



A Typology of Post-Conflict Environments: An Overview

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Introduction

Despite the apparent decline in the global incidence of major armed conflict, many countries remain in conflict and many others struggle with the legacy of recent violence. The majority of these countries are among the poorer and less developed ones. Increasing attention within the international community is therefore being paid to the inter-connections between sustainable peacebuilding and socio-economic development in a “post-conflict” environment.

As Reychler and Langer¹ note, post-conflict scenarios are often characterised by multiple transition processes, including the transition from war to peace, but also often accompanied by democratization, decentralization, and market liberalization. Hence, the transformation of war-torn societies into peaceful, stable, and more prosperous ones is an immensely complex task, often susceptible to contradictory pressures and concomitant risks of relapsing into violence.

Countries that are in a post-conflict stage of development differ in many important respects – in their economic state and potential, their political system, their bureaucratic capacities, and the state of security in the country itself. All these variations are relevant to the appropriate design of post-conflict policies; i.e., policies intended to bring about reconstruction, promote sustainable recovery, and to reduce the likelihood of conflict recurrence. Consequently, it may be helpful to develop a typology of situations confronted by post-conflict policy-makers, rather than

expecting a “one size fits all” approach to work. The aim of this paper is to develop such a typology.

There are so many dimensions of potential difference that it would be easy to arrive at a very large number of “types,” but this would make the approach difficult to operationalise. Potentially relevant dimensions, as noted above, include economic, political, and bureaucratic differences. As we are concerned here primarily with economic policy, we focus on three economic aspects in the proposed typology, while recognising differences in the other categories as presenting important enabling conditions and/or obstacles to change. Consequently, we propose to categorise economies according to three criteria:

1. *Poverty and lack of opportunity, with economies with very low-incomes differentiated from middle or upper income economies.* Along with poverty generally goes a particular economic structure (heavily based on primary production), weak human capacities, and a lack of good employment opportunities. It is also often associated with high debt. Appropriate policies for this category of countries are likely to differ from those for middle- or upper- income countries.
2. *Countries with considerable high value natural resources.* These countries generally face a very different (more favourable) situation with respect to resource constraints, and (less favourable) to the possibility of conflict recurrence. Post-conflict policies need to be designed to take these differences into account.
3. *Countries with high horizontal inequalities.* Given the relationship of HIs to conflict,² high HI countries need to take this into account in developing post-conflict policies.

This three-fold classification generates the possibility of eight types of countries, according to the combination they show on the three criteria, but some combinations are less likely than others. In particular, high natural resources are likely to be associated with high HIs and often with being a middle-income country.

Countries also differ according to a series of enabling conditions or potential obstacles which may make post-conflict policymaking more or less difficult. We shall

focus in particular on the security situation in the post-conflict environment, international resources available, the capacity of the government, and the inclusivity of the government.

The reasons behind our selection of the proposed typology are put forward in Section 2 of this paper, and the enabling conditions follow in Section 3. But before coming to this, we consider issues involved in defining and identifying the very factors of being in a “post-conflict” situation and the criteria for leaving that condition when “normal” development resumes and post-conflict policies are no longer relevant (Section 1).

1 What is ‘post-conflict’?

The post-conflict situation is not as easy to define as it sounds. In big international wars, a formal surrender, a negotiated cessation of hostilities, and/or peace talks followed by a peace treaty mark possible ends to conflicts.

But in the sort of intra-state wars with which we are chiefly concerned, it is not so simple. Hostilities do not normally end abruptly, followed by complete peace. There may be an agreed “peace,” but fighting often continues at a low level or sporadically, and frequently resumes after a short period. Recent developments in Sri Lanka provide an illustration, while in Northern Ireland moves towards peace have taken 15 years. Genuine attempts at reaching peace can frequently be derailed by “spoilers” – often breakaway insurgent groups that are not yet ready or willing to give up armed conflict.

In this paper, we propose that rather than pick one or other condition to define the beginning and end of post-conflict, a more productive approach to conceptualizing the post-conflict scenario is to see it not as a period bounded by a single specific event, but as a process that involves the achievement of a range of peace milestones.

Taking a process-oriented approach means that post-conflict countries should be seen as lying along a transition continuum (along which they sometimes move backwards) rather than labelled more or less arbitrarily as being “in conflict” or “at peace.”

We suggest the following peace milestones:

- cessation of hostilities and violence;
- signing of political/peace agreements;
- demobilization, disarmament, and reintegration;
- refugee repatriation;
- establishing a functioning state;
- achieving reconciliation and societal integration; and
- economic recovery.

Table 1 lists a number of possible indicators in order to assess the progress made towards achieving a particular peace milestone.

