5 VIOLENT CONFLICT

“What begins with the failure to uphold the dignity of one life all too often ends with a calamity for entire nations.”

UN Secretary-General Kofi Annan [1]

CHAPTER 5

Violent conflict—bringing the real threat into focus

Every civilian death linked to conflict is a violation of human rights. But the risk is heavily weighted against people living in the poorest countries

If human development is about expanding choice and advancing rights, then violent conflict is the most brutal suppression of human development. The right to life and to security are among the most basic human rights. They are also among the most widely and systematically violated. Insecurity linked to armed conflict remains one of the greatest obstacles to human development. It is both a cause and a consequence of mass poverty. As the UN Secretary-General has put it, "humanity cannot enjoy security without development or development without security, and neither without respect for human rights."[2]

Almost 15 years after the end of the cold war there is a perception that our world is becoming less safe. In industrial countries public opinion polls suggest that this perception is linked to fears of terrorist threats. These threats are real. Yet they also create a distorted perception of the distribution of human insecurity. Since 1998 terrorism has been responsible for nearly 20,000 fatalities globally.[3] Meanwhile, conflict in the Democratic Republic of the Congo is estimated to have caused nearly 4 million deaths, the vast majority not from bullets but from malnutrition and disease. In Sudan the ongoing humanitarian tragedy in the Darfur region flickers intermittently into world news reports, yet it is claiming victims on a scale that dwarfs the threats facing people in rich countries. Every civilian death linked to conflict is a violation of human rights. But the risk of violation is heavily weighted against people living in the world's poorest countries.

Since 1990 more than 3 million people have died in armed conflict.[4] Almost all of the deaths directly attributable to conflict have happened in developing countries. Apart from the immediate human costs, violent conflict disrupts whole societies and can roll back human development gains built up over generations. Conflict disrupts food systems, contributes to hunger and malnutrition and undermines progress in health and education. About 25 million people are currently internally displaced because of conflict or human rights violations.[5] Nine of the 10 countries ranked at the bottom in the human development index (HDI) have experienced violent conflict at some point since 1990.

Violent conflict in developing countries demands the attention of rich countries. Moral responsibility to address suffering and a shared interest in collective security provide the two most compelling reasons for rich countries to participate in the development of a collective security strategy for all. The rights violated by conflict are universal human rights that the entire international community has a moral and legal duty to uphold. The Millennium Development Goals (MDGs) provide another rationale for putting human security in developing countries at the centre of the international agenda. Few things in the future are certain. But one certainty is that preventing and resolving conflict and seizing opportunities for post-conflict reconstruction would demonstrably accelerate progress towards the MDGs. Conversely, failure in these areas will make it difficult for the world to achieve the targets it has set.

Today's security strategies suffer from an overdeveloped military response to collective security threats and an underdeveloped human security response

Rich countries have another reason to prioritize measures to address the challenges posed by violent conflict in poor countries. That reason can be summarized in two words: enlightened self-interest. One hundred years ago states may have had the option of building security at home by investing in military hardware, strengthening borders and treating their countries as islands that could be insulated from the world beyond. That option has gone. In our globalized world no country is an island. Violent conflict creates problems that travel without passports and do not respect national borders, even when those borders are elaborately defended. As the UN Secretary-General's High-level Panel on Threats, Challenges and Change warned in 2004, in an interdependent world collective security cannot be developed on a purely national basis.[6]

Collective security links people in rich countries directly to communities in poor countries where lives are being devastated by conflict. International drug trafficking and illicit arms transfers provide the financing and the weapons that fuel violent conflicts in countries such as Afghanistan and Haiti—and they create profound threats to public welfare in rich countries. When health systems collapse because of violent conflict, rich countries as well as poor face an increased threat of infectious disease. The breakdown of immunization systems in Central Africa and parts of West Africa is a recent example. When violence uproots people from their homes, the flows of refugees and displaced people, and the export of conflict to neighbours, create challenges for the entire international community. When weak states tip over into violent conflict, they provide a natural habitat for terrorist groups that pose a security risk to people in rich countries while perpetuating violence in poor ones. Above all, when rich countries, through their indifference, display a tolerance for poverty and violent conflict, it challenges the hope that an interconnected world can improve the lot of everyone, including the poor, the vulnerable and the insecure.

Violent conflict in poor countries is one aspect of global insecurity. But threats to security extend not just to war, civil violence, terrorism and organized crime, but also to poverty. Infectious disease, hunger and environmental degradation are still far bigger killers than armed conflict—and each of these killers is both a cause and an effect of violent conflict. While there is no automatic link between poverty and civil conflict, violent outcomes are more likely in societies marked by deep polarization, weak institutions and chronic poverty. The threats posed by terrorism demand a global response. So do the threats posed by human insecurity in the broader sense. Indeed, the "war against terror" will never be won unless human security is extended and strengthened. Today's security strategies suffer from an overdeveloped military response to collective security threats and an underdeveloped human security response.

This chapter looks at the human development challenge posed by violent conflict. The first section outlines the changing nature of conflict and examines the human development costs. It shows how the nature of conflict has changed, along with the geography of conflict: wars between states have given way to conflicts within borders, with poor countries figuring more prominently. The second section looks at some of the structural weaknesses affecting states that are prone to conflict. These range from weak capacity to provide basic services to contested legitimacy and deep horizontal inequalities. The third section turns to questions of what rich countries can do to enhance human security. The fourth section explores the transitions from war to peace to security and the facilitating roles of aid and the private sector. The final section highlights what the international community can do to build collective security. While this is a large agenda, it focuses on four areas: aid for conflict-prone countries, market interventions to deprive conflict areas of finance and arms, the development of regional capacity, and reconstruction.

Violent conflict at the start of the twenty-first century

The international security institutions of today were formed as a response to the two world wars and the threats posed by the cold war

Eleven years ago *Human Development Report 1994* set out a framework for security beyond narrowly defined military concerns. Human security, the report argued, has two aspects: safety from chronic threats, like hunger, disease and repression, and protection from sudden disruptions in the patterns of daily life. Violent conflict undermines human security in both dimensions. It reinforces poverty and devastates ordinary lives.

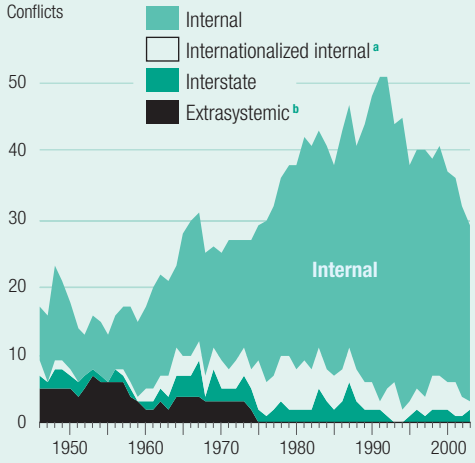
The international security institutions of today were formed as a response to the two great wars of the first half of the twentieth century and the threats posed by the cold war. Today's world faces new challenges. The nature and geography of conflict have changed. Sixty years ago a visionary generation of post-war leaders sought to address the threats posed by conflicts between states. The United Nations was a product of their efforts. At the start of the twenty-first century most conflicts are within states, and most victims are civilians. The challenges are no less profound than those faced 60 years ago. Yet as UN Secretary-General Kofi Annan pointed out in his proposals for reforming the United Nations, the response has been limited: "On the security side, despite a heightened sense of threat among many, we lack even a basic consensus, and implementation, where it occurs, is all too often contested."[7] The human development costs of failure to provide a vision backed by a practical strategy are immense, but insufficiently appreciated.

Security risks have shifted towards poor countries

Viewed over the long term, we live in an increasingly violent world. The century that just ended was the most violent humanity has experienced. Nearly three times as many people were killed in conflict in the twentieth century as in the previous four centuries combined (table 5.1).

Conflict trends can be interpreted in both a positive and a negative light. The last decade of the twentieth century witnessed a marked reduction in the number of conflicts. From a high of 51 conflicts in 1991 there were only 29 ongoing conflicts in 2003 (figure 5.1). But although the number of conflicts has declined, the wars of the last 15 years have exacted an extremely large toll in human lives. The Rwandan genocide in 1994 killed almost 1 million people. The civil war in the Democratic Republic of the Congo has killed some 7% of the population. In Sudan a two-decade long civil war between the north and the south claimed more than 2 million lives and displaced 6 million people. As that conflict

Figure 5.1 Fewer conflicts since 1991



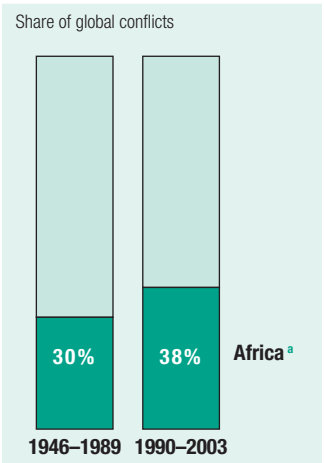
a. Conflict between a state and internal opposition groups with intervention from other states.
b. Conflict between a state and a non-state group outside its territory.
Source: Calculated on the basis of data on armed conflict from Strand, Wilhelmsen and Gleditsch 2005.

Table 5.1 Conflicts steadily cost more in human lives

Period	Conflict-related deaths (millions)	World population, mid-century (millions)	Conflict-related deaths as share of world population (%)
Sixteenth century	1.6	493.3	0.32
Seventeenth century	6.1	579.1	1.05
Eighteenth century	7.0	757.4	0.92
Nineteenth century	19.4	1,172.9	1.65
Twentieth century	109.7	2,519.5	4.35

Source: Conflict deaths data, Sivard 1991, 1996; twentieth century population data, UN 2005d; other population data, Human Development Report Office interpolation based on Sykes 2004 (table B-10).

Figure 5.2 **Security risks are shifting to Africa**



a. The entire continent, not just Sub-Saharan Africa.
Source: Calculated on the basis of data on armed conflict from Strand, Wilhelmsen and Gleditsch 2005.

ended, a new state-sponsored humanitarian crisis erupted in the western region of Darfur. Today, an estimated 2.3 million people are displaced and another 200,000 or more have fled into neighbouring Chad. The 1990s also saw ethnic cleansing in the heart of Europe, as violent civil conflicts swept the Balkans.

The geographical pattern of conflict has changed over time, with a clear shift in security risks towards the poorest countries. During 1946–89 low-income developing countries accounted for just over one-third of all conflicts. Over 1990–2003 low-income countries accounted for more than half of the countries and territories that experienced violent conflict.[8] Nearly 40% of the world's conflicts are in Africa (figure 5.2), including several of the bloodiest of the last decade and a half. Meanwhile, even though the number of conflicts is falling, today's wars last longer. As a consequence, their impact on human development is severe.[9]

Human development costs of conflict

Violent conflict imposes some obvious and immediate human development costs. Loss of life, wounding, disability and rape are all corollaries of conflict. Other costs are less immediately visible and less easy to capture in figures. Collapsing food systems, disintegration of health and education services and lost income are all aspects of conflict that have negative implications for human development. So do psychological stress and trauma. Statistics alone cannot reflect the full costs—and data are often at their weakest in countries undergoing violent conflict. But what is clear is that the immediate human costs, though enormous, represent a small fraction of the price countries pay for conflict.

The HDI provides a tool for looking at the longer term costs of conflict. HDI ranking is affected by many factors, so caution has to be exercised in interpreting the relationship between any given HDI score and the country's conflict status. Even with these caveats there is a strong association between low human development and violent conflict. Indeed, violent conflict is one of the surest and fastest routes to the bottom of the HDI table—and one of the strongest indicators for a protracted stay there. Of the 32 countries in the low human development section of the HDI table, 22 have experienced conflict at some point since 1990 and 5 of these experienced human development reversals over the decade. The lethal impact of violent conflict on human development is readily apparent from the following:

- Nine of the 10 lowest HDI countries have experienced conflict at some point since 1990. Only two of them were democracies.[10]
- Seven of the 10 countries in the bottom ranking in GDP per capita have undergone conflict in recent years.
- Five of the 10 countries with the lowest life expectancy suffered conflict in the last 15 years.
- Nine of the 10 countries with the highest infant mortality and child mortality rates have suffered conflict in recent years.
- Eight of the 10 countries with the lowest primary enrolment ratio have experienced conflict at some point since 1990.
- Nine of the 18 countries whose HDI declined in the 1990s experienced conflict in the same period. Per capita incomes and life expectancy fell in virtually all of these countries.

As a result of these human development reversals, countries suffering violent conflict are among the group furthest off track for achieving the MDGs. Despite data gaps in conflict countries that make it difficult to link conflict incidence with MDG performance, evidence on child mortality is available for almost all countries. Thirty of the 52 countries with child mortality rates that have stagnated or worsened have experienced conflict since 1990. As in other areas of human development, indicators of child welfare provide a sensitive barometer for measuring the impact of conflict on human well-being.

