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THE INFLUENCE OF AID IN SITUATIONS OF VIOLENT CONFLICT

A synthesis and a commentary on the lessons learned from case studies on the limits and scope for the use of development assistance incentives and disincentives for influencing conflict situations

This study forms part of a research project on the use of aid as an incentive or disincentive in conflict and conflict-prone situations, based on case studies carried out by the Task Force as well as other evolving experience. It is submitted at the 14-15 December 2000 meeting of the Task Force for CONSIDERATION.

Contact person: Francesca Cook [tel: (33 1) 45 24 90 08 / fax: (33 1) 44 30 61 47]
Email: Francesca.Cook@oecd.org

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THE INFLUENCE OF AID IN SITUATIONS OF VIOLENT CONFLICT[1]

A.   Introduction

1.   Over the past decade, the mandate of aid has been extended significantly. The end of the Cold War brought about far-reaching political changes that culminated in a great rise in civil wars, especially in Africa and the former Soviet Union, as well as a willingness by the international community to promote democratic and peaceful change in those same regions. Thirty years of exploitation, poverty, dictatorship and mismanagement, however - usually with active backing from the same international community, in the name of Cold War politics - has left many places characterised by deep social divisions and weak governance. As a result, humanitarian assistance and development aid have been confronted with a long extension of their mandates, and this under increasingly difficult conditions.

2.   In 1997, a High-Level Meeting of the OECD's Development Assistance Committee (DAC) adopted the *Guidelines on Conflict, Peace and Development Co-operation* – one of the clearest and most authoritative statements on the new mandate of aid. As a follow-up to the publication of these Guidelines, which are to be revised by December 2000, a research process was started on 'incentives and disincentives for peace'— the way humanitarian and development aid can be used to promote dynamics of peace in recipient countries. This report synthesises and comments on the results of four case studies, and ensuing discussions by representatives of DAC Member countries and aid experts on this topic. [2]

3.   The four case studies deal with Afghanistan, Bosnia, Rwanda, and Sri Lanka; they examine if and how donors, during and after violent conflict, use their Official Development Assistance (ODA) to create incentives and disincentives to reduce violent conflict and build durable peace. Specific donors may well use a different terminology than that of incentives and disincentives, or may not examine their aid in these terms at all. The task of the study project is to promote fresh understanding of these matters, while verifying the relevance of the *Guidelines*.

4.   Of the four cases, which are diverse in nature, only Bosnia has ended with a peace accord. In the three other cases, civil war and violence continue in some form or another, which is an increasing occurrence in 'transitional' countries. Sri Lanka is a long-established democracy, while the others have various forms of autocratic rule. The conflict in Bosnia has received intense attention from the world press and policy-makers. The one in Sri Lanka is almost entirely forgotten. In Afghanistan, there are almost no relations between the Taliban and the international community. In Rwanda, there were always well developed contacts, but that did not preclude a genocide[3]. Even in their quality of statehood, the case

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[1]   This paper has been drafted by Peter Uvin, Research Professor, Watson Institute for International Studies, Brown University, Providence, RI, USA.

[2] '   In October of 1998, the DAC Informal Task Force on Conflict Peace and Development Co-operation started a study project entitled "The Limits and Scope for the Use of Development Assistance Incentives and Disincentives for Influencing Conflict Situations". This paper serves to both synthesise and (a) comment on the lessons learned from case studies on the use of aid as an incentive or disincentive in conflict and conflict-prone situations: Afghanistan, Bosnia and Herzegovina, Rwanda, Sri-Lanka, which were sponsored, respectively, by the United Kingdom, Sweden, Denmark and Canada. The current paper includes perspectives generated through discussion of these case studies in the DAC Task Force in May and June 1999, as well as an expert consultation in August, and consideration of relevant literature.

[3]   Also, the case studies of Bosnia and Rwanda focus solely on the post-conflict situation. Studies with a longer time horizon could produce interesting insights into the role of ODA in the period leading up to the outbreak of violent conflict.

studies differ markedly, representing various configurations of sovereignty at the end of the twentieth century. Bosnia is characterised by strong international involvement in key functions of governance; Afghanistan's government does not control a significant part of its territory (the same holds to a lesser extent for Sri Lanka); in Rwanda the government nowadays (does control its territory by itself) controls its own territory, but does so as a state kept afloat by massive infusions of foreign aid. This diversity in conditions implies that whatever general trends are observed in these cases probably have a broad validity.

5.   Incentives for peace refer to all purposeful uses of aid that strengthen the dynamics that favour peace, by influencing actors' behaviours, by strengthening pro-peace actors' capacities, by changing the relations between conflicting actors (ethnic groups, the state and civil society), and by influencing the social and economic environment in which conflict and peace dynamics take place[4]. Disincentives do the opposite: they weaken and discourage the dynamics that favour violence. Incentives and disincentives can occur in a conditional or in an unconditional manner (*i.e.* with or without reciprocity requirements, with or without an expected immediate response).

Examples of incentives and disincentives for human rights

	Non-conditional	**Conditional**
Incentives	Providing human rights training to the police and judiciary sectors	Engaging to grant budget support or debt relief upon reaching specified and agreed-upon political goals
Disincentives	Sending human rights observers; providing material support and international networking to local human rights NGOs	Threatening to cut (or actually cutting) ODA unless the government improves its human rights record

6.   National governments are not alone as possible targets for incentives and disincentives, although they frequently complain that they are. Rebel movements and guerrillas also often deserve such attention - as may neighbouring governments, who often play important roles in conflicts—witness the cases of Rwanda and Afghanistan. Other possibilities include sub-state actors, such as local or regional governments, armies, or civilian groups and civil society organisations, such as army or guerrilla soldiers to be demobilised, returning refugees, racist groups, or special interests with much to lose from peace. All these possible targets of a (dis)incentive for peace strategy have very different capacities as well as different susceptibilities, i.e. different ways in which they are influenced and influenceable by ODA. In addition, these features vary between countries and within countries over time.

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[4]   This definition of incentives is broader than the one employed by the Carnegie Commission for the Prevention of Deadly Conflict: 'the offer of a reward by a sender in exchange for a particular action or response by a recipient' (Cortright 1997; 6). In that definition, incentives are the mirror of the more usual (and more frequently analysed) tools of deterrence, sanction, coercion, and conditionality (Cortright 1997: 267). They are the proverbial carrots that complement the sticks. However, much of what has been discussed in the case studies—and much of what goes on in the field—goes beyond the 'carrot and stick' definition of incentives and disincentives. Improving detention conditions and defence procedures in Rwanda; assuring that new housing goes equally to different ethnic groups in Sri Lanka; favouring women's participation in income-generation activities in Afghanistan; supporting human rights organisations in Bosnia—all of this does not fit within the 'carrots and stick' approach, yet is crucial to how donors attempt to promote peace in conflict-prone countries. It seems, then, that a broader definition of incentives and disincentives for peace is required.

B.   Basic lessons

7.   The case studies revealed a number of basic lessons about the role of aid in a strategy of (dis)incentives for peace. Most fundamentally, they showed that:

- All aid, at all times, creates incentives and disincentives, for peace or for war, regardless of whether these effects are deliberate, recognised or not, before, during or after war. The issue is then not whether or not to create (dis)incentives but, rather, how to manage them so as to promote conditions and dynamics propitious to non-violent conflict resolution.
- Aid managers need to face up to the political nature of all aid. This involves recognising that perceptions matter as much as facts in aid impacts; that who gets which piece of the cake is usually as important as the total size of the cake; that efficiency may sometimes need to be traded for stability and peace; that the development discourse can be used for many political purposes; and, broadly, that process is as important as product.
- Aid alone usually has limited capacities to determine the dynamics of violent conflict: external aid (which volume is on the decline) is often weak when weighed against the range of pressures and interests emanating from international, national, regional and local actors, both public and private.
- The impact of ODA on the dynamics of peace and violence in recipient countries takes place within the broader, often volatile, environment of the relations between the country and the international community.

