

LESSONS FROM PEACEBUILDING AND RECONSTRUCTION EXPERIENCE

A Background Paper for

BUILDING FOR PEACE: RECONSTRUCTION FOR SECURITY, SUSTAINABLE PEACE AND EQUITY IN THE MIDDLE EAST AND NORTH AFRICA

June 2019

I. INTRODUCTION

The conflicts in Syria, Iraq, Yemen, and Libya have caused untold levels of damage, resulted in significant loss of life, decimated the physical assets of the countries, and ripped apart social fabrics. Under the most optimistic scenarios, it will take generations for the countries and societies to rebuild and heal. As the search for opportunities for peace and stability continues, it is worth examining global experience and knowledge to provide potential insights for potential peacebuilding and reconstruction processes for the four countries. The objective of this review is to provide an overview of relevant experience since World War II, to provide insights that might have relevance for policy makers attempting recovery processes.

Recovery and reconstruction processes, when poorly conceived, can exacerbate already fragile situations. The literature would suggest that many recent attempts to build peace after conflict have not been successful. For example, 90% of the civil wars of the first decade of the 20th Century occurred in countries that experienced civil wars in the last 30 years, resulting in a re-generation of violence.¹

Common risks include:

- Projectized, silo-riven approaches which can drive mismanagement and corruption;
- Fragmentation and incoherence of both government systems and institutions as well as international support;
- Failure to understand the nature of the regime, the character of the state, and the nature of interest groups that shape the political dynamics;
- Flawed or negative incentive structures set into place that will take decades to undo, as institutional inertia continues;
- Inadvertent support of the illicit criminal economy, not only thwarting the potential for the legitimate economy to grow, but also ripening conditions for corruption; and
- Elite capture of resources meant for reconstruction, peacebuilding, and development that will prevent redistribution of wealth and power, perpetuating inequalities and grievances.

Some countries offer grounds for optimism. Fifty years ago, countries such as Indonesia, Colombia, Ethiopia and elsewhere that today are development's success stories were at the time commonly described as being locked into a conflict and poverty cycle. More recently, countries such as Rwanda, Liberia, and

¹ World Bank Group, "World Development Report 2011," Washington, DC: World Bank, 2011.

Nepal, have also shown that sustained cycles of conflict are not a pre-given fate. In all of these countries, the careful structuring of development partnerships in support of a coherent vision played a significant role in their successful recovery. How they broke out of the conflict trap and have been able to sustain growth is at least as useful as understanding why post conflict reconstruction falls short of intended outcomes. Approaches that have worked were marked by consistent and patient commitments, with an integrated view across the domains of security and justice, social and institutional development, and economic recovery.

The immediate goal of any post-conflict recovery process should surely be to provide peace and security for the country's citizens and to heal rifts in the social fabric, and where possible, to begin to address the drivers of conflict. Ideally, the **long-term goal would see state institutions and governance arrangements** nurtured at each level of governance respond to the consensus among citizens to provide just governance, economic opportunity and basic services. Often, the most effective—and cost-effective—strategy is to leverage state-building as a way to maximize both reconstruction and peacebuilding strategies.

Given the current context, we must recognize up front that it may not be feasible to pursue a path that relies on a nationwide commitment to orient a country's institutions and organizations to respond to citizen needs, because an appropriate window of opportunity does not exist, the political conditions may not support it, or there may not be sufficient alignment of internal and external actors to facilitate it. Whether or not an open moment exists for a political consensus to move towards a functioning system oriented towards the public will have to be carefully understood in each context. Even the absence of such an opening, in many cases it may be feasible and desirable to establish improved governance arrangements at the city or province level, in parts of a country.

It should also be recognized that **reconstruction – at least as traditionally conceived -- may not have applicability** to all the countries in question in the near future, but rather to some parts or cities of each of them. Any physical reconstruction will have institutional, social and economic consequences for the affected population and potentially the wider region, which needs to be accounted for before in any (re)building planning. Reconstruction can enable peacebuilding, but it can also negatively impact post-conflict transitions. There is active debate as to the threshold conditions for reconstruction to be successful, namely, the existence of an open moment with sufficient security conditions, the settling of the conflict with an adequate peace or political agreement sufficient to settle the conflict or provide a credible roadmap to do so over time and minimum governance standards to absorb the funding and activities.

Similarly, **peace building efforts** have been at times attempted independently of economic or reconstruction processes. There is also increasing acknowledgment that peace building efforts that do not tackle the legacies of the war economy,² or – where it is a relevant factor in the conflict -- the character of the state, and the functioning of institutions across levels of government (including the neighborhood and district or village) may not be sustainable.³

Given the limitations in applicability of each of these approaches in today's MENA context, **alternative and complementary strategies will be explored**, that are still consistent with, and anticipate, the long-term goal of restoring functioning governance, but seek to combine or sequence strategies and entry points across the perspectives of peace-building, market-building and citizen-engagement, and across the

² Institute for State Effectiveness, "Recent Experiences in Linking Diplomatic Peacemaking with Diplomatic Efforts," Washington, DC: Institute for State Effectiveness, 2008.

³ United Nations, World Bank, "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict," Washington, DC: World Bank, 2018.

scales of local recovery and regional cooperation. For development actors to play a constructive role – and at a minimum to do no harm—it will be imperative for them to arrive at an accurate diagnosis of the capacity of the state and its institutions, and the nature of the politics and the regime, to distinguish between state failure and the capture of a functioning state by a political regime, and the likelihood of different scenarios for transition or transformation.

One of the reasons for unsuccessful recovery and peacebuilding processes is that the parties (both in the country itself as well as international partners) **fail to appreciate the tradeoffs** that are required. This paper will elaborate on some of those tradeoffs. Based on examples of reconstruction and recovery processes in other contexts, we know that the Bank, its development partners and its counterparts in government will face decisions about issues such as how to stage and sequence interventions, whether to begin from policies or from projects, and advancing growth versus promoting equity. This paper is not meant to provide a blueprint, but rather a framework that allows the Bank, government, and other contributors to this analytical overview to reach decisions that will have operational meaning for any reconstruction and recovery program.

It is self-evident that the **historical legacies and the nature of conflict will inform the possibilities** for each country’s recovery and peacebuilding trajectory. At the same time as paying deep attention to the nature of the state and the social contract that preceded conflict, and the nature of the conflict and its drivers, we also urge policy-makers to see the country and region through the lens of an “asset map” – a recognition of the assets or endowments in physical capital, human capital, legal and institutional capital, cultural capital, financial and social capital that could provide the foundation for recovery. All too often a country has been seen as a blank slate and its citizens passive recipients of processes rather than active agents in their country’s future.

This paper will proceed as follows. The second section outlines a typology for understanding the four cases of Iraq, Syria, Yemen, and Libya, which between them have as many differences as they do similarities. The third section then argues for international actors to understand the open moment in a country emerging from conflict and assessing the amount of consensus as to the country’s future directions. The fourth section outlines different strategies for recovery—either by setting long-term visions or looking for creative open moments in the short-term. The fifth section examines the policy choices and institutions to achieve recovery strategies. The sixth section presents some of the specific lessons learned about operations, in general and for the Bank. The seventh section describes some recurring challenges and issues in peacebuilding. The eighth section outlines how one might track and evaluate change over time.

The paper is the product of multiple strands of analysis as well as firsthand experience of ISE supporting countries undergoing transformation processes after conflict. ISE examined over 20 cases of post-WWII recovery and reconstruction to distill lessons learned. Cases were selected in consultation with the World Bank team, based on cases with political economic parallels to the four cases in MENA and the types of international support to those countries. ISE also drew on its previous analysis of peace agreements, which included a textual analysis of 27 peace agreements concluded between 1990 and 2008. Finally, ISE included insights from its experience supporting countries' recovery and reconstruction processes as well as advising international development partners. To support the analysis with empirics, ISE is working to update some of the key data points included in the *World Development Report 2011* on fragility and conflict.