Striking as they are, HDI indicators for countries in conflict provide a static snapshot of a dynamic picture. The losses in welfare that they reflect are cumulative and extend across different dimensions of welfare. In Sudan violent conflict has not only claimed lives but has created conditions under which human development

reversals are transmitted across generations. In southern Sudan only about one in five children attend school, less than one-third of the population has adequate sanitation, and the maternal mortality ratio (763 deaths per 100,000 live births) is one of the highest in the world. The peace settlement that brought the long-running North-South conflict to a close has created at least the possibility of recovery. Meanwhile, in the Darfur region government-backed militia have engineered another human development crisis. Malnutrition rates are estimated at 40%, and 60% of people have no access to clean water. While the child mortality rate in Sudan is half the Sub-Saharan African average, the latest estimates suggest that the mortality rate in northern Darfur is three times the average and in West Darfur six times the average. Meanwhile, the conflict is creating the conditions for long-term food insecurity. The displacement is so widespread and persistent that few households are expected to return home for the 2005 planting season, with the result that access to food and income will become more precarious.

As the case of Darfur demonstrates in extreme form, violent conflict claims lives not just through bullets but through the erosion of human security more broadly. The disruption of food systems, the collapse of livelihoods and the disintegration of already limited basic services create powerful multiplier effects, with children in the front rank of victims. Of the 3 million deaths worldwide related to violent conflict since 1990, children account for about 2 million. Many of these deaths occurred in the Democratic Republic of the Congo (box 5.1). Since 2002 a tentative ceasefire has reduced the number of deaths resulting directly from violent conflict. But the "excess death rate"—the number of people dying above the expected rate in a normal year—suggests that the violent conflict multiplier effect is still claiming 31,000 lives each month. Most of these deaths are attributable to infectious diseases among children.

Even limited outbreaks of violent conflict can create a downward spiral. Insecurity, losses of physical infrastructure, reduced economic activity, the opportunity costs of military expenditure, loss of assets and related vulnerabilities are a toxic combination for development. Conflict increases poverty, reduces growth, undermines investment and destroys the infrastructure on which progress in human welfare depends. It encourages high levels of military spending, diverting resources from productive investment. Violent conflict also spreads malnutrition and infectious disease through the breakdown of services and increased numbers of refugees and displaced people. The following sections look at some of the main elements contributing to the human development costs.

Violent conflict claims lives not just through bullets but through the erosion of human security more broadly

Slowed economic growth, lost assets and incomes

Violent conflict creates losses that are transmitted across whole economies, undermining the potential for growth. With fewer assets and less capacity to respond to losses in income and assets, poor people are especially vulnerable to the economic impact of conflict.

The World Bank estimates that a civil war lasts seven years on average, with the growth rate of the economy reduced by 2.2% each year.[11] Few countries losing ground on this scale have a credible prospect of halving poverty by 2015. One study puts the average cost of a conflict as high as $54 billion for a low-income country, taking into account the increased risk of future conflict, although attempts to quantify the impact are open to challenge on methodological grounds.[12] What is clear is that the absolute amounts are very large—and that they dwarf the potential benefits of aid flows. Cumulative losses increase as civil conflict drags on. Long-running conflicts in Latin America have had severe impacts on economic growth.[13] In Colombia armed conflict between government forces and rebel guerrillas since 1992 is estimated to have shaved 2 percentage points annually from the economic growth rate.

Violent conflict gives rise to chain reactions that perpetuate and extend economic losses. A slowing economy and an uncertain security environment represent powerful disincentives for investment, domestic and foreign, and a powerful incentive for capital flight: transfers of almost 20% of private wealth have been recorded in some countries as conflict looms.[14] Alongside

Box 5.1 **Democratic Republic of the Congo—violent conflict leaves fragile states even worse off**

The conflict in the eastern part of the Democratic Republic of the Congo receives little media attention. Nor does it register any longer as a major international security concern on the radar screens of developed country policy-makers. Yet it is the site of the deadliest conflict since the Second World War.

The conflict illustrates graphically how the number of direct casualties can understate the human costs. Comparing death rates during 1998–2004 with what would have occurred in the absence of violent conflict shows an estimated 3.8 million "excess deaths". The conflict demonstrates another feature of the relationship between violent conflict and human development: peace settlements bring no automatic recovery of losses in human welfare. Despite improvements in the security situation since a tentative ceasefire in 2002 came into effect, the crude mortality rate in the country remained 67% higher than before the conflict and double the average for Sub-Saharan Africa. Nearly 31,000 people still die each month in excess of the average levels for Sub-Saharan Africa as a result of disease, malnutrition and violence.

In addition, whole communities have been dislocated. As of March 2004 the UN's Office for the Coordination of Humanitarian Affairs had recorded 3.4 million Congolese as internally displaced out of a population of 51.2 million. Dislocation and vulnerability at such a massive scale make this the world's worst post-1945 humanitarian disaster.

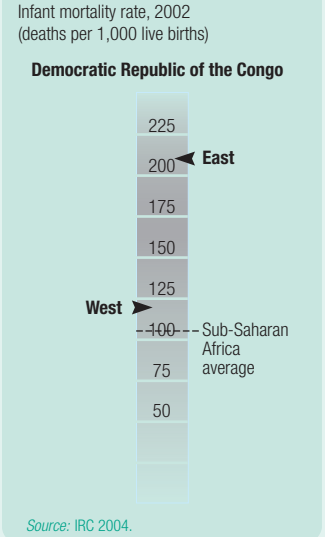
Poor households have been especially vulnerable. With dislocation has come loss of assets, especially in rural areas, which are more vulnerable to looting by armed factions. Many farmers have been forced to abandon their land in search of short-term cash incomes, often joining work forces in illegal mining operations. Disruption of agriculture has undermined food systems and exacerbated the threat of malnutrition. Agricultural production in eastern provinces is now a tenth of its pre-war levels. Even where crops are produced or goods are available for exchange, the breakdown of river transport links further limits access to markets. In the country as a whole almost three-quarters of the population—some 35 million people—are undernourished.

Children have been in the front line of casualties resulting from the conflict (see figure). Diseases like measles, whooping cough and even bubonic plague have re-emerged as major threats. In 2002 the infant mortality rate in the eastern provinces was 210 deaths per 1,000 live births—nearly double the average for Sub-Saharan Africa and more than 70% higher than the national average for the country. The infant mortality rate in the eastern provinces fell in 2003/04, demonstrating a "peace premium" in terms of lives saved and providing an indication of the costs of conflict. Conflict has also taken a toll on education. School enrolment rates in the country fell from 94% in 1978 to 60% in 2001.

Daily insecurities persist. Despite the All-Inclusive Peace Agreement signed in 2003, hundreds of thousands of people have still not been able to resume normal lives. In fact, since November 2004 nearly 200,000 people have fled their homes in North and South Kivu provinces, seeking safety in the forests.

The ongoing costs of conflict point to weaknesses in the peace agreement. Armed forces from other countries still operate widely in the Democratic Republic of the Congo, along with rebel groups. The eastern region has become a military base for the Democratic Forces for the Liberation of Rwanda (FDLR)—Hutu rebels linked to the 1994 genocide. It is also a magnet for forces from neighbouring states seeking to exploit the region's vast mineral wealth. Disarming the FDLR, expelling the armed forces of foreign states and bringing mineral exploitation under effective state control are immediate requirements for extending real security.

Conflict makes a bad situation worse



Source: IRC 2004.

Source: FAO 2004b; IRC 2004; Global IDP Project 2005b; Oxfam GB, Save the Children and Christian Aid 2001; UNICEF 2000, 2001b; UN OCHA 2002, 2004a, b; Oxfam International and others 2002; UNHCR 2004; WHO 2004a; Human Rights Watch 2004a.

falling investment is the loss of years of development through the destruction of physical capital. Destroyed roads, bridges and power systems represent a loss of past investment as well as a threat to future recovery. El Salvador lost an estimated $1.6 billion worth of infrastructure during its conflict years, with devastating consequences for the country's growth performance.[15]

The links between growth and violent conflict appear to run in both directions. Poor countries are more prone to conflict. Cross-country econometric research finds that countries with a per capita income of $600 are half as likely to experience civil war as countries with a per capita income of $250.[16] This suggests that poverty and low income are associated with conflict, which in turn reinforces the conditions for

poverty and low growth. For many countries, the conflict trap is part of the poverty trap.

The economic costs associated with conflict are not neatly contained within national borders. The most immediate spillover effect of a civil war on a neighbouring country is the influx of refugees, such as Afghans in Pakistan and Iran, Congolese and Burundians in Tanzania and Sudanese in Chad. But the wider impact is the increased risk of being drawn into the conflict, consequent rises in military spending, declining investment in the region as a whole and disruption of trade routes. A country bordering a conflict zone can expect about half a percentage point decline in its own growth rate.[17]

In addition to the direct loss of incomes and investments, there are costs with a bearing on human development. Military spending increases during civil wars, with associated opportunity costs. On average a civil war results in extra military spending of 1.8% of GDP.[18] These are resources that could be more productively deployed to provide social services and economic infrastructure.

Beyond the macro level, the cost of conflicts falls disproportionately on poor and marginalized people. Fears of violent conflict can disrupt local trading systems and cut people off from the markets on which their livelihoods—and sometimes their survival—depend. In northern Uganda violent conflict has led to the repeated disruption of cattle markets, with devastating consequences for pastoral farmers—one of the poorest groups in the country. The Karamoja region of northeastern Uganda bordering Kenya and Sudan does not appear on the standard media map of conflict hotspots. The scale of suffering caused by violent conflict suggests that it should. Partly generated by intense competition for resources, the conflict has increased the vulnerability of the Karamojong pastoralists to poverty (box 5.2).

A country bordering a conflict zone can expect about half a percentage point decline in its own growth rate

Box 5.2 Impact of insecurity on livelihoods—an example from Karamoja, Uganda

Violent conflict destroys livelihoods as well as claiming lives. When peace breaks down, the movement of goods is often disrupted as traders abandon affected areas, lowering the prices of traded products and shrinking the incomes of the poor. Pastoral communities in eastern Africa have been among the most affected.

The Karamoja region in northeastern Uganda, comprising the districts of Kotido, Moroto and Nakapiripirit, shows what can happen when violent conflict and market disruption reinforce each other. Economic insecurities have become chronic. Bordering Sudan and Kenya, Karamoja poses a unique development challenge. It is one of the poorest regions in Uganda, with some of the worst human development indicators. It is semi-arid and vulnerable to drought and has limited access to markets and poor delivery of social services.

Conflict in Karamoja has complex roots. Most of the population are pastoralists. Colonial and, until recently, post-colonial governments viewed the Karamojong pastoral way of life as outdated, economically unproductive and environmentally destructive. Efforts were made to enforce settlement by de-stocking, imposing boundaries, restricting movements to dry season grazing areas and forcing intensification of cropping.

The consequences have included increased competition for scarce resources and destitution of pastoralist households. As livelihoods became more vulnerable, livestock raiding became a survival strategy. Large influxes of small arms following conflicts in Somalia and Ethiopia and, more recently, in the wider Great Lakes region meant that these raids took increasingly bloody forms, as did the reprisals.

Today, conflicts over livestock and grazing maintain a spiral of violence between different pastoral clans. That violence crosses borders. In March 2004 the Dodoth raided the Kenyan Turkana people when the Turkana crossed over into Dodoth territory to graze their livestock. The Turkana had entered with 58,800 cattle. In a single incident of raiding the Turkana lost 2,915 cattle to the raiders.

Highway banditry has become a standard feature of the conflict. During 2003 and 2004 at least 10 lorries ferrying livestock were ambushed along the Kotido–Mbale highway. Traders are now reluctant to source livestock from pastoral markets in the area. In March 2003 purchases were less than one-tenth the level of a year earlier.

Armed raids have led to the destruction of health and education infrastructure. Many health workers and teachers have deserted their work for fear of being killed in local skirmishes. In 2003–04 two health workers and five teachers were killed at their posts. As a consequence, access to social services has declined.

Failure to address pastoral destitution has encouraged the institutionalization of violent conflict and raiding as part of pastoralism in Karamoja. Conflict is part of daily life. The heavy militarization of the region has created a situation in which lawlessness, deprivation of life and property and gun wielding are now the ordinary way of life.

Source: Gray 2000; Nangiro 2005; Odhiambo 2004.

It is not just low-income countries that manifest a strong link between violent conflict and economic dislocation. Conflict also disrupts labour markets in middle-income economies, reducing the returns on the most important asset of poor people: their labour. In the Occupied Palestinian Territories labour market disruption has contributed to a sharp increase in poverty. Rising unemployment, increased poverty and falling incomes have gone together with a wider deterioration in human development indicators (box 5.3).