8.   As a result, aid policymakers and managers will need to:

- Work with non-ODA actors to develop a coherent and comprehensive policy involving diplomacy, military relations, finance, and trade.
- And develop and implement innovative approaches to maximise and fine-tune the capacity of ODA to create (dis)incentives for peace for particular actors.

9.   The latter will involve:

- The use of ODA in new domains, including politically sensitive areas such as the judiciary and security.
- Explicit attention to the way project design influences the dynamics of violence and peace.
- Investment in new kinds of knowledge and human resources for understanding the histories and social dynamics of inequality, division, and violence in societies, and the role of external actors therein.
- The creation of more decentralised decision-making, allowing for timely and more locally owned and co-ordinated responses to unfolding dynamics.

10.   When doing so, it will be important to remember that:

- Donors need to target incentives and disincentives for peace at *all* parties to conflicts, including non-state and sub-state actors.
- Donors need to develop explicit regional strategies.
- Contrary to popular assumption, conditionality usually does not work. Fortunately, the international community has many other tools than conditionality if it wants to engage with the dynamics of violence and peace in recipient countries. None of the examples in paragraphs 12 to 15, for example, involve conditionality.

C.   Key objectives sought through the use of incentives and disincentives

11.   Schematically, donors seek four broad categories of objectives as they employ ODA in a framework of incentives and disincentives for peace: influencing actors' behaviours; modifying actors' capacities; changing the relations between actors; and influencing the social and economic environment in which conflict and peace dynamics take place. The order in which these four types are presented is from those dealing with the most proximate, actor-related, causes of conflict to those dealing with the systemic, root causes level. Many of the examples come from the 1997 *Guidelines*; others derive from the case studies.

12.   <u>Influencing actors' behaviours</u>. Donors employ ODA to encourage actors to behave in a more pro-peace manner, or discourage them from the opposite. Examples include:

- Offering significant increases in overall ODA to governments engaging in peace negotiations or completing them.
- Providing human rights training to military and police forces.
- Assisting soldiers with demobilisation.
- Developing non-partisan curricula and textbooks.
- Rendering governments more aware of, and open to, local peace initiatives.

13.   <u>Modifying actors' capacities</u>. In this case, the aim is to strengthen the capacities of actors who already behave in pro-peace manners to do more of the same and to be more effective, or to weaken those that benefit from conditions of violent conflict. Examples include:

- Capacity-building and financial support for pro-peace or human rights NGOs.
- Researches on mechanisms to limit the inflow of arms in a region.
- Demobilisation programmes.
- Leadership training to labour leaders or women leaders.
- Strengthening local peace initiatives and creating horizontal linkages between them.
- Monitoring and reducing military expenditures.
- Facilitating access to legal systems for marginalised individuals and groups.
- Helping local NGOs and community-based organisations (CBOs) to become more capable and responsive to their constituencies.

14.   <u>Changing the relations between actors</u>. Here, donors seek to modify the nature of interactions between social groups in society—whether between various communal groups, or between the state and civil society—to become more inclusive and less violent. ODA examples include:

- The creation of fora for reconciliation and opportunities for inter-communal collaboration.
- Trauma counselling.
- The creation of neutral spaces for communication and dialogue between different social groups.
- Justice projects, including international tribunals for crimes against humanity.
- Democratic policing programmes.
- Independent ombudsmen offices or civilian review boards for civilian oversight of security forces.
- Support to traditional dispute resolution mechanisms.
- The promotion of minority refugee return and re-integration.

15.   Changing the social and economic environment in which conflict and peace dynamics take place:

• Debt relief to kick-start the economy.
• Support to dialogues on electoral systems and free elections.
• Strengthening the media and access to free information.
• The provision of peace-keeping forces or election observers.
• De-mining and demobilisation.
• The reconstruction of basic social and economic infrastructures.
• The promotion of transparent and accountable mechanisms of governance.
• The promotion of regional dynamics in favour of peace and integration.

16.   All the above areas, and almost all the examples, are eminently political in nature. This cannot but pose profound normative issues. What is the ethical, moral, or legal mandate for donors to engage in these matters? What principles does the aid community seek to apply? Who decides on these principles? Who sets priorities, based on what criteria? What instruments are acceptable in each specific situation? How to avoid being seen as a party to the conflict? As a matter of general policy, these matters need explicit consideration by donor agencies; in the case of specific conflict-prone countries, they need local grounding, including ownership by internal actors. Peace cannot be imported; it is made by the people concerned themselves. Aid can assist in this, but to do so it must develop a clear ethical mandate and strong links with society.

17.   One issue that often reappeared in the case studies and subsequent DAC discussions is the question of the local vs. the national, the micro vs. the macro. The 1997 *Guidelines* (para. 35, 113/ p. 26, 54)[5] repeatedly stress the potential for community-level improvements in governance or reconciliation, especially where national work is not possible. The first three types of policy objectives discussed above can also be promoted at the local level — often more easily. It may seem simpler, for example, to promote reconciliation, or to apply conditionality, at the local level than at the national one.

18.   That effectiveness comes at a cost, though, for it may require lengthy engagement and monitoring for proportionally small results. Some doubts were expressed, moreover, about the extent to which local successes influence higher levels, or to what extent they are sustainable. Yet, when the national situation is truly constricted, local level change may be all there is to work with, or for. In addition, deliberate efforts can be undertaken to magnify local initiatives for peace. Finally, micro-level improvements may provide a good grassroots climate for future collaboration when peace can be brought about through political efforts. This area needs more work, but may be one where ODA can play an important role.

D.   Contextual variables and determinants of effectiveness

19.   Timing is important. The further conflicts have become polarised and violent before donors begin strategically using (dis)incentives for peace, the costlier the use of such (dis)incentives will be, and the longer it will take to see results. Truly, peace can come about after many years of extreme violence – Mozambique and Guatemala are recent examples—but in the meantime the human and social cost has been staggering. Acting early, and preferably preventively, is almost always better.

20.   In addition, windows of opportunity often appear - after peace agreements are signed, or when new governments come into power - that need timely responses. These windows have often been shut for lack of a rapid response by the donor community. Improving donor capacity to respond in a timely and

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[5]   References to the *Guidelines* include paragraph numbers from the 1997 original publication, followed by page numbers from the 1998 publication where the paragraph numbers were not included.

flexible manner requires both in-depth understanding of the dynamics at stake, and decentralised decision-making procedures (see section E).

21.   Time is important in another respect as well. Promoting peace is a dynamic process that requires long-term commitment. Sustainable peace is not something that can be produced rapidly; it is not something that can be mastered technically, with a fixed formula; it is not even a clear state that can be achieved once and for all as much as a process. Donors, thus, need a long-term vision. Ideally, they can commit themselves for the long term; even if they cannot, their actions should reflect a concern for the long run.

22.   Co-ordination between donors renders the use of (dis)incentives more effective. This requires that donors share similar goals and a similar assessment of the situation. Yet, the case studies demonstrate that the scope for legitimate differences in assessment and strategy is vast. Domestic politics and national interests in donor countries play powerful roles in determining their goals and margins for manoeuvre. Differences in assessment of the situation or the possible alternatives often exist between field staff and headquarters, or between field staff from different countries. Any progress in overcoming these constraints is bound to be extremely beneficial for a strategy of (dis)incentives for peace.

23.   Incentives and disincentives need to be balanced with the counter-dynamics they seek to address. For example, when seeking to promote the return of refugees—an important element of any strategy for peace—possible donor incentives, such as reconstruction of public facilities, or food-for-work programmes, need to be weighed against the disincentives for return, foremost refugees' fear for their life. When using threats of cutting aid against leaders who engage in violent behaviour, one has to consider the incentives for continued violence, such as the profits to be made from war, or the risk of counter-attack. Incentives or disincentives are only likely to work if they are balanced with the opposing dynamics, or if they manage to create alternative dynamics.

