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DISSERTATION

Getting the Policies Right

The Prioritization and Sequencing of Policies in Post-Conflict Countries

Anga R. Timilsina

This document was submitted as a dissertation in July 2006 in partial fulfillment of the requirements of the doctoral degree in public policy analysis at the Pardee RAND Graduate School. The faculty committee that supervised and approved the dissertation consisted of Gregory Treverton (Chair), James Dobbins, and Robert Lempert. Francis Fukuyama of Johns Hopkins University was the external reader for the dissertation.

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EXECUTIVE SUMMARY

One of the most pressing issues in the post-conflict reconstruction field is how to prioritize and sequence political, social, and economic policies to enable post-conflict countries to sustain peace and reduce the risk of violence re-occurring. Analyzing three cases of post-conflict reconstruction (Cambodia, Mozambique, and Haiti) and expert opinions of 30 academicians and practitioners, this study identifies major reconstruction policies, outlines the preferred way to prioritize and sequence them, and develops a framework to help policymakers better navigate the complexities and challenges of forming appropriate policies.

Security and development are interdependent: Development fosters security and security fosters development. However, in the early stages of reconstruction in most post-conflict countries, security must be achieved first. Without a sustained improvement in the security situation, other reconstruction efforts, such as relief efforts, political reforms, democratization, economic reform and reconstruction, are not possible. However, the question of how to achieve security is a context-specific. After security, important policy priorities should be building effective, accountable, and inclusive governance institutions, institutionalizing democracy at the national and local levels through free, fair, participatory, and inclusive elections. Similarly, economic stabilization is needed to revive market, attract investment, generate employment opportunity, and create an environment for economic recovery and stability.

How policies are sequenced in the post-conflict reconstruction environment is non-linear, context-dependent and specific to the needs and requirements of each country. Nevertheless, the top priority in early reconstruction efforts should be to generate rapid and visible results. Secondly, although planning and preparation can take place in the early stage, most long-term infrastructure development projects should be implemented in the medium, rather than in the short term.

Recognizing that the post-conflict reconstruction is a complex process, this study has also developed a framework for guiding policy prioritization and sequencing. The framework summarizes the areas of consensus and near-consensus regarding a policy, identifies context-specific issues, and outlines the prerequisites needed to implement the policy.

Finally, this dissertation acknowledges that political backdrop is the major limitation for implementing reconstruction policies and calls on the international community to find some institutional mechanisms to address the underlying difficulty of the political situation.

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ABBREVIATIONS

ADB	–	Asian Development Bank
ADP	–	Accelerated Demining Programme
AFDB	–	African Development Bank
DDR	–	Disarmament, Demobilization and Reintegration
DPKO	–	UN Department of Peacekeeping Operation
EU	–	European Union
FAd'H	–	The Haitian Armed Forces (Forces Armées d'Haïti)
FY	–	Fiscal Year
HNP	–	Haitian National Police
IDPs	–	Internally Displaced Persons
IFIs	–	International Financial Institutions
ILO	–	International Labor Organization
IMF	–	International Monetary Fund
MDGs	–	Millennium Development Goals
NGOs	–	Non-Governmental Agencies
OAS	–	Organization of American States
OECD	–	Organization for Economic Co-operation and Development
UN	–	United Nations
UNDP	–	United Nations Development Program
UNICEF	–	United Nations Children's Fund
UNTAC	–	United Nations Transition Authority in Cambodia
UNICEF	–	United Nations Children's Fund
UNHCR	–	United Nations High Commissioner for Refugees
UN-OCHA	–	UN Office for the Coordination of Humanitarian Assistance
USAID	–	United States Agency for International Development
VAT	–	Value Added Tax
WDIs	–	World Development Indicators

CHAPTER 1: INTRODUCTION

1.1. Policy Problem

With 91 intra-state conflicts out of 116 armed conflicts in the period 1989-2002 (Eriksson et al., 2003), nearly all violent conflicts today can be categorized as internal conflicts or civil wars. Moreover, these intra-state conflicts predominantly occur in poor and underdeveloped countries. As a result, sustaining peace is more difficult than reaching peace because civil wars are a consequence of both the lack and the failure of economic development. Most of the countries at risk for the "conflict trap" [1] score at the bottom of the World Development Indicators (WDIs)—the World Bank's annual country-level compendium of key development-related outcome measures. Low scores on per capita income, literacy, life expectancy, and infant mortality strongly correlate with the probability of entering a civil conflict. And in recent years, many of these already low-scoring countries have experienced further declines on these development benchmarks. The recurrence of violence and presence of widespread insecurity, bad governance, illiteracy, poor health, and the absence of basic infrastructure in transportation and communications make fundamental change in post-conflict countries extraordinarily difficult. As such, one of the most problematic issues in development is how to assist post-conflict countries in achieving effective and sustained improvement in their domestic social and economic performance after the end of the war.

This problem triggers a series of questions: How could the international community assist in rebuilding stable polities in the aftermath of the conflict? What role should the international community play to ensure that countries emerging from conflict do not relapse into chaos as soon as the international peacekeepers leave? What could be the most effective ways to deliver security and development assistance to post-conflict countries so that these countries have the chance to turnaround?[2]

1.2. Background of the Problem

The following section provides a brief discussion of the key factors shaping today's post-conflict reconstruction environment. Changes are afoot. The number of civil conflicts has increased, with more of them drawing massive international interventions. When these interventions occur, they are longer, deeper and more complex than ever before. In addition, the aid environment has shifted—the age of a single-coordinating multilateral institution has ended and the field is characterized by small NGO's frequently operating under contract to the multilateral and bilateral aid organizations. This leads to significant challenges in the governance and coordination of the myriad organizations involved in post-conflict reconstruction. These factors create new opportunities and present new

[1] "Conflict trap" is a situation where violence and poverty reinforce each other.
[2] "Turnaround" could be measured in terms of marked improvement in performance of a country such as sustained growth in Gross Domestic Product (GDP) per capita, sustained peace, democratization, and the improvement in the human conditions.

challenges to the field. In particular, their implications for how to sequence and prioritize reconstruction policies are profound.

1.2.1. Opportunities in Rebuilding Post-Conflict Countries

Two major factors are reshaping the post-conflict reconstruction field; the expansion of what constitutes peace-building activities and the international community's increased willingness to participate in post-conflict reconstruction efforts.

The United Nations and other donor organizations expanded their peacebuilding activities during the 1990s, adding "multi-dimensional" peace operations in addition to their traditional focus on humanitarian relief, infrastructure restoration and political rehabilitation.[3] Traditionally, the United Nations (UN) and other donors have focused on humanitarian relief (e.g., helping refugees and internally displaced), the restoration of basic infrastructure, and political rehabilitation. More recently, in addition to maintaining peace, United Nations (UN) international interventions have added preventing post-war societies from re-erupting into violent conflict to their set of objectives for post-conflict countries. Post-conflict reconstruction is now recognized as a critical step in the continuum between humanitarian relief ("immediate phase") and long-term development assistance ("development phase"). The emerging recognition that multi-dimensional peacekeeping operations may be more effective than traditional peacekeeping operations leads to efforts to combine military roles with political and development roles.

In addition, security has emerged as an important component of post-conflict reconstruction along with other development agendas such as good governance, democratization, and the restoration of infrastructure and services.[4] Most development experts now agree that security and development are inextricably linked. For example, in April 2004, the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee recognized that security in all its dimensions is fundamental to reducing poverty, protecting human rights and achieving the Millennium Development Goals (MDGs) set by the UN in 2000. As such, the Committee proposed a new approach for aid allocation that treats security in developing countries as a public policy and governance issue. The security and development nexus is also on the agenda of other development agencies such as the World Bank, U.S. Agency for International Development (USAID) and the U.K. Department for International Development (DFID). Given increasing recognition of this development and security nexus, a RAND study recommends to treat all aspects of security within a development framework, including; the efficiency and functioning of police and justice systems, civilian control of

---

[3] The term "peacebuilding" came into widespread use after Boutros Boutros-Ghali, then United Nations Secretary-General, announced his *Agenda for Peace* in 1992 (see, Boutros-Ghali, 1992). Now, "peacebuilding" involves activities beyond crisis intervention such as long-term development, and building governance structures and institutions.

[4] Security has several levels: national security, international security and individual and health security. This study defines security as the presence of law and order and the protection of lives and property. Development can be defined as high per capita GDP, a low infant mortality rate, a high adult literacy rate, and so on.

the armed forces, protection of human rights, preventing recruitment of child soldiers, enhancing civil society's role in the security system, and civilian oversight and democratic control of security expenditures (Gompert et al. 2003).

The idea that security and development should be connected is intuitive.[5] Poverty reduction and development in any state are closely tied to security and the performance of the security sector.[6] Development–democratization, marketization, human capital growth, infrastructure creation, and integration into global markets, help to create security. Yet so does security foster development. This tie is even stronger in the case of countries emerged from conflict because the transformation of the security sector is critical to the success of peace agreements and to implementing structural reforms in post-conflict countries. Frequently, even after peace has been restored in many post-conflict countries, the opportunity to achieve a turnaround is marred by the failure of the government to provide security and maintain control or implement effective policies. Thus, like in the case of Haiti, the absence of a competent security sector, particularly if accompanied by widespread corruption and intimidation by government and other forces, not only tends to result in a recurrence of violence but also hinders development efforts. In this environment, implementing and adhering to national development programs is extremely challenging, especially when post-conflict countries have very limited institutional capacities to achieve development by brokering competing demands of conflict-affected population.

With increasing intensity since the end of the Cold War, peace-building, nation-building, post-conflict reconstruction, stabilization operations, depending on one's preferred terminology,[7] has become a central part of today's international relations and international development activities and is increasingly integrated with military and security roles in many post-conflict countries. In addition, nearly all international development agencies, have established units to systematically address post-conflict challenges.[8]

Since 1989, the frequency, scale, scope, and duration of these missions have steadily risen. In the 40-year period from 1948 to1988, the UN had just 15 peacekeeping operations around the world. In the ten-year span from 1989 to 1999, however, that number jumped to 31— a frequency approaching one every six moths.[9] In a similar way to the UN, the US, NATO, and the EU have adapted to the new environment by increasing their responsibilities for peace and security. Since 1989,

---

[5] For example, the OECD (2001) and Ball (2001), which argue that conflict and poverty reinforce each other.
[6] Security Sector comprises all components of security including military, paramilitary, police, judiciary, and penal system.
[7] Section 1.5 of Chapter 1 provides the definition of various terminologies.
[8] For example, the World Bank has two units: Conflict Prevention and Reconstruction Unit and the Low-Income Countries Under Stress (LICUS) Initiative, which also includes post-conflict countries. The UN has recently established the UN Peacebuilding Commission and the U.S. Department of State has established the Office of the Coordinator for Reconstruction and Stabilization.
[9] United States Institute of Peace, "Peacekeeping in Africa," *Special Report 66*, February 13, 2001. http://www.usip.org/pubs/specialreports/sr66.html (Accessed February 5, 2006).

on average, a new US-led intervention has been launched, every other year.[10] NATO has actively participated in the Balkans and Afghanistan, whereas the EU has played a vital role in Bosnia and Herzegovina, Macedonia, and the Democratic Republic of Congo. In addition, it is now commonplace for the UN, North Atlantic Treaty Organization (NATO), the European Union (EU), and the United States (US) to employ their armed forces in post-conflict environments with the objective of supporting a political transformation and rebuilding the country.

In addition, there is now widespread recognition that failed states can provide safe havens for a diverse array of transnational threats, including epidemic diseases, terrorist networks, global organized crime, and narcotics traffickers. Given the terror attacks of September 11, 2001 and threats posed by instability in war-torn countries, post-conflict reconstruction can no longer be viewed solely as "charity work" because it encompasses national and global security. Thus, the driving force behind increasing international engagement in post-conflict countries is the spill-over effects of insecurity and instability in war-torn countries.[11]

Most importantly, the cumulative effect of all nation-building activities has been measurably beneficial. Several studies show that peacekeeping has proved to be the most-cost effective instrument available to the international community. UN peacekeeping is both effective and cost-effective when compared to the costs of continued conflict and the toll in lives and economic devastation such conflict entails. Although it is tough to turn around a failed state, the cost of doing nothing is often higher.[12]

1.2.2. Challenges in Rebuilding Post-Conflict Countries

Despite more than a decade of sustained international engagement in various nation-building efforts, post-conflict reconstruction remains a significant global development challenge. When looking at the history of post-conflict reconstruction and the effectiveness of international intervention in rebuilding post-conflict countries, the record over the last six decades has been mixed. Japan and Germany are often regarded as examples of best practices in post-conflict reconstruction. These two cases demonstrated that with political will and strong international support, sustainable peace can be restored and post-conflict countries can achieve turnaround. More recently, Namibia, Mozambique, El Salvador, Cambodia, Rwanda, Bosnia, Kosovo, and East Timor have achieved some success after international interventions (see table 1.1). These countries have experienced relative peace and some level of economic growth during their post-conflict periods. On the other hand, the collapse of state institutions in Somalia and political and security instability in Haiti are examples of failures of international interventions and post-conflict reconstruction efforts.[13] Most recently, the international

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[10] See James Dobbins, "NATO's Role in Nation-Building," NATO Review, Summer 2005. Online at http://www.nato.int/docu/review/2005/issue2/english/art1.html (as of January 23, 2007).
[11] For example, Chauvet and Collier (2004) argue that the cost of doing nothing exceeds the cost of aid intervention intended to turn around fragile states.
[12] See Paul Collier and Anke Hoeffler, "The Challenge of Reducing the Global Incidence of Civil War", Center for the Study of African Economies, Department of Economics, Oxford University, March 2004.
[13] See Dobbins et al. (2003) and Dobbins et al. (2005).

community has engaged in the reconstruction of Afghanistan and Iraq. Although the prospects for success seem dim, the world has to wait a few more years to judge whether these reconstructions are successes or failures.

Table 1.1: Major Indicators for Selected Post-Conflict Countries

Post-Conflict Countries	***Sustained Peace?**	**Democratization in 2005** (**Freedom House Combined Average of Political Rights and Civil Liberty Ratings)	**Average GDP Per Capita Growth** (During the post-conflict period)
Cambodia	Yes	5.5 (not free)	4.6% (1994-2003)
El Salvador	Yes	2.5 (free)	2.3% (1992-2001)
Mozambique	Yes	3.5 (partly free)	5.3% (1993-2002)
Somalia	No	6.5 (not free)	…
Haiti	No	6.5 (not free)	-1.0% (1995-2004)
Bosnia	Yes	3.5 (partly free)	16.17% (1996-2005)
East Timor	Unknown	3.0 (partly free)	-0.31% (2000-2005)
Afghanistan	Unknown	5.5 (not free)	…

Note: * "Sustained Peace" implies that there was no civil war during the post-conflict period. **Freedom House Ratings have three categories: 1.0-2.5: Free; 3.0-5.0: Partly Free; and 5.5 -7.0 (Not Free).
Data Source: Freedom House Ratings are from *the Freedom in the World 2005* and information on GDP is from The World Bank, *WDIs Online Database 2005*.

Although most of the post-conflict countries during 1990s achieved some level of peace, the majority of these countries have suffered from a risk of renewed conflict. According to Foreign Policy (2005), the Ivory Coast, the Democratic Republic of the Congo, Somalia, Sierra Leone, Liberia, Haiti, Rwanda, and Central African Republic all risk renewed conflict. Across the globe, 31% of conflicts resumed within 10 years of the initial ceasefire. In comparison to global averages, African conflicts are even more prone to reignite: Half of African peace restorations last less than a decade (Bigombe et al., 2000). Given this challenge, it is often argued that democratization and sustainable development require long-term engagement of the international community in rebuilding the post-conflict countries. If international support in the form of both money and manpower tapers off after a few initial years of the post-conflict phase and leaves weak and vulnerable countries to their own devices, the recurrence of violence is fairly predictable. However, the long-term international engagement alone may not guarantee peace and prosperity given that the post-conflict reconstruction is a complex problem.

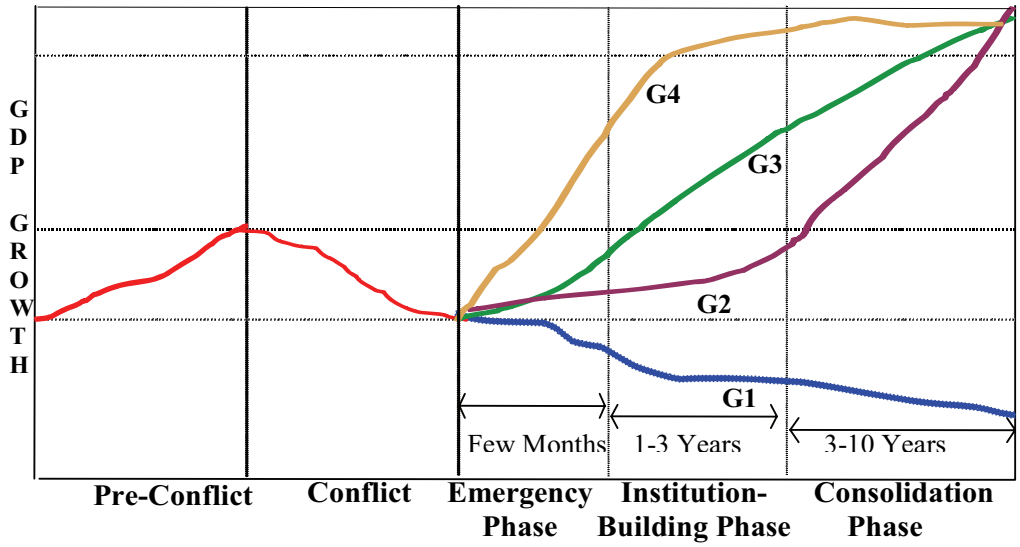
Today's complex post-conflict environment with above opportunities and challenges requires interventions with the following characteristics:

- Multi-lateral (involvement of more than one country or one agency)
- Multi-sectoral (in terms of what the international community is doing on the ground (security and development tasks)
- Multi-leveled (in terms of how much should be done)
- Multi-staged (in terms of when the international community should be involved) [14]

[14] See Lund (2003).

Given the increasing complexity of the reconstruction environment, complex missions would be more effective if reconstruction tasks are priorities and sequenced properly. Policy researchers and multilateral organizations have developed models to describe the phases of nation-building. Figure 1.1 shows the various phase of conflict: pre-conflict, conflict, and the post-conflict. The post-conflict phase can be further divided into various sub-phases. Fukuyama (2004) divides the task of rebuilding post-conflict countries into three distinct phases: (1) the initial stabilization of a war-torn society; (2) the creation of local institutions for governance; and (3) the strengthening of those institutions to the point where rapid economic growth and sustained social development can take place. Similarly, "Practical Guide to Multilateral Needs Assessments in Post-Conflict Situations", a document published by United Nations Development Programme (UNDP) and other donors, divides the post-conflict period into three phases and suggests the length of each phase: stabilization/ transition (months 1-12); transformation/institutional building (months 12-36); and consolidation (months 36-120).

Figure 1.1: Phases of Nation-Building



Source: Jones et al. (2005). The GDP growth is an added example by the author.

A post-conflict society may achieve higher or lower economic growth "G" depending on the effectiveness of policies during each phase of post-conflict reconstruction (see Figure 1.1). Thus, the policies in different phases of post-conflict reconstruction are interlinked and identifying these linkages will greatly contribute to prioritizing and sequencing policies (see Figure 1.2).

Figure 1.2: Policies and Different Phases of Post-Conflict Reconstruction

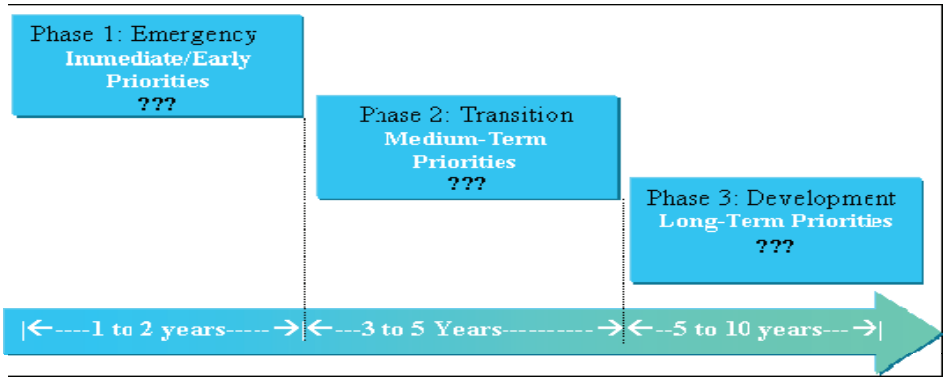
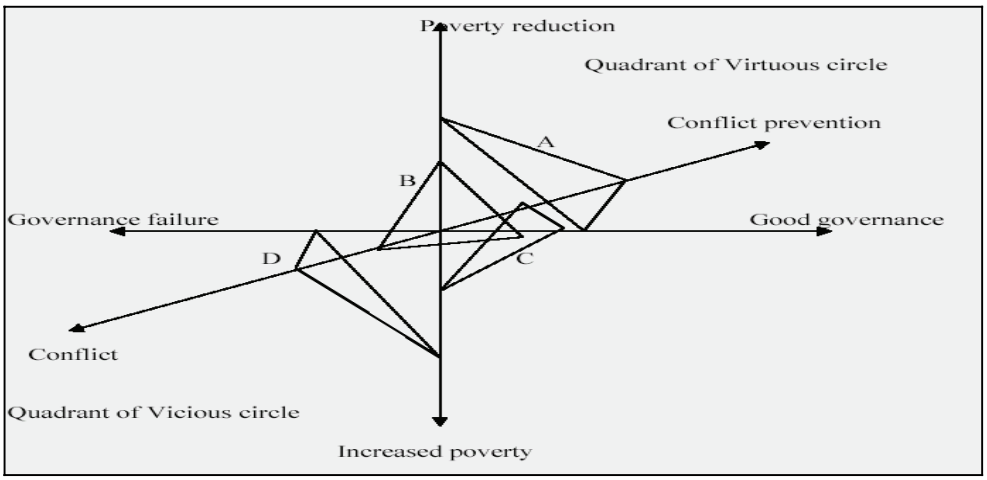


Figure 1.3: Multi-Dimensions to Measure a Policy Outcome

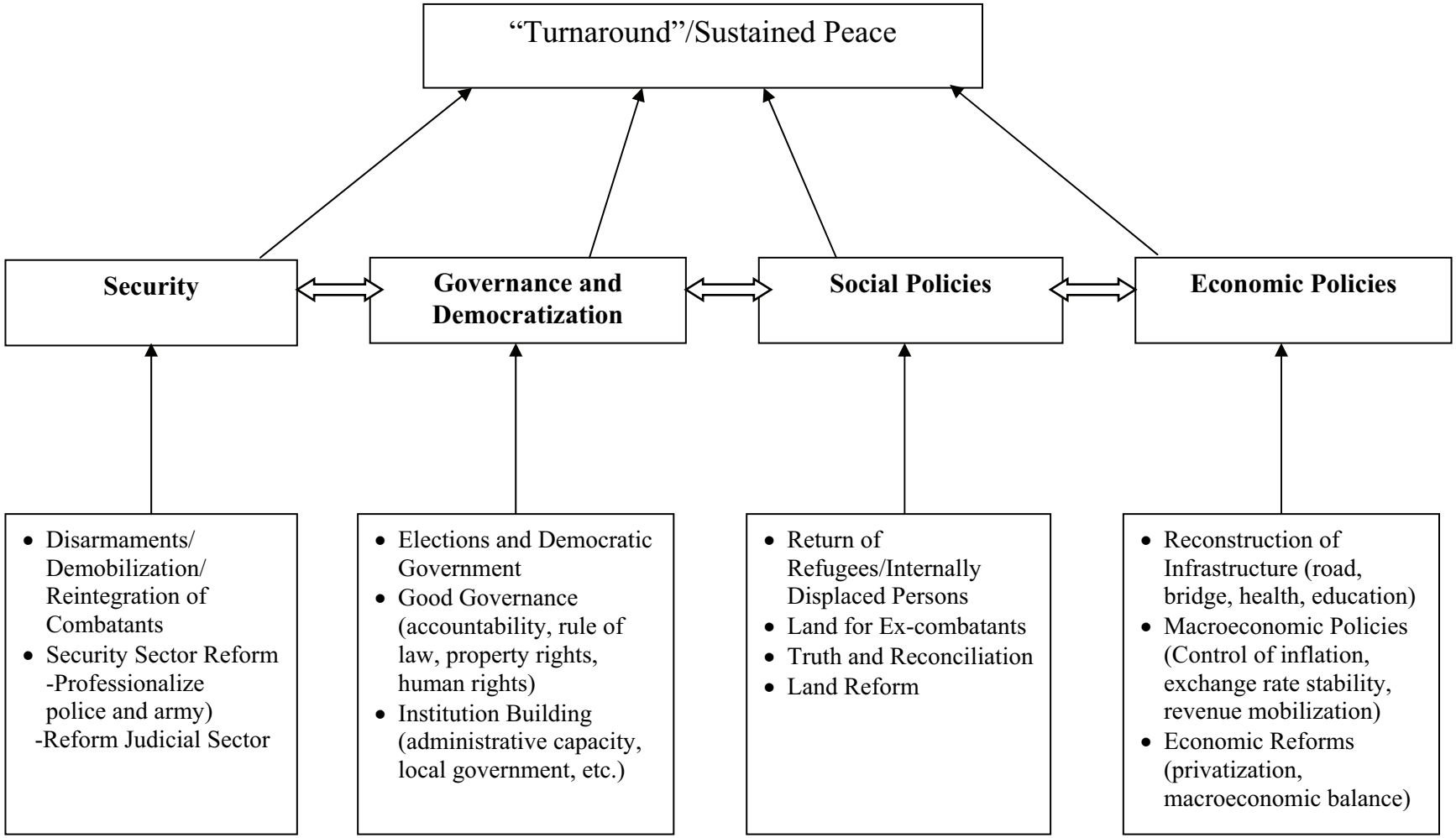


Source: Anand (2004).

Moreover, given the multidimensional impact of a program or policy, it is often hard to estimate the real impact of a particular program on peacebuilding. For example, Figure 1.3 illustrates the trade-offs among the policies in terms of policy outcomes. Anand (2004) mentions that a police training program could have a very high impact on conflict prevention dimension, some impact on improving governance but very little impact on poverty reduction. On the other hand, a program for strengthening local non-governmental agencies might have a significant impact on poverty but lesser impacts on governance and conflict prevention.

Most importantly, as mentioned by the Panel on UN Peace Operations in 2000 (the "Brahimi" report), ensuring post-conflict security and achieving broader peacebuilding are interdependent goals, and post-conflict reconstruction necessitates a multi-sectoral approach. Figure 1.4 loosely classifies policies into four broad categories and shows that post-conflict reconstruction consists of several distinct yet interrelated categories of tasks. However, what is not yet clear is how these elements fit together, which policies are most effective and what circumstances foster successful post-conflict reconstruction.

Figure 1.4: Policies for Peacebuilding



Source: Loosely based on Dobbins (2004), Hambre and Sullivan (2002), and Smith (2004).

1.3. Research Objectives

The sequencing and phasing of various parts of an intervention may be key for improving the outcomes of post-conflict reconstruction for several reasons. First, budget constraints may preclude implementing all policies at once. Second, some problems must be addressed early in order to demonstrate that peace has indeed been established or returned. Third, some programs, such as sweeping civil service reform and poorly designed liberalization and privatization programs, launched by the international community in the past had been counter-productive to peace objectives.

Although there is already a substantial body of work on policies that contribute to the economic growth of developing countries, little is known about the effectiveness of policies in countries emerging from conflict. Thus, the main aim of this dissertation was to examine how the interlinkages and phasing of various priorities in the areas of security, humanitarian and relief efforts, economic recovery, democratization and governance, and longer-term development, could better be articulated in post-conflict reconstruction planning and how the international and national policymaking and management capacity for post-conflict reconstruction could be strengthened. More specifically, the research aimed to answer the following questions:

(1) Can the generalized elements of security and development policies that are necessary for peace and stability be defined so that these policies should be taken as a part of durable foundation for post-conflict reconstruction? Are there any generally (or minimally) acceptable policies among the expert community?

(2) In terms of prioritization, where should more international and national efforts be focused? On security? On large-scale infrastructure programs? On humanitarian efforts? On governance? On economic reforms? Does the simultaneous introduction of political, economic and security initiatives generate better results or does sequencing work better? Do certain goals presuppose the accomplishment of prior objectives? Given resource constraints, does it make sense to focus efforts on one area or is it more productive to do a little bit of every thing?

(3) How should the priorities be set? Can we develop a generally agreed upon framework for setting policy priorities for post-conflict reconstruction?

(4) What are the necessary conditions or factors to implement these policies and get maximum impact on post-conflict reconstruction?

1.4. Importance and Scope of the Study

Research on sequencing and prioritization of policies for post-conflict reconstruction is sparse and limited. One reason for this lack is that research on war-turn countries runs into particular methodological difficulties and data limitations. Since this area is under-researched,

there is insufficient understanding about how to use resources most effectively over the long-term. Given this background, this study contributes in many ways to knowledge and policy. First, this study systematically examines the linkages between security and development by exploring combinations and sequencing of security and development interventions to stabilize fragile states. Second, from the policy prospective, this study provides a roadmap for peace-building or an analytical framework that will enable practitioners, such as the UN, the international financial institutions (IFIs), bilateral donors, and post-conflict governments, to determine which policies (programs) work best under what circumstances so that practitioners could target resources (mainly manpower and money) in the areas which have the most-strategy impact on post-conflict countries' turnaround. In addition, the findings of this study will help governments and multilateral institutions adopt more proactive conflict prevention strategies in "failing" countries as well. Of key importance in this regard will be the evaluation of the role of security policies vis-à-vis the role of economic reforms such as fiscal reform, price liberalization, and trade liberalization.

1.5. Definition of Terms

There are two popular terminologies that have been used to describe the international and national efforts to build and reconstruct weak states after the civil war: "Nation-building" and "post-conflict reconstruction." There are some other terminologies, such as "state-building," "peacebuilding," and "peacekeeping," that could be taken as the subsets of "nation-building" and "post-conflict reconstruction." However, one important thing to notice is that in spite of the use different terminologies, there seems to be a near-consensus among experts that peace-building or nation-building should include all of the following components: Addressing the underlying sources of conflict; preventing the outbreak or escalation of conflict; building/re-building peaceful social institutions; building/rebuilding governance institutions; creating sustainable democratic institutions; building/rebuilding rule of law and ensuring justice; strengthening human rights protection; and achieving economic growth and sustainable development.

Dobbins et al. (2003) define nation-building as "the use of armed force in the aftermath of a conflict to underpin an enduring transition to democracy. However, critics argue that this definition could be misleading because the citizen of the country in question should build their nation and outsiders can only support their efforts. Thus, the term "post-conflict reconstruction" might be better representation of international efforts in rebuilding post-conflict countries. The World Bank defines post-conflict reconstruction as the needs for "the rebuilding of the socioeconomic framework of society" and "enabling conditions for a functioning peacetime society [to include] the framework of governance and rule of law" (Hamre and Sullivan, 2002).

Despite these differences in definition, both of these terminologies characterize the international and national efforts in building peace that involves a wide range of tasks from security sector reform to infrastructure building. However, the question is: When does the first

phase of post-conflict reconstruction—nation-building—start? How do we know that a country is in the post-conflict phase? The SIPRI Yearbook, an annual publication of Stockholm International Peace Research Institute, defines armed conflict as "prolonged combat" between the military forces of two or more governments, or of one government and at least one organized armed group, incurring the battle related deaths of at least 1,000 people during the conflict period. Thus, in many cases, post-conflict reconstruction starts when hostilities end, typically in the form of a cease-fire agreement or peace agreement. A reduction in the level of conventional attacks and the return to normalization qualifies whether a country is in the post-conflict status. However, in some cases, post-conflict reconstruction may also start when there is a "forced settlement" of conflict with either international intervention playing a significant role in bringing war to an end or the local force(s) winning the war against the rival factions and capturing the power.

However, this dissertation considers only those post-conflict countries that are in the first ten years after the end of hostilities. By the above-mentioned definitions of post-conflict countries, the following countries are currently in post-conflict status: Afghanistan, Angola, Bosnia, Central African Republic, Democratic Republic of the Congo, East Timor, Ethiopia, Eritrea, Haiti, Iraq, Ivory Coast, Kosovo, Liberia, Sierra Leone and Sudan (the Southern part of Sudan).[15] It should be noted that Afghanistan and Iraq are two exceptional post-conflict countries where although the international and national efforts have been channeled to build the countries, the security situation has not been returned to normalcy.

1.6. Limitations

This study does not examine all types of state failures. Rather, it focuses on those cases of state failure (both internal and external conflicts) that were followed by significant international interventions (e.g., in the form of military presence and a significant role of international community during the transition) and post-conflict reconstruction. All of the cases mentioned above fell under this definition; however, low magnitude events (e.g., the agreement between the government of Pakistan and tribal leaders from Balochistan Province of Pakistan) were excluded because such events are less likely to be followed by major policy reforms or reconstruction of a country.

1.7. Organization of the Dissertation

This dissertation includes a total of nine chapters. Chapter 2 provides an overview of the theoretical literature on the effectiveness of policies and summarizes some hypotheses about the prioritization and the sequencing of reform. Chapter 3 discusses the methodology used to answer the research questions. Chapters 4, 5 and 6 present three case studies on the post-conflict reconstruction of Haiti, Mozambique, and Cambodia, respectively. Chapter 7 presents a cross-

[15] These cases of post-conflict reconstruction are as of December 31, 2006. By this date, Kosovo is still an autonomous territory, not an independent country.

country comparison and summarizes the lessons learned. By using data from expert opinions, Chapter 8 reevaluates the conclusions drawn from the cross-country comparison. Chapter 9 concludes by presenting the main results, policy recommendations and major limitations in implementing these recommendations, and the recommendations for future research.

CHAPTER 2: LITERATURE REVIEW

This chapter reviews the relevant literature on policy priorities and the theory, timing, scope, speed and sequencing of reform. There are mainly three types of literature on the prioritization and sequencing of reform: the literature that looks at the historical trend in development priorities; the literature that looks at the experiences in rebuilding post-conflict countries; and the literature that looks at the underlying causes of conflict and try to identify policy priorities.

2.1. Historical Trend in Development Priorities

The priorities of development aid have changed over time. Immediately after the Second World War, the focus of development was the reconstruction and rebuilding of the war-torn country's infrastructure. During the 1960s and 1970s, agriculture (the "green revolution") and social development became main priorities, respectively. During the late 1980s and early 1990s, key development priorities included macroeconomic balances, trade liberalization, interest rates, the inflow of foreign direct investment, and the privatization of state-owned enterprises.

Although many policies and practices broadly associated with expanding the role of market forces and constraining the role of the state were put into practice well before the end of 1980s, in 1989, the "Washington Consensus", a summary of policy advice offered by the Washington-based institutions (including the World Bank, IMF and U.S. Treasury) to Latin American countries for the recovery of Latin America from the financial crisis of 1980s, outlined the preferred strategies of economic reform in developing countries. Williamson (1990) summarizes the set of policy reforms that most of the officials in Washington thought would be good for Latin American countries: (1) Fiscal discipline; (2) A redirection of public expenditure priorities toward fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education, and infrastructure; (3) Tax reform (to lower marginal rates and broaden the tax base); (4) Interest rate liberalization; (5) A competitive exchange rate; (6) Trade liberalization; (7) Liberalization of inflows of foreign direct investment; (8) Privatization; (9) Deregulation (to abolish barriers to entry and exit); and (10) Secure property rights.

Although at least in theory, the need for the first three reforms was widely accepted among economists, the sequencing and the priorities for the other seven measures were widely criticized. The core of the argument against these policy priorities and their sequencing was that these policies were formulated for tackling the specific problems of Latin American countries (especially inflation) and thus, should not be equally applied to all other developing countries. More specifically, the sequencing of interest rate and exchange rate liberalizations were heavily criticized. Some argued that interest rate liberalization should come toward the end of the process of financial liberalization rather than near the start (Stiglitz, 2002). Financial liberalization was

criticized on the ground that without a mechanism for financial supervision, it may lead to a financial crisis. Privatization also became controversial, especially after the failure of voucher privatization in Russia. It was argued that without proper regulatory mechanisms and healthy market competition, the privatized monopolies may do harm to the economy by exploiting their monopoly positions (Stiglitz, 1999; Stiglitz, 2002). Similarly, as it did in East Asia in the late 1990s, capital market liberalization could bring the increased risk of attracting speculative money unless a regulatory mechanism controlled volatile short-term capital flows.

Even when there is agreement on what types of reforms are necessary, there is no agreement among policy makers and academicians on how fast reforms should be introduced. Those who are in favor of "gradualism" argue that if you rush you are bound to make serious mistakes because the capacity to manage change is limited in poor and developing countries. Proponents of gradualism believe reforms should be introduced slowly to enable the consolidations of gains (Haughton, 1998). On the other hand, those in favor of the "big bang" argue that reforms should be introduced rapidly in order to establish policies' credibility and tackle the difficult issues before opposition can develop (Stiglitz, 2002; Haughton, 1998).

Nonetheless, there is near consensus among the development community on three main lessons from policy reforms: First, it is not the policy itself that matters much but the specifics of the policy being carried out. For example, the effectiveness of privatization depends how the privatization is carried out (Young, 2004). Second, institutions, both as rules and as organizations, matter for the effectiveness of policies (Roemer and Radelet, 1991; Burki and Perry, 1998). Third, the IFIs have recognized the need to tailor specific programs for each and every developing country involving more flexibility in the pacing and sequencing of economic reforms (Nsouli, 2002).

Coinciding with the Washington Consensus, the world witnessed the disintegration of the former Soviet Union and other East European Countries. Among other things including financial stabilization, liberalization and privatization, the reform of a legal system and the enforcement of property rights were often recommended to help these countries in their transitions to market economy. By the late 1990s, good governance emerged as one of the main development priorities. Recently, there is a growing consensus among donors that aid should be disbursed according to the recipient country's policy performance because aid can help countries with good governance, but will make little difference in countries with bad governance (see, Klitgaard and Light, 2004; Collier and Dollar, 2002).

Now the question is whether lessons from historical trends on development priorities are helpful for designing policy priorities for post-conflict reconstruction. The reconstruction of war-torn societies is based intellectually on the current consensus around universally accepted values such as market-oriented economic reform, democratization, civil society building, human rights, rule of law, and good governance. Most practitioners and policy makers agree that these values advance peace, prevent conflict and help poor societies develop. However, the methods used to

promote economic development in poor countries that have not been torn apart by war could prove ineffective or counter effective in countries emerging from conflict.

War-torn economies differ in several ways from peaceful economies. Post-conflict countries face a high risk of reverting to conflict. World Bank Research shows that there is a 44 percent chance of reverting to conflict during the first five years after the onset of peace (The World Bank, 2003). In addition to the problems in other developing countries such as low GDP growth, and macroeconomic imbalances (high inflation, dollarization, low government revenue), war-emerged countries also experience extensive population movements, widespread insecurity, worsening infrastructure, a renewed emphasis on subsistence agricultural sector, worsened social indicators and weakened institutions (Haughton, 2002). The prevalence of the psychology of war and distrust and urgent needs related to emergency relief, security, justice, and human rights add more challenges in defining development goals (Fagen, 2005). According to Eizenstat et al. (2005) there are three unique characteristics of war-torn countries: a security gap; a capacity gap; and a legitimacy gap (i.e., the governments of war-torn economies typically lack clear authority). Although capacity gaps exist both in war-torn and not-war-torn developing countries, security and legitimacy gaps are two unique characteristics of countries emerging or recently emerged from conflict.

Post-conflict countries are also different from other developing countries in the sense that they provide an opportunity for bold changes because the post-conflict period may present relatively amenable conditions for political reform. People expect change and old vested interests may have been weakened. In some cases, previously approaches rejected for political, legal, or administrative reasons may now be received with more openness (Gupta et al., 2004). For example, the end of conflict usually provides an opportunity for reforming critical sectors such as land tenure, administration, judicial practice, and the security sector. Initiatives for participatory debates and assessment of the role of the military in relation to the state and civil society have been productive in post conflict settings (OECD, 2001, p. 81).

More recently, some organizations dedicated to development are paying more attention to the development of fragile countries. There is an emerging consensus that, in addition to economic analysis, the socio-political analysis of these countries is important and the response to fragile states' agendas should include a marriage of security and development issues. The World Bank includes post-conflict countries in a group of fragile countries, also known as the "Low Income Countries Under Stress (LICUS)."[16] There are three types of LICUS countries: countries emerging from conflict (e.g., Mozambique, Cambodia, and Haiti); volatile countries with weak governance and limited capacity (e.g., Zimbabwe, which is isolating itself from the world but shouldn't be ignored because international disengagement may only worsen the situation); and

[16] In terms of policy performance, the World Bank classifies poor performing countries as LICUS countries. LICUS are fragile states with particularly weak policies and institutions, scoring less than 3.0 on the CPIA. Some of these countries are post-conflict countries. See the World Bank (2005).

stagnant countries (e.g., Papua New Guinea, whose economy is moribund but not volatile). However, it is argued that policy should be distinctive in post-conflict settings because the underlying and persistent characteristics of post-conflict countries are very different from other fragile countries (Collier, 2006).

2.2. Experiences in Rebuilding Post-Conflict Countries

The reconstruction of Japan and Germany is often regarded as the most ambitious example of post-war reconstruction. It has been well-accepted that democratization coupled with reconstruction contributed to the stability and growth of these countries. The Marshall Plan involved the U.S. in a long-term commitment in the development of Europe by bringing U.S. financial and investment resources to Europe and the post-war European countries to re-build their economies. The major reconstruction priorities in Germany were reopening the coalmines, restoring basic transportation, replacing the damaged bridges, reopening ports and rehabilitating the roads and reinvigorating the economic structure of Germany including currency and fiscal reforms. In case of Japan, the U.S. provided a large-scale humanitarian assistance in the earlier phase of reconstruction followed by major supports for political reform and economic reconstruction.

In both Germany and Japan, the political reform process for the most part predated large-scale external reconstruction assistance. The economic miracles in both of these countries postdated the political reforms, and helped consolidate them as the public came to assimilate democracy. All of Japan's political reforms were in place for the most part by 1947. In Germany too the political reform predated the Marshall Plan, which did not begin until 1948.

However, it is argued that the post-conflict reconstruction priorities adopted in Japan and Germany may not be of great help given the fact that the situations of Japan and Germany were fundamentally different than the situations faced by today's post-conflict countries. Contrary to the today's post-conflict countries, which have human and institutional resources and limited aid-absorption capacity, Germany and Japan had strong institutional capacity. In Germany, aid was channeled through strong and tested institutions and experienced government bureaucracies and the rebuilding process rested on an already existing structure of democratic governance, law and market mechanisms (Fagen, 2005). Similarly, political institutions were strong and durable in Japan, which had a large enough capacity for industrial production although it was diverted to the military production during the pre-second world war period.

Many experts argue that the cases of reconstruction of Germany and Japan are distant past but the international experiences in rebuilding several war-torn countries during the 1990s could greatly contribute in formulating policies for future intervention. Since the early 1990s, a plethora of international interventions-from Mozambique to East Timor to Afghanistan—have expanded the knowledge related to the post-conflict reconstruction.

Pillars of Post-Conflict Reconstruction

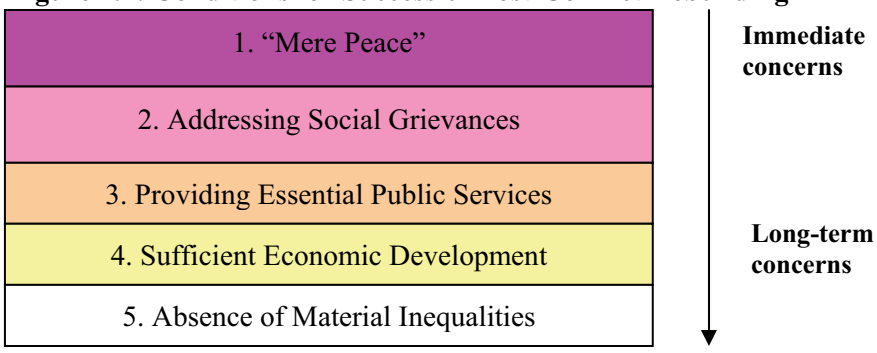
Hamre and Sullivan (2000) divide priorities for post-conflict countries into four distinct yet interrelated categories of tasks: security; justice and reconciliation; social and economic well-being; and governance and participation. Although, they acknowledge that a comprehensive plan with a logical sequence should be developed so that momentum can be built and sustained, and success can be shown early in critical areas that may take more time to demonstrate progress, they do not specify any logical sequence of policies.

Dobbins et al. (2003, 2005) assess the role of the international community during the post-conflict period, dividing it into five broad categories: security, humanitarian, civil administration, democratization, and economic reconstruction. Although nation-building, defined as the use of armed force in the aftermath of crisis to promote a transition to democracy, involves these five aspects in their studies, Dobbins et al. provide no guidance on policy prioritization and sequencing. However, they argue that with peace comes the potential for economic growth and the possibility of democratization, indicating that security is the most basic level of development that needs to be addressed first.

Policy Goals (Immediate Concerns vs. Long-Term Concerns)

Lund (2003) argues that five conditions should prevail to achieve sustainable peace in post-conflict societies. These conditions have been arranged in a sliding scale from more immediate conditions to deeper and more long-term ones (see Figure 2.1). The first priority for building peace is to deal with the actual or threatened widespread violence from armed force ("mere peace"). After the presence of a minimal level of security, there need to be accommodative political processes that allow access to decisions and provide mechanism for addressing social grievances. Third, a functioning government sufficient to provide essential public services should be in place. Fourth, sufficient economic development is required to improve the well-being of most people in the society and begin to reduce poverty. Fifth, in order to sustain peace and stability in the long run, there should be an absence of egregious social divisions and material inequalities.

Figure 2.1: Conditions for Successful Post-Conflict Rebuilding



It is highly likely that the steps taken in the early stages of a war-to-peace transition determine whether peace will be sustained or conflict will be renewed. For example, economic development often depends on how peace dividends reach the populations that have participated in and suffered from conflict. However, the sequencing or hierarchy of objectives for assistance outlined by Lund (2003) has some doubts as to whether "addressing social grievances" should have priority over "providing essential public services." Among other things it is hard to see how social grievance can be addressed in the absence of a competent public sector.

To rebuild a country in the wake of violent conflict, the Post-Conflict Task Force convened by the Association of the U.S. Army and the Center for Strategic and International Studies provides following framework that is organized into three conceptual phases: initial response, transformation, and fostering sustainability. The initial response phase is characterized by intervention for basic security, stability, and emergency services. The second phase focuses on developing legitimate and sustainable indigenous capacity including reviving the economy, establishing governance, enhancing participation, and securing a foundation of justice and reconciliation. The final phase consolidates long-term recovery efforts.

Table 2.2: Goals in Each Conceptual Phase

	⇨ **Initial Response**	⇨ **Transformation**	⇨ **Fostering Sustainability**
Security	Establish a safe and secure environment	Develop legitimate and stable security institutions	Consolidate indigenous capacity
Justice and Reconstruction	Develop mechanism for addressing past and ongoing grievances	Build legal system and process for reconciliation	Build functioning legal system based on international norms
Social and Economic Well-being	Provide for emergency humanitarian needs	Establish foundation for development	Institutionalize long-term development program
Governance and Participation	Determine governance structure and establish foundation for citizen participation	Promote legitimate political institutions and participatory process	Consolidate political institutions and participatory process

Source: U.S. Army and Center for Strategic and International Studies (2002).

Paying attention to the unique characteristics of war-torn economies, Haughton (1998) provides a menu of key policy measures for speeding the reconstruction of war-torn societies. The study argues that a suggested sequence could usually serve as a framework within which particular policies may be fitted; however, flexibility, creativity and judgment will always be needed in the context of any given country.

Table 2.3: Key Policy Measures for the Reconstruction of War-Torn Economies

	Early measures (years 1-2)	Later measures (years 3-5)
Population	Return and settle refugees.	
Security	Demobilize.	
	Professionalize police, army.	Professionalize police, army.
Infrastructure	Open and secure main ports, roads, rail, airports.	Plan long-term investment/maintenance.
	Develop capacity to appraise & manage projects.	
Macroeconomics	Cut inflation below 20%.	
	Restrain lending by state-owned banks.	Develop banking rules and oversight capacity.
	Liberate exchange rate.	
	Establish exchange rate convertibility.	
Fiscal System	Introduce cash budgeting.	Increase revenue mobilization.
	Set up payments system.	Develop data collection.
	Suspend debt servicing.	Renegotiate debt.
	Seek foreign aid to support budget.	Civil service reform.
		Fiscal decentralization.
Economic Structure	Provide seeds and tools so that all war affected would return and engage in agriculture.	
	Food aid, briefly.	
		Foreign investment law.
		Investor roadmap.
		Encourage development of markets.
Social Infrastructure	Maintain health in remaining camps.	Restore public health measures in towns.
	Support orphans, war cripples.	Target primary health care.
		Build primary education.
Property Rights	Land for ex-combatants.	Land reform.
		Asset restitution.
		Privatize small companies.
Role of Donors	Budget support.	Reduce budget support.
	Indiscriminate project aid.	More selectivity in project aid.
	Technical training in key areas.	Broader educational support.
	Select aid coordinator and establish guidelines.	Institutional coordination within government.
	Apply few conditions to aid.	Tighter, but still few conditions attached to aid.

Source: Haughton (1998).

The Post-Conflict Task Force's Study and Haughton (1998) provide a list of policies for post-conflict reconstruction, but do not indicate how the resource should be allocated across different policy categories.