Table 1: Peace milestones and indicators of progress

Peace milestones:	Possible indicators of progress:
Cessation of hostilities and violence	Reduction in the number of conflict fatalities Reduction in the number of violent attacks Time passed since major fighting stopped
Signing of political/peace agreements	Signing of and adherence to ceasefire agreements Signing and implementation of a comprehensive political agreement that addresses the causes of the conflict Endorsement of peace/political agreement by all major factions and parties to the conflict
Demobilization, disarmament and reintegration	No. of weapons handed in No./proportion of combatants released from military duty and returned to civilian life No./proportion of combatants released from active duty and returned to barracks No. of military barracks closed Successfulness of reinsertion programs for ex-combatants Reduction in total number of active soldiers/combatants Spending cuts on military procurements

Refugee repatriation	<p>No./proportion of displaced persons and refugees that have returned home voluntarily</p> <p>No. of displaced persons and refugees still living involuntarily in refugees centres within a conflict country or abroad</p>
Establishing a functioning state	<p>The extent to which impunity and lawlessness has been reduced</p> <p>The extent to which the rule of law is introduced and maintained</p> <p>The extent to which corruption has been reduced</p> <p>Tax revenue as a proportion of GDP</p>
Achieving reconciliation and societal integration	<p>Number of violent incidents between groups</p> <p>Perceptions of “others” via surveys</p> <p>Extent of trust (via surveys)</p>
Economic recovery	<p>Economic growth recovery</p> <p>Increased revenue mobilization</p> <p>Restoring of economic infrastructure</p> <p>Increased foreign direct investment</p>

It is helpful to make three general points about these milestones. First, although we term them “milestones,” they are themselves processes, and may experience regress. For instance, for about five years following the initial peace agreement in 1998, the transition to peace in Northern Ireland was threatened by a number of spoiler groups both on the Catholic side (the Real IRA) and on the Protestant side (the UVLA). In this sense, “cessation of hostilities and violence” in the province could not really be said to have been completely achieved at that time, yet it would also seem to be wrong to deny that Northern Ireland did indeed enter into a post-conflict phase following the signing of the Good Friday Agreement in 1998. Hence, taking a process-oriented approach seems best.

Second, activities and interventions aimed at achieving these various milestones can and should be undertaken even during the “conflict” phase itself. From

the perspective of policies towards post-conflict economic recovery, it is never too early to start – indeed, in so far as it's possible, policies should be undertaken even during conflict that may help reduce the socio-economic costs of conflict and contribute to bringing the conflict to an end.

Thus, for instance, policies and programmes, including fair employment legislation and access to public housing, were undertaken during the 1980s to improve Catholic socio-economic conditions in Northern Ireland, even while the “troubles” were ongoing, and did indeed make the Catholic population more predisposed to peace. In Sri Lanka, the long war has been accompanied by uninterrupted development programmes which have helped to sustain incomes, at least at the national level, albeit not in a peacemaking way.

But in too many countries, international support for development is suspended or postponed during conflict because the conditions are regarded as inappropriate, while external resources are focussed on humanitarian aid, greatly increasing the economic costs of the wars.³ Nonetheless, ongoing conflict undoubtedly makes it more difficult to implement recovery policies, and indeed may affect their design, as we see today in Afghanistan and Iraq.

Thirdly, while the achievement of some of these milestones may to some degree be contingent upon the prior achievement of other milestones, there should not necessarily be a strict sequential order imposed upon their achievement. For instance, refugee repatriation often commences soon after the cessation of violence and hostilities, even when there are no formal political agreements or when conflict parties are still in the process of negotiating a settlement. Most of these milestones are self-evident and require little further explanation. Moreover, while they represent the

ideal progression, about half the cases of post-conflict countries revert to conflict within a decade,⁴ and more many continue to suffer sporadic outbursts of violence.

The country's position on the conflict-peace continuum is one aspect of the enabling political conditions to be considered below.

Finally, a brief note on what constitutes the end of post-conflict and a return to "normalcy." It is not possible to develop a precise definition of what constitutes the end of post-conflict economic recovery. This is illustrated by considering possible indicators. One is a return to the economic status quo ante – for example, its prior GDP per capita or human indicators, or rates of change of these indicators.

On the one hand, some economies grow throughout the conflict (e.g. Guatemala), so this is clearly an inappropriate criterion, while even in these economies certain parts of the economy may generally suffer damage which is to be measured not only by worse indicators of achievement than at the beginning of the conflict, but also by their lagging behind the rest of the economy and region.

This is the case in Sri Lanka, which, as noted, enjoyed overall economic growth during much of its civil war. But that did not take into account the massive economic retardation of the Tamil areas, where the fighting is concentrated.⁵ Hence, re-establishing pre-war indicators may sometimes be too unambitious a target.

On the other hand, severe conflict can inflict socio-economic impacts that may take generations to remedy – or may not be remediable at all. Conflict-related increases in AIDS and HIV infection rates and major population displacements are examples. From this perspective, requiring that the economy returns to the pre-war status could be too ambitious.

Moreover, given that many conflicts have powerful socio-economic roots, attempts to return the economy to its pre-conflict state may perpetuate the economic

grievances underlying conflict in the first place. Another possibility would be to define economic recovery as occurring when the country ceases to be dependent on international aid. But this is clearly an absurd definition, given the high dependence of so many “peaceful” developing economies on aid, while aid-dependence is caused at least partly by supply as well as need.