Asset loss can have devastating effects, depriving poor households of collateral and the savings that provide security against future risks. Problems are especially pronounced in rural areas when people lose access to arable land, livestock, implements and seeds or when agricultural infrastructure, like irrigation systems, is destroyed. In the Bahr-el-Ghazal region of Southern Sudan 40% of households lost all their cattle in the 20-year conflict.[19] Losses of male labour have intensified the pressures on women seeking to rebuild lost assets and maintain incomes. The female-male ratio in the region has risen to 2:1.[20] Women as heads of households have to not only tend to their children but also find employment and income in highly insecure environments.

Direct losses to agricultural production and infrastructure can have devastating consequences for poverty reduction efforts. Net

Box 5.3 Occupied Palestinian Territories—how human development is being reversed

The Occupied Palestinian Territories registered some improvements in human development through the 1990s. But the second intifada (uprising) since September 2000, and the associated military incursions in the West Bank and Gaza, have resulted in a sharp deterioration in living standards and life chances.

One effect of the conflict has been a major downturn in the Palestinian economy. Border closures have cut workers off from labour markets in Israel. Meanwhile, small enterprises have suffered disruptions to supplies of inputs and exclusion from markets. The effect has been to drive down wages and drive up unemployment. Unemployment rates rose from 10% before September 2000 to 30% in 2003. In 2004 the figure climbed to 40%.

An educated and, until 2000, increasingly affluent work force has experienced a dramatic increase in poverty. The poverty rate more than doubled from 20% in 1999 to 55% in 2003 (see table).

Conflict has disrupted all economic activities. Consider the relatively prosperous West Bank district of Nablus. Prior to September 2000 the town was a commercial hub. As a result of the conflict there has been a growing military presence, long curfews (a 24-hour curfew during much of the second half of 2002), more checkpoints and blocked access roads. The result: shops closing, workers selling their tools and farmers selling their land.

Restrictions on movement have affected healthcare and education as well. Nearly half the Palestinian population is unable to access health services. Maternal care fell sharply by 2002, and chronic malnutrition in children increased by 50% in both the West Bank and Gaza. In the past four years 282 schools have been damaged, and another 275 are considered in the direct line of confrontation.

Increased insecurity is affecting work opportunities and the provision of basic services, with negative consequences and reversals of human development for the Palestinian population.

Human development reversal on a grand scale

Percent

Indicator	Before September 2000	2001	2002	2003
Poverty rate	20.1	45.7	58.6	55.1
Unemployment rate	10.0	26.9	28.9 [a]	30.5
Women receiving antenatal care	95.6	..	82.4	..
Women giving birth at home in the West Bank	8.2	7.9	14.0	..
Chronic malnutrition in children in the West Bank	6.7	..	7.9	9.2
Chronic malnutrition in children in Gaza	8.7	..	17.5	12.7

.. Not available.
a. Data are as of the first quarter of 2002.
Source: UN OCHA 2004b.

Source: World Bank and Palestinian Central Bureau of Statistics 2004; UN OCHA 2004b.

losses to agricultural production from armed violence in Africa are estimated at $25 billion for 1970–97, or three-quarters of all aid in the same period.[21] In Sierra Leone, where some 500,000 farm families were displaced,[22] production of rice (the main staple crop) during the 1991–2000 civil war fell to 20% of pre-war levels.[23]

Lost opportunities in education

Education is one of the building blocks of human development. It is not just a basic right, but a foundation for progress in other areas, including health, nutrition and the development of institutions and democracy. Conflict undermines this foundation and also contributes to the conditions that perpetuate violence.

Violent conflict destroys education infrastructure, reduces spending on schools and teachers and prevents children from attending classes. Schools are often a target for groups hostile to the government because of the association with state authority. During Mozambique's civil war (1976–92) almost half of all primary schools had been closed or destroyed by 1989.[24] Education infrastructure has also been badly damaged in the Occupied Palestinian Territories: 282 schools were damaged during 2000–04 (see box 5.3). The capacity of governments to maintain education systems is further eroded by budget constraints as military spending crowds out social spending. For low-income countries with data, spending on education was 4.2% of GDP for countries not in conflict and 3.4% for countries in conflict since 1990—almost one-fifth lower.[25]

Violent conflict also creates barriers to education. Parents are reluctant to send their children to school when there are security risks. In Colombia children abandon schooling at higher rates in municipalities where paramilitaries and insurgents are active than in other areas.[26] Insecurity linked to violent conflict is strongly associated with gender disparity in education. Even where schooling is available (in relief camps, for instance), fears of personal insecurity are a key factor preventing girls from attending school. The ratio of girls to boys enrolled in primary schools was 0.83 for 18 low-income countries that were in conflict at some point since 2000 and for which data were available. The ratio for low-income countries not in conflict was 0.90.[27]

Education provides another example of how violent conflict creates a cycle that is hard to break. One survey of ex-combatants in Sierra Leone found that an overwhelming majority of those who joined the brutal rebellions were youths who had been living in difficult conditions prior to the onset of the war. Based on interviews with 1,000 ex-combatants, the survey found that half had left school because they could not afford the fees or because the school had shut down.

Adverse consequences for public health

Like education, health is a primary determinant of human development. Violent conflict generates obvious health risks in the short run. Over the longer term the health impact of violent conflict claims more lives than bullets.

Most of the 2 million child deaths attributable to conflict fall into this category. Similarly, increased vulnerability to disease and injury poses major threats for vulnerable groups, especially for refugees and internally displaced people. Acute malnutrition, diarrhoeal diseases, measles, respiratory infections and malaria are often cited as reasons why mortality rates among refugees have been more than 80 times the baseline rates in parts of Africa.[28] But even the non-displaced suffer because diseases that develop in refugee camps tend to spread easily to local areas. In Chechnya the rate for tuberculosis was found to be 160 cases per 10,000 compared with 90 for the rest of the Russian Federation.[29]

Violent conflict has a proven track record in disrupting the supply of basic health services, especially to poor communities. Like schools, health facilities are often viewed by rebel groups as a legitimate military target. Nearly half of all primary health centres in Mozambique were looted and the surrounding areas mined during the civil war.[30] Medical personnel often flee conflict areas as well. Even areas with good health indicators prior to the onset of violence can experience sharp deterioration. In Bosnia and

Like schools, health facilities are often viewed by rebel groups as a legitimate military target

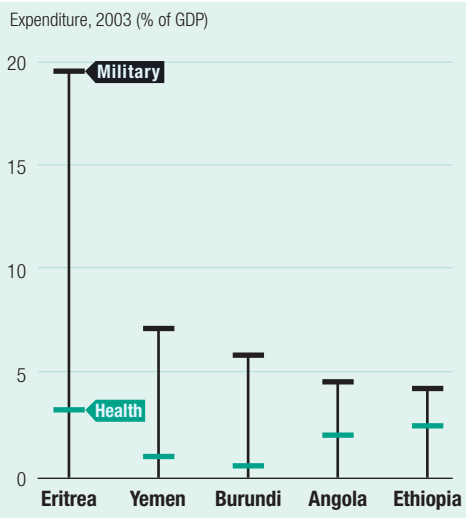
While entire communities suffer from the consequences of violent conflict, women and children are especially vulnerable

Herzegovina 95% of children were immunized before hostilities broke out in the early 1990s. By 1994, at the peak of the fighting, the immunization rate had plunged to less than 35%.[31] Conflict can disrupt the provision of important public goods needed to improve health across society and combat debilitating and deadly diseases. Despite worldwide attempts to eradicate Guinea worm, river blindness and polio, these diseases have taken hold in areas of the most intense conflict in Africa.[32]

Armed conflict has had a role in the spread of the HIV/AIDS pandemic. In 2003 of the 17 countries that had more than 100,000 children orphaned by AIDS, 13 were in conflict or on the brink of an emergency.[33] Several factors can contribute to the spread of HIV during conflict situations, and many of those factors leave women particularly vulnerable: population displacement; breakdown of relationships; use of rape as a weapon; increased sexual coercion in exchange for money, food or protection; collapse of health systems, with a resulting breakdown in access to information and supplies that can help control exposure to HIV; and declining safety of blood transfusions.[34]

Again as with education, armed conflict often results in fewer resources available for healthcare (figure 5.3). In 2002 countries with a low HDI spent an average of 3.7% of GDP on military expenditures and 2.4% on health.[35] In some cases—for example, Burundi and Eritrea—countries allocate a much higher share to military expenditure than to education and health combined.

Figure 5.3 Spending priorities of low human development countries recently experiencing conflict



Source: Indicator table 20.

Displacement, insecurity and crime

Displacement is an almost inevitable corollary of violent conflict. The consequences are often long term. Following the loss of homes and assets, people are left with no means of sustainable livelihoods. Even once well-to-do families cannot support themselves or poorer relatives. For poor households asset loss translates into increased risk of malnutrition and sickness.

Worldwide, an estimated 25 million people are displaced by conflict. Driven out by armed groups or fleeing to escape violence, these people are acutely vulnerable. The camps housing an estimated 1.8 million people in the region of Darfur have become a symbol of the displaced. Driven from their homes by state-backed militia, people face far higher risks of malnutrition and infectious disease than they did before. In Colombia a protracted civil war has led to one of the largest displacements since those caused by the Second World War in Europe. By 2002, 2 million people of a population of 43.5 million were refugees or displaced.[36] Measured relative to the size of the population, some countries have suffered even worse levels of displacement. Three-quarters of a million people were displaced within Guatemala or had fled to Mexico by the mid-1980s, accounting for nearly a tenth of the population.[37] Over 600,000 Chechens—half of the population—are internally displaced after nearly a decade of conflict.[38]

While entire communities suffer from the consequences of violent conflict, women are especially vulnerable. Many of them suffer the brutality of rape, sexual exploitation and abuse, both during and after conflict. In recent years mass rape during war has been documented in Bosnia and Herzegovina, Cambodia, Liberia, Peru, Somalia and Uganda. During the conflict in Sierra Leone more than half the women experienced some type of sexual violence.[39] Many

of these women continue to suffer from serious long-term physical and mental health problems, and some of them face rejection by their families and communities. Violence and acts of terror perpetrated against women are now institutionalized strategies adopted by warring factions—including government forces—in many countries.

Children too are especially vulnerable to the impact of violent conflict. Not only do they bear the brunt of the human cost, but they are also at risk from a special horror: the risk of forced recruitment as soldiers. The Lord's Resistance Army, which operates across a broad swathe of territory in northern Uganda, is accused of having abducted 30,000 children. Worldwide there are about 250,000 child soldiers.[40] Abduction is a central conscription strategy, though factors operating on the supply side also contribute to recruitment. In particular, poverty drives the children of poor households into the ranks of armed groups. In countries such as Sri Lanka rebel groups have recruited youths from the poorest backgrounds by offering them or their families cash or food.

Less visible than the refugees or child soldiers but no less important for human development is the breakdown of trust and traditional forms of mediation that can happen as a result of violent conflict. When these institutions are weakened, crime and insecurity invariably increase. This is especially the case in situations marked by high unemployment or where the state is too weak to preserve civil law and order. Civilians are often victims of looting and persecution by both state forces and insurgents. During 1998–2001 there were more than 100,000 homicides in Colombia—an average of 61 victims per 100,000 people each year. By comparison, there were about 5.7 homicides per 100,000 people per year in the United States in the same period.[41] This high homicide rate in Colombia reduced life expectancy during the 1990s by an estimated 1.5–2 years.[42]

Poor households often bear the brunt of financing the very conflicts that jeopardize their security. Both rebels and state actors fund themselves by looting assets from ordinary people or exploiting natural resources, creating a war economy that feeds the conflict. Those who benefit have a vested interest in opposing peace agreements. Illegal taxation and extortion are often preferred means of raising revenue. In eastern Democratic Republic of the Congo the Democratic Forces for the Liberation of Rwanda (FDLR) impose illegal taxes and systematically pillage local markets. The weekly "war tax" exceeds the income of most local residents. Civilians are also sometimes forced to pay the FDLR a large part of their profit from mining coltan, one of the few income-generating activities in the area.[43] Banditry, livestock looting and the state's inability to provide protection make insecurity a daily reality in conflict-affected regions.

The emergence of black markets and parallel economies that often accompanies violent conflict creates new opportunities for combatants—and new sources of economic dislocation for society. Limited state capacity to regulate natural resources, for instance, along with widespread corruption makes it easier for informal and illicit networks to develop. In Sierra Leone the informal diamond industry was a rich source of revenue for the rebel Revolutionary United Front and their sponsor, former Liberian President Charles Taylor. Thus, crime and insecurity become the manifestations of conflicts that might originally have had political underpinnings.