There are some other studies, which also look at policy priorities and sequencing in post-conflict settings. The World Bank (2003) argues that the early rehabilitation of key infrastructure destroyed during the conflict and establishment of a mechanism to clarify property rights can

have high returns. Kumar (1997) recommends three rehabilitations. His first recommendation is political rehabilitation (restoring a capacity for governance, supporting elections, monitoring and promoting human rights, demobilizing and reintegrating soldiers, and reforming security sector) followed by social rehabilitations such as repatriation and resettlement of internal and external refugees, reviving and reforming education and health, assisting war-stricken children and assisting women who have been victims of war. His third rehabilitation is economic rehabilitation--removing landmines, reviving agriculture, restoring physical infrastructure, and instituting macroeconomic policies such as economic stabilization, currency devaluation, the liberalization of control and regulations on the economy, and the privatization of state-owned enterprises. However, critics argue that economic stabilization and liberalization can and should be achieved early in the process of rehabilitation in order to create a favorable environment for subsequent economic development to take root (Haughton, 1998).

Foreign Aid in Post-Conflict Environment: When, How Much and in What Form?

There is no agreement among development economists regarding when, in which area, and how much aid should be given to post-conflict countries. Some argue that too much aid may contribute to rampant price inflation and widespread corruption. So, the question is: How much aid can a post-conflict country usefully absorb and what should be the effective aid delivery framework for post-conflict reconstruction?

Some studies argue that aid should be provided early in the post-war period. This argument is based on the findings that there are high risks of peace agreements breaking down early (Smith, 2004). Chauvet and Guillaumount (2004) estimate an economic policy regression and find that when policies are initially very poor, aid has a positive impact on them. Similarly, Addison (2004) argues that since revenue mobilization is very low during the beginning of the post-conflict period, an aid dollar has a higher marginal value (from a fiscal perspective) in the early years of recovery— aid is needed for numerous tasks; to settle refugees, provide primary education and basic health services, establish safer water and sanitation, repair roads, and put micro-enterprises back to business, and so on. Addison (2004) provides an example from Mozambique where the promise of generous aid in the immediate post-war years was one of the factors that encouraged the RENAMO, Mozambique's former rebel movement, to come to the negotiating table.

However, the idea that the bulk of aid should come early is challenged by World Bank research. Collier et al. (2002) argue that a decade of aid is needed for post-conflict recovery and avoidance of further war and that the peak absorption period is in the middle four or five years of the decade (i.e., approximately the fourth through the seventh post-conflict years). Furthermore, the effectiveness of aid depends upon the quality of economic policies, governance and institutions (Collier and Dollar, 2002). Collier and Hoeffler (2002) argue that, while needs are great, the quality of state institutions in post-conflict environment is so low that the capacity to

use resources effectively is very limited and returns to aid are limited. They also argue that peacebuilding aid to the post-conflict countries is often given at the wrong time and at the wrong rate. They observe that in the first couple of years of peace, a flood of aid enters the country, while over the entire course of the first post-conflict decade, the amount of aid delivered is no higher than it would be if the society were in a non-post conflict state. From the perspective of maximizing the impact on growth, they recommend that donors should allocate large amounts of aid to the middle years of the first decade of post-conflict societies when the absorptive capacity of the country is sufficiently developed.

Table 2.4: Phases of Post-Conflict Reconstruction and Aid Absorptive Capacity

Phase	Time Horizon	Absorptive Capacity	Economic Growth
Stabilization/Transition	12 months	Low	Low
Transformation/Institutional Building	12-36 months	Rising	Low
Consolidation	36-120 months	High	High

Source: UNDP et al. (2004).

However, at present there is no methodology to calculate the appropriate scale of aid for post-conflict reconstruction.

Regarding the form in which aid should be delivered, Collier and Hoeffler (2003, 2004a) argue that aid in the form of an international military presence can be cost-effective as long as the post-conflict government cuts its military budget to make investments elsewhere, thereby reaping a peace dividend during the external military presence. They argue that a lower level of military spending delivers additional growth. However, this study does not take into account the fact that the prolonged presence of international troops in post-conflict countries creates political problems.

In sum, the literature on the experiences on post-conflict reconstruction suffers from many limitations. Although there are numerous studies, few give a good sense of what the sequencing and combination of policies should be. Hypotheses about policy priorities are still controversial and require further investigation.

2.3. Identifying the Risk Factors and Prioritizing Policies

Recently, a great deal of literature analyzing the causes of conflict has emerged. These empirical studies of conflict are based on two kinds of theories: rational choice theories, which assume that violent conflict occurs when it is expected to be more profitable, and relative deprivation theories (e.g., Gurr, 2000), which try to establish relationship between economic inequality and civil war.

There are several statistical tests of the applications of the rational choice theories. Fearon and Laitin (2003) argue that rebel labor supply increases if the state is weak. They also find that rough terrain, large population, and political instability are other factors likely to give rise to wars. Collier and Hoeffler (2000) argue that the supply of rebels increases if the economic opportunity cost of rebellion (measured by per capita GDP growth, the level of per capita income, male secondary school enrollment, and population growth) is low. Other risk factors identified by Collier and Hoeffler include: greater dependency on natural resources and ethnic dominance (when the largest ethno-linguistic group comprises 45 to 80% of the population). Income in Fearon and Laitin's model is the measure of state strength, whereas, it is the measure of opportunity in Collier and Hoeffler's model (CH model). Although grievances (or an ideology to right social wrongs) are often interpreted as one of the main causes of conflict, an empirical test of the political account of conflict, CH model found no evidence that either income or land inequality or democracy have an effect on the risk of conflict. However, the ability to isolate the causal relationship in the CH analysis might be limited because very few objective measures of grievances are available. It is also difficult to consider greed and grievance as competing explanations for conflict because they are often shades of the same problem (Sambasis, 2004).

The CH model has also been extended to analyze conflict in a post-conflict environment. Principally, three issues have been investigated: (1) whether risk factors predicting conflict also predict reoccurrence of war in the post-conflict countries; (2) what kinds of policies are effective in the post-conflict environment; and (3) whether aid is effective in post-conflict countries. Collier and Hoeffler (2000) looked at the risk factors and found that post-conflict countries are at a very high risk of conflict reoccurrence during the first decade post-conflict. Approximately half of these risks are inherited from the characteristics that already made a country prone to conflict in the first place (Collier and Hoeffler, 2004b). Moreover, they have argued elsewhere that aid is more effective when policies improve during the post conflict period (Collier and Hoeffler, 2002).[17] Contrary to the conventional sequence that gives the top priority to correcting the macroeconomic imbalances, Collier and Hoeffler argue that social policies (social inclusion, poverty reduction, health, education, etc.) are more important for predicting "sustained peace" in post conflict countries. According to them, the key priorities for improvement should be social policies first, sectoral policies second, and macro policies last. A possible argument supporting the case for prioritizing social policies (e.g., social inclusion) is that they have the powerful effect

[17]Collier and Hoeffler used the policy rating compiled by the World Bank, which measures "good economic policy" through the Policy and Institutional Assessment (CPIA). The CPIA index is the average rating on 20 components, which can be grouped into four categories: ***Macroeconomic policies (***whether fiscal, monetary, and exchange rate policies provide a stable environment for economic activity); ***Structural policies*** **(**the extent to which trade, tax, and sectoral policies create good incentives for production by households and firms); ***Public sector management*** (the extent to which public sector institutions effectively provide services complementary to private initiative, such as the rule of law, functioning of the judiciary, police, infrastructure, and social services); and ***Social inclusion (***the extent to which ensures the full participation of the society through social services that reach the poor and disadvantaged, including women and ethnic minorities). CPIA data are only available for World Bank employees. See, Collier and Hoeffler (2002).

of signaling the government's commitment to peace and reconstruction and reassuring investors of stability (The World Bank, 2003). However, it is hard to understand how social or sectoral policy reforms could take precedence against the background of hyperinflation, and exchange rate, fiscal and financial crises.

More importantly, the studies based on econometric analyses suffer from several limitations. First, most economic analyses are based on economic variables and do not take into account some important political and social variables. The probability of success is also likely to depend on the security conditions, for instance the number of refugees and displaced people, the level of war-generated hostilities, the strength of institutions, etc. For example, casualties are good measure of the difficulties encountered in post-conflict peacebuilding and reconstruction. Missions with high casualty levels have been among the least successful (Dobbins et al., 2004). Second, in contrast to the analysis of the causes and duration of civil wars, there is very little data available to investigate how sustainable peace is in post-conflict societies. Economic and social indicators are not sufficiently detailed to distinguish between different legal, economic and policy reforms. Very little information is available about a society's capacity to deal with emerging tensions (see Collier and Hoeffler, 2001). Therefore, policy recommendations based on the statistical analyses of limited number of post-conflict observations could well be misleading. Third, almost all econometric models treats the post-conflict situation as a dummy variable (which takes the value of unity if the society is in post-conflict and zero otherwise) without regard to the duration of the post-conflict period. Ideally, the effect of post-conflict policies should be analyzed in a hazard model, which treats the post-conflict period as continuous as opposed to many empirical researches, which simply treat the post-conflict situation as a discrete variable (a dummy variable equal to 1 if the country is in post-conflict phase and 0 otherwise). The interpretations of the statistical findings on the correlates of civil war are controversial partly because of the lack of close fit between the empirical proxy and theoretically significant variables (for more discussion on causality and correlation see Fedderke and Klitgaard, 1998).

2.4. Retesting and Reevaluating Hypotheses

This study reviews the sequencing and policy priorities described above to understand how they fit into the experience of reconstruction and nation-building. Given the limitations of statistical analysis, this study tests several policy-relevant hypotheses for post-conflict reconstruction using case studies and expert opinions. The study looks more systematically at what determines success and failure in each case to establish a linkage between policy improvement and peace during the post-conflict period. More specifically, this study looks at the relationship among policies in several areas – political, security, economic management, service delivery, and long-term development.

CHAPTER 3: METHODOLOGY

This study combines two methodologies; a comparative case study approach to test, evaluate and refine the hypotheses generated from the literature review and an expert opinion survey to retest the hypotheses and verify the key findings from the case studies. The expert opinion survey instrument was developed from the case studies and led to the development of practical guidelines on the sequential "benchmarks" for policy intervention.

The hypotheses generated from the literature review include:

- Whether the political reform process for the most part should predate large-scale reconstruction.
- Whether security should be given a high priority compared to other sectors such as democratization, governance reform, economic reform, and infrastructure development.
- Whether a large scale foreign aid should be provided in the initial phase of reconstruction.
- Whether military expenditures should be reduced and the military sector should be downsized immediately after the end of conflict.
- Whether land reform should be conducted early and at a rapid pace.
- Whether civil service reform should be a top priority.
- Whether elections should be a top priority and conducted as early as possible.
- Whether macroeconomic reforms such as controlling hyperinflation, solving exchange rate crisis, and mobilizing revenues should be introduced rapidly and in early phase but privatization and liberalization should not be an early priority.
- Whether large-scale and long-term infrastructure development should come only after sufficient progress has been achieved in security, relief efforts, democratization and governance, and economic stabilization.

3.1. Case Studies

The research examined the post-conflict reconstruction of Mozambique, Cambodia and Haiti. In the case of Mozambique post-conflict reconstruction started when the Rome Peace Accord was signed between the government and then-rebel movement in October 1992. Cambodia's reconstruction began in October 1991, when the four Cambodian factions signed the Paris Agreements. In the case of Haiti, post-conflict reconstruction refers to the decade following the US and UN-led intervention in 1994.

The research examined the three cases through the lens of donor efforts and evaluated what worked and what did not. A comparative methodology helped to delineate commonalities and differences in donor experiences and in the adoption and progression of reforms. The research used this detailed analysis to map the reform and reconstruction process in each case.

A case study approach is appropriate for several reasons. First, once a civil war has ended we have little systematic data on the economic and political reform processes. Most economic data are outcome indicators that fail to provide sufficient insight into the effects of specific reform policies. No data bank provides systematic data on the timing and sequencing of economic reform. So, the case studies provided important insights into the sequencing of reform and other policy issues. Second, these three cases are distinctively different and the lessons from divergent outcomes of the interventions in Mozambique, Cambodia and Haiti presented a very good opportunity to identify policies and conditions under which post-conflict reconstruction might yield the desired results. Finally, the countries provided regional spread (Africa, Asia and Americas) and thus, sufficient scope for an interesting comparison.

The three case studies were developed using literature reviews and peer reviews. In each case, the research focused on the following questions; what were the major components of reforms adopted since the cessation of conflict? When were the various reforms instituted? Were there any watershed events that made reform possible? Who were the actors for reform and what were their roles, goals and motivations? What was the role of economic policies (macro-economic stability, price and trade liberalization, etc.)? What was the role of security policy, in particular, the policies on policing and quelling violence, political mediation, and reforming security sectors? What constraints did the donor community face in implementing its programs? Looking at whether donor efforts met their objectives, the study then assessed each case using a multi-dimensional policy effectiveness matrix. The writer's assessment or rating on each policy was peer reviewed by the experts directly involved in the reconstruction of respective post-conflict countries and the matrix was refined as needed.

3.2. Expert Surveys

After comparing and contrasting the case studies on the effectiveness of several policies, a structured questionnaire on post-conflict reconstruction was developed and sent to the experts for their opinions (see Appendix B). The expert interviewees included both the practitioners and researchers involved in the area of conflict prevention and post-conflict reconstruction. Three types of experts were included in this study. The first category of interviewees were the key UN and/or World Bank officials stationed in the headquarters or in the field such as in Afghanistan, Sudan, Haiti, Liberia, Cambodia East Timor, and Nepal. The second category of experts included government officials from several post-conflict countries. The third category of experts included researchers on post-conflict reconstruction from several research institutions around the world.

The selection of the experts was based on whether the expert had a first-hand experience on post-conflict reconstruction. By looking at the available literature on themes, such as peace-building, nation-building, post-conflict reconstruction, and conflict prevention and recovery, a list of experts was compiled and their addresses were tracked. Along with an oral consent protocol, which was approved by the RAND Corporation's Human Subject Committee, a structured questionnaire was sent by e-mail to 60 experts. The participants were informed that "RAND will use the information for research purposes only. We will not disclose your identity or information that would identify you to anyone outside of the project without your permission, except as required by law. We are not going to attribute quotes by your name or title."

The response rate was 50%. Out of 30 experts, 24 experts submitted their written answers by email, 5 experts were interviewed by telephone, and one was interviewed in-person. The expert opinions were then tabulated and analyzed using both qualitative and quantitative methods. A few experts also participated in a follow-up survey, which helped to clarify some of the issues raised by the experts in the initial survey.

In a follow-up email correspondence, the experts were asked for their permissions to list their names on the interviewee list. Twenty-eight experts granted permission to reveal their names and two were listed anonymously (please see Appendix A for the name of interviewees). However, it should be acknowledged that the comments provided by experts are strictly in their personal capacities and do not necessarily reflect those of their organizations or governments.

CHAPTER 4: HAITI'S RECONSTRUCTION IN THE MID-1990s AND A FAILURE IN SUSTAINING PEACE

4.1. Introduction

Haiti, the poorest country in the western hemisphere, has witnessed two nation-building enterprises in a decade. In 1994, authorized by the UN Security Council, a multinational force intervened in Haiti, restored the elected President Jean-Bertrand Aristide to power, and tried to rebuild the country. However, in 2004—the year Haiti celebrated its bicentennial as an independent republic, it descended into chaos again. Haiti's police force was disintegrated, the country fell into the hands of thugs, and President Aristide under threat of insecurity was forced to leave the country. On February 29, 2004, the Security Council again authorized intervention in Haiti in order to restore order and prevent further deterioration of the humanitarian situation.[18]

The disorder of 2004 is directly attributable to the failure of the international community and the Haitian government to make a concerted effort to achieve political stability and improve living standards of Haitian people during the mid and late 1990s. Even after a decade of nation-building efforts, political, economic and social conditions in Haiti failed to improve. Exceptionally weak governance capacity, widespread poverty and insecurity, economic and social inequality, illiteracy, and the absence of a functioning democracy still characterize Haiti (see Annan, 2004).

This chapter assesses why the UN-led intervention in the mid-1990s failed to improve the political and economic situation of Haiti. The chapter begins by describing the historical context and the causes of conflict. Next, it describes and assesses nation-building efforts of the international community during the 1994-2003 period. The chapter concludes by outlining major lessons learned.

4.2. A Brief History of the Conflict

Ceded to France by Spain in 1697, Haiti was a French colony with freewheeling ports and large plantations that grew tobacco, coffee and molasses for Europe. Unlike their English colonial counter parts, the French indulged in conjugal relationships with their slaves, thus giving rise to a class of *mulattoes* (people of mixed race) who were often sent to France to be educated in French language and culture and who also sometimes attained the property of their masters.[19] However, both slaves and *mulattoes* joined hand to fight for Haiti's independence, which was achieved in 1804.

[18] See Fargo, Jeffrey H. "Nation Building In Haiti—Again?" *Hoover Digest*, No.3, 2004. Online: http://www.hooverdigest.org/043/fargo.html (accessed September 27, 2005).
[19] Sidney Mintz, *Can Haiti Change? Foreign Affairs*, Vol. 74, No. 1, page 76.

Despite being the first country in the western hemisphere to achieve self-emancipation from slavery, the post-independent Haiti gave rise to social and economic divisions between urban and rural classes. The urban class, which comprised of Haiti's *mulattoes* together with the black officer class in the army, derived its income from the export of the modest surplus created by the peasantry. While the peasant class owned their own land, they were unable to enjoy the benefits since their small surpluses were expropriated for export by the city dwellers. The economic division was further widened and reinforced by a cultural division in which urban elite spoke French, received education in French and practiced Catholicism, whereas peasant class spoke Creole, primarily engaged in subsistence agriculture sector and practiced *voudou* under a veneer of Catholicism.[20]

Politically, Haitian history is characterized by series of unrests and coups. Just short of three years after independence, the country's first president—Dessalines—was assassinated in a conspiracy reportedly fomented by his *mulatto* general Petion. From 1807 to 1920, a civil war divided Haiti into a northern kingdom ruled by Henri Cristophe and a southern republic governed by Alexandre Petion. In 1820, Haiti was reunified by Jean-Pierre Boyer. From 1822 to1844, Haiti was occupied by Spanish Santo Domingo. From 1843 to 1915, Haiti saw 22 heads of state, most of whom left office by violent means. Following the end of the civil war, the United States invaded Haiti in 1915 and remained in Haiti till 1934. Despite improvements made to the infrastructure by the Americans, the Haitians opposed the American presence. In 1957, Francois Duvalier, a doctor and union leader, was elected president. Duvalier, also known as 'Papa Doc', terrorized the country by rooting out the opponents to his administration. He changed the constitution in 1967 and declared himself "president for life" and ruled as dictator. In 1971, François Duvalier died and was succeeded by his 19-year-old son Jean-Claude, also known as 'Baby Doc'. In 1987, widespread protests resulted into the collapse of nearly two-decade long Duvalier regime but 'Baby Doc' was rescued and flown into exile in France with US assistance.[21]

4.3. The Causes of the Conflict

Widespread poverty and insecurity, social and economic inequality, political instability, economic stagnation, and deforestation are both causes and consequences of the conflict. As mentioned earlier, Haiti has a history of inequality between a privileged minority--the elites surrounding the president or the government and the merchant class (mainly *mulattoes*), and the poor majority-- peasants and black middle class. The main sources of horizontal inequality were control over state resources and inequality in education and other opportunities.[22]

The predatory state was a big obstacle to the economic development of Haiti. A grossly unfair tax system and other mechanisms profited a small number of people at the expense of the

[20] Kumar (2004).
[21] For the political history of Haiti, see Henderson (1977).
[22] See Steward (1998).

vast majority of Haitians. For almost two centuries, the government collected tax from the urban class, who then passed tax burden on to peasants. The military officers and others in the government appropriated an increasingly large share of the country's wealth. The government was more concerned about collecting tax than raising the agricultural productivity and the living standards of rural population (Mintz, 1995). As a result, for 200 years, Haiti has been locked into the process of de-development. Peasant productivity today is less than it was in 1843 (Schulz, 1996). The lack of investment in agriculture and absence of any long-term efforts to conserve and renew soil largely contributed to the decline in agricultural productivity.

Haiti's economic woes also contributed to a deepening of the crisis. Real per capita income has fallen over the past four decades (Taylor, 2003). In addition, economic sanctions imposed by the international community from 1991 to 1994 are also responsible for the downward trend in Haiti's economic development. Real GDP had fallen almost 30 percent between 1992 and 1994, and agricultural production and exports had also plummeted because of the embargo. Fiscal performance had deteriorated particularly because of a sharp decrease in tax revenues from some 8 percent of GDP in 1991 to about 3 percent in 1994.[23]

Moreover, environmental degradation and economic stagnation reinforced each other. Environmental degradation reduced agricultural production and family incomes, forcing rural Haitians to move into Haiti's urban areas. On the other hand, the economic stagnation contributed to the environmental deterioration, which in turn contributed to the deterioration of economic and social conditions. The World Bank estimates that nearly 97% of land is deforested in Haiti.[24]

4.4. The End of Conflict

After failed elections in 1987 and 1988, Jean Bertrand Aristide—a charismatic Roman Catholic priest, who was hailed as the "Haitian Mandela" when he ran for the president—became the first democratically elected president of Haiti in 1991. However, after a few months in power, President Aristide was overthrown in a military coup and forced to flee the country. The military imposed a dictatorship under General Raoul Cedras. Following the ousting of President Aristide, Haiti experienced a massive refugee outflow, population displacement, and gross human rights violations. In response to the growing crisis, the UN Security Council and the Organization of American States (OAS) mandated economic sanctions against Haiti. Immediately upon the imposition of the embargo, Cedras indicated a willingness to negotiate. The OAS and UN started a dialogue to end the political crisis of Haiti by peacefully restoring the constitutionally-elected president. On July 3, 1993, the Governor's Island Agreement was signed providing for Aristide's return to Haiti. However, the provisions of the agreement were not carried out as the military refused to abide by the agreement. After failed mediation attempts to implement the Governor's

[23] See, The World Bank, "Haiti Country Brief." June 2000.
[24] Ibid.

Island Agreement, a US-led international military force intervened to restore Aristide to power in September1994.

4.5. Policy Prioritization During the Post-Conflict Period

Although many donors suspended or significantly reduce their support to Haiti after the continued political deadlock that started in 1997, several multilateral and bilateral agencies participated in restoring democracy and rebuilding Haiti after the US-led intervention of 1994. The UN engaged in peacebuilding for about six years. The bilateral donors such as the United States, France, Canada, and multilateral donors such as the World Bank, the International Monetary Fund (IMF), the EU and the American Development Bank, and various international non-governmental agencies were also involved in promoting democracy and supporting economic development in Haiti.

The United Nations

In September 1994, the UN Security Council authorized a US-led Multinational Force (MNF) to use force if necessary to remove the military leadership from power in Haiti and ensure the return of the democratic Government of President Aristide. In September 1995, the MNF landed in Haiti without opposition and President Aristide returned to Haiti in October. Following the departure of the MNF, several UN missions were authorized to restore stability, democracy, and peace in Haiti. The UN Mission in Haiti (UNMIH), established in September 1993, took over in March 1995 from the MNF with mandates to enable the Mission to assist Aristide's government to sustain a stable environment, professionalize the armed forces and create a separate police force, and establish an environment conducive to free and fair elections. Following the UNMIH, the UN Support Mission in Haiti (UNSMIH) was established in July 1996 to assist the Government in the professionalization of the police and coordinate activities of the UN system in promoting institution-building, national reconciliation, and economic rehabilitation. The successors of the UNSMIH were the UN Transition Mission in Haiti (UNTMIH), the UN Civilian Police Mission in Haiti (MIPONUH), and the International Civilian Support Mission in Haiti (MICAH). These missions were also mandated for supporting and contributing to the professionalization of the Haitian National Police (HNP), promoting human rights, and assisting in economic rehabilitation. The MICAH departed in February 2001.[25] In addition, the joint OAS-UN International Civilian Mission in Haiti (MICIVIH) created in February 1993, during the coup d'état, observed the human rights situation in Haiti including extra-judicial killings, torture, and threat. This mission later included other mandates such as police training, human rights promotion, civic education, and election monitoring and departed in 2000.[26]

[25] For more on UN Missions, see the United Nations Peacekeeping. Online: http://www.un.org/Depts/dpko/dpko/index.asp. For more on what happened, see Dobbins (2003).
[26] See MICHIVIH, http://www.un.org/rights/micivih/first.htm (accessed September 27, 2005).

The World Bank and the IMF

The IFIs—the World Bank and the IMF—focused on macroeconomic stabilization and restructuring Haiti's economy. The governments of both Aristide and Preval, who succeeded Aristide as president in 1995 through peaceful and democratic transfer of power, had agreed to implement the economic plan recommended by the IFIs and conceived at the beginning of the Aristide presidency in 1991. The key elements of this plan included restructuring and privatizing public enterprises and a series of other reforms. However, Aristide opposed reform packages from mid-1995 onwards arguing that these reforms would only benefit the small elite and cause great suffering to the majority of poor. As a result, Haiti suffered from political deadlocks and even went without a prime minister for almost 2 years. Despite international efforts to rebuilt Haiti, political deadlocks paralyzed all stabilization programs and economic reforms.

Other Donors

The United States, Canada and France, Haiti's main bilateral donors, contributed to the humanitarian assistance, peacekeeping operations and development efforts required to stabilize Haiti. In addition, the OAS, the EU, Caribbean Community (Caricom), and various non-governmental organizations (NGOs) were instrumental in assisting Haiti in various key sectors.

4.6. Assessing the Success

The Intervention in Haiti led to many successes initially. The US-led MNF and the UN-led missions successfully restored the democratically-elected president to power, abolished the national army and integrated former soldiers into a newly created national police force. The missions also monitored the human rights situation, helped organize the presidential election held in 1995, and attempted to rehabilitate the country's economy to some extent. However, the international community's efforts to establish self-functioning democratic institutions and promote socio-economic development could not be sustained. By the time the MICAH ended its mission in 2001, Haiti again experienced political instability and a sharp rise in organized crime.

Security

The U.S.-led MNF achieved the mission it assigned for itself and exited on schedule. Within the eighteen-month period that the MNF remained in Haiti, it removed the military dictatorship, restored Jean Bertrand Aristide to the presidency, reestablished civic order, and prepared the ground for the UNMIH.

The UNMIH and succeeding missions were mandated to demobilize the armed forces, establish a new police force, and prepare for elections. The Haitian Armed Forces (FAd'H) was disbanded and largely disarmed, a few former soldiers were incorporated into the National Police Force, and about 5,500 former FAd'H were offered financial support, vocational training and counseling implemented by the USAID and other agencies. However, of those who accepted the

training, only 304 found employment and many of those demobilized soldiers who were not able to get employment turned to crime (Smillie, 1998).

The disarmament, demobilization and reintegration (DDR) program was largely successful in meeting its three goals: To neutralize the short-term threat of the former FAD'H, to provide a longer-term breathing space from possible FAD'H disruption to help allow other transition activities to occur, and to lay the foundation for the eventual reintegration of the former FAD'H into Haitian society.[27] By holding out the promise of aid and engaging the former FAD'H in the short term (six months), the demobilization program contributed to the maintenance of a secure and stable environment. However, the long-term success of the DDR program could be realized because of several things. First, the low employment rate among the former FAD'H was due to poor economic growth. Second, given the weaknesses of the government to reinforce law and order and improve governance and the open and porous border with the Dominican Republic and the general availability of small arms in the region, a full disarmament was nearly impossible.

During 1995, the size of the UN military mission was downsized and UN peacekeepers were withdrawn prematurely from Haiti even though there were clear indications that security remained fragile and the level of violence was rising. The new police force was in a formative stage and was insufficiently prepared to meet the challenges, while the FAd'H paramilitary forces were still armed and had not yet faced prosecution. As a result, the UN forces were unable to control either the territory beyond the capital Port-au-Prince or the crime network. Leaving a large group of armed former soldiers at large in the country and allowing human rights violators to roam freely and retain their arms contributed directly to insecurity and undermined the development efforts.

Moreover, the insufficient integration of police reform with other sectors of security such as prosecutors and courts was also responsible for the deteriorating security situation. Security sector reform was narrowly defined. In the early phase of reconstruction, too much focus was given to demolishing the army, creating a new police force and providing training to it. Although the judicial sector in Haiti was inefficient, corrupt and distrusted and served the interest of the wealthiest segments of the population, reform in the judicial sector was slow and was only carried out in the later stages of reconstruction. The Government and parliament adopted a law on May 8, 1998 on the reform of the justice system. Moreover, although the U.S. government, the UN, and the French and Canadian Governments provided assistance to reform Haiti's justice system, the assistance failed to produce tangible results because donor efforts were not well-coordinated and the reform strategy was not comprehensive enough.[28] Moreover, the inadequate police reforms combined with the problems in the justice system led to insufficient prosecution and promoted

[27] See, Jonathan Dworken et al., "Haiti Demobilization and Reintegration Program," An Evaluation Prepared for U.S. Agency for International Development, Alexandria, Virginia: Institute for Public Research, CNA Corporation, March 1997.
[28] See, Benomar (2001).

impunity for thugs. The courts were not able to secure property rights and disputes over land property were increasingly resolved through violence.

Humanitarian and Relief Efforts

When the intervention restored President Aristide to power, the major humanitarian challenges were the displacement of people, food insecurity, and the rising incidence of disease. Following the ouster of President Aristide in 1991, 68,500 Haitians fled their country in small boats between 1991 and 1994. Another 30,000 Haitian found refuge, sometimes under onerous circumstances in the Dominican Republic. About 300,000 were internally displaced. The arrival of MNF created conditions in which the United States was able to return the more than 16,000 asylum seekers held at Guantanamo Bay and other screening centers (Dobbins et al., 2003). The improvement of security situation after the restoration of democracy in Haiti significantly reduced the number of people trying to flee Haiti and take refuge in the United States, Dominican Republic and other neighboring countries. The Bahamas also began repatriating up to 800 Haitians per month in July 1995; smaller numbers have been deported from other island states.[29] However, the government was unable to provide the resources and administrative structure for resettlement and the economy, which was stagnant, could not offer enough employment opportunities for returned refugees. The National Office for Migration, a Haitian government office established in 1995, was poorly resourced and largely ineffective in assisting repatriates or in monitoring the number and condition of returnees.

The major migratory movements of Haiti's population—away from the capital following the military coup, and then back again after 1995—taxed housing capacity in the cities, created unsafe living conditions, and strained public health and health service resources.[30] USAID's efforts concentrated on delivering essential child survival and family planning services as well as food aid supplements. The focus of these programs were the major causes of infant mortality, maternal health, reproductive health care, HIV/AIDS prevention, and sexually transmitted disease prevention, detection and treatment. In addition to USAID, U.S. military medical units helped to rebuild hospitals and clinic facilities, assisted with rabies control and prevention efforts, aided with vaccination programs, and helped provide equipment to health care facilities. The other major donors included the PAN American Health Organization (infectious disease and essential drugs, improved maternal and child health, and sanitation), United Nations Children's Fund--UNICEF (micro-nutrients, child health, and STI/HIV), and the World Bank (condoms, TB drugs, and other medical supplies, obstetrical emergency care, and midwife training). In the initial stages of reconstruction, it was difficult to identify a clear direction. The need was overwhelming, numerous organizations were involved in the process, and a coordination mechanism was not in place. In October 1994, several international organizations under the auspices of American

[29] National Coalition for Haitian Rights (2005).
[30] Jones, Seth et al. (2005).

Development Bank formulated the Emergency Recovery Program (EERP), which laid out the strategy to rebuild and reform Haiti's health sector.[31]

Although several projects were launched to ensure food security, control the rising incidence of diseases and improve the health care delivery system, the results from the relief efforts proved to be transitory because of continued political instability. The inadequate institutional capacity of the Haitian government hampered the efforts of the international community to rebuild and reform Haiti's health sector.

Economic Stabilization/Reforms

In 1991, Aristide had lifted foreign exchange controls, opened the economy for foreign investors and downsized the number of workers in the state enterprises. After being restored to power, President Aristide again showed his commitment for economic reforms. A social and economic recovery program presented by the Haitian government in August 1994 and based on economic stabilization, trade liberalization, privatization, and decentralization was adopted as a framework for an Emergency Economic Recovery Program (EERP). By December 1994, Haiti cleared its arrears to the International Development Association (IDA), Inter-American Development Bank (IDB), and the IMF. This enabled these institutions to resume their lending activities. A new IMF standby agreement was in place by March 1995, leading to significant improvements in basic macroeconomic indicators. That year, real GDP, supported by significant inflows of external aid, grew about 4.5 percent. Inflation declined from 43 to 17 percent.[32] In January 1995, 19 multilateral institutions and 14 governments pledged $1.2 billion in support of Haiti's recovery over an 18 months period (Maguire et al.; 1996). In January, the government also signed a privatization pact with the World Bank.

However, President Aristide, who had initially agreed on the World Bank and the IMF lending programs with conditions to implement structural adjustment policies including privatization programs, dragged his feet on privatizing the state-owned enterprises. In October 1995, after failing to persuade President Aristide to carry out an agreement signed with IFIs, Prime Minister Smarck Michael stepped down in frustration. President Rene Preval was inaugurated in February 1996 and a government was formed under Prime Minister Rosny Smarth in March. However, in June 1997, Smarth announced his resignation as prime minister after enduring several months of strikes and protests against government austerity measures. Smarth was criticized by Aristide and others for following economic policies that aimed to reduce government spending and privatize state-owned industries.

After the transfer of power from Aristide to the newly elected President Preval, the ruling party was divided and Aristide and his allies in the parliament blocked every prime minister proposed by President Preval. Aristide and the influential members of the parliament operated

[31] Jones, Seth et al. (2005).
[32] For more on economic stabilization and reforms, see the World Bank. "Haiti Country Brief." June 2000.

under the strong influence of Latin American liberation theology and socialism started resisting the reform programs (IPA, 2002). As a result, Haiti went without a prime minister for 18 months and the macroeconomic management and the fiscal governance (e.g., financial management, budget preparation, procurement, and auditing of public enterprises) suffered a setback.

Investors were discouraged by the failure of the government to privatize and to follow the reform package to which it had agreed. Haiti was not able to attract enough foreign aid and investment to rebuild the country and revive the economy. The foreign direct investment shrunk from $30 million in 1999 to $5 million in 2004 (Erikson, 2004). The support from donors tapered off as numerous foreign assistance projects by donors including the World Bank and the IDB were discontinued or suspended because of continued political, economic and security crises. In January 2001, all World Bank disbursements to the Haitian government were suspended.

Critics argue that donor-driven reform agendas contributed to poor commitment and ineffective implementation on the part of the Government of Haiti and to frustration and "Haiti fatigue" for the donor community (CIDA, 2004). The IFIs could have used structural adjustment programs as carrots rather than sticks so that Haiti could have retained national ownership of reform programs (IPA, 2002). The package for the restoration of democracy should have included a comprehensive and multi-sectoral dialogue on the political and economic reforms facilitated by the Haitian civil society and observed by the international community. This process could have helped Haiti to diffuse the political deadlocks and factional lines and build the capacity for governance. On the absence of a comprehensive and multi-sectoral dialogue, Haiti's politicians perceived the imposition of conditionalities by the IFIs as external ideas imposed on Haiti's development.

Governance

The eruption of violence that finally brought down the government of President Aristide in 2004 was also a result of the failure of the Haitian government to provide basic services to the population. The armed rebellion against President Aristide was organized at a time when Haitians were frustrated with the functioning of their government. There was little improvement in education and health services, and water and electricity supplies. Service delivery was hampered partly because the government could not strengthen local administration. The government delivery capacity remained very weak with an estimated 80 percent of services delivered by non-governmental agencies (CIDA, 2004)**.** More importantly, the limited authority of the government outside of the capital Port-au-Prince was responsible for weakening rule of law and public security.

Democratization

Due to the international community's pressure, President Aristide agreed to step down and presidential elections were held in 1995. Rene Preval succeeded Aristide as president. Although elections in 1995 were hailed as free and fair, electoral procedures and practices in

subsequent elections deteriorated. In 1997, the ruling Lavalas coalition was fractured and then split. President Preval dissolved the sitting parliament and ruled for a year without a legislature. Instead of consolidating democratic institutions with the help of international community, both the Preval and Aristide administrations moved toward authoritarian rule and maintained a political stalemate with the opposition. During the legislative, municipal, and local elections held on May 21, 2000, President Preval and Aristide reportedly pressured Provisional Electoral Council Chief Leon Manus to confirm a fraudulent vote count in favor of Lavalas candidates. Since Manus refused to do so, he was forced to resign and then fled to the U.S. in order to protect his life. The electoral victories were tabulated without resolving the problems of political paralysis. Following the parliamentary and local elections, the presidential elections were held although all major opposition parties boycotted the elections. President Aristide won the reelections with an estimated 5 percent of voter participation.[33] Since the voter turn-out rate was very low, the legitimacy of Haiti's political institutions—especially at the national level—remained very weak.

In the early stage of reconstruction, the civil society was reawakening, the media and press was thriving. However, as the political and social cleavages remained deep, the human rights defenders and journalists were in grave threat. Government officials and leaders of Aristide's grassroots organizations threatened members of the press who were critical of the government. Many journalists or broadcasters either suspended their commentaries and reporting and either went into hiding or fled the country for their safety. Several other were killed, including the well-known journalist and radio broadcaster Jean Dominique and his security guard (Dupuy, 2002).

Development and Infrastructure

The UN missions' activities were narrowly defined and the long-term development objectives were not in the original mandates. However, once the restoration of democratic government was over, donors realized that restoring and building infrastructure should be a priority. Several projects were hastily put in place for repairing damaged infrastructure, including erosion control, potable water supply, and building health and educational structures. Although these projects were socially useful, the positive impacts were not sustainable. More importantly, projects were inadequately prepared, there were no planning for the future maintenance and neither local authorities nor already existing local enterprises were sufficiently utilized (Fagen, 2005). In addition, the crisis of governance, particularly the open abuse of power and widespread corruption, hampered the international efforts to restore and build infrastructure. The vast sums of money allocated for micro-projects or road-construction were allegedly not used for those purposes and went unaccounted for (Dupuy, 2002). In addition, as mentioned earlier, economic development in Haiti was slow due to inadequate national institutions and little sense of national ownership of economic programs. On the other hand, international assistance failed to allow Haiti

[33] See, U.S. Department of States, "Background Note: Haiti." February 2005.

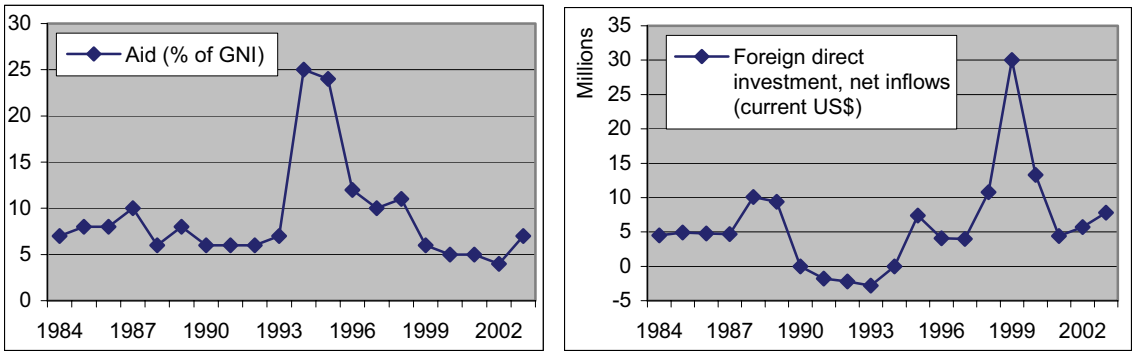
to recover from the loss of manufacturing and other economic enterprises that operated during 1980s. Agriculture, the traditional activities of most Haitian, achieved little attention during the reconstruction.

Donor Coordination and Contribution

Each UN mission in Haiti had its own mission plan and new staff members. It is often argued that the initiatives undertaken by one mission were not necessarily completed by the next although general themes of electoral support, police training and penal reform were common to all (Fagen, 2005). Donors recognized a lack of strategic vision, coordination, and consistency in their interventions. Donors often set up parallel project implementation structures that weakened rather than strengthened national absorptive and execution capacities (United Nations, 2004). The coordination between emergency, rehabilitation and long-term development was very weak. Few projects were undertaken to improve the management and governance institutions.

Regarding the donor contribution; despite generous pledges, much of the funding was delayed on because of Haiti's inadequate compliance with various aspects of economic reform. At a 1995 Paris Club meeting, donors pledged $2.8 billion for the political and economic transformation of Haiti. The IFIs also cleared Haiti's debt so that rapid disbursement would not be impeded. However, slightly less than half of the promised $2.8 billion was disbursed at the end of the fiscal year 1996 (Fagen, 2005). Foreign aid was high compared to Haiti's per capita income of about US$460 (1999) but low compared to Haiti's need. More interestingly, as in Bosnia, large-scale foreign aid kept on flowing even when lawmakers in Sarajevo, like their colleges in Port-au-Prince, resisted economic reforms (Dobbins et al., 2003). The following figures show the trend in the inflows of foreign aid and foreign direct investment. The figure shows that the volume of foreign aid declined sharply after 1995 and after the political deadlock of 1998-99, the foreign direct investment declined to pre-1994 levels (i.e., levels prior to international community's intervention). It seems that the decrease in foreign aid might have played a critical signaling function to destimulate the foreign direct investment.

Figure 4.1: Foreign Aid and Foreign Direct Investment



Source: The World Bank, *WDIs Online Database 2005.*

4.7. Overall Assessment

Table 4.1: Major Economic, Social and Political Indicators

	Pre-Conflict		Post-Conflict			
	10 years before the end of conflict (in-1984)	5 years before the end of conflict (in 1989)	The year conflict was ended (in 1994)	2 years after the end of conflict (in 1996)	5 years after the end of conflict (in 1999)	8 years after the end of conflict (in 2002)
Literacy rate, adult total (% of people ages 15 and above)	34.12%	38.73%	43.68%	45.72%	48.78%	52.05%
Infant Mortality Rate (per 1,000)	…	102 (as of 1990)	…	91 (as of 1995)	81 (as of 2000)	79
Population below the poverty Line	…	65.0% (as of 1987)	…	*66.0% (as of 1995)	…	…
Access to safe water (% total population)	…	53% (as of 1990)	…	…	…	71%
Life expectancy at birth, total (years)	52.06 (as of 1985)	53.10 (as of 1990)	…	53.63 (as of 1995)	52.72 (as of 2000)	52.05
GDP per capita (constant 1995 US$)	559	512	375	359	363	338
Inflation, consumer prices (annual %)	6.40%	21.28% (as of 1990)	39.33%	20.58%	8.67%	14.18% (as of 2001)
Budget deficit (% of total expenditure)	28.8%	29.0%	51.9%	8.0%	20.8%	24.5%
School enrollment, primary (% number of children of official school age)	51.55% (as of 1985)	22.11% (as of 1990)	…	56.11%	…	…
Govt. health exp. (% of GDP)	…	…	…	4.9% (as of 1997)	4.9%	5.0% (as of 2001)
Tax Revenue (% of GDP)		8.0% (as of 1990)	…	3.0% (as of 1994)	7.8%	7.3% (as of 2001)
Exports of goods and services (% of GDP)	17.47%	14.25%	5.98%	11.33%	12.23%	12.57%
Investment (gross fixed capital formation as % of GDP)	15.86%	14.24%	5.72%	28.13%	27.80%	19.91%
Freedom House Country Ratings	Not free	Not Free	Not free	Partially free	Partially free	Not free
Corruption Perception Index	…	…	…	…	…	Ranked 89 out of 102 countries

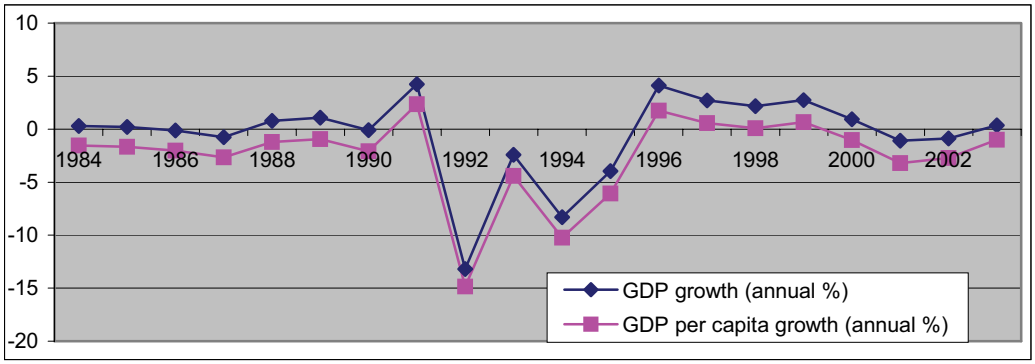
*Rural poverty; Data sources: Corruption Perception Index: Transparency International; Freedom House Country Ratings: Freedom House; Access to safe water: Human Development Report 2004. Tax revenue for 1990 and 1994: World Bank, Haiti: Country Brief, June 2000; Tax revenue for 1999: IMF, Public Information Notice (PIN) No. 01/01, January 5, 2001; Tax revenue for 1999: IMF, Public Information Notice (PIN) No. 03/23, March 2003. Budget Deficit: calculated using data from the International Financial Statistics, IMF. All other information is from The World Bank, WDIs CD-ROM 2004.

Although there are some measurement issues, the data show that the literacy rate, school enrollments, infant mortality, access to safe drinking water, and investment improved somewhat during the post-conflict period; however, several economic, social and political indicators show

no tangible improvement in the living standards of Haitian people implying that Haiti's return to constitutional government in 1994 failed to produce results of long-term significance. Haiti ranked 153 out of 177 countries in the 2004 UNDP Human Development Report.[34] Already one of the poorest countries in world, real per capita income decreased each year since the mid-1990s; development infrastructures including roads and communications remained underdeveloped and damaged; health status of Haitian people failed to improve; environmental degradation continued, and the volume of foreign aid declined. Continued political instability and ongoing deterioration of security conditions following the departure of the UN in 2001 led to donor support being withdrawn and the country slipping back into a pre-crisis phase starting as early as 2001.

Immediately after the return of President Aristide to power, Haiti showed some commitments to improve macroeconomic management and initiate reforms on removing constraints to growth and reducing high levels of inflation. Because of the IFI's insistence on monetary control, Haiti was able to reduce inflation from 30% to 10% between 1994-1998 tightening government expenditures in 1997 and 1998 (Fagen, 2005). By 1999, however, both inflation and fiscal deficit again increased. Increase in the budget deficit was accompanied by a decrease in investment and foreign aid. As a result, the national currency (gourde) depreciated by some 16 percent in 1999. This posed serious concerns about the country's ability to maintain macroeconomic stability.[35] The economic growth remained stagnant because of macroeconomic and political instability. The following figure shows that the average GDP growth of Haiti during the post-conflict period was close to zero percent.

Figure 4.2: Real GDP Growth of Haiti



Source: The World Bank, *WDIs Database 2004.*

Table 4.2 provides an assessment of the effectiveness of each policy under six categories. It also provides a timeline of various policy interventions. The assessment is based on the author's judgment of whether a task met its stated objectives. Out of the total number of 27 tasks, only a few programs were able to meet their goals. More importantly, many tasks were initially

[34]See United Nations Development Programme (UNDP), *Human Development Report, 2004: Cultural Liberty in Today's Diverse World,* New York: UNDP, 2004, p. 142.
[35] The World Bank, "Haiti Country Brief." June 2000.

successful but ultimately unsuccessful Some notable initial successes included the restoration of elected government in 1994, disarmament, demobilization and reintegration of former FAd'H soldiers, the creation of a new civilian police force after disbanding the FAd'H, the peaceful transfer of power from Aristide to Preval through elections in 1995, and the emergence of civil society, human rights groups and professional organizations. However, continued political deadlock and institutional weaknesses in policing and the judicial sector were major setbacks in Haiti's attempt to build lasting peace.

