



Rebuilding War-Torn States: Is the UN System Up to the Challenges?

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With civil war raging in Syria, and with other countries in the Middle East and North Africa embarking on a complex and multifaceted transition to peace and stability, the time is past due for the UN system—including the Bretton Woods Institutions—to examine in depth how it can improve its record in supporting countries in such a transition.

Despite the peculiarities of each particular case, when civil wars or other chaos end, countries need to address the root causes of the conflict to make the fragile peace sustainable. In this context, countries need to establish public security; to create participatory political systems with good governance and respect for the rule of law and human rights; to restore social cohesion; and to construct functioning economies that enable ordinary people—including the youth and uneducated—to have jobs and to earn a decent and licit living. Table 1 enumerates the challenges of this transition.¹

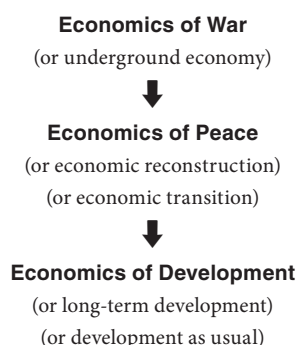
The fact that the economic transition—also referred to as “economic reconstruction” or the “economics of peace”—takes place amid this multifaceted transition and not independently from it makes it fundamentally different from “development as usual.” The experience of the last two decades has shown that war-torn countries cannot move into sustainable long-term development unless they engage first in the economics of peace—an intermediate and distinct phase which must aim at reactivating the economy while simultaneously minimizing the high risk of relapsing into conflict.

TABLE 1: COMPLEX AND MULTIFACETED TRANSITION TO PEACE & STABILITY

Transition	From:	To:
Security	Violence and insecurity	<ul style="list-style-type: none"> • Improving public security • Creating institutions (civilian police + army)
Political	Lawlessness and political exclusion	<ul style="list-style-type: none"> • Developing a participatory government • Promoting respect for the rule of law and human, gender and property rights
Social	Ethnic, sectarian, ideological or class polarization	<ul style="list-style-type: none"> • Promoting national reconciliation and social cohesion • Reintegrating former combatants and other war-affected groups into society and productive activities
Economic	Ruined and corrupt war economies, ineffective policies and large macroeconomic imbalances	<ul style="list-style-type: none"> • Eradicating illicit activities (drugs, smuggling, arms dealing) • Rehabilitating infrastructure and services • Establishing a simple and flexible macro/microeconomic framework for effective policymaking and aid utilization • Establishing dynamic and inclusive economies

FUNDS supports and helps accelerate change in the UN development system to increase effective responses to global development challenges—especially after 2015, the target date for the Millennium Development Goals. Recognizing the many frustrations that have accompanied UN reform efforts, FUNDS envisages a multi-year process designed to help build consensus around necessary changes. Financial support currently comes from the governments of Denmark, Norway, Sweden, and Switzerland.

Thus, the reactivation of investment and employment in a peace-supporting environment requires that the country moves along the following path:



The economics-of-peace phase is particularly challenging since the country needs to move out of the economics of war—that is, the underground economy of illicit and rent-seeking activities that thrive in situations of war or chaos. This requires overcoming the interests of spoilers that have an economic stake in drug production and trafficking, smuggling, arms dealing, extortion, blood diamonds, tropical timber, and the many other illicit and profitable activities that thrive during wars.

This intermediate phase is necessary before countries can fully engage in the “economics of development”—that is, in development as usual practices targeting optimal or “first-best” economic policies utilized in countries not affected by conflict or chaos. Unless the economics of peace succeeds, development will inevitably fail; there cannot be sustainable development if the country relapses into conflict.

PREMISES, LESSONS, AND BEST PRACTICES

The experience of countries in the multifaceted transition to peace has allowed us to identify a number of premises, lessons, and best practices that national policy-makers and officials across the UN system, as well as other bilateral and multilateral stakeholders and non-state actors, should keep in mind to improve the provision of aid and technical assistance to such countries. Not only has economic reconstruction proved to be fundamentally different from development as usual, but it is in fact a “development plus” challenge.