The emergence of black markets and parallel economies creates new opportunities for combatants—and new sources of economic dislocation

Interlocking insecurity

The human development costs associated with violent conflict make a powerful case for prevention. Once under way, violent conflict can lead to problems that are difficult to resolve—and to human development costs that are cumulative and irreversible. When poor people lose assets, their ability to cover health costs, keep children in school and maintain nutrition is diminished, sometimes with fatal consequences. Lost opportunities for education are transmitted across generations in the form of illiteracy and reduced prospects for escaping poverty.

It is not just human development costs that make prevention an imperative. The institutional costs of violent conflict can have

The collapse of effective authority in many countries has undermined capacity to prevent and resolve conflict

devastating consequences for long-run development. When conflicts end, roads and bridges can be swiftly rebuilt with external support. But the breakdown of institutions, loss of trust and the trauma inflicted on vulnerable people can make renewed conflict more likely. By weakening states, violent conflict can lock entire populations, and the populations of neighbouring states, into cycles of violence. Breaking these cycles is one of the greatest human development challenges facing the international community.

The challenge of conflict-prone states

For much of the twentieth century violent conflict was the product of a breakdown in relations between states. Today, violent conflict is a product primarily of the failure of states to prevent, contain and resolve conflicts between groups. No two conflicts are the same. Yet states that are prone to conflict share some common features.

Violent conflict can break out for many reasons. Attempts have been made to model individual risk factors. In reality, though, what appears to matter are clusters of risks and catalytic events. Some risk factors are rooted in poverty and inequality, though the linkages are not automatic. Others can be traced to institutional failure and undemocratic political structures, occupation or rival claims over territory. External events such as economic shocks, regional conflicts and changes in society that create tensions between political elites can tip societies over into violent conflict.

The collapse of effective authority in some countries has undermined capacity to prevent and resolve conflict. Governments lacking either the means or the will to fulfil their core functions, including territorial control, provision of basic services, management of public resources and protection of the livelihoods of the poorest people, are both a cause and a consequence of violent conflict.[44] As the International Commission on Intervention and State Sovereignty notes: "In security terms, a cohesive and peaceful international system is far more likely to be achieved through the cooperation of effective states...than in an environment of fragile, collapsed, fragmenting or generally chaotic state entities."[45] While ineffective states vary in form, three common characteristics that increase the risk of political tensions and economic pressures spilling over into violent conflict have been well summarized by the Commission on Weak States and US National Security: the security gap, the capacity gap and the legitimacy gap.[46]

- *The security gap.* Security, including human security in its broadest sense, is a basic foundation for sustainable development and effective government. Providing security is one of the state's most basic functions. This implies protection from systematic human rights abuses, physical threats, violence and extreme economic, social and environmental risks. Many conflict-prone states are unwilling or unable to provide security, creating opportunities for non-state actors to fill the security space. During the conflicts in Liberia and Sierra Leone government capacity to provide security was barely evident beyond a few urban centres. In Sudan the government has actively undermined the security of black Africans through its support for Arab militias and direct military acts against the civilian population.
- *The capacity gap.* State authority depends critically on the ability to provide basic services and infrastructure. When governments are unable or unwilling to do this, the resulting deprivation, suffering and exposure to threats of epidemics can build resentment and add to the loss of public confidence. In Liberia, for instance, the health

sector has been essentially organized and paid for by international non-governmental organizations since 1990, not the nominally responsible Ministry of Health. In Sierra Leone only about a quarter of all rural births are registered, betraying the inadequate reach of welfare services. More than 90% of pharmaceuticals distributed by the central state pharmacy do not reach their intended beneficiaries.

- *The legitimacy gap.* Political, social and economic rivalry is part of the development process. Whether these rivalries take violent form depends on the capacity of state institutions to articulate the interests and aspirations of different groups, to arbitrate between them and to mediate conflict. All of this depends on having institutions that are seen as legitimate and accountable, rather than as channels for pursuing private interests. Conflict-prone states tend to have institutions that are dysfunctional, liable to breakdowns in political authority and tending towards violence to advance claims for control over resources, state revenues and state power.

Poverty, insecurity and violent conflict systematically reinforce each other. Not all impoverished countries are conflict prone—and prosperity does not remove the threat of conflict. But interacting with other factors, poverty can exacerbate the tensions created by the security, capacity and legitimacy gaps. The UK Department for International Development (DFID) lists 46 fragile states, which it describes as having governments that are unable or unwilling to perform core functions such as controlling territory, providing security, managing public resources and delivering basic services; 35 of these countries were in conflict in the 1990s.[47] On DFID's estimate these states account for one-third of people living on less than $1 a day. Attempting to establish whether these countries are poor because they are in conflict or in conflict because they are poor is a futile and largely meaningless exercise. What is clear is that poverty is part of the cycle that creates and perpetuates violent conflict—and that violent conflict feeds back to reinforce poverty.

Horizontal inequalities

Horizontal inequalities between groups lead to perceptions that state power advantages one group over another

Just as mass poverty does not lead automatically to violent conflict, so the links between inequality and conflict are complex and varied. High inequality is not an automatic marker for violent conflict. If it were, Latin America would be one of the world's most violent regions. High levels of vertical inequality based on income are associated with social dislocation, including high levels of crime and personal insecurity. Horizontal inequality between regions and groups poses threats of a different order, not least because these inequalities can lead to a perception—justified or unjustified—that state power is being abused to advantage one group over another. In practice, horizontal and vertical inequalities often interact, and the decisive factor may not be the scale of inequality in isolation, but complex political and economic tensions that have been played out over several generations.

The conflict in Nepal illustrates how inequalities across different dimensions can create the conditions for violent conflict.[48] In 1996, the year the current insurgency began, the poverty rate was 72% in the Mid- and Far-Western regions and 4% in the Kathmandu valley. Overlaying these regional disparities are disparities in human development status, with the HDI of upper-caste Nepalese about 50% higher than that of hill ethnic, Tarai ethnic and occupational caste groups. And while indigenous people constituted 36% of the population and *dalits* 15% in 1999, indigenous people held only 8.42% of posts in government agencies and *dalits* held only 0.17%. The insurgency in Nepal has its deepest roots in precisely the western regions where development has lagged behind the rest of the country—and where marginalized groups harbour a deep sense of injustice over the failure of state institutions. More than 8,000 people have died since 1996.

Nepal demonstrates how responses to violent conflict can exacerbate the underlying causes. Faced with a widespread insurgency, the government has responded with a battlefield strategy to counteract the activities of Maoist guerrillas. That strategy has been supported by military aid from some rich countries. The rhetoric of the

Failure to address challenges posed by horizontal inequalities can lead to violent conflict even in stable states

"war on terror" has been used to justify the strong military response. Serious human rights abuses have been reported on all sides, but in some parts of the country there is a perception that state actors are now part of the security problem.

Political strategies for addressing the deep inequalities that have fuelled the insurgency have been less in evidence. Indeed, the political response to conflict appears likely to exacerbate its underlying causes. Citing overarching security imperatives, the royal government has instituted an absolute monarchy, undermining democratic institutions and outlawing mainstream politicians and human rights groups—prompting India and the United Kingdom to suspend aid. Weakening democracy in this context can only undermine the institutions needed to resolve conflict and restore peace. More viable would be a strategy to unite democratic forces to deal with the very real security threats posed by the insurgency and to develop a peace settlement that includes measures to reduce the deep inequalities driving the conflict.

Failure to address challenges posed by horizontal inequality can lead to violent conflict in more stable states as well as fragile ones. Until the late 1990s Côte d'Ivoire was one of the most stable states in West Africa. Government legitimacy suffered when political changes and rising regional inequalities were perceived as disadvantageous to one part of the political elite. The result was an eruption of political violence at the end of the 1990s followed by a tenuous peace in 2003. The lesson: political legitimacy and stability are fragile commodities that are easier to lose than to restore (box 5.4).

Horizontal inequalities do not exist in isolation. They interact with wider political processes that can generate violent conflict. In Bolivia recent outbreaks of political instability and violence have been linked to disputes over policies for managing the wealth generated by mineral exports. These conflicts have been touchstones for deep grievances among indigenous people over the unequal sharing of benefits from development.

In Indonesia the violent conflict in Aceh can be traced partly to the same source. Indigenous groups have mobilized around a programme that claims for them an entitlement to a greater share of the wealth generated by mineral exports, along with resentment at the perceived advantages in employment and education conferred on migrants from Java.[49] In 2000 Aceh was among the richest regions in Indonesia measured in terms of wealth but among the poorest as measured by the level of income poverty. Over the two decades to 2002, a period marked by rising oil wealth, poverty levels more than doubled in Aceh while falling by half in Indonesia as a whole. Rising mineral wealth has created a demand for skilled labour in the oil and gas industry and in government departments, which has been disproportionately met by migrants from Java. By 1990 (around the time the current conflict began) urban unemployment among Acehnese was double the level for migrant Javanese. At the same time, migration policies encouraged the settlement in Aceh of farmers from Java, most of whom had larger plots than the Acehnese farmers. The perceived injustice of these horizontal inequalities manifested itself in anti-Javanese sentiment, to which the separatist movement continues to appeal.

Conflicts linked to high levels of horizontal inequality or political rifts between groups and regions can be addressed. One approach is to restore political confidence through a process of multistakeholder dialogue. This approach starts from the simple principle that conflict can be resolved peacefully—and lastingly—only through trust and dialogue. The multistakeholder model has been widely used in Latin America, with varying success. In Guatemala the Civil Society Assembly played a crucial role in formulating consensus positions during Guatemala's peace process in 1994, with many proposals becoming part of the final peace accords. The assembly built bridges between government and wider society, although the government's failure to honour some of its pledges on land reform has weakened the outcome. Whatever the form, multistakeholder dialogue is unlikely to produce results if government actors fail to respond effectively to the social and economic inequalities that drive conflict. In Bolivia several rounds of dialogue between civil society and successive governments have failed to deliver tangible results—hence the periodic descent into political violence and chaos (box 5.5).

Box 5.4 **Côte d'Ivoire—horizontal inequalities unravel the "African Miracle"**

Ten years ago few people would have considered Côte d'Ivoire a candidate for fragile state status. The country appeared to have institutions and political structures capable of accommodating the interests of different groups and regions. Today, after several bouts of violent conflict, Côte d'Ivoire's political stability remains uncertain. What went wrong?

Côte d'Ivoire has five main ethnolinguistic communities. The Akan (42.1% of the population) and Krou (11%), concentrated in the south and west, are Christian. The Northern Mandé (16.5%) and Voltaic (17.6%) groups live largely in the north and are predominantly Muslim. The fifth group is the Southern Mandé (10%). The country also has a large population of foreign origin who came during the 1940s from the current Burkina Faso to work on coffee and cocoa plantations. Many of these migrants settled permanently in Côte d'Ivoire. In 1998 one-quarter of the population was of foreign origin, though they were born in Côte d'Ivoire.

After independence in 1958 President Felix Houphouet-Boigny instituted a one-party state. But he carefully nurtured a balance among regions and ethnic groups through a system of quotas for government positions. He also enfranchised immigrants and eventually introduced a multiparty system. During the first 20 years after independence Côte d'Ivoire experienced political stability and sustained high growth—a rare achievement in West Africa.

This relative success started to unravel in the 1980s. Falling coffee and cocoa prices increased economic vulnerability, inequalities between the north and the south widened and tensions between locals and economic migrants in the southern regions increased. The 1990s witnessed the rise of Ivorian nationalism. "Foreigners" were no longer allowed to vote, a move that excluded political leaders from the north from contesting elections. The ethnic group of whichever regime was in power came to be increasingly overrepresented in state institutions, including the military.

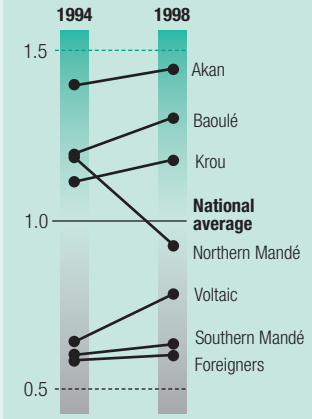
Social and economic inequalities widened, partly through economic pressures and partly as a result of the use of state power to support favoured groups and regions. By the end of the 1990s five of the six regions with the lowest primary school enrolment rates were in northern areas. As measured by the Socio-Economic Prosperity Index,[1] the period 1994–98 saw the southern groups (Akan and Krou) improve their positions relative to the national average, especially the Baoulé tribe, while the Northern Mandé and Voltaic remained far below the national average (see figure). The Northern Mandé's position worsened from 1.19 times the national average in 1994 to 0.93 times the national average in 1998.

