyed during the war are obvious priorities. However, reliance on the same sectors and social organization that fueled conflict could lead to the pre-war model of unequal, dualistic development in which most people remained poor. A post-conflict strategy needs to be complemented by measures that would promote more inclusive and pro-poor growth that would directly engage the energies of poor workers through small scale agriculture, small scale industries, and protection of workers conditions in the extractive and export sectors.

The difficulty of generating employment in countries like Liberia, Guatemala and Nepal²⁹ has resulted in migration in all three cases. Migration has meant that the export of labour

²⁹ Nepal’s current growth strategy is largely focused on the potential for hydropower, but this will not generate substantial employment.

has become a de facto strategy –particularly in Nepal and Guatemala-, but this avoids answering the need to generate employment within the country. For process of growth to be pro-poor, much more investment would be needed in sectors that are labour intensive and can generate employment for low skilled people. Remittances may be an important source of poverty reduction and general improvement in the living conditions of people. Yet reliance on remittances is also a source of concern. First, it has negative impact on the communities in terms of loss of labor as well as weakening of the social fabric. Secondly, economically, while it began as a result of stagnation, it may arguably become a cause of stagnation to the extent that it contributes to an appreciated exchange rate that does not favor exports and stimulates increasing imports and consumption.

Smallholder agriculture should play a key role in particular in countries like Liberia, Guatemala and Nepal. This sector will be critical to improving the productivity, incomes, consumption and nutrition of the majority of the population who are still in the rural areas. Nor should this be seen as an equity strategy only; current levels of smallholder productivity are extremely low signaling potential for rapid increase and recovery. Smallholder agriculture is a source of sustained growth and is not an alternative to, but a complement to the other sectors. Actions such as the development of rural roads could be an intervention with high multiplier effects.

Support of small landholders is justified in terms of reducing poverty, but creating a large mass of small and medium “farmers” is justified as a social and political basis for stability and democracy, both in the short (by generating expectations) and long term (by meeting those expectations). This would justify the implementation of a massive rural development strategy and could provide a strategic framework for the already considerable amount of foreign aid resources that are being channeled to reintegration and community development. Eventually a rural middle class could be the basis of stability.

Conclusions

This paper has explored the role of the state-citizen relationship in the origins of the civil wars in Guatemala, Liberia and Nepal. Despite the differences among these countries in terms of their geographic location, cultural heritage, income levels and economic structures, there are remarkable similarities in the nature of the state-citizen relationship in these countries and regarding the role it has played in the recent history of armed conflict.

Governance in all three countries was characterized by oppression and elite rule, with the state providing minimally for the human rights of citizens. Grievance against this oppression which was also structured along identity lines was a major factor in mobilizing against the state. While a breakdown in the state-citizen contract was a part and parcel of the origins of the civil wars, this was further eroded by the war itself. The initial weakness of institutions and their subsequent erosion as a result of civil wars in Guatemala, Liberia

and Nepal left the majority of people vulnerable across the whole range of human rights from right to life to right to food to right to education. Lack of such protection also leaves people vulnerable to falling into poverty. Restoring state-citizen compact would require a shift in the nature of the state, one that would not only be developmental in the sense of the East Asian states of the 1970s that were committed to investing in growth and social development, but one that is also accountable to human rights of citizens.

Forging a new social compact between the state and citizen will require new bargaining process over a set of social, economic and governance reform policies so as to respect, protect and fulfill human rights. Central among them are accountable fiscal policies without which 'state obligations' would be nothing more than a dead letter of political commitment.

This analysis reveals a need to focus policy attention on fiscal policies – the content and processes – for a 'developmental state with a human rights approach' – one in which the social compact between the state and citizens commits to state obligations for security and basic needs as well as basic civil and political rights of all people. New research is needed to identify the linkages between fiscal policies (especially on the revenue rather than expenditure side), and these obligations. In particular, much more needs to be understood about the mechanisms that determine taxation policies at the macro level such as priorities and the roles of the elite, the middle class, the different identity groups; and mechanisms at the local level by which vulnerabilities of excluded people are related to the nature of the state.