Box 1: Data from the 2011 *World Development Report*

- The fastest-transforming countries have taken 15-30 years to raise their institutional performance
- Rule of law reforms took, on average, 41 years to implement among the top 20 fastest-reforming countries in the 20th Century
- In 11 conflict-affected countries, the OECD surveyed in 2004, there was an average of 38 activities per donor, with an average project budget of \$1.1million
- A country that experienced 20 years of violence experienced twice the volatility of international assistance than a country that did not experience violence
- A survey of four conflict-affected states experienced radical swings in international assistance between 1996 and 2008 (at times dropping by 20-30% one year and rising up to 50% the next)

The **empirical analysis of conflict and recovery** has come a long way even since the pathbreaking *World Development Report 2011*. However, there is still much to be done. First, quantitative analysis overall is fairly weak, bedeviled by the unreliability of statistics in fragile state environments and the prevalence of one-off rather than replicated findings. Second, causal analysis of conflict and recovery's drivers is still in its infancy. The field is best characterized as one of plausible hypotheses rather than one of conclusively proven results. In this paper, ISE has done its best to provide the appropriate cautions and indicate the tentative nature of most findings, but the overwhelming lesson is that general statements still need to be grounded in country-specific reviews and the insights that only national policy makers and analysts can provide.

We would like to include a **methodological caveat**. Lessons from other cases of post-conflict recovery and transition are instructive for considering peacebuilding and reconstruction in MENA, but these lessons do have limitations. Attempting to outline principles for successful post-conflict recovery requires striking a balance between two poles: the first is failing to spot consistent patterns across the vast and varied field of post-conflict recovery and the second is extrapolating too much from a single example, presenting it as if entirely transferable to another country, at another time, and in another context. This paper is alive to the consequences of "misplaced concreteness," or the limitations of transferring specific elements from one context to another.⁴ What recovery strategies might have worked (or not worked) in a particular country has specific reasons why, including for example, the political economy, the nature of the conflict and the peace agreement, the history of governance and institutions, physical assets, etc. Abstract lessons should not be drawn from individual examples. Transferring lessons from one fragile

⁴ Alfred North Whitehead, "Science and the Modern World," New York: Simon and Schuster, 1997.

state environment to another is fraught with problems given the importance of context in explaining results, with a particular risk of “anecdotal tourism,” overly simplified lessons taken from one country context to be applied in another.

Before we turn to our full analysis and implications for World Bank engagement, here we present some key findings.

- Setting a strategic big picture and building a national vision for recovery, inclusive development, and stability, if circumstances allow
- Understanding the scenarios for realizing this vision, together with the drivers and risks, and using an opportunity and risk management framework;
- Understanding the character of the state and working through policies and institutions as appropriate and feasible, to restore core governance functions at appropriate levels;
- Working at different levels (national, provincial, community – and in the MENA context, particularly the municipal/ city level) to address localized peacebuilding and recovery needs;
- Determining appropriate sequencing and prioritization;
- As appropriate, investing in the education, training and performance of the public service and cadres of leaders and managers in particular;
- Using a systems and platform approach to restore service delivery;
- Understanding the key role of agency and leadership;
- Understanding the economic drivers of conflict and recovery, and investing in domestic economic activities and value chains, and regional economic linkages aligned to a peace and recovery approach;
- Understanding the citizen perspective, and promoting an inclusive approach to peacebuilding and social cohesion, including active participation of youth and women;
- Aligning operations to the strategic goals and policy and institutional context;
- Evolving approaches and tools as circumstances change; and
- Adapting to the aid absorption curve, taking into consideration the inverse relationship between a government’s ability to absorb aid immediately after crisis and the international community’s willingness to pledge and give assistance at that time.

II. UNDERSTANDING CONTEXT: THE FOUR CONFLICT CASES IN MENA

Other papers in the series will address the political, economic, and social histories of the four countries in greater detail. Nonetheless, it can be useful to outline some similarities and differences between the countries’ contexts here, as each situation implies different approaches to peacebuilding and reconstruction, which we turn to later in the paper, to help inform peacebuilding and reconstruction processes. This naturally cannot be a once-off exercise that presents a static picture, but rather an iterative process that recognizes the dynamism in the situation.

Though the four MENA cases differ along socio-economic and governance dimensions, there are some generalizations about the nature of the social compact in the region prior to the Arab Uprisings. Many of the countries in the Middle East and North Africa experienced similar economic and development trajectories in the second half of the 20th Century. “Just after independence (in the 1950s and 1960s) until the late 1970s, states in the MENA region relied on state-led development models that failed to generate enough growth, delivering neither adequate numbers of productive jobs nor increases in living standards,

to satisfy their fast-growing populations.”⁵ In the 1980s, there was a widespread shift to a market-based economy, but many states across the region lacked the institutional structural changes to support those reforms, and growth rates fell behind other middle-income countries of East Asia.⁶

Across the region, lack of citizen voice and accountability were widespread. As a general matter, citizens in the region either paid low or no taxes.⁷ Some analysts contend that economic and political paces of change were not synchronized, and that this contributed to governance deficits and growing grievances. In the 1980s, when the post-independence development model experienced limitations and resulted in fiscal crises, “countries cut the economic and social benefits of the old social contract while keeping its political component unchanged.”⁸ The cumulative effect was that, by the early 21st Century, citizens in many states across the Middle East experienced poor service delivery, minimal political voice and participation, and economic challenges.

Differences in the Social Compact across MENA

Though there were shared characteristics of social contracts in MENA before 2011, there were variations in the social, political and economic situations across the region. The table below offers a summary of differences in the social, political/governance, and economic contexts before 2010 and the Arab uprisings.

Table 1: Social, political/governance and economic contexts pre-conflict

		Iraq	Libya	Syria	Yemen
<i>Social cohesion</i>	Religious/sectarian tensions	High	Low	Low	Low
	Tribal identities	Low	High	Low	High
<i>Political/Governance</i>	Unitary vs. federal political structure	Federal	Unitary	Unitary	Unitary
	Single vs. multi-party	Single	Single	Single	Multi
<i>Economic</i>	Income level	Upper middle income	Upper middle income	Middle income	Low income
	Natural resource endowment	High	High	Medium	Low
	Rentier economy	High	High	Medium	Medium
	Human capital	High	High	High	Low

⁵ Björn Rother and Shantayanan Devarajan, “Economic Performance and the Case for a New Social Contract in the Middle East and North Africa,” in *Rewriting the Arab Social Contract: Toward Inclusive Development and Politics in the Arab World*, Hedi Larbi, ed., Cambridge, MA: Harvard University, 2016.

⁶ Ibid.

⁷ Helle Malmvig, “Mosaics of Power: Fragmentation of the Syrian State since 2011,” Copenhagen: Danish Institute for International Studies, 2018.

⁸ Rother and Devarajan.

A distinction is observable between the following pairings: Iraq and Libya versus Syria and Yemen. The former shared significant hydrocarbon endowments, correspondingly higher income levels, but also the characteristics of rentier economics at state level. The latter pairing, with lower hydrocarbon endowments and correspondingly lower income levels were not characterized by a rentier state.

By other measures, such as federalism or tribalism, however, the same pairings differ. Iraq is federal, but less tribal; Libya is unitary but tribal identity is greater. Syria was a one-party state but not tribal; Yemen was the reverse.

The four country cases also experienced different levels of social, demographic, and economic change in the decade preceding the Arab Uprisings. The table below summarizes some of these trends, taking snapshots of change from 2000 through 2010.

Table 2: Trends in social, demographic and economic change⁹

	Category	2000	2005	2010
Libya	Pop Growth	1.54	1.53	0.78
	GDP Growth	4.39	11.87	5.02
	Urbanization (% of pop)	76.346	76.9	77.642
	Gini	N/A	N/A	N/A
	Human Development Index	0.732	0.752	0.756
	Freedom House's Freedom Ranking (1=most free, 7=least free)	7 (2002)	7	7
	Government Revenue	8.18 Million	37.41 Million	61.5 Million
Iraq	Pop Growth	2.96	2.59	2.86
	GDP Growth	1.41	4.4	6.4
	Urbanization (% of pop)	68.496	68.766	69.034
	Gini	N/A	28.6 (2006)	29.5 (2012)
	Human Development Index	0.607	0.631	0.649
	Freedom House's Freedom Ranking	7 (2001)	6	5.5
	Government Revenue	N/A	49.469 Billion	73.572 Billion
Syria	Pop Growth	2.43	2.7	0.93
	GDP Growth	2.74	6.2	5.7 (2007)
	Urbanization (% of pop)	51.947	53.783	55.677
	Gini	N/A	35.8 (2004)	N/A
	Human Development Index	0.589	0.636	0.646
	Freedom House's Freedom Ranking	7 (2001)	7	6.5

⁹ Sources: World Bank, IMF, Freedom House, and UNDP

	Government Revenue	246.31 Million	358.05 Million	582.02 Million
Yemen	Pop Growth	2.82	2.79	2.71
	GDP Growth	6.18	5.59	7.7
	Urbanization (% of pop)	26.267	28.936	31.732
	Gini	35 (1998)	34.7	36.7 (2014)
	Human Development Index	0.444	0.475	0.493
	Freedom House's Freedom Ranking	5.5 (2001)	5	5.5
	Government Revenue	588.69 Million	1.121 Billion	1.774 Billion

There are other similarities and differences between the four MENA cases, based on their experiences of conflict after 2011. The four countries undergoing transition in MENA are experiencing conflict and its aftermath for very different reasons, and at different levels of severity and pacing. For example, one could make the case that while Yemen is experiencing active conflict [t], Iraq is in a phase of continued instability, though the bulk of military operations there have ceased after the liberation of territory from ISIS control [$t+1$]. The four countries have experienced different impacts on their economies and physical infrastructure as well. The table below summarizes some key figures as to the impact of the conflicts.