To conclude, along the spectrum of nation building operations, Haiti's reconstruction after the intervention in 1994 could be characterized as an example of a failed nation-building effort. Before the 2004 intervention, Haiti did not signal a return to peace and stability in any of the following indicators:

- Macroeconomic stability and its sustainability
- Recovery of private sector confidence
- The effectiveness of the political system
- Effectiveness of justice and reconciliation efforts
- Restoration of basic infrastructure
- Reduction in need for transition assistance to meet basic needs
- Considerable improvement in situation of women, children, and elderly
- Readiness of civil society to support government's efforts

Table 4.2: Implementation Timeline and Assessment of Policy Effectiveness

Sector	Sub-Sector	Timeline (Start date - End date)	Assessment (Achieved the goal?)
Security	Supply of Peacekeeper & Restoration of Order	Sept 1994 (20,000 military personnel) – Dec 1997 (300 military personnel)	Successful
	Demobilization and Reintegration	Nov 1994 – Nov 1996 (almost all former soldiers were demobilized.)	Mostly successful
	Disarmament	Nov 1994 –Nov 1996: almost all former soldiers disarmed, but disarmament process couldn't be sustained beyond 1996 because of the existence of strong drug/crime network, the failure of economy to create enough employment opportunity, and lack of enough policing capacity.	Initially successful but ultimately not
	Securing Property Rights	No major initiatives were introduced (land disputes are very common because of no operative system for recording land ownership)	No success
	Security Sector Reform: Police Reform	Sept 1994 – Feb 2001 (the HNP was established, UN civilian force provided trainings but the HNP later became corrupt and was politicized	Partially successful
	Security Sector Reform: Judicial & Penal Reform	Limited reform introduced in July 1995 and a new law on reform was passed in May 1998; however, the reform couldn't be sustained.	Not successful
Humanitarian and Relief Efforts	Return of Refugees/Displaced Persons	Started in Sept 1994 (most refugees and IDPs voluntarily return and no large-scale assistance program was introduced and implemented)	Partially successful
	Response to Food Insecurity	Some assistance was provided during 1994-1996; however, no major programs were implemented after 1997 due to the political deadlock.	Initially successful but ultimately not
	Reponses to the Rising Incidence of Disease	Some assistance was provided during 1994 -1996; however, no major programs were implemented after 1997 due to the political deadlock.	Initially successful but ultimately not
	Response to the Acute Health Concerns	Some assistance was provided during1994 and 1996; however, no major programs were implemented after 1997 due to the political deadlock.	Initially successful but ultimately not
	Agricultural Assistance	Initially some support was provided but no major programs were introduced thereafter to modernize agricultural sector	Not successful
Governance	Resumption of Basic Public Services (Education and Health, Water, Electricity)	Some assistance was provided in 1994-1995; major programs couldn't be extended and sustained because of the 1997-98 political deadlock	Initially successful but ultimately not
	Strengthening Local Administration	No major initiatives were launched.	Not successful
	Capacity Building of the Ministries	During the 1994-1996 period, the UNDP tried to strengthen the central bank; many other donors engage in capacity-building but pending parliamentary approval on reform stalled many reform programs.	Not successful
	Control of Corruption	Some measures implemented in 1994/95, no major initiatives thereafter	Not Successful
	Education and Health Reforms	No major initiatives were launched to reform these services	Not Successful

Sector	Sub-Sector	Timeline (Start date - End date)	Assessment (Achieved the goal?)
Economic Stabilization /Reforms	Controlling Inflation	Sept 1994-July 1997 (initially Haiti was successful in bringing inflation under control with IFIs support but after July 1997, the IFIs and other donors suspended their support for structural reforms.	Initially successful but ultimately not
	Establishing a Stable Currency	Sept 1994-July 1997 (currency remains largely stable even after 1997)	Successful
	Provide Regulatory Framework for Some Sectors (e.g., financial sector)	Some measures were implemented during the period of Sept 1994-July 1997. After July 1997 the World Bank and other donors suspended their support for macroeconomic stabilization and structural reforms.	Not successful
	Fiscal reform (tax reform; custom reform)	Sept 1994-July 1997: Haiti established new tax system in 1996 including new petroleum tax system and increased the revenue. However, reform process installed after 1996 due to the political deadlock.	Not successful
Democratization	Restoring Democratic Process	Restoration of democratically elected government of Aristide in October 1994, successful presidential election in 1995, but controversial elections in 1997 and all major opposition parties boycotted the presidential election held in 2000.	Mixed success
	Elections (credible electoral process, voters participation)	Presidential and parliamentary elections conducted successfully in 1995; however, opposition boycotted the 2000 elections.	Mixed success
	Strengthening political parties, civil society and press	During 1994-1997, Haiti had a functioning democracy; however, after 1997, Haiti went through a bitter political deadlock and the government started suppressing opposition and media using violence.	Mixed Success
Infrastructure and Development	Infrastructure Improvement (road, telecommunication)	No major initiatives were launched.	Not successful
	Reform and Revitalization of Financial Market	1994-1996: The plan of structuring state-owned bank was developed but pending parliamentary approval on reform stalled implementation.	Not Successful
	Privatization of State Enterprises	Privatization programs started in October 1994; however, Aristide, who initially committed to reform in 1994, started withdrawing his support for privatization after mid-1995.	Not Successful
	Liberalization of Trade	Programs on structural reforms started in Oct 1994; tariff reform program approved in 1995 and import restriction on agricultural commodity removed; however, further progress stalled after 1997.	Not Successful

Note: This assessment is originally based on the author's judgment. The rating was refined after receiving comments from Lois M. Davis, who contributed a chapter on Haiti for a RAND report, entitled "Securing Health Lessons from Nation-Building Missions."

In sum, the failure of international intervention in Haiti is mainly attributed to three things: political deadlock, setbacks in implementing economic reform, and the failure of the international community to engage in Haiti for a longer period of time. The political leaders of Haiti failed to resolve the political deadlock and build the institutions that would enable democracy to take root. On the other hand, the experience of the international community in assisting Haiti from 1994 to 2001 clearly shows that more than a short-term humanitarian response or crisis management effort was needed. The international community did not engage in a long-term effort to help rebuild the police and judiciary, basic social services such as health care, and education, and other development infrastructures.

4.8. Lessons Learned for Policy Prioritization and Sequencing

The failure of international community's efforts to assist Haiti during the 1990s provides many lessons. The first and foremost lesson is: Security is both a prerequisite and a critical aspect of development. Without an improvement in the security situation, relief efforts, political reform, democratization, economic reform and reconstruction are not possible. However, to ensure sustained peace, security policies should be designed comprehensively and the achievements in security sector reform obtained during the early years of intervention should be sustained for a longer time period. More importantly, security sector programs should include the reform of police and military, judicial and penal reforms, demobilization and reintegration of ex-combatants, and the establishment of property rights. In Haiti, although a new police force was established and trainings were provided, the failure in reforming complimentary judicial and penal systems as well as the failure to reintegrate ex-combatants into economic activities eventually eroded the achievements made in the earlier years of the post-conflict phase.

Second, building local governance structure is as important as establishing national government. In case of Haiti, local administration was not strengthened to a level where it could have provided basic public services. Similarly, state institutions were not restructured and strengthened to a level where economic stabilization and reform could be carried out more effectively. The other important lesson from Haiti is elections alone do not make democracy. In order to strengthen a political system, a post-conflict country should hold credible elections. Credible elections are only possible when vital pre-electoral conditions are in place: Security sector reform that provides security for the elections, permits the political process to unfold in relatively safety throughout the country, and avoids the use of security forces for rigging the elections; disarmament, demobilization and reintegration of the ex-combatants; resettlement of refugees and displaces persons, a broad political agreement that ensures the participation of majority of people in the elections; sufficient electoral mechanisms from voter registration to vote counting, and sufficient international monitoring that ensures the opposition parties that elections will be free and fair.

Third, controlling inflation and the liberalization of exchange rate should be carried out in the earlier stage of the economic stabilization and reform process, whereas the elimination of

subsidies, civil service reform, and sweeping privatization should proceed with caution. The typical weak capacity of the post-conflict government is the main reason for approaching such reforms slowly and incrementally. In case of Haiti, criticism arose from both inside and outside Haiti that too much emphasis was put on a rapid pace of reform. Fifth, widespread privatization should not be given a high priority. In order to have a successful privatization, the government must have adequate capacity to plan, implement, and oversee the process. In addition, like in Haiti, with the presence of widespread corruption and cronyism within or between the private and public sector, sweeping privatization may not enhance the prospects for sustained development.

4.9. Other Lessons Learned

Three other lessons come to mind in the case of Haiti's failed nation-building. First, the local ownership of reform programs including economic reforms is very important for any intervention. A more inclusive process to build a national consensus is required in order to prevent an international intervention from failing. In Haiti, what lacked was a national reconciliation process that involved all components of society and that could promote political dialogue in order to set out the priorities, objectives and timetable for the reforms and transition. Unlike in the case of Cambodia and Mozambique, where peace agreements based on national consensus provided the framework for the comprehensive political settlement and reconstruction, Haiti lacked such frameworks. Moreover, it has been widely criticized that the IFIs were more concerned about observing whether Haiti was fulfilling the conditionalities than promoting political dialogue in order to fine-tune the priorities, objectives and timetable for the economic reforms and Haiti's long-term development. As a result, political and economic reforms floundered. Thus, if the international community was involved in promoting political dialogue, this process would have provided incentives for political reconciliation.

Second, in order to sustain peace, the international community should remain engaged in development aid for at least a decade. There should not be a quick exit because halfway efforts lead to halfway and sometimes counterproductive results. In Haiti's case, the international community did not engage long enough to sustain peace. The U.S. decided to stop supporting Haitian government during the later phase of the reconstruction and so did the other donors. Third, donor coordination is very important for reconstruction. In the case of Haiti, donors experienced a lack of coordination and consistency in their interventions and often set up parallel project implementation structures.

However, there is an argument that more efforts to push the Haitian politicians for dialogue and reconciliation would have yielded no different results because the main problem was the structure of Haitian politics framed by the constitution and the electoral system which stipulated a "winner-takes-all" political cultured and resulted in no power sharing, an absolutist style of leadership, and no incentives for compromise. Thus, it is not clear whether one could have solved the problem of deadlock in the late 1990s without physically removing Aristide from the scene.

CHAPTER 5: A SUCCESSFUL TRANSITION FROM WAR TO PEACE IN MOZAMBIQUE

5.1. Introduction

A UN-brokered peace agreement in October 1992 ended the conflict between Mozambique's Marxist government and foreign-backed rebels. Since then, Mozambique has simultaneously and successfully undertaken three transitions: From war to peace; from one-party state to formal liberal democracy; and from state-centered economy to market economy. After the peace agreement, thousands of refugees returned to their home and thousands of ex-combatants were demilitarized. Following the refugee return, demilitarization, reintegration, and rehabilitation, the first multiparty national elections were held in October 1994 that brought to Mozambique fresh hopes and opportunities for sustainable peace and development. Since the 1994 elections, there has been a strong improvement in political stability and physical security for the majority of the population (Cramer and Pontara, 1998). Moreover, Mozambique went through a successful transfer of power in 2004 when President Joamquim Chissano, in power since 1986, left office handing over power to Armando Guebuza, the victor of the 2004 presidential elections.

In the second half of the 1990s, Mozambique became one of the fastest growing economies in Sub-Saharan Africa with sound macro-economic policies. This performance appears to be remarkable compare to other post-conflict countries. Although Mozambique still faces a lot of challenges—one of the poorest countries in the world with per capita income of $210, a relatively high infant mortality rate of 101 per 1,000 in 2003,[36] and the percentage of people living in absolute poverty about 55%,[37] the trajectory it has achieved since the 1992 Peace Agreements is impressive as shown by the emergence of market economy, democratic elections, a functioning opposition, a military out of politics, strong government commitment to reform, and growing political stability conducive for foreign investment. This chapter analyzes the process and policies applied during the post-conflict reconstruction of Mozambique and draws lessons for the policy prioritization and sequencing of reform.

5.2. A Brief History of the Conflict

The conflict of Mozambique is dated back to July 1975 when Mozambique became independent from Portugal. In 1974, the FRELIMO (Frente de Libertacao Mozambique), the organization that led the Mozambican struggle for independence, and the Portuguese authority signed the Lusaka Accord, allowing the transfer of power to FRELIMO and the independence of Mozambique in 1975 as the People's Republic of Mozambique. Following the independence, Mozambique suffered from a mass exodus of Portuguese technical and managerial leaders. On

[36] The World Bank, "Mozambique: Country Brief," September 2005.
[37] IMF, "Republic of Mozambique Enhanced Structural Adjustment Facility Policy Framework Paper for April 1999–March 2002," June 10, 1999.

the other hand, the leaders of FRELIMO's military campaign rapidly established a one-party state and a centrally planned economy as a model for development. The lack of skilled workforce and the inheritance of centrally planned economy seeded the country's subsequent problems. In addition, after independence, the interference of external forces in Mozambique's internal affairs increased. In 1976, the RENAMO (Resistencia Nacional de Mozambique) was formed under the patronage of Rhodesia (later named as Zimbabwe). Rhodesia and then apartheid South Africa was successful in making RENAMO a brutally effective counter-insurgency force.[38]

By the mid-1980s, Mozambique descended into a humanitarian and economic disaster. About 1.6 million refugees fled to neighboring countries and about 3.7 million people were internally displaced. Mozambique plunged into severe economic crisis. Production plummeted, rural primary schools were forced to close down, health services shrank, and the country began to default on debt repayments. From 1975 to 1987, the per capita incomes declined by nearly two-thirds (Bruck et al., 2000). The country's infrastructure—roads, bridges, railways, and sugar mills—were severely damaged and about 1.5 million landmines remained scattered throughout the country (Morgan and Mvududu, 2000). The pre-war transport system of Mozambique had been one of the largest foreign exchange earners, transporting goods from and to neighboring land-locked states Malawi, Swaziland and Zimbabwe (Rugumamu and Gbla, 2003). However, by 1989, the internal road system was made largely impassable by sabotage and lack of maintenance (Morgan and Mvududu, 2000). Furthermore, less than a fifth of the 1980 cattle stock in Mozambique remained by 1992 because rebels stole cattle to feed troops and because of inadequate feed and veterinary attention to the remaining population (Collier et al., 2003).

5.3. The Causes of Conflict

Contrary to the commonly recurring theme of strong ethnic or religious differences in driving conflict in Africa, Mozambique's conflict has colonial and Cold War underpinnings. First, after the independence of Mozambique, the state was unable to control all of its territory and fill a void left by the Portuguese. As a liberation movement, FRELIMO barely penetrated all territory before taking power. Second, in the 1970s and 1980s, Mozambique was caught up in the Cold War. Mozambique achieved its independence at the time when the US and the former Soviet Union were competing for influence and control in Africa and other parts of the developing world. The government of Mozambique, which was run by FRELIMO, allied the former Soviet Union and also received some military support from the socialist bloc, Zimbabwe and Tanzania. On the other hand, two US allies—South Africa and Rhodesia, were two key supporters of the rebel force RENAMO. Angered by the FRELIMO government's decision to provide support for all movements fighting for liberation across the continent and to join in the UN-sponsored sanctions against Rhodesia, Rhodesia and South Africa provided active military support in the form of arms, training and money to rebel force RENAMO. Moreover, since the FRELIMO

[38] For a chronology of key events, see BBC, "Timeline: Mozambique," Online: http://news.bbc.co.uk/1/hi/world/africa/country_profiles/2120437.stm (accessed, September 20, 2005).

government suppressed domestic opposition, RENAMO recruited its fighters from people frustrated with the situation. The geographic dispersion magnified by FRELIMO's attempts to group all peasants into collectivities also helped fuel the conflict.

Third, a rapid deterioration of economic conditions also contributed to the conflict dynamic.[39] As mentioned earlier, the exodus of Portuguese technical and managerial leaders after the independence left Mozambique without skilled manpower to revive production and export capabilities. Throughout the 1980s, the economy of Mozambique predominantly relied on the export of primary commodities. GDP per capita growth went negative and economic conditions worsened due to FRELIMO's rural economic strategy (collective farming and government stores) and South Africa's limits on the free mobility of Mozambican labor (Sambanis, 2003). The economy also suffered because the rebels systematically targeted education and health infrastructure for destruction.[40]

Fourth, the Diaspora also played a role in the conflict. A split in liberation movement solidified southern dominance of FRELIMO, which caused the regional splits in liberation movement that led to civil war onset. Many from North and Center then fled to Zambia, Kenya and Western countries. Many victims of FRELIMO repression also fled to Rhodesia, South Africa and Portugal. The Diaspora increased the risk of war by forming a pool of recruits to the rebel organization. RENAMO's first recruits were from the Mozambican Diaspora in Rhodesia (Sambanis, 2003).

Fifth, uneven development also contributed to the conflict. Because most development was taking place in South Africa, Mozambique's neighbor to the southwest, the Portuguese transferred capital from northern Mozambique to the southern part of the state. Most development took place in the southern provinces especially in the decades preceding independence. Uneven development between the north and southern regions that started in the colonial period continued even after independence. The northern part of the country was not represented in the highest echelons of the government because of interference from FRELIMO, which was mainly organized in the southern part of the country. On the other hand, the rebel group RENAMO used the imbalances in economic development and political participation to increase its influence in the north and central regions.

5.4. The End of the Conflict

The end of the Cold War precipitated the end of active support to the FRELIMO government from the socialist bloc and the end of support to RENAMO from South Africa. A general lack of natural resources to sustain the conflict, and the widespread popular support to put an end to the conflict created conditions for a negotiated peace settlement. After the 16-year civil

[39] See Weinstein and Francisco (2002).
[40] Heltberg, Rasmus et al., "Public Spending and Poverty in Mozambique," UNU/WIDER project on New Fiscal Policies for Growth and Poverty Reduction, June 14, 2001.

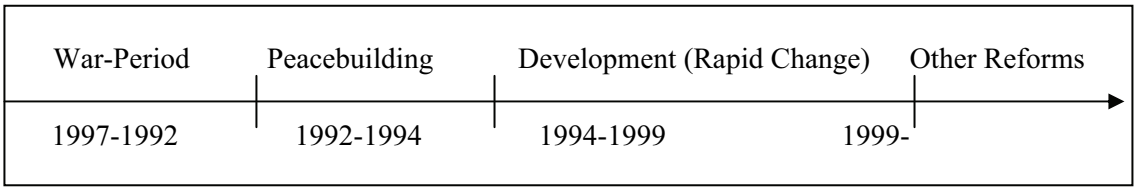
war, the General Peace Agreement was signed in Rome in October 1992. The Agreement addressed issues such as cease-fire, formation of political parties, freedom of the press and association, repatriation and integration of refugees, formation of Mozambique armed forces and police, and the demobilization and reintegration of government and RENAMO soldiers.

The Agreement called for UN participation in monitoring the implementation of the Agreement including providing technical assistance for the general elections and monitoring those elections. A ceasefire was to come into effect no later than 15 October 1992, referred to as E-Day. The Agreement itself and its seven protocols called for the ceasefire to be followed rapidly by the separation of the two sides' forces and their concentration in certain assembly areas. Demobilization of those troops who would not serve in the new Mozambican Defense Force (FADM) would have to be completed in six months after E-Day. Meanwhile, new political parties would be formed and preparations would be made for elections, scheduled to take place not later than October 15, 1993.[41]

5.5. Policy Prioritization During the Post-Conflict Period

Generally speaking, the period 1992-1994 can be described as the period of relief, demobilization, rehabilitation, and reconstruction. The period from 1994 to 1999 can be characterized as the period of development and more rapid change. During this period, multiparty elections took place, privatization was carried out rapidly, and reconstruction and development activities were continued.

Figure 5.1: Timeline: Conflict, Peacebuilding and Reconstruction of Mozambique



Virtually all donors were active in the reconstruction of Mozambique. The United Nations Operation in Mozambique (ONUMOZ) and several UN agencies, the multilateral donors such the World Bank, IMF, EU, and African Development Bank (AFDB), bilateral donors, and the international non-governmental and non-profit organizations contributed to the peacebuilding in Mozambique. While, the UN was in charge of enforcing the peace agreement and monitoring elections, other international development agencies such as the World Bank, IMF and several bilateral and multilateral donors were actively involved in various reconstruction and development efforts.

[41] See United Nations Department of Peacekeeping Operations, "Mozambique—ONUMOZ." Online: http://www.un.org/Depts/dpko/dpko/co_mission/onumozFT.htm (accessed September 30, 2005).

The United Nations

The UN has been credited for one of the most successful transitions from war to peace in recent times. It played a vital role in ending the conflict in Mozambique, initiating democratization and laying a foundation for the post-conflict reconstruction. ONUMOZ was established by the Security Council Resolution 797 in December 1992 to help implement the General Peace Agreement signed on October 4, 1992 by the President of the Republic of Mozambique and the President of RENAMO. The mandate of ONUMOZ was: [42]

- To monitor and verify the ceasefire, the separation and concentration of forces, their demobilization and the collection, storage and destruction of weapons;
- To monitor and verify the complete withdrawal of foreign forces and to provide security in the transport corridors;
- To monitor and verify the disbanding of private and irregular armed groups;
- To authorize security arrangements for vital infrastructures and to provide security for UN and other international activities in support of the peace process;
- To provide technical assistance and monitor the entire electoral process;
- To coordinate and monitor humanitarian assistance operations, in particular those relating to refugees, IDPs, demobilized military personnel and the affected local population.

ONUMOZ's mandate formally came to an end at midnight on December 9, 1994. The Mission was liquidated at the end of January 1995.

The World Bank and the IMF

The major policy prioritization of the World Bank and the IMF was to transition Mozambique's centrally planned economy to a market economy. Both of these institutions focused on macroeconomic stability (e.g., control of inflation, tax reform, fiscal administrative reforms, and exchange rate liberalization) and privatization.

In 1984, Mozambique joined the Lome Convention and became a member of the IMF and the World Bank. Mozambique launched a structural adjustment program in 1987. The program was supported by a Structural Adjustment Facility (SAF) arrangement until 1990, by an Enhanced Structural Adjustment Facility (ESAF) until 1995, and a second ESAF-supported arrangement until-1999. The World Bank approved six adjustment-lending operations (see Table 4.1) that helped to establish one of the world's largest relief operations in Mozambique. During the 1985-1992 period, net disbursement of the Bank to Mozambique averaged about $46 million per year and net disbursements rose sharply to $133 million per year in the post-war period (1993-2001).[43] The IMF conditions in the structural adjustment program focused on structural

[42] United Nations Peacekeeping, "Mozambique—ONUMOZ."
[43] See Michailof (2002).

reforms including privatization, public sector reform and fiscal reform, and increasing the quantity and quality of social spending. Besides the support for the structural reforms, the scope of the World Bank lending included economic adjustments (liberalization and privatization), basic education, primary health care, agriculture, and transportation. The World Bank also developed the Provincial Reintegration Support Program (PRSP) to facilitate the economic and social reintegration of ex-combatants.

Table 5.1: World Bank and IMF Adjustment Program

1987	World Bank	Second Rehabilitation Credit
1987	IMF	Structural Adjustment Facility (SAF)
1989	World Bank	Third Rehabilitation Credit
1990	IMF	Enhanced Structural Adjustment Facility (ESAF)
1992	World Bank	Economic Recovery Credit
1994	World Bank	Second Economic Recovery Credit
1996	IMF	Second Enhanced Structural Adjustment Facility (ESAF II)
1997	World Bank	Third Economic Recovery Credit
1998	World Bank	Economic Management Recovery Credit

Source: White (1999).

Other Donors

By 1993, the U.S. was one of the largest bilateral donors to the country. The U.S. provided emergency food assistance and assisted in other peacebuilding efforts.[44] Throughout the 1990s, the significant portion of the British aid to Mozambique supported the structural adjustment programs and the transport sector (e.g., rehabilitation of railway, bridges, etc.). British aid disbursements to Mozambique have grown steadily since the early 1990s. The disbursement increased from under 8 million pound sterling in the 1991/92 financial year to around 22 million in the 1997/98 financial year (Diesen, 1999). The European Commission also played a vital role. It is estimated that Mozambique received approximately European Currency Unit (ECU) 1.1 billion of support from the European Commission from 1985 until the end of 1997 (Diesen, 1999). The EC aid portfolio focused on food security, general import, budget supports, and transport (roads, railways, and ports). Several other donors such as Japan, Portugal, Germany, Sweden, Denmark, Spain and the AFDB also contributed to the reconstruction of Mozambique.

5.6. Assessing the Success

With the signing of the Peace Agreement in October 1992, a very intensive process of reconstruction and rehabilitation began. Demobilization and political transition in Mozambique

[44] See, U.S. Department of State, "Background Note: Mozambique." Online: http://www.state.gov/r/pa/ei/bgn/7035.htm (accessed September 30, 2005).

was accompanied by privatization, liberalization and deregulation on an unusually large scale in comparison with the rest of Africa.[45]

Security

The UN played a vital role in providing security. Military component of ONUMOZ provided security for the humanitarian and relief efforts as well as for the elections. ONUMOZ also assisted in the formation of new army and the reintegration of demobilized military personnel into civilian life. The UN chaired the Joint Commission for the Formation of the Mozambique Defense Force that approved the Lisbon Declaration by which France, Portugal and the United Kingdom set out a program to train 540 trainers in order to assist in the formation of the new unified army. The training was completed by December 20, 1994 and these officers trained infantry soldiers at three Defense Force training centers. Similarly, the Civilian Police Mission provided the technical support to the Police Commission established under the Rome Agreement. It also monitored all the police activities in the country and verified whether they were consistent with the General Peace Agreement.[46]

Some of the early difficulties were the delay in the demobilization of troops and the formation of the new army force. These delays also contributed to the delay in holding elections. The Secretary General's visit to Mozambique on October 20, 1993, made a breakthrough in the peace process by having both parties agree on the revised timetable for the implementation of the Agreement with other plans such as the demobilization of government and RENAMO forces, composition of National Elections Commission, and the creation of National Police Affairs Commission subcommittees to monitor the activities of the Mozambique Police.[47]

In early 1993, some 6,500 troops and military observers, led by the Secretary-General's Special Representative, Mr. Aldo Ajello, were deployed. The ceasefire took place and held with very few incidents. The military aspect of the UN operation in Mozambique, also known as disarmament, demobilization and reintegration, was carried out along with the humanitarian efforts coordinated by the UN Office for the Coordination of Humanitarian Assistance (UN-OCHA). ONUMOZ, with the help UN-OCHA and other agencies and donors, was able to demobilize and reintegrate about 80,000 combatants from both sides. Seventy percent of about 13, 000 demobilized soldiers who received training ended up with secure employment after the departure from the camps (Morgan and Mvududu, 2000). Good rains and the end of drought also set a stage for social healings and reconstruction. Five years after the Peace Agreement, demobilized soldiers had been well integrated into the communities of their choice (Kane, 1998).

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[45] See, Castel-Branco, Cramer, and Hailu, "Privatization and Economic Strategy in Mozambique", UN WIDER Discussion Paper NO. 2001/64, 2001, and Pavignani, Enrico and Volker Hauck, "Pooling of Technical Assistance in Mozambique: Innovative Practices and Challenges", ECDPM, 2002.
[46] United Nations Peacekeeping, "Mozambique—ONUMOZ."
[47] Ibid.

Since unexploded ordnance was the threat to the physical security of returnees, de-mining was also a part of the UN strategy for post war recovery. One year after the signature of the Peace Accord, a first national mine action plan was approved. Its emphasis was on clearing roads to facilitate the UNUMOZ peace mission, humanitarian aid delivery and the return of refugees and IDPs. The UN wanted to establish a mine action unit of its own at the termination of the UNUMOZ mission. But donors did not support this plan and remained committed to securing demining contracts for specific NGOs or commercial operators. The difference in approaches between the UN and the major donors was seen as the major obstacle in establishing a functioning central coordinating mechanism. The first national landmine survey was carried out in 1993 under subcontract for UN-OCHA. The Norwegian government also started demining program in 1993. The UN's Accelerated Demining Programme (ADP) started its activities in the southern provinces at the end of 1994. At the same time, a demining school was established. After UNOMOZ withdrew in December 1994, the UNDP took over the management and financial support of ADP. The National Demining Commission was established in 1996 in order to coordinate the efforts of various donors. The commission was replaced by the National Institute for Demining (IND) in June 1999.[48] In 1994, the accelerated demining program saw the clearing of 10,000 mines covering 2,700,000 square meters of land in three provinces. This program benefited the poor by making the area safer for people as well as allowing agricultural activity to take place and public service structures and roads to be rehabilitated and constructed (Morgan and Mvududu, 2000). However, the progress to date in demining is mixed partly because of lack of coordination among donors and partly because of the fact that Mozambique was heavily mined.

Although security sector reform including the professionalism of the military is still an important policy issue in Mozambique, some success has been made in the reduction of military expenditure. Until 1994, defense spending was the largest single item in the annual budget expenditure. However, after the 1994 elections, resources were shifted towards social sectors. For example, in the 1998 and 1999 budgets, the education and health ministries benefited from significant increases in both capital and recurrent allocations while funds for the military and other security agencies were cut down. The trend continued in the 2000 budget (Fauvet, 2000).

The UN system also played a role in legal system reform. There was heavy emphasis on legal reform in many UN programs such as those provisions covering fisheries (initiated by Food and Agricultural Organization of the UN--FAO), forestry (initiated by FAO), governance and elections (initiated by UNDP), market exchanges (initiated by International Labor Organization--ILO), and micro-credit (initiated by ILO and the UNDP). In the mid-1990s, the UN system was also involved in institutional improvement including those having to do with freedom of the press (initiated by UNDP and UN Education, Scientific and Cultural Organization--UNESCO), electoral laws and participatory support (initiated by UNDP), improved judicial systems, and

[48] For demining efforts in Mozambique, see Scheu (2002).

protection of human and child rights (initiated by UNICEF and UNDP).[49] Mozambique also demonstrated the importance of land tenure to the poor. Under the General Peace Agreement, refugees and displaced persons had been guaranteed a restitution of property rights as well as the right to take legal action to secure the return of such property from individuals in possession of it. New land tenure law was taken as one of the top priorities because it was expected that the foreign and domestic investments in land would increase and help settle displaced families.[50] The effort to put in place an improved land tenure law began in 1992 with some research involvement by USAID. The 1998 land law substantially reduced the problem of material insecurity experienced by many returnees, particularly women, who headed about 25% of households in Mozambique (Morgan and Mvududu, 2000).

During 1990s, international aid agencies made substantial investments in the development of the judiciary. Most prominently, the Danish International Assistance Agency (DANIDA) and the World Bank focused on training the members of judiciary, equipping the courts and sponsoring legal reforms (African Capacity Building Foundation, 2003b). Although several efforts were made to reform the judicial system, the progress has been slow. There is still a critical shortage of court staff, both in quantity and quality. Salaries for court staff are low. Physical conditions are often very poor in the courts, particularly at the district level. Despite the change in law, and clear code of conduct in place, the independence of the courts and judiciary is still not guaranteed, some members of the executive seem to have engaged in deliberate abuse of process including both non-compliance with court rulings and interference in investigations and prosecutions. The judicial courts are not a reality for the large majority of Mozambican citizens. Most citizens still rely on the informal sector—on the community courts or other local dispute mechanisms. On the donor's part, not providing budget support for a comprehensive reform and government-identified priorities but rather financing the individual project has contributed to the failure to make progress (Open Society Foundation, 2006).

Humanitarian and Relief Efforts

The Mozambican repatriation and reintegration program was one of the largest ever undertaken by the United Nations High Commissioner for Refugees (UNHCR) involving 1.7 million Mozambican refugees returning from six asylum countries. In Mozambique, large areas of the country emptied during 16 years of war were repopulated within two years after peace was re-established. According to the UNHCR, some 1.7 million refugees returned to their homeland between 1992-1994, from six neighboring countries—Malawi, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe. And, at least twice as many internally displaced Mozambicans are believed to have returned home during the same period. A million or more refugees repatriated to Mozambique in less than two years, largely without UNHCR assistance.[51]

[49] Morgan and Mvududu (2000).
[50] Ibid.
[51] For humanitarian and relief efforts, see Fagen (2005).

With the demobilization in the process, UN-OCHA focused particularly on its programs for the reintegration of the former combatants into civilian life and proposed a strategy centered on the identification of training and employment opportunities, including vocational kits, credit schemes, and counseling. In addition to subsidies for a 24 month period for food and clothing, demobilized soldiers also had access to orientation and counseling services, training programs, funding for jobs and small business tool kits.[52] UNICEF, World Health organization (WHO), World Food Programme (WFP), and the UNHCR also coordinated such activities.

Economic Stabilization/Reforms

One of the immediate priorities during the post-conflict period was bringing inflation under control. Mozambique managed to significantly reduce the inflation that prevailed at the end of the war. Inflation was 71% in 1994 and aggravated existing poverty by eroding purchasing power. By 1997, the inflation rate plummeted to 5.5% from 54% in 1995. In 1998, the inflation rate was under control with minus 1.3%. Low inflation went hand in-hand with currency stability. The government's also tight control of spending and the money supply, combined with financial sector reform (e.g., privatization of state-owned banks).[53]

Mozambique managed to make considerable and early progress in public expenditure reform which increasingly shifted resources to essential pro-poor services thus improving Mozambique's qualification for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative.[54] At the time when the democratic government was elected, revenue administration in Mozambique was extremely weak. Both the tax directorate and customs were in dire need of reform. The Fiscal Affairs Department of the IMF designed the overall strategy by focusing first on the most pressing problems. In case of tax policy, the first phase consisted of tariff reforms and the second phase addressed issues related to the indirect tax system, while the reform of the direct tax was left for the third phase. In the area of revenue administration, problems related to the customs administration were addressed first. Based on diagnostic studies, action plans were drawn up for both customs and revenue administration reform. The value added tax (VAT), which was planned to be implemented in the long run, was introduced in 1999.[55] The government also received assistance from other donors besides the IMF and the World Bank for the implementation of these programs.

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[52] United Nations Peacekeeping, "Mozambique—ONUMOZ."
[53] U.S. Department of State, "Background Note: Mozambique." Online: http://www.state.gov/r/pa/ei/bgn/7035.htm (accessed September 30, 2005).
[54] HIPC was proposed by the World Bank and IMF and agreed by governments around the world in the fall of 1996. Those heavily indebted poor countries with sustained implementation of integrated poverty reduction and economic reform programs could qualify for the debt relief. Mozambique received $3.7 billion in debt relief in 1999. For more details, see "The World Bank, HIPC Progress Summary", Online: http://www.worldbank.org/hipc/country-cases/mozambique/mozambique.html (accessed October 3, 2005).
[55] See IMF (2004) and IMF (2005) for the details on fiscal reform.

Revenue administration reforms focused on reducing tax evasion and enhancing compliance. A key recommendation introduced included preshipment inspection (PSI) and privatization of customs. The tariff structure was simplified by reducing the number of tariff levels from twenty-four to eight in the first stage and then to five. The maximum tariff rate was reduced from 105 percent to 35 percent in 1996 and to 30 percent in 1999 (IMF, 2004b). There was also an improvement in government budget capacity and audit and inspection capability. Implementation of the strategy resulted in an increase in government revenues. Total tax revenue increased from about 8.4 percent of GDP in 1987 to about 12.9 percent in 2003 (IMF, 2005).

Significant progress was also made in liberalizing exchange rates, stabilizing currency and removing trade barriers. In 1992, the Bank of Mozambique stopped fixing the exchange rate. The control over the money supply and tight ceiling on the credit helped to achieve exchange rate stability. Along with the liberalization of the exchange rate, import licenses were abolished and price controls were removed except for those on a few consumer goods. With the encouragement of the government of Mozambique, South African farmers were able to establish sizeable farms in Mozambique. The government also encouraged investment in other sectors. Foreign investment in several large industrial projects as well as in the tourism and agriculture sectors contributed to Mozambique's strong post-war economic growth. The government promoted free trade zones to encourage manufactured exports and to reduce red tape for investors.

Although introduced in the late 1980s, privatization was formally endorsed in 1990 by the country's new constitution. Under World Bank and IMF pressure, the pace of the privatization increased enormously after the peace agreement (Carlos, 2001). Privatization was carried out in the telecommunications, electricity, and transportation sectors (ports, railroads). The government selected strategic foreign investors when privatizing state owned enterprises. Although many of the enterprises were small, the three cement plants, two breweries, the steel rolling mill, the cashew processing enterprise, and various other bigger industrial firms were also privatized. The smaller enterprises were sold first, and only after the mid-1990s did the focus shift to larger enterprises (Castel-Branco et al., 2001). Over 1,200 companies were restructured or privatized (Michailof et al., 2002). The banking system was also restructured and partly privatized in the early years of reconstruction, but the new banks ran into trouble and had to be recapitulated again using public money. Similarly, liberalization of cashew nuts, which was imposed by the World Bank and the IMF, did not go well and leaded the cashew processing industry to the brink of collapse.

Governance

Since the early 1990s, particularly after the end of the war, there was a rapid increase in the coverage of public services such as the availability of schools, clinics and other facilities in the social sectors. There was substantial increase in the access to primary education. Between 1992 and 1998, the number of primary classrooms increased by more than 60 percent. The gross admission ratio increased from 58 percent in 1994 to 79 percent in 1998 (IMF, 1999). Similarly,

health indicators increased, including health service unit per inhabitant, vaccination coverage and the number of health staffs and facilities. As a result, the infant mortality rate declined (IMF, 1999). A civil society and NGOs also emerged during the post-conflict period. The donor community was interested in promoting independent media and a strong civil society. Some donors also channeled aid for rebuilding Mozambique through several NGOs. More recently, the increased freedom has enabled the country's emergent civil society organizations to criticize government more directly.

Despite the considerable progress, corruption and poor service delivery has eroded public confidence in government. Local governance and administration still lacks the resources and authority to provide service delivery more effectively. This is partly because local elections were delayed until 1998, almost six year after the end of the conflict.

Democratization

The first national elections were held in 1994. The turnout was 87.9% of all registered voters and the international observers declared the elections to be "free and fair."[56] ONUMOZ's electoral division monitored and verified all aspects and stages of the electoral process by working closely with the UNDP, other existing mechanisms of the UN, and the bilateral channels that provided the technical assistance to whole electoral process.

More importantly, leading up to the elections, the UN appropriately prioritized the tasks, monitored the progress, and facilitated a dialogue between rival factions in case of any disputes. Under the terms of the Agreement, legislative and presidential elections were held simultaneously one year after the date of the Agreement's signature. However, the UN had a strong conviction that it would not be possible to create the conditions for successful elections in Mozambique if the military situation could not be brought fully under control. Moreover, the UN acknowledged that the four elements of the ONUMOZ mandates—political, military, electoral and humanitarian, were interrelated and a fully integrated approach and coordination among these four components were required to stabilize the situation. It was realized that without sufficient humanitarian aid, and especially food supplies, the security situation in the country might deteriorate and the demobilization process might stall. Without adequate military protection, the humanitarian aid would not reach the destination. Without sufficient progress in political area, the confidence required for the disarmament and rehabilitation progress would not exist. Similarly, in order to have successful elections, the successful demobilization and a formation of new army was a prerequisite.[57]

Although major violations of the ceasefire were reported in various areas of the country following the Peace Agreement, the interim Special Representatives of the UN played a vital role in persuading the two parties to settle all disputes through negotiations. By mid-April 1994,

[56] United Nations Peacekeeping, "Mozambique—ONUMOZ."
[57] United Nations Peacekeeping, "Mozambique—ONUMOZ."

significant progress was made in many fronts. About 55 percent government and 81 percent of RENAMO soldiers were cantoned.[58] A significant number of troops were demobilized and transported to the district of their choice. A training program for the newly established Mozambique Armed Forces (FADM) was started. Considerable progress was also made in resettling refugees and internally displaced persons and implementing humanitarian programs contributing to the national reconciliation. In April 11, 1994, the President of Mozambique announced that the general elections would take place on October 27 and 28. On August 26, the UN General Secretary concluded that by all indications, the necessary conditions were in place. More than 2,300 electoral observers were deployed by the international community to observe the elections.[59] Election polls opened on October 27; however, Mr. Afonso Dhlakama, the President of RENAMO, threatened to withdraw from the elections by alleging that there were certain irregularities in the election process. The Security Council appealed Mr. Dhalakma to fully honor the commitment and stated that any concerns he might have could be addressed. Despite Mr. Dhlakma's call to boycott the elections, UN monitors reported large turnouts and no major irregularities. On October 28, Mr. Dhlakama reversed his position and decided to vote. The UN declared the elections free and fair and Mr. Chissano won the presidential elections.[60]

The democratic process was also consolidated by two subsequently held national elections and a local election. With a turnout of nearly 75%, the second national election in 1999 again elected Mr. Chissano as the president of Mozambique. In February 2004, Mr. Chissano handed over power to Armando Guebuza, the victor of the 2004 presidential elections. However, Mozambique was not able to consolidate democratization at local level. After some delays, the country held its first local elections in 1998 but the principal opposition party, RENAMO, boycotted the elections, citing flaws in the registration process. As a result, voter turnout was very low. However the second local elections were held in November 2003, involving 33 municipalities with some 2.4 million registered voters. This was the first time that FRELIMO, RENAMO, and independent parties competed without significant boycotts.[61]

Development and Infrastructure

By the end of 1998, the primary school network had recovered from the damage inflicted on it during the war. The number of first level primary schools surpassed the number that had been operating in 1983. There were 6,600 such schools by early 1999, attended by 2.1 million children (Fauvet, 2000). The transportation system was upgraded to encourage traffic from South Africa. The deepening of the market integration increased the growth of the agriculture sector contributed mainly by food grains (maize), sugar, tobacco, cashews, and cotton (IMF, 2005). The industry and service sector recorded higher growth during the post-conflict period.

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[58] Ibid.
[59] Ibid.
[60] Ibid.
[61] For government and political condition, see U.S. Department of State, "Background Note: Mozambique."

Notwithstanding the good progress that Mozambique has achieved in recent years, infrastructure is still inadequate, there are serious unmet education and health needs, and poverty rates are especially high in rural areas. The use of electric lighting remains stagnant, health service reaches only two-thirds of the population, illiteracy is still high, and the market integration in the agriculture sector needs to be increased (IMF, 2005). Figure 5.2 shows that although agriculture employed 80 percent of the population, it recorded an average growth rate of about six percent. In order to reduce poverty, Mozambique needs rapid growth sourced in agriculture.

Table 5.2: Sectoral Growth Rates and GDP Growth Rates

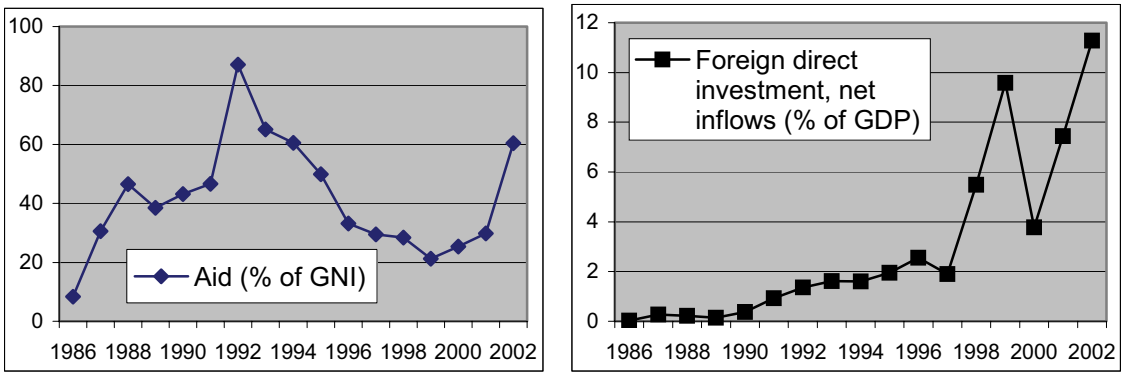
	1992-96	1996-2004
Real GDP Growth Rates	3.1	8.5
Sectoral Growth Rates		
Agriculture	6.0	6.6
Industry, total	5.6	22.5
Mining	-0.1	44.1
Manufacturing	1.4	17.2
Electricity and Water	4.9	45.6
Construction	16.7	17.2
Services	3.5	5.8

Source: IMF (2005).

Donor Coordination and Contribution

Donors were very generous to Mozambique in part because there was strong national leadership favoring the reform process throughout the process. Although the Net Official Development Assistance (ODA) in percent of GDP reached a peak in 1992 and declined after 1992, the aggregate aid flow was still high compared to that of other countries. On the other hand, foreign direct investment substantially increased over time as stability and favorable political conditions encouraged the foreign business community to invest in the country.

Figure 5.2: Foreign Aid and Foreign Direct Investment



Source: *World Development Index 2004 CD ROM.*

Following the peace agreement of 1992, a large influx of funds was for reconstruction and rehabilitation. As the programs associated with the initial phase of reconstruction and rehabilitation phased out, total aid to Mozambique declined and priorities were also shifted towards sector-wide programs. For example, by 1998, the government nearly doubled its share of current expenditure in health (from 10 to 18 percent) and education (from 5 to 10 percent) (Michailof et al., 2002).

The quality of the partnership among donors was one of the best. ONUMOZ coordinated and integrated damage and needs assessment, reconstruction planning as well as resource mobilization and utilization (African Capacity Building Foundation, 2003a). The process of democratization was carried out in parallel with economic structural reforms leading to a liberal market system. Donors not only supported post-conflict emergency relief services, but also extended their assistance for balance-of-payment, budgetary and infrastructure building programs. Moreover, an important development in aid administration and donor co-ordination was the establishment of sector-wide programs in key sectors such as health, education, agriculture, roads, water and sanitation (Diesen, 1999). The sector-wide approach reduced the duplication of efforts and thus, had great advantages over the traditional project-based approach.

5.7. Overall Assessment

Comparing the post-conflict situation with the situation during the conflict, there was considerable improvement in terms of political and economic stability, individual freedoms, and access to product and communication networks, and progress in improving human development. According to the World Bank, the percentage of the population living in absolute poverty declined from 69 percent in 1996-1997 to 54.5 percent in 2002. Adult literacy rose from 35.5 percent in 1992 to 46.5 percent in 2002. Annual inflation decreased from 63.2 percent in 1995 to 2.86 percent in 1999.[62] Per capita GDP was estimated at $223 in 2002, in the mid-1980s, it was about $122. Although it is still heavily indebted country, Mozambique was the first African country to receive debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative in 2001.[63]

Mozambique also managed a considerable export revival. MOZAL, a large aluminum smelter, greatly expanded the nation's trade volume. Most of the industries producing traditional export goods such as cashews, shrimp, fish, copra, sugar, cotton, tea, and citrus fruits, were rehabilitated. Mozambique's GDP growth during the post-conflict decade averaged about 9 percent and the average growth in GDP per capita reached 5 percent (see Figure 5.2). According to the IMF analysis, the growth during the recovery period of 1993–2004, was due to human capital development—basic health care, education, and other high-priority services; a favorable macroeconomic policy environment—less external debt and government consumption and a

[62] World Bank, *The World Development Indicators, 2004.*
[63] U.S. Department of State. http://www.state.gov/r/pa/ei/bgn/7035.htm.

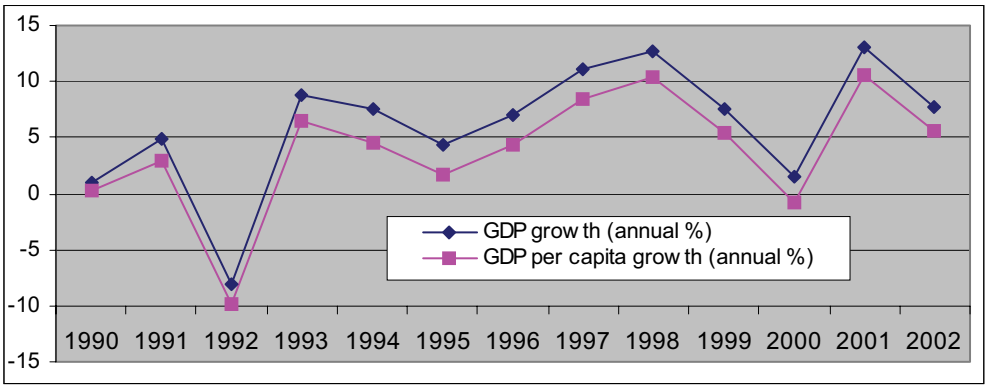
lower inflation trend; and the diversification of the economic base which depended critically on steps taken on structural reforms, including privatization, financial sector reform, and trade liberalization (IMF, 2005). Similarly, substantial external financial resources—the foreign aid and foreign direct investment, also helped grow the economy.

Table 5.3: Selected Economic, Social and Political Indicators

	Pre-Conflict	**Post-Conflict**				
	5 years before the end of conflict (in 1987)	The year conflict was ended (1992)	2 years after the end of conflict (in 1994)	5 years after the end of conflict (in 1997)	8 years after the end of conflict (in 2000)	10 years after the end of conflict (in 2002)
Literacy rate, adult total (% of people ages 15 and above)	30.71%	35.46%	37.46%	40.63%	40.02%	46.48%
Infant Mortality Rate (per 1,000)	…	150 (as of 1990)	139 (as of 1995)	…	130	128
Population living in absolute poverty	…	…	…	69.4%	…	54.5%
Access to safe water (% total population)	…	…	…	…	…	42%
Life expectancy at birth, total (years)	43.46	43.41	44.65 (as of 1995)	45.47	42.40	41.08
GDP per capita (constant 1995 US$)	122.13	129.07	143.68	165.34	191.12	223.17
Inflation, consumer prices (annual %)	50.14% (as of 1988)	45.48%	63.18%	7.37% (1997); 1.48% (1998); 2.86% (1999)	12.72%	16.78%
School enrollment, primary (% number of children of official school age)	…	45% (as of 1990)	…	45% (as of 1998)	54%	55%
Govt. health exp. (% of GDP)	…	…	…	5%	5.7%	5.9% (as of 2001)
Government revenue (% of GDP)	8.4%	12.4 (as of 1993)	…	10.8% (as of 1996)	12.6% (2000-02)	12.9 (as 0f 2003)
Export of goods and services (% of GDP)	6.64%	13.87%	13.98%	11.33%	12.87%	23.51%
Investment (gross fixed capital formation as % of GDP)	12.01%	15.60%	19.81%	20.58%	36.58%	48.70%
Military expenditure (% of GDP)	9.2% (in 1988)	5.1%	5.7%	2.1%	2.5%	2.5%
Freedom house score	Partly free	Partly free	Partly free	Partially free	Partly free	Partly free
Corruption perception index	…	…	…	…	Ranked 81 out of 90 countries	In 2003, ranked 86 out 133 countries

Data sources: Corruption Perception Index: Transparency International; Freedom House Country Ratings: Freedom House; School Enrollment: The World Bank, *WDIs Online* Database 2005; Access to Safe Water: *Human Development Report 2004*; Government Revenue (% of GDP): IMF (2005). All other information is from The World Bank, *WDIs CD-ROM 2004*.

Figure 5.3: The GDP Growth of Mozambique during the Post-Conflict Period



Source: The World Bank, *WDIs 2004 CD ROM.*

However, Mozambique still faces a large number of social and economical problems: poverty, unemployment, migrants, low agricultural production, and low access to social and economic services and facilities. According to the UNDP Human Development Index 2004, Mozambique is ranked 171st of 177 countries, and is well below the average of sub-Saharan Africa and the Least Development Countries (LDC). More than two-thirds of its population is below the poverty line. There has been no improvement in life expectancy at birth. Although the infant mortality rate has been reduced in recent years, it is still one of the highest in the world. Most importantly, Mozambique lacks broad-based economic growth. Central and Northern Mozambicans live in deeper poverty and have less access to schools, health care, and infrastructures than their southern neighbors (Weinstein, 2002). Moreover, Mozambique is still one of the most aid-dependent countries in the world. In 2002, nearly a decade after the end of the conflict, the net official development assistance was 60.37 percent of the gross national income (The World Bank, *WDIs CD-ROM 2004*).

