

**Conflict Prevention and Resolution Forum: June 10, 2003**  
***Can Longer Term Development Assistance Be Used to Build Peace?***

**Outline from the comments of Sharon Morris & Ian Bannon**

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Introduction:

- Conflict exists in almost two-thirds of the countries where USAID works.
- USAID's Office of Conflict Management and Mitigation is new.
- If we can see conflict coming, is there something that development organizations can do, through their work, to preempt conflict?

Actions currently being undertaken by USAID and CMM:

1. Analysis
  - a. Gathering more understanding regarding the nature of specific conflicts.
  - b. Integrating development and conflict management.
  - c. Conducting conflict assessments before work begins to determine how development assistance might help.
  - d. Working to make CMM more accessible to development officers.
  - e. Shifting language and presentation regarding this issue.

Resources are limited for stand-alone conflict management activity and therefore this activity needs to be included in development. It is important to demonstrate links between conflict and traditional development issues.

2. Programs: How USAID is moving from analysis to programs:
  - a. CMM asks, "What can development assistance do within a conflict situation?" For example, in Sierra Leone, CMM looked at how youth could be engaged in contributing to constructive efforts. In this case, youth who are typically used for unconstructive political activity were trained and acted as election monitors.

It is important to strengthen organizations that are doing conflict management because the private sector has not received enough response for conflict management. Development assistance CAN make contributions to peace building without requiring a huge amount of additional work.

Challenges:

1. Risk of failure is extremely high in this field.
2. Difficult to measure the effects of development assistance on conflict resolution as no particular methods have yet been developed. Measurements need to be established so that financial partners are not penalized.
3. Must be modest regarding what can be accomplished. There is a limit to what can be done.
4. Political transparency and accountability (or lack thereof) in areas of work.

Conclusions:

Development Assistance needs to be undertaken in a more targeted way so as to work toward incorporating conflict management.

**II. Ian Bannon** is Manager of the Conflict Prevention and Reconstruction Unit in the World Bank.

Introduction:

The World Bank was created to rebuild Western European countries after World War II, so reconstruction is an essential part of the organization.

The World Bank retreated from the reconstruction field during the Cold War, when conflicts tended to be proxy wars between the two superpowers or for independence from colonialism.

Following the Cold War, the nature of conflict changed again. In 1997, the World Bank's Post-Conflict unit was established. But because conflicts do not move in a neat "Pre → During → Post" manner, and occur instead in a more cyclical fashion, the focus on post-conflict reconstruction needed to change. The World Bank is now moving from this older emphasis on post-conflict reconstruction to a focus on conflict-affected countries. This shift marked the beginning of the Conflict Prevention and Reconstruction Unit at the World Bank.

Next steps by the World Bank:

1. Research: to gain a better understanding of conflict.
  - a. Need to move beyond political scientists & anthropologists to understand conflict.
  - b. Examine factors that contribute to risk of conflict:
    - i. Economy has negative growth or is stagnant
    - ii. High poverty
    - iii. Economy has a high dependence on natural resources
  - c. Look at structure of the economy and recent history instead of ancient history.
2. "Operationalizing Research": this is a new challenge that is still being addressed.

Problems/Issues to address:

1. Governance of Natural Resources: How can the international community reduce this risk?  
Examples: Democratic Republic of Congo  
Sierra Leone

How do we choke off finances to conflicts that are fuelled by natural resource rents?

What can we do where weak capacity or poor governance and natural resource dependence contribute to conflict? For example, East Timor has natural gas wealth and they went to Angola for advice on how to manage natural resources (oil). They went to Angola because of a common language. There is no other strong source of advice or model.

Diamonds: Botswana handled this natural resource very well. In Sierra Leone, they handled it very poorly. In fact, it's an example of development in reverse.

Oil – How do we turn oil into something that reduces poverty? No country has turned oil into wealth, and what oil wealth does exist has never been managed well. There is no country that we can point to and say: "That's how you do it". Elements of a template:

1. Need to know what a company should be paying. There should not be a secrecy clause in contracts between government & oil companies.
2. Need transparency in budgets and all financial transactions, as revenues are received.
3. Also, in how and for what money is spent. (No special accounts or projects that don't contribute to the welfare of the country).

4. Build up capacity of civil society to scrutinize and hold governments accountable. Train civil society, media, parliaments and NGO's to read a balance sheet, budget, etc.
5. Encourage reputable companies to enter risky environments, based on government commitment to template and help companies with reputation risk and insurance-
2. CPR Unit can encourage and not mandate.
  - a. CPR Unit is promoting conflict analysis in operations and strategies.
  - b. CPR tells resident offices that they can "do conflict analysis themselves".
3. Conflict Analysis tends to focus on conflict. In many societies, there is no conflict; it's avoided. What keeps these societies at peace? We should incorporate Peace Analysis as well.
4. Poverty Reduction Strategies: Societies coming out of conflict will and should have a different approach than societies that have never been in a conflict.
5. Gender: In the literature, women are predominantly portrayed as the victims. *Mr. Bannon mentioned research that was happening at the University of Tennessee and planned work with a Brazilian NGO on better understanding young men at risk, and their relationship with violence and conflict.*
6. Preventing a relapse into Conflict.
  - a. A country coming out of conflict has a 44% chance of relapse into conflict within the first 5 years.
  - b. Aid must be doubled in the first 10 years.
  - c. However, the pattern of aid also matters.. Countries coming out of conflict don't need money immediately, yet donors want their money to be used immediately. This is impossible due to lack of absorptive capacity. Years 4, 5 and 6 are when aid funds are most effectively used.

#### Topics of Interest:

1. Post-conflict policy priorities to spur growth also may need to be different. Currently, they are:
  - a. Get the economy under control – Macro Policies
  - b. Structural Policies
  - c. Social Policies

It's more important to emphasize Social Policies relative to structural and then macro. When they are emphasized first, countries tend to do better. Social Policies should be followed by Economic and then Macro Policies. We are not sure why this ordering may be better for growth in post-conflict countries but it may be that it reflects the government's commitment to the peace process.

2. Community Driven Development:
  - a. What does a community need? Provide grants to communities that need to prioritize.
  - b. This kind of development results in tremendous social capital because it bridges social capital (horizontally) with the community and the state (vertically).  
Example: Indonesia research on CDD and social capital.

#### Areas where the World Bank is still struggling:

1. Security sector reform – military & weapons.
  - a. Citizen security is fundamental.

- b. The military knows nothing about budget deficit.
  - c. We need to engage in security sector reform. Typically, we have not had much involvement here and this affects prospects for pots-conflict recovery.
  - d. This is a hard issue for the World Bank to engage in because of fears over reputational risk.
2. Governance & Rule of Law – the Legal System.
  3. Employment and incomes at the local level. Micro credit is an obvious vehicle but the World Bank has found it difficult to support micro finance.
  4. “Young Men at Risk” – What do we do with them?