Table 3: Impacts of conflict

	Conflict Length (Years)	Total Casualties	Casualties in Last 6 Mos.	Number of Refugees
Iraq	4+	74,639 ¹⁰ (6/2014-11/2018)	3,099 ¹¹	220,000 ¹²
Libya	8+.	36,600 ¹³	556 ¹⁴	11,000 ¹⁵
Syria	7.4+	511,000 ¹⁶ (3/2011-3/2018)	10,500 ¹⁷	5,633,696 ¹⁸
Yemen	3.4+	50,000 ¹⁹	15,830 ²⁰	23,500 ²¹

¹⁰ ACLED

¹¹ ACLED

¹² UNHCR

¹³ ACLED

¹⁴ ACLED

¹⁵ World Bank

¹⁶ Syrian Observatory for Human Rights via Megan Specia, "How Syria's Death Toll Is Lost in the Fog of War," *The New York Times*, April 13, 2018.

¹⁷ ACLED

¹⁸ UNHCR

¹⁹ ACLED

²⁰ ACLED

²¹ World Bank

		(1/2016-7/2018)		
--	--	-----------------	--	--

Table 4: Impacts of conflict on economy and physical infrastructure

	Conflict Length (Years)	Est. Damage	Est. Reconst. Costs	Reconst. Pledged ²² (World Bank)	Active World Bank Portfolio ²³	GDP Growth Rate ²⁴
Iraq	4+	\$45.7 Billion ²⁵	\$88 Billion ²⁶	4.7 Billion	1.86 Billion	-0.78 (2017)
Libya	8+.	N/A	\$200 Billion ²⁷ (infrastructure only)	N/A	0	26.68 (2017)
Syria	7.4+	\$226 Billion ²⁸ (lost GDP)	\$250 Billion ²⁹	N/A	0	-36.5 (2014)
Yemen	3.4+	\$14 Billion ³⁰ (lost GDP)	\$15 Billion ³¹	2.96 Billion	1.219 Billion	-34.34 (2016)

A figure that stands out is that the estimated damage in Syria, and therefore estimated reconstruction cost, is likely to exceed that for the other three countries combined.

Regional and international actors have also played varying roles in each of the countries in conflict, shaping the geostrategic contexts surrounding each country, which will inevitably also have an impact on the circumstances of each country’s recovery and peacebuilding process. The four cases have experienced different levels of international intervention—from a UN-sanctioned no-fly zone and bombing campaign (Libya) to proxy wars of regional and international powers (Syria and Yemen). The degree of alignment

²² World Bank

²³ World Bank

²⁴ World Bank

²⁵ “Iraq Reconstruction and Investment: Part One: Reconstruction and Development Framework,” presented to the Kuwait International Conference for the Reconstruction of Iraq, February 2018. Available at: http://kicri.gov.kw/media/iraq_reconstruction_part1_v2.pdf

²⁶ “Iraq Reconstruction and Investment: Part One: Reconstruction and Development Framework”

²⁷ “SMEs in Libya’s Reconstruction: Preparing for a Post-Conflict Economy,” Paris: OECD, 2016.

²⁸ “The Toll of War: Economic and Social Consequences of the Conflict in Syria,” Washington, DC: World Bank, 2017.

²⁹ From UN Special Envoy’s Team, via Somini Sengupta, “Help Assad or Leave Cities in Ruins? The Politics of Rebuilding Syria,” *The New York Times*, Dec. 3, 2017.

³⁰ Yara Bayoumy, “Exclusive: Civil War Costs Yemen \$14 Billion in Damage and Economic Losses – Report,” *Reuters*, Aug., 16, 2016.

³¹ “Yemen Reconstruction Costs Estimated at \$15 Billion,” *The Arab Weekly*, Sept., 4, 2017.

of external actors and internal actors can either continue to fuel conflict or create a space for stability and a different trajectory.

Historical legacies and current experience of conflict will inform each country's recovery and the character of the state going forward. In some cases, there was an "insufficient state," meaning the state did not have reach over the entire country and other, non-state influences, including ethnic and tribal identity dominating social and political life in Yemen. In Libya, we have witnessed the break down and fragmentation of the state. In other cases, there was an "over-sufficient state," meaning that the state (and its ruling regime) was oppressive and, at times, violent and "ferocious" against citizens. Examples of this include Hafez and Bashar Al-Assad's rule of Syria and Saddam Hussein's Iraq. While Iraq has made strides in its constitutional reform and inclusion, it remains bedeviled by corruption and mismanagement. Questions of how the state in these countries balances against or accommodates competing social, political, and economic influences figure into recovery strategies.

III. JUDGING THE OPEN MOMENT AND IDENTIFYING THE LOCUS OF CONSENSUS FOR STABILITY

There is wide acknowledgment that for peace and stability to advance, the social compact of the status quo ante cannot be merely restored.³² In many places in the Middle East and North Africa, the social contract that existed for decades caused a popular sense of injustice and grievances, leading to the Arab Uprisings, and the ensuing chaos. There remain deep levels of citizen distrust and varying levels of institutional and organizational dysfunction. Ideally, a recovery process would also see state institutions and governance arrangements built to respond to the consensus and to ensure that drivers of violence are addressed and risks to it emerging again are mitigated.

Whether there exists an open moment to address the broken social contract varies in each case. The reality is that some regimes are unwilling or unable to provide the most essential of protections – security – to their citizens. Even a simple review of the countries points to the intensive gap between the degree of citizen trust and the will or capacity of the state to protect or provide. It is perhaps not that citizens do not want a state at all – they do not want the predatory state – but given this reality, alternative entry points to the long path of restoring the social compact will need to be identified.

The level of conflict and prospects of the violence quelling or ending; the degree of actor alignment that creates conditions for a political agreement on a path forward; and the degree of societal consensus that permits collaboration may or may not present an opportunity to change course. The range of factors described above – especially the nature of the political dynamics, the nature of governance and the status of institutions and organizations, and the degree of macro-economic stability will all present an additional spectrum of constraints and enabling conditions.

Scenarios for the next decade for each country could include ongoing conflict; consolidation of control by one actor with reconstruction limited in scale and external actor involvement; geographically limited reconstruction (e.g., liberated Iraq post-ISIS); and different forms of peace agreements and political arrangements creating a space for a phase of recovery and reconstruction. These different outcomes would be associated with varying forms of international engagement, mandates, funding, and other support. In sum, the situations include:

1. Continuing conflict: Ongoing violence in the country renders multilateral engagement premature.

³² Shanta Devarajan and Lili Mottaghi, "Towards a New Social Contract," Middle East and North Africa Economic Monitor, Washington, DC: The World Bank, 2015.

2. Post-conflict, pre-settlement: Violence has stopped in most areas of the country, and there is not yet clear governance arrangement at the national level. Multilateral engagement in this scenario is forced to find creative entry points, including at the sub-national level, where violence has abated and governance arrangements may be settled, and pending a breakthrough on peace negotiations.
3. Conflict ends but insufficient consensus for external engagement: No sufficient consensus for external actors, including the multilateral system, to be involved in post-conflict recovery. The lack of consensus may be because the victorious side of the conflict may not be seen as legitimate, or because of geopolitics that make it difficult for external actors to be involved. The international community, with political resolution unlikely, can choose whether or not to support recovery.
4. An open moment for peace building and recovery: When there is an end to violence and a negotiated political settlement and governance arrangements ensue. This is more of a classic scenario of international support to peacebuilding, with its own set of strategic, policy, institutional, and operational considerations.