Table 5.4: Implementation Timeline and Assessment of Policy Effectiveness

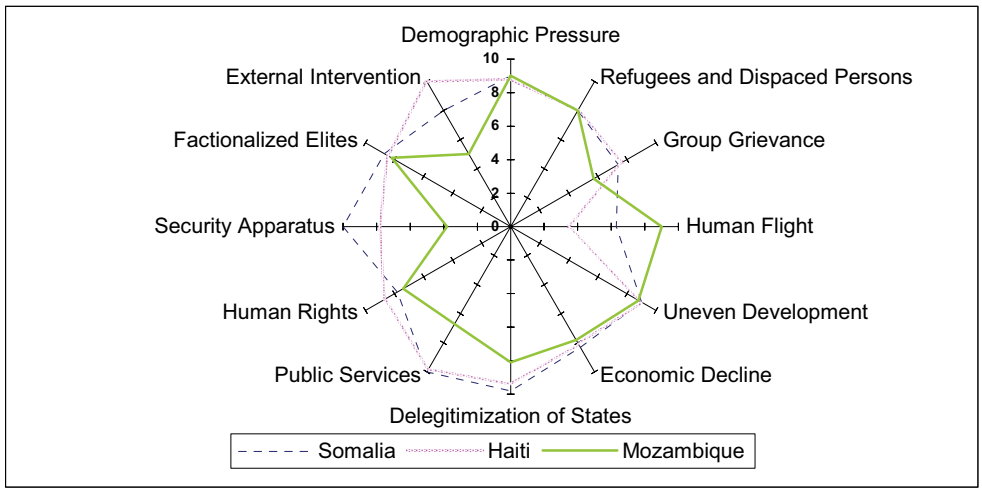
Sector	Sub-Sector	Timeline Starting date-End date	Assessment (achieved the goal?)
Security	Supply of Peacekeeper and Restoration of Order	Dec. 1992 – Dec. 1994 (maximum strength: 6,576 military forces (Nov. 1993) and 1,087 police observers (Oct 1993)	Successful
	Restoration of Essential Infrastructure (roads, airfields, ports, fuel supply, power supply, communications)	Dec. 1992 – Dec. 1994 (the UN provided security along the corridors and main routes and helped revive the basic infrastructures as well as trade with neighbors.	Successful
	Mine-Clearing	Demining programs started in Jan. 1993 and major activities were carried out in 1994 and continued thereafter. In spite of millions dollar spent, mines are still a big problem in rural areas.	Partially successful
	Demobilization and Reintegration	Nov 1993 – May 1994 (about 80,000 combatants demobilized and reintegrated; 70 % of the demobilized soldiers who received training were employed)	Largely successful
	Disarmament	November 1993 – May 1994 (about 155,000 weapons collected)	Mixed success
	Security Sector Reform: Military Reform	UN mission established in Oct. 1992, the demobilization completed by May 1994; new army established by Sept 1994; some success in reducing military expenditure FY 1998/99 onward.	Limited success
	Security Sector Reform: Police Reform	Although a civilian police component was deployed from Jan 1994 to Dec1994, it was unable to reform the Mozambican Police.	Not successful
	Security Sector Reform: Judicial and Penal Reform	Limited reform introduced during Dec. 1992 – Dec. 1994, several programs continued thereafter, and efforts are underway but the progress is slow.	Limited success
Humanitarian and Relief Efforts	Return of Refugees/Displaced Persons	December 1992 – April 1994 (By mid-1994, 75 % of the IDPs had been resettled and most refugees had returned to Mozambique).	Successful
	Rehabilitation	Major activities were launched during the period of May 1993 – April 1994	Mixed success
	Securing Property Rights	Effort to put in place an improved land tenure law began in 1992; a new land law was brought in 1998 which reduced the problem of material insecurity experienced by many returnees.	Successful
	Response to Food Insecurity	Several activities were launched during May 1993 – April 1994	Mixed success
	Reponses to the Rising Incidence of Disease	Several activities were launched during May 1993 – April 1994	Mixed success
	Response to the Acute Health Concerns	Several activities were launched during May 1993 – April 1994	Mixed success
	Agricultural Assistance	Several activities were launched during May 1993 – April 1994 and the investment in agricultural sector was encouraged theater but the growth of agriculture sector has been very sluggish.	Mixed success

Sector	Sub-Sector	Timeline Starting date-End date	Assessment (achieved the goal?)
Governance	Resumption of Basic Public Services (Education, Health, Water and Electricity)	Major activities were started in May 1993; by the end of 1998, most basic services were resumed.	Mixed success
	Strengthening Local Administration	Municipality elections were conducted in 1998, almost six years after the end of the conflict but the opposition boycotted the election.	Not successful
	Capacity Building and Reform of the Ministries	1992 to date: the World Bank and other donors have initiated several programs on capacity building of public institutions	Mixed success
	Control of Corruption	Although some laws and regulations were introduced, few control mechanisms have been established or operates in reality	Not successful
Economic Stabilization /Reforms	Controlling Inflation	1990 -1998: By 1997, the inflation rate declined to 5.5% from 54% in 1995	Successful
	Establishing a Stable Currency	In 1992, the Bank of Mozambique stopped fixing the exchange rate	Successful
	Provide Regulatory Framework for Some Sectors (e.g., financial sector)	1990 – 1998: Financial sector reform; however, banking sector reform ran into problem.	Mixed success
	Fiscal reform (tax reform; custom reform)	1990 – 1999: Improvement in government budget capacity and audit and inspection capability; tax and revenue administrative reform; VAT introduction	Successful
Democratization	Restoring Democratic Process	Successful election of president in 1994, 1999 and 2004.	Successful
	Elections (credible electoral process, voters participation)	Successful multi-party national elections in 1994, 1999 and 2004; however, the major opposition party RENAMO boycotted local election in 1998 but participated in 2003.	Successful
	Strengthening Political Parties, Civil Society and Press	1993 – date (several program have been launched)	Mixed success
Infrastructure and Development	Infrastructure Improvement (Road, Telecommunication)	During the period of 1993-1998, the transportation and telecommunication systems were upgraded.	Mixed success
	Reform and Revitalize Financial Market	1990 – 1998: financial sector reform (e.g., privatization of state-owned banks although this program ran into problem)	Mixed success
	Privatization of State Enterprises	Mainly during the 1990 – 1998 period, privatization was carried out in areas including telecommunications, electricity, ports, and the railroads	Largely successful
	Liberalization of Trade	1993: 1999: The maximum tariff rate reduced from 105 % to 35 % in 1996 and to 30 percent in 1999; however liberalization of cashew nuts didn't go well.	Mixed success
	Education and Health Reforms	Between 1992 and 1998, there was a rapid increase in the availability of schools and clinics. However, further progress was very slow.	Mixed success

Note: This assessment is based on the author's judgment. The conclusion has been drawn by looking at whether a task met the stated objectives. The explanation on whether a policy achieved the objectives has been provided in section 4.6. The ratings were fine tuned after the peer review.

Now a key question is: Is the post-conflict transition in Mozambique a success? The answer depends on what the definition or measure of success is. In terms of achieving relative peace and stability, the answer is yes. Mozambique emerged from a legacy of physical, social and economic destruction, and has sustained peace for more than a decade. Although Mozambique is still a fragile country by several measures such as poverty, demographic pressure and uneven development, the probability of renewed conflict is low compared to other post-conflict countries. The Fund for Peace, an independent research organization, and Foreign Policy Magazine conducted a global ranking of weak and failing states in 2005 and ranked Mozambique 42nd out 60 weak and failing countries. Among three categories—"critical", "in danger", and "on the borderline," Mozambique was placed in the "borderline" category (in the "monitoring" zone). Figure 5.4 shows the social, economic, political, and military indicators used to assess the risk of state failure by the Fund for Peace and the Foreign Policy Magazine.

Figure 5.4: Indicators of Instability



Data Source: Foreign Policy, "The Failed States Index Rankings." Online: http://www.foreignpolicy.com/story/cms.php?story_id=3100

In terms of overall policy effectiveness, Mozambique's post-war reconstruction is a mixed success. A growing climate of trust has encouraged displaced people to return to their homes. The success of demobilization and reintegration programs contributed to build positive climate for elections. The formation of a new government after the elections provided the political stability that increased the effectiveness of political system in building basic infrastructure. The political stability accompanied with macroeconomic stability contributed to the recovery of private sector confidence reflected by the increase in foreign direct investment and the emergence of new financial institutions including the Mozambique Stock Exchange (see the investment trend in the table 4.3). As a result, in post-war Mozambique, economic growth has rebounded. In addition, especially after the demobilization of combatants, the security threat decreased and allowed for a reduction in military expenditures. After 1995, Mozambique continued downsizing its military expenditure under pressure from the international community.

Yet, Mozambique failed to completely disarm former combatants, clear the landmines from the countryside, reform the security sector, control corruption, strengthen local administration, and implement civil service, education and health sector reforms. Mozambique is still heavily aid-dependent and there has been no considerable improvement in the situation of its most vulnerable groups particularly, the rural poor.

5.8. Lessons Learned For Policy Prioritization and Sequencing

Mozambique's reconstruction provides many important lessons. First, basic security is a prerequisite for all other components of post-conflict reconstruction including return of refugees, rehabilitation, reintegration, elections and political and economic reforms. However, the question is: How did Mozambique achieve this basic security? In Mozambique, the supply of peacekeepers and the UN's strong role in monitoring the ceasefire and bringing both warring parties into the negotiations contributed significantly to the basic security. In addition, programs such as the successful return and rehabilitation of refugees, the demobilization and reintegration and reconciliation of ex-combatants, and the formation of new army, further reinforced security.

Second, peace agreements (which are poor indicators that the post-conflict stage has begun) alone cannot ensure the return of refugees. Repatriation programs intertwined with peace accords and multi-dimensional peace-building efforts are likely to be more successful. Refugees apply their own criteria to their situation in exile and to conditions in their homeland. Encouraging refugees to return to their countries requires three essential elements: A strong commitment for sustaining peace and rebuilding the country on the part of the international community (by promising generous foreign aid, supplying a reasonable level of peacekeepers, and developing a comprehensive framework for reconstruction); a strong commitment from the warring national factions to respect the peace agreements and rebuild their country; and a well-planned rehabilitation and reintegration program that could ensure returnees of starting a new life.

Third, the elections cannot strengthen the political system unless the following sufficient conditions for holding elections are met: Basic security, electoral support, and a successful reintegration. The nature of the return of refugees has a direct effect on the nature of the reintegration programs. Reintegration programs have a direct impact on elections and political stability. Similarly, the nature of the demobilization process has security implications and thus, can affect elections.

Fourth, a rapid rebound from war requires strong and sustained private and foreign investment that creates markets and employment. However, private sector efforts will be hindered unless legal framework reforms protect property rights and keep macroeconomic stability (e.g., low inflation and budget deficit) in the economy. These reforms send a good signal to investors. In Mozambique, new government brought new laws to secure the property rights (especially the right to own the land) and was also able to maintain macroeconomic stability.

Fifth, in the case of Mozambique, security then economics was no longer relevant because economic reform did not put on hold during the early years of reconstruction. There were ongoing economic reforms already in place during the war and these programs continued along with the peace process. Thus, the right question could be what kind of economic reforms should be implemented with the political reforms in the earlier phase of reconstruction, not whether economics should wait until the political reforms are in place.

Sixth, for few years after the end of conflict, the military expenditure may be high due to security concerns. However, once the situation stabilizes, the share of military expenditure in the budget should go down and the share of expenditures in social sector such as health and education should go up in order to sustain peace. In the case of Mozambique, the reduction of military expenditure and the increase in the government expenditure on health and education from 1995 onwards helped to consolidate peace.

5.9. Other Lessons Learned

- Given that the need for the reconstruction is very high during the post-conflict period, fiscal deficit and inflation can only be controlled if aid flows are generous and donors sufficiently provide the budgetary support.
- Coordination among donors is vital in order for the reconstruction efforts to succeed. Success also depends on the coordination of the neighboring countries. South, Africa and Namibia fully cooperated and helped to establish stability in Mozambique.
- Both the underlying political process and donor support are equally important in building peace. In case of Mozambique, the government and major political stakeholders—the FRELIMO and RENAMO, were strongly committed to the peace process from the beginning, and remained so throughout the post-conflict reconstruction process. On the other hand, an early and strong commitment from donors both in terms of money and engagement helped to build confidence among the people of Mozambique about their future. Thus, the case of Mozambique shows that generous foreign aid can help to consolidate peace process. However, this doesn't mean that we should supply an unlimited amount of aid without giving attention to the aid absorption capability of the country. The key question is how the aid is being utilized in the post-conflict countries. In Mozambique, donors used the sector-wide approach to support the reconstruction process. This approach was intended to bring together the government, donors and other stakeholders within any sector so that development partners could share a set of common principles, objectives and working arrangements and lower transaction costs. In addition, a large amount of aid to Mozambique went to either debt service or financing budget deficit. This is one of the main reasons that Mozambique, although it received foreign aid nearly 80% of GNI in 1992 (see Figure 5.2) did not suffer from the "Dutch Disease" (high inflation due to the excessive flow of foreign currently).

CHAPTER 6: CAMBODIA'S RECONSTRUCTION: A MIXED SUCCESS

6.1. Introduction

More than fourteen years have passed since Cambodia emerged from a prolonged conflict. However, the progress towards peace, development and democracy in Cambodia has some mixed reviews. Cambodia has restored peace and a sense of normalcy and achieved national reconciliation. Three national elections and one local election have been held successfully since 1991, the year Cambodia's wary factions signed the peace agreements. Cambodia has also been able to achieve some level of sound macroeconomic management. The web of media and civil society has spread rapidly. Cambodia was able to secure some level of economic growth led by the tourism and garment industries, supported with foreign aid.[64] Cambodia also joined as a member of the Word Trade Organization in 2004.[65] According to UNDP's Human Development Reports, Cambodia is in a better position now than in the 1990s. Whereas in 1990, Cambodia was ranked dead last of 135 countries, in 2005, Cambodia ranked 130 out of 177 countries.[66]

However, Cambodia still faces key challenges. The rule of law continues to be extremely weak. Despite three national elections, Cambodia still lacks a functioning democracy. The opposition parties and civil society are weak and Prime Minister Hun Sen has used elections to consolidate his own power. Accountability and transparency problems along with weak governance overshadow the progress made towards economic reforms and stabilization. Poor public administration has contributed to the failure in service delivery to the poor and has been a major obstacle in attracting foreign and domestic investments. Poverty levels are high and stagnant. Land use problems still exist and the agricultural sector, which employs the majority of the work force, shows little improvement. The poor infrastructure, especially rural roads, and the lack of investment in agriculture have led to continued food insecurity.[67]

Nevertheless, Cambodia has been able to sustain peace for more than a decade and the risk of relapsing into conflict has significantly reduced. The UN-led intervention laid a foundation for democracy in Cambodia. This chapter assesses the security and development interventions after the peace agreements of 1991 and draws lessons from the Cambodia's reconstruction.

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[64] The World Bank, *World Development Indicators 2004* CD-ROM.
[65] See World Trade Organization, "Cambodia Raises WTO Membership to 148," October 2004, Online: http://www.wto.org/enlish/news_e/news04_e/cambodia_148members_13octo4_e.htm (as of January 12, 2007).
[66] UNDP, Various Human Development Reports. Online: http://hdr.undp.org/
[67] UNDP, "United Nations Development Goals: Cambodia 2001." Online: http://www.undp.org/mdg/Cambodia.pdf (accessed September 28, 2005).

6.2. A Brief History of the Conflict

Sandwiched between Vietnam, Thailand and Laos, Cambodia was a French protectorate from 1863 until 1953. Prince Norodom Sihanouk declared the country's independence in 1953 and two years later, he abdicated in order to become Prime Minister. In 1970, Prince Sihanouk was deposed by an American-backed coup de'etat led by Army General Lol Nol, who assumed the presidency of a newly declared Khmer Republic. The coup was launched at a time when Cambodia, Vietnam's western neighbor, was heavily bombed by America and about 700,000 persons were killed and millions of peasant refugees were driven to the country's few urban areas (Curtis, 1998).

Years of civil war ensued until the Khmer Rouge, a Maoist insurgent group led by Pol Pot, seized Phnom Penh, the capital of Cambodia, and established the state of Democratic Kampuchea. In the name of creating a new society, Pol Pot's Khmer Rouge pushed Cambodia to the abyss of humanitarian and economic crisis. The Khmer Rouge ruled Cambodia with terror until Cambodian-Vietnamese forces overthrew the Khmer Rouge in 1979 and set up a new socialist government called the People's Republic of Kampuchea (PRK). After the ouster of the Khmer Rouge, the country further spun into disarray as the civil war continued between the Former Soviet Union and Vietnam-backed PRK and the U.S. and Thailand-backed guerrilla forces of Khmer Rouge and other non-communist resistance forces. Hundreds of thousands of refugees crossed the Thai border because of the conflict escalation.

6.3. The Causes of the Conflict

Several political, economic and social factors were the underlying causes of the Cambodian tragedy. Cambodia was directly impacted by the Vietnam War. Sihanouk, who ruled Cambodia as prime minister from 1953 to the death of his father in 1960, attempted to maintain independence from the U.S., China, and the former Soviet Union. However, beginning from 1960, U.S. escalation of the war in Vietnam made Sihanouk's neutrality increasingly precarious, provoking him to lean toward Hanoi and Beijing. By the end of 1965, U.S. intelligence claimed that the Vietnamese communists were increasingly using Cambodian territory for sanctuary from American forces. U.S. aircrafts bombed Cambodia's border areas (Kiernan, 1996). When Prince Sihanouk was deposed by Army General Lol Nol in 1970, the coup launched a bitter and bloody civil war at a time when Cambodia was increasingly being drawn into the Vietnam War. The instability helped lead to the rise of the Khmer Rouge insurgency in rural areas.[68]

Cambodia's state capacity further weakened during the Khmer Rouge's rule (1975 – 1979) when the Khmer Rouge introduced a radical social policy called "Year Zero", in which the country was to become an "agrarian moneyless society." The policy entailed deliberately abolishing and outlawing private property, money and trade. Within the days of assuming power,

[68] For the political history of Cambodia, please see Kiernan (1996) and Curtis (1998).

Pol Pot ordered people to empty cities and towns, forcing the entire Cambodian population into the countryside for collectivized agricultural programs. The country's social fabric was dismantled and destroyed as was the country's physical infrastructure. Education was halted, intellectuals were targeted for execution, machines were destroyed, transport terminated and Buddhist and Muslim religions were banned. More than 1 million Cambodians lost their lives to the Maoist-inspired rule of the Khmer Rouge because of forced labor, starvation, lack of medical care, and wholesale execution (Curtis, 1998; Kiernan; 1996).

Even after the Cambodian-Vietnamese force overthrew the Pol Pot regime in 1979, conflict and economic stagnation continued because Cambodia was caught up in Cold War politics. The conflict escalated between the PRK, which was backed by Vietnam and the former Soviet Union, and the Coalition of Government of Democratic Kampuchea (CGDK), which was backed by U.S. and an uneasy alliance of the ousted Khmer Rouge, Prince Norodom Sihanouk's "FUNCINPEC" and the Khmer People's National Liberation Front (KPNLF).[69] The international community led by the United Sates viewed the Vietnamese invasion in Cambodia not from the humanitarian but from geopolitical standpoint. Cambodia and its people were isolated by an American-led political and economic embargo on the basis of Vietnam's continued military involvement in Cambodia. The embargo isolated Cambodia from the non-socialist world and deprived the Cambodian people of international humanitarian and development assistance.

The economic stagnation that began in the mid-1960s contributed to high inequality and unemployment in the 1970s and 1980s. The rural sector remained impoverished relative to the urban sector. The Khmer Rouge took advantage of the extreme impoverishment of peasants and growing inequality between the rural and urban sectors to intensify its recruiting. It adopted a communist ideology that promised to address injustice and remove the causes of oppression and inequality.

6.4. The End of Conflict

As the former Soviet Union (the major supporter of then-Cambodian government) disintegrated bringing the end of the Cold War, diplomatic efforts spearheaded by the UN, France and Indonesia finally brought Cambodia's warring parties to the negotiating table. Following a serious of diplomatic efforts between 1988 and 1999, on August 28, 1990, the five permanent members of the UN Security Council announced their agreement on an Australian-drafted plan for UN supervision and monitoring in Cambodia during a period of transition between the establishment of a ceasefire and the holding of elections. On September 9, 1990, the four Cambodian factions—the FUNCINPEC, the KPNLF, the Party of Democratic Kampuchia (the Khmer Rouge), and the State of Cambodia (before 1989 called the People's Republic of Kampuchea)—agreed to create of a Supreme National Council (SNC) to represent Cambodia during the transition period. With the creation of SNC chaired by Prince Norodom Sihanouk, the

[69] For more details, see Curtis (1998).

International Conference on Cambodia was reconvened in Paris and the Agreements on a Comprehensive Political Settlement of the Cambodia Conflict were signed by the Cambodian factions and the countries participating in the conference in the presence of the UN Secretary General.[70] The agreements, also know as the Paris Peace Agreements or Paris Accords, invited the Security Council to establish the United Nations Transition Authority in Cambodia (UNTAC) with a mandate to oversee the implementation of the agreements.

6.5. Policy Prioritization During the Post-Conflict Period

The main priority of the international community during the first phase of reconstruction (1992-1993) was to maintain peace and democratize Cambodia. In addition, the donor community also tried to jump start socio-economic recovery by simultaneously stimulating different economic sectors. However, after the elections that took place from May 23 to 28, 1993, the priorities were shifted from emergency relief to development. International assistance in support of Cambodia's rehabilitation was governed by the *Declaration on the Rehabilitation and Reconstruction of Cambodia*, signed as an integral part of an agreement. The declaration outlined the parameters for external assistance to Cambodia—both during the transitional phase as well as over longer term. The declaration proposed that Cambodia's immediate needs, such as food security, health, housing, training, education, the transportation network, and the restoration of Cambodia's existing basic infrastructure and public utilities, be addressed during a "rehabilitation phase" to lay groundwork for the country's long-term reconstruction and development (Curtis, 1993).

The United Nations

The UN mission in Cambodia and its several agencies played a vital role in peacebuilding. The UNTAC, established by Security Council resolution 745 (1992) of February 1992, was UN's one of the most ambitious missions. The Paris Peace Agreements mandated the UN to oversee an unprecedented number of tasks including protecting human rights, establishing law and order, overseeing military arrangements, civil administration and the repatriation and resettlement of refugees and displaced persons, and rehabilitating essential infrastructure during the transition.[71] In order to meet these priorities, The UNTAC had several components: human rights, electoral, military, civil administration, civilian police, repatriation, and rehabilitation. The UNTAC's mandate ended in September 1993 with the promulgation of new Constitution and the formation of a new government.

[70] See Curtis (1998).
[71] See, United Nations Department of Peacekeeping Operations (DPKO), "Cambodia-UNTAC." Online: http://www.un.org/Depts/dpko/

The World Bank and the IMF

IFIs such as the IMF and the World Bank have played an important role in supporting macroeconomic stability through the implementation of structural adjustment policies and various economic strategies. The main macroeconomic objectives of the 1994-1996 structural adjustment and stabilization program were maintaining real growth of 7 to 8 per cent per year; reducing the inflation rate to 5 percent by 1995; reducing current account deficit to 9 percent of GDP by 1996, and raising international reserves (Brown and Timberman; 1998). The IMF's main priorities were: to control inflation, stabilize the exchange rate, and improve revenue mobilization and fiscal balance. The World Bank took the lead in areas of public sector reform (civil service reform and military demobilization), forestry management, legal reform governance, and since 2002 on public expenditure management (IMF, 2004a).

Other Donors

After signing the Paris Peace Agreements in 1991, Cambodia re-established its relations with the Asian Development Bank (ADB). The ADB focused its assistance on the agriculture, transport, energy, and education sectors.[72] The EU was also involved in the reconstruction of Cambodia. Other important bilateral donors that helped in the rehabilitation and reconstruction of Cambodia included Japan, the United States, France, Australia, the Netherlands, Sweden, Canada, Belgium, China, Denmark, Finland, Germany, the United Kingdom, and Russia.

6.6. Assessing the Success

The amount of international assistance for Cambodia's reconstruction was significant but so was the crisis. There were over 4 million land mines that needed to be cleared, 370,000 refugees that needed to be repatriated,[73] and over 200,000 troops and 250,000 village militias that needed to be demobilized.[74] The country's physical infrastructure had been largely destroyed by more than two decades of war. There was no communication system to speak of. Diseases such as malaria and tuberculosis were widespread and the average life expectancy was less than 50 years. The Cambodian government was in the midst of fiscal crisis with budget gap of 4.5 percent of GDP and very high inflation caused by printing more money to cover budget deficits (Dobbins et al., 2005).

Security

Immediately after the initial phase of deployment on March 15, 1992, UNTAC began to supervise the ceasefire and oversee the regroupment and cantonment of Cambodian military forces. UNTAC military observers also established check-points to verify the withdrawal and

[72] See Asian Development Bank, "Country Assistance Plan (2000-2002): Cambodia", December 1999.
[73] See Curtis (1993).
[74] Curtis (1998).

non-return of foreign forces. Similarly, UNTAC deployed mine-clearing training teams in north-western Cambodia. UNTAC's military component was almost fully deployed by July 1992, with some 14,300 troops in the country and the remainder en route. There were 1,780 UNTAC civilian police monitors deployed throughout the country to supervise the fair and impartial enforcement of law and order.[75] In September 1992, UN Secretary-General Boutros Boutros-Ghali announced that UNTAC had successfully marshaled 52,292 Cambodian troops into cantons and confiscated 50,000 weapons (Dobbins et. al., 2005). However, the security situation suffered a setback when the Khmer Rouge refused to put its forces in cantons citing the reason that Vietnamese soldiers were still located in Cambodia in disguise. When the Khmer Rouge repeatedly breached the cease-fire, the Cambodian People's Party (CPP) and other factions refused to continue demobilization and disarming. After the Special Representative's diplomatic efforts, Cambodian troops other than the Khmer Rouge troops were ready to cooperate with UNTAC. Although UNTAC was unable to provide adequate security in the area controlled by the Khmer Rouge, it provided security for the return of refugees and the electoral process in other parts of the country.

The integration of larger number of soldiers from the CPP, FUNCINPEC and other factions in the Royal Cambodia Armed Forced (RCAF) took place during the early 1990s, whereas, the reintegration of Khmer Rouge soldiers did not take place take place until 1998, when most Khmer Rouge soldiers defected and surrendered. Because of an uneasy power sharing alliance between the FUNCINPEC and the CPP, security sector downsizing could not take place. Some progress was achieved, however in reducing the number of generals from 1,876 to 147, and the number of colonels from 5,000 to 304, and the number of divisions from 28 to 12 (IMF, 2003). In 1999, Tokyo Consulting Group Meeting agreed on a four-stage military demobilization program: registration of soldiers, discharge and disarmament, re-insertion; and re-integration.[76] However, the disarming and demobilization of the various military forces did not take place as planned. Moreover, disarmament carried out in the early phase of reconstruction was not successful. In 2000, it was estimated that one in every twelve citizens owns a gun despite a gun ban imposed in April 1999. The attempts to canton weapons at the Ministry of the Interior resulted in their resale in local markets (International Crisis Group, 2000).

UNTAC efforts to verify the withdrawal of foreign forces were successful. UNTAC officials investigated the Khmer Rouge's accusation that Vietnamese forces remained in Cambodia but found no evidence that this was true. There was also some success in clearing land mines. Demining commenced in high priority areas first. By August 1993, UNTAC's Mine Clearance Training Unit had cleared more than 4 million square meters of land and removed 37,000 mines. It also trained over 2,230 Cambodians in mine-clearing techniques (Dobbins et al., 2005). However, demining has continued to be a development challenge in Cambodia. Since the

[75] United Nations Peacekeeping, "Cambodia—UNTAC": http://www.un.org/Depts/dpko/dpko/co_mission/untac.htm (accessed September 28, 2005).
[76] See IMF (2003).

rural population is particularly vulnerable to the continuing danger of landmines, Cambodia has included landmine clearance as one of the MDGs.

No success was achieved in reforming Cambodia's judiciary system. World Bank efforts to promote the rule of law became insufficient and defective (Kreimer et al., 1998). The promotion and protection of human rights in Cambodia has been severely hampered by the lamentable state of the judicial system. Poor facilities, low salaries, executive interference, lack of education and training, and weak and poorly enforced legislation combine to produce a judicial system in which people have no confidence, and which fails in its duties and responsibilities.[77]

Humanitarian and Relief Efforts

The UNHCR facilitated the return of 361,462 refugees between March 30, 1992 and April 30, 1993. UNHCR managed the refugee operations, build the transit stations and provided security along the roads. Each refugee received a kit with essentials for setting up a new household and enough food to last 400 days. In addition, UNHCR gave 88 percent of the refugees a cash grant, 8 percent land and wood for building, and 3 percent land to farm (Dobbins et al., 2005). Refugees were free to choose where to return and to change their minds once they were back in Cambodia. Although thousands of people fled to Thailand when fighting broke out among different factions in their respective areas in 1997-98, some 46,000 people were successfully repatriated back to Cambodia in 1997-99 (Ballard, 2002).

The Rehabilitation phase, which ran from the signing of the Agreements and the establishment of UNTAC until the formation of a new government following the elections, focused on food security, health, housing, training, education, the transportation network and the restoration of Cambodia's basic infrastructure, including public utilities. The World Food Program (WFP), in consultation with UNHCR, determined the food component of repatriation assistance. To help strengthen linkages with local and regional markets as well as enhance communication, UNHCR financed the improvement of access roads, and the rehabilitation of construction bridges. UNHCR also provided assistance for teacher trainings, school construction, distribution of school kits and uniforms, and rebuilding primary and healthcare services, including malaria treatment. UNHCR and some other agencies assisted in supplying potable water and providing rice and vegetable seeds and farming tools, and training to returnees so that they could start their agricultural production.

More importantly, UNHCR in cooperation with other agencies supported human rights promotion and more secure land tenure arrangements. UNHCR adopted a dual approach to address conflicts over land rights. In many cases, land rights disputes were managed on a case-by-case basis in which UNHCR, whenever feasible, involved either local or provincial officials in resolving specific cases. At another level, UNHCR also adopted a more comprehensive approach by contributing to the development of institutional mechanisms for governing land rights (e.g.,

[77] Amnesty International (2002).

Land Use Planning Unit and Land Dispute Resolution Committee).[78] However, one major limitation is that although UNTAC and other donors engaged in a variety of programs, social sector activities were not prioritized as outlined in the Consolidated Appeal and remained critically underfunded (Curtis, 1993).

Economic Stabilization/Reforms

The Royal government committed itself to a three-year Structural Adjustment Program (SAP), which was drawn up with the IMF and the World Bank and implemented over the 1994 to 1996 period. The SAP addressed the basic issues in macroeconomic management including setting clear targets for reducing the budget deficit, monetary and financial reforms, liberalization of external trade and investment, and for public sector reform. In addition, the newly established Royal Government of Cambodia articulated its vision for Cambodia's future. It committed to economic and financial stability, public sector reform, and higher economic growth through its "National Programme to Rehabilitate and Develop Cambodia," prepared with the technical assistance of the UNDP. The program, which was presented to the international community at the March 1994 meeting of the International Committee for the Reconstruction of Cambodia (ICRC), was well-accepted by the international donor community (Curtis, 1998).

In 1994, Cambodia implemented the Enhanced Structural Adjustment Facility (ESAF-I). Among the various fiscal reform measures taken during 1992-1994 period were improvement in international taxes, customs administration, and forest revenue. However, owing to the continued unsettled political situation, the ESAF program was suspended in 1995, and it expired in August 1997. On the other hand, the World Bank supported Cambodia by drafting the Bank's first Country Assistance Strategy (CAS) in 1995 and extending the CAS in 1997 (The World Bank, 1999).

The July 1997 factional fighting and the Asian Financial Crisis further hampered the implementation of stabilization and reform programs. However, with the return of political stability after the 1998 general elections and a renewed impetus for reform including a number of fundamental financial measures (e.g., introduction of the value-added tax) and structural measures (e.g. curbing illegal logging and initiating civil service and military reforms), IMF lending was resumed in 1999. In October 1999, a second three-year (1999-2002) ESAF program was approved, soon replaced by a Poverty Reduction and Growth Facility (ESAFII/PRGF) arrangement.[79]

Although some areas such as civil service reform and forestry management met difficulties, macroeconomic stabilization under the ESAF-I and ESAF-II/PRGF programs was largely successful due to the availability of foreign assistance. This support focused on reforming the budget and implementing other economic stabilization and reform programs introduced and

[78] For more on rehabilitation efforts, see Ballard (2002).
[79] For more on stabilization program and economic reform, see IMF (2003) and IMF (2004).

monitored by the World Bank and the IMF. Economic growth resumed, and fiscal balance was restored, inflation had been reigned in, and revenue mobilization improved. Inflation dropped from triple to single digit levels in the mid-1990s and remained moderate throughout the period under review. Following massive devaluations of the Riel up to mid-1993, the exchange rate was unified under a market-based regime and remained relatively stable thereafter, although the challenges from the high level of dollarization remained. Important progress was made in strengthening central institutions of macroeconomic management, restructuring the financial sector, and integrating Cambodia into the world market. Real average GDP growth was robust because of the increase in foreign direct investment and the garment sector's preferential access to EU and US markets. Fiscal management was strengthened through a number of legal and administrative reforms. Introduced in 1993, the Organic Budget Law stipulated that domestically financed expenditure must stay within budget limits. Total government revenue increased to 9.5 percent of GDP in 1994 compared to 4.4 percent in 1991 (IMF, 2000). The role of central bank was strengthened as part of the efforts to build a two-tier banking system. Privatization of state-owned enterprises (SOEs), which began under the market-oriented reforms in the late 1980s, was completed by 1996. Trade regime was liberalized as Cambodia joined ASEAN and WTO. Accusation preparation included the reform commercial law, civil and criminal codes, intellectual property rights, custom laws, and trade-related investment measures (IMF, 2004a).

Governance

Most institutions in Cambodia were barely functioning when the Paris Peace Agreements were signed in 1991. Cambodia has made important progress in rebuilding its institutions since then. In 1993, a new constitution was promulgated. It envisioned the establishment of a liberal democratic state and a market economy as the foundations of Cambodia's political and economic future. It also separated the legislative, executive, and judicial branches of government. Health services provision, education and support for the socially vulnerable were made the state's constitutional duty. Although some progress was made in the education and health sectors, the delivery of basic social services was hampered by the lack of transparency and accountability in public administration. The inability to develop checks and balances in the political system and the ongoing power struggle between the CPP and the FUNCINPEC as well as the continued security threat from the Khmer Rouge all contributed to the inability of the regime to deliver basic social services.

As a result, Cambodia experienced difficulty in reforming its judicial system, public administrative systems, and its local governance structures. The judiciary was weak and subject to the manipulation from executive branch. Service delivery was hampered by the delay in conducting local elections. It was not until February 2002 that Cambodia held its first multi-party local elections, more than a decade after the end of the conflict.

Moreover, with the poor enforcement of laws, corruption in Cambodia is reported to be pervasive. According to a report prepared by the World Bank Group in 2004, most firms in

Cambodia acknowledge that payments to public officials are frequently, mostly, or always required to "get things done"(The World Bank Group, 2004). It is interesting to note that the average salary of civil servant in 2004 was only $28 a month—well below the minimum paid to garment workers. However, Cambodia Socio-Economic Survey (CSES) data indicate that civil servants are generally among the highest income groups in Cambodia. The discrepancy explains that civil servants make money from corruption and other rent-seeking activities (UNDP, 2004).

Democratization

The first democratic elections were successfully held in May 1993 and involved widespread electoral participation. Ninety-five percent of eligible voters registered and of those 90% voted (Sutter, 1996). Following the elections, Cambodia adopted a new Constitution, formed a new government and reinstated King Sihanouk as a constitutional monarch. The Royal Government of Cambodia was formed in November 1993 with FUNCINPEC's Prince Norodom Ranariddh as first prime minister, CPP's Hun Sen as the second prime minister, and coministers from both parties heading the Ministries of Defense and Interior. Other ministerial portfolios were divided between FUNCINPEC and the CPP, with one ministry allocated to the Buddhist Liberal Democratic party (BLDP). The bi-partisan power sharing was extended to the senior levels of each ministry and the provincial level (Curtis, 1998). Although a fragile democracy was established, an uneasy co-existence of the two parties gave rise to factional and confrontational politics which eventually hindered efforts to build the war-torn country.

Cambodia's democratization suffered a great setback on July 5, 1997, when the Second Prime Minister Hun Sen forcefully ousted the democratically elected first Prime Minster, Prince Norodom Ranariddh and assumed power in a successful coup. The international community quickly reacted to Cambodia's political instability. The Association of Southeast Asian Nations (ASEAN) postponed Cambodia's entry to the regional organization. The United States led efforts to punish Hun Sen and restore Ranariddh to power—which led to the cessation of non-humanitarian assistance to Cambodia. Internally, more that 60,000 Cambodians were displaced as the two factional groups fought for power and those caught in the middle sought refuge in Thai border camps. The economic impact of political instability severely undermined investor confidence and resulted in cutbacks in donor assistance. By late 1997, Cambodia faced a US $58 million budgetary shortfall while foreign direct investment was slashed by one third (Curtis, 1998).

After the coup, the government and National Assembly no longer represented the aspirations of the Cambodian people as expressed in 1993 elections. Hun Sen and his party, CPP, (which came second in the 1993 elections) gained near complete control of Cambodia. The FUNCINPEC, the 1993 election-winner, disintegrated as the First Prime Minister Ranariddh was forced to live in exile and some of its members allied themselves to the CPP.

However, due to mounting international pressure, preparations began for new elections and Prince Ranariddh returned to Cambodia. On July 26, 1998, national elections were held and the CPP won the majority of votes but failed to secure the two-thirds majority needed to form a new government. On November 30, 1998, after a four-month deadlock, a coalition government formed between Hun Sen's CPP party and Prince Ranariddh's FUNCINPEC party. Hun Sen became the sole prime minister and Prince Ranariddh became the head of parliament (Curtis, 1998).

Local elections were not among the earliest priorities in Cambodia's reconstruction efforts. In fact the elections for communes were not held until 2002, more than one decade after the Paris Peace Agreements. Until these elections took place, the FUNCINPEC and CPP divided provincial and other local level seats evenly. This even division of power at the local level created a struggle between the FUNCINPEC and the CPP and hampered emergency relief efforts as well as essential service delivery. Because of its hold on the military and administration, the CPP maintained a great influence in most provincial and commune offices.

The third national elections were held in July 2003. Although some irregularities and intimidation took place, real improvements were made over previous elections. However, it took one year of negotiations between contending political parties before a coalition government was formed. The CPP won the most seats in the National Assembly but had to rely on FUNCINPEC to form a government. Despite three successful elections, Prime Minister Hun Sen has retained his status as the de facto ruler of Cambodia and kept his influence in the judiciary, military, and public administration sectors of government.

Even more promising, an indigenous civil society has begun to emerge in Cambodia, including NGOs' and an independent media. Although they have limited influence in the political process and are often subject to political manipulation, the number of human rights NGOs increased drastically with the help of the international community. The print and broadcast media grew in numbers over the 1990s with an increasing number of opposition newspapers and independent media outlets.

Development and Infrastructure

Although Cambodia was able to secure some level of economic growth, it was not able to secure a broad-based growth. Economic benefits were highly concentrated in the urban centers, especially Phnom Penh. During the 1990s, the agriculture sector, which overwhelmingly dominated the Cambodian economy saw virtually no productivity improvement and suffered from a lack of investment in technology, infrastructure and crop diversification. Furthermore, the agricultural sector received little attention from multilateral organizations; only about 8 percent of total financial assistance was directly allocated to agriculture and rural development—despite the fact that more than 80 percent of Cambodia's poor live in rural areas (IMF, 2004a).

Moreover, Cambodia has not been able to build the foundations for sustainable development by developing its infrastructure—roads, water supply, and electricity—in rural and provincial areas. As a result, the ability of rural populations to participate in productive activities, or raise their level of human capital by increasing their access to health-care services and education is severely curtailed. Although some major national roads and some regional roads were rehabilitated with foreign support during the 1992-1996 period, the quality of rural roads remains poor and budgetary constraints have led to the deterioration of the strategic roads. In addition, Cambodia's railroad system is outdated and in the need of extensive rehabilitation (IMF, 2003).

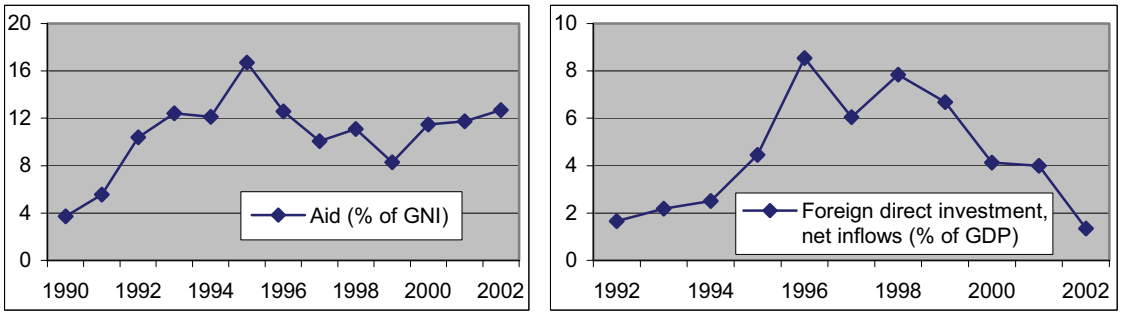
Donor Contribution and Coordination

Most of the efforts towards Cambodia's renewal and reconstruction were coordinated through the International Committee on the Reconstruction of Cambodia (ICORC), a coalition of donor countries and international organizations. The first meeting of the ICORC was held in Paris in September 1993 and subsequent meetings were proposed to be held alternatively in Tokyo and Paris. The ministerial meeting on rehabilitation and reconstruction of Cambodia that took place in Tokyo in June 1992 pledged $880 million for the rehabilitation and reconstruction of Cambodia (Curtis, 1993). This amount was higher than the UN Secretary General's Consolidated Appeal of April 1992 that called for $595 million in voluntary donor assistance (Chopra, 1994).

The overall trend in official development assistance was positive between 1992 and 2001 (with the exception of 1998 when donors made no annual pledges following the violent coup d'etat in July 1997). In total, the donor community pledged more than $5 billion in three consecutive ICORC conferences and five subsequent Consulting Group (CG) meetings to Cambodia's reconstruction. Pledges increased over the period 1996-2001: $450 million for 1997, $526 million for 1999, $603.30 million for 2000, and $610.71 million for 2001. By the end of 2001, a total sum of over $5 billion had been pledged and over $4 billion disbursed. Overall, the donor community disbursed 73.3% of their pledges between 1992 and 2001.[80] On the other hand, Cambodia was not able to sustain the inflow of foreign direct investment for a longer period. Figure 6.1 shows that foreign direct investment as a share of GDP declined after 1998 following the 1997-1998 political instability. Capital flowed out of the country after 1998 both because of political instability and because of increased competition in the garment industry for foreign investment directed to China and Vietnam.

[80] See, Peou (2004).

Figure 6.1: Foreign Aid and Foreign Direct Investment

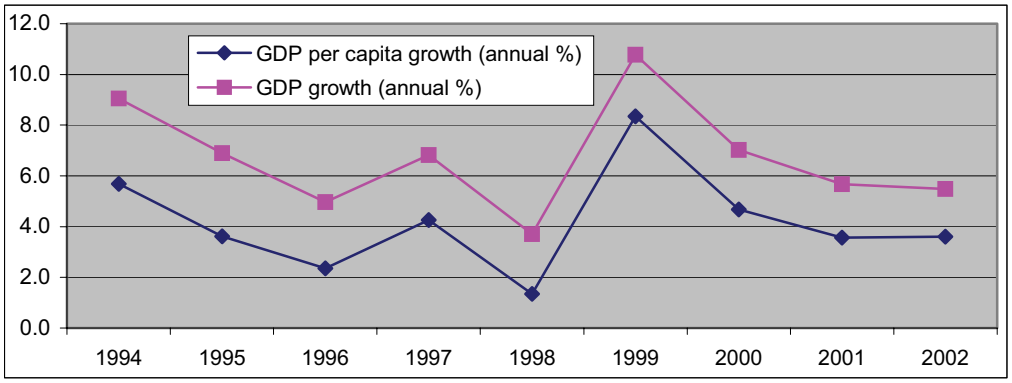


Source: The World Bank, *WDIs Online Database* 2005.

6.7. Overall Assessment

Cambodia is in a better position now than it was in the 1990s. Mass immunization programs have been introduced, youth literacy rates have gone up, there are efforts to improve crop productivity, and HIV/AIDS infection rates are on the decline[81] Cambodia has been able to attain an average GDP growth rate of 5 percent during the post-conflict decade. Most importantly, however, Cambodia continues on the path of reform. The democratically-elected government is committed to civil service reform, demobilization, forestry management reform, judicial reform, and financial sector reform.

Figure 6.2: GDP Growth of Cambodia



Source: The World Bank, *WDIs Online Database 2005*.

The UN-led intervention in Cambodia and its post-war reconstruction should be credited for a number of successes. In the face of prodigious difficulties, it organized an electoral process that produced an internationally recognized government, helped end Cambodia's years of isolation, assisted in the unification of three of the factional armies, reduced the power of Khmer Rouge and played a part in promoting reconciliation and laying a foundation for long-term development. In spite of these successes, Cambodia ranks low on the UNDP's Human Development Index (130th out of 173 in 2004). This is not surprising because Cambodia is still

[81] See UNDP, "Connecting Cambodia to a World Development Experience". http://www.un.org.kh/undp/ (as of September 10, 2006).

one of the poorest countries in the world with one of the highest infant mortality rates. More than one-third of Cambodia's population is below the poverty line and only about 34% of people have access to safe drinking water. There is little improvement in the education, health, transport and communications sector to support Cambodia's future development.

Table 6.1: Selected Economic, Social and Political Indicators

	Pre-Conflict	**Post-Conflict**				
	5 years before the end of conflict (in 1986)	The year conflict was ended (1991/92)	2 years after the end of conflict (in 1994)	5 years after the end of conflict (in 1997)	8 years after the end of conflict (in 2000)	10 years after the end of conflict (in 2002)
Literacy rate, adult total (% of people ages 15 and above)	59.12%	62.52% (as of 1991)	63.92%	65.78%	68.01%	69.41%
Infant Mortality Rate (per 1,000)	80 (as of 1990)	…	88 (as of 1995)	…	95	96
Population below the poverty Line	…	…	39.0%	36.1%	…	…
Access to safe water (% total population)	…	…	…	…	…	34%
Life expectancy at birth, total (years)	48.51 (As of 1987)	51.51 (as of 1992)	52.98 (as of 1995)	53.96	53.81	54.01
GDP per capita (constant 1995 US$)	…	…	305.39	337.67	388.11	416.45
Inflation, consumer prices (annual %)	…	More than 100% (as of 1990)	1.05% (as of 1995)	3.17%	-0.79%	3.21%
School enrollment, primary (% number of children of official school age)	…	67% (as of 1990)	…	82% (as of 1998)	85%	93%
Govt. health exp. (% of GDP)	…	…	…	10.9%	11.8%	…
Tax Revenue (% of GDP)	…	4.4% (as of 1991)	9.5%	…	11.5% (as of 1999)	12.0%
Export of goods and services (% of GDP)	2.55% (as of 1988)	11.91% (as of 1991)	26.23%	34.35%	50.89%	59.20%
Investment (gross fixed capital formation as % of GDP)	9.61% (as of 1988)	9.38% (as 0f 1991)	11.01%	13.71%	18.65%	22.66%
Military expenditure (% of GDP)	1.9% (as of 1988)	3.5% (as of 1991)	6.7%	4.9%	3.5%	2.7%
Freedom house score	Not free	Not free as of 1991)	Partly Free	Not free	Not free	Not free

Data sources: Access to safe water: *Human Development Report 2004*; Freedom house score: Freedom house; Tax revenue (% of GDP): IMF, "Cambodia: Selected Issues" (various volumes). All other information is from The World Bank, *WDIs CD-ROM 2004*.

With nearly all of its judges trained during the socialist era of the 1980s, the judicial sector is incompetent. Although the national assembly exists, it largely produces rubber-stamp policies rather than check and balance the executive and judicial branches. In general, Cambodia's bureaucracy, judicial system, military and police are highly politicized; the government institutions both at the central and the local levels are very weak, corruption is pervasive and there is little political accountability. The military is bloated and unprofessional and needs to be downsized in order to divert scare government resources from the military to the social sectors.

To conclude, Cambodia can be characterized as a partially successful case along the spectrum of nation building operations, Cambodia signals a return to peace and stability by several measures: a reduction in the likelihood that it will return to conflict; a functioning government, stability and sustainability in macroeconomic sector; recovery of private sector confidence (see the table 6.1 where the investment to GDP ratio shows a increasing trend); some reduction in the need for transition assistance to meet basic needs because of the revival of the export sector); and the restoration of basic infrastructure. However, Cambodia could be characterized as a failure by following indicators: the effectiveness of the political system; effectiveness of justice and reconciliation efforts; improvement in situation of vulnerable groups such as women, children, and elderly; and the effectiveness of civil society to make the government accountable.