The rising inequalities interacted with simmering grievances linked to political exclusion and the perceived use of state power to favour certain groups and regions. A coup in December 1999 led to the establishment of a military-dominated government. While this government agreed to hold new elections, it also introduced constitutional changes that barred those whose nationality was "in doubt" from holding political office. Disagreements over election results in October 2000 led to widespread protests and another change of government. The new government continued to favour southern groups, prompting an uprising in 2001 led by the northern-based Patriotic Movement of Côte d'Ivoire, which extended its control over half the country's territory.

Under strong encouragement from France and the Economic Community of West African States, the rival groups signed a peace agreement in January 2003. But implementation lagged, with deadlock over disarmament of rebels, eligibility criteria for presidential candidates and nationality laws. Political fighting has started up again in recent months, together with growing resentment against French peacekeeping troops. The current president recently announced that the opposition leader could contest elections later in the year, but core issues remain unresolved.

Côte d'Ivoire's descent into state fragility is a product of complex social, economic and political forces. However, the failure of the state to redress rising inequalities based on region and on group membership has been an important contributory factor. So has the failure of the state to ensure that it was perceived as reflecting a fair balance among different groups. The conclusion: horizontal economic and political inequalities can destabilize states.

Ethnic disparities in the 1990s in Côte d'Ivoire



Source: Langer 2005.

1. The Socio-Economic Prosperity Index is based on five indicators (ownership of a refrigerator, ownership of a car, access to piped water, flooring material in the home and access to flush toilets). It shows the position of a group relative to the national average.

Source: Langer 2005.

Natural resource management

In addition to intensifying inequality, natural resource abundance can magnify the capacity gaps that make some states more prone to conflict. Conflict-prone states are often desperately poor, but enormously rich in resources. Susceptibility to violent conflict appears to be a feature of what has been called the "resource curse". Once again, the links between resources

Box 5.5 The benefits and limits of participatory dialogue for preventing conflict

National multistakeholder dialogues are inclusive, participatory exercises intended to build trust among interest groups. With the help of neutral facilitators, national dialogues enable governments to respond to crises or to formulate long-term strategic policies. They are particularly useful when trust in political institutions has eroded or where democratic processes are fragile.

But dialogue cannot resolve conflicts or reduce social tensions where states fail to address deep structural inequalities that cause political breakdown. Bolivia provides living proof of the problem.

In recent years the country experimented with dialogues to frame development strategies. In 1997 a dialogue led to the General Economic and Social Development Plan for 1997–2000, aiming at poverty reduction centred on equity, opportunity, institutionalism and dignity. In 2000 another national dialogue was convened as part of the poverty reduction strategy process. It was run by an independent secretariat, which included many civil society participants. But frustrations increased as the policies emerging from the dialogues were not effectively put into practice. There has been growing disagreement over issues of economic policy: the exploitation of natural gas reserves; the eradication of coca crops in 1998–2001, which cost 59,000 jobs; and opposition to the privatization of public services.

Meanwhile, widespread inequalities persist. The income of the richest 10% of the population is 90 times that of the poorest 10%. Land is unequally distributed—2 million families, mostly indigenous, work 5 million hectares of land, while fewer than 100 families own 25 million hectares. On average Bolivians spend five and a half years in school, but there is a difference of seven years in mean schooling between the richest and poorest 20% of the population. Poverty rates, which had declined to 48.7% in 1999, rose to 61.2% in 2002. Moreover, 88% of indigenous people are poor.

Inequalities and discontent over policy responses resulted in violent demonstrations in 2003 involving peasant unions, worker federations and even middle-class intellectuals, forcing a presidential resignation. With growing protests, and the breakdown in trust they reflect, it becomes harder for governments to respond to demands in a sustained manner.

Source: Barnes 2005; ICG 2004a; Justino, Litchfield and Whitehead 2003; Petras 2004.

and violent conflict are neither automatic nor inevitable. Botswana has converted diamond wealth into high growth and rapid human development, while avoiding group-based conflict over revenue sharing. However, this is the exception rather than the rule across much of the developing world. The combination of weak governance structures and resources that offer the promise of windfall gains to those who control their production and export is a major cause of violent conflict.

In the post–cold war era revenues from natural resources have replaced superpower funding as the fuel of war. Between 1990 and 2002 the world saw at least 17 such conflicts in which natural resource wealth was a primary factor. Diamonds in Angola and Sierra Leone, timber and diamonds in Liberia, gems in Afghanistan, and copper, gold, cobalt and timber in the Democratic Republic of the Congo have all been at the centre of civil conflict, or—in the case of the Democratic Republic of the Congo—incursions supported by neighbouring states (table 5.2). In Cambodia the Khmer Rouge insurgency was financed in large measure by exports of timber.

As discussed in chapter 4, for many countries natural resources have become a curse not a blessing. In the conflict sphere the "resource curse" pathology works through various channels, impeding the development of political institutions and market economies capable of converting natural wealth into human development. Part of the pathology is in the diversion of national wealth. Financial flows that could have been used to support human development have frequently been diverted into funding civil wars, with governments, rebels and assorted warlords seeking control over oil, metals, minerals and timber. Angola is a stark example. The wealth from the second largest oil reserves in Africa and the fourth largest diamond reserves

External problems, imported through porous human security borders, are re-exported as new security problems for other states

Table 5.2 Natural resources have helped fuel conflicts in many countries

Country	Duration of conflict	Resources
Afghanistan	1978–2001	Gems, opium
Angola	1975–2002	Oil, diamonds
Angola, Cabinda	1975–	Oil
Cambodia	1978–97	Timber, gems
Colombia	1984–	Oil, gold, coca
Congo	1997	Oil
Congo, Dem. Rep. of the	1996–97, 1998–2002	Copper, coltan, diamonds, gold, cobalt
Indonesia, Aceh	1975–	Natural gas
Indonesia, West Papua	1969–	Copper, gold
Liberia	1989–96	Timber, diamonds, iron, palm oil, cocoa, coffee, marijuana, rubber, gold
Morocco	1975–	Phosphates, oil
Myanmar	1949–	Timber, tin, gems, opium
Papua New Guinea	1988–98	Copper, gold
Peru	1980–95	Coca
Sierra Leone	1991–2000	Diamonds
Sudan	1983–2005	Oil

Source: Adapted from Bannon and Collier 2003.

in the world was used to fuel a civil war that killed or maimed 1 million people between 1975 and 2002 and left another 4 million internally displaced. Today, Angola ranks 160 of 177 countries on the HDI, with a life expectancy of about 40 years.

Windfalls of natural resources revenue can weaken the state at various levels. Two perverse incentives exacerbating bad governance stand out. First, the availability of large revenue streams can weaken the incentive for governments to develop stable revenue systems through national tax structures. A state that becomes less dependent on tax revenues will become less accountable to its citizens.[50] Second, natural resource rents offer immensely high returns to corruption for the state—and the individuals and groups that control it. Weak governance structures provide extensive opportunity for "off-budget" activity, and large revenue flows give individuals with power an interest in ensuring that these opportunities remain intact. There is no official figure for oil revenue in Equatorial Guinea, but the World Bank estimate of $710 million points to a large mismatch between reported and actual income. Such practices weaken the conditions of accountability and transparency central to the development of legitimate state authority.

Beyond borders

Not all conflict is the product of state failure. External factors are equally important in many cases. External problems are imported through porous human security borders, and they are re-exported as new security problems for other states.

These external factors take various forms. The unravelling of the Afghan state was actively supported through a Soviet invasion and the recruitment by external powers of mujahideen fighters to end the Soviet occupation. The subsequent civil war among resistance groups devastated the country and enabled the most ruthless elements to emerge victorious. The Taliban government, which was to take Afghanistan into a human development free fall, took advantage of the internal chaos abetted by external influence. In Somalia a process of militarization sponsored first by the Soviet Union and then by the United States led to a war with Ethiopia and to a brutal civil war between rival warlords controlling an estimated 500,000 weapons.

Whatever the balance between internal and external factors in causing conflict, the consequences are invariably regionalized and internationalized. Ethnic cleansing in the Balkans created flows of refugees into Western Europe,

For violent conflict, as in public health, the first rule of success: prevention is better than cure

and violence in Darfur creates refugees in Chad. Once started, conflicts can spill over into neighbouring states, undermining security and creating cross-border cycles of violence. The West African regional war that began in Liberia in 1989, migrated to Sierra Leone, returned to Liberia (where it undermined a disarmament process in 1997) and then moved into Guinea. In September 2002 combatants from Liberia and Sierra Leone were involved in the fighting that erupted in Côte d'Ivoire.

One feature of globalization is the narrowing of the economic space between countries. When states collapse, security threats can cross this narrow space with impunity. The creation of terrorist networks out of the very groups that had been supported by the West to oust Soviet forces provides a striking example of the boomerang effect of the Afghan proxy war.

Conflict-prone states pose an immense threat not just to their own citizens, but to the international community. They are a natural locus for warlords, criminal networks and extremist groups seeking to exploit a vacuum of governance. From Afghanistan to West Africa and beyond, state breakdown opens the door to the creation of havens for groups posing security threats to local people and to the incubation of cross-border threats linked to flows of refugees, arms trafficking, drug economies and disease. Fragile states matter beyond their borders partly because they lack the capacity to effectively control their territories, which can become safe havens for terrorists and criminal organizations.

The international response

In 1945 US Secretary of State Edward R. Stettinius reported to his government on the San Francisco conference that established the United Nations. He identified the two fundamental components of human security and their connections: "The battle of peace has to be fought on two fronts. The first front is the security front, where victory spells freedom from fear. The second is the economic and social front, where victory means freedom from want. Only victory on both fronts can assure the world of an enduring peace."[51]

Sixty years on, those words retain a powerful resonance for the collective security challenges of the early twenty-first century. Victory on both human security fronts remains a condition for success, yet the rate of advance is uneven. Progress on the economic and social front has been limited, obstructing progress on the security front. Improving living standards, extending opportunities for health and education and building the institutions needed to deliver real democracy should be seen as the first line of defence. Overcoming poverty will not only save millions of lives, but it will also make the social and economic tensions that create conflict more amenable to resolution. For violent conflict, as in public health, the first rule of success is this: prevention is better than cure. And development is the most effective strategy for prevention.

The international environment for developing an effective collective security response is marked by threats and opportunities. New peace settlements, fragile as some may be, demonstrate the potential human development benefits of resolving violent conflict: five years ago few people would have predicted that Afghanistan, Liberia or Sierra Leone would be in a position to launch a human development recovery. Industrial country governments are increasingly aware of the importance of building conflict prevention measures into their development assistance programmes. At the same time the military response to security threats is overdeveloped in relation to the broader human security response. The MDGs have given a renewed focus to global poverty reduction efforts. But as earlier chapters

in this Report have argued, agreement on the MDGs has yet to induce the sustained financial and political commitment needed to translate targets into practical outcomes.

How developed countries perceive security will have an important bearing on the effectiveness of the two-fronts strategy. Security in the developed world has increasingly come to mean military security against the threat posed by "terror". Wider objectives have been subordinated to this goal. The threat posed by terrorism is real enough, for poor countries as well as rich. There is, however, a danger that the war on terrorism will distort priorities and give rise to strategies that are either ineffective or counterproductive. For example, the war on terrorism cannot justify brutal violation of human rights and civil liberties and militarized responses to development problems. Yet a number of governments have cited the overwhelming imperatives of that war to strike out against groups conveniently labelled "terrorist". These transgressions threaten to weaken the norms and institutions needed to secure peace. From the perspective of a broader conception of human security, there is a danger that the war on terrorism could sideline the struggle against poverty, health epidemics and other challenges, drawing scarce financial resources away from the causes of insecurity. There remains a very real threat that already limited development assistance budgets could be re-allocated to reflect the perceived imperative of military and foreign policy goals.

Human security can be fully developed only with leadership in developing countries themselves—it is not a commodity that can be imported. Yet human security is one of the key elements of the new partnership for development between rich and poor countries. Developed countries have a central role to play in removing the barrier to human development created by violent conflict—and they have a strong rationale for action rooted in moral imperative and self-interest.

Improving aid

As shown in chapter 3 international aid is one of the main resources available to accelerate the advance on the second front identified by Secretary of State Stettinius: the war against want. But well designed aid can also help address some of the challenges faced by conflict-prone states.

Recognizing that development processes intended to improve human well-being can unintentionally generate conflict is the first step towards conflict prevention. When aid is delivered into conflict-prone environments it can exacerbate tensions between groups—as happened in Rwanda. Development assistance benefiting a small part of the population to the exclusion of the majority contributed to inequality, fuelling resentment and contributing to structural violence.[52] Had donors been more aware of the consequences of their actions and more willing to engage in conflict prevention, it is possible that they could have pre-empted the resulting genocide.