Annex I sets out each of these situations with references from the past, including the type of strategies that have been pursued by peacebuilding and development actors.

A key question is to identify the locus of consensus around stability in a post-conflict country, and which actors (i.e., global, regional, national, or local – across segments of society) might be aligned or be able to align to a pathway to settle the conflict and move to a different future.

The four countries differ in their prospects for peace through a formal **peace agreement at the national level**. Because peace agreements have significant bearing on further peacebuilding and reconstruction processes, they merit further exploration here. Past peace agreements and political agreements vary in how they attempt to address root causes of conflict and establish a framework for stability and reconstruction. A canvassing of these past agreements will be instructive as the countries in the region (particularly Syria and Yemen) approach agreements to end conflict and decide their future political order and governance arrangements.

Box 2 provides a typology of peace agreements from a 26-year period and how peace agreements have attempted to address root causes and provide a framework for action for the years ahead.³³

³³ Clare Lockhart and Aleks Sladojevic, “Securing Stability through Peace Agreements,” Washington, DC: Institute for State Effectiveness, 2019.

Box 2: Peace Agreements/Processes as Foundational Instruments

A study of peace agreements concluded between 1992 and 2018 revealed a number of commonalities in the issues they are trying to address as well as the remedies for those issues or challenges. Past peace agreements have typically followed seven strategies of state-building (or reconstituting the state):

- Quest for an inclusive state
- Decentralization
- New rules of the game
- Constituting a legitimate center
- Imposed peace
- Imposed pluralism
- Accommodation and neglect

Peace agreements also tended to address seven issues, which can form the building blocks of peacebuilding transformations:

- The political process
- The legal framework
- The internal reorganization of the state
- Provision of security
- Inclusive economic and social development
- Partnership with the international community
- Implementation

(For a more detailed discussion of these state-building strategies as well as the seven common issues in peace agreements, see Annex II.)

International partners may or may not have the opportunity to shape the peace agreements, but will have to face the consequences of how they are structured and affect governance arrangements. As international partners assist after a peace agreement is reached, it is important that they consider how the agreement has created winners and losers in politics, the economy, and society.

IV. SETTING THE STRATEGIC BIG PICTURE

As discussed above, the long-term goal of any peacebuilding and recovery process is to close the “sovereignty gap” -- the gap between current state behavior and the state’s full ability to deliver on the expectations of its citizens and honor its international obligations.³⁴ Stability and self-reliance will ultimately come when a country has institutions, functioning at different levels, that can protect their own people, administer fairly and justly, deliver or enable a set of services, foster economic opportunity, meet domestic and international obligations, and mitigate risks of conflict. Over the long run—and the long run in some contexts has stretched to many decades—this will require building consensus between citizens on a state—and type of governance—that is accountable, just, and inclusive.

We acknowledge that in some contexts, conditions may not permit a clear path – and in particular a political consensus-- to restoring a viable state which earns and sustains the trust of its people. The type of strategy that can be pursued in any country depends on context, the degree of open moment, and the nature of consensus. This section will consider how strategies can be set for peacebuilding and reconstruction, including consideration of a “sovereignty strategy” to overcome the sovereignty gap, build

³⁴ Ashraf Ghani and Clare Lockhart, “Fixing Failed States,” Oxford: Oxford University Press, 2008.

administrative capacity, the identification and leveraging of creative entry points, consensus building and priority setting, and the mobilization of resources in support of those recovery priorities.

Sovereignty Strategy to Build State Capacity

A “sovereignty strategy,” or a long-term phased program of building state capacity, can guide a process of working to close the sovereignty gap.³⁵ Specifically, a sovereignty strategy can be useful for “helping internal actors establish or restore a core set of governance systems or institutions (at different levels, including center, municipality, locality, etc.), building the legitimacy of the state over time, winning the trust and meeting the needs of the people reducing the reliance of the country on external support, and contributing to the resolution of conflicts before they become violent.”³⁶ In some cases, such a strategy may help to mitigate geopolitical and ethnic or other identity group tensions by establishing a common, non-ideological goal.

A sovereignty strategy conceived in this way differs from the reconstruction processes as conceived in the public discourse of the last decade. The latter are perceived, for good reasons, to have tended toward two extremes: maximalist, costly, and ill-designed (as in the cases of Afghanistan and post-2003 Iraq) or minimalist, largely non-interventionist other than at a point of regime collapse (e.g. Libya). Maximalist strategies smother state reconstruction because they end up displacing rather than rebuilding state actors, while minimalist ones leave a country at a point of vulnerability to internal tension and external intervention without an agreed path forward or an accounting of the costs of abandonment. With a sovereignty strategy, actors like the Bank can give priority to building the machinery of government rather than “being” the government, and they can shepherd other actors around this goal as well. This narrows down the field and defines counterparts. On the other hand, it also has risks of its own which must be acknowledged, such as letting fledgling states depend on donor sovereignty strategies for their support rather than popular accountability.

Creative Entry Points

A state building strategy relies on the assumption that there is a political and social consensus for a state that is oriented towards serving its citizens, but should such consensus not exist (such as in either Yemen or Libya for the foreseeable future), international actors, including multilateral institutions such as the World Bank, may need to find creative entry points to support those societies to build a new social compact. In these cases, national state consolidation is not what is required, as it would likely result in resentment of the predatory state. Rather, international partners can help support governance where security conditions allow, including at the local or municipal level, and build support for a new social contract.

Consistent with an end goal of restoring governance, there are different entry points and means, including the following:

- security first
- vision driven
- reformer driven
- bottom-up / citizen engagement and demand side accountability

³⁵ Clare Lockhart, “Sovereignty Strategies: Enhancing Core Governance Functions as a Post-Conflict and Conflict-Prevention Measure,” Cambridge, MA: Massachusetts Institute of Technology Press, *Daedalus*, Vol. 147, Issue 1 (2018).

³⁶ *Ibid.*

- municipality based
- market driven
- regionally driven
- conditions-imposed, such as the EU Accession process, which incentivized countries to meet certain internationally-agreed standards in order to gain benefits of membership and participation
- human capital-driven: aligning the education system to the needs of public, private sector and society
- investing in a technical cadre

Building Consensus for Recovery Strategies and Priorities

Different actors, both domestic and external, may be pursuing different and conflicting goals. To the extent possible, and recognizing different stakeholders' different objectives, a process to build a consensus among critical stakeholders on a way forward is essential. Ideally, there should be a visioning exercise led by the country's legitimate national leaders. Other cases have sought to build consensus and convergence across wider stakeholder groups for a long-term common objective.

In the 1990s, the development community, in part through former World Bank president Jim Wolfensohn's leadership, implemented Comprehensive Development Frameworks, Poverty-Reduction Strategy Papers, and national planning. These practices have now fallen by the wayside.³⁷ While the practices had their limitations, there currently exists a vacuum in establishing common national vision. These types of mechanisms differ from multi-donor assessments, which despite consultations with and involvement of government actors, are not as inclusive of domestic stakeholders. Some variants of these mechanisms include the process Tunisia used to develop its constitution following the fall of the Ben Ali regime³⁸ and the National Dialogue Conference in Yemen.³⁹

ISE has developed and applied a methodology, called Critical Stakeholder Inquiry, for convening and facilitating a series of gatherings with decision makers and key segments of society. The process is meant to identify the critical issues and opportunities facing the state and society, facilitate consensus and create a vision, and identify entry points for how that vision can be executed. This methodology can be applied not only at the national level, but at the national or sub-national levels as well.

³⁷ ISE interviews with former leaders and current Club de Madrid members, September 24, 2018.

³⁸ The Carter Center, "The Constitution-Making Process in Tunisia: 2011-2014," Atlanta: The Carter Center, 2014.

³⁹ Erica Gaston, "Process Lessons Learned in Yemen's National Dialogue," Washington, DC: U.S. Institute of Peace, 2014.