We therefore do not think it possible to arrive at any well-defined criteria, and propose that post-conflict recovery can be regarded as complete when the main features of an economy no longer stem from the war but from the normal conditions of the economy.

This means that major physical war damage has been repaired, that “normal” economic activities have resumed, and that specific post-conflict policies of demobilisation and reintegration have been completed. It seems to us important not to “pathologise” economies and give special treatment too long – both for governments’ own abilities and determination to manage their economies, and from the perspective of fairness with other non-conflict countries. One approach is to select a time period for the end of post-conflict categorisation to avoid endless pathologising of such countries. We would suggest that if hostilities do largely cease, five years after a war has ended, most economies are likely to have returned to near-normalcy, and ten years after, the post-conflict era can usually be regarded as having ended.

2 Typologising post-conflict societies

There is a tendency for the international community to place countries into a single “post-conflict” category. Yet it is apparent that post-conflict countries differ in many important respects and require different policies.

One could go so far as to argue that each situation is unique and requires special investigation and understanding before developing policies. While agreeing in

principle with this statement, we feel it is possible to categorise countries' characteristics (according to a number of dimensions relevant to policymaking in a post-conflict environment) in a way that is helpful for policymaking. Our purpose in this section, then, is to categorise or typologise characteristics of post-conflict societies in this way.

In the introduction, we pointed to three major economic criteria to form the basis of such a categorisation and four sets of enabling conditions. The criteria are: the state of the economy, notably its level of development; the presence of significant high value natural resources; and the extent of horizontal inequalities. Performance with respect to each of these criteria will help to determine appropriate policies for post-conflict recovery.

In addition to these criteria, there are four important sets of enabling conditions, including the state of security, which will determine how far normal economic activities can resume; international commitment to the country, including physical support in the way of troops as well as economic flows and debt relief; the bureaucratic capacities, which will influence the nature of support needed and also the type of policies possible; and the nature of the government, particularly its inclusivity, which will determine whether the government is likely to be politically committed to inclusive economic recovery policies.

2.1 The level of development and prevailing opportunities

Very poor countries have particular difficulties in relation to economic recovery. Moreover, they are also more at risk of conflict recurrence for reasons we discuss below.

There are several features of low-income countries that present particular challenges for economic recovery. The most important handicap low-income

countries face from the perspective of recovery is likely to be a shortage of human resources. This is not only a general feature of low-income countries; countries that have suffered civil war find that large numbers of their educated population have fled. For example, it is estimated that half the doctors and 80% of the pharmacists fled from Uganda in the early 1980s.⁶ In Afghanistan, there was massive outmigration.

In some cases, educated people are targeted for killing, drastically weakening the country's human resources. This occurred in Burundi, Rwanda, and Cambodia. The spread of AIDS that results from the sexual activities of combatants further reduces human capital. This is typically compounded by the destruction of social infrastructure during war and by reduced social expenditure. In Mozambique, almost 60% of primary schools were closed or destroyed,⁷ while in Sudan schools were destroyed in the south but not in the north.

In Angola, it was estimated that social expenditure per head halved over the 1975-1995 conflict period, and that it fell by nearly 70% in Uganda between 1971 and 1987, and over 40% in Liberia in the conflict period 1985-1995. But other governments manage to sustain and even increase such expenditure. For example, in Mozambique, social expenditure per head actually doubled over the conflict period, while it rose by a third in Nicaragua, and by a quarter even in Sudan (1985-1995).⁸

The reasons social expenditure falls vary in ways that are relevant to post-conflict policies. In some countries, the governments' tax capacity is heavily eroded, as seen in Somalia in the 1990s and Uganda in the late 1970s and mid-1980s. In others, government revenue and expenditure holds up or is even increased, but there is a significant switch away from social expenditure towards military expenditure. This happened in Angola and Ethiopia between the 1970s and 1990s.

In the post-conflict era, appropriate policies towards sustaining social (and economic) expenditure depend on which of these reasons apply. If a country has a low tax ratio at the end of the conflict (e.g. below 15% of GDP), then a first priority is revenue-raising. But if the tax ratio is reasonable (let us postulate 15% of GDP or more), and social and economic expenditures are low because of the high expenditure on the military, then cutting this and switching to social and economic infrastructure has priority.

These variations in flight of human capital, destruction of physical infrastructure, and social expenditure are reflected in variations in service availability. For example, in Angola, primary school enrollment fell sharply, while in other countries it rose over the war years (for example in Guatemala, and Nicaragua).⁹

The traumatisation of civilians and widespread disabilities may also affect recovery potential and required policies. Today, in contrast to the past, the vast majority of victims are civilians. Aside from the direct human suffering this entails, it means that the social impacts of conflicts are often considerable. Trauma can be widespread; survey research found more than one-third of East Timorese exhibited symptoms of post-traumatic stress disorder in 2000.¹⁰

Furthermore, Ghojarah et al.¹¹ estimate that in 1999, there were over 8 million Disability-Adjusted Life Years (DALYs) lost globally as a consequence of wars that ended in the period 1991-1997, a figure only slightly lower than World Health Organisation's estimate for the number of DALYs lost directly to conflict during 1999. The major mechanism here is the spread of infectious diseases, particularly malaria, tuberculosis, and AIDS, of which the main victims are women and children. Injuries resulting from landmines are another cause.