24.   Ideally, a strategy of (dis)incentives for peace builds on a coherent policy whereby donors use ODA and non-ODA instruments. As the *Guidelines* (para. 19, 39/ p. 21, 28) state, 'conflict prevention and peace-building approaches must be coherent, comprehensive, integrated and aimed at helping address the root causes of conflicts. The close co-operation of all policy instruments (diplomacy, military, trade, and development co-operation), based on their respective comparative advantages, is required'. Concretely, the non-ODA incentives donors can employ include: trade (the granting of most-favoured nation status, for example, or the inclusion in regional trade agreements); finance (IMF credits or debt relief); security (military action, or inclusion in military co-operation agreements, etc.) and, more broadly, diplomatic respectability (opening up of embassies, support for a UN seat, etc.) (Cortright 1997: 6ff., 273). The case studies suggest that donor coherence is generally low.

25.   Looking back at the four categories of objectives described in section B, it seems likely that non-ODA policy instruments are likely to produce strong impacts at the fourth level: the social and economic environment within which conflict takes place. Moves towards free trade, solutions to the debt crisis, the infusion of foreign investment, or access to information technology are bound to produce vastly bigger impacts on the overall economic environment in specific developing countries than the few million dollars in ODA most donors spend on them annually. In this respect, ODA might be best employed in such a manner as to strengthen the capacity of countries, and groups within countries, to benefit from these processes. Development aid, however, is likely to be stronger at supporting the kind of domestic dynamics within recipient countries that fall under the second and third levels, namely modifying actors' resources, and changing the relations between actors. Development aid is also significantly more appropriate for everything that involves grassroots, local dynamics: supporting local peace and reconciliation initiatives, strengthening local NGOs, improving the local interactions between states and their citizens, and the like.

Diplomacy, possibly in conjunction with foreign aid, may well be stronger at the national level: assuring that governments take peace negotiations seriously, creating fora for regional negotiations, and the like.

E.   Available development co-operation instruments

26.   In most situations of conflict, violence and insecurity persist for long times, fluctuating in intensity, touching some parts of the territory or some social groups more than others, and producing sequels that may last for decades. Such situations tend to be "grey zones," where humanitarian and development imperatives, as well as the agencies representing them, co-exist for long periods, often while having significantly enlarged their domain of activities. In addition, new, intermediate instruments, such as transition aid, have been developed to work in this grey zone All this creates major, and as yet unresolved, challenges of co-ordination, collaboration, coherence, and mutual learning. It is against this background that one must read the following pages, in which we will present the lessons from the four case studies regarding both humanitarian assistance and development aid. A discussion of conditionality, the ODA instrument most often associated with debates about (dis)incentives for peace, will constitute the third part of this section.

1.   Humanitarian assistance

27.   For decades, the key basis of humanitarian assistance has been its political neutrality: it serves to save lives, regardless of what side people are on or the nature of their political authorities. However, what we observed in paragraph 7 holds true here also: regardless of its intentions, humanitarian aid has political impacts and influences the dynamics of violence and peace. Mary Anderson, for example, has convincingly shown that the way humanitarian assistance is distributed can lessen or worsen inter-group tensions. There is now widespread agreement that donors shall try to be aware of these impacts, and render them as beneficial as possible. This typically requires a better analysis than has hitherto been the case in humanitarian aid milieu.

28.   Within the international humanitarian community, there currently rages a major debate about the extent to which humanitarian assistance should be used as part of a strategy of (dis)incentives for peace. There clearly is a broad trend towards an increased use of humanitarian assistance as part of a more comprehensive strategy to transform conflicts and decrease the violence. However, there exists a deep fear within the humanitarian community that this may entail a weakening of the humanitarian imperative, namely to assist all those in need, regardless of where and who they are.

29.   An example of donors politicising humanitarian assistance occurs when they make the choice to use humanitarian assistance for political reasons rather than for reasons of urgent need. In the name of urgency, humanitarian assistance allows donors to bypass governments, and some donors have used this as a way of expressing their displeasure with certain governments, of not strengthening their capacities (Afghanistan and Rwanda). This is clearly dangerous: a continued political use of this decision may impede humanitarian access in the future. The decision to use humanitarian assistance should be made in function of people's needs, and not of political messages to be sent to governments - there are other ways to do the latter.

30.   The fact that in most cases humanitarian assistance and development aid coincide for long periods - as well as, evidently, non-ODA instruments of foreign policy, military relations, trade and finance - should be positive. It may make the situation on the ground murkier, and it may pose serious co-ordination problems, but it also means that donors have other tools than emergency aid with which to implement a (dis)incentive for peace strategy.

31.   There is a tendency to <u>end emergency aid as fast as possible</u>, in part because of the ethical and practical difficulties in using humanitarian assistance within a (dis)incentives for peace strategy. The DAC *Guidelines* (para. 100/ p. 52), for example, exhort states to 'limit the scope and duration of emergency relief operations to the strict minimum.' The reasons for this include a laudable desire to strengthen local capacities rather than parallel relief delivery systems, a wish to avoid dependency by beneficiaries, and to privilege long-term development concerns. Recipient governments are themselves usually keen on moving in this direction, observing that humanitarian assistance bypasses them significantly more than ordinary development aid.

32.   However, this tendency has been criticised by some who argue that the international community turns to development aid too quickly. Even if the formal emergency is over—refugees have returned, for example, or a peace agreement has been signed—populations remain dramatically impoverished, infrastructures are destroyed, and violence is often present, which are hardly the 'normal' conditions of development. In addition, the move from humanitarian assistance to development aid typically entails a significant decrease in financial flow.

Box 1. The 'Open Cities Initiative' (from the Bosnia Case Study)

This project was initiated by a UN agency and premised on what it terms 'positive conditionality', a rapid support to cities and areas declaring their willingness to accept the return of former inhabitants. Support takes the form of provision of security, human rights observance and monitoring, investment in infrastructure and the creation of jobs and other income generation. The UN agency declared this initiative to be its 'principle vehicle' for 50,000 minority returns during the first half of 1998, promising to concentrate about 80 percent of its funding on Open Cities and potential Open Cities. From its inception until the end of March 1998, US$ 47 million was spent on Open Cities by various multilateral and bilateral agencies.

By all accounts, the results of the Open Cities Initiative have been disappointing. The Open Cities that received increased reconstruction assistance have not experienced a proportionate increase in minority returns. In some cases, the number of minority returns declined after designation. For example: the town of Gorazde received a total of DM 29,591,000 in aid from 1996 until November 1997. From November 1997, when it was declared an Open City, until the end of March 1998, it received DM 9,039,900. Before recognition, 23 minorities had returned, while only 4 returned between recognition and March 1998.

In addition, Open Cities were no more successful than other areas in attracting donor funding. There was no relation between a municipality's status as an Open City, success with minority return and amount of aid per capita. The conceptual weakness in this initiative has been identified as a lack of a proper selection procedure for returnees and adequate follow-up and monitoring. Municipalities were rewarded for promises and stated intentions, rather than results.

33.   The case studies show two cases where a maximalist position was attempted using humanitarian assistance as part of a deliberate strategy of incentives for peace. These are the cases of refugee return in Rwanda and in Bosnia. By 1996, the international community became convinced that the continued non-return of millions of Rwandan refugees was creating a festering political sore and a major source of further instability. In Bosnia, the international community felt that if minorities did not return, ethnic cleansing would be de facto strengthened (see Box 1). In both cases, consequently, special efforts were deployed to encourage minority refugees to return. However, both of these attempts failed to produce the expected results, for two reasons. First, the available incentives could not offset the perceived lack of security by refugees. Second, other actors - refugee camp leaders in the case of Rwanda, and municipal leadership in the case of Bosnia - used the aid received to strengthen their own political basis without regard to the intentions of the international community. Underlying these problems in both cases, however, was insufficient understanding of the dynamics at stake, combined with a lack of monitoring and enforcement by donors.