Table 6.2: Implementation Timeline and Assessment of Policy Effectiveness

Sector	Sub-Sector	Timeline Start date – End date	Assessment (achieved the goal?
Security	Supply of Peacekeeper and Restoration of Order	Oct 1991 - Sept 1993; Maximum strength: Military: 15,991; civilian police: 3,359 (June 1993). UN forces were able to maintain law and order in most parts of the country.	Mostly successful
	Restoration of Essential Infrastructure (roads, airfields, ports, fuel supply, power supply, communications)	Oct 1991 - Sept 1993: Rehabilitation component of UNTAC focused reviving transport network and the restoration of Cambodia's basic infrastructure in most parts of the country except in the Khmer Rouge-controlled northwest region.	Partially successful
	Withdraw of Foreign forces	From March 1992 – to Sept 1993, the UN monitored whether the foreign forces were still operating in Cambodia; the UN concluded that the withdrawals were successful.	Successful
	Mine-Clearing	March 1992 – Sept 1993: de-mining efforts succeeded in clearing all but a few areas	Mostly Successful
	Demobilization and Reintegration	March 1992 – Oct 1993 (the Khmer Rouge refused to put its forces in cantons)	Partially Successful
	Disarmament	Started in March 1992; by Sept 1992, 50,000 weapons were confiscated. However, the attempts to canton weapons were resulted in their resale in local markets.	Limited Success
	Security Sector Reform: Military Reform	Soon after the May 1993 election, the donor community emphasized on reforming military; however, only in 1999, a demobilization program was formulated but an uneasy power sharing between two main factions didn't allow its implementation.	Not Successful
	Security Sector Reform: Police Reform	In 1993, the National Police of Cambodia under the Ministry of Interior came into existence; however, the police lacked enough training and resources	Not successful
	Security Sector Reform: Judicial and Penal Reform	In 1992, the UNTAC put forwarded new penal code, and judiciary and criminal procedures but a concrete reform never introduced. Judicial Reform Strategy was only published by the Government in 2003.	Not successful
Humanitarian and Relief Efforts	Return of Refugees/Displaced Persons	Between March 30, 1992 and April 30, the UNHCR facilitated the return of 361,462 refugees and continued its efforts thereafter. The UNHCR also helped the repatriation of some 46,000 people, who flee to Thailand when fighting broke out in 1997-198.	Successful
	Rehabilitation	Oct 1991 - Sept 1993: the UNHCR, UNTAC and other agencies assisted rehabilitation	Successful
	Securing Property Rights	March 1992 – Sept 1993: a comprehensive approach to governing land rights were introduced by the UNHCR. However, property rights situation got worse with numerous land disputes. Only in 2001, a land law was brought to provide property security.	Mixed success
	Response to Food Insecurity	Oct 1991 - Sept 1993: The UNTAC and other agencies focused on food security	Mixed success
	Reponses to the Rising Incidence of Disease	Oct 1991 - Sept 1993: The UNTAC also focused on health	Mixed success
	Response to the Acute Health Concerns	Oct 1991 - Sept 1993: The UNTAC focused on health, housing, and public utilities.	Mixed success
	Agricultural Assistance	March 1992 – Sept 1993: the UN and other donors provided tools, rice and vegetable seeds and farming tools and trainings to returnees; however, further progress including more investment in agriculture couldn't take place.	Mixed success

Sector	Sub-Sector	Timeline Start date – End date	Assessment (achieved the goal?
Governance	Resumption of Basic Public Services (Education and Health Services, Water and Electricity)	Oct 1991 - Sept 1993: The UNTAC focused on food security, health, housing, training, education, and public utilities. However, further progress had been very slow.	Mixed success
	Strengthening Local Administration	No major initiatives for strengthening local governance (the local level elections were held in 2002, more than one decade after the Paris Peace Agreements).	Not successful
	Capacity Building and Reform of the Ministries	Although this has been a focus since 1993, no major progress has been achieved so far.	Not successful
	Control of Corruption	No major initiatives were introduced during the 1990s except an Anti-Corruption Commission was created in Oct 1999. The commission has not been effective.	Not successful
Economic Stabilization /Reforms	Controlling Inflation	1992 to 1997: Because of several stabilization programs introduced by the World Bank and the IMF, Cambodia was able to reduce inflation significantly.	Successful
	Establishing a Stable Currency	In early 1994, several measures were taken to stabilize Cambodian currency. However, the UNTAC was also criticized for dollarization of the economy.	Mixed success
	Provide Regulatory Framework for Some Sectors (e.g., financial sector)	In Jan 1994, financial restructure laws were brought into effect. In Nov 1999, Cambodia passed a new law on banking and financial institutions. However, with low government capacity and few resources, the regulatory mechanism has been very weak.	Mixed success
	Fiscal reform (tax reform; custom reform)	1992 - 1997 (the first phase) and after 1999 to date (second phase): There were some improvements in the area of revenue mobilization; however, the fiscal situation got worse after 1997 forcing the IMF to cancel a budgetary support loan in 1997-98.	Mixed success
Democratization	Restoring Democratic Process	An elected government formed after successful elections held in May 1993, the factional fight of 1997 undermined the newly established democratic process.	Mixed success
	Elections (credible electoral process, voters participation)	Parliamentary elections were successfully held in 1993, 1998 and 2003; Cambodia is under a de facto one party rule under Prime Minister Hun Sen.	Mixed success
	Strengthening Political Parties/Civil Society	Since 1993, Cambodia held three elections but the opposition and civil society are weak.	Mixed success
Infrastructure and Development	Infrastructure Improvement (Road, Telecommunication)	During the 1992-1996 period, although some major national roads and some regional roads were rehabilitated, Cambodia ranks among the lowest in terms of infrastructure.	Not successful
	Reform and Revitalization of Financial Market and Investment	Cambodia's 1994 Law on investment established an open and liberal foreign investment regime. In Nov 1999 and July 2000, Cambodia passed a law on financial institutions and on insurance, respectively. However, Cambodia's investment climate is very poor.	Mixed success
	Privatization of State Enterprises	The process started in late 1989; full-scale privatization carried out during the first phase from 1991 to mid-1993, and the second phase starting in 1995. However, privatization in many sectors (e.g., importation of petrol) has given rise to private monopoly power.	Mixed success
	Liberalization of Trade	The trade liberalization started in 1992 and Cambodia became the 148th member of WTO in 2004. Cambodia has not been able to improve its performance in export sector.	Mixed success
	Education and Health Reforms	Rehabilitation started in March 1993; however, major reforms were never introduced.	Not successful

Note: This assessment is based on the author's judgment. The conclusion has been drawn by looking at whether a task met the stated objectives. The rating was reassessed after a peer review done by Kong Randy, a specialist on Cambodia's peace-building.

6.8. Lessons Learned For the Policy Prioritization and Sequencing

Cambodia provides several lessons for future reconstruction activities. First, sustainable peace may remain elusive without undertaking a concerted effort to rebuild both local-level and national-level governance institutions. In the absence of legitimate local governance, the international community faced difficulty delivering urgent human security and struggled to offer a voice to citizens in the political process or foster reconciliation among contending social groups.

Second, democratic institution building is a prerequisite for economic growth in the case of countries recently emerged from conflicts.[82] The growth Cambodia achieved following the UN-led intervention stemmed largely from the political stability and legitimacy of the elected government. The reduction in foreign aid, investment and growth after the 1997 political instability also provides a supporting argument in favor of the hypothesis that democratic institution-building is necessary for growth.

Third, the restoration of essential infrastructure and technical support for enhancing national and local governance should be given higher priority at the early stage of reconstruction. The major political actors could be an obstacle in implementing right policies, but the responsibility of stirring much-needed debate on policy prioritization and persuading local actors to adopt the right policies also lies with the donor community because essential infrastructure and government capacity contribute to the country's aid absorption capacity in the later stages of reconstruction. In Cambodia, donors paid little attention to the sequencing of reforms so that they would increase its aid absorption capacity. As a result, donor efforts to generate economic growth were undermined.

Fourth, the transitional arrangements for justice during an operation are very important. An effective justice system ensures security by bringing human rights violators to justice. Moreover, an effective justice system also helps to ensure the legal rights of returnees, by protecting them against unfair treatment in basic service provision, providing repatriation assistance and by securing property rights.

In the case of Cambodia, although UNTAC's mandate was to guard against further human rights violations, there was no functioning legal system to bring violators to justice. As a result, the whole operation lost credibility and struggled to maintain security during the transition period.

Fifth, a cautious approach should be adopted in reforming the civil service and downsizing the military. Although these activities may increase administrative capacity, it may

[82] It can be argued that democratic institution-building is a technocratic problem, which cannot be achieved without a "better politics." Thus, the underlying political problem of country in question is a major constraint for building democratic institutions.

not be politically feasible to carry out such reforms at the earlier stages of reconstruction. An aggressive public sector reform in the early stage may threaten the sustainability of peace agreements. Cambodia's reintegration programs and the coalition arrangement among the different political factions increased the size of both the military and the civil service. Thus, even though donors including the World Bank focused on civil service reform and military downsizing, the government of Cambodia couldn't implement these programs.

6.9. Other Lessons Learned

- There should be a balance between reconciliation and justice. Forgiveness may help reconciliation. At the same time, it may encourage more human rights violations. Thus, during post-conflict reconstruction, amnesty could be given to militias or troops to facilitate reconciliation; however, the worst cases of human right violations must be brought to justice.
- The delay between a negotiated settlement and the deployment of a peacekeeping force may hinder the effectiveness of overall mission. The UN peacekeeping operation should be prepared to take control of the situation immediately after the peace agreements. For example, because of the delay in the full deployment of military and civilian components of the UNTAC, the UN faced increasing challenges to stabilize the security situation of Cambodia.

CHAPTER 7: POLICY PRIOTIZATION AND SEQUENCING: LESSONS LEARNED FROM MOZAMBIQUE, CAMBODIA AND HAITI

This chapter distills the lessons drawn from comparing the three case studies developed in the previous chapters. The reconstruction experiences in Mozambique, Cambodia and Haiti provides valuable insights into developing a general guideline for prioritizing and sequencing post-conflict reconstruction policies which may be applied in future contexts. Although each case has unique factors which distinguish it from the others, all three cases have some key similarities which allow us to draw inferences about the effectiveness of the policy sequencing.

7.1. Prioritizing Policies

The experience from Cambodia, Mozambique and Haiti shows that without improvement in the security situation, the other reconstruction efforts are not possible. The evidence from Mozambique shows that the UN-led intervention was largely successful in providing security during the stabilization period (1992-1994). As a result, security facilitated the success of development efforts launched after the stabilization phase. On the other hand, the experiences from Cambodia show that the UN-led intervention was not able to provide enough security, especially in Khmer Rouge-controlled territory, nor was it able to demobilize all armed factions and reform security sector during the early stage of reconstruction. As a result, factional fighting broke out and political instability ensued during the later phases of reconstruction. Similarly, in Haiti, although a new police force was established and trainings were provided, the police force quickly became corrupt because there was no competent and efficient judicial sector to check and balance the exercise of police power.

Re-establishing and sustaining security requires a comprehensive package of services and security sector reform which broadly include two components; establishing physical security and creating a system to protect individual rights and justice during the period of reconstruction and beyond. Establishing physical security may draw upon the resources of peacekeepers to restore order or may require that foreign forces withdrawal from a post-conflict country. Achieving physical security may additionally require mine-clearing activities, the disarmament of various factions and a plan to demobilize and reintegrate security forces into society. In addition to these reforms, a legitimate security capacity will need to be rebuilt and reformed to sustain peace in the long run. Thus, efforts to increase the professionalism of military and police forces are as important as efforts to reform justice and penal systems to protect individual rights and ensure justice to all. As Mozambique and Cambodia and Haiti showed us that without sufficient supply of peacekeepers to establish order, it is difficult to lay the ground for post-conflict reconstruction. Even if this foundation of physical security is established, however, peace is unlikely to be sustained unless a post-conflict country implements a workable justice system to reinforce post-conflict norms of fairness and reconciliation for all members of society. Thus, in order to sustain

peace in the long run, security sector reform should be comprehensively designed to include the reform of the military sector, police reform, and reform of the judicial and penal systems.

Experiences, however, show that a comprehensive security sector reform stands out as an important and perhaps overlooked aspect of regaining overall security. The evidence from Haiti shows that the best-trained and lavishly equipped police force may soon be corrupted if the society's judicial and penal institutions are not of comparable quality. Without courts to try malefactors, and prisons to hold them, police will be left with the choice of releasing criminals, punishing them extra-judicially, or releasing them in exchange for bribes. For example, in Haiti, although a new police force was established and training was provided, the failure to reform the judicial and penal systems eventually eroded these achievements. In the case of Cambodia, the UN forces had a mandate to guard against further human rights violations, but there was no functioning legal system to bring violators to justice. As a result, the credibility of the whole operation was diminished. Similarly, the experiences from many countries including Cambodia show that the military--generally the most powerful institution within any national security apparatus--if left unreformed and underdeveloped, affects all other sections of society. Competent police and professional judges are unlikely to remain uncorrupt and follow the rule of law in any state dominated by a corrupt military.

However, it should also be acknowledged that experiences from Haiti, Mozambique and Cambodia show that high expectations regarding judicial sector reform have been frustrated because of many reasons. Almost all post-conflict countries suffer the absence of any previously functioning judicial system on the one hand and the emerging political forces of post-conflict era struggle for control over the newly established or organized and judicial system on the other hand. The privileged elite groups, who frequently try to use their power and wealth to buy justice, tend to work against the development of independent, transparent, professional and efficient justice system. Similarly, the post-conflict countries military and security forces could well work against the judicial reform if they worry that a reformed judicial system could prosecute them for human rights violations. On the other hand, donor programs are also partly responsible for the failure. In many post-conflict countries, many donors prefer to finance the individual project rather to provide budget support for an integrated package of judicial sector reform. In many cases, there is a lack of holistic approach that recognizes judicial reform as a comprehensive and institutional reform. Most of all, like in the cases of many other reforms, the technocratic solution--just supplying more financial resources and training--alone cannot ensure the development of an efficient and independent judicial system because the underlying political problem is the main obstacle against the judicial reform. For Example, In Haiti, an independently functioning judicial system cannot be achieved unless there are some ways to insure the judges and prosecutors that they are well protected from the state-sponsored and drug-lord sponsored criminal elements. Similarly, in Cambodia, an independent judiciary cannot be imagined so long as Prime Minister Hun Sen's party single-handedly and authoritatively controls all organs of state power.

How to prioritize these aspects of security depends upon the country and the context. For example, in Cambodia and Mozambique, the reintegration of former combatants from various political factions was an important task to ensure security, whereas the establishment of new police force became a top priority in Haiti. Moreover, the restoration of essential infrastructure such as roads, airfields, ports, fuel supply, power supply, and communications, should also be a part of a comprehensive security package because the nation-building experiences show that the immediate restoration of essential infrastructures improves the capacity to implement humanitarian and development programs down the road.

Moreover, experiences also show that demining is an important component of establishing physical security. In Cambodia and Mozambique, slow efforts to clear mines had negative consequences for resettling refugees and IDPs. Further, insufficient mine clearing interfered with the resettled population's ability to reinstitute agricultural production. As a result, vital food security was not sufficiently established. The withdrawal of foreign forces, which might be operating in the country during the conflict, is the other important aspect of security. For example, the successful withdrawal of Vietnamese forces greatly contributed to establishing peace and security in Cambodia.

Each case demonstrates that humanitarian and relief efforts should follow security in order of importance. A post-conflict country should move from a humanitarian crisis to normalcy before it can democratize or and achieve long-term economic development. Unsuccessful humanitarian and relief efforts are likely to threaten the success of elections and reconstruction programs precisely because they contribute to rather than diminish the security situation. However, it is important to note that there are several tasks, which span both security and humanitarian sectors. For example, support of the repatriation process, demobilization and reintegration of armed forces, restoration of essential services, and mine clearance could be regarded as parts of the humanitarian sector as well as the security sector. Similarly, securing property rights, which not only facilitates the return of refugees but also helps attract more investment, spans the security, humanitarian and relief efforts, and governance dimensions of achieving security. To handle the disputes related to property rights such as returning properties to their rightful owners requires strong collaboration among government administration, agencies handling relief efforts, and troops handling security issues. In Cambodia, in consultation with the local administration, the UNHCR provided mechanisms for settling land disputes. Similarly, in Mozambique, the government brought a new law to secure rights of returnees to hold title over land. As a result, Both Cambodia and Mozambique were able to handle most of the land disputes while resettling the returnees.

After security and humanitarian and relief efforts, governance reform and economic stabilization are the third most important priorities for post-conflict reconstruction. Arguably, the experiences of Cambodia, Mozambique and Haiti show that strengthening national and local administrations may contribute to the increased effectiveness of economic stabilization programs; however, economic stabilization programs such as controlling hyperinflation, solving exchange

rate crisis and mobilizing revenues are equally important to restore a sense of normalcy. Moreover, creating governance institutions is important both at the national and local levels. Legitimate national government is required to build peace, while effective local governance significantly enhances service delivery and reconciliation. For example, the Cambodian experience shows that although Cambodia was able to achieve some level of economic growth following the formation of legitimate national government, progress was hindered in part because building of local governance institution was not among top priorities.

The experiences from Cambodia, Mozambique and Haiti also show that elections alone are insufficient for achieving democracy. In Haiti, the elections held during the post-conflict period were not able to strengthen democratic processes or institutions. This was partly because Haiti's elections lacked credibility – resulting from the major opposition party's decision to boycott the elections. On the other hand, following the Peace Accord of 1992, the UN did not rush for elections in Mozambique. Elections were delayed until enough security was achieved and the sufficient electoral process was in place. The result was that the UN-led intervention was able to bring Mozambique's two major political parties and former foes together in an open and fair democratic contest. On the contrary, a push for premature elections was one reason that Cambodia was unable to achieve political stability and promote democracy. Thus, in order to strengthen a political system, a post-conflict country needs to hold credible elections, which are only possible when the following three pre-electoral conditions are in place; 1) security sector reforms that provide election security and permits the political process to unfold safely throughout the country, and which also prevents the use of security forces in rigging the elections; 2)disarmament, demobilization and reintegration of ex-combatants and resettlement of refugees and displaced persons to promote national reconciliation and ensure the participation of the majority of people in the elections; and 3) sufficient electoral mechanisms, such as voter registration and sufficient international election monitoring to ensure that elections are free and fair.

As shown in all three cases, like building government institutions, the return to market is also a pressing challenge for any post-conflict country. Mozambique, Cambodia and Haiti's reconstruction showed that efforts to reestablish the market are hindered unless typical post-conflict macroeconomic problems, such as fiscal crisis, hyperinflation, and exchange rate instability, are addressed.

Finally, the infrastructure and development programs, such as a large scale physical construction of roads and bridges, sweeping public service reform and privatization of state owned enterprises, the liberalization of the financial market, and large scale education and health sector reforms, should be implemented after sufficient security is in place; after humanitarian and relief efforts are largely over; after macroeconomic stability has been achieved; after national and local state-institutions are in place; and after the political process is at least underway. Rebuilding the typically weak capacity of the new government usually takes time implying that large-scale reconstruction should proceed slowly and incrementally.

7.2. Sequencing Policies

Section 7.1 discussed how resources should be allocated among different sectors (security, humanitarian efforts, governance and democratization, economic stabilization, and long-term infrastructure building). This section, based on evidence from the reconstruction of Mozambique, Cambodia and Haiti, presents a preferred sequencing of policies in each sector.

The experience of Haiti, Cambodia and Mozambique show that disarmament and reintegration should be an immediate priority because poorly controlled armed groups destabilize the rest of the country. Similarly, in Cambodia and Mozambique, demining facilitated relief efforts by removing landmines from the agricultural fields and helping to secure the food supply. Thus, clearing landmines in key spots should be a top priority in the early phase of reconstruction.

Cambodia's experience shows that establishing transitional justice can not be overlooked. A chronic source of frustration in Cambodia was that the UN peacekeepers were unable to bring human rights violators to justice because the country lacked an efficient judicial system needed to do so. Furthermore, the UN's mission lacked a mandate to establish an interim justice system, so that it was not a top priority in the reconstruction effort—and probably should have been.

Regarding downsizing military, Cambodia's experience shows that military downsizing should be carried out with great caution because if the program fails, it may jeopardize the whole peace process. Demobilization accompanied with downsizing of military may not be feasible in the early phase of reconstruction given the fact that rebel forces need to be integrated in the military.

Regarding the sequencing of humanitarian and social policies, the immediate humanitarian concerns in each case included returnee resettlement, addressing food insecurity, disease and health concerns, and restoring basic services such as water, primary education and health care. In Cambodia and Mozambique, land disputes were also among the challenges during the early reconstruction phase and some interim arrangements were brought to address land disputes and facilitate the smooth settlement of returnees. Similarly, the rehabilitation of agricultural production both in Mozambique and Cambodia was an immediate priority because it was expected that this would address food insecurity issue in the long run and also help phase out the food programs. However, experiences show that sweeping land reform in the early phase of reconstruction may not be desirable. For example, in Mozambique, the land reform law was brought in the second phase of reform.

Recreating or strengthening the basic functions of state administration both at national and local levels is critical for improving service delivery and making economic reforms work. In addition, developing a plan and schedule for political reforms such as instituting a new constitution and conducting local/national elections should be among the top priorities for strengthening governance and democratization. Although capacity building of national government institutions was among the early priorities in all three cases—Mozambique, Haiti and

Cambodia— the capacity building of local institutions was not. As a result, the efforts to restore and build basic service delivery system were hampered. However, it should be noted that it is not simply up to the donors to design constitutions, set the timing, and pick the participants but in most cases, it is the local political actors' decision that largely dictates the outcomes. Thus, there is a need for strong communication and cooperation between the donors and the local actors so that the local actors are able to make the right choice on priorities.

In Haiti, programs that were intended to increase the delivery of basic services were not sustainable due to the lack of government capacity both at local and national levels to design and implement such programs. This is one of the reasons that the U.S. aid was channeled through NGOs.

The case of Cambodia shows the typical weak capacity of the new government is the main reason for approaching civil service reforms less aggressively. However, it does not mean that the international community should not do anything for controlling corruption in the early phase. In Cambodia, the donor community should have focused more on corruption control measures than downsizing the civilian sector in the early phase of reconstruction.

Regarding the macroeconomic priorities, the experiences from Mozambique, Cambodia and Haiti show that controlling hyperinflation, solving exchange rate crisis and stabilizing the currency, building the capacity of central bank and the finance ministry by providing technical support, and reforming public expenditure and tax system should be the top priorities for economic recovery. However, given the fact that a post-conflict government has to simultaneously address competing demands in many sectors, donors should not prematurely pressure for cutting budget deficits unless they are willing to provide budgetary support, as in the case of Mozambique. In addition Mozambique's case demonstrates that securing property rights help to attract foreign direct investment. In Mozambique, the government helped to stimulate foreign investment by changing the law to ensure the protection of foreign investors' property rights in the early phase of reconstruction.

However, the three cases show that privatization and liberalization (e.g., the sharp reductions in tariffs, liberalization of interest rates, and elimination of subsidies) may not be an immediate priority in every post-conflict country. Cambodia and Haiti show that privatization in the presence of high degree of corruption and cronyism may even worsen the prospects for economic success. On the other hand, in the case of Mozambique, privatization and liberalization programs were largely successful. The failure of these programs in Haiti and their success in Mozambique implies that liberalization and privatization programs depend first upon the restoration of legal and judicial processes. For example, criticisms arose from inside and outside the World Bank and IMF that too much emphasis was put on a rapid pace of reform in Haiti, as opposed to concentrating on maintaining low inflation and convertible currency, and approaching other reform measures more incrementally.

In the category of infrastructure and development, all three cases show that a comprehensive framework for recovery and reconstruction should be developed at the beginning of the reconstruction process. The restoration of essential infrastructures and services and supporting the productive (existing and known) capacity of the economy should be the immediate priorities. However, large-scale infrastructure-building or programs for long-term development should wait until the national recovery and reconstruction framework is in place and the government's capacity to implement these programs is enhanced. For example, unlike in Cambodia and Mozambique, Haiti lacked a cooperation framework for reconstruction. As a result, donors faced a lack of coordination and inconsistency in their interventions.

7.3. Other Generic Lessons Learned

Policies may not achieve their goals unless some other important conditions are met. Following are two key generic lessons learned from the past post-conflict reconstruction efforts in Mozambique, Haiti and Cambodia.

- **Donor Contribution and Coordination:** International donors committed to reform must ensure that enough resources are made available for the reconstruction. In the case of Mozambique and Cambodia, donors were more generous throughout the post-conflict decade, whereas, in Haiti, they slowly withdrew their support. Donors should recognize that at least a decade's engagement in post-conflict reconstruction is required in order to sustain peace. Moreover, donors should have strong coordination in order to increase the effectiveness of their own contributions and to avoid the duplication of efforts and unconstructive competition. A general framework for coordinated reconstruction at the beginning of the process could help reduce a gap between emergency relief and reconstruction and development efforts and at the same time, it can also help avoid the duplication of efforts because each donor knows which part of the coordinated framework it is contributing to. In addition, such a framework could help donors understand how their contribution fits within the overall intervention. Furthermore, such a strategy could help to identify any gaps between emergency relief and reconstruction and development efforts.
- **Sustaining Reform and Reconstruction Efforts:** The experience from Haiti shows that the reconstruction effort failed largely because it was difficult to sustain many of the programs launched at the start of reconstruction. Programs were either terminated pre-maturely or unable to secure enough funding to transition from emergency mode to the long-term development mode. Another issue was that program quality diminished after control was shifted or transferred to the government. Thus, before launching any programs for reconstruction, donors should be able to ensure their sustainability by identifying which resources will be used over a longer time horizon. For example, they should figure out how to recruit more local experts and utilize the private sector and non-governmental agencies as sources of capital.

- **Local Ownership:** Success requires a nationally driven framework for reconstruction combined with locally-owned programs. Reform programs should be agreed upon by the majority of the population include the major political actors as well as members of civil society. In Haiti, the parliament, which had the majority of members believing in neo-socialist ideology, perceived the reform programs, such as privatization and liberalization, as anti-nationalist programs imposed by external actors. In Cambodia, the World Bank continued to push for downsizing the civil service but the government delayed the program because the political arrangement under the peace accords was based in part in increasing civil service to absorb large number of incoming political functionaries. These examples imply that policy formulation should take into account local conditions, cultural awareness and historical roots. As mentioned earlier, reconstruction programs that use local knowledge and expertise throughout the process—from program formulation to program implementation—are likely to be sustained even when the donor community completes its mission and leaves the country.
- **Politics vs. Policies: Underlying Political Problems and Policy Effectiveness:** One of the important lessons from all three case studies is that no policies or priorities could work unless there is a way to control for the underlying difficulty of the political situation. In order for any reform to work or any peace-building activities to succeed, the major political stakeholders need to be firmly committed to political and economic reconstruction and institution-building. If the major political stakeholders deviate from their original commitment to reform and peace-building, politics no longer remains an exogenous variable but becomes an important autonomous and endogenous variable in the process of prioritization and sequencing of policies. For example, donor policies were in part responsible for the poorer results in Haiti and Cambodia relative to Mozambique, but the underlying political backdrop was much less auspicious. What was preventing the delivery of services in Haiti was the deadlock and political polarization between Aristide and his enemies, whereas the FRELIMO and RENAMO leaderships were quite remarkable in their willingness to play by democratic rules (in sharp contrast to Aristide in Haiti, for example). Similarly, in case of Cambodia, the Khmer Rouge, one of the signatories of the Paris Accords, withdrew its participation from the peace process and refused UNTAC access to areas it controlled. However, the other three parties——the "State of Cambodia" (SOC) in Phnom Penh, led by prime minister Hun Sen; (FUNCINPEC), a royalist party led Prince Ranariddh; and the Khmer People's National Liberation Front (KPNLF), a republican non-Communist group—were largely committed to the peace process. As a result, the UN intervention in Cambodia yielded a mixed success. UNTAC was able to provide some level of security, "supervise and control" over the existing administrative structures in over eighty percent of Cambodia's territory, and hold a "generally acceptable" election.

CHAPTER 8: RESULTS FROM EXPERT SURVEYS ON POST-CONFLICT RECONSTRUCTION POLICIES

8.1. Introduction

This chapter summarizes the results from the expert surveys and discusses the key findings. As mentioned in the methodology chapter, thirty experts were interviewed for this study in order to better understand post-conflict priorities in the thematic areas of security, humanitarian and relief efforts, governance and democratization, long-term development, and aid delivery mechanisms. Experts were asked a set of questions directly related to the hypotheses outlined and discussed in Chapters 2 and 3.[83] The purpose of the expert survey was not to formulate a "blue print" on policy prioritization but to present policy makers with a broad range of experiences so that a greater degree of standardization in policy formulation could be introduced.

Of the thirty experts who participated in the survey, about nine to eleven refused to generalize policy prioritization and sequencing citing the reason that each case of post-conflict reconstruction is unique and therefore no general formula for reconstruction exists. This study investigated whether non-responders were systematically different from those that responded. By looking at expert's years of experience, agency/organization, research and work background, this study found that non-responders were no different from responders in these factors. Thus, those unwilling to generalize on reconstruction of post-conflict countries might have been concerned that putting all post-conflict countries in one basket could be misleading. A detailed discussion on the refusal of some interviewees to offer views on the prioritization of inputs has been presented in the "A Summary of Observations to Expert Opinions" section at the end of this chapter.

8.2: Priorities for the Post-Conflict Reconstruction

Reducing military expenditure and downsizing military: How important they are?

There was no agreement among the experts regarding reducing military expenditure and downsizing military in post-conflict countries. Experts were asked two questions: How important do you think reducing military expenditure is in post-conflict countries? When do you prefer downsizing military? Out of twenty-nine experts, who answered these questions, nine experts refused to prioritize; twelve experts said it was very important, six experts said it was somewhat important; one expert said it was not very important; and one expert said it was not important. Similarly, ten experts refused to generalize the phase for implementing these policies; eight experts were in favor of downsizing military in early phase, while six experts preferred to downsize it in the middle phase followed by five experts who preferred to defer downsizing until the later phase of reconstruction.[84]

[83] For details about the questions asked to the experts, please see Appendix B.
[84] All responses have been tabulated in the appendix (see Appendix C).

Those experts, who refused to generalize policies on the size of military and its spending cited several reasons. First, the issue is context-specific and thus, there is a need to judge each situation very carefully. The downsizing of military mainly depends on whether it was included in the peace agreement, and whether it was a negotiated settlement or one side won. In many cases, peace accords specify the terms and conditions for DDR process, which is accompanied with downsizing of the military and reintegrating some rebels armed forces in the new military. Thus, in this case, the timing of downsizing is driven by DDR process. If the DDR process goes smoothly early on, downsizing can also be accomplished early on. However, if the DDR process is delayed (for whatever reason), the downsizing also has to be delayed because a premature decision to downsize military may result in lawlessness, which is not the intended outcome of peace-building. Moreover, even if downsizing is not specified in the peace accord, according to one expert, the primary issue is not about "downsizing" but rather about "rightsizing" against a given threat assessment. It is a country-specific issue requiring a trade-off between rightsizing security forces to maintain national security while being cognizant of the fiscal implications of such a decision.

Second, how fast to reduce military expenditure is also context-specific. According to one expert, "The argument that the military expenditure should be low in post-conflict countries is like going after the symptom rather than disease. Military expenditure in war-torn countries is driven by conflict. If you settle the conflict, the expenditure should drop. However, how quickly to adjust military expenditures depends on whether there continue to be security threats (internal or external)."

Third, some experts mentioned that to the extent that threats to peace and security persist, expenditure for security must continue to be large. On the other hand, to the extent that military expenditure is sustained over a long period of time, it can also cause more security problems. Thus, one expert said, "I think the aid community has a tendency to view defense spending as something intrinsically evil. We, as external actors, should be savvy about the contents of the military expenditure rather than military spending per se." For example, if a post-conflict country spends a lot of money in structuring and reforming the security sector including professionalizing army and police (e.g., separating out internal policing functions in El Salvador), this spending is good for security. If, on the other hand, in a situation like Uganda's, donors knew that the government was spending a lot of money for its military engagement in Congo but that it was hiding the expenditure. There is a tendency by the recipient country to hide the military expenditure as an off-budget expenditure. Thus, the important question is how to bring all military expenditures in book and relate these expenditures to budget support so that unwanted military expenditures are discouraged.

Those experts who answered that downsizing should not be done in early phases argued that a long conflict will produce a significant segment of ex-combatants that are unable or unwilling to return to non-military ways of life. Thus, an integrated military is a way to provide employment for, and keep track of--and to a degree, control—ex-combatants who would

otherwise engage in an upsurge of "social banditry." Experiences show that premature downsizing (downsizing without broader support mechanism) can cause volatility and dissatisfaction (e.g., Liberia and East Timor) or, even worse, can produce disgruntled groups who may contribute to insurgency (e.g., Iraq). Thus, one of more important components of post-conflict reconstruction is trying to make sure that the new state (post-conflict state) is able to provide security. Although the military should gradually and eventually be downsized, the integration should be supported by the international community in the early years of reconstruction. One expert even argued, "I don't think the U.S. should get involved in these efforts in the first place. Not if the goal is to actually establish liberal democratic institutions."

However, those experts who provided their opinions in favor of downsizing the military and reducing military expenditures in the early phase of reconstruction argued that the military expenditures are a huge drain on a failed state economy as these expenditures divert funds away from other productive sectors such as education and health. Thus, the less military expenditure the government makes, the more resources there will be for pro-poor and pro-growth programs. According to one expert, "Military expenditures prevent economies from normalizing while the poorest of the poor remain marginalized. Although there is a need for stability and peace and order, too often the real result of high military expenditure is the propping up of a corrupt regime that perpetuates the instability and the damaged economy." Thus, the sooner levels of military expenditure are reduced, and in particular the sooner the degree of militarization of civilian life is reduced, the sooner a community is able to begin rebuilding values and norms that lay the foundation for future peacetime relationships. Some experts mentioned that since in some African countries, the military expenditure accounted for about 30 or 40 % of government revenue, military spending must be balanced with all the other socio-economic needs. One expert even opined, "This is one area where I have no annotations about strong conditionalities to get the military expenditure down to an absolute expenditure level necessary to provide public security because the development budget is shortchanged when the military budget get prioritized. Most of these conflicts are intra-state or civil in nature. So, the real focus should be limited army but a professionalized and strong police force."

However, the majority of the experts agreed on two things. First, as soon as the role of military expenditures are considered unnecessary, budget priority should be placed on productive investments. Second, downsizing military or reducing military expenditure should be a part of the security sector reform package. Although some rebel forces need to be initially integrated into the state armed forces, keeping a large military as a way to provide jobs to rebel force is not a good policy. The focus should be to integrate maximum number of rebels force and militia groups in the civilian economic sector in the early phase and to downsize military over time – designing an appropriate mechanism to support laid-off personnel.

Land reform: How big is the issue?

The results of the expert survey on land reform are as follows. Eight experts refused to generalize the prioritization and said it depends. Fourteen experts said land reform is very important followed by six experts who said it was somewhat important. Only one expert said it is not very important. Similarly, eleven experts refused to provide the general timing for implementing land reform. Ten experts were in favor of conducting land reform in the middle phase of reconstruction followed by four experts preferring the reform in the early phase and four experts in the later phase.

Those who argued that land reform was very important and should be carried out early cited three main reasons. First, land reform is very hard to bring about except in extra-ordinary circumstances. Politically, it is one of the few opportunities to do it right after the conflict. A big bang approach to land reform with external pressure can be effective and less costly than long-term reform. Second, land and property restitution are a critical part of a peace process because they are primary to both the near term needs (e.g., food, livelihood, and personal security) and to the longer-term economic functioning of a country. Third, the conflict over land often triggers additional conflict, especially in rural areas, and reflects deeper inequality in wealth distribution. Thus, land reform could serve as an important policy for reducing poverty (by overcoming constraints to smallholder production and thus, enhancing productivity) and conflict by addressing grievances related to socioeconomic inequalities.

Answers of those experts who either said “it depends” or “it is somewhat important and should be done in the middle phase” were more or less similar. They argued that the importance of land reform depends on the extent to which land is a faultline for violence or a source of volatility and the extent to which it is prioritized by parties to the conflict and the communities that have been affected by violence. For example, is land reform a particular issue in the Iraq context? The answer is no. On the other hand, in Rwanda, land reform was very important because it was a scarce and disputed resource and thus, it became an important priority and needed to be addressed from the very beginning. One expert also mentioned that whether you should do it early or late also depends on whether funding is available for the programs. In addition, land reform also depends on the scale of humanitarian crisis such as the number of refugees and internally displaced persons. In most cases, land ownership and the occupation of land and buildings become an issue when displaced communities return to their original places of residence and find that someone else has taken over their homes or land. One expert also mentioned that land reform many mean different things in different contexts. For example, in Haiti, the issue is bigger than reform or redistribution issues. The issue is how to provide agricultural support by addressing the serious problem of environmental deterioration because if the situation of erosion continues at the same rate of last two to three decades, it will cause more disasters.

Those who preferred that land reform be deferred until the late phase argued that land reform is very difficult to do, even in peacetime. So, it should not be an early priority in places like Burundi, where capacity and land security institutions were nonexistent to start with. Land reforms require careful planning and political commitment—a hasty effort can undermine agricultural production. Thus, this is an issue that could be addressed a little later in the process unless disputes over land rights had been at the root of the conflict to begin with. Moreover, natural resources in general and land use in particular are often fundamental issues alongside the initiatives of the devolution of power from the center down to sub-national units. Since the political power and land ownership are interconnected, without successful constitutional reforms that usually deal with property and migration issues, land reform can be a source of conflict, not the solution of a conflict.

However, most experts agreed that the key is not when to begin land reform and how much priority should be given, but rather "doing it right." First, the issue should be handled with utmost transparency and accountability. The early phase of reconstruction is usually too fluid to engage in land reform, or land policy reform. Thus, highly visible moves (via radio, etc.) in the direction of reform are needed. Second, a major constraint to land reform is weaknesses within the legal system to reconcile land disputes arising from a new land policy. Therefore, a key issue for land reform is guaranteeing that the institutions of state have the capacity and supporting structure to implement and uphold the new policy. For example, Rwanda took eight years to move from first assessments of the land question to the passing of the Land Law in 2005. As one expert said, "In Uganda, they had a fantastic land reform mechanism and the rules were fabulous but they were not able to implement the reform. They actually couldn't afford the mechanism because they actually didn't have a legal system that could handle the disputes."

Third, land reform is a very sensitive issue and any land reform process needs to be mindful of the traditional and cultural values associated with land. Land should be portrayed as a community connector rather than a divider. One expert mentioned, "Solomon Island, land reform is one of the critical issues because land became the source of conflict when with the growing population, people moved to those areas with fertile land. Solomon Island used to have traditional means of handling the conflicts over land but colonials (British) came and introduced modern British common laws procedures. The clash between the modern institutions and old institutions of governance triggered the conflict." Thus, importing laws under the notion of 'quickness' after a war is tempting but very problematic because expecting a war weary and semi-literate population to be able to understand and interpret new land and property laws is less realistic than promoting an aspect of a law that seeks to resolve a particular pervasive problem. For example, in Sierra Leone securing the 'right of reversion' for landowning lineages in a property rights context was easier than having some brand new provisions of land ownership as in the case of Angola where although the new land law was brought to resolve land use issues and help smallholders to have access to collateral, the law brought many confusions regarding the regulation process. The major challenge was to teach the Angolan people about their land rights

and the process for seeking regularization. According to new land law, after the three year period, if individual citizens do not seek regularization, the government is authorized to obtain any land regardless whether it took necessary measures to inform citizens about the process for regularization or ensure the timely processing of regularization requests (Human Rights Watch, 2007).

Civil service reform in post-conflict countries: When and how to do it?

Expert responses about the importance and timing of civil service reform were varied. Fourteen experts said civil service reform is very important, five experts said it was somewhat important, and nine experts refused to generalize. Similarly, 12 experts wanted to have civil service reform in the early phase, six in the middle phase, and two in the later phase of reconstruction. Eight experts again refused to generalize the timing of civil service reform. One expert even said the international community should never be involved in the civil service reform of post-conflict countries. The expert argued, "I think a civil society or what Tocqueville called the 'art of association' is critical for a sustainable democracy (at least in the Western sense). But [Western] policymakers have no idea how to establish an art of association where it doesn't already exist."

Those experts who considered civil service reform very important and wanted the reform implemented in the early phase cited the following reasons. First, one of the legacies of the conflict is a corrupt and collapsed civil service. Conflicts predominantly occur in "winner-take-all" polities. As a result, a less-than-professional public sector, which acts in its own interests, emerges. Thus, civil service needs to be reformed along with the formation of a new government after the end of the war. One expert also mentioned, "It is better to reform it when you build it." Second, building an effective state in a post-conflict situation requires a capable, responsive and accountable civil service. Early reform must be brought in as a top priority because civil service reform is a prerequisite for rehabilitation, delivery of basic services, reconstruction, and development. Moreover, some experts also opined that the nature of the public service shapes donor attitudes to the post-conflict administration. For example, civil service reform may return confidence and trust in the government, whereas a corrupt administration could quite quickly alienate international donors. Third, an early focus on core civil service reforms is essential because unless effective and legitimate, local administration can be stood up early and the international community will have to provide analogous services for a long period of time which hinders the objective of post-conflict countries running themselves. Fourth, the international community should engage in civil service reform early on because like all other issues, the post-conflict governments may put civil service reform in the back-- without international pressure and encouragement.

Those who preferred civil service reform in the middle phase of reconstruction argued that civil service reform is difficult to carry out in the initial phase of reconstruction when other-- and apparently more pressing, problems (such as disarmament and demobilization, inflation,

disorderly public finances and exchange rates, various supply shortages, etc.)--must be attended to. On the other hand, those who favored civil service reform in the later phase and ranked the reform as "somewhat important" and argued that most civil services are bloated and that true reform leads to job loss which then potentially creates a backlash to an entire peace process. Some experts cited the example of Iraq, where 'de-bathification' policies proved that too much reform early on can by counterproductive. In the words of one expert, "We have an enormously failed record of civil service reform within the aid sector. It is easy to say, oh it should be fast and furious and early but it is a very difficult process and needs enormous commitment because you actually [are] often asking politicians to follow the principal-based mechanism but politicians have signed difficult peace settlement and have tendency to deliver resources to the people who supported them."

Those who refused to provide a general answer on sequencing and prioritization of civil service reform mentioned that the reform depends on the context: What the pre-existing situation was like and what the current situation is like. For example, in Japan and Germany after the Second World War, they had more or less functional civil service. However, many of today's conflict-emerged countries, such as Sierra Leone or Congo, never had functioning civil service to begin with. In the cases of post-war Japan and Germany, the major issue in civil service was about changing the rules on the top, whereas, the major issue in countries like Sierra Leone is building civil service, not reforming it. Moreover, civil service reform may be desired in different countries for different reasons. For example, in ethnically divided territory like Kosovo, civil service reform is enormously important to create an inclusive administration but in a place like East Timor, it is important for other reasons such as laying a foundation for sustainable development.

However, the majority of the experts agreed on the following conclusions. First, civil service reform should start in the early phase because while major reforms are not possible during the early phase of reconstruction, some changes in civil service are necessary because trained civil service personnel are needed to support many functions of reconstruction. These involve building additional capacity in key ministries, establishing linkages between public bureaucracy and civil society, and even supporting private delivery of essential public services. Thus, civil service reform should be seen as a part of the larger capacity of development activities in the new government so that it enhances (not hinders) the implementation of other intervention for reconstruction.

Second, donors have to realize that careful sequencing and building support are very important. Donors should be very realistic about political constituencies. As one expert mentioned, "The problem with civil service reform is that a lot of people treat it as a technocratic kind of exercise where you just change the pay scale and you institute exams and that sort of things and you think you fixed the problem. But many bureaucrats are corrupt because they are interconnected with the political system. You hire coordinates and subordinates of political

leaders from the bureaucracy. Unless you fix the underlying political system you can't really reform the civil service."

Third, donors should also realize that civil service reform or the public administrative reform is a continual process because even the developed countries are always going through some kind of reform. As one expert mentioned, the UN, the organization which often puts pressure on post-conflict countries for civil service reform, is itself undergoing a never ending debate of administrative reform. However, another expert mentioned, "There is an argument of whether you want to do 10% of reform now or 100% of reform after 10 years." Civil service reform should ideally be initiated as soon as possible, but it often takes time to disentangle the existing structure of bureaucracy and put in place a reasonable compensation scheme and a new recruitment procedure. The key in post-conflict situation is two-fold. The first thing should be to find out the most important priorities that help establish a functioning government and deliver basic essential services. The second important thing is not to overwhelm with the complex and ambitious programs that will undermine even trying to achieve those minimum goals. Donors and the post-conflict governments can not do all at once and the priorities should be put in an integrated package with a realistic sense of what can be achieved early on and what can be achieved in the long-term. Being realistic, having a multi-year strategy for institutional reform, investing heavily on human capacities, looking at the relationship with center and provinces, and setting the "time-bound targets" with "measurable benchmarks" could help significantly to bring the "performance culture" in post-conflict countries.

Elections in post-conflict countries: How important are they?

There was no agreement among experts regarding the importance and timing of holding elections in post-conflict countries. Ten experts said the importance of elections depends on the country, ten experts said elections are somewhat important, three experts said they are not very important, and only six experts said they are very important. Similarly, seven experts were in favor of holding elections in the early phase, eight experts in the middle phase, and two experts in the late phase of reconstruction. Eleven experts replied that the timing of elections depends on the context and one expert said the international community shouldn't be involved in holding elections. Those experts who said elections were very important and should be held in the early phase of reconstruction argued that elections are important to establish the legitimacy of the government that they can contribute to political stability and can play an important role in national reconciliation and institutionalizing democracy. As one expert mentioned, "Elections are one of the manifestations of democracy. In a country where the pillars of the state are shaken, a UN supervised democratic elections is vital for the survival of democracy in that country." Moreover, the experts also mentioned that one of the reasons to have elections early is that if a post-conflict country waits too long for elections, 'transitional' arrangements can quickly become part of the problem and an impediment to moving forward.

Those experts who believed that elections were somewhat important and should be conducted in the middle phase or in the later phase opined that some form of democracy may be important to longer term reconstruction, but ill-timed elections in still volatile situations can exacerbate divisions or even provoke conflict. Organizing free and fair elections requires enabling conditions that may not exist immediately after conflict. Furthermore, elections are part of a broader process of democratization and institution building. Public access to information is a critical pre-condition, as is the application of legal process to mainstream the factions involved in the conflict. As one expert mentioned, "There's not much point in struggling through to a post-conflict reconstruction if elections simply install those who caused or benefited from the original conflict." In the words of one expert, "Holding elections prior to the establishment of liberal institutions will often lead to illiberal outcomes. "Democracy" is a mechanism for electing officials but the "Liberal (or Constitutional) Democracy" requires the rule of law and a set of checks and balances. The two are not the same and this is perhaps the most confused issue in these efforts."

Similarly, one expert argued that what matters is the emergence of issue-based politics, not just the emergence of clientele politics. The expert argued, "The notion that the elections are very important is heavily over-rated. Political core data demonstrate quite clearly that elections are not [always] proxy for an accountable government. They are very risky things to do. They can cause or re-trigger the conflicts as much as they can prevent them. I think we in the international community are doing very lazy short hand because building a social contract is very big and very slow and painful process. I think the danger that can happen having elections too early particularly in some situation such as Rwanda and Afghanistan is that you actually had a dictator who was being held account by an elite minority. How could the Afghan population really hold Karzai accountable? How could the Rwandan people really hold Kagame accountable? In fact, in Rwanda, the language of democracy was highly political because democracy was the way in which the rhetoric of genocidal government was all around: We are the majority and we have the rights to become president and otherwise we will kill you."

Those who refused to give their answer on when to conduct elections mentioned that the timing of the election and priority for having elections may vary from country to country. Elections depend on whether they are included in peace accord (the strength and breadth of any peace agreement), whether the government is legitimate, whether the security environment allows free and fair elections, and whether elections ensure the ownership and collective responsibility of the parties to the conflict in rebuilding. Among those post-conflict countries which had a transitional government formed after the end of the conflict (e.g., Iraq, Afghanistan, East Timor, Liberia, and Haiti), the priority obviously was to prepare the ground for eventual elections and hand over power to a more legitimate administration. In the words of one expert, "In Iraq, the U.S. wanted to delay the elections but in fact, early elections were necessary because otherwise there would be no legitimate source of authority because the post-Saddam government was simply not a legitimate political player. However, in those countries where there are many

political players around--guerilla organizations, the old government, armies, and political parties, they can actually negotiate a power-sharing arrangement and elections are not required immediately to create political actors and thus, it makes more sense to delay elections so that all of the society get represented by spending sufficient time in organizing the elections." In many cases, one needs to wait until all armed groups are disarmed and warlords influence is reduced to minimum. Early election may easily be counterproductive as warlords and human right abusers may use their influence to turn out the result of the election on their favor. For example, one expert mentioned that in Bosnia where some people were for unitary state and others were for secession, early elections without sufficient reconciliation were in some sense counterproductive to peace and establishing legitimate political structure. Another expert argued, "First, if there is a danger that having an election either leads to generals becoming the politicians, it is always a bad thing. Second, if the election is going to be primarily fought along the ethnic lines, then it is probably better to wait some time."

When asked whether they preferred national or local elections to be held early, many experts said that it is hard to make any generalization because it depends on the context including the history of elections. As one expert mentioned, in Kosovo, the international community experimented with local elections first, building up to the national elections. However, in Afghanistan, where democracy was completely new to the culture and the region, the international community started with a big presidential election to get everybody accustomed to elections first. The hope was that the presidential elections would filter down to the village level bodies. Moreover, early local elections were not possible because many parts of Afghanistan were still unstable. On the other hand, one expert also mentioned that in Iraq, the U.S. and its allies could have tried to build peace at the grassroots level by starting with local or municipal elections to build up to the national level, but that they instead started with national elections.

However, most all experts agreed on three things. First, it is important that elections should be perceived as free and fair. In order to hold credible elections, the government and donors have to make sure that a vast majority of the population is ready for elections and important pre-electoral conditions, such as sufficient security, electoral preparation, and monitoring mechanism, are in place. For example, to ensure that all eligible citizens participate in elections, a reasonable population census must precede elections. Similarly, since elections are easily be corrupted or derailed and the failed war-weary factions may not comprehend the concept of voting and political representation easily, the planning for elections should be highly visible via radio and other forms of media from the early phase so that the population at large sees that the process of a free and fair election is underway. As one expert mentioned, "To institutionalize democracy, building strong civil society and media is very important, so does the permanent independent electoral bodies. Thus, elections are very important but have to be done skillfully and in relation to all other aspects of democracy building."