In addition to the normal socio-economic challenges of developing countries, war-torn societies also need to carry out peace-related activities to address grievances and special needs of war-affected and vulnerable populations.

These activities include, among others, the rehabilitation of services and infrastructure; the return of refugees and internally displaced persons; the reform of the armed forces; the creation of a civilian police; the demobilization of militia groups and their reintegration into the security forces or into other productive activities; and the clearance of mines. All these activities have serious financial implications but are a *sine qua non* for the effective reconstruction of the country and the reconciliation of its people. Without them, security easily deteriorates, as in fact it has in many countries in transition.

Because there cannot be development without peace, the objective of peace and reconciliation should always prevail over that of development. Because of the extra burden of carrying out peace-related projects, optimal economic policies are not always possible or even desirable during reconstruction; this reality also makes economic reconstruction fundamentally different from normal development.²

Development organizations and experts mostly resist a choice that seems obvious. In fact, they often insist that countries adopt optimal and best-practice economic policies from the very beginning, even if such policies threaten the fragile peace, as they did in different ways in countries as far apart in time and distance as El Salvador, Haiti, Timor-Leste, Afghanistan, Iraq, and Liberia. Ignoring political and security realities, these organizations focus on establishing highly productive policies and programs and world-class institutions. They aim to achieve poverty alleviation and the UN Millennium Development Goals rather than making peace, stability, and reconciliation the primary objective of economic reconstruction.

Despite similarities with other poor developing countries in terms of poverty and low human development, poor governance and weak institutions, hard-learned lessons from the past indicate that policy-making in war-torn countries is fundamentally different from

Table 2: Policymaking Under Normal Development versus Conflict Situations

Policymaking under normal development	Policymaking in conflict situations
Medium and long-term framework	Requires (distortionary) emergency programs
Application of the “development principle”	Application of the “reconstruction principle”
Low and stable foreign assistance	Sharp spikes in foreign assistance
Government establishes rule of law	Foreign troops and police support rule of law
Political involvement of international community considered interference in domestic affairs	Intensive and often intrusive political involvement of the international community

development as usual. Table 2 summarizes five basic differences for effective policymaking.

Because the overriding objective of war-torn countries is to avoid reverting to war or generating new social conflicts, emergency policies should be adopted without delay. This means that policymakers lack the luxury of planning with a medium- and long-term framework in mind. At the same time, the “reconstruction principle,” which provides preferences to war-affected groups, should be prioritized over the “normal development” or “equity principle” of treating all groups with the same needs equally. Moreover, corruption amid large spikes in aid should be checked, and national ownership of reconstruction policies must be assured, despite large interference from the international community.

Development-as-usual policies have led to large peacekeeping and military expenses in such countries as Liberia, Afghanistan, the Democratic Republic of Congo, and Haiti. In Liberia, for example, the peacekeeping operation, the United Nations Mission in Liberia, cost on average the equivalent of two-thirds of GDP in 2009-11. More effective and inclusive economic reconstruction policies would have made such excessive security expense unnecessary.

MEASURING SUCCESS

Different development organizations have often patted themselves on the back for the impressive growth rates in such countries as Liberia and Afghanistan; and they have used them to validate the appropriateness of the economic reconstruction strategy being pursued. But such growth is hardly surprising in countries with low or collapsed output, and amidst high levels of aid and a large presence of foreign stakeholders. Rapid growth under such conditions is easy initially to achieve but hard to sustain.

Moreover, such growth often creates economic distortions—for example, inflation, difficulties for vulnerable groups to access services and acquire basic needs, and poor quality of the civil service if the few qualified people are drawn to jobs with international agencies. These distortions and skewed incentives may affect the country for years to come.

Similarly, the degree of aid dependency should be considered in any measure of success because the magnitude of past efforts is not sustainable. Bosnians annually received about \$220 per person on average during the first decade of peace while Mozambicans received \$70. For Mozambicans, however, the impact of aid was far larger since the amount was the equivalent of an increase in their average income per capita of 40 percent while for Bosnians it was 20 percent.