2.   Development assistance

34.   In unstable and violent settings, donors at some point (and when that point should be is hotly debated) begin using development aid again, often while still employing humanitarian assistance. When they do so, they often engage in issues and sectors they have been active in for decades as, for example, the construction of social and economic infrastructure, or education and training, agriculture, public sector capacity building, policy reform and program aid. In the past few years, and as part of their desire to employ aid in such a way as to promote peace, donors have also begun investing in new sectors, such as the judiciary, security, or reconciliation.

"Old" sectors: the politics of engagement

35.   During conflicts, many governments cease functioning, particularly in areas with heavy violence. Indeed, it is a defining element of complex humanitarian emergencies that governments have ceased functioning altogether. And even when the worst violence has ended, governments typically remain weakened: competent staff have fled or been killed; documents and infrastructure have been destroyed; and policies must be developed from scratch—a daunting task even under the best of circumstances. At the same time, the needs of the population tend to be more acute: refugees need to be resettled; critical infrastructures rebuilt; and service delivery programmes regenerated.

36.   Under these circumstances, it is not surprising that the donor community tends to act much more directly than usual. Even among development agencies, a sentiment of urgency prevails: although working with and through government is considered ideal, this ideal will have to be put off until urgent needs are met and capacities developed. The main difficulty with this attitude is that it may well prolong the government weakness it seeks to avoid, and that it decreases government ownership and local control. All four case studies stress the need for wide participation by government in the design and implementation of post-conflict projects and programmes. Capacity-supporting and -building concerns should be added on to any donor strategy from the very beginning.

37.   Schematically speaking, donors face a fundamental strategic choice when engaging in (dis)incentives for peace strategy in violence-prone countries. One strategy is based on trust, and the flip side, a willingness to take risks: it seeks to strengthen the government's capacities to finance and manage its own priorities. This strategy is largely based on the use of non-conditional incentives. Donor influence here comes from the increased capacity for dialogue that follows from this strategy, and from strengthening capacities and dynamics that favour peace. Multilateral aid is often associated with this strategy.

38.   The other strategy is based on control and, in consequence, a reduced ability to engage in dialogue. It seeks to (maximally and directly) control the use of funds, either by keeping the funds and their use in the hands of the donor or by delegating them to third parties (NGOs or multi-bi-arrangements). This strategy often coincides with a greater use of disincentives - and indeed, the bypassing of government can be seen as a disincentive in and by itself.

39.   In reality**,** donors are never found at either of these extremes. Where they end up reflects differences in (a) their assessment of the nature of the situation; (b) their faith in the government and consequent willingness to engage with it in some form of partnership; and (c) their willingness to engage and take risks. All these factors should ideally be based on a high-quality political analysis.

40.   The recent trend toward selectivity offers an interesting intermediate position. It refers to a move away from rather undiscriminating aid to a wide range of countries and sectors in favour of a narrower list of recipients and sectors, chosen according to the degree of congruence between recipient and donor

objectives. It is part of an attempt to ensure ownership and to reduce reliance on conditionality, with donors promoting their objectives by focussing assistance on 'like-minded' recipients and priority sectors, rather than trying to achieve it through financial leverage.

41.   Another intermediate position consists of <u>a judicious combination of elements of a trust strategy with control mechanisms</u>. One donor's policy in Rwanda, for example, is to make significant long-term programme support commitments under a mutually agreed protocol containing political benchmarks. At the same time, budget support is accompanied by requirements of budgetary transparency and monitoring, allowing, among others, for a better tracking of military expenditures. Here, an attempt is made to marry trust and control, and local ownership.

42.   Finally, at the operational level, donors can modify their <u>project design</u> in order to adapt to, or influence, conflict dynamics. The underlying idea here is that, regardless of the specific sector, donors can seek to design their projects and programmes in such a way as to maximise the (dis)incentives for peace and minimise those for violence. In other words, this is as much about what donors do, as about how they do it—about 'doing things differently rather than doing different things'. (see Box 2)

Box 2. The 'Three Thousand House' example (from the Sri Lanka case study)

> The project sought to provide 3000 houses in a community consisting of equal percentage of Tamil, Sinhalese, and Muslim populations. The decision by the community was to allocate the houses equally between each group, i.e. 1000 houses to each group. While there were the typical complaints about this decision, it was accepted by the community as a whole and the houses were introduced. Yet, each community had not been affected equally by the violence: some communities in fact had far greater need for housing.
>
> This example illustrates how the standard development criteria (needs-based decisions; efficiency; product-oriented rather than process-oriented approaches) may have to be subordinated to peacebuilding objectives. In this case, the principle of equity (needs-based allocation) was subordinated to the political expedient of equality (arithmetic allocation). It gets more complicated yet: we have to ask ourselves, even if the decision was made by the communities themselves (as it was), did this development project reinforce politicised ethnic boundaries? In some ways it did. Was there an alternative? Perhaps the full example of success in this project would be when the communities themselves made their own decision based purely on the criteria of need. The task which still confronts us is how to get there from here.

43.   To some extent, this means being more aware of the political aspects of any project—understanding how its design, implementation, and aims may interact with the political dynamics in society. Another consequence is the need for an acute and politically sensitive concern for equity and proportion in project benefits, between people of different communal groups, or between returnees and local populations. This can lead in either direction. In Rwanda, many donors abandoned targeting for fear of being seen as partial to any one side; in Afghanistan, they strengthened targeting to women, for fear of acquiescing to government policies that exclude women. There seem to be few general lessons emerging from the analysis here, apart from the need for awareness—if possible backed up by some form of conflict impact assessment—and flexibility in design and implementation.

New sectors

44.   <u>Reconciliation</u>. The cases of Bosnia, Rwanda, and Sri Lanka demonstrate that donors have begun using ODA for purposes of promoting reconciliation, either as stand-alone projects, or as add-ons to other projects (see Box 3). This is very difficult and time-consuming work, amounting to providing conditions and opportunities conducive for communities to change their attitudes towards each other and towards integration, — nowhere an easily orchestrated or speedy matter. In addition, many activities in these sectors are based on limited explicit and tested thinking, both about the causes of violence and about the

social dynamics of polarisation and identity formation. Much more work is needed, based on insights from the social sciences and the experiences acquired to date in the field.

45. <u>Judiciary</u>. The case studies demonstrate that justice has become an important new field for ODA. In Rwanda, more than a hundred justice projects have been funded; in Bosnia, too, there was significant donor involvement in the justice and police sectors. Both cases also saw the establishment of war crimes tribunals—a testimony to a certain degree of coherence between foreign policy and ODA within a strategy of (dis)incentives for peace. However, in both cases, the positive effects of these tribunals have been long awaited and are only starting to emerge. Budgetary shortfalls account in part for the slow progress. In comparison, the Nuremberg tribunal against 12 Nazi defendants took 11 months and cost $2 billion in contemporary terms, — significantly faster and more expensive than the approximately $5 million per year donors are now spending on each Tribunal.

46. <u>Security</u>. Security is widely seen as the single most crucial element for any reconciliation and long-term development in a post-conflict country (UNSG 1998: 17). It concerns both ending the insecurity resulting from the war, and new forms of (criminal) insecurity that so often hit countries that have been in conflict for a long time. Insecurity limits the likelihood of reconciliation, undermines the legitimacy of the institutions of the state, and hampers any possible recovery and economic development. It has become a new area for donor involvement, with specific projects and programmes in demobilisation, training, and capacity-building.