The shortage of human resources poses a challenge for the recovery of services and for management of the economy. Moreover, it tends to lead to weak bureaucratic capacity, one of the major obstacles to successful recovery.

Second, low-income economies generally find it difficult to generate adequate internal savings and are consequently highly dependent on foreign flows for reconstruction and development, while they also find it difficult to attract private sources of finance and are therefore aid dependent. Post-conflict middle income countries are also heavily dependent on aid in the short term, but possibilities of renewed inflows of private capital tend to be greater, making it easier to escape that condition.

Compounding this situation is the very heavy accumulated debt that is a common feature of post-conflict countries in general (see Figure 1). This means that for cases of high indebtedness, unless there is immediate debt forgiveness, additional financial inflows are largely taken up by debt repayments and servicing. Arrears of payment on these onerous debts “often delay their access to both grant and concessional and commercial debt financing in the post-war period,” which in turn “impedes the recovery of the domestic private and financials sectors.”¹²

Brück et al.¹³ (2000: p.32-3) found that although both Nicaragua and Mozambique only serviced a very small proportion of their debt, “even these minimal debt servicing rates represented a very high burden on both economies,” which made economic reconstruction far more difficult.

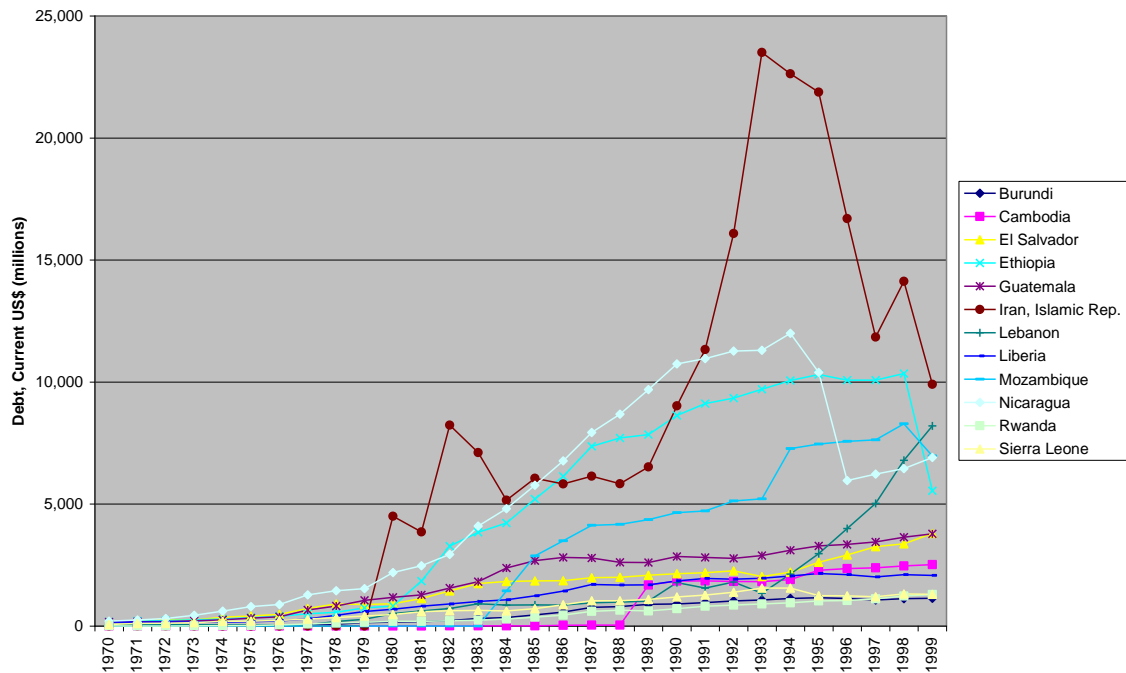


Figure 1: Debt accumulated by Countries in Conflict
 Source: World Development Indicators¹⁴

A third feature that differentiates low-income countries is that the formal sector is generally much smaller and the informal sector (especially subsistence agriculture) larger than in middle-income countries. In some ways, this makes some sort of recovery easier, as people can and do retreat into informal activities to survive. But it also affects the nature of recovery policies; policies focused on the formal sector are likely to reach only a fraction of the population. Extensive agriculture-based recovery programmes become essential. And it also means that the economic opportunities open to young people are extremely poor, which makes recurrence of conflict a serious threat.