Second, the majority of experts agreed that regardless of whether it is through new elections (e.g., majoritarian elections) or through traditional form of arrangement, establishing

functioning institutions both at national and local levels immediately after the end of war is crucial. If the international community focuses just on establishing national institutions and ignores the local institutions, this may hamper rehabilitation, service delivery and reconstruction efforts, and peace may not be sustained at the grassroots level. For example, as one expert mentioned, the failure in Afghanistan can partly be blamed on the international community, which somehow failed to establish a local level governance mechanism from early on.

Third, there is a need to search the context-specific model of elections that are more culturally relevant to people choosing their leaders. In the words of one expert, "The international community has become the blue print--do this and do that. But one of the lessons is that blueprints don't work. We often tend to confuse symptoms with causes. If you look at the Western ministers system of government, there is no separation of power but the system has worked well in the UK because of many things (series of underlying factors). But it doesn't mean that this system should work in other countries because it worked in the UK. The important question is not "what are the factors that caused the outcome?" but rather "why did these factors cause this policy to work in this particular place?" As one expert noted, "The most important election in a country like Haiti is the presidential election because people inherited the idea from their tradition that there must be a leader who is in charge of the country. The second most important elections are clearly the local elections, not the parliamentary elections."

Fourth, depending on the situation, there should be a balance between electoral preparation and restoring legitimacy. For example, one expert said, "In Haiti, the 2006 elections went fairly well. If we had postponed elections, it would probably have been very difficult for us [the UN Mission] to manage the situation. We held elections two years after the end of hostility and we had enough time to update election registration and so on. I think that elections were not possible in less than two years. On the other hand, if you had taken more than three years to conduct elections, you would have faced a serious problem because people would have questioned the legitimacy of the interim government which was basically put in place by the international community."

Policies for long-term infrastructure development: How important are they?

Regarding long-term development, the following two questions were posed to the experts: Should longer-term development, including new and big infrastructure projects such as electricity, roads, and railways, normally have a lower or higher priority in post-conflict reconstruction? When should these programs be implemented? Out of twenty nine experts who responded to these questions, ten experts refused to generalize the priority, twelve experts said these policies are very important followed by seven experts who said these are somewhat important. Regarding the timing, eleven experts said it depends, followed by nine experts preferring them in the early phase of reconstruction, eight experts in the middle phase, and one expert in the late phase.

Those experts who said policies for long-term development are very important and should be carried out in the early phase of reconstruction argued that these policies play an important economic and political role. Large infrastructure projects could provide a relatively quick positive impact upon peoples' lives by creating job opportunities for a large number of poor and help in service delivery to the people (e.g. roads will facilitate mobility of people and good and provision of services). More importantly, large scale reconstruction projects enhance the visibility of reconstruction activities, which is important for keeping the people's spirits high, building confidence in the new order and solidifying the legitimacy of transitional government. As one expert mentioned, "Ideally, it is better to start sooner than later because unless you can demonstrate the gain of peace and if the external actors do not have longer-term perspective, it is hard to pursue the local population for peace." Thus, providing the sense of self-confidence to the local community from early on is very important to minimize the risk of re-commencing the conflict.

However, those experts who preferred that large-scale infrastructure be built in the middle phase argued that towards the end of the middle phase of reconstruction because the political stability and economic stability returns and big project can be initiated.

On the other hand, many experts argued that there is no simple answer to this issue and it should be looked on a country-by-country basis. Whether large-scale reconstruction and development project should be a top priority depends upon the stage of country's development, the nature of devastation caused by the conflict, and the existing security environment. However, the majority of the experts agreed that some programs under the infrastructure category are as important as other immediate needs and thus, not all the longer-term development activities should be postponed until the late phase. Now, the question is what gets rebuilt first and how. The experts provided four simple rules.

First, one needs to differentiate among different types of infrastructure projects (e.g., important vs. not so important) before determining appropriate phase for implementing these projects. Those projects which impact directly on shorter term well-being and have potential to consolidate peace to a significant degree should be implemented early. For example, consideration could be given to whether these projects generate income and employment opportunities and whether they are labor-intensive. For example, many experts mentioned that roads are very important and should be a top priority because they enhance service delivery, facilitate mobility of people and goods, and create opportunities for farmers to sell their product in the market.

On the other hand, what to rebuild also depends on what kind of infrastructure the population used to have before the conflict. For example, as one expert said, "Post-conflict recovery in the Balkans would place quite an emphasis on the reconstruction of large-scale projects because this is important for returning to the population a semblance of "normal" life, ("normal" being life as they knew it during the pre-conflict period). However, switching to

Southern Sudan, where there is virtually nothing, I would argue that the priority lies with basic services--education, health and water." Similarly, in Afghanistan, where few parts of the country were connected to the power grid, restoring education and health services may be more important than initiating a large-scale electricity project. In Iraq, people used to have power and other utilities and thus, quickly restoring power, potable water, and sewage/sanitation could have significantly produced the optimism among the population about post-conflict reconstruction.

Second, taking into account the available resources, it is better to balance large-scale infrastructure with other priorities such as security, governance and democratization. As one expert said, "Large-scale infrastructures like roads and electricity are not going to create change overnight unlike community level small projects. These projects are highly capital-intensive and arranging funding mechanisms [for these projects] is challenging." One needs to strike a balance between community-level development programs, large-scale development programs and other priorities. In the words of one expert, "Political reconstruction – getting the government institutions running, is more important. Don't crowd that out by only focusing on these big ticketed items." Thus, with the exception of the transportation sector, which is important for opening trade routes and delivering relief efforts and basic needs, there is a major risk of commencing large investment projects prior to establishing sufficient governance capacity to maintain these assets.

Third, sustainability is the other important issue when determining the priorities. International pump-priming on infrastructure can symbolically console and lead to economic dividends by drawing international investments and creating economy dynamism (e.g., roads provide an opportunity for farmers to see their product in the market), provided security conditions allow engagement in these projects. If there is not enough security, the risk is that it may be damaged or destroyed and results in wasted resources if the war breaks out again. In the words of another expert, "Resources expended on infrastructure are worthless if that infrastructure is blown up the next day (like in Iraq). Look at the infrastructure building in Palestine where the EU and other countries have build roads and other infrastructure numerous times but Israel keeps on bombing them."

Fourth, many experts mentioned that the planning for all relevant long-term infrastructure projects should be a major focus from the very beginning of the reconstruction process because the lead-time before implementing a large-scale project such as railroad building may take two to five years.

Macroeconomic priorities: Are they unique in post-conflict countries?

The experts were asked to list the immediate macroeconomic priorities. Ten experts mentioned that like other priorities, macroeconomic priorities also depend on the context. For example, one expert mentioned that when the IMF and the World Bank went to Haiti in 2004, there was no inflation and a huge budget deficit but one could easily feel that the state barely

existed in terms of service delivery and as a regulation mechanism. On the other hand, in many war-emerged African countries, hyperinflation, exchange rate crisis, and budget deficit were serious problems.

However, seventeen experts said that controlling hyperinflation should be the top most priority followed by twelve experts for mobilizing revenue through tax and administrative reform, eight experts for solving exchange crisis, and three experts for liberalization and privatization programs. One expert even went overboard and mentioned that keeping the IFIs at bay for as long as possible should be the top priority.

Those experts who said controlling hyperinflation is the most important priority argued that bringing hyperinflation under control provides some relief to those living in communities that have suffered directly from the violence and who are often marginalized. Many experts also mentioned that controlling hyperinflation and stabilizing currency are often closely linked. One of the biggest problems in post-conflict countries is the "Dutch Disease"--a huge inflow of foreign exchange leads to inflation on basic commodities, which severely interferes with local residents' ability to afford even the most basic items. Thus, many experts viewed controlling hyperinflation and solving exchange rate crisis as two important financial crisis management measures. Without the price and exchange rate stability, no sustainable growth can occur. People must have stable expectations of prices to have faith in the licit economy and for jobs and business investment to mean anything. The remaining issues, such as budget deficits, loan problems, liberalization and privatization, are medium-term issues. In the words of one expert, "Unless macroeconomic stability is brought back, other economic reform would have little overall positive impact on the economy."

The second most cited top and immediate priority was revenue mobilization such as tax reform and the reform of administration handling revenues. As one expert mentioned, "The core political process is about relating resources to policy. If you don't have budget processes or administrative capacity that relates priorities to allocation of resources, then you can't succeed." One expert provided the example of Afghanistan, where tax administration and revenue mobilization is critical for self-sustaining reconstruction and development efforts. Afghanistan raises a total tax revenue of approximately 4% of GDP, which, according to the IMF, is the lowest in the world today. There is a real problem with drug smuggling and the drug economy because any revenues derived from these activities fall below the government's radar screen. As a result, a huge tax base is missing. Regarding revenue mobilization, one expert opined that revenue mobilization is frequently undermined not by tax policies but by weak compliance. Therefore, it is the regulatory arm of the state that needs to be strengthened to enhance tax collection.

Regarding controlling the budget deficit, experts provided a wide range of responses. Some experts argued that strict macro and fiscal discipline might not be feasible given the fact that post-conflict priorities often require large investments in infrastructure restoration,

reintegration of combatants (e.g., job trainings and other opportunities to larger number of ex-combatants), and safety nets (e.g., guarantee of loan to ex-soldiers and combatants) and money for essential services as well as salary to civil servants. Thus, budget deficit should be controlled in the intermediate term because early prioritization could jeopardize other important priorities. On the other hand, some experts argued that in the early stages of post-conflict reconstruction, a policy of no deficit financing will assist the government in the long-term against indebtedness because in countries where donor money is massive, the tendency is for the government to postpone serious actions on mobilizing revenues through taxation. Moreover, huge loans in the early stages of reconstruction are very risky because these loans may crowd out the investment in future if the investors are worried that the government lacks the capacity to pay loans back. Thus, the most appropriate co-financing measure in the early years may be concessional lending from IFIs to control budget deficits. One expert also mentioned that an important lesson from El Salvador is the need to ensure coordination between post-conflict reconstruction (UN) and fiscal policies recommended by the IMF and the World Bank so that both of these two types of institutions work in tandem, which initially wasn't the case in El Salvador.

Many experts warned to be careful of liberalization programs which may have a possibly destabilizing effect. They argued that there could be particular things which needed to be done early on but a generalized liberalization (liberalizing every thing now) and being a member of the World Trade Organization WTO should not be encouraged early on. In the words of one expert, "The liberal peace thesis is flawed. Encouraging post-conflict countries to adopt trade and price liberalization plays into the will of the powerful western nations and ignores the real needs of that country." Some expert also mentioned that privatization and liberalization is the least important category in case of post-conflict countries because these programs require a fully developed market economy, which post-conflict societies lack. If a market is not developed well, these programs can easily be a source of corruption and social and political unrest (e.g., job loss). In other words, if markets are incomplete, then there could be lots of market failures.

Moreover, the linkage between liberalization and privatization programs and peace-building also has to do with who owns the new economy. One expert cited the example of Liberia, and said, "A large part of the most visible economy in Liberia was owned externally, even down to shops and small businesses. I am not proposing economic nationalism, but if the population sees an outside group benefiting the most from the economic gains of peace, it [the opening up the economy] could hardly conducive to longer term stability."

Some experts mentioned that the issue of privatization and liberalization is also context specific. One expert mentioned that in Haiti the issue is not privatization but de-privatization. In the expert's words, "When we [the UN mission] came to Haiti, we found that everything was privatized and there was no existence of state for ordinary people: no security, no education, no water, and no access to electricity. It is not like these services never existed. These services apparently existed in the 1960s and 1970s. They were destroyed later on."

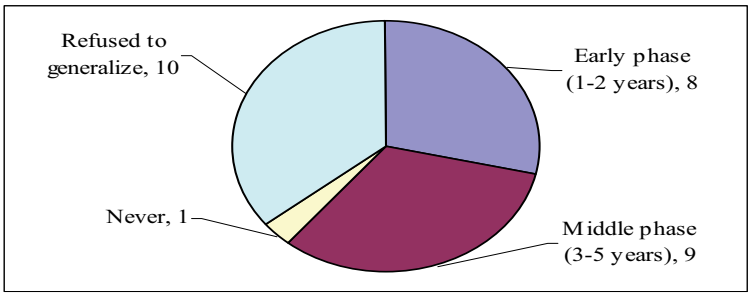
However, few experts also argued that privatization and liberalization programs tend to go hand in hand with democratization. They said that the key question is not *whether* to implement these programs but *how* to liberalize the economy and privatize the state-owned inefficient industries. Thus, the processes and mechanisms used to privatize and liberalize an economy are the key. For example, some particular industries and prices need to liberalize early on in order to attract more foreign investments. Similarly, if the privatization of some industries is going to be the engine of the economy over the medium and long-term and if it is creating more jobs, it should be fully supported. More importantly, an open, fair and transparent process is the key. Without the restoration of legal and judicial processes and capacity to implement these policies, sweeping privatization and liberalization may have negative impacts on peacebuilding. For example, one expert said, "Obviously, if you liberalize prices all of a sudden in a situation where there is urgency of governance this may cause development to fall. You have to wait until the circumstances are right. Regarding the privatization, if you don't do the privatization correctly, that is to say, if you don't have the right kind of bidding system, if you don't have the right kind of laws to regulate private owners, you will be in trouble." Another expert mentioned, "[See] what happened in Iraq. The Coalition Provisional Authority (CPA) ordered to open up 39 companies for foreign ownership and it was widely criticized. Macroeconomic policies [structural reform policies] have sometimes seen bullishly as being the opportunity to transform a territory into a desirable highly developed economy skipping the whole set of stages that might be unnecessary economically but politically necessary. Coming out of a conflict, you need a state. You need a strong state first."

Thus, many experts suggested that it would be better to go slowly, choose carefully the sectors or industries for early priority, and put appropriate laws and regulatory mechanism (including transparent bidding system and effective corruption control mechanism) in place before implementing privatization and liberalization programs. Some experts also mentioned that "legitimacy and "buy in" are critical. In order for any macro policy to be effective, the citizens must view their government as credible. Once a policy is announced the government must follow through and carry it out as stated. For example, economists and policymakers pushed for privatization (the right idea) in transition economies but the implementation was very poor because of the lack of credible commitment.

Foreign aid: When and how to deliver it to have a real impact?

Twenty-eight experts responded the following question: When do you favor spending more resources in a post-conflict country? The choices given were: (1) Early phase of reconstruction (1-2 years after the end of conflict); (2) Middle phase of reconstruction (3-5 years after the end of conflict); (3) Later Phase of the reconstruction (6-10 years after the end of conflict); and Never. Expert responses are shown in the following figure. Interestingly, none of the expert said that more resources should be spent in the later phase.

Figure 8.1: When to spend more money in post-conflict period?



Only one expert argued that the international community should never engage in long-term development. The expert said, "I don't believe the U.S. should be involved in nation-building efforts. As mentioned, policymakers lack the knowledge of how to bring about the desired end and when you consider the nature of the U.S. political system these efforts are more likely to fail than to succeed (success measured by the ability to plant the seeds of sustaining liberal democracy). This is in fact what we observe when we look at the historical record."

Those experts who preferred spending more resources in the early phase mentioned that more resources should be spent early on to bring tangible positive changes to peoples' lives quickly as well as to ensure the local community that the international community is really committed for rebuilding and reconstruction. In the words of one expert, "Spending more resources in the beginning is better because you need more energy and support for rebuilding. If you don't invest enough in the early phase, you may lose opportunities because waiting too long to support is the worst strategy. If there is little initial level of support and if no visible progress is seen, then people will lose their patience and the conflict may come back." Similarly, another expert mentioned, "The earlier the peace and reconstruction dividends accrue to long-deprived populations in conflict areas, the more domestic support for reform there will be."

On the other hand, those who preferred to spend more resources in the middle phases cited three reasons. First, the reason why the international community should engage more constructively in the middle phase of reconstruction is that in the first 1-2 years, the population is willing to wait until the government and peace process get underway. However, it is the middle phase where disappointment sets in and groups with significant grievances can begin to emerge and coalesce, and pose a risk to the peace process because ex-combatant subsidies may stop, economic growth may not produce enough job opportunities and returning land and property may cause social unrest. Second, many experts mentioned that the limited aid absorption capacity is the main reason that more resources should be spent in the middle phase. Since war-beaten governments cannot absorb much direct aid for 2-3 years after the end of the conflict, it is dangerous to overload them when the absorption rate is so limited during the first phase of reconstruction. For example, without appropriate mechanism (e.g., effective procurement and bidding systems, corruption control mechanism, and administrative capacity) large amounts of funds are wasted (e.g. inflated costs of construction, corruption, lack of revenue to fund structures, etc.). Thus, spending levels must be consistent with the country's absorption capacity to ensure best use of available resources. As mentioned by one expert, after 3-5 years of reform,

some progress may be achieved in addressing major weaknesses in public expenditure management, which would make possible more quality spending. Third, domestic politics needs to take hold to enable transparent and legitimate government institutions to emerge. Otherwise, pumping in a lot of money early-on could be disruptive especially if various political factions start fighting over international resources--a situation which may actually prolong the conflict.

Those whose answer was "it depends" argued that the issue is very country-specific. According to one expert, "If the security situation remains volatile, it is better not to spend more resources in competing demands but rather to channel resources into capacity-building. However, if there is no conflict, multiple other competing priorities will emerge in the agendas and you'll miss that window of opportunity if you don't spend more resources early." Moreover, the key issue is not when to spend more money, but what types of resources should be spent in which phase, how much donors can spend, which sector should be focused and how is money being spent?

First, resources are needed in all phases of post-conflict. In the early stages, resources are needed for funding emergency relief and humanitarian efforts, restoring essential infrastructure and services, creating jobs, disarming and reintegrating rebel forces and warlords, and building or reforming national institutions including national police and national army. Thus, in the early years, it makes sense to devote more resources to two areas: Funding programs which make people feel the benefit of peace by seeing the positive changes and building aid absorption capacity (e.g., administrative capacity and technical capacity of governance institutions including tax and revenue administrations). Programs with immediate and tangible benefits will foster public support for peace. This must be reinforced by enhancing the government's ability to meet people's needs in the non-immediate term. As early as possible, government capacity needs to be enhanced through training programs such as intensive mentoring and coaching in many governance institutions.

More importantly, when to spend more resources also depends on whether the country already has functioning intuitions or how quickly local and national institutions including tax and revenue administrations can be built. Thus, as soon as basic humanitarian relief and emergency needs are met, donors should quickly move on to the government and capacity building agendas for two reasons. First, the international engagement (e.g., financial assistance and more importantly the number of international peace-builders on the ground) can only be reduced meaningfully only after functioning governance institutions are in place. If the government institutions are not delivering services by the end of the middle phase, there is a danger that people may look for non-government entities (warlords and so on) for security and other services. As one expert mentioned, "In Afghanistan, the most important statistic is that during the whole process starting in 2001 up to 2005, about 75% of the aid flowed outside of the government's budget because the government's delivery rate was very low. But if this trend continues (say for four or five or six years after the initial intervention), it may be extremely dangerous because people may get frustrated. If the government doesn't keep going in terms of increasing its service delivery, we are all concerned that it is going to send a signal to the general population that

maybe they should go and support the Taliban. That hasn't happened yet but that is the fear in everybody's mind that the government lacks the legitimacy."

Second, the important question is not when to spend more money but whether the donor community could sustain the commitment over a longer period of time. What is detrimental to long-term stability and development is a massive peak in aid delivery generally in the beginning (which is often linked to either to military or humanitarian intervention) followed by a collapse when aid drops to a low level creating a big gap between the humanitarian assistance and development aid. Unfortunately, as one expert said, "The frequent type of pattern is going heavy in the beginning and then to ratchet down too quickly. I think it is better to start out modestly and to sustain support over time. It is important in terms of politics in donor countries because the tax payers do not want to fund things which are definitely too expensive for them." As many experts mentioned, the absorptive capacity of the economy goes up just when the international interest is waning. There is a mismatch in the sense that resources tend to be available in the early phase but resources really tend to be spent more effectively in the middle phase. Thus, the real issues are how to match country's capacity with the availability of resources on the one hand and sustain the flow of aid over the long-term on the other hand. Many experts also mentioned that these are among important issues to be seriously considered by the newly established UN Peacebuilding Commission.

Third, many experts cautioned that more resources should not be spent unless there is an effective channel for delivering development assistance. One expert suggested, "Try to take as many pledges and get the money but refuse to put in the pocket of the country (hopefully put it in some kind of trust funds) but don't spend a lot in the first two years because the goal is to build up the government capacity and then channel aid through it and have them practice the whole management and the delivery of aid. In this respect, Afghanistan was able to improve the aid delivery mechanism by having two major aid conferences (one in Tokyo in 2004 and one in London in 2005) after the first Tokyo conference but sadly, most of other post-conflict countries didn't have that luxury. They get one big injection of cash."

What should be the realistic duration of international engagement?

One of the important questions is: How long should the international community actively engage in rebuilding post-conflict countries so that these countries able to stand on their own feet? Many experts mentioned that the duration of external support must be tailored to meet country specific circumstance because experiences show that complex and wide ranging set of variables characterize each context in different ways. For example, it depends on what role the international community is playing such as pure peacekeeping engagement versus nation-building versus fighting terrorism. One expert mentioned, "I think the idea of really disaggregating international community's efforts taking Afghan context might be misleading. Fighting terrorism and building national and local institutions are two very different engagements. The latter may take up to 15 years if it is constructive, and we don't know about how long it may take to fight terrorism." International engagement in post-conflict countries also depends on various

geopolitical factors. For example, experience shows that if it is in Europe, the international community is likely to stay long but if it is in Africa, missions are likely to be short. The actual number of years also depends on the country's pre-war development situation. More importantly, there is a difference between how long the international community should actively engage versus how long various conditions permit them to stay or whether they want to stay. Similarly, the total length of stay mostly depends on how quickly the transition can take place in order to reduce the dependency on foreign resources including manpower and money.

However, almost all experts agreed that although there will never be a blueprint timetable, the international community's history of exiting on cue from national elections is naïve and grossly premature in most situations. In the words of one expert, "As East Timor has recently shown, and Angola has repeatedly shown, years are needed to cement durable peace and remove violence as a viable option for addressing issues. If redress is not possible with laws that are home grown and make sense and deliver, then violence will continue to be a possible option. But the robust implementation of important laws for a post-war restitution can take time."

Another expert said, "For [the] whole thrust of reconstruction or even democracy-building, having elections are critical, but what we realize now from the Balkans to Afghanistan to Iraq is that peace operations deserve 10 plus years [of] commitment. The window of 10 plus years is critical for pumping up serious aid, building up agendas and ensuring inclusive and transparent processes. The whole process of what we call nation-building involves civil society, media, and the business community working in partnership as equal actors with government and takes at least one decade."

Some experts also suggested that although it may depend on the context, seven to ten years seems a realistic figure. The first two years would be devoted to addressing the immediate humanitarian needs under emergency relief. Then the transition from emergency relief to development might take about another one to two years, and sustaining institutions and laying a foundation for long-term development would take four to six years. On the other hand, a few experts also mentioned that development in post-conflict countries is usually a long process with ten to twenty years time horizon realistically. In the words of one expert, "If you talk about Haiti, the UN should be involved for five to seven years to maintain and sustain security through the Security Council's decision to send peacekeeping operations, whereas other donors, such as UNDP and the World Bank, should continue institution-building and other efforts for at least two decades. Otherwise, Haiti can not get out of longstanding and serious problems such as big social and economic divisions, very low capacity for governance, and the existence of crime networks and drug market." However, one expert said, "Engaging actively for 20 years in a post-conflict country, say in Afghanistan for example, could also imply that the international community is not doing it properly even doing harm unless there some demonstrable cost-benefit of international engagement for 20 years. Thus, reforming and building institutions may take up to15 years. However, the real pay-off depends on whether the international community is doing "good" vs. "harm."

In sum, the majority of experts agreed that although the length of engagement may differ by country, the international engagement in post-conflict countries will never be limited to what donors do during the first three to five years. The international community should slowly withdraw and responsibilities handed over gradually to local actors. A good gauge of whether or not the international community is succeeding is whether the post-conflict country has slowed or lessened its reliance on international actors.

Allocating budget among different sectors: Are there any clear trade-offs?

With the recognition that if higher order objectives are not met, lower order achievements will ultimate prove transitory, experts were asked the following question: In general, how should available resources (in terms of total budget) be distributed among the following policy categories: security, humanitarian/social, governance/democratization, economic stabilization/reforms, and infrastructure/long-term development. Experts were asked to provide their answer in percentage terms so that the sum of the five categories equals 100%. Out of twenty-seven experts, eleven experts refused to generalize on this issue arguing that priorities depend largely on the country in which the transition is taking place. One expert also mentioned that the categories provided by this study have a lot of overlap and thus, make it very hard to choose one over the other. For example, the policies under humanitarian & social and development & infrastructure are more or less similar. On the other hand, sixteen experts provided their answers, which are summarized in Table 8.1.

The majority of the experts argued that more resources should be devoted to security in all three phases, but it is particularly a top most priority in the early phase; however, the share of expenditure on security should decline over the years, especially in the middle and later phases, allowing for more government resources to be channeled to governance and economic reforms and to meeting development & infrastructure demands. As one expert said, "Everybody usually starts out looking at the importance of security. If you don't get that right, none of the other stuff follows." In the words of another expert, "One of the reasons why security is the topmost priority is that sometimes security problem remerges. For example, the security problem was re-triggered in East Timor in 2006, almost 6 years after the end of the conflict."

Table 8.1: Allocation of Resources Across Different Sectors During Different Phases

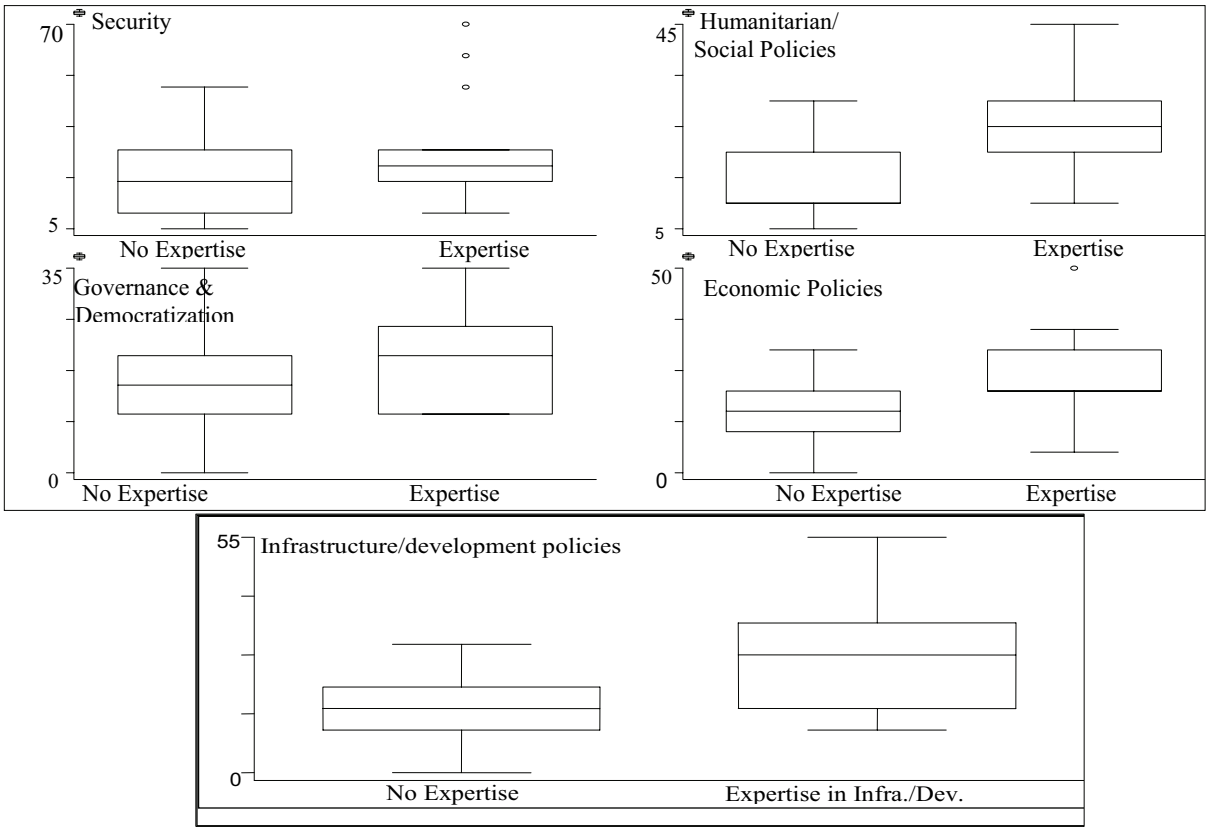
Policy Categories	Distribution of efforts in the first phase: 1-2 years after the end of conflict		Distribution of Efforts in the second phase: 3-5 years after the end of conflict		Distribution of Efforts in the third phase: 5-10 years after the end of conflict	
	Mean	Median	Mean	Median	Mean	Median
Security	37%	33%	23%	20%	12%	10%
Humanitarian/Social	26%	25%	23%	25%	18%	20%
Governance/Democratization	13%	13%	19%	20%	17%	15%
Economic Stabilization/Reforms	13%	15%	18%	18%	25%	23%
Infrastructure/Development	11%	10%	18%	20%	28%	25%

However, many experts also mentioned that how to define and achieve security is a context-specific issue. In a country like Liberia, an early demobilization and reintegration program could have a lot of pay-offs because the armed rival factions, who used fight each other during the conflict, if not demobilized as early as possible can easily threaten the new-found peace. On the other hand, in countries like Afghanistan and Iraq where conflicts were settled by external interventions, the early and important security priority should be building military and police force. However, the majority of experts agreed that achieving security by implementing a comprehensive security sector reform such as reforming police and military forces and judicial and penal systems could have positive impact for all other sectors and should be a top priority for all post-conflict countries from the very beginning. In order to maintain security over time, enough time needs to be devoted to create self-sustaining, functioning and competent security institutions. Some experts also mentioned that an informed and active legislature and executive authorities, a clear governmental policy framework and laws, and an active civil society is required to make security sector accountable, transparent and efficient. In addition, it should be acknowledged that security sector reform is a sensitive issue because it involves matter of national security. Thus, the debate on reform should start through indigenous research and reform programs should directly be implemented by policy actors from the post-conflict country in concern although external actors and specialists can inform and advise.

Those experts, who refused to generalize on the "spending more in security vs. other sectors" issue, argued that it depends on many things and there is no easy formula for the trade-offs. Over time, if the foreign intervention is making progress, then less should be spent on security and humanitarian sectors, and an increasing amount of aid should go towards governance and economic reforms. However, if the international community is not making a lot of progress like in Afghanistan and Iraq even after four-year period of reconstruction, security expenditure is not going to decrease. Thus, many policies may depend on the case by case basis and it is hard to put all post-conflict countries in one or more baskets.

Most of all, there is a pattern of responses among those experts who believed that sequencing and prioritization is possible. The figure below shows that if a policy maker has specialization in security, he/she is more likely to rate security as a top priority compared with those who have no security background. This pattern is true in the case of social policies, economic policies, governance policies and policies related to infrastructure and long-term development. In a follow-up survey, when asked why this is the case, many experts mentioned that different donors have different mandates. The World Bank, for example, generally doesn't get involved in security and the UN's mandate is peacekeeping, which is more about maintaining security. Thus, the priorities for reconstruction seem to be driven not by the actual needs of post-conflict countries but by policymaker's choice of priorities, which are obviously associated with policymakers' specialization/training and their organizational affiliations.

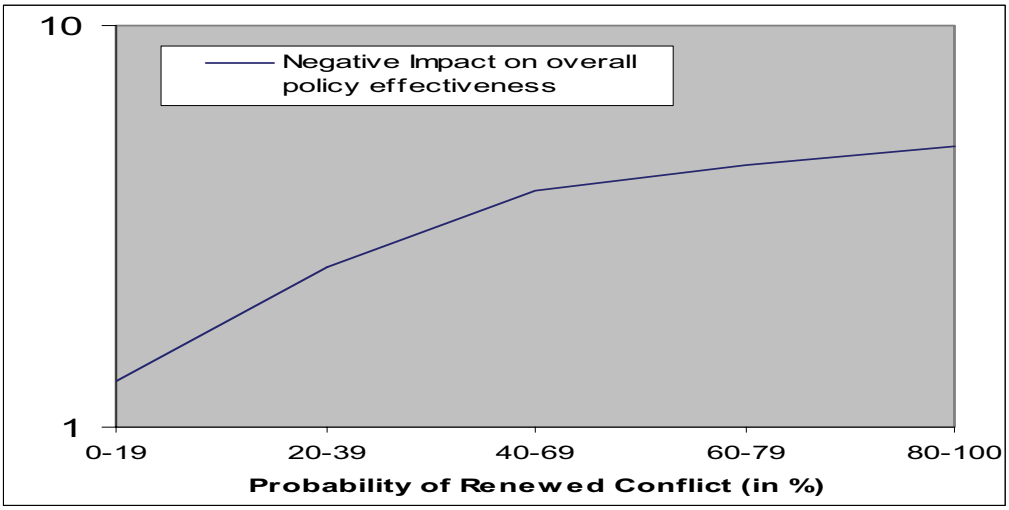
Figure 8.2: Prioritization's Given May Depend on Practitioners' Background/Experience



Note: "No expertise" means no expertise in the sector mentioned in the vertical axis. Vertical axes represent the percentage of available resources.

In order to capture the extent to which the probability of reoccurrence of conflict has on the overall policy effectiveness, the following follow-up question was asked: It seems that if the probability of renewed conflict is high, an activity is less likely to achieve its goals. How much negative impact do you think the probability of renewed conflict has on overall policy effectiveness? The experts were given both the range of probabilities (0-19, 20-39, 40-59, 59-79, and 79-100) and the scales for impact (5= very high, 4 = high, 3 = low, 2= very low, 1= almost no impact). Although ratings are very subjective and only ten experts responded to this question, the following figure provides a sense that if the perceived or actual probability of renewed conflict is more than 50%, it is very unlikely that a policy could succeed meeting its objectives. It could be argued that if the majority of people believe that the conflict will come back sooner or later, it may have a direct impact on reconstruction efforts because people are less likely to participate in development and capacity-building activities if they believe these efforts will shortly be destroyed.

Figure 8.3: Impact of the Fear of Renewed Conflict on Policy Effectiveness



Note: A logarithmic scale has been used on vertical axis, which represents the negative scales for impact on policy effectiveness (5 = very high and 1 = almost no impact).

8.3: Policy Prioritization and Phasing: Are There Any Generally Agreeable Patterns?

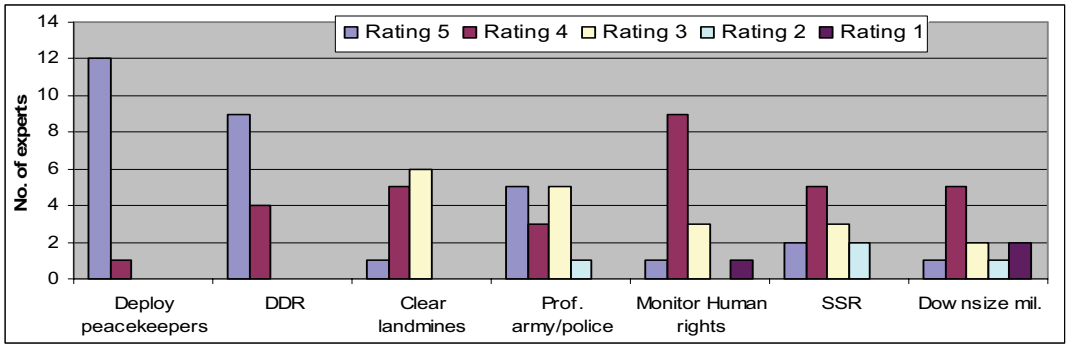
Policy Prioritization

Experts were asked to prioritize a list of policies on a scale of 1 to 5 (5 = the top priority, 1 = least priority) within each of the policy categories (see Table 8.1 for categories). Experts were also asked not to select more than two top priorities in each policy category but they could add policies if they thought that any important policies were left out. The objective was to find out whether the experts can generally agree on what the high priority policies are. Out of twenty five experts who responded this question, eleven experts refused to prioritize arguing that a simple generalization doesn't enhance but could reduce the effectiveness of post-conflict reconstruction efforts. In the word of one expert, "You simply cannot make choices in this way. Whilst a few areas could be considered less high profile than others, it is not possible to make choices in all cases." According to one expert, "Generalization may not be helpful because, in the end, the experts are naturally likely to prioritize policies based on their experience on a specific post-conflict country." One expert also brought up an interesting issue when he said, "The real question is who decides which [ones] the higher order priorities are and which [ones] the lower order are. I think unless people living in communities, especially those that are marginalized or excluded from mainstream processes define the priorities, peace is not going to be sustained. Designing a checklist is a northern based approach that is unlikely to be of assistance to people."

Among fourteen experts who provided their answers, there is a consensus (or near consensus) regarding some of the priorities that received a higher rating by the majority of the experts. However, there are many policies about which the experts seem to have different opinions regarding prioritization. Among security policies, nearly all experts rated two policies—

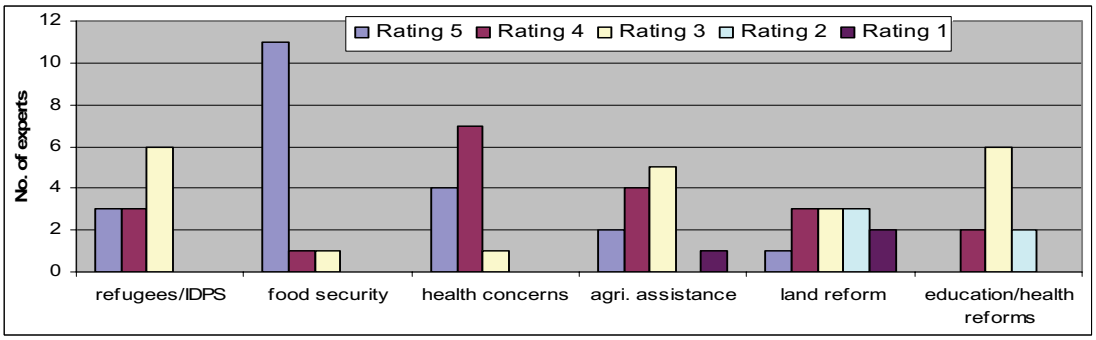
deploy peacekeepers and implement demobilization, disarmament and reintegration (DDR) process—higher than other policies such as clearing landmines, professionalizing armies/police, monitoring human rights, implementing security sector reform (SSR), and downsizing military expenditure. However, as shown in Figure 8.2, experts had no clear idea on which of the remaining policies should be a top priority. Similarly, among humanitarian and social polices, almost all experts preferred ensuring food security (supply of food) to all other policies such as returning and resettling refugees and displaced persons, responding to the rising incidence of disease and acute health concerns, providing agricultural assistance, and implementing land, education and health reforms. The choice among the remaining other policies was not clear (see Figure 8.3).

Figure 8.2: Expert Ratings on Various Security Policies



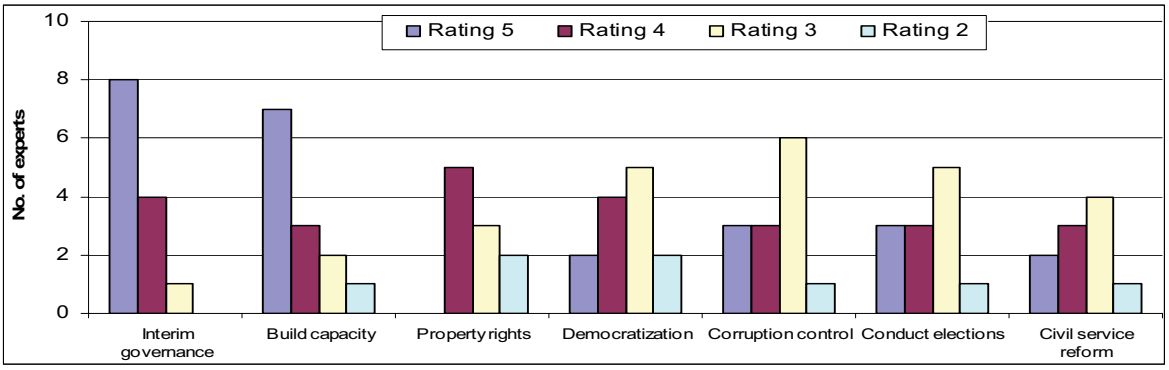
Note: the scale on the vertical axis is the number of experts who rated the policies.

Figure 8.3: Expert Ratings on Various Humanitarian/Social Policies



Among governance and democratization policies, figure 8.4 shows that establishing interim governance institutions and strengthening local and national institutions (build capacity of key ministries and local administration) are two policies preferred by many experts. However, the choice among other policies, such as securing property rights, building political parties, civil society, and free press, implementing corruption control measures, conducting elections, and implementing a comprehensive civil service reform, is not clear.

Figure 8.4: Expert Ratings on Various Governance/Democratization Policies



Regarding economic stabilization and reform policies, cutting hyperinflation was rated as the number one priority by all experts but the choice among other policies, such as liberate the exchange rate, provide budgetary support and control budget deficit, mobilize revenue through tax and custom reforms and the introduction of cash budgeting system, provide regulatory framework for financial sector, implement privatization programs, and liberalize trade and capital flows, was not very clear. Similarly, among infrastructure and development policies, restoring basic services such as education, health, water, and electricity was preferred to all other priorities such as restoring essential infrastructure (roads, ports; airports) and productive capacity (existing or known capacity) of the economy, building new large-scale infrastructure such as roads, ports, and airport), while choices among all other policies was again not clear.

Figure 8.5: Expert Rankings on Various Economic Stabilization/Reform Policies

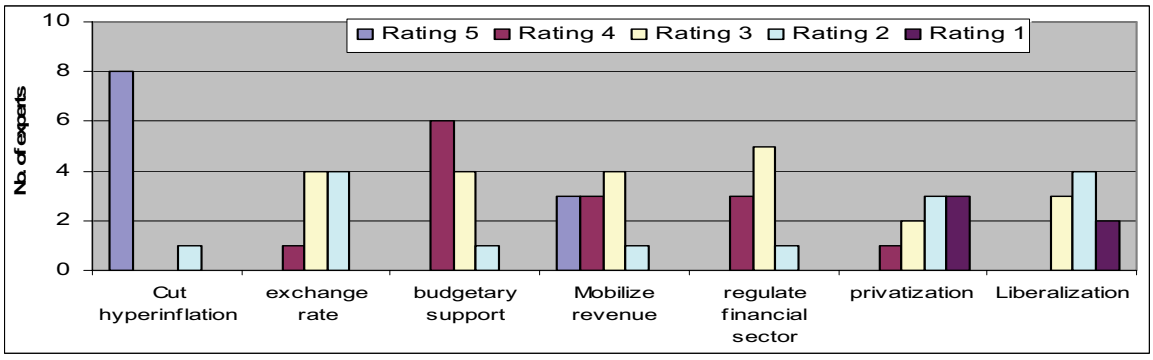
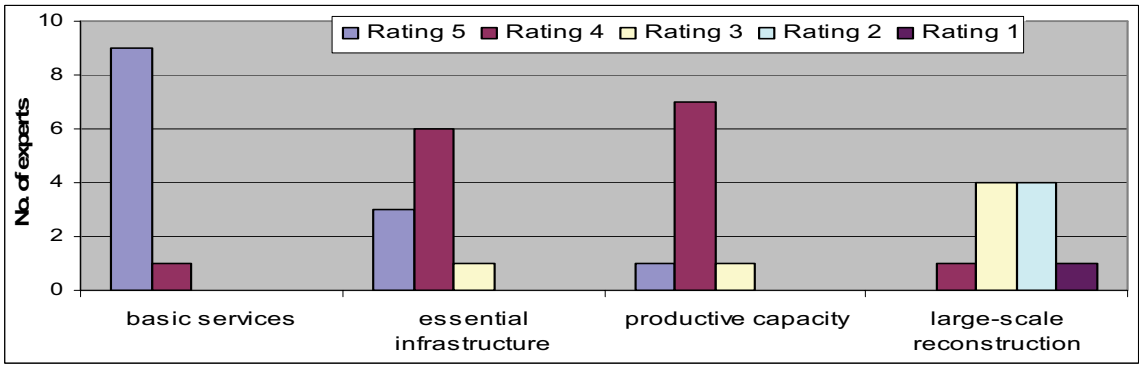


Figure 8.6: Expert Rankings on Various Infrastructure/ Long-Term Development Policies



In order to capture the interrelatedness of reconstruction policies and look at whether an integrated and holistic approach can be developed, the expert survey provided a menu of policies and asked the experts to provide their ranking in terms of policy impacts on poverty, stability, governance, and growth. The experts were asked to subjectively rank the impact of each policy from a scale of -1 to 3 (3 = high impact, 2 = medium impact, 1 = low impact, 0= no impact, and –1 = negative impact). This method is not new and has been frequently used in the literature related to assessing health outcomes. The basic purpose of this exercise was not to recommend policies based on this exploratory analysis but to model a complex problem and see how experts value the priorities in a complex or a multi-dimensional world.

Thirteen experts again refused to provide such subjective ratings citing the reason that any approach that tries to generalize policies for post-conflict reconstruction can do more harm than good. As one expert said, "This exercise makes no sense in theory. It is speculative and unhelpful. Anyone who does fill this [survey] in is unlikely to have much firm grasp on the realities of different complex contexts." On the other hand, twelve experts provided their ratings. The following five figures provide expert insights on policy prioritization. For example, if the goal is to reduce poverty, the priorities might be different from the situation where the goal is to maintain stability. Thus, those policies which do a better job in improving governance may have little direct impact on economic growth in the near-term. The figures 8.7, 8.8, 8.9, and 8.10 provide a group of policies that have better impact on economic growth, peace and stability, poverty reduction, and state capacity-building, respectively.

More interestingly, figure 8.9 shows that those policies which have relatively greater impact on reducing poverty have even higher impact on other dimensions, such as economic growth and peace and stability. It could be the case that in a post-conflict country, poverty cannot be reduced significantly but the governance, economic growth and stability can be improved in the short and medium terms. Post-conflict Cambodia, Mozambique and El-Salvador provide some evidence for the hypothesis that these countries have achieved stability and some level of growth but these are still among the countries which have significantly higher levels of poverty.