Moreover, aid to Mozambique continued to increase the country per capita income by 24 percent on average during the second decade. After two decades of such large aid flows, the overall 2013 Human Development Index (HDI) places Mozambique in 185th place among 186 countries.³ As a result, we desperately need to debate how to define success, given that Mozambique is often cited by the UN system, analysts, and donors as a “success story.” The contrast with El Salvador, a country that moved to peace at the same time without ever becoming aid dependent, is indeed

remarkable. This valuable UN experience has been lost because the UN system lacks an institutional memory.⁴

CAN THE DISMAL PAST RECORD BE IMPROVED?

Transitions to peace and stability since the end of the Cold War have proved incredibly difficult, not only for the countries involved but also for the international community that has proved ill equipped to support them effectively. Experience shows that economic and social issues are critical in supporting the transition—and most often in derailing it.

The record is indeed dismal. Roughly half of the countries that embarked in the multifaceted transition to peace—either through negotiated settlement or outside military intervention—have reverted to conflict within a few years. Ignoring the peculiarities and special needs of these countries has been a major factor in such a record.

Furthermore, of the half that managed to keep the peace, the large majority ended up highly dependent on foreign aid, and often also dependent on UN peacekeeping operations or foreign forces to keep the fragile peace. This is hardly a sustainable model in the context of the global financial crisis, growing taxpayer disgruntlement and parliamentary scrutiny in donor countries, and the increasing need for funds to address issues of long-term development, pandemics, and environmental problems worldwide.

A few countries, including Afghanistan, are infamous for having both relapsed into conflict and becoming highly aid dependent. Afghanistan is the most aid-dependent country in terms of its GDP; it accounts for half of the dollar value of UN Development Programme (UNDP) projects in “countries in crises,” and remains one of the worst performers on the HDI.

Such a record indeed requires soul-searching on the part of the UN system—including the Bretton Wood institutions—about how to improve their assistance to war-torn countries. While avoiding a relapse into conflict should be the first and foremost priority, minimizing aid dependency should be not far behind. Humanitarian aid is indeed required to save lives and feed the population during armed conflicts and early in transitions. However, if not accompanied by sufficient and effectively channeled reconstruction aid, it will be impossible to create the food security, businesses, productivity growth, and sustainable employment that enable people—most especially youth—to support themselves and have a meaningful life.

CAN THE UN SYSTEM IMPROVE?

Over two decades ago in the Supplement to *An Agenda for Peace*, UN secretary-general Boutros Boutros-Ghali recommended “an integrated approach to human security” to strengthen the ability of the UN to deal with the multifaceted challenges of the transition to peace.⁵ His approach called for the UN system jointly to address humanitarian, political, peacekeeping, and socio-economic aspects of transitions.

Although this integrated approach was central to Boutros-Ghali's conception on how to make the organization more effective in peacebuilding, he was unable to make the approach operational.⁶ His successors were no more successful. Neither the Peacebuilding Commission nor the Peacebuilding Support Office, created in 2006, has any operational capacity; and it is precisely the area where the UN has failed.

In 2000, the *Report of the Panel on United Nations Peace Operations*—known as the “Brahimi Report” after its chair—recognized the shortcomings of the UN in setting up field operations with multiple objectives under the leadership of the Special Representative of the Secretary-General (SRSG).⁷ It concluded that the UNDP was best placed to lead peacebuilding, in cooperation with other UN agencies and the World Bank.

Given that development agencies, including those two, have a clear mandate to collaborate with governments, non-state actors cannot often see them as impartial. Only the UN secretariat can interact between the government and the former insurgency groups with the impartiality that is key in establishing programs and allocating resources during economic reconstruction in a manner that would ensure that the political or peace objective prevails at all times.