Extensive evidence has shown that low-income economies are more at risk of conflict than richer ones. It is well established that low average per capita incomes and low growth are both correlated with a higher incidence of conflict.¹⁵

Theoretical explanations for this significant correlation differ, however. One explanation is that citizens feel let down by the failure of the political system to

deliver public goods and therefore are prepared to turn to violence.¹⁶ This has been interpreted as the state failing to fulfil its part of the implicit social contract that justifies state authority.

The fact that rebellions seem to be higher where there are more unemployed young men¹⁷ may also be taken as evidence that this group of people feel little obligation to the state. Moreover, the correlation that has been found between poor education and conflict risk¹⁸ can similarly be interpreted as a social contract failure.

There are alternative explanations for the higher risk of conflict among low-income countries, however. For instance, Collier and Hoeffler¹⁹ argue that the incomes that young soldiers lose from peaceful activities when joining a rebel organization are lower in countries where, in general, opportunities for decent employment and income-earning are weak, and these opportunities can be approximated by the level of GDP per capita.

Other scholars argue that “wealthier societies are better able to protect assets, thus making violence less attractive for would-be rebels.”²⁰ In the same vein, De Soysa²¹ argues that because wealthier states have higher state revenues, they are better able either to pacify or to crush a violent rebellion. It has also been suggested that the relationship between the wealth of a nation and conflict incidence could be “spurious in the sense that there are other features of a country, such as a democratic culture, that make it at once more prosperous and less violent.”²²

While the underlying cause of the association between low per capita income and civil war may be a matter of controversy, the strong statistical association suggests that there is an undeniable link. In a systematic review of different definitions of “civil war,” Sambanis²³ finds that GDP per capita is the most robust

economic variable that shows an association with conflict across different definitions of conflict.

The majority of post-conflict countries fall into the “low-income category.” This is partly because of the association between low income and the outbreak of conflict, but also due to the negative impact of civil war on incomes. Econometric studies suggest that on average a conflict country’s annual growth rate is reduced by 2 to 2.5%,²⁴ but there are considerable variations across conflicts.

For example, Iraq’s growth rate during the Iraq-Iran war of 1979-91 was 16% less than the regional growth rate each year, and Nicaragua’s growth rate (1977-1993) was 5% less each year. Yet Guatemala’s growth rate was actually above the regional average during the 1965-1995 conflict. Equally, differences can be observed in savings and investment behaviour, with investment per head rising in Iran, Uganda, and Guatemala during the conflict years, but falling dramatically in Burundi and Sierra Leone, while in Nicaragua and Sudan the investment rate shows fluctuations with no particular trend.²⁵

There are several reasons for these differences. Probably the most important one is the nature, and in particular the location, of the war itself. When confined to one underdeveloped part of the country the bulk of capital may be unaffected. Where war is concentrated in a peripheral area – as with Uganda’s long northern insurgency, Sri Lanka’s concentration of conflict in the Northeast of the country, the Thai rebels in the south, Mindanao in the Philippines, the separatist movements in Indonesia, and the Sudanese wars in the south and in Darfur – the central economic engine seems to be broadly unaffected, and post-conflict policies can be focused on the particular areas affected by conflict and do not need to deal with widespread destruction of physical and institutional infrastructure.

By contrast, in Afghanistan, Cambodia, and Mozambique, where conflict raged over long periods, albeit sometimes sporadically, and affected the entire country, far greater destruction of human and physical assets left an immense reconstruction requirement.

All types of capital stock are eroded or destroyed in war, though again with considerable variations across countries according to the nature of the conflict. First, physical facilities suffer direct attacks; roads, ports, and energy plants are often targeted. In Mozambique, for example, Brück²⁶ estimates that there was a two-thirds reduction in operational dams and plant nurseries, with 40% of rural facilities destroyed or eroded.

Extensive destruction of livestock occurred in Afghanistan and Cambodia. Public investment is likely to be negatively affected by reduced revenue and by diversion of expenditure to military uses; indeed, Ra and Singh²⁷ estimate that development expenditure in Nepal fell by one-third in the period 2001-2004 with the advent of civil war. Economic institutions are also often destroyed; in Uganda, the agricultural extension system virtually disappeared in the war in the mid-1980s.²⁸ In addition, social capital is weakened, accompanied by a severe loss in trust, particularly across groups.

Yet new forms of institution and social capital emerge – e.g., informal banking systems. Bonding social capital may increase, but bridging (and more formal) social capital may be sharply reduced. In some countries, widespread mining of agricultural land makes agricultural production difficult and dangerous in the post-conflict situation; much of Afghanistan, Cambodia, and Mozambique suffered in this way. The nature of the reconstruction needed consequently varies with war damage to economic and social facilities and services.

One reason for these differences is that the external response varies, with some countries receiving large financial inflows from abroad, and others experiencing boycotts, depending largely on the geopolitical significance of the country and the conflict. For example, in the 1960s, South Vietnam received a huge amount of aid from the United States, while the USSR supported North Korea. In contrast, Somalia and Burma have received virtually nothing in recent years.