Figure 8.7: Policies That Have Higher Impact on Increasing Economic Growth

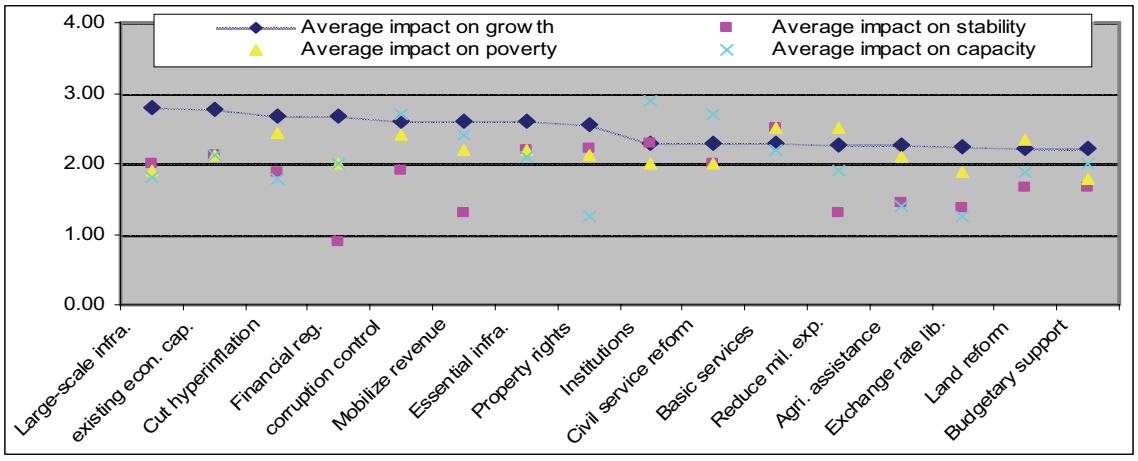


Figure 8.8: Policies That Have Higher Impact on Peace and Stability

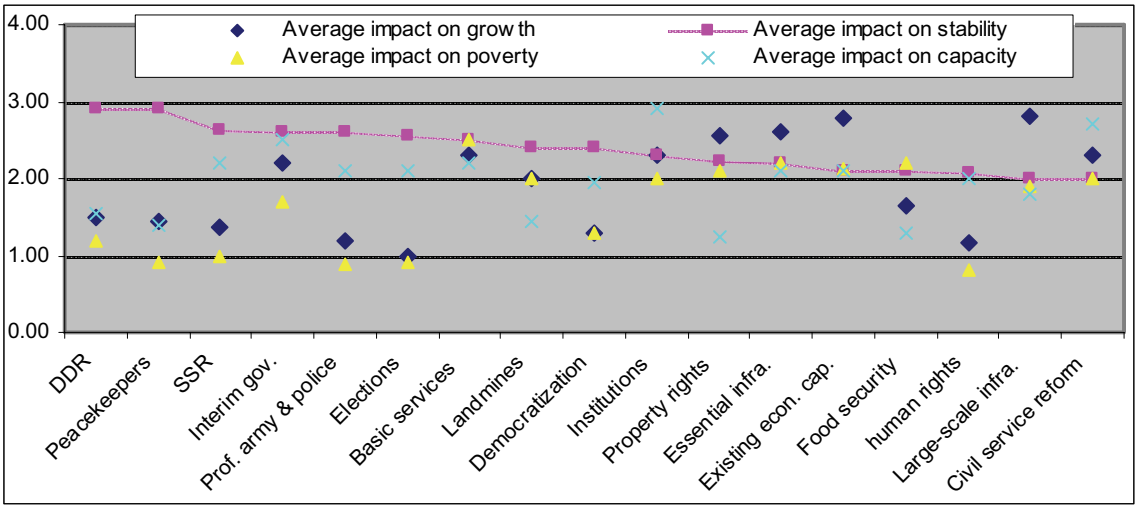


Figure 8.9: Policies That Have Higher Impact on Poverty Reduction

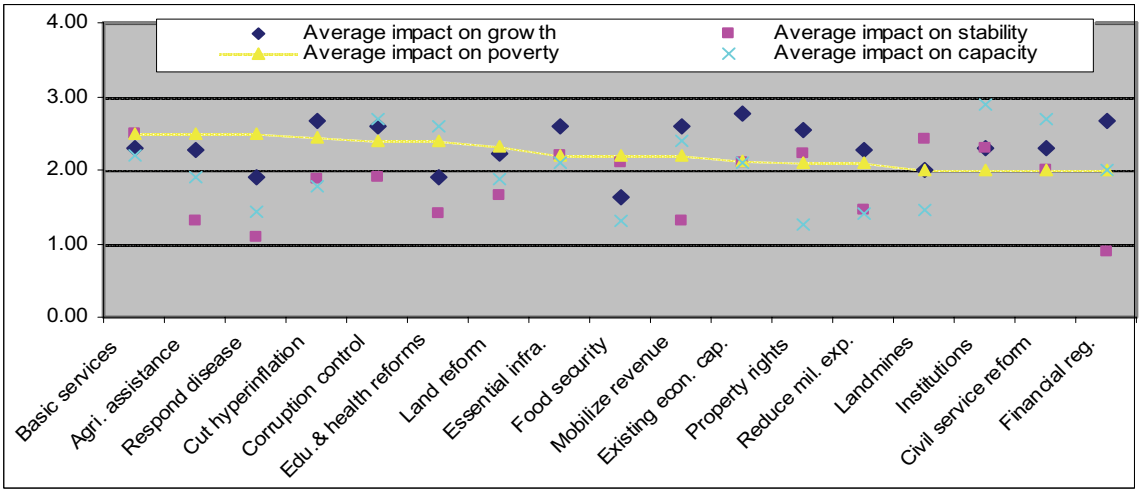
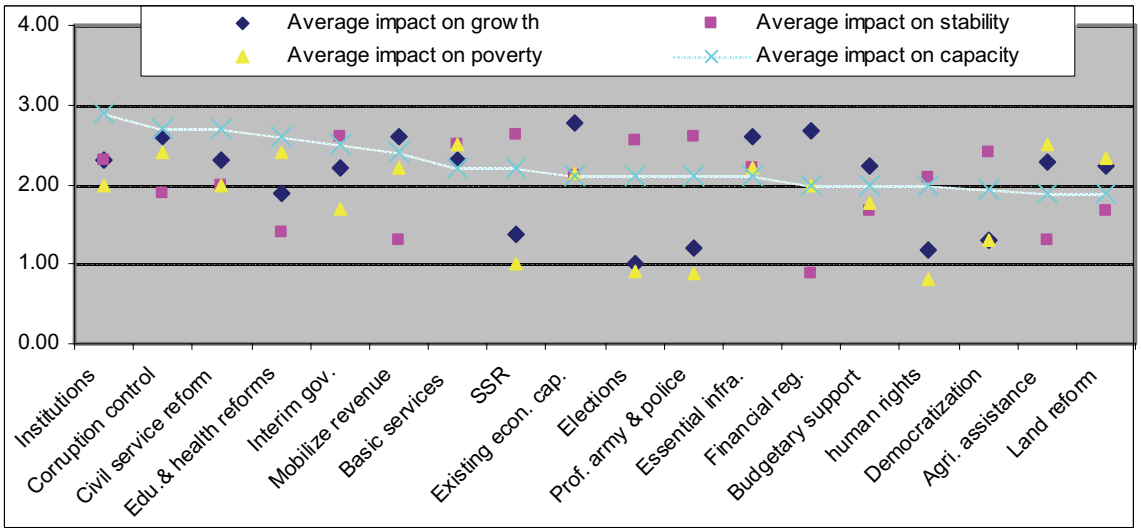


Figure 8.10: Policies That Have Higher Impact on State Capacity-Building



Although the key is how much weight should be given to each outcome variable, considering equal weights to all four outcome variables—economic growth, peace and stability, poverty reduction, and state capacity-building, we performed an average-linkage cluster analysis to determine how policymakers should choose the policies that optimize the impact across all four dimensions (on cluster analysis, see Appendix D). The cluster analysis indicates that policies in cluster one of Table 8.3 should be the number one choice because these policies are the first best in three dimensions—economic growth, poverty reduction and state capacity-building) and the second best in terms of their impact on peace and stability (see Table 8.2 for mean values). It should also be noted that among cluster 2, 3, and 4, it is hard to tell which cluster is the second best. Nonetheless, cluster 4 is indisputably best in terms of peace and stability.

Table 8.2: Mean Values by Clusters of Policies

Clusters	Average Impact on Growth	Average Impact on Stability	Average Impact on Poverty	Average Impact on Capacity
Cluster 1	2.43	1.85	2.17	2.24
Cluster 2	2.11	1.78	2.13	1.35
Cluster 3	1.73	0.63	1.34	1.15
Cluster 4	1.26	2.47	1.02	1.85
Total average	**2.02**	**1.92**	**1.81**	**1.89**

Note: Impacts were measured on a scale of 1 to 5 with 1 for the least impact and 5 for the highest impact.

Table 8.3: Policies Grouped According to the Clusters Mentioned in Table 8.2

Policies Grouped in Cluster 1	Policies Grouped in Cluster 2	Policies Grouped in Cluster 3	Policies Grouped in Cluster 4
• Provide agricultural assistance • Restore basic services • Provide budgetary support • Implement a comprehensive civil service reform • Implement corruption control measures • Cut hyperinflation • Implement education and health care reforms • Restore essential infrastructure • Restore existing or known capacity of the economy • Provide regulatory framework for financial sector • Strengthen local and national institutions (line ministries and local administration) • Establish interim governance institutions • Implement land reform • Build infrastructure (large-scale reconstruction) • Mobilize revenue (tax reform; custom reform)	• Liberate the exchange rate • Ensure food security • Clear landmines • Secure property rights • Reduce the military expenditure • Respond to disease and acute health concerns	• Liberalize interest rates • Privatize the economy	• Disarm, demobilize and reintegrate combatants • Build political parties, civil society, free press • Conduct elections • Deploy peacekeepers to restore/maintain security • Professionalize army and police • Return and resettle refugees and displaced persons • Implement a comprehensive security sector reform • Implement human rights monitoring and advocacy mechanism

Note: If an expert's response was 1 and 2, then it was counted both for phase 1 and phase 2.

Phasing and Sequencing of Policies

Experts were asked the following question about the phasing and sequencing of various policies across different sectors: Which activities should be done in which phase: early, middle or later phases? Eight experts refused to generalize and make a list of policies for different phases. According to them, like the prioritization of policies, the phasing and sequencing of policies is also context-specific issue. Many experts point out that a part of the problem is that the UN and other international organizations are trying to develop a check list of things for all post-conflict countries without paying attention to a particular context and the actual need of the country in concern. In the words of one expert, "You simply cannot make choices in this way. Whilst a few areas could be considered less high profile than others, it is not possible to make choices in all cases." However, nineteen experts provided their answers, which have been presented in the following table.

Table 8.4: Expert Responses on Phasing and Sequencing of Policies

Column 1: Policy Category	Column 2: Activities	Column 3: Starting Phase: Early, Middle or Late?		
		No. of experts for early	No. of experts for middle	No. of experts for late
Security	Deploy peacekeepers to restore/maintain security	19	0	0
	Disarm, demobilize and reintegrate combatants	15	7	2
	Clear landmines	14	7	2
	Professionalize army and police	8	15	5
	Implement human rights monitoring and advocacy mechanism	9	8	6
	Implement a comprehensive security sector reform (i.e., military, police, judicial and penal system reforms)	7	13	6
	Reduce military expenditures (downsize military)	4	12	8
Humanitarian/ Social	Return and resettle refugees and displaced persons	7	14	2
	Ensure food security (supply of food)	17	3	1
	Respond to the rising incidence of disease and acute health concerns	13	7	3
	Provide agricultural assistance	6	12	7
	Implement land reform	4	11	8
	Implement education and health care reforms	3	16	6
Governance/ Democratization	Establish interim governance institutions	15	5	0
	Strengthen local and national institutions (build capacity of line ministries and local administration)	11	11	5
	Secure property rights	1	15	5
	Build political parties, civil society, free press	6	14	6
	Implement corruption control measures	7	10	5
	Conduct elections	5	13	5
	Implement a comprehensive (full-scale) civil service reform	2	11	9

		Column 3: Starting Phase: Early, Middle or Late?		
Economic Stabilization/ Reforms	Cut hyperinflation	11	7	1
	Liberate the exchange rate	3	9	7
	Provide budgetary support and control budget deficit	7	10	7
	Mobilize revenue (tax reform; custom reform; introduction of cash budgeting system)	6	9	9
	Provide regulatory framework for financial sector	1	12	6
	Implement full-scale privatization programs	0	6	13
	Liberalize trade and capital flows	0	11	9
Infrastructure/ Development	Restore basic services such as education, health, water, and electricity	18	5	1
	Restore essential infrastructure (roads, ports; airports)	13	9	3
	Restore productive capacity (existing or known capacity) of the economy	8	9	5
	Build infrastructure (large-scale reconstruction of roads, ports, and airport)	2	8	13

Note: If an expert's response was 1 and 2, then it was counted both for phase 1 and phase 2.

Looking across the responses, it is obvious that the following policies were chosen by the overwhelming majority of experts to be started in Phase1: deploy peacekeepers to restore/maintain security; disarm, demobilize and reintegrate combatants; clear landmines; ensure food security (supply of food); respond to the rising incidence of disease and acute health concerns, establish interim governance institutions; and restore basic services and infrastructure. Similarly, the following policies are preferred in the second phase: Reduce military expenditures (downsize military), implement education and health care reforms, secure property rights, conduct elections, build political parties, civil society, and free press and liberate trade and capital flows. Only one policy—implement full-scale privatization programs—was clearly preferred by many experts to be postponed until Phase 3.

It should be noted that experts were divided nearly equally regarding whether to implement the following policies in Phase one or two: Professionalize army and police, implement human rights monitoring and advocacy mechanism, return and resettle refugees and displaced persons, provide agricultural assistance, cut hyperinflation, and strengthen local and national institutions (build capacity of line ministries and local administration). Similarly, some experts wanted the following policies to be implemented in Phase 2 and some others in Phase 3: engage in land reform, implement a comprehensive (full-scale) civil service reform, provide regulatory framework for financial sector, and build infrastructure (large-scale reconstruction of roads, ports, and airport).

More importantly, approximately equal numbers of experts put the following policies in all three phases: implement human rights monitoring and advocacy mechanism, implement a comprehensive security sector reform (i.e., military, police, judicial and penal system reforms), return and resettle refugees and displaced persons, provide agricultural assistance, implement

corruption control measures, provide budgetary support and control budget deficit, mobilize revenue (tax reform; custom reform; introduction of cash budgeting system), and restore productive capacity (existing or known capacity) of the economy.

Two main conclusions can be drawn from the expert opinions. First, as discussed earlier, the phasing and sequencing of policies depends on the context; however, in every post-conflict country, the experts agreed that the government ought to be seen as working to reestablish the rule of law, and doing away with arbitrariness. Second, it also may be the case that a program cannot be implemented in entirety in one phase and it has to be implemented in all three phases. For example, elections can be conducted in the middle phase but its preparation and planning should start in the first phase.

In order to know the duration of activities, the following question was asked to the experts: What do you think is a realistic time horizon to complete each of the activities listed in the above table? Please provide your tentative answer in years. The experts were also informed that although the duration may depend on the circumstances, please provide the average duration of a program from the prospective of having a real impact on sustaining peace in post-conflict countries. The experts provided a wide range of responses. For example, regarding the duration of peacekeepers to remain in the post-conflict country, the answer ranged from six months to 20 years.

Regarding the phasing, many experts provided very interesting comments as well. One expert said, “The phases (the first phase: one to two years, middle phase: three to five years, and later phase (five to six years) mentioned in the questionnaire are arbitrary because depending on the situation, the first phase could be six month for one country but it could be three years for the other country. There is no way of specifying the length because the level of involvement could vary by county.” In the words of another expert, “Actually using a single word to represent the reconstruction of all post-war countries may not particularly be helpful because depending on the context different countries have different phases and scales of reconstructions.”

Most experts agreed that there might be a complex co-relation between peace-building and development. Peace is a prerequisite for any development activities while development is an essential element of a sustainable peace process. However, peace restoration may be done in comparatively short period followed by a longer commitment needed for sustainable development. In addition, multi-stakeholder grouping that also serves to coordinate civil society, government and bilateral agency interventions, should work together to agree on priorities.

It seems that sequencing cannot be strictly linear as discussed above although the three phases identified in this study generally hold true and there are links between the phases. Thus, drawing on expert responses, possible criteria for sequencing programs could be: First, given that there are two broad phases—one is just getting things back to pre-conflict stage and the other one is generating new institutions, early actions should generate rapid and visible results. Second, donors should avoid actions which are likely to exacerbate the conflict. Third, institutional

building programs are generally supposed to be implemented in the medium-term phase although their planning and some of their important parts can be an early priority. Fourth, policies for institution building should be adjusted over time looking at the new political, economic and security scenarios, emergence of national capacities, and initial and mid-term outcomes of programs.

8.4: A Summary of Observations to Expert Opinions

Observation 1: One-third of respondents were reluctant to generalize policy priorities.

As discussed throughout the paper, roughly one-third of respondents (nine to eleven out of thirty) refused to generalize policy prioritization and sequencing. They argued that cross-sectoral or cross-country attempts to prioritize and sequence policies for post-conflict reconstruction may not be very constructive because it diminishes the importance of context. In particular the nature and causes of conflict, the scale of damage during the conflict, and the way the conflict is resolved all have an impact on how we should prioritize policies in the field. Each conflict is unique and requires a deep understanding of the various particularities. For example, whether there should be a large humanitarian mission depends on the scale of humanitarian crisis. Whether elections should be a top priority depends on whether they are included in the peace accord, whether there is going to be a constitutional reform, and whether the post-conflict government is legitimate. Moreover, few experts also mentioned that reconstruction priorities also depend on the post-conflict country's aid absorptive capacity. As one expert said, "You may want to do some things but if the country has no capacity this may have to come later. You shouldn't aim to spend a lot if capacity is weak."

However, the refusal of these respondents to offer their views on the prioritization of certain policies could be attributed to other factors. First, as mentioned in Chapter 1, this study took two main assumptions regarding the post-conflict reconstruction. First, this study assumed that there are three distinct phases of reconstructions: First phase: 1-2 years; second phase: 3-5 years; and third phase: 5-10 years. Second, this study considered only those post-conflict countries that had gone though a large scale reconstruction after a military intervention or a peace agreement. Some of those experts who refused to generalize policies argued that they did not agree with these assumptions because the length of these three post-conflict phases would be likely to vary depending on the context. For example, one expert mentioned, "There is no such thing as 'post-conflict,' but you just got different degrees and scales. For example, Uganda had a hot conflict going on in the North for decades but no donors, although many of them provided a huge amount of aid to Uganda, talked about the conflict particularly."

Second, the refusal to list the policy priorities was also partly due to this study's questionnaire design. Those experts who understood that their responses to the questions would be used to design a framework or to design guidelines were not hesitant to provide their comments. However, those experts who believed that the purpose of the questionnaire was to

generalize policies and come up with a "one-size-fits all" framework, were frustrated with the idea of designing a generalized set of priorities and thus, inclined not to offer their views on policy prioritization and sequencing.

Third, expert experience may have played a role in refusal to generalize. Some experts who lacked familiarity with multiple cases were understandably reluctant to generalize. In addition, some of them also seemed to believe that the factors leading to state failure and the steps needed to reverse it are entirely random, and therefore not subject to any generalization. The rational for not generalizing policies on the ground that the success of post-conflict reconstruction or reversing a conflict is purely a random phenomenon is counterfactual. Surely, cases vary and no generalization will hold in all instances, but that should not be the reason to shy away from identifying such patterns as clearly suggested by the literature review, case studies, and comments received from the majority of those who responded with their preferred prioritization and sequencing.

Observation 2: Two-thirds of respondents believe that comparison among cases could help to find important priorities and guide policy prioritization and sequencing in future cases.

The majority of experts agreed that it is valuable to study policy prioritization and sequencing. According to one expert, debate on post-conflict reconstruction would benefit enormously from a "typology of conflict to peace transition" including the analysis of the relative emphasis on different policies and the sequencing of them. Using cases to focus on a few specific countries and comparing the contexts could lead to much more useful conclusions than just excessively focusing on a single country. For example, one has to understand both contexts in order to know whether something that has worked in a specific place is likely to work in another place. As one expert said, "There is never going to be something like you can do a match list: if A then B. But you may want to say, if similar things have happened before, you may want to think about them." Thus, rather than trying to find out causes, it is better to recognize the institutional patterns, which are likely to be naturally different in each case.

This observation carries a number of important messages. If two comprehensive agreements on political settlement are similar, donors could compare these contexts to design how they prioritize and sequence policies. For example, Nepal's "Agreement on the Management of Arms, and Armies" signed by the Maoist rebels and the government on November 28, 2006, have a number of similarities to the comprehensive agreements signed by rebels and the government of Mozambique and Cambodia in the 1990s. Thus, studying what worked and what did not work in Mozambique would surely contribute to designing policies for Nepal.

Observation 3: The majority of experts mentioned that in almost all post-conflict situations, security has emerged as a top priority.

Many experts mentioned that without security, any relief or reconstruction efforts are less likely to be successful. Thus, providing security for the general population is far away is the

most important prerequisite for building institutions and creating a foundation for economic development. The majority of experts indicated that although policies depend on context, security is nearly always a top concern. Many experts said that the resurgence of violence in East Timor in May 2006 (nearly seven years after the end of the conflict) is a strong case for making security a top priority regardless whether it is a negotiated settlement (e.g., Cambodia and Mozambique), a forced settlement (e.g., Afghanistan and Iraq) or a settlement due to the success of the independence movement (e.g., East Timor, Kosovo). However, how to achieve security is a context specific issue and it depends on many factors such as the articles of peace negotiations, peace-building mandates, and security situation. For example, in some post-conflict countries, the national army needs to be built up (Afghanistan, for example) and warlords' militias need to be disbanded. In other countries, the national army must absorb other fighting forces once the peace agreement is reached.

More importantly, many experts mentioned that sustaining peace is more important than achieving it through peace agreement or military intervention. As one expert mentioned, "If you don't devote enough time to create self-sustaining institutions on the part of the country that you're trying to help, it may undermine success of whole effort." Building and professionalizing security forces should be a higher priority in the early phase but a comprehensive security sector reform strategy (reform of military, police, judicial and penal sectors) is required in order to sustain peace in the long-run. As one expert mentioned, "When we were trying to train the Haitian Police, we discovered that it would be useless to train the police if you don't have the trained judiciary which acts in the same way as police because today police puts somebody in jail but two days later we find him freed by the judiciary."

Observation 4: Not holding elections per se but building inclusive and strong democratic institutions is prerequisite for economic and political development.

A majority of experts mentioned that every conflict is different and one needs to understand the history and the underlying causes of conflict and different factions involved in the conflict. However, the emergence of common norms that have originated in peace-building operations, especially in multilateral missions led by the UN, is that building more inclusive democratic forms of governance is essential. Better conflict management comes down to building viable and inclusive political institutions. The international community should focus on building inclusive institutions from the very first stage so that all people—regardless of which ethnic groups, rebel group, geographical area, or whether they come from a majority or minority—should feel that they belong to one country. As many experts mentioned, effective national reconciliation in the beginning of the process is a critical pre-condition for successful reconstruction.

Some experts cited that the failure in Afghanistan and Iraq in terms of maintaining peace can partly be attributed to the failure to build inclusive and democratic institutions. One expert says, "There is not much point in struggling through a post-conflict situation if elections simply

legitimize those in power during the transition." Another expert said "Although we know that the US and the allies went to Afghanistan to fight against terror, I really believe that there should have been some opportunities to push political dialogue with the Taliban and consider bringing them into the political process. At the end, there is no military solution and giving them a piece of the political stake in the country's future—ministerial posts and other government posts to participate in the political life of the country, could have been an important political foundation of a broader long-term reconstruction process. Although of course it's always going to take time but I have a feeling that in Afghanistan, we got so fixated on setting up these new governance institutions too soon hoping that they would become legitimate overnight not realizing that inclusiveness is important and the lack of it may jeopardize the whole democratic reconstruction project because people have high expectations and even in the best circumstances, people often become critical and what we don't want to see is a backlash in the legitimacy of new government."

Many experts also mentioned that what is important is not just establishing inclusive democratic institutions at the national level but also on sub-national and local level**.** Inclusive local governance is important not just for ensuring reconciliation but also for enhancing service delivery and reconstruction efforts at the grassroots levels. Some experts also mentioned that inclusive democratic institutions cannot be sustained without considering media, civil society, and non-governmental agencies as important parts of the governance. Some experts mentioned that too often, the international community has been myopically fixated on holding elections without paying proper attention to how to make these new institutions truly accountable and transparent.

Observation 5: Priorities should be guided by the reality on the ground, not by the mandates of major donor organizations.

Looking across the responses of all interviewees, priorities for post-conflict reconstruction seem to be driven not by the actual needs on the ground or the conflict sensitivity analysis but by the donors' mandates. These mandates can affect the effectiveness of overall intervention by dictating resource availability and decision making. Policymakers are likely to give a higher priority to those programs which are of particular concern to their respective organizations. In the follow-up survey, three development practitioners were asked why this is the case. In one expert's opinion, "It is less so a question of whether you are in DPKO or a development agency, but more to do with mandates. We [IFIs] generally do not get involved in security and DPKO's mandate is peacekeeping--obviously the idea is to coordinate, but the mandates are different." Another expert said, "The problem about what we do at the moment is there is no prioritization and sequencing and everybody is doing what they want to do." One expert bluntly mentioned that fighting terrorism and building Afghanistan are linked, but that the primary reason why the U.S. is in Afghanistan is not to build the country but to destroy Osama bin Laden's terrorist network.

Moreover, expert opinions suggest that needs assessments, reconstruction mandates and resource allocations are often not related to the reality on the ground. One expert mentioned, "The problem is that all too often efforts from people working with little or no resources in harsh conditions at community level are swept away by heavy handed top down approaches. Most of the time, while conducting needs assessment by the UNDP, the World Bank or other organizations for that matter, only percentages, outcomes and theoretical priorities but no people from the community level of post-conflict countries are genuinely included. It is precisely this kind of approach that ignores the impact policies have on ordinary people that are often the victims of the violence that erupts. Until there is a people centered and community driven approach to transforming conflicts that includes a conflict sensitive development agenda that recognizes and values local actors, it is likely that all of the reconstruction efforts will do more harm than good."

One expert mentioned, "Let me tell you my experience on how mandates of the UN don't often reflect the actual needs of the country. During the transition period [2004-2005], we realized that the decisions were not being made [in timely fashion] by the Haitian government, which was very slow and there was no state structure and capacity and thus, the government didn't know how to make decisions and transmit them. Although we realized that the important priority was to establish a decision-making capacity at the governmental level, the UN didn't authorize this mechanism because the UN was very careful not to step on the sovereignty [of the nascent government] and [so] there was fear that if you were directly involved in the decision making processes of the government, you would be accused of intervening on national sovereignty."

In the words of another expert, "Reconstruction ultimately is about reconstructing a relationship between a policy/or building a policy and its population. We have to think carefully about how what we do relate[s] to that. But we tend to conflate needs assessment with fundraising. The joint needs assessment documents that come out of the UN or the World Bank are often more focused on an attempt to raise money and less on a diagnostic of what happened and what is happening and what needs to be done, when and by whom."

Observation 6: Doing policy "the right way" is equally as important as formulating the right policy.

If the process of planning, implementation and monitoring is flawed, a policy is doomed to fail regardless of how appropriate it may be. Moreover, given the challenge that the donors have to work simultaneously in many sectors during the post-conflict phase, it is often hard to rank policies using a scale. Thus, in order to have an effective and significant impact on peacebuilding, consideration should also be given to how we implement the policies. So far, the international community seems to have done a better job of recognizing what needs to be done in terms of institution-building but not in terms of how to bring about new institutions in countries where they do not already exist. In the words of one expert, "The problem is that 'policies' (i.e.,

the nice intentions that donors write on paper) very rarely correspond to the actual practice (or, to the effects of that practice) in the field."

To do policies the right way, there are several things that should be taken into account. First, ensuring inclusiveness and local ownership is very important for the success of any program. Donors should focus on locally owned and locally driven peace-building processes and encourage the use of local inputs (e.g., local manpower). Success requires the active participation of an overwhelming majority (if not all) national stakeholders (different political constituencies, civil society, and so on) at all stages of policy and program—designing, implementation, and monitoring and fine-tuning the process. Ensuring national reconciliation at the beginning of process and guaranteeing the participation of marginalized and underprivileged through constitutional and legal reform throughout the post-conflict reconstruction could largely enhance the effectiveness and impact of intervention. One expert mentioned, "I would not expect the competing parties in a conflict to come to love one another, but an acceptance that they can debate issues and come to some sort of conclusions (even if agreeing to differ) is a starter and can greatly help in terms of owning peace process locally." However, a tendency among donors is to bypass the role of local actors. As one expert mentioned, "Efforts to do reconstruction actually had undermined the long-term institution building in terms of there is a temptation to do everything itself on the part of international community, which ignores the reality on the ground and the role of the local community and creates dependency by preventing the evolution of indigenous institutions."

Second, each program must have some "measurable benchmarks" and a "timeline" to monitor progress. According to one expert, "There is a difference between successful post-conflict reconstruction and a danger of sounding a bit like Mao [Zedong] when he said it was too early to tell whether the Russian Revolution was a success or not." There is a tendency among donors to overload the agenda without designing any mechanism to monitor progress over time. Many experts mentioned that many of the interventions of the 1990s completely overlooked the need to have measurable benchmarks with a complete understanding of timeline and thus, failed as a result. Thus, there are two parts to the impact and effectiveness of policies. The first challenge is finding the most important priorities for a particular context. The second challenge, which is more important than the first one, is to put the priorities in an integrated package with measurable benchmarks, a realistic timeframe, and a multi-year strategy. Too many times, donors and post-conflict governments do not realize that doing everything at once can be an unrealistic goal. At the beginning of the reconstruction process, there is a temptation among donors to overwhelm the process with complex and ambitious programs which may ultimately undermine even achieving the minimum goals. Thus, setting the realistic "time-bound targets" and bringing "performance culture" to post-conflict situation is an important lessons learned.

Third, the coordination at different levels of engagement (e.g., among international, national, and local actors and among different sectors such as security, humanitarian efforts, and infrastructure rehabilitation) is very important. More importantly, the sector-wide approach has

emerged as an important coordination mechanism to support the post-conflict countries and this approach should be encouraged in all post-conflict contexts. All donors along with key national stakeholders need to be involved in drafting a comprehensive framework for rehabilitation and reconstruction in the beginning of the reconstruction process so that each donor knows which part of the reconstruction framework it is contributing to. Donor conferences may be very useful to bring donors and national stakeholders together, decide important policy priorities, delegate responsibilities to each donor, and establish a joint development fund for rehabilitation and reconstruction (e.g., in Afghanistan and East Timor) as an effective mechanism for aid delivery. This process may help to reduce the duplication of efforts and increase the aid alignment and harmonization. In addition, the participation and constructive engagement of neighboring countries in the rebuilding process is another factor which a post-conflict country can not afford to ignore. Regarding Iraq's reconstruction, many experts mentioned its failure is partly due to insufficient multilateral involvement including the constructive engagement of Iran and Syria.

The international community's efforts should be driven less by the consideration of individual donor's gains and more by the benefit accruing to post-conflict countries. For example, one expert mentioned, "The UN Security Council commanded that the United Nations Stabilization Mission in Haiti (MINUSTAH) to rebuild the police force but Haiti was prevented from buying weapons from the United States because the US Senate has passed a law forbidding the sales of weapons to Haiti. We were in the middle of serious problem because we had to organize police without weapons. We managed to get weapons from somewhere else but the problem was that the Haitian government decided to buy weapons from the black market." Moreover, another expert on Haiti said that various donor agencies were working at cross purposes. In his words, "We wanted to have more money for humanitarian and social policies but less money for stabilization programs. The fact is that the UN mission had no authority over the money provided by the IFIs. We [the UN mission] are often limited in the sense that the mandates and the type of agendas that the IFIs and other bilateral donors had weren't necessarily referred or connected to the immediate needs of the country on which we [UN mission] were working. Let me also give you an idea on institutions like Inter-America Development Bank and the World Bank. I was always surprised by the fact that when they decide on to give money to a county like Haiti, they follow the same procedure if they were giving money to Chile. What I mean is that they have no special procedure for cases of collapse. They have procedures for cases of emergency or poverty like in Nicaragua or Costa Rica. But when it comes about the cases of collapse, either they try to apply the same rules applied in non-collapse cases or they delay in supporting these countries."

Fourth, before implementing any program, proper attention should be given to the prerequisites. For example, some experts strongly feel that transparency in program design and implementation is as important as checks and balances including regulatory frameworks and strong mechanism for controlling corruption. Public access to information is a critical pre-condition because the majority of people in post-conflict countries care about what donors and the

government are doing. Thus, some experts recommended that the UN and other donors promote independent radio stations and other forms of media in the early phase of reconstruction and the post-conflict government interact with media more frequently in order to build public understanding of their activities.

Observation 7: Policy effectiveness also depends on timely availability of resources and sustained engagement.

Regarding foreign assistance to post-conflict countries, three major limitations were raised by the experts. First, there is a lag-time between the pledge of funds and actual disbursement. As one expert mentioned, "In Haiti, I found that the worst case was the EU in terms of disbursing funds [for reconstruction activities]. It took six months, eight months and even one year to approve a project, which of course had been announced politically with a lot of excitement and thus it had created a lot of expectation [in the beginning of the reconstruction process] but nothing happens for one year. This is the worst policy and a result of bureaucratic procedures. This is even worse in some cases of bilateral donors. Many bilateral donors tended to provide very small funds with a lot of publicity and their efforts were window dressing, not oriented to solve the real problems."

Second, there has been a discrepancy between donor pledges and actual disbursement. For example, as one expert said, "One of the problems in Haiti was that at the beginning of the peacekeeping operation in 2004, the international community pledged about one billion and $200 million dollars for the reconstruction of Haiti but only $200 million dollars were spent by the end of the second year of reconstruction. Therefore, the Haitians didn't believe in the long-term support and there is still this frustration." Third, donors tend to pledge a lot of resources during the first one to two years and once a crisis fades from the political radar screen, the international community tends to walk away prematurely (e.g., Haiti in mid-1990s). One expert mentioned, "Many people leave just when they start to understand the place they're in." There are very few post-conflict countries where there was a long-term commitment for development and institution-building.

Thus, policies no matter how much better they are cannot produce desired results unless required resources are available on time and are sustained over a longer period of time. In the words of one expert, "What you shouldn't do is just conduct the elections and leave the country. This is a kind of 'hit and run' approach. You can provide security for initial few years and also you can have money at your disposal but in a country where there is acute social and economic divisions, if you don't have a government which is capable of launching a development project, it is most likely that the county will fall in instability again." Thus, the international community must remain in post-conflict countries long enough not just for establishing new governance institutions but also for strengthening government's capacity to the point where rapid economic growth and sustained social development could take place.

CHAPTER 9: CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATION

Drawing conclusions from the case studies and expert opinions, this chapter presents a discussion and summarizes some of the important policies, develops a framework for finding appropriate policies, and provides policy recommendations to help the international community and donor agencies improve their performance in rebuilding post-conflict countries. Although there cannot be a "one-size-fits-all" approach, the information from the case studies and expert surveys provide valuable insights in the development of a generally agreed upon framework for policy priorities and sequencing.

9.1. The Prioritization of Policies in Post-Conflict Countries

The connection between security and development is obvious. Development– democratization, marketization, human capital growth, infrastructure creation, and integration into global markets – fosters security. Yet security—the security of the individual, the protection of life, health and property— also fosters development. However, in the case of countries emerging from conflict, the direction of causality clearly runs from security to development, at least in the earlier stages of reconstruction. Without improvement in the security situation, the other reconstruction efforts, such as relief efforts, political reform, democratization, and economic reform and reconstruction, are not possible. However, how security is achieved depends on context-specific parameters. For example, in a country like Haiti, Liberia or Sierra Leone, demobilization and reintegration should be a major part of security at least during the initial years of reconstruction, whereas, in a country like Iraq or Afghanistan, building a new security force or reforming the existing security sector should be a top priority. As mentioned earlier, if a conflict is settled by negotiation, demobilization and reintegration becomes an important component of reconstruction in order to implement the peace process. However, if a conflict is settled through a victory by a one side, the priorities could be different from those of negotiated settlements.

Moreover, it is important to note that security cannot be achieved by supplying international forces alone or by merely increasing the number of national troops. Security is a comprehensive package in post-conflict countries and includes: The supply of peacekeepers for the restoration of order; the withdrawal of foreign forces; mine-clearing; disarmament, demobilization and reintegration; and security sector reform. The success in all the above-mentioned components contributes to security; however, which component of this package should be a high priority depends on the context.

Most of all, for all post-conflict countries, one of the important components of security is comprehensive security sector reform, which should include all of the following reforms: the reform of the military sector, reform of the police, and reform of the judicial and penal systems.

As shown in many post-conflict situations, the reform of police or military alone cannot contribute to security. In a country where there is no competent and efficient judicial sector to ensure fair trials and hold police forces accountable for their actions, a newly trained police force is vulnerable to corruption, bribery, and extra-judicial punishment .

After security, humanitarian and relief efforts such as the return and rehabilitation of refugees, including the return of displaced persons, demobilization of ex-combatants, and critical responses to communicable disease outbreaks, large-scale famines, and other acute health concerns, should be the immediate priorities. Without addressing these urgent and emergency needs, it is unlikely that a post-conflict country can successfully implement democratization and development programs.

After security and relief assistance, governance and economic stabilization are the other two immediate priorities for post-conflict reconstruction. Although whether to give more weight to building governance or stabilizing the economy depends on the context. Either way, a sustainable peace cannot be ensured without rebuilding or creating government institutions, ending economic crisis and setting the country onto a recovery path.

Post-conflict countries often lack the capacity to administer and implement relief and development programs at both the national and local levels. A legitimate national transition government is essential for implementing reconstruction programs. Similarly, sustainable peace may remain elusive without efforts to rebuild legitimate local-level governance in alignment with national-level institutions. A legitimate local government can meet the immediate needs by providing human security at the local level and by delivering essential services. Local governments offer voice to citizens in the political process, and can be key partners in helping to foster reconciliation among contending social groups. The experiences from Cambodia show that although Cambodia was able to achieve some level of economic growth following the formation of legitimate national government, progress was hindered in part because building of local governance institutions was not among the top priorities.

Just like rebuilding government, the return of markets is one of the most pressing challenges for any post-conflict country. A rapid rebound from war requires strong and sustained private investment (both national and foreign) that could be facilitated by solving macroeconomic problems, such as fiscal crisis, hyperinflation, and exchange rate instability.

Finally, although essential infrastructure and services should be rebuilt or restored as early as possible, new large-scale infrastructure and development programs (e.g., a large scale physical construction of roads and bridges, sweeping public service reform and privatization of state owned enterprises, the liberalization of the financial market, and large scale education and health sector reforms) should come only after sufficient progress has been achieved in security, relief efforts, democratization and governance, and economic stabilization.

In sum, the data from the case studies and expert opinions suggests that resources should be prioritized according to the following hierarchy of tasks.[85] In order to have maximum impact on overall reconstruction process, the available resources should be allocated based on following priorities: Security (first); humanitarian and relief efforts (second); governance and democratization (third); economic stabilization and reforms (third); and large-scale infrastructure and long-term development (fourth).

Table 9.1: A Hierarchy of Priorities for Post-Conflict Reconstruction

Sector/Tasks
1. Security • Supply of peacekeepers and restoration of order • Restoration of essential infrastructure (roads, airfields, ports, fuel supply, power supply, and communications) • Withdrawal of foreign forces • Mine-clearing • Disarmament, demobilization and reintegration • Security sector reform: defense development or military reform • Security sector reform: police reform • Security sector reform: judicial and penal reforms
2. Humanitarian and Relief Efforts • Return of refugees/displaced persons (IDPs) • Rehabilitation of refugees, IDPs, and ex-combatants • Securing property rights • Response to food insecurity • Responses to the rising incidence of disease and acute health concerns • Agricultural assistance
3. Governance • Resumption of basic public services (education and health services, water and electricity) • Strengthening national administration (capacity building of the ministries) • Strengthening local governance and administration
4. Economic Stabilization • Controlling hyperinflation • Establishing a stable currency • Providing regulatory framework for some sectors (e.g., financial sector) • Public expenditure reform (e.g., tax reform; custom reform)
5. Democratization • Restoring democratic process by holding credible elections • Strengthening political parties, civil society and press
6. Large-Scale Infrastructure and Long-Term Development • Building infrastructure such as roads and telecommunication systems, and other large scale employment generating schemes • Privatization of state enterprises • Liberalization of financial market • Civil service reform • Education and health sector reforms

[85] Please note that each country may not have to implement all of these policies; however, if policymakers are confronted with all of these policies and have to make their choices, the following hierarchy could be a preferred pattern.

However, regarding the above-mentioned hierarchy of priorities, there are three major limitations that must be acknowledged.

1. The hierarchy of tasks mentioned in table 9.1 is not to suggest that these tasks should be approached sequentially, but rather that available resources should be distributed among them based on the recognition that if higher order objectives are not met, lower order achievements will ultimately prove transitory.

2. Some cross-cutting tasks—such as revitalization of basic infrastructures and services, securing property rights, clearing landmines, and rehabilitation of ex-combatants by providing jobs and other market opportunities—are obviously high priority candidates and they should be considered comprehensively because these tasks require effective coordination among various sectors.

3. The above-mentioned hierarchy recognizes security and humanitarian efforts as two top priorities. However, one can argue that if a post-conflict country continues spending a large fraction of its budget on maintaining security and addressing humanitarian crisis for a long period (say a decade), this might indicate that the country has not been able to return to stability. In fact, many studies show that high military spending in post-conflict countries significantly increases the risk of renewed conflict (Collier and Hoeffler, 2004) Thus, the hierarchy of priorities outlined above should help to determine sequencing (dividing the post-conflict reconstruction into several phases and finding important policies in each phase) because some policies under each broad category (e.g., security or governance) could be immediate priorities, whereas other policies could wait until the later phases of reconstruction.

9.2. The Sequencing of Policies in Post-Conflict Countries

Based on the data from the case studies and expert opinions, this section presents a preferred sequencing of major policies undertaken within each sector (policy category) with an understanding as to what kind of tasks should be implemented in the earlier phase of reconstruction and what kind of tasks could be delayed. As mentioned in Chapter 1, this section assumes that the overall reconstruction process has three closely interlinked phases: stabilization/transition (12 months); transformation/institutional building (12-36 months); and consolidation (36-120 months). Moreover, this section broadly categories the short-term and long-term policies into five groups: security; humanitarian and social policies; governance and democratization; economic stabilization and reforms; and the infrastructure and development.[86]

[86] Please note that durations of these three phases of reconstruction are tentative and have been assumed for the simplicity. Similarly, regarding the grouping of policies, a task (policy) listed in one category could well be categorized in another category. The assignment of tasks under each category is based on the author's judgment.

Under security categories, there are several early and important priorities. In order to restore and maintain stability, a sufficient number of peacekeepers need to be supplied as early as possible in many post-conflict countries. Similarly, a successful DDR process in the early phase of reconstruction may contribute significantly to security, democratization and economic development. Demining programs including clearing landmines from roads, residential areas, and farm fields should also start in the immediate post-conflict phase in order to facilitate relief efforts and the resumption of agricultural production. Similarly, delivering interim (transitional) justice should be a top priority in the early phase of reconstruction in order to facilitate reconciliation process, break the culture of impunity and violence, and ensure the human rights of returnees and IDPs.

On the other hand, as mentioned earlier, reforming the security sector in post-conflict environments is critical to the consolidation of peace and stability, promoting rule of law and good governance, expanding legitimate state authority and preventing countries from relapsing into conflict. Security sector reform is an integral part of the transition from conflict situations to long-term stability and economic development. However, it should be noted that a comprehensive security sector reform cannot be accomplish within the first few years of reconstruction because it is a long-term and continual process. Thus, a comprehensive reform package should be designed early, capacity development and professionalism of police and army (e.g., establishing institutions and providing training to police and army) should be started in the early phase and the implementation of comprehensive security sector reform (police, army, penal and judiciary sector reforms) should continue during the middle and the later phase of reconstruction. Similarly, reduction in military expenditure is important but it needs to be dealt with through careful planning and consideration so that hasty efforts do not negatively impact demobilization and reintegration processes.

There are several humanitarian and social policies that need to be appropriately sequenced. The immediate humanitarian concerns in all these three cases were the resettlement of the returnees, addressing food insecurity and disease and health concerns, and restoring basic services such as water, primary education and health care. However, experiences show that without appropriate laws and mechanisms, sweeping land reform in the early phase of reconstruction may hinder the effectiveness of other reconstruction efforts. However, interim arrangements to address land disputes during the immediate post-conflict period are essential for retuning refugees and internationally displaced persons and rehabilitating them.

Among democratization and governance policies, recreating or strengthening the basic functions of state administration both at national and local levels is critical to improving the service delivery and making economic reform work. Similarly, a framework for political reform, which includes a plan and schedule for political reforms such as when to implement a new constitution and hold local/national elections, should be in place at the beginning of the reconstruction process. Experience shows that holding free, fair and credible elections requires enough electoral preparation, sufficient security, and a certain level of post-conflict

reconciliation. Thus, although the electoral preparation should begin in the early phases of reconstruction, elections should be conducted during the middle phase of reconstruction. Moreover, the international community should not just focus on holding the elections as an exit strategy but make elections more inclusive so that each and every group has fair representation in the political process and feels a sense of belonging in rebuilding their country.

Regarding civil service reform, the typical weak capacity of the new government demands that civil service reform should not be implemented too aggressively. However, this does not mean that the international community should continue working with corrupt and unreformed government. Thus, programs for civil service reform and corruption control could go hand in hand with capacity building and budget support but proper attention should be given to what kind of programs should be launched early and what mechanism is used to launch those programs. In the early phase of reconstruction, a plan for civil service reform should be carefully designed and the corruption control measures should be introduced; however, a large-scale reform is desirable in the middle and later phases of reconstruction because in many post-conflict countries, the urgent priorities in early years of reconstruction should be putting institutions in place rather than hastily and aggressively reforming the existing system.

In order to stabilize a post-conflict situation, the rebound of the market in the early post-conflict phase is necessary. In this regard, immediate macroeconomic priorities include stabilizing the economy and mobilizing revenue because these efforts help to attract more investment from both inside and outside the country. Hyperinflation, large budget deficits, exchange rate crises, and low government revenue are among major problems in the immediate post-conflict period. In order to tackle these problems, donors should provide budgetary support to the government and technical support to the central bank and finance ministry to cut inflation, reduce fiscal deficits and increase government revenue. A post-conflict government should improve the allocation of public money and its management by adopting a new budgetary policy and make any needed adjustments to the origin and methods for tax and revenue collection. Early public expenditure reform is very important because tax reform can provide the revenue necessary to match donor aid flow and assist in rebuilding essential public services. Addressing the issues of uneven development--which may have contributed to the intrastate conflict to begin with—is also a key function of fiscal reform. In addition to maintaining macroeconomic stability, property rights need to be secured to attract foreign direct investment.

Whether some economic reforms such as privatization and liberalization, should be the early priorities is disputable. The sharp reductions in tariffs, liberalization of interest rates, elimination of subsidies, and sweeping privatization have been more controversial in post-conflict countries. It is argued that these reforms at least depend on the restoration of legal and judicial processes. Privatization in the presence high corruption and cronyism may not enhance the prospects for sustained development and may even worsen the prospects (Stiglitz, 2002). However, it should also be noted that some particular sectors or industries, if privatized or liberalized early, may contribute to economic revitalization. Similarly, although post-conflict

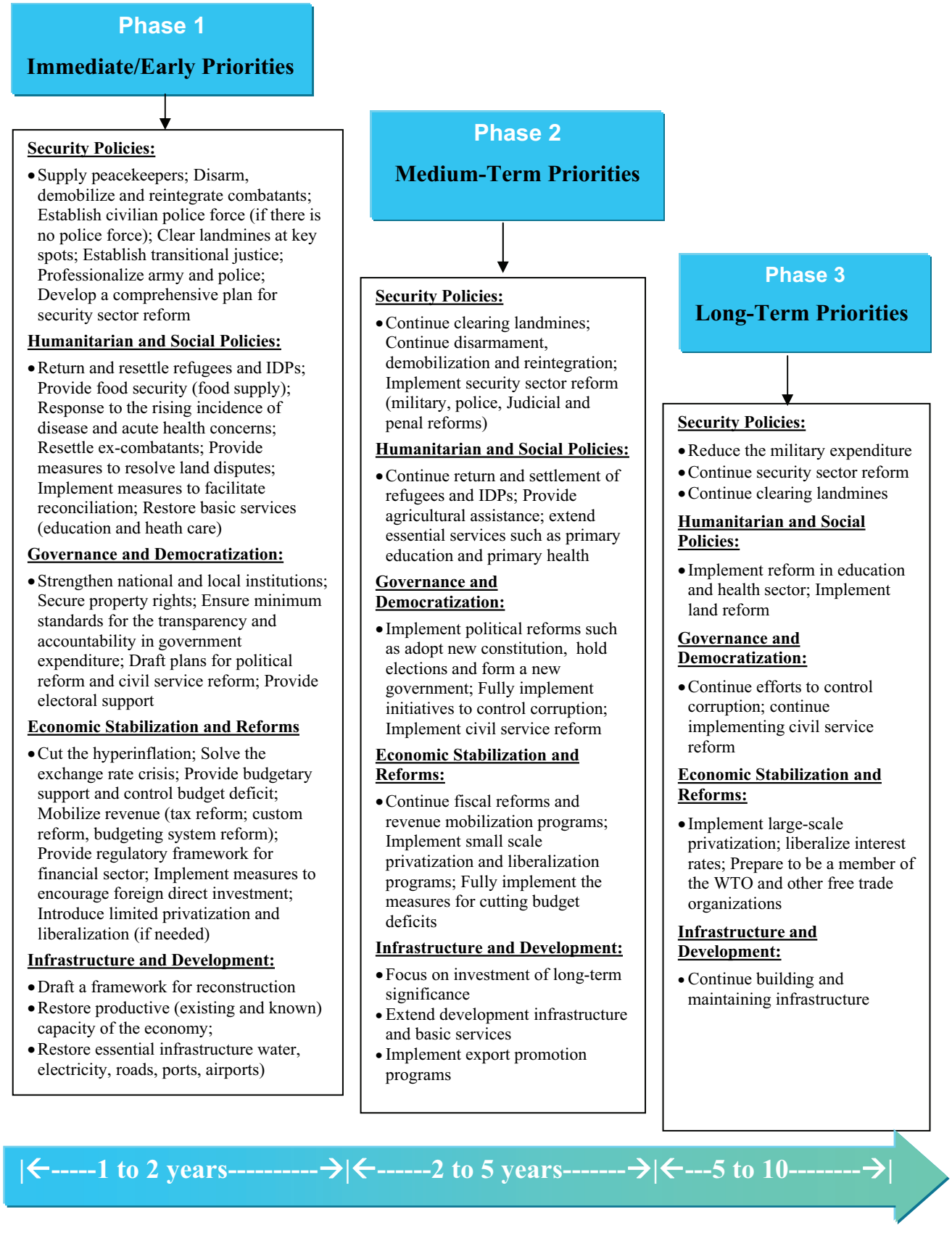
governments need resources to implement various and competing programs, the decision of whether to finance them by running a budget deficit requires caution. An attempt to cut the budget deficit drastically without securing interim budgetary support could force the government to abandon programs and thus, cutting the deficit may be counter-productive to sustaining peace.

Under the infrastructure and development category, there are various tasks that need to be implemented during the early reconstruction phase. Donors, particularly the World Bank, should be ready for a transitional support strategy as soon as a peace resolution is in sight. This strategy should be to restore essential infrastructures and services and support the productive capacity of the economy. In addition, the World Bank and UNDP in collaboration with other donors should conduct a needs analysis to prepare a comprehensive framework for recovery and reconstruction. The framework should include details on how to finance the overall proposal. Although some essential infrastructures such as vital roads, bridges, ports, and airfields damaged during the war need to be reconstructed as early as possible, a large-scale physical reconstruction may wait until after the national recovery and reconstruction framework is in place, the capacity of the government is enhanced, and the country achieves adequate levels of stability and security.

In sum, looking across many cases of reconstruction, the following sequencing of policies is suggested. It should be noted that the effectiveness of these policies largely depends on how the majority of the population of the country perceives the international intervention. The overwhelming majority of the people of the country concerned—how divided they may be on almost every other issue—must perceive that the intervention is of help to them.[87]

[87] See Brahimi, Lakhdar. "Statement by Lakhdar Brahimi, Special Advisor to the Secretary-General of the United States" in *Beyond Cold Peace: Strategies for Economic Reconstruction and Post-Conflict Management Conference Report*, Berlin Federal Foreign Office, October 27-28, 2004.

