



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

SESSION 9 ECONOMIC MANAGEMENT FOR CONFLICT PREVENTION

**Post-Conflict Economic Recovery:
Understanding the Challenge, Choosing Priorities**

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November 2007

Overview

1. **New emphasis on fostering economic recovery after armed conflict**
2. **Refining strategy and policy mechanisms to foster post-conflict economic recovery.**
3. **Understanding the distinctive challenges of post-conflict recovery and development**
4. **Economic recovery and the risks of conflict recurrence**
5. **Some neglected dimensions of economic recovery strategies**

1a. Economic Recovery: Now recognized as critical pillar of Peace Building....

- “...until recently, socio-economic tasks were considered part of long-range development assistance programs that could begin only once peace was at hand.”
- Two Policy Consequences:
 1. economic recovery came to be treated as a lesser priority in peace consolidation than security and political reform
 2. when support resumed for economic recovery in war-torn countries, it resumed as “normal development” policy, with strategies and tools that were designed for poor but otherwise stable developing countries, but that failed to take account of the particular conditions facing war-torn states

1b...Economic Recovery as Critical as Security and Political Reform

- “No security without development, no development without security” is now a common policy refrain
- Economic dimensions of peacebuilding, especially early recovery, are important not only for improved growth and welfare, but *also* for consolidating peace
- One measure of these changing policy priorities is the increased frequency of economic and state-building provisions in negotiated peace agreements. as a joint UNDP-WB study of 27 peace agreements concluded after 1989 has shown. (see fig 1.1.a and 1.1.b)

- Another is the exponential proliferation of peacebuilding activities that multilateral and bilateral donors consider priorities. (see fig 1.2) According to a recent survey of those engaged in external peacebuilding policy design and implementation, the range of activities went far beyond peace negotiations and peacekeeping to include an expanded range of political, economic and social tasks.¹
- Finally, sustainable economic recovery is one of the key mandates of the UN Peace Building Commission, as declared by in its founding document by the UN Security Council, among the key purposes of the PBC are:
 - To bring together all relevant actors to marshal resources and to advise on and propose integrated strategies for post-conflict peacebuilding and recovery;
 - To focus attention on the reconstruction and institution-building efforts necessary for recovery from conflict and to support the development of integrated strategies in order to lay the foundation for sustainable development.²

2. Refining Strategies and Policy Mechanisms for Fostering Economic Recovery

- Over the last decade, development agencies (both bilateral and multilateral) have taken steps to integrate “conflict-sensitive” approaches to post-conflict peacebuilding
 - E.G. the routine use of Post-Conflict Needs Assessments as a means of assessment and resource allocation
 - E.G. the use of Multi-Donor Trust Funds to enable more rapid and coherent delivery of reconstruction aid to war-torn countries
 - E.G. the creation of more flexible funding facilities for post-conflict countries and relaxed conditionalities ((e.g. new World Bank facility).
- Still, major frameworks for development such as the MDGs and PRSPs have not yet been adapted to the specific conditions of post-conflict countries.
 - While all of the 8 MDGs are relevant to post-conflict countries, none takes into account the distinctive conditions and challenges of war-torn societies. (eg education in Liberia).

¹ Barnett, Kim, O'Donnell and Sitea, "Peacebuilding: What's In a Name?" Global Governance, (13) 2007

² S/RES/1645 (2005), <http://daccessdds.un.org/doc/UNDOC/GEN/N05/654/17/PDF/N0565417.pdf?OpenElement>

Some Critical Questions

- What are the distinctive developmental challenges facing war-torn states?
 - There is as yet no clarity as to whether and to what extent the problems of economic recovery are:
 - Distinctive from otherwise non-conflict developing states
 - Unique to each post-conflict country or
 - Whether post-conflict economies face broadly similar developmental challenges
- What types of policy interventions have yielded sustained economic recovery and under what conditions?
 - While there is a growing number of rigorous quantitative and comparative studies of role of economic factors in conflict-onset, ‘There are no equivalent ‘hard’ findings about what are the most appropriate economic challenges to stabilize a peace agreement in the short run and sustain the peace in the longer run’’³
- How important is economic recovery to successful peacebuilding?
 - Can peace be achieved and sustained in the absence of successful economic recovery?
- Implications
 - Without a clearer understanding of these issues, there is a risk that post-conflict economic policy will default to strategies designed for “normal” development circumstances and fail to maximize the potential for economic recovery to consolidate peace.