New approaches to aid under the rubric "conflict-sensitive development" now engage donors directly in evaluating the potential impact of development assistance on different groups. Between 1998 and 2000 violence erupted in the Solomon Islands when indigenous groups in Guadalcanal launched violent attacks on communities from a neighbouring island who had settled in the capital city, Honiara. The conflict was defined largely in ethnic terms. A peace settlement was concluded in 2000, but militant groups refused to disarm. In 2003 the United Nations Development Programme (UNDP) and other donors worked with the National Peace Council and the government's Department of National Unity, Reconciliation and Peace to explore, through a wide ranging, multistakeholder consultation process, the grievances and frustrations that led to the violence. The consultation process itself challenged the prevailing idea that the conflict was fundamentally about ethnic identification. Participants identified several major flashpoints, especially tensions over land rights, the roles of traditional and non-traditional authority structures, access to government services, lack of economic opportunities and a breakdown of law enforcement mechanisms. The consultation process thus challenged the widely held and potentially dangerous belief that the conflict was

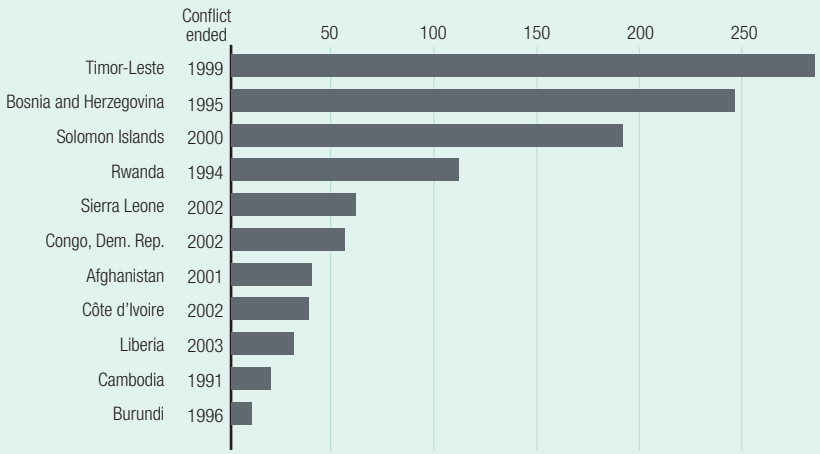
New approaches to aid for "conflict-sensitive development" evaluate the impact of assistance on different groups

If the threat of reversion to conflict in fragile states is to be averted, then aid is an investment in creating the conditions for sustained peace

fundamentally about ethnic identity. It also exposed the fact that, in some cases, donor actions to support government services taken without prior consultations had inadvertently exacerbated tensions.[53]

External financing can fill some of the capability gaps that make states prone to conflict. To the extent that this financing prevents conflict, it can be expected to generate very high returns for growth and human development. Yet aid to fragile states appears to be disproportionately low, especially when discounting flows to Afghanistan and Iraq. With a few notable exceptions fragile states do not attract large aid flows. The issue is not purely one of poor governance. Cross-country research by the World Bank using a poverty- and performance-based allocation model suggests that aid to fragile states could be increased by as much as 40% based on the quality of their institutions. An additional problem, highlighted in chapter 3, is that aid to fragile states is twice as volatile as aid to other countries. For governments with a weak revenue base, this is likely to be highly destabilizing and to erode already weak capacity. Of course, there are immense challenges facing donors wanting to disburse aid in post-conflict environments. But it is important that allocation decisions be made on the basis of carefully considered and transparent judgements.

Figure 5.4 Aid for post-conflict reconstruction—politics over need



Note: Data refer to three-year averages beginning the year conflict ended, except for Democratic Republic of the Congo, Côte d'Ivoire and Sierra Leone, for which data refer to two-year averages, and Liberia, for which data refer to a single year.

Source: Calculated on the basis of data on ODA from OECD/DAC 2005f and data on population from UN 2005d.

International aid is critically important in the reconstruction period. The objective of post-conflict reconstruction is to avoid returning to pre-crisis conditions and to build the foundations for lasting peace. If the threat of reversion to conflict in fragile states is to be averted, then aid is an investment in creating the conditions for sustained peace. Using allocation as a basis for assessment, there is little evidence that aid flows reflect a coherent response to reconstruction financing needs. Per capita spending in the two-year period after conclusion of a peace settlement ranges from $245 in Bosnia and Herzegovina to $40 in Afghanistan and $31 in Liberia (figure 5.4).

Differences in policy performance and absorptive capacity doubtless explain some of the discrepancy—and there is no set formula for squaring need with financing. Even so, there appears to be little internal consistency in a resource allocation pattern that leaves countries such as Burundi, the Democratic Republic of the Congo and Liberia near the bottom. The World Bank has acknowledged this problem in the use of International Development Association (IDA) funds—one of the major international sources for post-conflict reconstruction. Post-conflict reconstruction financing through IDA amounted to $45 per capita in Bosnia and Herzegovina between 1996 and 1999 but to less than $5 per capita in Rwanda in the three-year period after the genocide.[54] These discrepancies point to the need for far greater transparency in donor decisions on post-conflict reconstruction financing.

Aid sequencing presents another problem. In the typical post-conflict aid cycle aid peaks in the early years after conflict and then falls sharply. This is the opposite of what is needed. Capacity to absorb aid is most limited in the immediate post-conflict period, as new institutions are put in place, leading to large gaps between donor commitments and disbursements. Research suggests that the optimal period for absorbing increased aid is about six years after a peace settlement, by which time donor interest has moved on. The cycle just described helps to explain the findings of World Bank research indicating that in post-conflict states

aid absorptive capacity is nearly double that in other countries at similar levels of poverty.[55]

After conflict, states are especially susceptible to some of the general problems of aid described in chapter 3. An immediate priority in any post-conflict state is to develop institutional capacity and accountability to local populations. When donors choose to work "off-budget", through projects, and to create parallel structures for reporting, auditing and procuring goods, they undermine development of the institutional structures on which future peace and security depend. The danger is that poor judgement by donors will compound the very problem that donors want to address: the weakening of state structures and local capacity. The failure of coordination and coherence is particularly striking in Bosnia and Herzegovina. The country has received more aid per capita than Europe did under the Marshall Plan. Yet more than six years after the peace agreements were signed it was still in financial crisis.[56] At a far more limited level of institutional development, Afghanistan has also faced serious problems.

Managing natural resources and tackling small arms

Developed countries could be far more active in addressing two problems that generate and sustain violent conflict: the mismanagement of natural resource exports and inadequate management of small arms imports.

Breaking the resource curse

National governments must shoulder the main responsibility for effective governance of natural resources. But the international community can help to sever the links between natural resources and violent conflict. Cutting off markets can stem the flow of finances into areas in conflict and reduce the incentives to control natural

Special contribution **Challenges for post-conflict reconstruction: lessons from Afghanistan**

The form and function of the state have usually been at the centre of conflict. The critical challenge in the wake of the political processes ending overt conflict is to adopt policies, procedures and interventions that would make peace sustainable, lead to an environment of mutual trust and solidarity and build the state as the organized power of society.

More specifically, several issues must receive critical attention:

- *Build consensus on a strategy.* In the immediate post-conflict environment a range of domestic and international actors enters the scene. Each has different perceptions, different capabilities and a different set of priorities, reflecting different mandates, resources and interests. If each of these actors pursues an autonomous strategy, the result will be a waste of resources, growing distrust and possible renewal of conflict. It is therefore imperative for the government and donors to reach agreement on priorities within the framework of a coherent strategy, agree on a division of labour and strive to create modalities of coordination and cooperation.
- *Restore and expand trust in the state.* For trust in the state to be restored, the focus must be on revitalization and reform of processes of governance, with particular attention to security, administration, rule of law and basic services. Creation of parallel institutions to the state, whether through UN or bilateral agencies, can undermine this necessary focus on the state.
- *Ensure adequate public finances.* Restoration of the functions of the state requires that the state have resources at its disposal. Aid flows are a significant part of these resources in the initial phase, but domestic revenue mobilization through activities that can yield major resources should be at the forefront of attention. Trust in the state requires making the budget the central instrument of policy and the arena for determining priorities and building consensus on the use of resources to meet national priorities. The aid system must try to help the government rapidly acquire the capacity for a medium-term expenditure framework and create mechanisms of accountability, including in procurement, financial management and auditing, that would result in donor and citizen confidence.
- *Use the regulatory function of the state to protect residents and build trust.* In addition to the other obvious tasks, stakeholders must pay attention to the regulatory functions of the state. Award of licences and regulation of the activities of the private sector (to protect citizens against such harms as leaded fuel or expired medicine) can be critical to trust. National programs directed in particular towards the urban and rural poor are an instrument for creating a sense of citizenship and using resources effectively.

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Greater transparency could be encouraged if governments made corruption by transnational companies overseas a crime at home

resources. Certification can be used to restrict consumer access to illegal products by informing potential buyers and customs authorities of the legal standing of commodities. In early 2000 southern African governments led efforts to prevent the export of "conflict" diamonds from Angola, Liberia and Sierra Leone. The outcome was the Kimberley process—a scheme under which importing and transit countries agree not to take rough diamonds whose legal status is not confirmed by an official certificate.

It is still too early to draw conclusions about the effectiveness of the process, but indications are that it has had some success: it now covers 42 countries and almost all global production of rough diamonds.[57] The European Union has begun to develop an analogous process to exclude imports of illegal timber products under its Forest Law Enforcement Governance and Trade programme. However, widespread illegal export of timber continues to cause large losses of government revenue, to generate extensive environmental damage and to undermine efforts to control corruption. It is estimated that illegal trade in timber amounts to 10% of the $150 billion annual trade in timber.

Improved transparency is another priority. The Group of Eight (G-8) countries has attached a high priority to improved disclosure and accountability in the minerals sector. An example is the multistakeholder Extractive Industries Transparency Initiative, which calls on oil and gas companies to disclose all payments and calls on governments to disclose all receipts. The initiative is voluntary, however, and lacks clear implementation guidelines. Moreover, progress has been limited by perverse market incentives: any company offering greater transparency runs the risk of losing out to rivals that do not encumber governments with public accountability obligations.

Corporate practices can add to the problems of natural resource management. Inadequate transparency can reinforce corruption and weak governance. The counterpart to off-budget activity by governments is off-the-book payments by companies to key individuals who are seen as gatekeepers to natural resource rights. In Angola more than 30 multinational oil companies have paid the government for rights to exploit oil, without disclosing either to Angolans or to their shareholders how much they paid or to whom. In the Caspian region oil exploitation rights are governed by multinational partnership agreements between governments and foreign investors. Negotiated in secret, these agreements have given rise to some of the largest foreign corruption investigations in US legal history. Lack of transparency weakens government accountability and can exacerbate the underlying distrust that fuels conflict.

The UK-sponsored Commission for Africa has proposed building on the Extractive Industries Transparency Initiative approach and adding some legal teeth. Under most current legal frameworks it is difficult to prosecute a transnational company headquartered in one country for corrupt practices in another country. The framework proposed by the commission would close this loophole. It would allow governments in the countries in which transnational companies are located to take legal action against corrupt practices overseas. And it would allow developing countries easier access to legal processes for recovering stolen assets. Greater transparency could be encouraged if other industrial economies followed the US lead and strengthened laws to make corruption by transnational companies overseas a crime at home. The argument that such measures run contrary to the principle of open markets for investment is misplaced: such measures would be no different from financial data disclosure requirements imposed on all publicly listed companies in western economies. Moreover, they would be consistent with the UN Convention against Corruption and Organisation for Economic Co-operation and Development Guidelines on Multinational Enterprises.

Controlling small arms

More effective action by the international community to control the spread of weapons is a key requirement for human security. The availability of weapons may not cause conflict. But it makes conflict more likely—and it increases the likelihood that conflicts will take more violent forms.

The weapons of choice in today's conflicts are small arms. They kill 500,000 people a year on average, or one person per minute.[58] Anti-personnel mines kill another 25,000 people a year.[59] In conflict-prone areas small arms are used by warring factions to terrorize, kill and displace vulnerable populations. The dispersal of guns to private armies and militias feeds a cycle of violence. Meanwhile, societies emerging from years of conflict face the threat of continuing violence as the availability of small arms facilitates political and criminal violence.

There are no fully reliable estimates for the number of small arms in circulation. One authoritative source puts the figure at 639 million.[60] Global production of small arms runs at 7–8 million pieces a year, some 1 million of them military-style weapons. The United States, Russia and China dominate production, but there are at least 27 other significant sources of supply. Worldwide, at least 1,249 companies in 92 countries are involved. The small arms economy is an integral part of the collective security threat posed by fragile states. In Afghanistan anti-Soviet mujahideen groups paid for guns with revenue from opium. In Cambodia, Liberia and Sierra Leone revenues from diamonds and timber financed the small arms trade.