Box 3: Critical Stakeholder Inquiry: Facilitating a common vision through multi-actor perspectives and consensus-building

- Step one: understand actors as interest groups, and map stakeholders
- Step two: determine your process and validate authorizing environment
- Step three: convene by stakeholder and conduct appreciative inquiry using carefully tailored questions
- Step four: form joint groups to consolidate action points
- Step five: jointly assemble possible and likely scenarios, understand risks and risk reduction/opportunities
- Step six: identify common path, with limited number of critical tasks
- Step seven: validate with other groups

Conducted by ISE in Nepal, South Sudan and Kosovo, documentation available

Sequencing and Prioritization

Though strategies for building state capacity are phased over a 10-20 year time period, priority areas must be decided early on and critical tasks sequenced.⁴⁰ Even in the best-case scenario that a long-term state building process exists, there is no single form of state or sequence for state-building that must be followed. Bearing in mind the absorptive capacity of a fragile or post-conflict state, international partners should work with national leaders to prioritize key areas, sequence interventions in line with growing capacities, and understand that progress on priority areas can have knock-on effects. International support can then be marshalled behind those priorities, acknowledging that domestic leaders will have to formulate political consensus—and re-formulate that consensus—as facts change and the recovery enters new phases.

A critical phase of recovery and reconstruction is in the early stages, before a more fully fledged international program or presence. Though there may not be an “open moment” across the territory that would permit larger-scale recovery efforts, there might be an opportunity to support some initial work.

Box 4: Early Stages of Recovery and Reconstruction

In recent interviews, Kathleen Crevero (former head of UNDP’s former Bureau for Crisis Prevention and Recovery) reflected that work in the early 2000s to establish the phase of “early recovery” in her view had disappeared in the more contemporary debate as to humanitarian-development linkages. The business literature also talks about the importance of a medium-term time phase, in between the short-term immediate needs and longer-term foundational work.

Early functions to establish – as preconditions for a larger reconstruction or recovery effort – include public financial management, security, rule of law, human capital management, and communications. Focusing early on the pre-conditions for economic growth would mean countries build a tax base, foster a culture of buy-in to the state, and prevent the setting in of the criminal economy and illicit financial flows. Establishing these selected core functions early requires good internal governmental coordination of policy, rule sets, personnel, and funding from the central level.

In the context of recovery this might include:

Focusing on the right priorities first:

⁴⁰ Lockhart, “Sovereignty Strategies”

- Citizen engagement and protection, especially where minorities have experienced discrimination or violence, including them in processes of community building will be crucial. As part of this work is a focus on psycho-social aspects of recovery after trauma.
- Restoration of core services (e.g., water, sanitation, electricity)
- Basic civil service reform: focusing on core systems (e.g., payroll, procurement, HR/promotions) and building and sheltering core competencies in the main revenue and spending ministries. Limit foreign nationals coming in to supplant government staff.
- Public financial reform: the budget is the main instrument of policy and is the engine of government that needs to function for anything else to work. Clarifying the budget process and priorities rather than relying on donor aid. Who gets the resources is a crucial consideration in terms of groups and individuals that might control ministries and handle certain portions of the budget. After conflict and peace settlements, how resettlement packages for ex-combatants are handled is another critical issue.
- Market building: While there is an early need to create jobs and incentivize people who might otherwise pick up arms to engage in more productive activities, a balance must be struck between growth versus jobs. A tradeoff here is the short- and long-term impact of priorities. Ideas like state-driven employment or various types of subsidies that create politically expedient jobs in the short term turn out to have distorting and discouraging effects for private sector development that cannot depend on such subsidies. An early focus on understanding the drivers of the productive economy and restoring and investing in value chain facilitation might obviate the need for aid dependence.
- Rule of law: not only at a national level, where it may be a theoretical exercise, it needs subnational presence, and to be corruption-free.
- Infrastructure: an early assessment across the country of where assets have been destroyed and criteria for how to decide what gets built, in what order, and where. Fix trunk infrastructure—core roads, major power lines, etc.—first with a subsequent focus on infrastructure to extend to local areas.
- Diaspora and internally displaced persons (IDPs): how can refugees be encouraged to return to augment the work force of the country? And what happens when they return in terms of managing tensions, ensuring that there are enough jobs for returnees, that crucial components land, housing, visas, etc.
- Land disputes: with high domestic tensions, this could exacerbate or prolong the violence, so a mutually-agreed, inclusive, transparent process is critical here. Community-based mapping techniques, as community-driven development programs have used in Aceh and Afghanistan, could be tools for former inclusive and new agreements. These processes enlist a neutral, outside facilitator who works with the community to create a map of where people live, incorporating returnees as well. As in Rwanda, there may be a need to change place names which can be linked to traumatic events, though this can be a contentious process which needs to be handled by local leadership, not externals.

Issues to leave until later:

- Decentralization (with exceptions)
- Industrial policy
- Import substitution
- Pension reform
- Wholesale civil service reform
- University reform
- Structural reform of service delivery mechanisms

How might an early recovery phase look in Yemen and Libya?

1. Focus on the municipal councils first. That means:
 - a. Look at the representation on the councils
 - b. Is there audit and budget activity in place or a complete absence of it? (For example, can they track the funds that might be coming to them as a result of international support to recovery? This will affect the likelihood of corruption and criminality that sets into the process that can be difficult to uproot later.)
 - c. Are there national standards that are practical that they could work towards meeting, or some reduced bar? (For example, what basic health services could be delivered, including water and food security? What is the base level of infrastructure, e.g., roads to market, not paved but working road? What basic education exists?)
2. Understanding and supporting the working of the financial architecture
 - a. Can they see/analyze where the money goes to ensure it is not going where it should not?
 - b. A simple rolling plan of fiscal reforms.
3. Ensuring capacity within the civil service is not lost.
 - a. Can they recruit and deploy qualified people to the civil service?
 - b. The key spending ministries have to have managerial capacity (i.e., good deputy ministers, good directors-general).
 - c. External partners can assist with center of government training/programs as needed.
4. Rule of Law: focusing on the managerial capacity of the Attorney Generals/Justice Department. Are they able to recruit, oversee promotions that are fair and merit-based?
5. Emergency relief: in Yemen, a national (meaning countrywide) program for delivery of relief through community block grants, to supplement humanitarian effort.
6. Restoring value chains: are there economic opportunities that can be restored or established to provide economic opportunities for individuals to gain a stake in order through livelihoods and firm participation, and to limit the pressure for patronage on the public service. Eg. Agricultural value chains, food processing, labor migration in Yemen; opportunities for small local construction firms at the municipal level through public procurement for rehabilitation and maintenance in Libya.

In a fragile setting, international partners can help underscore domestic leaders' prioritization as they cultivate and build capacity and consensus. The case of the United States' involvement in Colombia, with Plan Colombia, is instructive of how a significant international partner worked with national leaders to formulate a set of priority areas and sequence tasks over a longer period of engagement.

Box 5: Plan Colombia: Prioritization, Sequencing, and International Partnerships in Practice

In 1999, the new administration of President Andrés Pastrana announced a plan for social development, peace with the FARC, counterterrorism, and counter-narcotics in partnership with the U.S. government. For the Colombian government to combat the excessive drug trafficking and violence throughout the country, Colombia required a more robust security presence, stronger institutions, and extended state presence throughout the territory. Plan Colombia included ten pillars:

1. Economic: generate employment, strengthen revenue collection
2. Fiscal and financial: impose austerity measures to improve Colombia's position in international markets

3. Peace: seek agreements with guerillas based on rule of law
4. National defense: restructure and modernize police
5. Justice and human rights: reaffirm rule of law and equal justice
6. Drug enforcement: combat cultivation and trafficking
7. Alternative development: promote agricultural efficiency
8. Social participation: raise collective consciousness
9. Human development: provide services, including education, to all, including vulnerable
10. International support: seek partners for integrated and coordinated action

The formulation of Plan Colombia was through extensive negotiation with the U.S. government and Congress, but Colombia took the initiative and emphasized Colombian ownership of the goals and strategy throughout the process. After Colombia formally submitted the strategy to the U.S. for its consideration, the Clinton Administration sought an initial two-year appropriation “to assist Colombia in vital counter-drug efforts,” and other priorities, including human rights, economic development, and judicial reform.

Though Plan Colombia lasted for six years, its follow-on activities continue. Under the umbrella of the broad ten goals of the Plan, specific focus evolved as the security and narcotics situation changed and the Colombian presidency changed twice. The U.S. shifted its focus under Plan Colombia from counter-narcotics to increased support for Colombia’s campaign against drug trafficking and terrorism, to increased social and economic development programming. While Colombia and the U.S. did not agree on specific priorities at all times of the partnership, the pillar structure provided enough flexibility and there was enough overlap between the two sets of national priorities that the framework of Plan Colombia was able to be implemented.,⁴¹

A risk management approach might also have relevance for prioritization and sequencing. The World Bank and governments will have to face and mitigate risk during the reconstruction process. The options around alternative sequencing of the different interventions in the reconstruction process/post conflict can impact the level of risk, depending on the sequencing of the reconstruction process.