47. Another security issue occurs where (parts of) the security forces—army, gendarmerie, police— have been implicated in human rights abuses and atrocities. This poses an issue of justice and impunity, on the one hand, and broader legitimacy of the institutions of the state on the other (cases of Bosnia and Rwanda, but also Haiti, El Salvador, South Africa, and Kosovo). The international community has become active in so-called 'democratic policing' — a matter which would have been considered far beyond the reach of ODA only a decade ago[6].

48. The international aid community is still relatively new at dealing with these sectors, usually under the very difficult circumstances of instability and (the sequels of) violence. There is as yet no way to set priorities between sectors. The UN Secretary-General's 1998 discussion of 'priorities for post-conflict peace-building' include security and reintegration; recovery and income generation; the rule of law and accountability in public administration; democratic governance and transparency; structural adjustment policy reform as well as 'human face' type of social policies; social justice and the elimination of all forms of discrimination against women. The *Guidelines* include all the above, in addition to participation, support for some traditional institutions, access to information and support to the media, de-mining, and food security. None of these documents provides tools for making choices about priorities under conditions of resource scarcity. The aid community will need to develop priorities for its engagement in these new, politically sensitive sectors. Doing so will imperatively require mechanisms that associate local actors (including the government as well as civil society), from whom the solutions will fundamentally have to emerge.

49. In addition, these matters are highly politically sensitive and intrusive, acutely posing the issue of sovereignty and intervention. The *Guidelines* (para. 155, 180/ p. 66, 73), for example, posit that ODA should 'promote multi-lingualism and cultural expression by minorities and indigenous people,' 'ensure

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[6]   The DAC Informal Task Force on Conflict, Peace and Development Co-operation is currently engaged in research and dialogue to formulate policy guidance on security sector reform as part of its work to update the *Guidelines* by December 2000. Many donors now sponsor ODA—funded programmes in areas as diverse as demobilisation, child soldiers, demining, civilian control of the military and other governance issues in relation to security forces.

that all government institutions and bodies function in a transparent, accountable and accessible manner to the benefit of all members of society, especially minorities, the marginalised, and the vulnerable,' and 'ensure that the officials and staff of government institutions are representative of the communities served.' These recommendations are of an ideal-type nature, constituting long-term ethical goals rather than achievable short-term outcomes. They are often contested even in donor countries themselves, and, to the extent that they exist there, they result from decades of domestic struggles for social and political change. If donors do not want to be accused of seeking to justify a new interventionism — a charge that, while unjust, is sure to be heard when reading the above recommendations — they will need to thread very carefully here. Once again, probably the most ethically and practically acceptable manner to proceed is by closely associating local actors in the setting of priorities and the assessment of progress.

50.   Finally, these sectors are usually slow in producing viable and locally owned dynamics for peace. Moreover, what is often attempted here is not the *re*construction of justice, security, and governance, but its first-time construction, — truly a daunting task, even under the best of circumstances.

51.   The overriding lessons that follow from all this relate to the need to:

- Act early and preventively (if only to prevent needless suffering).
- Engage for the long-term (or at least act with a long-term perspective).
- Strongly ground donor involvement in these sectors in local initiatives and dynamics.
- Include government as well as civil society in setting priorities for action.
- Develop indicators to measure intermediary results with all stakeholders.
- And, act only after having made an in-depth analysis.

3.   Conditionality

52.   The issue of conditionality poses both major ethnical/normative problems, as well as operational ones. The operational problems are well revealed in the case studies. They show that the severity of the threat implied in conditionality is determined by factors outside the control of individual donors, such as:

- The possibility and cost of the target accessing other resources from other donors or from non-aid sources.
- The credibility of the threat (partly based on past behaviour by the donor community toward the same country, as well as towards other countries).
- The degree of co-ordination between donors (reducing donor-shopping), including the Bretton Woods institutions.
- The importance or political sensitivity of the disputed policy to the government (some issues are almost non-negotiable to governments, for they constitute political suicide).
- The broader relations between recipient government and donor country.

In addition, there are serious problems with using conditionality under emergency conditions.

53.   All four cases suggest that conditionality is, more often than not, ineffective. The Afghanistan case, for example, shows that (a) the international community provided little aid to Afghanistan, which, moreover, (b) had access to alternative sources of aid (e.g. Pakistan, Saudi Arabia); (c) the Taliban sees itself as not aid-dependent, especially toward the West; and (d) the credibility of threats of collective action by donors is limited. Combined with the fundamental nature of the issues at stake—women's rights to the West, but profound religious interpretations to the Taliban—the international community's leverage from aid conditionality is low if not non-existent. Similarly, the Bosnian and Rwandan case studies show that conditionality was often applied at the level of rhetoric, but, for political reasons, not followed up on. In addition, strong donor pressure often causes a backlash, or facilitates government manipulation in that

direction. Finally, conditionality, even if it works, has a high political price, for it creates a climate of adversity and resentment between donors and recipients.

Box 3. Equitable inclusion of women (from the Afghanistan Case Study)

The most immediate response to the Taliban's introduction of discriminatory policies against women has been the suspension of programmes, often accompanied by public statements that ranged from expressions of concern, to appeals to the Taliban to respect rights and international norms to denunciation. Thus, both UN agencies and international NGOs suspended their programmes (education, water supply, food aid) in Taliban-controlled areas where girls were denied the same access as boys.

Various agency headquarters suggested a policy in which no programmes could continue or be initiated unless 50 percent of the participating Afghans were women and 50 percent of the beneficiaries were women. Reportedly there were differences of opinion between the headquarters and the field, not about the principle but about the immediate or short-term feasibility of its practical application. One objection was that there is a difference between women as 'beneficiaries' and women as 'participants'. Not only the Taliban edicts but traditional Afghan culture limits the active participation of women in certain domains. Women might benefit from aid programmes even if they were not active 'participants' in programme identification and implementation.

The policy has evolved. One interpretation holds that the 50 percent criterion should not apply to each project individually, but to the total of projects of an agency. The total project portfolio may include projects that benefit smaller numbers of women, but also projects that target women and in which the majority of beneficiaries are women. Another interpretation holds that a 50 percent equal participation of women is a long-term, not an immediate, goal to strive for. The evaluation, therefore, will concentrate more on progress and trends than on the current state of affairs.The situation poses many profound dilemmas and much debate about the sliding scale of principle/pragmatism/complicity:

- Must the work for several million Afghans be made dependent on the perhaps 5 percent of modern women for whom the Taliban edicts enforce a drastic change of life? Must the possibilities for work in the rural areas be sacrificed on behalf of urban people?

- Must the international community show patience and accept that it may take many years before the Taliban become more realistic and tolerant (see the experience of Iran since the revolution in 1979), or should it insist on gender equity now? Would patience and pragmatism only help to consolidate the discrimination for the future?

- Where is the line between working in ways that are more cumbersome and costly but accommodate Taliban regulations, and no longer being able to fulfil one's mandate?

54.   But there are also deeper ethical problems with conditionality. Sustainable dynamics of peace cannot depend on donors' attempts to 'twist the arms' of unwilling governments. What is truly required is a change in attitudes and power inside the country, involving governments and civil societies, an approach that is historically, culturally and politically grounded—not imposed from abroad. In addition, given donors' past record of inconsistency in applying principled standards of behaviour, attempts at conditionality are widely seen as illegitimate. Finally, as one senior person observed, "when we talk about universal principles but we do not apply universal mechanisms (i.e. the United Nations), there is a problem: it looks like unilateral imposition." The charge of neo-colonialism is more than hollow rhetoric for many in the Third World, and it is deeply felt.