3 The Distinctive Challenges of Development in a Post-Conflict Context

- There is currently no scholarly or policy consensus on the distinctive features of post-conflict economies;
- Many of the developmental characteristics of post-conflict states are also shared by non-conflict low-income developing states, whether fragile or not.
 - E.G. informality, poverty, inequality, neglected infrastructure, high unemployment (especially among youth), youth bulges, poor governance, low resource mobilization, etc.

³ Suhrke and Dawes, “Economic Aspects of Peace Agreements”, UNDP/WB 2006

Post-conflict economies are, however, distinctive not just in degree but also in kind

- The most obvious difference is that war has occurred, and peace is fragile, which creates a more constrained implementation environment.
- War-related destruction magnifies the developmental burdens of non-conflict low-income developing countries while also reducing the capacities of states to manage these burdens.
- Additional burdens include:
 - Resettlement of displaced populations
 - Repair of destroyed infrastructure and productive assets
 - Disarmament, demobilization, and reintegration
 - Demining, especially of key transport routes and arable land
 - Lack of jobs and livelihoods, especially among former combatants and combatant-aged youth
 - Low levels of confidence among economic agents
 - Higher levels of criminality (opportunistic and organized);
- Additionally, war-induced state capacity deficits constrain:
 - Provision of basic security
 - Provision of social services
 - Revenue mobilization
 - Foreign aid absorption

4. Economic Recovery and the Risks of Conflict Recurrence

- Several major studies agree that “war begets war”, that war-torn states are at greater risk of armed conflict than states that have not experienced war.
- There is less agreement on the rate of conflict recurrence

| Rate of Recurrence | Period | Source |
|---------------------------|-----------------|---------------------------------|
| 50% | Within 5 years | Collier/Hoeffler, 2002 |
| 44% | Within 5 years | Collier/Hoeffler/Reynol 2003) |
| 21% | Within 4 years | Collier/Hoeffler/ Soderbom 2006 |
| 34% | Within 10 years | “ |
| 26% | Within 5 years | Suhrke/Woodward 2006 |

- A major objective of post-conflict economic recovery is to revive productive economic life without jeopardizing fragile peace.
- Still, there is also no clear understanding of the role that economic factors play in mitigating or exacerbating civil war recurrence.
- Systematic studies of *conflict onset* have identified the following economic risk factors;
 - Poverty (low PCI)
 - Low Growth
 - Horizontal Inequalities
 - High numbers of unemployed youth
 - High dependence on Valuable Natural Resources
- As a result, efforts to prevent armed conflict in the first instance have sought to incorporate measures to;
 - Reduce poverty
 - Enhance Growth
 - Enhance equitable and broad-based distribution of benefits among different groups;
 - Prioritize youth employment
 - Ensure responsible management of Natural Resource Wealth
- While it may be warranted to assume that these same risks apply to post-conflict economic recovery and to successful post-conflict peacebuilding, there is little systematic data available to show this.
- There is as yet no clear pattern of war recurrence in the face of continued poverty, inequality, high unemployment, or mismanaged natural resource wealth.
- ...although there are some preliminary findings that show a significant correlation between low growth and conflict recurrence (Collier)
- It is not clear, then, which of these factors should be made a policy priority in post-conflict settings.
- In a context where everything is urgent, and where the peacebuilding agenda is expanding, we need more refined analyses of the relative salience of these economic risk factors and the conditions under which they impede or sustain sustainable peace

5. Neglected Dimensions of Post-Conflict Economic Recovery: What comparative and case studies indicate:

- For the most part, post-conflict economic recovery tends to be framed in terms of macroeconomic stability, fiscal reform, and other prerequisites of economic growth;
 - While this is an important and, necessary condition, neither economic recovery after war nor the consolidation of sustainable peace, is assured by improved growth alone.
 - eg Angola: GDP growth is over 15% per annum. Yet, it remains near the bottom of the HDI, with the vast majority of Angolans living on less than a dollar a day.
- Practically, economic recovery interventions work at two levels:
 - The level of Macro Stability, which depends on IFI policy prescriptions and government budget support; and
 - The level of household and community livelihoods support, which depends on disparate bilateral, multilateral and NGO interventions.
- What seems needed are economic interventions that support both growth and economic recovery in a way that is directly meaningful to the people affected by war.
 - The fundamental importance of the indigenous drivers of recovery is not recognized in current external support strategies;
 - They favour the creation of FDI friendly climates over creating climates that would unleash local entrepreneurial resources and ingenuity;
 - They neglect what war-affected populations say they need most: employment, access to credit, defensible property rights.

Concluding Message:

Macroeconomic strategies for growth and stability need to better incorporate the economic potentials and risks of those who have the greatest stake in economic recovery and sustainable peace.