One risk management approach that the World Bank has used in the past is the use of scenario planning to account for fluid situations of protracted conflict. A review of country assistance strategies from the late 1990s through the mid-2000s indicated that a majority of strategies employed scenario-based funding options.⁴² For example, in Nepal, when violence increased in the late 1990s during the Nepalese Civil War, the World Bank developed three different scenarios of IDA support, based on the security and governance conditions in the country. As a result of violence and a Maoist takeover, the World Bank decided to pursue its “low case” of involvement, namely up to \$150 million of lending per year. In 2003, the Bank decided to shift to a “base case” scenario, meaning it would lend up to \$350 million per year.⁴³ The Bank altered its approach during the Maoist insurgency and civil war as well. It relied more heavily on local stakeholder and private sector participation in project preparation and implementation, decreasing reliance on public sector institutions during the conflict.⁴⁴

⁴¹ Stuart Lippe, “There Is No Silver Bullet and Other Lessons from Colombia,” *Interagency* vol. 5, no. 3 (Fall 2014).

⁴² “Country Assistance Strategies: Retrospective and Future Directions,” Washington, DC: World Bank, 2009.

⁴³ Independent Evaluation Group, “The World Bank in Nepal 2003-2008: Country Program Evaluation,” Washington, DC: World Bank, 2010.

⁴⁴ “Memorandum of the President of the International Development Association to the Executive Directors on a Country Assistance Strategy of the World Bank for Nepal,” Washington, DC: World Bank, 1998.

Two tradeoffs occur at the point of deciding priorities and sequencing. The first is between the needs that are faced in an immediate, post-crisis moment and the capacity of a country to handle those needs. It is important to getting the cross-cutting policy and institutional pre-conditions for doing projects in place before rushing into discrete investment programs, and then, in any one sector, putting in place the infrastructure to move immediately to sector-wide approaches (SWAPs) and other kinds of policy-based programs.

V. ACHIEVING THE STRATEGY THROUGH POLICIES AND INSTITUTIONS

If the above section lays out the strategy and overarching goals for peacebuilding and reconstruction processes, and the need to establish a national (and regional / international) consensus on a way forward, this section outlines the policies and institutions the country will need to re-establish to deliver on that strategy. It focuses on the core functions of the state/ governance, especially budgetary and fiscal systems; a center of government that can coordinate across all parts of government (while recognizing this may not be applicable or desirable in all the cases at hand); service delivery mechanisms; and creating a space for citizen voice and accountability. It argues for a starting point of restoring core governance functionality as opposed to the tendency to rush to implement thousands of projects, which results in state fragmentation, and as opposed to authoritarian rule, which prevents accountable, effective institutions.

The literature of how states build the policies and institutions to fuel economic growth and stability presents a few different models:

- **Authoritarian “tigers”:** The East Asian “tigers” were able to make large development strides from the 1960s onward because of deliberate government strategies to attract investment and increase exports, and that these strategies were carried out through authoritarian institutions and centralized state bureaucracy.⁴⁵ In the late 1960s, leaders in both South Korea and Taiwan made straightforward decisions to prioritize economic development. In Korea, President Park Chung-Hee, who had seized power in a 1961 military coup, focused on economic growth over political goals.⁴⁶ In Taiwan, the government introduced the Nineteen Point Program of Economic and Financial Reform, which sought to incentivize investment.⁴⁷ While much of the spotlight has been on their economic investments and reforms, all of the northern tigers began with big land reform programs. The most successful countries invested in market gardening, which provided employment and income for vast numbers of people, parallel-tracked with education reform. This was then followed by industrialization and export-led growth. And both northern and southern tigers made big investments in health, education, and labor market skill development (i.e. human capital). A virtuous circle of economic growth, human capital development, and lowered poverty rates was set in motion.⁴⁸ Chile and Ethiopia also adopted variants of this approach.
- **Letting subnational regions experiment:** Yueh Yueh Ang argues that the key to China’s success in reducing poverty was that within an overarching set of development goals, different regions were encouraged to experiment. Latin American countries have similarly benefitted from competitive decentralization, with local elections providing the incentives for municipal level governments to promote growth and improve service delivery. In Latin America, civil society engagement has played an important role in providing oversight over public sector integrity; in China this function has been played primarily by the Communist Party.

⁴⁵ Stephen Haggard and Yu Zheng, “Institutional Innovation and Investment in Taiwan: The Micro-Foundations of the Developmental State,” *Business and Politics* vol. 15, no. 4 (2013).

⁴⁶ Dani Rodrik, “The ‘Paradoxes’ of the Successful State,” *European Economic Review*, vol. 41 (1997).

⁴⁷ Haggard and Zheng.

⁴⁸ Nancy Birdsall et al., “Inequality and Growth Reconsidered: Lessons from East Asia,” *The World Bank Economic Review* 9(3): 447-508, February 1995.

- **Cultivating a technocratic elite and empowering reformers:** The idea that an elite and associated institutions can come to dominate the state and seek “to impose a single, exclusive policy paradigm based on the application of instrumentally rational techniques.”⁴⁹ Public servants and bureaucrats who have expertise in certain public policy areas will accumulate political power and influence on the basis of their expertise and skills, and will in turn use that power to drive development. There is a debate, however, whether a technocratic elite can help facilitate liberal norms⁵⁰ or whether it is a form of authoritarianism, based on experiences in Latin America.⁵¹ Reformers, resources, and assets exist in developing countries, but they are “hidden, scattered, or badly utilized” and therefore need leveraging.⁵²
- **Marshall Plan:** The strategy lasted between 1948-1952 and helped 16 European states recover economically after WWII. U.S.-imposed conditionalities on the aid included trade liberalization, reductions in government spending, and lower tariffs.⁵³ The U.S. entered into an agreement with each country, deciding priority areas. A portion of the funds under the Marshall Plan “counterpart” funds were held under U.S. control.⁵⁴ All recipients were already institutionally advanced countries, therefore the Marshall Plan mostly went toward mature bureaucracies to rebuild wrecked physical capital and manufacturing and tax bases.

Box 6: Core State Functions and Center of Government

For governments to earn the trust of their citizens, they must perform a set of core functions, in an accountable and inclusive way. Core functions of governance include:

- *A legitimate monopoly on the means of violence:* The perceived legitimacy of the state’s monopoly on the use of force determines the stability of the state and the social compact. If the polity does not perceive the state to have a legitimate right to the use of force, it will reject the state. Institutional checks and balances on the state’s monopoly on the use of force are a critical demonstration of the state’s own accountability to the rule of law.
- *Administrative control:* The state requires a set of rules that dictate the division of responsibilities both horizontally across state institutions and vertically between different jurisdictions; the recruitment of civil servants; and flows of resources. Citizens must accept that the state’s administration is serving the popular interest for the state to be legitimate.
- *National accountability systems (public financial management):* Sovereign states must be able to pay for their obligations and operations without relying an unreasonable amount of government assistance. Government must be able to deliver services – and be seen to be doing so. For this to happen, national leadership and the public’s representatives should have a clear line of sight over how many gets spent and what the country gets from it.
- *Human capital management:* The state must invest in all citizens—and all groups of citizens—for the future development and capacity of the state. Investment in secondary and tertiary education in post-conflict settings is important for long-term development. All of this has to happen from within a fiscal framework – that is, that even if this is a laudable goal, countries have to make choices about how much to put into health and education, how much into primary versus university, and so on.

⁴⁹ Miguel Centeno, “The New Leviathan: The Dynamics and Limits of Technology,” *Theory and Society* vol. 22, no. 3 (1993).

⁵⁰ David Lilienthal, “TVA: Democracy on the March,” New York: Harper, 1944.

⁵¹ Centeno, “The New Leviathan”

⁵² Albert Hirschman, “The Strategy of Economic Development,” New Haven: Yale, 1958.

⁵³ Jacob Magid, “The Marshall Plan,” *Advances in Historical Studies*, vol. 1, no. 1 (2012).

⁵⁴ Armin Grunbacher, “Cold-War Economics: The Use of Marshall Plan Counterpart Funds in Germany, 1948-1960,” *Central European History*, vol. 45, no. 4 (2012).