By proposing that UNDP lead peacebuilding, the “Brahimi Report” clearly proposed a continuation of the development-as-usual approach to economic reconstruction that had failed in consolidating peace in the 1990s. One of the two deputies of the SRSG in UNAMA (UN Mission in Afghanistan), for example, is also UN resident coordinator and humanitarian coordinator as well as UNDP resident representative. But chickens often come home to roost. In 2002 Brahimi as SRSG in Kabul was victim of his own advice when he was unable to integrate the political and development challenges, as advocated in his own report.

Two events acted against the effective use of resources and coordination of UN activities from the very outset. First, then UNDP administrator Mark Malloch Brown was appointed coordinator for economic recovery for the first six months, as he would in non-crisis countries. Second, when Brahimi's office circulated a memo proposing that UN programs and agencies operate out of an integrated office under his leadership and under a single UN flag, his proposal was unceremoniously ignored by the agencies.

It was thus the development-as-usual approach that dominated thinking and action in a country where it was clearly so essential to integrate all political, security, humanitarian and socio-economic activities. In fact, in my meeting with the SRSG in Kabul in June 2011, he made clear that all decisions regarding humanitarian and development issues were taken by the DSRSG. Thus, the *de jure* integration of UNAMA clearly did not translate into a *de facto* one. Furthermore, this structure has led to a conflation of humanitarian and reconstruction aid, a key factor associated with the dismal record.⁸

CONCLUSION

Only by addressing the root causes of armed conflict in an integrated manner can fledgling transitions to peace and stability become irreversible. The peace objective should prevail over development ones, and countries need to avoid aid dependency so that they can eventually stand on their own feet. How can the UN system assist these countries to achieve such goals? This question cries out for a coherent international response, and the answer should reflect a broad debate. It is not only traditional Western donors that are having second thoughts. Other critical donors for these countries, in the Arab world and China, also are reluctant to channel aid through the UN system because of its perceived ineffectiveness and waste.

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NOTES

1. The ideas and the evidence in this note appear in greater detail in Graciana del Castillo, *Rebuilding War-Torn States* and in other papers on war-torn countries by the author that are available from <http://www.macroadvisory.com>. This note will appear in a longer version in *Post-2015 UN Development: Making Change Happen*, edited by Stephen Browne and Thomas G. Weiss (London: Routledge, forthcoming). For details on the failure of the UN system in Afghanistan, see del Castillo, *Guilty Party* (forthcoming).
2. These ideas, which the author sponsored from her position in the Office of the UN Secretary-General in the early-1990s, were published almost two decades ago in Graciana del Castillo, “Post-conflict Peacebuilding: A Challenge for the United Nations,” *Cepal Review* 55 (April 1995): 27-38. They were only accepted by the

World Bank at the highest level on 8 January 2009 in a speech by resident Robert B. Zoellick entitled “Securing Development,” available at <http://www.effectivestates.org/Papers/zoellick.pdf>. However, because bureaucracies are slow to change, they have yet to have an operational impact.

3. UNDP, *The Rise of the South: Human Progress in a Diverse World, Human Development Report 2013* (New York: UNDP, 2013), 143-147.
4. For the problems that El Salvador faces in the transition from economic reconstruction to normal development involving the lack of integration of the UN system in matters of human security, see del Castillo, *Rebuilding War-Torn States*, Chapter 7.
5. Boutros Boutros-Ghali, *A Supplement to “An Agenda for Peace”* (New York: UN, 1995), para 51.
6. Boutros-Ghali created a task force, attended by all UN bodies, to analyze how the system could integrate their work in the field. The report, “An Inventory of Post-Conflict Peace-Building Activities,” came out in 1996 but there was no follow up when Boutros-Ghali was unsuccessful in a bid for a second term.
7. *Report of the United Nations Panel on United Nations Peace Operations*, UN document A/55/305 and S/2000/809, 7-8.
8. The same may be true of the UN Integrated Offices in Sierra Leone and other African countries. Although such offices are indeed a step forward in terms of utilization of UN resources, the development as usual approach of the UN system to assist war-torn countries has yet to change.