55.   The prime lesson for those still interested in applying conditionality as part of a broader framework of incentives for peace is to build on a strong domestic basis. Conditionality clearly works best, and is ethically most acceptable, when it builds on a strong domestic basis for the desired policy goal. This is most evidently the case where a peace agreement exists: donors can condition their aid to the implementation of the agreed-upon provisions. Another possibility occurs where there exists a strong and organised civil society with a clear agenda that backs sanctions or conditionality. (South Africa with the ANC comes foremost to mind, or, recently, the case of Indonesian opposition groups asking the international community not to provide aid before the elections.) More broadly, even if not explicitly

asked for, those conditionalities—or incentives, for that matter—that appeal to groups and constituencies within the country are more likely to be successful than those that do not.

56.   In addition, <u>a more articulate conditionality policy</u> should be articulated as clearly and transparently as possible, so that there can be no misunderstanding about its nature, and so that its satisfaction, or failure thereof, is beyond debate. Such a policy should be:

- Used as an option of last resort, rather than regularly employed.
- Co-ordinated with other donors to prevent donor shopping.
- Based on clear ethical principles.
- Monitored and evaluated clearly, and preferably jointly.
- Part of a broader strategy of using (dis)incentives for peace (sticks do work better in conjunction with carrots).
- Anchored in civil society.
- Compliant with humanitarian principles.
- Consistently applied across cases.

57.   The case studies and subsequent discussions also revealed some alternatives to conditionality, i.e. instruments that seek the same goal through different means. These include:

- Long-term, constructive engagement.
- Principled behaviour.
- Negotiated benchmarks.

58.   <u>Long-term, constructive engagement.</u> Given the weakness of conditionality, donors are increasingly opting for a policy of long-term, constructive engagement, allowing them to engage in policy dialogue and use a myriad of other (dis)incentives for peace. Risks include impotence, complicity, if not support for policies one disagrees with (or at least the perception thereof). Indeed, *not* addressing certain factors, such as human rights abuses or exclusionary rhetoric or policies, creates implicit incentives in favour of their continuation. Hence, even if there are good reasons not to use conditionality and not to suspend aid, care must be taken to ensure that this does not amount to an endorsement or incentive for the continuation of the contested policy. Donors must be very clear about their assessments, concerns, and goals.

59.   <u>Principled behaviour.</u> There are points at which it may be necessary to contemplate suspending or withdrawing aid without expecting policy changes—not so much a case of conditionality as of principled behaviour. Setting up 'bottom line' conditions is necessary, not because it will directly change the disputed policy, but because it signals a moral stance, an unwillingness to become complicit. It seems that until now, the sole clear bottom line has been when donor citizens are victimised in conflicts. An emerging bottom line seems to be the overthrow of legitimately elected governments, as happened in Myanmar, Algeria, Burundi, Niger and Haiti, among others. A broader foundation for a bottom line could be where parties in conflict deliberately and massively target civilian populations.

60.   The price to pay for principled behaviour, of course, is ill will from, and lack of access to, the offending government and to its population. Another difficult consequence of disengagement is the question of when and under what conditions to re-engage. As someone observed: "the challenge is not to work with people we like the best, but with those we like the least."

61.   <u>Negotiated benchmarks.</u> Donors can seek to negotiate political benchmarks with recipient governments, typically in return for significant long-term assistance. This constitutes a form of internalised conditionality (see Box 4). There is scope for like-minded countries, already having a policy of

engagement, to move to longer-term commitments by, for example, developing benchmarks and indicators as part of a joint government-donor effort. This type of approach can be facilitated by joint monitoring of good governance-related issues.

F.   Knowledge and human resources

62.   Lack of early warning and factual information on the dynamics of conflict was not identified by the case studies or by the participants in the discussion as a major impediment. The necessary information usually existed and was quite widely known, especially to people in the field. This is in contrast with the lengthy debates about early warning systems as found, for example, in the *Guidelines* or in the recent work by the Carnegie Commission for the Prevention of Deadly Conflict.

63.   Yet, the available knowledge about facts and processes does not often lead to action. This is because:

- The knowledge is not known by the right people at the right time; the kind of qualitative insights required to understand the dynamics of conflict have a hard time trickling up from the field.
- Background knowledge allowing people to interpret the facts, and to situate them and understand their wider significance, is absent.
- The people in the field face constraints that limit their capacity to act on the knowledge they possess.
- The salience of the information is not high enough to move those who could act effectively to do so.

64.   Regarding the second point above, it is important to ensure that basic historical and social science knowledge is fed into the ODA decision-making and implementation process. This is especially the case with the political economy of war, ethnicity, or state-society relations: many development practitioners have not been trained in these matters, often moving rapidly from one country to another. While country-specific in-depth knowledge is usually available in donor countries (especially among academics), it often comes too slowly, in a format that is difficult to obtain and unlinked to policy concerns. It is also typically unavailable within development agencies themselves.

65.   The third point relates to ODA decision-making structures and ideologies. Although there has been a trend toward decentralisation within most donor agencies, there is still limited flexibility for rapid action—especially, paradoxically, in the kind of situations that require it most: the more sensitive the situation, the more the highest levels of policymaking usually want to control decisions. Yet, it makes sense to make the decision where the knowledge is, which, in many cases, especially in the rapidly changing conditions of post-conflict situations, is in the field.

66.   The recommendations emerging from the analysis include:

- Decentralisation: the need to allow local officers, who are closer to the situation and the local actors, to take decisions more rapidly and flexibly was one of the most often recurring themes throughout the exercise. Contingency planning should be discussed and potential actions agreed at headquarters in formulating Country Strategic Planning documents to allow for quick responses to peace-building opportunities as they present themselves.

- Conflict analysis at both the country level and the project level should be a routine first step in the planning of aid policies and projects. This should include: an examination of the conflicting parties, their ideology and relations with local populations; their aspirations with regard to international acceptance; their tactics; their resource flows; and the regional dimension. Donors should give the positions of all major relevant parties a 'sympathetic', fair analysis, including a review of their perceptual vantage point, hopes and fears, resources and weaknesses.

- Identification of indigenous peace dynamics[7]: in each society, there are people, organisations, and institutions that provide resources and opportunities in favour of peace, inter-ethnic/religious/regional collaboration, reconciliation, and so on. Identifying and mapping such indigenous resources is extremely important for effective intervention, for it allows donors to build on what already exists in society.

- 'Consultative Panels' at Headquarters can serve to generate ideas and feedback on programme proposals. This should happen in a light, non-bureaucratic manner, allowing for rapid (and non-binding) feedback. It can be as light as creating a Task Force inside an agency and inviting a few outsiders to take part in it. Such meetings can occur once or twice a year, and be composed of field officers on visit to headquarters; country and/or sectoral managers from headquarters; and outside experts. Although outsiders often fail to understand the complexities of policymaking and project implementation, there is value to consultative feedback meetings: they can stimulate critical, historically and scientifically grounded, immediately available insights –or warning flags- about conflict dynamics and possible paths for implementing a strategy of incentives and disincentives for peace.

- Consultative Panels in the field which include civil society representatives, academics, and selected people of great integrity and knowledge, as well as field officers and experts from various donor countries, will allow local actors, together with donor representatives, to assess the situation; identify goals, constraints, and resources; and define what someone has called "the legitimate and useful space for international assistance[8]." The advantages of such meetings are, thus, to provide critical knowledge, to ground aid programming in local dynamics, and to promote horizontal communication and information sharing.