- *Delineation of citizenship rights and duties:* The adjudicative and normative role of national constitutions for development has often been under-appreciated, particularly in post-conflict settings. A ratified constitution defines the ground rules for what rights and obligations states have vis a vis their citizenry. Constitutionally defined citizenship rights cut across ethnic, religious, gender, and geographic divisions. All development strategies need to ensure that they are consistent with constitutional principles.
- *Provision of infrastructure services:* Infrastructure can enable economic and political life and contribute to the decrease of inequalities between particular groups, including urban and rural ones. Infrastructure can also facilitate the state's legitimate monopoly on force, administrative control, human capital development, and disaster response. Finally, solid infrastructure can lay the foundation of the market and foster the state's participation in regional and global economies.
- *Formation of the market:* In addition to physical infrastructure, the state sets a legal enabling environment for the market to thrive, including through property rights, contract enforcement, rules and regulations, insurance, bankruptcy, employment, and environmental laws.
- *Management of national assets:* These national assets include natural resources and financial capital, making the state's ability to regulate and license significant.
- *Disaster response management and preparedness:* The state's ability both to prepare for natural disasters and respond to them is a measure of state resilience to shocks.
- *Rule of law:* The state's adherence to rule of law can be seen in the alignment of formal and informal rule sets, the predictability and stability of the state's policy environment, and the degree to which successive administrations and leaders adhere to the constitution and other laws.⁵⁵

In terms of institutional coordination, a priority is to clarify mandates between ministries and how they contribute to national goals in sequenced ways. This classic center-of-government function may—in the right circumstances—be handled by an institution that existed before the conflict. In post-World War II Italy, for example, there were two key units responsible for coordinating reconstruction: the Central Bank and the Institute for Industrial Reconstruction. The latter was a hold-over institution from the Mussolini era. These two institutions implemented a short-term reconstruction plan, channeling Marshall Plan funds and balancing this against private investment. They coordinated the incorporation of line ministries into reconstruction and industrialization efforts over time.⁵⁶

Levels and Functions of Governance

Important to acknowledge up front is that a functioning state does not mean that its functions are exercised centrally; rather they can be performed at village, city/municipal, provincial/ governorate and district level, depending on a range of factors. This is especially relevant to several of the cases discussed in this strategy paper, where issues of decentralization, ethnic autonomy, ongoing conflict, and other variables mean that a strong administrative state is not going to materialize in the near future, nor should building such a state be the sole or near-term goal of reconstruction. Development or state-building strategies must come to grips with the historical, cultural, and political diversity in how people organize and govern themselves, bearing in mind that the arrangements for core functions may evolve over time. For example, while more centralized human capital management might be appropriate at a national level to manage returning populations and their contributions to economic revival and growth, over time, as

⁵⁵ Ghani and Lockhart, "Fixing Failed States."

⁵⁶ Dmitri Sotiropoulos, "International Aid to Southern Europe in the Post-War Period: The Cases of Greece and Italy," *The ANNALS of the American Academy of Political and Social Science*, Vol. 656, Issue 1, 2014.

people resettle in different areas and those areas evolve to specialize economically, human capital management could be devolved to a more localized approach.

For some of the MENA countries, the city level may be the more relevant governance unit, given the relationship between citizens and the national state. With increasing urban populations (and the expectation that returnees will resettle in urban areas), the city level will only be more relevant to governance in the Middle East. One lesson from history where a network of cities across the region helped foster economic growth and reinforce stability was the Hanseatic League in Europe between the 13th and 16th Centuries. Stretching from northern Russia to London across the Baltic, Scandinavia, and northern Europe, the League facilitated trade among its 225 city members, which agreed to a basic charter. Cities joined and dropped out, as circumstances evolved, but it is an example of a regional network of cities acting independently from states, promoting economic growth and security.

Getting the Civil Service Right

A qualified, clean public service staffing governance institutions is critical, regardless of the level of governance. Key revenue and spending ministries need to be insulated from patronage hiring as much as possible, and for other ministries, a program of re-training, recertification, and gradual turnover can help establish a qualified, clean civil service. Management schemes have worked to incentivize better performance of public institutions. In Singapore, for example, the ruling People's Action Party (PAP) established within the bureaucracy clear purpose and principles. The PAP said that "established purposes of government are development of human capital as the country's main resource, encouragement of self-reliance and financial prudence, maintenance of stability to attract foreign direct investment and international talent, fostering sustainable economic growth...prioritization of long-term sustainability over short-term gain, and supporting proactive government intervention to improve the public welfare."⁵⁷ Senior managers within ministries encouraged judicious risk-taking, recognized excellence, and promoted accountability.⁵⁸ There was a strong collaboration between institutions and the political leadership, as the PAP did not see institutions as politically neutral, but rather critical drivers of its reform, development, and economic growth agenda.

A recurring challenge in recovery processes is not allowing the civil service to become the employer of last resort because the government believes it will maintain stability and social compliance. This was a mistaken assumption of many countries in the Middle East before 2011, which resulted in high public wage bills and dependency on government jobs. "While the expansion of the wage bill is virtually inevitable in post-conflict contexts, care should be taken to avoid wage expenditures being largely in the security sector...Ushering large numbers of militants into security forces is often not successful as a means of accommodating parties to the conflict and are indeed correlated with two countries where conflict persists after over a decade, Afghanistan and South Sudan."⁵⁹ All post conflict governments will use the civil service to keep militants (even their own) from fomenting more rebellions, but without a healthy economy, this may be a short-term method to buying stability.

Building a Transparent and Accountable Budget Process

Systems of public financial management can build citizen trust in the state, allow for fair and equitable service provision, and lay the foundation for an inclusive market and the state's full self-reliance. Understanding and making the budget process work; setting incentives to raise revenue; simplifying

⁵⁷ Clare Lockhart, "Singapore: The Evolution of an Entrepôt," Washington, DC: Institute for State Effectiveness, 2014.

⁵⁸ Lockhart, "Singapore: The Evolution of an Entrepôt"

⁵⁹ World Bank Governance Global Practice, "An Informal Note on IDA 18," Washington, DC: World Bank, 2017.

spending; and monitoring spending, including through citizen platforms, are the foundations of accountability.

Because public procurement represents a significant part of fragile and conflict-affected states' economic activities, it merits special mention. Some World Bank estimates put public procurement in fragile and conflict-affected states as up to 60-70% of government expenditure.”⁶⁰ Public procurement, therefore, can be a major driver of inefficiency and corruption. When this is compounded with insecurity, global suppliers can be wary of participating in those markets. Some practices for cleaning up public procurement practices include national certification and accreditation systems, eventually leading to e-procurement as part of broader e-government systems. In addition to reforming public procurement with an eye to winning more international investment, countries should also look for opportunities to grow the domestic private sector.

One major tradeoff in how international resources contribute to peacebuilding and recovery strategies is in on-budget compared to off-budget assistance. It is axiomatic in the international development literature that international assistance is put on budget so that countries can develop and reinforce the fact that the budget is the prime instrument of policy and that countries and their international partners invest in fiscal and budgetary systems from the earliest point. On-budget assistance would help avoid fragmentation of the overall recovery effort, consolidate accounts, and reduce areas and opportunities for corruption. Whilst it might be optimal to only use budget-based support right from the beginning, the fact of the matter is that many donors are simply not prepared to do so.

A compromise approach to on- and off-budget support would be for countries and partners to consider which priority areas—or sub-tasks within those areas—might be best suited to which type of budget assistance. For example, there are some priorities that can be broken down into what aspects will be done once (and therefore might be done more easily and quickly by international partners off-budget) compared to what aspects will be done repeatedly over time (and therefore would be good to integrate into routine state functioning and put on-budget). With infrastructure reconstruction, for instance, major reconstruction projects (such as the construction of a dam or highway system) may be done off-budget and by international partners in order to be done more quickly and demonstrate progress to citizens. Also, countries do not necessarily need domestic expertise on construction of major infrastructure assets, as these are done on a more one-off basis. This expertise could be found and procured internationally. However, countries do need to be able to have domestic capacity to operate and maintain infrastructure that is constructed. And countries need to incorporate recurring operations and maintenance costs on budget to have a predictable and reliable budget.

Designing Service Delivery Mechanisms and Platforms

In cases of crisis or weak institutions, or in the absence of government control, the international community's use of service delivery platforms can help re-start critical services at scale while the state further strengthens core functions. Kecamatan Development Project (KDP) in Indonesia and the National Solidarity Program (NSP) in Afghanistan are examples of these multi-stakeholder platforms that involved the governments, international development partners, NGOs, communities, and in some cases, the private sector. These platforms can provide broader service delivery coverage and showed that community (and other) partnerships in post conflict settings can achieve a lot by lightening the load on weakened government institutions. They are also a vote of trust in communities, as communities decide on and monitor spending decisions, making public all changes of account. The principles of these platforms are to use direct transfers, outsourced execution, streamlined but tough reporting from the start.