Clearly, the situation confronting policymakers when conflict ends is very different in those countries whose economies have been seriously negatively affected – such as Afghanistan or Cambodia – compared to those where it seems that business as usual occurred, as in Guatemala or Sri Lanka, where investment and incomes were sustained. This is a reason for careful consideration of policies towards countries suffering civil war, so that the worst effects may be avoided.

In sum, low-income countries are likely to be weak on human resources, to have few productive opportunities for their former soldiers as well as more generally, and to be weak on bureaucratic capacity. Agricultural and informal sectors need to be targeted if the majority of the population is to be reached. Such countries are also likely to be heavily aid-dependent, a situation that can be expected to last over the medium term. To make this challenge worse, these are countries that are particularly likely to fall back into war.

2.2 The presence of significant natural resources, notably oil

Countries with such resources have much smaller financial needs, but they also face greater likelihood of recurrence of conflict partly because they are likely to have high HIs. Their macro-economic policy is overshadowed by “Dutch disease,” which makes it difficult to diversify the economy, generally undermining non-oil activities.²⁹ They need special policies to help manage the resources so as to make

them developmentally effective and inclusive, as well as to reduce the likelihood they will lead to renewed conflict.

Considerable evidence has accumulated showing that the presence of natural resources such as oil, diamonds, timber, gold, and illegal narcotics increases the incidence and duration of violent conflict. Collier and Hoeffler³⁰ find a correlation of all natural resources as a proportion of exports and the incidence of conflict.

Others³¹ found the same relationship, taking oil exports only, while Humphreys (2005) found a relationship between both civil war onset and oil and diamond production per capita. Collier and Hoeffler's³² quantitative analysis finds that countries with primary commodity exports at 33% of GDP have the greatest risk of civil war (about 22%).

A variety of mechanisms have been suggested for this connection:³³

- * One is that the presence of such resources motivates “greedy” actors to fight in order to exploit these resources for private gain.³⁴

- * Another is that it permits the finance of prolonged and large-scale fighting (on the part of the government as well as rebels).

- * A third explanation is that where the resources are located in particular regions, if they are taxed and the resources (or some of them) are channelled to other parts of the country, grievances arise among local inhabitants who may seek autonomy or separation.³⁵

The presence of high-value natural resources also frequently causes or accentuates HIs, feeding into conflict in that way. Several studies have argued, however, that greed-motivated actors, objectives, and agendas are more important for sustaining and prolonging ongoing violent conflicts than causing them.³⁶ Lutable natural resources “not only provide armies with a means for continued fighting, they also become the reward against which they weigh the benefits of peace.”³⁷

Whatever the mechanism, it does seem that high-value natural resources make conflict more likely and that therefore policies to deal with this issue need to be

included in the post-conflict recovery agenda. In the post-conflict environment, dividing up the natural resource cake can be an important issue that holds up peace, as we can observe in the case of Iraq.

Natural resources, do, however, offer a resource for reconstruction, which is lacking among most low-income economies. Appropriate taxation and use of the revenue is needed to make use of this resource. On the downside, natural resources make diversification particularly difficult, and special exchange rate and industrial policies may be needed to counter this.

Thus the presence of significant high-value natural resources, or their lack, is an important element in our post-conflict typology.

2.3 Horizontal inequalities in socio-economic dimensions

In recent years, horizontal inequalities, or inequalities between culturally defined groups, in contrast to vertical inequalities or inequalities among individuals or households, have become increasingly recognized as a major cause for violent conflicts where inequalities are defined in terms of economic opportunities, unequal access to land and natural resources, and standards of living and poorer performance, along with other basic socio-economic indicators. This is in contrast to the evidence on the relationship between vertical inequality and conflict where the evidence is quite mixed.³⁸

Severe socio-economic horizontal inequalities can provoke feelings of frustration and discontent, which may provoke violent group mobilization and conflict along ethnic, religious or regional lines.³⁹ Support for this view has been provided by numerous case studies documenting the importance of socio-economic horizontal inequalities in provoking violent conflicts⁴⁰ and the ways in which these differences were used to mobilise people for conflict.

In addition, several quantitative cross-country and within-country studies have also found a significant association between the presence of severe socio-economic horizontal inequalities and the emergence of violent conflicts⁴¹ (see, for example, Mancini 2005; Murshed and Gates 2005; Østby 2006).

Socio-economic (i.e., horizontal) inequalities between different regions, ethnic groups or religious groups often result from such factors as regional climatological and ecological differences and the differential impact of colonial and post-colonial economic policies, and sometimes from discriminatory economic systems which deliberately favour one cultural group over others. South Africa is a clear example, where the white population dominated the political system and introduced drastic discriminatory measures against the black population, leaving a legacy of sharp inequalities even after the majority black population gained government control.