- Moreover, agencies need to revalue the cost and benefits of people and knowledge. They need more people with an understanding of the dynamics of conflict, fine skills in assessment and negotiation, and the capacity to take decisions in light of emerging opportunities and constraints. Staff development costs money, and such costs are often perceived as unjustified. Yet, a narrow view here is wrong: high-intensity staff programmes are often positively associated with impact, especially under conflict conditions. This contrasts with the 'commodity logic' of much aid, which accounts for staff expenses as overhead and seeks to keep such overhead to an absolute minimum in relation to "delivered goods" in order to demonstrate efficiency. Donors must recognise the need for staff with new skills, and the kind of (intangible) benefits that can come from their work. In some cases, the staff *are* the delivered goods in that most conflict situations require not only the delivery of additional food, shelter, healthcare, etc. to meet the material needs of affected populations. Such situations also require persons who can perform delivery and other functions in a manner which adds stability, clarity and a healing presence. Further, this staff does not need to be foreign; in most developing countries there are nationals who are perfect for this kind of job.

67. Aid agencies operating in zones of violence and instability suffer from extremely high rates of staff turnover. The resulting loss of institutional relationships, memory and conceptual capacity, along with an all too frequent lack of political will to assess lessons learned, condemns agencies to repeat past mistakes and rebuild their capacity. Especially in periods such as the current one, where the global environment is undergoing rapid change, strategic thinking and planning is crucial to the relevance and effectiveness of institutions, and the aid sector as a whole. A pragmatic balance should be struck between

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[7]   This is an extension of the DAC Guidelines suggestion (para. 100/ p. 52) that 'a constructive way of linking humanitarian assistance and development-oriented interventions is the systematic mapping of existing social and productive assets of districts and regions affected by the crisis.' Pioneering work has been done on this topic by Mary Anderson.

[8]   Matthias Stiefel from the War-Torn Societies project.

analysis and operations whereby operational personnel are given more possibility to spend periods of time, --such as during periods of unemployment between emergencies-- to read, research, reflect, and train others.

G.   Donor co-ordination

68.   All documents on peace-building stress the need for improved co-ordination: there is no single need more emphasised, whether by the DAC *Guidelines*, the UN Secretary-General, or scholars. Co-ordination is generally seen as crucial in a coherent strategy of incentives and disincentives for peace, and for leading to a more efficient use of scarce resources.

69.   The four case studies, and subsequent discussions among DAC Member representatives, reveal a nuanced picture, based on a distinction of three levels of co-ordination: political, strategic and operational, i.e. respectively, the general approach of donors to development and peace-building; overall and sectoral ODA strategies; and specific project/programme implementation. There is a fourth element required to make these three levels work: communication and information sharing.

70.   The case studies show that there exists significant <u>information exchange and mutual consultation</u> between donors, especially in the field; as a matter of fact, some field officers complained of too much time being spent on information exchange. At the highest levels of development policy, occasional donor round tables also provide significant opportunities for information exchange. In short, the level of information available allows for co-ordinated action, although improvements in timeliness and efficiency are undoubtedly still possible.

71.   At the <u>operational</u> level, too, co-ordination is expanding. Agencies working in the same area, or the same sector, often share information with each other, divide tasks, and collaborate on certain programmes. Attempts are made to avoid institutional turf battles between, and within, bilateral and multilateral agencies and NGOs. Although (much) more is still possible, all four studies document many such cases that have saved money and time.

72.   It is at the level of <u>strategic and political co-ordination</u>, however, that co-ordination breaks down. Of the five elements of successful co-ordination outlined in the *Guidelines* (para. 49 ff./ p. 31 ff.), developing common strategic frameworks, timely access to flexible resources, leadership, information-sharing, and the availability of resources for the express purpose of co-ordination—only information-sharing is well developed. Similarly, almost none of the best practices for co-ordination identified in para. 72/ p. 38 of the *Guidelines,* such as: freely subordinating proprietary interests to buttress consensus programmes; staying within the confines of a common strategy agreed amongst donors and recipients; offering to second staff to the co-ordinating entity, were encountered in the case studies.

73.   At the <u>strategic</u> level, some co-ordination mechanisms exist, but they are weak. Many donors contribute, for example, to Trust Funds, usually managed by the UNDP. Such mechanisms contain the potential of pooling resources and, thus, promoting *de facto* co-ordination. Yet, in practice, the degree of true co-ordination is unclear: there is a risk that such Trust Funds act as sub-contractors for a variety of 'multi-bi' projects rather than as mechanisms for a jointly defined and funded donor strategy.

74.   The case of Afghanistan presented an instance of significant <u>political</u> co-ordination, foremost among UN agencies. After lengthy discussion, a joint Strategic Framework was negotiated under the leadership of the UNDP. Many felt, however, that it amounted to little more than a 'mission statement,' of limited use for project design and implementation or when facing concrete political challenges. Another opportunity for political co-ordination occurs at donor Round Tables but they, too, often produce little more than the joint adoption of a general rhetoric, without any concomitant action.

75.   The lack of co-ordination is partly due to widely recognised factors: the multitude of actors, often numbering in the hundreds and including many transient ones (most dramatically exemplified in Bosnia and Rwanda); the high cost in time and money that effective co-ordination entails; the need for donors to satisfy their own constituencies and serve their national interests; competition for influence and visibility between donors; and the general unwillingness of actors to limit their margin for manoeuvre by the discipline of co-ordination. Note that multilateral agencies and international NGOs share most of these problems, with the additional problem that the financing structures of humanitarian and development assistance places them in competition with each other.

76.   But co-ordination also fails for more complex reasons that are not addressed in the *Guidelines*. First, decision—making in aid agencies is often slow and centralised, requiring fiat from headquarters for many operational, most strategic, and all political decisions. Hence, even when, thanks to information-sharing and daily proximity, potential for co-ordination at the field level does exist, it does not necessarily materialise because of the need for approval from headquarters. (see para. 65 above)

77.   Second, understandable and legitimate differences often exist between donor countries in their assessment of the situation[9]. Such differences can pertain to assessments of the root causes of the problem; the legitimacy of the government or of those actors opposing the government; or the likely alternatives to the situation. The scope for legitimate differences in assessment is vast, and this, as much as the unwillingness of ODA actors to tie their hands, explains the lack of co-ordination. Moreover, differences can also exist in assessments of the principled goals to target, or of the likely effectiveness of various courses of action to achieve these goals. It is usually possible to envision more than one path to the same goal— if such a goal is shared.

78.   A concerted donor strategy of incentives and disincentives for peace, therefore, is hard to achieve. A more or less generic agreement may be reached on general principles and on the general direction in which donors would like the country to move. But when put to the test in concrete situations, this consensus is likely to evaporate into an array of donor positions that reflect individual political assessments, agendas, and space for manoeuvre.

79.   Yet, it is widely agreed that an appropriate measure of co-ordination is a necessary precondition for the effective use of incentives. The recommendations of the *Guidelines* (see especially para. 72/ p. 38) remain as relevant today as when they were written. In addition, the case studies, and the subsequent discussions among DAC Member representatives, also suggested six alternatives to traditional co-ordination that may be considered for incorporation into the *Guidelines*. They are:

- Transparency: Donors should be more clear and transparent in their assessments, concerns, goals and strategies[10]; this will benefit frank discussion and mutual understanding between donors, send clearer signals to recipients, and increase donor credibility. These signals may not be co-ordinated, but they will be less ambiguous.

- Local ownership creates to a solid basis for co-ordination. If donors are willing to build their efforts for reconstruction and peace on the local dynamics as expressed by local stakeholders, more *de facto* co-ordination will ensue.

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[9]   Such differences were also observed within governments: between different departments, for example, or different embassies, or even people in the same service.

[10]   As one agency's new 'principles for a new humanitarianism' state, 'we recognise that humanitarian intervention in conflict situations often poses genuine moral dilemmas. We will base our decision on explicit analyses of the choices open to us, and the ethical considerations involved, and communicate our conclusions openly to our partners.'

- Decentralisation of decision-making allows people on the ground, who possess most knowledge and who are in close relation with local actors, to co-ordinate more easily.