Figure 9.2: A General Pattern of Sequencing Policies in Post-Conflict Countries



9.3: A Framework to Guide the Prioritization and Sequencing of Policies

It is important to bear in mind that the sequencing mentioned under each category of Figure 9.2 should not be perceived as a "blueprint" for rebuilding all war-torn societies. The sequencing of policies or tasks is likely to differ by country. The specific circumstances of each post-conflict country must be carefully analyzed and the rationale behind every conflict should properly be understood for the sequencing of policies to work. In addition, the prioritization and sequencing mentioned above is based on the assumption that the target of an overall intervention is to achieve all of these goals: Economic growth, peace and stability, poverty reduction, and state capacity-building. However, as categorized in Table 8.3, it is also important to note that prioritization may be different depending on the goal or target. For example, in those countries like Haiti and Afghanistan, all these outcome variables—economic growth, peace and stability, poverty reduction, and state capacity-building, could be equally important, whereas in a post-conflict like Bosnia, the key dimensions might be peace and stability and state capacity-building.

Moreover, as mentioned in Chapter 1, this research had two main objectives: The first objective was to see whether they were some generalized elements of security and development policies. The second objective was to find out how the priorities should be set so that policies should have maximum impact on overall post-conflict reconstruction process. Thus, the aim of this section is to summarize some of the important conditions and factors that will help policymakers to understand how a policy works best under what circumstances.

The following framework presents some of the important lessons learned. The framework has been divided into four parts. The first column summarizes some of the important policy issues faced by many post-conflict countries. The second column presents the generally agreeable hypotheses across three cases of reconstruction (Haiti, Cambodia and Mozambique) and among the majority of the experts interviewed for this research. The third column of the framework explains how the policy be tuned with the context. The fourth column outlined some of the important prerequisites to be considered before implementing these policies.

Table 9.2: An Analytical Framework for Policy Prioritization and Sequencing

Policies	Consensus (or Near-Consensus) and Implications for Policy and Practice	The Role of Context in the Prioritization and Sequencing of Policies	Prerequisites and Other Factors that Must be Taken into Consideration
1. Reforming security sector	• In order to sustain peace in the long- run, the security sector reform should be a top priority in all post-conflict countries.	• How to proceed with the reform is a context-specific issue. In some countries, the urgent need could be to build institutions from scratch such as establishing a new police force and courts, whereas in other post-conflict countries, the urgent need could be to make already existed institutions more efficient and accountable. • The level of international engagement in the reform process also depends on the UN Security Council's mandates for building peace in post-conflict countries.	• A plan for security sector reform must be comprehensive (must include reform of penal, judiciary, police, military sectors) • An informed and active legislature and executive authorities, a clear policy framework and laws, and an active civil society are vital for sustaining reform. • Since it involves national security issues, the debate on reform and the formulation and implementation of plan should be nationally owned although external actors/specialists could assist in informing and advising local actors.
2. Reducing military expenditure and downsizing military	• As soon as high military expenditures are considered unnecessary, budget priority should be placed on productive investments. • Both downsizing military and reducing military expenditure should be a part of the security sector reform package.	• The downsizing of military mainly depends on whether it was included in the peace agreement, and whether it was a negotiated settlement or one side won. • In many cases, the timing of downsizing military is driven by the DDR process. Similarly, how quickly to adjust military expenditures depends on whether there continue to be security threats.	• Make sure that effective compensation and assistance packages are in place before starting downsizing the military.
3. Implementing land reform	• The key is not when to begin or how much priority should be given, but the key is "doing the land reform right." • The issue should be handled with utmost transparency and accountability.	• The importance of land reform depends on the extent to which land is a faultline for violence or a source of volatility • The prioritization also depends on the scale of humanitarian crisis such as the number of refugees and internally displaced persons.	• The institutions of state must have the capacity and supporting structure to implement and uphold the new policy. • Need a competent and efficient legal system to handle land disputes arising from a new land policy. • Any land reform process needs to be mindful of traditional and cultural values associated with land.

Policies	Consensus (or Near-Consensus) and Implications for Policy and Practice	The Role of Context in the Prioritization and Sequencing of Policies	Prerequisites and Other Factors that Must be Taken into Consideration
4. Reforming civil service (public administration)	• Reform should start in the early phase and continue. Although major reforms may not be possible, some changes are necessary in the early phase because trained civil service personnel are needed to support many reconstruction functions. • Donors should realize that civil service reform is a continuing process because even the developed countries are always going through some kind of reform. Do not overwhelm with complex and ambitious programs that may undermine achieving even minimum goals.	• Reform depends on what the pre-existing situation was like and what the current situation is like. For example, in post-war Japan and Germany, the need was to disentangle the existing structure of bureaucracy and put in place new scheme, structure and procedures, whereas in a country like Afghanistan the need is to build a whole system from scratch.	• Need an integrated package and multi-year strategy for institutional reform. • The reform plans must have "time-bound targets" with "measurable benchmarks." • Before implementing civil service reform, see whether a relatively fair and accountable political system is already in place. Without fixing underlying political system, civil service reform may not achieve the desired goals. In most cases, many bureaucrats are corrupt and inefficient because of the corrupt and inefficient political system.
5. Conducting elections in post-conflict countries	• It is important that elections should be free and fair and inclusive. • Regardless of whether it is through new elections (e.g., majoritarian elections) or through traditional form of arrangement, establishing functioning institutions both at national and local levels is crucial. • Depending on the situation, there should be a balance between electoral preparation and restoring legitimacy.	• The Priority depends on whether they are included in peace accord and whether the interim government is legitimate. • The model of elections may depend on the culture and history of the country. For example, in some countries the presidential election can best serve the purpose, while in other countries, the parliamentary elections are desirable.	• In order to hold credible elections, the government and donors have to make sure that important pre-electoral conditions such as sufficient security, electoral preparation, monitoring mechanism are in place. • Make sure that electoral laws and mechanisms ensure the participation and representation of all marginalized and minority groups.
6. Implementing large-scale and long-term infrastructure development projects	• Planning should be a major focus from the very beginning because the lead-time for a large-scale project may take 2-5 years. • Not all longer-term development activities should be postponed until the late phase. Those projects which have a significant potential to consolidate peace should be implemented early (e.g., the reconstruction of roads significantly helps restore basic services and revive markets and economy.	• Whether large-scale reconstruction should be a top priority depends upon the stage of country's development and the kind of infrastructure the population used to have before the conflict, the nature of devastation caused by the conflict, and the existing security environment.	• Without improvement in security, governance and democratization, large-scale reconstruction is not likely to succeed.

Policies	Consensus (or Near-Consensus) and Implications for Policy and Practice	The Role of Context in the Prioritization and Sequencing of Policies	Prerequisites and Other Factors that Must be Taken into Consideration
7. Prioritizing macroeconomic policies	• Controlling hyperinflation and solving exchange rate crisis should be the top immediate priorities followed by revenue mobilization through tax reform and revenue administration reform. • Sweeping liberalization and privatization cannot be an immediate priority unless there are particular sectors or industries if prioritized or liberalized, could produce a huge pay-off. • Controlling budget deficit during the early phase of reconstruction should be dealt with caution.	• Macroeconomic priorities depend on the context. For example, when the IMF and the World Bank went to Haiti in 2004, inflation and budget deficit were not big problems. On the other hand, in many war-emerged African countries, hyperinflation, exchange rate crisis and budget deficit were serious problems.	• Before introducing budget deficit-cutting measures, there should be enough budgetary support so that the post-conflict government is not forced to reduce its spending on a number of competing demands of reconstruction. • Before implementing privatization and liberalization programs, carefully analyze their destabilizing effect. Attention should also be paid on whether market is developed well and whether foreign owners are going to dominate the economy. More importantly, the process and mechanism used to liberalize economy or private any firm or industry matters more than anything else.
8. Providing foreign aid to post-conflict countries	• The key is which sector or area should be focused in which phase. In the early years of reconstruction, more foreign aid should be allocated for security, emergency and humanitarian efforts and building capacity of the government institutions, whereas once the government institutions are in place, the focus should be shifted to the large-scale reconstruction. • Another important issue is whether the donor community can sustain the commitment over a longer period of time and whether donors' pledged funds are disbursed timely. However, over time (especially after initial 3-5 years) donors should withdraw (not money but their direct engagement) and hand responsibilities gradually to local actors.	• Ho much and when to spend more resources depends on whether the country already has functioning institutions or how quickly local and national institutions including tax and revenue administrations are built. • The length, level and breadth of engagement may vary by country to country.	• Spending level must be consistence with the aid absorption capacity of the country. Before implementing any program, make sure whether appropriate aid administrative capacity is in place. • Make sure whether effective procurement/bidding system and corruption control mechanism are in place. • Donors should frequently convene the aid conference and supply aid through a framework of reconstruction in order to reduce duplication and enhance efficiency, co-ordination and harmonization. • Make sure that a huge inflow of foreign exchange doesn't lead to the "Dutch Disease" (inflation on basic commodities).

Policies	Consensus (or Near-Consensus) and Implications for Policy and Practice	The Role of Context in the Prioritization and Sequencing of Policies	Prerequisites and Other Factors that Must be Taken into Consideration
9. Allocating budget among different sectors	• More resources need to be devoted to security, particularly in the early phase of reconstruction because if there is no progress in security, the other achievements may prove transitory. • However, the expenditure on security should decline over the years, especially in the middle and later phase of reconstruction, allowing more resources for democratization and governance, economic reforms, and development/infrastructure demands.	• How to define and achieve security is a context-specific issue. • Similarly, how quickly the expenditure on security should be reduced depends on the security challenges and the progress made over the time. • Allocation of resources in different sectors is also influenced by some unanticipated events (e.g., political instability, emergence of factional fights, etc.). For example, the reemergence of security problem in East Timor forced the donor community to rethink their reconstruction strategies.	• The allocation of resources and cost estimates should be based on thorough analysis and assessments. In many cases, donors seem to be not paying more attention to the actual needs of the post-conflict country but just focusing on the fund-raising based on their check lists. • The planning and budgetary process should take into account realistic worst-case scenarios and build in sufficient financial flexibility to deal with potential political and security contingencies. Looking at the new political, economic and security scenarios, emergence of national capacities, and initial and mid-term outcomes of programs, priorities should be adjusted over time.
10. Phasing and Sequencing of Policies	• It seems that sequencing cannot be strictly linear as discussed above although the three phases (immediate, middle and late phases of reconstruction) identified in this study generally hold true and there are links between the phases. • Possible criteria for sequencing programs could be: First, early actions should generate rapid and visible results and focus on getting things back to pre-conflict stage. Second, programs of long-term significance are generally supposed to be implemented in the medium-term phase although their planning and some of their important parts can be an early priority.	• The length of different phases of reconstruction (initial, middle, and late phases) may depends on the country's situation. In some post-conflict countries, peace restoration can be done in comparatively short period of time, whereas in other countries, it may take couple of years to bring stability.	• Donors should avoid actions which are likely to exacerbate the conflict. • The multi-stakeholder group (civil society, local and national governments and bilateral and multilateral donor agencies) should work together to agree on priorities and sequencing.

9.4. Recommendations for Donors and Post-Conflict Governments

The following specific recommendations emerged from the analysis presented in the earlier chapters. All of these recommendations are equally important and reinforce each other.

Recommendation 1: Make comprehensive security sector reform an essential part of the governance reform agenda.

As discussed earlier, if a post-conflict country fails to maintain law and order, most of other efforts are also likely to fail. The presence of international forces can help maintain security during the immediate post-conflict period; however, the security situation in many post-conflict countries deteriorates once peacekeepers leave the country. Experience shows that just building a new police force or demobilizing rebel forces is not enough. Security is unlikely to be sustained without reforming all components of the security sector. Thus, the donor community including the World Bank must consider a comprehensive security sector reform as an important component of governance reform agenda. It is very important to pay attention to two major limitations associated with implementing a comprehensive security sector reform. First, the major problem is not that donors and the post-conflict government do not recognize the need for comprehensive security sector reform; it is that the reform usually faces the shortage of enough resources (both money and manpower for trainings) and the lack of coordination among donors. Thus, the donors, who usually prefer to finance the individual project, should provide budget support for an integrated package. Second, it should be acknowledged that judicial reform is itself a comprehensive and institutional reform that requires a well-developed long-term reform plan.

Recommendation 2: Focus on creating inclusive democratic institutions, not just elections.

The international community should not simply fixate on holding elections quickly but rather consider elections as a means to build and promote inclusive, transparent and democratic institutions. In order to do so, the international community should focus more on creating sufficient electoral conditions for inclusive democracy such as bringing new constitutions and laws to guarantee the political space for minority and marginalized groups, designing mechanisms for holding elected officials transparent and accountable, and promoting and developing free press and strong civil society.

Recommendation 3: Carry out economic stabilization and reconstruction together with political reconstruction but pay more attention to enhance coordination.

Since a sustainable peace cannot be built without ending the economic crisis and putting the country onto a recovery path, economic stabilization and reconstruction should be carried out along with political reconstruction. However, experience shows that more often there is insufficient coordination among the IFIs, the UN agencies, and bilateral donors. For example, the UN missions are usually authorized to maintain peace and stability and they are often mandated to demobilize rebel forces and reintegrate them into the state military. To implement demobilization and reintegration mandates, more

government and international financial resources are needed. Moreover, depending on the nature of peace agreement, there could also be a pressure to include people from various political factions to the military, government, and civil service. On the other hand, the IFIs usually go to many post-conflict countries with their objectives of downsizing military and civil service, reforming fiscal system, and reducing budget deficit, privatizing and liberalizing economy, and so on. Thus, if the mandates have international organizations at cross purposes and their efforts are not well-coordinated, the goals of political reconstruction and economic reconstruction may fail to be implemented properly.

Recommendation 4: Sequence reconstruction efforts (policies) so that early priorities generate quick and visible results and lay foundation for a lasting peace.

When sequencing reconstruction efforts, donors and post-conflict countries should take into account the following generally agreeable and acceptable consensus: Early actions should generate rapid and visible results. In general, donors should focus on those programs which help getting things back to pre-conflict level. For example, the restoration of essential infrastructures and services (roads, ports, airports, communication, energy supply, and education and health services) could significantly help normalize the overall situation. Similarly, building and strengthening governance institutions is important from the prospective of enhancing state capacity to deliver services. On the other hand, large-scale infrastructure and long-term development program and a sweeping institutional reform should generally be implemented only after sufficient security is achieved, vital governance institutions are put in place, and economy is being stabilized; however, the planning and some of the components of these policies could be an early priority.

Recommendation 5: Make sure that essential prerequisites are in place before implementing any policy.

Experience from many post-conflict countries shows that the failure of many reconstruction efforts is largely due to two things: Not identifying right priorities and not paying proper attention to the essential prerequisites. Policies regardless of their good intentions may go wrong if the country lacks essential prerequisites for implementing those policies. For example, civil service reform requires government's capacity to implement it. Privatization and liberalization programs require appropriate and strong regulatory mechanisms. Thus, giving proper attention to the prerequisites may significantly help sequence policies in an optimal way to increase the effectiveness of policies.

Recommendation 6: Prioritize policies based on good analysis.

The problem at the moment is that donors seem to have a "check list" based on their mandates or constitutions. In order to have maximum policy impact on post-conflict countries' peace and stability, donors need to decide priorities based on a good understanding of the conflict including social, economic, political and cultural dynamics of the state and society. Thus, the focus should be not just finding out policies and priorities based on needs assessment but making priorities fit and work in a particular situation. Most importantly, a comprehensive analysis should be done before the post-conflict

reconstruction starts. However, the analysis should not be a "one-off exercise" but a continuous task running alongside programming (e.g., analysis in every two years).

Moreover, to set priorities, donors should use a "Conflict Transformation Approach to Peacebuilding" or a "Conflict Sensitive Approach." These approaches involve understanding of the operational context including peace vulnerabilities (e.g., residual violence, ethnic and religious tensions, and poverty and unemployment) and peace capacities (e.g., desire for peace, national reconciliation, opportunities for fast structural reform, etc.) in various sectors such as social, development and governance sectors, interaction between an intervention and the context, and the capacity to act upon this understanding. These approaches reflect the needs on the ground, include the local participation during the analysis process, and help to do "no harm" and avoid activities which undermines peace-building or triggers conflict causes. Thus, these approaches are different from the needs assessment, which are often carried out by the World Bank and UNDP at the beginning of the reconstruction process, in the sense that these approaches do not only look into the needs but also identify crucial areas where the lack of progress would risk reversal in the stabilization and recovery process is very important.[88]

Recommendation 7: Apply time-bound targets and measurable benchmarks.

A comprehensive plan or reconstruction strategy is necessary but not sufficient. In order to increase the impact of interventions, donors need to bring the "performance culture" in post-conflict countries. A comprehensive strategy must include very realistic and very grounded, and very castingly prioritized and sequenced policies. Policies should include a clear timeline and measurable benchmarks for monitoring implementation of the specifics of the policy in the short, medium and long-terms. More recently, the UNDP and the World Bank have designed a concept of "Transitional Result Matrix" and this concept should be encouraged and made a central part of all reconstruction efforts. In addition, the newly established "UN Peacekeeping Commission," whose one of the primary objectives is to assist states in their transition from war to peace by ensuring effective monitoring and evaluation of performance, should develop measurable benchmarks for different policies looking into different "typology of conflict to peace transition."[89] The typology may be based on the nature of conflict (e.g., interstate war, collapsed state, local rebellion, and countries affected by neighboring country's conflict) or the causes of conflict (natural resources, uneven development, social and political oppression, and ethnic or religions tensions).

However, it is important to note that application of time-bound target and measurable benchmarks if not designed and measured correctly could backfire. For example, In East Timor, the UN

[88] One caveat with the conflict sensitive approach is that although local input on solution are very important, sometimes the local actors could be the ones blocking reform and a real political economy analysis would involve figuring out how to get them out of the way. Obviously, these actors are not going to participate in such an analysis. Thus, the conflict sensitive approach may not be advised for such extreme cases.
[89] For more on UN Peacebuilding Commission, see Ponzio (2005).

thought it had passed various benchmarks and could draw down, but it was proved mistaken when East Timor witnessed the resurgence of violence in May 2006.

Table 9.3: Basic Structure of a Transitional Result Matrix

Vision:				
Cluster /Sector/Theme	**Priority outcome or objectives**	**Baseline**	**Results: 1st Six Months**	**Results: 2nd Six Months**
Security	Description: Cost:	quantitative or qualitative description	Action or output: Responsible unit: Donor TA:	Action or output: Responsible unit: Donor TA:
Political				
Economic				
Social				

Note: The above matrix of key reconstruction benchmarks may use the following pictograph to assess the output: √ if objectives are achieved by target date; ≈ if partially achieved, and X not achieved.
Source: UN Development Group and World Bank (2005).

Recommendation 8: Make sure resources are available timely and the flow of resources is consistent for a sustained period of time.

The data from the case studies and expert survey show that how the resources are spent is more important than when to spend those resources. The donors' "go-stop-go" policies of the past had undermined development and reconstruction efforts by contributing to the continuation of poor governance in many cases. In order to increase the effectiveness of policies, donors should quickly pay outstanding pledges for reconstruction, maintain sustained flow of resources and engage in reconstruction efforts for a longer time period, and reduce the gap between the pledge and actual disbursement of funding.

The problem lies both with donors' bureaucratic processes as well as post-conflict countries' capacity to produce projects. There is obviously a missing connection. Although donors pledge very high amounts of money at the beginning, they end up disbursing little money. Instead of delaying or canceling their pledge, the donors should think about helping post-conflict countries to prepare projects. For example a post-conflict country like Haiti is not really prepared to provide donor institutions with projects that are acceptable from the technical point of view. On the other hand, even if the government is able to develop projects, these projects are rejected because donors think that they are irrelevant. Thus, there is need for coordination and support for capacity building in order to effectively utilize donor resources for peacebuilding.

Recommendation 9: Improve partnerships and coordination among different actors, across different sectors and at different levels. Also make sure that donor coordination is based on institutional solutions tailored to the specific circumstances of each case.

The international community should divide responsibility to achieve maximum efforts. This can be done by producing a general framework for reconstruction based on a thorough analysis of the conflict and the needs of the community suffered by the conflict. With a carefully deliberated plan (e.g., truly "joint" planning approach with national counterparts and donors) and a clear division of labor, the impact of resources on peacebuilding can be enhanced. In order to make sure that the donors do not work at cross purposes or duplicate efforts, international and domestic actors should agree on priorities, sequencing, actions (including creating a joint funding mechanism), timeline, and responsibilities. The sector-wide approach that brings together governments, donors and other stakeholders within any sector and effective coordination among different sectors, such as security, humanitarian, and governance, could significantly help to increase the effectiveness of reconstruction process. Moreover, coordination needs to be improved not only between the donor community and the national government but also among local, provincial and central governments. Similarly, partnership and constructive engagement with regional actors and neighboring countries is also very important. Most importantly, in all cases, the local actors must own the process of reconstruction.

In order to make the coordination happen, it is very important to make sure that donor coordination is based on institutional solutions tailored to the specific circumstances of each case. The perennial problem of donor coordination has been widely accepted among the international community; however, this seldom happens properly. The main reason is that the problem is institutional. In the case of security, the international community quite often does not dispose of a mobile force that can provide constabulary services and DDR in a timely fashion. For example, the deployment of UN forces in Cambodia began officially on March 15, 1992, almost five months after the signing of the Peace Accords and almost ten months after the ceasefire. Similarly, the international police did not arrive in Kosovo until one year after the ceasefire. Now the question is: Who should be responsible for the delay in deployment of international forces? And who should oversee donor coordination?

The UN can take the lead and be in charge of military and political components of the mission in cases where the great powers are less interested in the outcomes; however, the role of UN as a leader could be ineffective and less relevant in cases where larger and powerful member states are heavily engaged. Experiences show that there is a greater degree of reluctancy on the part of the larger and powerful states to be bossed around. For example, In Sierra Leone, Bosnia and Kosovo, the UK and US/NATO essentially operated in parallel with the UN structure and largely exercised the authority on their own. The problem was actually worse than that: Some big donors like the United States were internally divided and different US agencies operated at cross purposes with each other.

Thus, the key is to find out institutional solutions tailored to the specific circumstances of each case. For example, in cases where powerful member states are heavily involved, the institutional solution for greater coordination could be to ask the biggest contributing country to lead the post-conflict reconstruction enterprise and coordinate donor efforts with other countries and the IFIs. However, the biggest contributing country should make sure that it should institutionalize the government capacity for post-conflict reconstruction so that its different agencies do not work at cross

purposes. The need is to establish an agency which should lead the coordination of government stabilization and reconstruction efforts by pulling together the extensive resources available throughout the inter-agency community. On the other hand, in cases where the great powers are less interested in the outcomes, the UN could prove to be an effective channel for coordinating all reconstruction efforts and channeling the required finance and technical assistance to post-conflict countries.

9.5. Primary Limitations to Implementing Recommendations

It should be recognized that there are two primary limitations, which make some of the recommendations of this dissertation hard to implement.

Limitation 1: Domestic Politics and Underlying Political Problems

It should be acknowledged that the success of the recommendations outlined in this dissertation is contingent upon the politics of the country in question and thus, when one evaluates the relative impact of donor policies, it is very important to control for the underlying political difficulties presented by the case. The failure to respond adequately and timely to the underlying political difficulties may eventually result into the failure of policies no matter how better the policies might be. For example, a political deadlock or backsliding resulting from political struggles can quickly thrust a country back into conflict. Thus, the political analysis is critical and a thorough understanding of a post-conflict country's political landscape, the presence and nature of antagonistic forces, and the areas of contention can help to promote dialogue among rival factions and may keep peace process moving ahead by securing national ownership.

However, the reality is that the underlying problems simply cannot be fixed in many cases and merely promoting dialogue among the major political stakeholders may prove not enough to break the political deadlock and prevent the country from backsliding towards more instability. For example, what one can do when there is an obstacle like Aristide in the case of Haiti? When President Aristide was considered to be the obstacle to building Haiti, the US with the backing of France eventually decided to send him off to Africa so that Haiti could have a new start. Now a crucial question in a situation like this is: Who should make such decisions? What to do if the government or the major political parties no longer remain committed to their original commitments and simply become a major obstacle to progress? The UN is incapable of doing such decisions and powers like the US have decided to act unilaterally in many cases but the international legitimacy of these actions has been questioned. Thus, the international community should find some institutional mechanisms to address the underlying difficulty of the political situation.

Regarding the ownership, the need for local ownership and participation of all major political stakeholders in the reconstruction process is very important; however, in some cases, parties to the peace process may themselves be a part of the problem. For example, many feel that the Dayton Accord, which was the General Framework Agreement for Peace in Bosnia and Herzegovina reached at the

Wright-Patterson Air Force Base near Dayton, Ohio in November 1995, and formally signed in Paris on December 14, 1995, was too deferential to the ethnic parties that negotiated it and thus, the ownership needed to pass from their hands to the hands of newer, non-ethnic parties. After the Accord, it was witnessed that ownership left the peace process stuck in the same political deadlock that existed during the conflict.

Limitation 2: International Politics and Constraints Faced by Donor Countries

As explained earlier, an ideal case for turning around the conflict-emerged countries is to develop a reconstruction strategy where donors provide a generous financial support from the very beginning of the process and stay involved for at least ten years, not lay unreasonable mandates on the countries involved, and coordinate effectively with each other. However, there are also strong political reasons on the donor side why these things do not happen. In some cases, the opinions and decisions made by the taxpayers of donor countries directly and indirectly influence the reconstruction process of post-conflict countries (e.g., the withdrawal of US forces from Iraq). In other cases, international geo-politics and political sensitivities play an important role in deciding the length of international military intervention. For examples, unlike in the cases of Kosovo, Bosnia and Afghanistan, the US policymakers were reluctant to make long-term commitments and thus, preferred a "quick and short" intervention during last two US interventions in Haiti. The wide-spread anti-Americanism among many Latin countries in general and among Haitian population in particular is cited as the primary reason for having such "quick and short" interventions.

It is very doubtful that the constraints mentioned above will end soon, and thus, it might be worthwhile to consider about what the international community can do in a constrained world or in a situation where the intervention cannot be carried out for a longer period because of international politics and other constraints faced by donor countries. For example, if the international community knows that peacekeepers need to be withdrawn within a 3-5 year time frame (e.g. Haiti), how would that affect the initial deployment of forces and the priorities for building a post-conflict country? Is it better to stay out in circumstances where one can not really do what is necessary in the long run? If not, what could be the alternative policies?

9.6. Suggestions for Future Research

To enhance the understanding in the field of post-conflict reconstruction, this study recommends the following areas for future research.

Methodology for Finding an Optimal Level of Aid

There is a need to design a methodology to find out the optimal level of aid. We know that the methodology should give attention to needs assessment, absorption capacity, peace vulnerabilities, peace opportunities, and so on, but we do not know how.

Methodology for Measuring Aid Absorption Capacity

In the literature of post-conflict reconstruction, several researchers focus on the linkages between the aid allocation and the aid absorption capacity of the country. However, little is known about how to measure the aid absorption capacity of the country. Should it be based on the level of infrastructure, administrative capacity, level of economic development, or all of these? Thus, finding an appropriate method for measuring the aid absorption capacity of a post-conflict country could contribute significantly to the knowledge and policy effectiveness.

Collecting Quantitative Data on Policy Effectiveness

Many experts mentioned that designing policy and programs in post-conflict countries have suffered from the lack of quantitative data. In order to find out the impact of each policy on peacebuilding, there is a need to collect quantitative data on policy effectiveness, especially time series data that capture the policy improvement over time.

Designing a System to Measure Progress over Time

So far, there is no unique and effective method regarding measuring progress in post-conflict countries. “What is success” or “what is failure” is often subject to interpretation. Thus, there is a need to design generally agreeable measures of success/progress. Although policies may be different for different types of post-conflict countries, each policy could have indicators of success in the short, medium and long-terms.

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Appendix A: List of Experts Interviewed for the Study

(1) Mr. Juan Gabriel Valdés, Special Representative of the Secretary-General and Head of Mission, United Nations Stabilization Mission in Haiti (UNSMIH).

(2) Dr. Sukehiro Hasegawa, Special Representative of the Secretary-General for Timor-Leste, Head of the United Nations Mission of Support in Timor-Leste.

(3) Dr. Francis Fukuyama, Bernard L. Schwartz Professor of International Political Economy, Director, International Development Program, Paul H. Nitze School of Advanced International Studies, Johns Hopkins University.

(4) Mr. Ian Bannon, Manager, Conflict Prevention and Reconstruction Unit, World Bank.

(5) Mr. Mbuyamu I. Matungulu, Deputy Division Chief, Africa Department, International Monetary Fund (IMF); Formerly, Finance Minister, the Democratic Republic of Congo.

(6) Mr. Abdul Bari, Assistant Country Director, State Building & Government Support, UNDP Afghanistan.

(7) Mr. Simon Strachan, Director, UNICEF, Southern Sudan.

(8) Dr. Edward Newman Academic Programme Officer, Director of Studies on Conflict and Security, United Nations University.

(9) Dr. Krishna Kumar, Senior Social Scientist, Bureau of Policy & Program Coordination, U.S. Agency for International Development.

(10) Mr. Richard Smith, Manager, Peacebuilding Programme, Centre for the Study of Violence and Reconciliation, Johannesburg, South Africa.

(11) Maria Lange, Development & Peacebuilding Programme Officer, International Alert, UK.

(12) Mr. Richard Ponzio, Strategic Planning Advisor for UNDP Afghanistan (also participated in peacebuilding operations in Bosnia and Herzegovina, Kosovo, Sierra Leone, and the Solomon Islands).

(13) Dr. Nawalage S. Cooray, Professor and Program Director, Peace and Conflict Studies, International Peace Studies Program (IPSP), International University of Japan.

(14) Mr. Jim Terrie, Senior Analyst for Military and Security Issues; Central Africa Senior Analyst Nairobi, International Crisis Group.

(15) Ms. Yuki Suehiro, Program Officer, CARE International, Sierra Leone (formerly UNICEF Southern Sudan, UNICEF Lesotho).

(16) Ms. Karin Christiansen, Research Fellow on Aid Effectiveness and Issues of Post-Conflict and Fragile States, Overseas Development Institute, UK.

(17) Dr. William J. Durch, Senior Associate, Henry L. Stimson Center.

(18) Dr. Simon Chesterman, Executive Director, Institute for International Law and Justice, New York University School of Law.

(19) Mr. Larrie Warren, Director for Post-Conflict Rehabilitation Programs, Vietnam Veterans of America Foundation (VVAF).

(20) Dr. Marina S. Ottaway, Senior Associate and Co-Director, Democracy and Rule of Law Project, Carnegie Endowment for International Peace

(21) Dr. Manabu Fujimura, Economics Department, Aoyama Gakuin University, Japan.

(22) Dr. Carlos Santiso, Public Finance Management Adviser, Policy Division, Department for International Development (DFID).

(23) Dr. Rebecca Spence, Senior Lecturer in Peace Studies, the University of New England, Australia.

(24) Dr. Christopher Coyne, Professor, Hampden-Sydney College, Australia

(25) Dr. Ho-Won Jeong, Professor, Institute for Conflict Analysis and Resolution, George Mason University.

(26) Dr. Jon Unruh, Professor, McGill University, Canada

(27) Dr. Ken Ohashi, Country Director, World Bank Office, Nepal

(28) Sharon Miller, Specialist in Post-Conflict Reconstruction and Development, Middlebrook & Miller Consulting Services, Delaware, USA.

(29) A Security Sector Reform Expert, Who refused to disclose his/her name.

(30) A Peace-Building Expert, Who refused to disclose his/her name.

Appendix B: Interview Questions

Note: Thank you for taking the time to complete this 20-minute survey. We do not expect you to have detailed knowledge about each aspect of post-conflict reconstruction. Please provide answers based on your general knowledge of the subject area. If your answer to a question is "it depends," please provide your comments with examples in the comment box. Please remember that this research aims at compiling the lessons learned rather than finding a "one-size-fits-all" framework. Your answers can be hand-written or typed. Once you have completed this questionnaire, please e-mail this file to: anga@rand.org or mail it to:

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Questions on Generic Lessons from Post-Conflict Reconstruction

Q1: Drawing on your own experience, please list the factors or conditions that you think are most important for post-conflict reconstruction. What are the most important lessons learned? What are the most important "do's and don'ts"? What are the pre-requisites for a successful post-conflict reconstruction?

Q2: What do you think is a realistic duration of time that the international community should actively engage in rebuilding post-conflict countries so that the international engagement has a real impact on sustaining peace?

How many years and why?

Q3: When do you favor spending more resources in a post-conflict country?

- ☐ Early phase of reconstruction (1-2 years after the end of conflict)
- ☐ Middle phase of reconstruction (3-5 years after the end of conflict)
- ☐ Later Phase of the reconstruction (6-10 years after the end of conflict)
- ☐ Never

Why?

Q4: How important do you think reducing military expenditure is in post-conflict countries? When do you prefer downsizing military in post-conflict countries?

How Important?	**When should the military be downsized?**
☐ Very important	☐ Early phase of reconstruction (1-2 years after the end of conflict)
☐ Somewhat important	☐ Middle phase of reconstruction (3-5 years after the end of conflict)
☐ Not very important	☐ Later Phase of the reconstruction (6-10 years after the end of conflict)
☐ Unimportant	☐ Never

Comments: What are your reasons behind the answers provided above?

Q5: How important do you think land reform is in the post-conflict countries? When do you prefer to implement land reform in post-conflict countries?

How Important?	**When should land reform be implemented?**
☐ Very important	☐ Early phase of reconstruction (1-2 years after the end of conflict)
☐ Somewhat important	☐ Middle phase of reconstruction (3-5 years after the end of conflict)
☐ Not Very important	☐ Later Phase of the reconstruction (6-10 years after the end of conflict)
☐ Unimportant	☐ Never

Comments: What are your reasons behind the answers provided above?

Q6: There seems to be no agreement among policy makers regarding the timing and pace of civil service reform in post-conflict countries. Please provide your answer on how much important civil service reform is and when to implement it.

How Important?	**When should civil service reform be implemented?**
☐ Very important	☐ Early phase of reconstruction (1-2 years after the end of conflict)
☐ Somewhat important	☐ Middle phase of reconstruction (3-5 years after the end of conflict)
☐ Not very important	☐ Later Phase of the reconstruction (6-10 years after the end of conflict)
☐ Unimportant	☐ Never

Please comment on civil service reform including the pace and process of reform.

Q7: What do you think the immediate macroeconomic priorities should be for post-conflict countries?

- ☐ Controlling hyperinflation
- ☐ Controlling budget deficit
- ☐ Solving exchange rate crisis
- ☐ Mobilization of revenue through tax and administrative reform
- ☐ Privatization programs
- ☐ Liberalization of trade
- ☐ Liberalization of financial market (e.g., liberalization of interest rate)
- ☐ Other please list:
  - (1)
  - (2)
  - (3)

Please provide your comments on the implementation of these priorities. Are there any conditions that must be considered to implement these programs in post-conflict countries?

Q8: Should elections be the immediate and top most priorities in the post-conflict countries?

How Important?	**When should elections be conducted?**
☐ Very important	☐ Early phase of reconstruction (1-2 years after the end of conflict)
☐ Somewhat important	☐ Middle phase of reconstruction (3-5 years after the end of conflict)
☐ Not very important	☐ Later Phase of the reconstruction (6-10 years after the end of conflict)
☐ Unimportant	☐ Never

Comments: What are your reasons behind the answers provided above? Please also list the most important pre-electoral conditions if any.

Q9: Should longer-term development, to include new and big projects such as electricity, roads, and railways, normally have **a lower or higher priority** in post-conflict reconstruction? When should these programs be implemented?

How Important?	**When should be built?**
☐ Very important	☐ Early phase of reconstruction (1-2 years after the end of conflict)
☐ Somewhat important	☐ Middle phase of reconstruction (3-5 years after the end of conflict)
☐ Not very important	☐ Later Phase of the reconstruction (6-10 years after the end of conflict)
☐ Unimportant	☐ Never

Comments: What are your reasons behind the answers provided above?

Sequencing of Programs (Activities)

The post-conflict period can roughly be divided in three phases: 1st phase of reconstruction: Emergency (1-2 years after the end of conflict); 2nd phase of reconstruction: Transition (3-5 years after the end of conflict); and 3rd phase of reconstruction: Development (6-10 years of reconstruction).

Q10: It is believed that the sequencing and phasing of various parts of an intervention are keys for post-conflict reconstruction since we cannot implement all policies in the first phase because: (1) we may have budget constraint; and (2) some problems must be addressed early in order to demonstrate that peace has indeed returned. So, **which activity do you think should be initiated in which phase?** Please write 1, 2 or 3 in column 3 for each activity provided in column 2. Please leave blank if you believe this activity should not be attempted.

Column 1 Policy Category	Column 2: Activities	Column 3: Starting Phase: 1, 2 or 3?
Security	Deploy peacekeepers to restore and maintain security	
	Disarm, demobilize and reintegrate combatants	
	Clear landmines	
	Professionalize army and police	
	Implement human rights monitoring and advocacy mechanism	
	Implement a comprehensive security sector reform (i.e., military, police, judicial and penal system reforms)	
	Reduce military expenditures (downsize military)	
Humanitarian/ Social	Return and resettle refugees and displaced persons	
	Ensure food security (supply of food)	
	Respond to the rising incidence of disease and acute health concerns	
	Provide agricultural assistance	
	Implement land reform	
	Implement education and health care reforms	
Governance/ Democratization	Establish interim governance institutions	
	Strengthen local and national institutions (build capacity of line ministries and local administration)	
	Secure property rights	
	Build political parties, civil society, free press	
	Implement corruption control measures	
	Conduct elections	
	Implement a comprehensive (full-scale) civil service reform	
Economic Stabilization/ Reforms	Cut hyperinflation	
	Liberate the exchange rate	
	Provide budgetary support and control budget deficit	
	Mobilize revenue (tax reform; custom reform; introduction of cash budgeting system)	
	Provide regulatory framework for financial sector	
	Implement privatization programs	
	Liberalize trade and capital flows	
Infrastructure/ Development	Restore basic services such as education, health, water, and electricity	
	Restore essential infrastructure (roads, ports; airports)	
	Restore productive capacity (existing or known capacity) of the economy	
	Build infrastructure (large-scale reconstruction of roads, ports, and airport)	

Q11: In your opinion, what should be the most important priorities (policies) that matter most for a successful peace-building? Please list them with your comments. For your reference, several policies have been listed in the previous table.

(1)
(2)
(3)
(4)
(5)
Why?

Question on the Prioritization of Activities across Policy Categories

Establishing the right priorities depends largely on the specific context in which the transition is taking place. However, post-conflict countries share similar characteristics and it is recognized that that if higher order objectives are not met, lower order achievements will ultimate prove transitory.

Q12: In general, how should available resources (in terms of total budget) be distributed among following policy categories in the first phase of reconstruction (emergency phase: 1-2 years after the end of conflict)? Please provide your answer in percentage so that the total of five categories adds up to 100%. If you have any comments, please provide them in the box for Q15.

Policy Categories	Distribution of efforts in the first or the emergency phase: 1-2 years after the end of conflict?
Security	
Humanitarian/Social	
Governance/Democratization	
Economic Stabilization & Reforms	
Infrastructure/Development	
Total	100%

Q13: How should available resources (in terms of total budget) be distributed among following policy categories in the second phase of reconstruction (transition phase: 2-5 years after the end of conflict)? Please note that the total of five categories should add up to 100%.

Policy Categories	Distribution of Efforts in the second or the transition phase: 2-5 years after the end of conflict?
Security	
Humanitarian/Social	
Governance/Democratization	
Economic Stabilization & Reforms	
Infrastructure/Development	
Total	100%

Q14: How should available resources (in terms of total budget) be distributed among following policy categories in the third phase of reconstruction (development phase: 6-10 years after the end of conflict)? Please note that that the total of five categories should add up to 100%.

Policy Categories	Distribution of Efforts in the third phase of reconstruction: 5-10 years after the end of conflict?
Security	
Humanitarian/Social	
Governance/Democratization	
Economic Stabilization & Reforms	
Infrastructure/Development	
Total	100%

Q15: Any comments on the distribution of efforts mentioned in question 12, 13 and 14?

Additional/Optional Survey Questions

Duration of Programs (Activities)

Q16: What do you think is a realistic time horizon to complete each of following activities? Please provide your tentative answer in years in column 3.

Note: Although the duration may depend on the circumstances, please provide the average duration of a program from the prospective of having a real impact on sustaining peace in post-conflict countries.

Column 1 Policy Category	Column 2: Activities	Column 3: Duration in Years?
Security	Keep peacekeepers in the country to restore and maintain security	
	Disarm, demobilize and reintegrate combatants	
	Clear landmines	
	Professionalize army and police	
	Implement human rights monitoring and advocacy mechanism	
	Implement a comprehensive security sector reform (i.e., military, police, judicial and penal system reforms)	
	Reduce military expenditures (downsize military)	
Humanitarian/ Social	Return and resettle refugees and displaced persons	
	Ensure food security (supply of food)	
	Respond to the rising incidence of disease and acute health concerns	
	Provide agricultural assistance	
	Implement land reform	
	Implement education and health care reforms	
Governance/ Democratization	Establish interim governance institutions	
	Strengthen local and national institutions (build capacity of line ministries and local administration)	
	Secure property rights	
	Build political parties, civil society, free press	
	Implement corruption control measures	
	Electoral support	
	Implement a comprehensive (full-scale) civil service reform	
Economic Stabilization/ Reforms	Cut hyperinflation	
	Liberate the exchange rate	
	Provide budgetary support and control budget deficit	
	Mobilize revenue (tax reform; custom reform; introduction of cash budgeting system)	
	Provide regulatory framework for financial sector	
	Implement privatization programs	
	Implement liberalization programs (liberalize trade and capital flows)	
Infrastructure/ Development	Restore basic services such as education, health, water, and electricity	
	Restore essential infrastructure (roads, ports; airports)	
	Restore productive (existing or known) capacity of the economy	
	Build infrastructure (large-scale reconstruction of roads, ports, and airport)	

Q17: Any comments on the duration of programs mentioned in question 11?

Effectiveness of Policies

Quantifying the impact of each program on peacebuilding/post-conflict recovery is very difficult. One way to capture the impact is by asking the experts to provide their judgment. There are several channels through which each program can have impact on peacebuilding/post-conflict recovery:

- By preventing renewed conflict (consolidation of peace and stability)
- By promoting economic growth
- B reducing Impact on poverty
- By improving state capacity/good governance

Q18: How much impact do you think each program may have on each of the following outcome variables? For each activity, please enter one of the following values: 3 = high impact, 2 = medium impact, 1 = low impact, 0= no impact, and –1 = negative impact.

Note: High, medium and low scales measure the positive impact. While answering question 13, please think about a scenario that if each activity were implemented for a reasonable amount of time, what would be its impact on each of the following outcome variables?

Column 1 Policy Category	Column 2: Activities/Programs	Impact on Peace and Stability	Impact on Economic Growth	Impact on Poverty Reduction	Impact on State Capacity Building
Security	Deploy peacekeepers to restore and maintain security				
	Disarm, demobilize and reintegrate combatants				
	Clear landmines				
	Professionalize army and police				
	Implement human rights monitoring and advocacy mechanism				
	Implement a comprehensive security sector reform (military, police, judicial and penal system reforms)				
	Reduce the military expenditure (downsize military)				
Humanitarian/ Social	Return and resettle refugees and displaced persons				
	Ensure food security (supply of food)				
	Respond to the rising incidence of disease and acute health concerns				
	Provide agricultural assistance				
	Implement land reform				
	Implement education and health care reforms				

Governance/ Democratization	Establish interim governance institutions				
	Strengthen local and national institutions (build capacity of line ministries and local administration)				
	Secure property rights				
	Build political parties, civil society, free press				
	Implement corruption control measures				
	Conduct elections				
	Implement a comprehensive (full-scale) civil service reform				
Economic Stabilization/ Reforms	Cut hyperinflation				
	Liberate the exchange rate				
	Provide budgetary support and control budget deficit				
	Mobilize revenue (tax reform; custom reform; introduction of cash budgeting system)				
	Provide regulatory framework for financial sector				
	Implement privatization programs				
	Liberalize interest rates				
Infrastructure/ Development	Restore basic services such as education, health, water, and electricity				
	Restore essential infrastructure (roads, ports; airports)				
	Restore existing or known capacity of the economy				
	Build infrastructure (large-scale reconstruction of roads, ports, and airport)				

Prioritization Of Activities Within Policy Categories

Q19: If you were in charge of post-conflict reconstruction, how would you prioritize these programs on a scale of 1 to 5 within each policy category? (5= the top priority, 1 = least priority). Please note that you cannot have more than 2 top priorities in each policy category.

Column 1 Policy Category	**Column 2: Activities**	**Priority: 5 or 4 or 3 or 2 or 1? (5= top priority; 1 = least priority)**
Security	Deploy peacekeepers to restore and maintain security	
	Disarm, demobilize and reintegrate combatants	
	Clear landmines	
	Professionalize army and police	
	Implement human rights monitoring and advocacy mechanism	
	Implement a comprehensive security sector reform (i.e., military, police, judicial and penal system reforms)	
	Reduce the military expenditure (downsize military)	
Humanitarian/ Social	Return and resettle refugees and displaced persons	
	Ensure food security (supply of food)	
	Respond to the rising incidence of disease and acute health concerns	
	Provide agricultural assistance	
	Implement land reform	
	Implement education and health care reforms	

Governance/ Democratization	Establish interim governance institutions	
	Strengthen local and national institutions (build capacity of line ministries and local administration)	
	Secure property rights	
	Build political parties, civil society, free press	
	Implement corruption control measures	
	Conduct elections	
	Implement a comprehensive (full-scale) civil service reform	
Economic Stabilization/ Reforms	Cut the hyperinflation	
	Liberate the exchange rate	
	Provide budgetary support and control budget deficit	
	Mobilize revenue (tax reform; custom reform; introduction of cash budgeting system)	
	Provide regulatory framework for financial sector	
	Implement privatization programs	
	Liberalize trade and capital flows	
Infrastructure/ Development	Restore basic services such as education, health, water, and electricity	
	Restore essential infrastructure (roads, ports; airports)	
	Restore productive capacity (existing or known capacity) of the economy	
	Build infrastructure (large-scale reconstruction of roads, ports, and airport	

Q20: Do you think that the effort levels you provided in questions 15, 16 and 17 depend on the nature of conflict (e.g., a negotiated settlement of conflict like in the case of Mozambique and Cambodia vs. forced settlement of conflict like in the case of Afghanistan and Iraq)? In other words, do you think the trade-offs between policies (e.g., security vs. infrastructure) depend on how the conflict was ended and the reconstruction was started?

☐ Yes ☐ No

Provide your comments:

Q21: It seems that if the probability of renewed conflict is high, an activity is less likely to achieve its goals. How much impact do you think the probability of renewed conflict has on overall policy effectiveness?

Note: To facilitate your answer to this question, please compare the reconstruction of East Timor vs. the reconstruction of Afghanistan. The probability of renewed conflict in Afghanistan is perceived to be higher than in East Timor. Thus, the policies may not be as effective in achieving desired outcomes in Afghanistan as in the case of East Timor.

Probability of renewed conflict in a post-conflict country	**Impact on policy effectiveness 5= very high, 4 = high, 3 = low, 2= very low, 1= almost no impact**
80-100%	
60-79%	
40-69%	
20-39%	
0-19%	

Appendix C: Tabulation of Expert Responses

Policies	Priorities	Count (no. of experts)	Implementation phase	Count (no. of experts)
1. Reducing Military expenditure and downsizing military	Very important	12	Early	8
	Somewhat	6	Middle	6
	Not very important	1	Later	5
	Not important	1	Never	0
	Refused to generalize	9	Refused to generalize	10
2. Land reform	Very important	14	Early	4
	Somewhat	6	Middle	10
	Not very important	1	Later	4
	Not important	0	Never	0
	Refused to generalize	8	Refused to generalize	11
3. Civil Service reform	Very important	14	Early	12
	Somewhat	5	Middle	6
	Not very important	0	Later	2
	Not important	0	Never	1
	Refused to generalize	10	Refused to generalize	8
4. Elections	Very important	6	Early	7
	Somewhat	10	Middle	8
	Not very important	3	Later	2
	Not important	0	Never	1
	Refused to generalize	10	Refused to generalize	11
5. Large-scale infrastructure (long-term development)	Very important	12	Early	9
	Somewhat	6	Middle	5
	Not very important	0	Later	1
	Not important	0	Never	1
	Refused to generalize	11	Refused to generalize	11
6. Spending more resources			Early	8
			Middle	7
			Later	0
			Never	1
			Refused to generalize	11
7. Important macroeconomic priorities	Cut hyperinflation	17		
	Mobilize revenue (tax, administrative reform)	13		
	Solve exchange rate crisis	8		
	Cut budget deficit	2		
	Privatization	2		
	Liberalization	3		

Appendix D: Cluster Analysis: Overview

What It Does?

Cluster analysis is an analytic technique for developing meaningful subgroups of the observations in the dataset. It is a useful tool that discovers a system of organizing observations into mutually exclusive groups, or clusters, where members of a given cluster share properties in common. This technique thus reveals associations and structure in data that may not be immediately obvious, which can then contribute to the definition of a classification scheme.

How It Works?

Cluster analysis involves application of an iterative algorithm to achieve the following steps:

- Each observation is assigned to its own distinct cluster,
- The closest (most similar) pair of clusters are found and merged into a single cluster,
- The distances between the new cluster and each of the old clusters are computed,
- This process is repeated until all observations are clustered into distinctive groups of the dimensions sought.

The algorithm used in this study is average-link clustering, which tends to produce more stable results than many other algorithms. In average-link clustering, the distance computed between clusters at each step is equal to the average distance between any member of one cluster to any member of the other. For more information on cluster analysis, see, Stata Corps, *Stata Cluster Analysis Reference Manual, 2003* and StatSoft, *Cluster Analysis* (online: http://www.statsoft.com/textbook/stcluan.html Accessed December 13, 2006).