Hence, those designing post-conflict policies need to find out whether HIs were an important cause of conflict in a country, and, where they were of significance, include policies to correct them and prevent such inequalities becoming a source of recurrent conflict.⁴²

3 Enabling conditions and obstacles

There are many conditions that influence how policies should be designed and the possibilities for success. Here we list four:

- The security situation. Chronic ongoing instability in the centre of the country is likely to hold up progress.
- International conditions, and particularly international commitment, to provide people to enforce the peace and aid to help in reconstruction and development.
- The capacity of the state to keep law and order and deliver services.
- The political inclusivity of the state.

3.1 The security situation

The extent to which policies for post-conflict economic recovery can be effectively implemented is heavily dependent upon the prevailing security situation in the country. As noted above, we can characterize many countries as having entered a post-conflict context even when some groups are still operating militarily. In other cases, such as in Guatemala, the end of military conflict may be accompanied by a drastic rise in “private” violence and criminality.

While the presence of negative externalities of peace does not entirely negate any advances towards post-conflict economic recovery, it does, however, make implementation of such policies more difficult. Yet economic recovery is arguably all the more important in such circumstances. Often, criminality is an “easy” option for ex-combatants, who are often brutalized by the war, and providing enduring prospects for gainful economic activity may be vital in preventing such criminalization.

More generally, chronic instability at the political centre of a country is likely to hold up economic recovery for a variety of reasons. Aside from the direct loss of life and personal injury caused by continuing insecurity, the lack of physical security in a country can dampen or retard economic recovery because of the impacts of continuing violence and/or criminality on trust, transactions, the level of investment (local and foreign), and the ability to tax.

Lack of physical security across the country is likely to deter local and foreign investors. Long-term economic recovery depends on sustaining investment, and may require a rising in-flow of foreign investment, especially when we see “aid flows from official sources eventually declining as donor fatigue sets in, foreign direct investment plays an important role in helping conflict-affected economies get off the ground.

Foreign investment brings much-needed capital, spurs production, and generates employment in local industries.”⁴³

Secondly, where security has yet to be firmly established, governments are unlikely to be able to establish a broad tax base through which to fund economic recovery programmes that are essential to ensure the broader functioning of the central state.⁴⁴

Apart from the economic effects, a weak security situation encourages people to join local militias to gain protection⁴⁵ and gives power to warlords, a situation which can make conflict recurrence more likely.

3.2 International commitments

Many conflict countries require external assistance to help bring about and sustain security and require monetary assistance to finance recovery. Where the state lacks the capacity to establish a safe environment for its citizenry, then the international community can play a vital role in (re)establishing state authority in the post-conflict context. Firstly, the deployment of peacekeeping troops can help prevent the recurrence of violent conflict.

Although an international presence sometimes appears to have exacerbated conflict – as in present-day Somalia or Iraq – the empirical evidence suggests that international peacekeepers tend to have a positive effect.⁴⁶ Secondly, the international community can act as the important “third party” to prevent the post-conflict security dilemma by providing credible guarantees of stability and disarmament.⁴⁷

Post-conflict countries vary in how they are viewed by the international community, and consequently support for security and for economic recovery varies. The extent and nature of international assistance in any post-conflict country fluctuates according to factors including humanitarian concerns, international media

attention, and historical linkages. Often the most important considerations in this respect are the political-economic and national security interests of powerful states.

Consequently, while in some cases the international community largely limits itself to mitigating the humanitarian situation, in others it is willing to commit substantial resources and take responsibility for a wide range of activities beyond the immediate security aspects, including carrying out numerous administrative functions.

In post-conflict conditions, foreign aid in the form of humanitarian aid flows, balance-of-payments support, and debt relief usually plays a crucial role “in the rehabilitation of vital social services and productive infrastructure as well as to finance reintegration programmes for ex-combatants and civil returnees.”⁴⁸

In addition, local expenditures by international agencies and personnel on offices, housing, counterpart staff, and so on can also have a considerably impact on a conflict country’s economic recovery.⁴⁹ Yet the amount of foreign aid that different conflict countries received during the post-conflict period varies greatly. For instance, while Bosnia-Herzegovina received about US\$246 of Overseas Development Assistance (ODA) per capita in the first three years (1996-1999) after the signing of the Dayton Peace Agreement in November 1995, Cambodia only received about US\$34 of ODA per capita in the first three post-conflict years (1992-1995).⁵⁰ Differences in the treatment of accumulated debt represents another aspect of the international environment that is relevant to economic recovery.

This is not to argue that every post-conflict country requires the same amount of foreign aid in order to rehabilitate and re-dynamise their economy. The amount of foreign aid needed varies according to a country’s resource situation and stage of development, as well as the nature and extent of the social and economic damage

caused by the violent conflicts. Indeed there is growing evidence that “fragile” states, including post-conflict countries, tend to have a low absorptive capacity for aid.⁵¹

Moreover, while a sudden influx of large amounts of foreign aid, in conjunction with the arrival of a large number of international agencies and personnel, usually results in an economic revival in the short term, in the long term, it has been argued that high aid inflows can impede conflict countries’ economic recovery⁵².