- Leadership can still be exerted by donors — preferably multilateral ones — who are willing to internalise the cost of co-ordination: disseminate timely information, organise fora for discussion and decision-making, prepare background documents and concrete proposals, represent joint decisions toward the government and other agencies, make flexible funding available, etc.

- Innovation in diversity: some countries may be more willing and able than others to take risks, to innovate, or to engage conflicting parties in dialogue. Rather than seeking bland consensus, the potentials of transparent but differential innovation must be recognised.

- Joint evaluations of ongoing projects and programmes. By definition, this does not take place early on (for there is nothing to evaluate yet) and it does not necessarily overcome the differences in assessments, goals and domestic constraints discussed above. However, joint evaluations may contribute to joint knowledge, render criteria of success explicit and, possibly, create a sense of the potential for policy harmonisation.

H.   Policy concerns: trade-offs and unintended consequences

80.   The trade-offs and dilemmas in this field are numerous and inter-connected. Here, we will briefly review four basic categories: short-term vs. long-term; internal vs. external; principle vs. pragmatism; and new goals vs. old tools. With the exception of the last one, these trade-offs are the same for all aid, and the donor community has struggled with them for decades. There are no final answers to these dilemmas—just critical awareness and a constant search for balance.

81.   Short-term vs. long-term. Donors continuously face conflicts between short-term mechanisms and long-term goals.[11] The problems donors are seeking to address are far-reaching, requiring long-term commitments: reconciliation, a vibrant civil society, and an end to social exclusion—all these are slow social processes. Yet, time is lacking for two important reasons. The refugees, the people who lost their possessions, the communities who fear each other and their government, do not have a lot of time: they need security, hope, life chances *now*. Time is also scarce in the humanitarian community and, to a lesser extent, in the development community, especially in unstable and violent situations, where many donors are wary of engaging for the long term. Funding cycles range from very short to short; political attention spans are even shorter. There is, thus, a contradiction between the needs of conflict-prone societies and the modalities of financing and functioning of aid agencies, on the one hand, and the fundamentally long-term nature of the problems to be addressed on the other.

82.   The short-term needs, however, are often over-stated. At times, there surely the urgent need for aid—food, shelter, and health care to people who fled their homes 'yesterday', for example. But many other needs can still be met even with an extra week or two of time for analysis and planning, especially if they are done better or more sustainably as a result. Similarly, it is possible to adopt modes of functioning that build government and local NGO capacity while delivering services (Lautze and Hammock, 1996). It may well be that short-term focus of so much post-conflict aid stems more from the funding mechanisms and professional attitudes of the aid community than from the undisputed nature of the emergency. A major challenge for the aid community remains that of promoting that conversion of procedures and mentalities.

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[11]   In this respect, Smillie (1998: 11) writes about the incongruity of short-term thinking, short-term mandates, and short-term funding used to confront entrenched, long-term problems and needs.

83.   <u>Internal vs. External</u>. Much of the discussion has centred on the need for improved donor co-ordination, clearer and stronger donor principles, more knowledge by donor staff, etc. The impression sometimes conveyed by the analysis is that the debate centres around ways donors can more effectively impose their will, if necessary by ganging up against governments who do not behave the way donors think they should. This contrasts with one of the central principles of any post-conflict involvement, mentioned time and again as crucial: local ownership and control. Everybody agrees that no sustainable peace will emerge, anywhere, without local institutions undergirding it. This is not simply a matter of ethics (although the right of people to design their own future is certainly morally important), it is also an affair of sustainability. The kind of governance issues dealt with in post-conflict work are so politically sensitive and complex that, without strong domestic basis and ownership, donor investment is not likely to last long (as attested in the *Guidelines* para. 114/ p. 55).

84.   Yet, local institutions are usually weak and sometimes biased to the point of being part of the problem. Donors often distrust the institutions of the state or do not want to be seen as partial, especially in cases where violence is still ongoing. Some of the solution lies at the political level: diplomats can contribute in myriad ways to facilitating peace talks, disarmament, democratisation, etc. To the extent that these processes are bearing fruit, the aid community has a base to build on, although its domain of action typically reaches further than even the most detailed peace accord. But, as long as these efforts have not paid off (or when they are not even undertaken), the aid community is in a difficult position. One answer has been selectivity, with donors only working in those situations where they feel they can successfully promote local ownership. Another possibility is negotiation, whereby donors and governments negotiate those issues they can agree upon in return for strong support.

85.   <u>Principle vs. Pragmatism</u>. Recognising the political nature of all development and all aid, as well as the devastating effects that poor governance, extreme inequality, social exclusion and persistent human rights abuses have on any development process, donors are starting to become engaged in political matters that they avoided until recently. In so doing, they must outline the principles of behaviour that they seek to promote: What can they condone and what not? Where do they draw bottom lines? What should the society they contribute to look like? Donors, thus, promote principled visions of the future, and start behaving in more principled manners in the present.

86.   However, principle has its limits. There are many reasons to balance principles with a sense of relativism, and a judgement of opportunity and constraint. For example: cutting off relations based on principle renders donors' attachment to the principle clear, but also reduces further possibilities for influence; it may also hurt people who were being supported by ODA. In addition, it is hard to act according to donor principles when these principles seem to be shared by only a few organised forces in the society donors work in. A certain understanding of history, or of the available alternatives, moreover, can bring one to downplay principle in favour of pragmatism.

87.   Yet pragmatism comes with its own dangers. Its main risk is often said to be complicity, appearing to reward or condone precisely that which donors sought to obviate. The background papers for the Carnegie Commission conclude that the prime way to minimise the moral hazards of incentives is to combine them with sticks; another approach is to 'package them in a step-by-step reciprocal process that conditions the delivery of specific rewards on specific concessions [or behaviours] by the recipient' (Cortright 1997: 278). This fits with broader debates about reforming the relation between donors and recipients into a more contractual one. Another risk with pragmatism is the risk of exacerbating that which they sought to reconcile. Indeed, the more donors become active in political processes and adopt pragmatic stances—acting in function of emerging opportunities, that is, without necessarily entirely insisting on principle—the more they may turn out to have made harmful choices, bet on the wrong horses, abetted or strengthened destructive dynamics. Fundamentally, there is no escape from this problem: any stance—political blindness, which used to be dominant in the past; principled behaviour; or pragmatism—risks

being wrong, especially in the complex and rapidly changing circumstances of conflict and post-conflict societies. This is one more reason why the internal ownership argument is so important—not because internal actors are always right, but because they are the ones who have to live with the consequences of being wrong.

88.   New Goals vs. Old Tools. The international development community is aiming at many new and ambitious goals; at the same time, its toolbox is rather old and is geared to other tasks. Some improvements have been made: the creation of mechanisms for faster disbursement of transition projects, the establishment of post-conflict units, and the creation of some tools for conflict impact assessment. But most of that is only tinkering at the margins; a truly new toolbox may be needed, and it will take much imagination to build one. As one participant observed: the aid paradigm is based on well-functioning states. Unstable and violent situations are at the opposite extreme.

89.   Donor coherence is part of the answer. No strategy of (dis)incentives for peace can be achieved through ODA solely or even predominantly. The other facets of the relations between donors and recipients need to be integrated into a coherent policy. As the *Guidelines* (para. 19, 39/ p. 21, 28) state, 'conflict prevention and peace-building approaches must be coherent, comprehensive, integrated and aimed at helping address the root causes of conflicts. The close co-operation of all policy instruments (diplomacy, military, trade, and development co-operation), based on their respective comparative advantages, is required'. Concretely, the non-ODA incentives donors can employ include: trade (the granting of most favoured nation status, for example, or the inclusion in regional trade agreements); finance (IMF credits or debt relief); security (military action, or inclusion in military co-operation agreements, etc.); and, more broadly, diplomatic respectability (opening up of embassies, support for a UN seat, etc.) (Cortright 1997: 6ff., 273)

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