In the past decade some governments have moved towards greater transparency in monitoring the small arms trade. Governments in importing countries in Sub-Saharan Africa have been prominently involved. The Moratorium on the Import, Export and Manufacture of Small Arms and Light Weapons in West Africa of 1998, established by the Economic Community of West African States (ECOWAS), was the world's first regional moratorium on small arms. It banned imports of new weapons without approval from other member states. In 2004, 11 African governments in the Great Lakes and Horn of Africa regions—two of the highest conflict areas—signed the Protocol for the Prevention, Control and Reduction of Small Arms and Light Weapons.

Exporting countries have also stepped up cooperation. The European Union's Code of Conduct on Arms Exports prohibits the sale of weapons that could be used for internal repression or external aggression. European countries have also expanded their data sharing activities through the Organization for Security and Co-operation in Europe (OSCE). In 2001 UN Member States negotiated a binding protocol prohibiting the illegal manufacture of and trafficking in firearms to supplement the UN Convention against Transnational Organized Crime. The Wassenaar Arrangement Best Practice Guidelines for Exports of Small Arms and Light Weapons (2002), accepted by 33 states—the majority of global arms manufacturers and exporters—requires that arms transfers be conducted in a manner that minimizes the diversion of human and economic resources.

These are important initiatives. They reflect a growing awareness of the scale of the problem. But current arrangements suffer from a number of shortcomings. They are not legally binding, and they focus solely on illicit arms rather than on state-authorized transfers. Because of multiple suppliers, states have access to weapons from sources with less than scrupulous reporting requirements—a large loophole. Another problem is that regional agreements are not always mutually consistent or effectively coordinated. Major exporters have tightened export practices: it is now more difficult for governments to authorize arms transfers to regimes that do not respect basic human rights. Even here, though, a recipient government's willingness to sign up for the "war on terror" can often override scrutiny of its human rights record.

Since most small arms enter the market legally, supply-side regulations can be very effective. Two powerful barriers have obstructed efforts to stem the flow of small arms at source: diversity of supply, as mentioned, and lack of political will. Considering the threat posed by terrorism, it might be thought that industrial countries would be leading efforts to regulate trade in small arms. Yet this lethal trade remains weakly regulated at best, with devastating consequences for human development. Needed is a comprehensive international arms trade treaty that establishes legally binding agreements on territorial and extraterritorial arms brokering and common standards on enforcement. The 2006

A comprehensive international arms trade treaty should regulate arms brokering and establish common standards of enforcement

Regional bodies in Africa lack the resources, logistics and human capacity to act on ambitious mandates

Small Arms Review Conference at the United Nations provides a critical opportunity to agree on an arms trade treaty to regulate transfers to states and to stop illicit transfers of weapons.

Building regional capacity

Civil wars affect neighbouring countries whether by spilling over directly or by blocking access to trade routes and creating unfavourable conditions for foreign and domestic investment. That gives neighbouring countries an immediate interest in minimizing this impact. The problem is that the poorest countries facing the gravest regional security challenges lack the financial and institutional capacity to mount an effective response. Building that capacity is a vital part of building a more secure world.

Regional organizations can play an important role in addressing security challenges. This is as true for Europe as for Sub-Saharan Africa. The European Union, the OSCE and the North Atlantic Treaty Organization have all made security interventions in recent years. Regional bodies are well placed to monitor peace agreements and produce early warnings of a crisis. Early warning mechanisms developed in Africa, such as the Conflict Early Warning and Response Mechanism of the Intergovernmental Authority on Development, have enabled regional organizations to monitor developments at close quarters. Regional institutions can also mediate among parties to a conflict: the African-led mediation in the Great Lakes in 2004 and in Sudan in 2005 are examples.

When conflicts break out, regional bodies have the strongest vested interest in responding decisively to contain them. In Darfur the African Union sought a strong mandate to send in forces to protect civilians and to monitor a widely ignored ceasefire. This would have been the most effective international response. Yet by August 2004, when the killings were still at a very high level, there were fewer than 300 soldiers in place to guard an estimated 1.5 million Darfuris driven from their homes by government-backed militias. By mid-2005 the African Union forces had increased to 3,000 troops—this to monitor a region the size of France. While donors have increased their pledges to the African Union's peacekeeping force, pledges still fall far short of requests.[61] Despite these constraints the African Union is considering sending in troops to disarm hardline Rwandan rebel groups in eastern Democratic Republic of the Congo. It is also considering sending forces to Somalia. Success in such operations will require a far higher level of coordinated support from the international community.

The Darfur case points to a wider problem. African governments are recognizing their responsibility to address regional peace and security concerns. Humanitarian intervention has increased. In West Africa ECOWAS has intervened in Liberia (1990), Sierra Leone (1991–99) and Guinea-Bissau (1998–99), albeit with varying success. African governments have recognized that the creation of effective regional security forces is essential for maintaining the territorial integrity of their states and for helping fragile neighbouring states prevent conflict. In 2000 the Constitutive Act of the African Union gave it the right to intervene under circumstances of "war crimes, genocide and crimes against humanity".[62] Subsequently, a Peace and Security Council was established and called for the creation of an African standby force.

The problem is that regional bodies in Africa lack the resources, logistics and human capacity to act on such ambitious mandates. In the early 1990s the Organization for African Unity identified anticipating and preventing conflict as well as peacemaking and peacebuilding as important objectives. A Peace Fund set up for this purpose was able to mobilize only $1 million a year during 1996–2001, with many member states failing to meet their financial obligations.[63] In the ECOWAS intervention in Liberia, Nigeria ended up covering 90% of the costs of operations, which ran to more than $1.2 billion. Canada, the European Union, Japan, the United Kingdom and the United States also contributed, but not enough.[64] In the absence of adequate financial and logistical support, Tanzania and Uganda withdrew from the Liberia mission in 1995.

Efforts have been made to improve intervention capacities. In 1996 the United States launched the African Crisis Response Initiative

to train African soldiers. By 2004 more than 10,000 troops had been trained. In February 2004 the European Union pledged $300 million for creating five regional, multinational standby brigades.[65] These are a start, but still far short of an effective intervention force for responding rapidly to the region's conflicts.

Establishing the African standby force proposed by the African Union will require continuing support for planning and logistics if the proposed capacity of 15,000 troops is to be in place by the target date of 2010. Investment in the development of the African standby force would be a powerful contribution to human development and collective security. Were such a body in place today, the human toll of the conflict in Sudan might be far less. In April 2004 the African Union, along with the European Union and the United States, mediated a ceasefire agreement between the Sudanese government and rebels in Darfur. But its mission to oversee the ceasefire is constrained by a lack of financial support from developed countries.[66]

While prospects are promising, relying on regional responses has drawbacks. One obvious risk is that regional interventions may be compromised by states with a strategic interest in a particular outcome. Rivalries in the Great Lakes region limit the scope for involving forces from states in the region, for example. Regional peacekeeping bodies also face some of the same constraints that reduce the effectiveness of UN peacekeeping missions. In the case of Darfur the government of Sudan was willing to accept an African Union peacekeeping force in part because it had a mandate to observe rather than to protect civilians.

Challenges for reconstruction

Peace settlements are moments of great opportunity—and great vulnerability. Most fragile states are trapped in cycles of temporary peace and resumed conflict: half of all countries emerging from conflict relapse into violence within five years. Breaking the cycle requires decisive action to seize the opportunities that peace creates by providing security, rebuilding institutions and supporting social and economic recovery.

Security is an immediate priority. In Sierra Leone the United Kingdom has committed to providing a 15- to 25-year "over the horizon" security guarantee, helping to create the conditions for the development of national institutions. Support from donors is financing a programme to integrate former combatants into a national security force and to provide retraining. By contrast, the peace settlement in neighbouring Liberia remains tenuous. Disarmament has been less complete. And parts of the country remain insecure. The challenge for Sierra Leone is to move beyond security to the next phase of reconstruction through a long-term national strategy for economic recovery and the development of accountable institutions. The challenge for Liberia is to create the security conditions for reconstruction.

Creating an effective umbrella for the development of human security is the first step on the road to reconstruction. That step requires a financial commitment—but it is a commitment with a high return in lives saved and economic gains. One estimate puts the cost of UK military intervention in Sierra Leone at $397 million a year for 10 years, with an estimated return of $33 billion, or more than 8 times the investment. Beyond immediate security, restoring or rebuilding institutions capable of overseeing long-term peace and development poses great challenges.

The United Nations has taken on an increasingly important role in building or strengthening institutions of the state—taking charge of organizing elections and providing police personnel (table 5.3). While transitional administrations led by the United Nations—as in Bosnia and Herzegovina—are still the exception rather than the rule, the reconstruction challenge is the same: building effective states that provide basic services and creating secure conditions for development.

Much has been learned since 1990 about the conditions under which reconstruction fails to provide a framework for recovery. Post-conflict peace-building is a complex task, requiring sustained engagement. To be successful it must both address the underlying causes of conflict and develop institutions perceived as legitimate

Post-conflict peace-building is a complex task, requiring sustained engagement

Table **5.3** **Post-conflict peace-building operations exercising governmental powers**

Territory	Mission	Date	Primary responsibility for police?	Primary responsibility for referendum?	Primary responsibility for elections?	Executive power?	Legislative power?	Judicial power?	Treaty power?
Congo	United Nations Operation in the Congo	1960–64	De facto in limited areas			De facto in limited areas			
West Papua	United Nations Temporary Executive Authority	1962–63	Yes		Regional elections only	Yes	Limited		
Namibia	United Nations Transition Assistance Group	1989–90			Yes				De facto (Council for Namibia)
Western Sahara	United Nations Mission for the Referendum in Western Sahara	1991–		Yes					
Cambodia	United Nations Transitional Authority in Cambodia	1992–93	Yes		Yes	As necessary			
Somalia	United Nations Operation in Somalia II	1993–95					Disputed		
Bosnia and Herzegovina	Office of the High Representative (before Bonn powers) [a]	1995–97			Yes (Organization for Security and Co-operation in Europe)				
Bosnia and Herzegovina	Office of the High Representative (after Bonn powers) [a]	1997–			Yes (Organization for Security and Co-operation in Europe)	De facto			
Bosnia and Herzegovina	United Nations Mission in Bosnia Herzegovina	1995–2002	De facto						
Eastern Slavonia (Croatia)	United Nations Transitional Authority in Eastern Slavonia, Baranja and Western Sirmium	1996–98	Yes		Yes	Yes			
East Timor	United Nations Mission in East Timor	1999		Yes					
Sierra Leone	United Nations Mission in Sierra Leone	1999–	De facto					Limited (Special Court)	
Kosovo (Federal Republic of Yugoslavia/Serbia and Montenegro)	United Nations Mission in Kosovo	1999–	Yes		Yes (Organization for Security and Co-operation in Europe)	Yes	Yes	Yes	
East Timor	United Nations Transitional Administration in East Timor	1999–2002	Yes		Yes	Yes	Yes	Yes	De facto
Afghanistan	United Nations Assistance Mission in Afghanistan	2002–							
Iraq	Coalition Provisional Authority [a]	2003–04	As occupying power		Unclear	As occupying power	Limited	Limited	

a. Not a UN operation.
Source: Chesterman 2005.

by all sides. There are no blueprints. However, experience highlights an underlying cause of failure: a lack of strategic and institutional clarity allied to the inability or unwillingness of the international community to make long-term commitments to state-building.[67]

International interventions require strategic clarity of objectives. In East Timor the recognized objective was independence. By contrast, Kosovo's final status remains harder to determine. The mandate never specified whether Kosovo would become independent or remain an autonomous province within Serbia and Montenegro. The result: confusion over the roles of each party in the reconstruction: Kosovars, Serbian and Montenegrins and international institutions. The 2000 Report of the Panel on UN Peace Operations stated bluntly that missions with uncertain mandates and inadequate resources should not be created at all.[68]

Problems of institutional coordination and policy coherence are magnified in post-conflict situations. Coordination problems arise when different agencies pursue similar goals. Coherence problems arise when different agencies pursue different goals, from security to humanitarian assistance to development. At an operational level policy ambiguity undermines chains of authority and command. For international actors coordination problems arise between the civilian administration (run by the United Nations or the national government) and military personnel with independent command (for example, the Kosovo Force and the International Security Assistance Force in Afghanistan). Since the United Nations cannot wage war, the way to achieve a single chain of command is to bring the political process in line with development assistance. In the 1990s this was called "peacebuilding", but no additional institutional capacity was created for designing policy or providing operational oversight.