For example, high aid inflows can cause a sharp appreciation of a conflict country’s exchange rate, which in turn may hamper its long-term development. Large aid flows can also weaken a country’s institutional framework, inducing aid dependency, decreasing local resource generation, and leading to rent-seeking activities,⁵³ and sometimes humanitarian and development assistance can have serious negative externalities by exacerbating tensions between different groups.⁵⁴

In sum, the international community’s readiness to commit people and finance to aid recovery, in relation to a country’s needs, is an important condition influencing recovery possibilities.

3.3 The capacity of the state to deliver services

Establishing effective service delivery is a key aspect of the broad development agenda, and is of particular importance – and faces particular obstacles – in the post-conflict environment.

The failure to establish good service delivery may increase the risk of a return to conflict, however. Walter’s⁵⁵ econometric analysis of civil war recurrence finds strong positive correlations between poor and worsening post-conflict living conditions – measured in terms of infant mortality rate and life expectancy – and civil war recurrence. An average post-war state with an infant mortality rate of 41/1,000

has a 0.5% annual chance of returning to conflict; this risk more than triples to 1.7% for an IMR of 116/1,000.

State capacity is often weakened by conflict, either because resources are diverted to the military campaign, or because the conflict itself destroys the infrastructure, human capital, etc., necessary for the efficient functioning of the state. However, in some relatively small conflicts in well-established states, such as the United Kingdom vis-à-vis Northern Ireland and Spain vis-à-vis the Basque region, the day-to-day functioning of the state is hardly affected by conflict. At the other extreme are countries where conflict brings about the collapse of the existing state and no functioning replacement emerges; contemporary Somalia and the “Warlord Era” in China are examples. In other cases, the state may survive conflict, or a new state may emerge, but without firm control over the full geographical extent of the country. Contemporary Afghanistan and Iraq are clear examples here. Consequently, the capacity of the post-conflict state to take responsibility for economic recovery varies quite substantially.

3.4 The political inclusivity of the state

The political settlements accompanying the resolution of civil wars vary significantly. In some cases, countries go to remarkable lengths to ensure political inclusion as a bulwark against a return to conflict – the intricate ethnic balancing of the Lebanese constitution is a good example here – while in other cases, the state may make some moves towards inclusive government that are largely symbolic, so the state remains, in reality, dominated by particular groups and elites, as in Guatemala, for example.⁵⁶

Aside from its obvious normative advantages, political inclusivity is an important enabling condition for post-conflict economic recovery. Where states are

less inclusive, they are less likely to undertake remedial policies in order to correct the economic damage of the conflict and to address underlying socio-economic grievances. For instance, regional inequality in Rwanda has worsened since the end of the civil war and the genocide.⁵⁷ Walters⁵⁸ (2004) finds that “true” democracies – which we can take as a proxy for some degree of political inclusivity – are significantly less likely to return to war in the post-conflict era.

Conclusions

This paper has shown that there are many differences among post-conflict countries, which lead to differences in the appropriate policy responses – including differences in the economic situation, the nature of the state, its authority, its capacity, and its intent, and the international environment in which a country finds itself. Potentially, then, we could have many alternative typologies.

To simplify, and because the focus here is on economic recovery, we chose three economic aspects to form our typology: the state of economic development, which can be simplified to per capita incomes; the presence of high value natural resources (oil, minerals); and the existence of sharp HIs. We chose these three because they influence the probability of conflict recurrence and the nature of economic policies needed to achieve economic recovery. In Table 2, below, we illustrate how actual conflict and post-conflict countries fit into this typology.

Besides the economic differences, we discussed four other important differences in enabling conditions – notably, the state of security, the commitments of the international community to the country, the state’s capacity, and the inclusivity of governments. These enabling conditions are of critical importance in determining what policies are possible and their likely effectiveness.

Table 2: Preliminary assessment of different conflict and post-conflict countries according to the three main economic criteria

Countries	Presence of high-value natural resources	Low level of development		Severe social and economic Horizontal inequalities
		Low-income country	Low HDI country (2006 HDR)	
Afghanistan	No	Yes	Yes	?
Angola	Yes	No	Yes	Yes
Bosnia	No	No	No	No (?)
Burundi	No	Yes	Yes	Yes
CAR	No	Yes	Yes	?
Chad	Yes	Yes	Yes	Yes
Colombia	No	No	No	No
Congo	Yes	Yes	Yes	Yes
Côte d'Ivoire	Yes	Yes	Yes	Yes
Eritrea	No	Yes	Yes	No
Ethiopia	No	Yes	Yes	No
Iraq	Yes	No	No	Yes
Liberia	Yes	Yes	Yes	Yes
Nepal	No	Yes	No	Yes
occupied Palestine	No	No	No data	Yes (with Israel)
Serbia	No	No	No	No
Sierra Leone	Yes	Yes	Yes	Yes
Somalia	No	Yes	No data	No
Sri Lanka	No	No	No	Yes
Sudan	Yes	Yes	Yes	Yes

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