The challenge for post-conflict reconstruction can be addressed by focusing on two core objectives: ensuring physical security for civilians and providing adequate finance for both rapid response and long-term commitments.

Any international or regional intervention must ensure the safety and security of civilians. This requires providing peacekeepers with the political and material support needed to protect threatened populations. An Independent Inquiry on Rwanda concluded that whether a peacekeeping operation has a mandate to protect civilians or not, its very presence creates the expectation that it will do so. Protecting civilians also demands that funding to maintain law and order and improve the democratic governance of security forces be a priority.[69]

Financial commitments are critical for meeting the challenges of violent conflict, both before violence becomes generalized and after peace agreements have been signed. Timely financial support can help the authorities provide services that people value, diminishing incentives for conflict. The problem is that financing for reconstruction is fragmented. Peace settlements are typically followed by surges of humanitarian aid, which soon dry up, leaving large gaps in state capacity to meet basic needs.

Post-conflict reconstruction has two core objectives: ensuring physical security and providing adequate finance with long-term commitments

Transitions from war to peace and from peace to security

High levels of foreign aid are no guarantee of a smooth transition to reconstruction, economic recovery and greater self-reliance. While some post-conflict countries receive exceptionally high levels of per capita aid, many are unable to convert the peace dividend into an exit from aid dependence. One recurrent theme appears to be the weakness of the private sector response to peace.

Bosnia and Herzegovina is an extreme case of protracted aid dependence and limited

Slow aid disbursement can retard private sector recovery

progress towards economic recovery. In the two years after the 1995 Dayton Accord aid per capita reached $245, and today it is $138, still among the highest in the world. The huge surge in aid has generated growth, but private sector investment has not taken off. This matters not just because of the high levels of unemployment, but also because of the critical role of the private sector in taking over functions financed by aid.

The case of Nicaragua provides another illustration of the problem. During the 1980s civil war led to the large-scale destruction of economic and social infrastructure. When the peace accord was signed in 1990, inflation was above 13,000%, the fiscal deficit was at 20% of GDP and military expenditure represented 40% of the national budget. Within a year inflation was under control and military expenditure was cut by half. Yet the 1990s saw a limited economic recovery, with per capita incomes rising at less than 1% a year. Like Bosnia and Herzegovina, Nicaragua remains critically dependent on development assistance, with per capita aid currently running at $152.

Economic stagnation amid high per capita aid is a reflection of the weak response of the private sector. But why is it that, in stark contrast to post-war Europe, large inflows of aid sometimes fail to stimulate the recovery of commercial markets?

Part of the problem appears to be that violence leaves a legacy of disarticulated commercial networks, loss of trust and weakened market institutions. The chronic uncertainty that prevails during conflict situations can spill over into the peace period, leading to suboptimal patterns of investment. For example, fears of future insecurity can generate a preference for short-term investments with high returns, rather than for the longer term investments on which sustained recovery and employment generation depend. Prospects for broad-based recovery suffer as a result. So too does the recovery of the tax base—an essential requirement for reducing aid dependence and financing basic service provision.[70]

Other barriers to private sector recovery can also emerge. In Nicaragua the poor performance of the private sector can be traced in part to uncertainty about the stability of the government—and hence about the future direction of policies on interest rates, public spending and inflation. Moreover, in a post-conflict environment bad policies and weak institutions can magnify the effects of low trust. In Bosnia and Herzegovina the poor business environment is reflected in a range of indicators. For example, the cost of registering a business amounts to 52% of average income, compared with 38% for low- and middle-income countries. Similarly, it takes on average 630 days to enforce a contract—twice the average for Sub-Saharan Africa. The formal banking sector also accounts for a proportionately far lower share of domestic credit than the average for low-income countries. Each of these facts reflects a combination of low trust, weak institutions, flawed policies and fears of future insecurity.

Slow aid disbursement can also retard private sector recovery. Countries moving from conflict to recovery face a daunting array of challenges. The reconstruction agenda includes building peace, securing political stability, recreating basic functions of state administration, resettling refugees and rebuilding social and economic infrastructure. Large aid inflows bring with them a wide range of actors, including multilateral donors, bilateral donors and non-governmental organizations. Meanwhile, weak state structures and a lack of coordination represent an obstacle to effective recovery.

Different components of an "integrated" peace-building programme will have different sources of funding. Donors make assessed contributions (as a percentage of GNP) for peacekeeping operations and voluntary contributions for other specialized UN agencies like UNDP and the UN High Commissioner for Refugees. But multiple criteria for reporting and lack of harmonization can slow the release of funds during the sensitive post-conflict period, hampering reconstruction of the infrastructure needed to support private investment.

Efforts are being made to address problems of reconstruction through a unified framework. The UNDP, the UN Development Group and the World Bank have already developed guidelines for post-conflict needs assessments, feeding

into the creation of transitional results matrices. Equivalent to poverty reduction strategies, for fragile and post-conflict states, where capacity development remains the foremost priority, such transitional results matrices are now being used in five fragile states: Central African Republic, Haiti, Liberia, Sudan and Timor-Leste. In Iraq a new cluster approach for reconstruction assigns to each UN agency responsibility for a single sector. Not only does this locate agencies in their areas of expertise, but it also avoids duplication of tasks.

The Report of the UN Secretary-General's High-level Panel on Threats, Challenges and Change has proposed going a step further. It argues for the creation of an intergovernmental peace-building commission—a proposal endorsed in the Secretary-General's Report *In Larger Freedom*. If established, the commission would report in sequence to the Security Council and the Economic and Social Council. It is a bold proposal. Its major benefit would be to straddle three important dimensions of reconstruction activities—mandate, agencies and operations—coordinating all activities from fund raising to fund disbursement and regularly reviewing targets.

A central challenge facing the commission will be to identify the conditions under which private sector recovery can help to reduce dependence on aid. Blueprints are unlikely to help because each conflict arises from a different context and leaves a different set of problems. New approaches need to be explored, including the use of public finance or public credit guarantees to reduce risk and create incentives for private investment. Using aid to promote public-private partnerships in service provision is also important. Perhaps most important is the development of strategies for rebuilding the institutions and trust on which private sector investment depends.

All this requires sophisticated and integrated post-conflict recovery strategies. Different phases of recovery need to be supported by aid and by appropriate incentive policies. The progression would be from a humanitarian focus in the immediate post-war period to an approach based on encouraging private investment and risk pooling in the later recovery stages.

Collective security captures the fundamental realities of the threats facing governments as they seek to build human security

Redefining security and building collective security

While the MDGs provide a focus for progress towards freedom from want, the world still lacks a coherent agenda for extending freedom from fear. As the UN Secretary-General's report on reform of the United Nations argues, there is an urgent need to redefine security. Defining security narrowly as the threat of terrorism encourages military responses that fail to achieve collective security. What is needed is a security framework that recognizes that poverty, social breakdown and civil conflict are the core components of the global security threat—and the world must respond accordingly.

Collective security is not an abstract concept. It captures the fundamental realities of the threats facing governments as they seek to build human security. As the Report of the UN Secretary-General's High-level Panel on Threats, Challenges and Change forcefully argued, today's threats are not confined within national borders. When states fail and violent conflict follows in any one country, the conditions for insecurity are created in other countries. Thus no state can achieve security on its own. Building collective security requires actions on a broad front, from conventions for tackling head-on the threats posed by global terrorism and nuclear weapons to progress in reducing poverty. Investments in equitable development—in economic growth, job creation and human security in the broader sense—remain the key to preventing conflict.

Prevention of violent conflict should be put at the centre of planning for poverty reduction

The following are among the main measures needed to reverse the downward spiral of conflict and underdevelopment:

- *Putting prevention of violent conflict at the centre of planning for poverty reduction.* All governments, donors, financial institutions and the United Nations should undertake comprehensive risk assessments to evaluate how specific policies affect conflict. The assessments should focus on the risks related to recent or ongoing conflicts and on potential risks associated with inequality in the distribution of benefits from development.
- *Establishing a new deal on aid.* Starving conflict-prone or post-conflict states of aid is unjustified. It is bad for human security in the countries concerned—and it is bad for global security. As part of the wider requirement to achieve the aid target of 0.7% of GNI, donors should commit to an increased aid effort and to greater predictability of aid through long-term financing commitments. Donors should be more transparent about the conditions for aid allocations and about their reasons for scaling down investments in conflict-prone countries.
- *Restricting "conflict resource" markets.* Urgent action is needed to weaken the links between violent conflict and natural resources. Creating a Permanent Expert Panel within the UN Security Council to monitor these links is a first step. The second step is creating legal instruments and certification schemes to obstruct trade in conflict resources, building on current initiatives in diamonds and timber. The absence of clear criteria for defining "conflict resources" and restricting their sale remains a major problem. Resolving these problems requires the third step of effective sanctions. The Report of the UN Secretary-General's High-level Panel on Threats, Challenges and Change has identified a number of measures to strengthen sanction arrangements.[71] These include the creation of a senior UN post and effective machinery to monitor trade in conflict resources and to enable the UN Secretary-General to make concrete recommendations on sanctions and compliance to the Security Council. The Security Council, for its part, needs to show greater resolve in imposing secondary sanctions against countries involved in sanctions busting.
- *Encouraging corporate transparency.* The lack of transparency in accounting for the natural resource wealth and the distribution of benefits that it generates is itself a major source of violent conflict. It is also both a symptom and a cause of weak governance. The international community could do far more to increase the transparency of payments by requiring higher reporting standards and by giving current initiatives—such as the Extractive Industries Transparency Initiative—legal teeth. Of course, developing country governments need to report to their own citizens on revenue flows through transparent national channels—and many systematically fail to do so. But more effective international action could also create the right incentives—and disincentives—for the companies that interact with governments. As proposed by the UK-sponsored Commission for Africa, an international legal framework to facilitate the investigation of corrupt practices in developing countries by companies headquartered in industrial countries could raise the legal risks associated with off-budget and off-the-book activities.
- *Cutting the flow of small arms.* The control agreements mentioned in this chapter are not sufficient. Arms have continued to flow into Sudan during the crisis in Darfur. Elsewhere, there is a steady flow of small arms into areas marked by violent conflict and state repression. Some of the largest exporters of the arms that eventually claim innocent lives in the world's poorest countries are to be found in the G-8 and the European Union. Many of these states have weak controls on arms brokering, transit trade and the extraterritorial activities of arms traders and weak enforcement of current rules. The 2006 Small Arms Review Conference provides an opportunity to agree on a comprehensive arms trade treaty to regulate markets and curtail supplies to

areas of violent conflict. The treaty would provide a comprehensive international mechanism to restrain arms transfers to areas marked by violent conflict, human rights abuse or terrorism and would create an international legal mechanism for preventing the brokering of deals for supplying such areas.

- *Building regional capacity.* An immediate priority is the development, through financial, technical and logistical support, of a fully functioning African Union standby force. Donors should agree to fund 70%–80% of the African Union's Peace Fund from 2005, with African Union members increasing their own resource mobilization over time. In addition to building this capacity, there is a need for far greater use of early warning systems, linking monitoring activities with action. Though the actors will vary from region to region, this will require a global partnership among bodies such as the OSCE, which has developed extensive early warning systems, other regional bodies and non-governmental organizations.
- *Financing post-conflict recovery.* The UN Secretary-General's High-level Panel on Threats, Challenges and Change has called for an international peace-building commission to provide a strategic framework for an integrated approach to collective security. As part of that approach a global fund should be created to finance immediate post-conflict assistance and the transition to long-term reconstruction on a predictable basis. The panel has recommended creation of a $250 million peace-building fund. The fund would allow for short-term financing to enable governments to discharge their immediate functions by paying civil servants and delivering basic services. It would also finance longer term reconstruction. In parallel, there is a case for expanding the World Bank's Post-Conflict Fund. The UK-sponsored Commission for Africa has called for a phased three-year increase from the current $30 million to $60 million a year. Debt relief also has a critical role to play. One shared characteristic of many post-conflict countries—including the Democratic Republic of the Congo, Liberia and Sierra Leone—is a high level of arrears to multilateral agencies. High debt servicing burdens and the disruption in relations with donors caused by arrears suggest a case for accelerated debt reduction. Allied to increased funding, donors need to create a strategic environment for recovery by committing themselves for the long haul of reconstruction.

There are no blueprints for preventing or resolving violent conflict. However, without much more—and much more effective—international cooperation to tackle the threats posed by violent conflict, the international community cannot hope to protect basic human rights, advance collective security and achieve the MDGs. Putting the threat posed by violent conflict at the heart of the development agenda is an imperative, not just to save lives today but to save the future costs of humanitarian aid, peacekeeping and reconstruction—and to reduce the global threats posed by a failure to advance human security.

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