⁶⁰ World Bank Governance Global Practice, “An Informal Note on IDA 18”

Second-generation community-driven development programs (CDD) are reinforcing service delivery, strengthening citizen engagement, and are more closely tied with line ministries to help solidify the link between government and service delivery. In recent years, CDD programs have been tailored to situations of ongoing conflict or peacebuilding. INSERT

Box 7: Service Delivery Mechanisms: Citizens' Charter in Afghanistan

The Charter is a commitment to provide every community in Afghanistan with basic services, based on the community's own prioritization through elected Community Development Councils. Built on unified village-level budgeting and financial prioritization, communities oversee their own goals, monitor the quality of service delivery, and report grievances (through scorecards) to authorities and civil society.

Citizens' Charter folds government ministries into the process of community-driven development. Whereas previously community infrastructure was built in a more one-off way, now ministries are responsible for operations and maintenance, aiming to increase the longevity of physical infrastructure. Ministry funding is also allocated toward Citizens' Charter. Scorecard and grievance mechanisms demonstrate to oversight bodies how ministries are performing on their Citizens' Charter obligations. Funding is re-allocated on a performance basis, injecting a level of competition among ministries to deliver services.⁶¹

Spurring Economic Growth and Fostering Economic Linkages

The basis of the social compact is that the state raises revenue from citizens to pay for defense and other public services. Many societies, including the four cases in MENA, have resources of their own that can help support economic recovery and future growth. As noted in table 1 above, before falling into conflict, three of the four MENA cases were middle-income or upper-middle-income countries with high human capital and natural resource endowments. An assessment of the remaining assets of these countries and potential for its agricultural, manufacturing, digital, services sectors to support domestic demand or export to regional or global markets could identify how these countries could begin to generate economic growth and restore revenue generation and ensure that they are not reliant on international development assistance in the long term. Understanding the nature and potential of regional economic linkages can help identify where creating new economic winners might contribute to overcoming regional tensions. Getting people to work in public works schemes or revitalized agriculture and industrial sectors can be vital to support livelihoods, to deliver a peace dividend, and to foster a legitimate economy to replace a war economy.

Establishing Security

The re-establishment of law and order is a necessary pre-condition for much of the progress in other areas of post-conflict recovery. Understanding the role that security forces and institutions played in contributing to conflict is varied across each case. In some cases, an over-present or "ferocious" state sparked protests and conflict, with the state security institutions going so far as to wage war on their own people. In other cases, the security forces of an under-present state were unable to consolidate control over all parts of territory or segments of the population. How security forces and institutions transition from conflict and violence to public safety can set the direction—positive or negative—for recovery.

⁶¹ For more information, see Citizens' Charter Afghanistan Project at: <http://projects.worldbank.org/P160567?lang=en> and Citizens' Charter National Priority Programme at: <http://policymof.gov.af/wp-content/uploads/2016/07/Citizens%E2%80%99-Charter-Program.pdf>

Within that process of professionalization is not only defense and police services but also the institutions of security (e.g., Ministries of Defense and Interior, the criminal justice system, the corrections systems, etc.). Establishing or re-establishing a legitimate monopoly on the use of force will necessarily require that militias are integrated into national security forces under legitimate command over time. The implementation of commitments for Disarmament, Demobilization, and Reintegration (DDR) is an area of peace-building and reconstruction that has a mixed record of success. Careful design and understanding of incentives should attempt to avoid unintended consequences including e.g. that benefits to one group (former-combatants) might exacerbate grievances with other population groups (including victims of violence, returnees and the displaced, and the poor). Attention to demining to remove unexploded ordinance is an area which warrants early attention, and must be sequenced early before return and rebuilding is possible.

Incorporating Citizen Perspectives and Needs in Reconstruction and Recovery

Citizen-centered physical reconstruction would adopt a systems approach to consider how individual outputs (e.g., roads, schools, hospitals, etc.) need to be reconstructed and linked to facilitate service delivery and economic activity. The approach would consider how citizens use infrastructure and how infrastructure can be linked to support the restoration of economic and political life. For example, building discrete pieces of infrastructure is not enough—roads need to connect where people live to what they do.

Box 8: Singapore: Vesting Citizens in Construction

In the case of Singapore, for example, Prime Minister Lee Kuan Yew focused on a few key policy reforms, also considering how those reforms could have spillover effects on other areas. The Housing and Development Board (HDB) provided low-cost public housing in the 1960s to people, many of whom were living in slums and squatter settlements, with dire public health and safety consequences. The widespread construction of public housing units provided employment, trained engineers, spurred on ancillary industries such as quarry mining and brick factories, and allowed for the growth of domestic firms to bid on and win contracts. It was also able to provide homes to people and inculcate a culture of homeownership—whereas only 9% of Singaporeans lived in HDB apartments in the early 1960s, today 86% of Singaporeans live in HDB apartments. The construction of public housing also helped public health and safety outcomes as well.⁶²

Citizen-centered physical reconstruction can also affect people’s sense of fairness and grievance. As the World Bank Governance Global Practice noted in a background note for the IDA 18 replenishment, “In many countries, a perception of increased justice for excluded populations may come about not only through action in the justice sector *per se* but also through broader social justice that includes greater provision of health, education, or electricity.”⁶³ Citizen-led development requires coordination across ministries and levels of governance to ensure the appropriate linkages to ministry and local government responsibilities. It also requires an understanding of where people are settled currently and, in the cases expecting an influx of returnees, where they are likely to settle. For example, Rwanda experienced an unprecedented amount of returning refugees. Between November 1996 and January 1997, about 1.1 million people returned, marking the “largest and swiftest repatriation in the history of the office of the

⁶² Clare Lockhart, “Singapore: From Third World to First,” Washington, DC: Institute for State Effectiveness, 2011.

⁶³ World Bank Governance Global Practice, “An Informal Note on IDA 18”

UN High Commissioner for Refugees.”⁶⁴ The government insisted on their permanent resettlement rather than the usual procedure of resettling returnees in camps. As returning refugees did not have a right to reclaim their land, the Rwandan government reallocated public land that had been vacant for the returnees to settle, but there was some resistance from returning populations, many of whom wanted to resettle on the land they had owned.⁶⁵ As short-term measures, government and local NGOs worked to convince parties to share land or resettle on government land. From 1999 to 2000, the National Unity and Reconciliation Commission conducted nationwide grassroots consultations to facilitate a citizen-led vision for national reconciliation and development. Within a year, consultations were held in 154 of 180 *communes* nationwide.⁶⁶ Spatial planning techniques can be inclusive across many areas and social groups and can help facilitate resettlement of people.

There are significant opportunities for public participation in reconstruction, beyond provision of input into priorities and provision of feedback. As surveys have shown, there are strong demands for the youth and local private sectors to participate in reconstruction activities. Haiti earthquake reconstruction is a cautionary tale, where only 2.9% of the reconstruction funding went to Haitian businesses, as the procurement rules advantaged large international firms. The case of Singapore (Box 8) shows how public procurement can be designed so as to encourage and bootstrap domestic firms’ capabilities, and expand training, employment and small firm ownership opportunities for citizens. This case could have significant application to how procurement for infrastructure could be rehailed to grow local construction industries, coupled with leasing and other financial instruments. Further, programs for youth activities including sports, as well as participation in civic reconstruction have proven very cost-effective and with great impact in restoring civic life and fostering new identities and loyalties for a new generation. The activities of the youth peace shuras in the Jalalabad region including those of the Watan Pala Zwanan (foundation) showed how youth could participate in sports leagues, community work, anti-corruption drives, cultural festivals and market-building, to great impact.

Beyond economic, physical and institutional rebuilding, the socio-cultural dimension of recovery is just as important for countries and societies emerging from conflict. This can be incorporated into transitional justice processes which can include fact-finding institutions such as truth and reconciliation commissions. How the conflict is taught and discussed in schools and educational curricula will have an impact on the collective narrative of the conflict and how it is remembered. These psychological dimensions of recovery can also be manifested as demand-side accountability, both in justice processes, but in overall governance as well.

VI. OPERATIONAL CONSIDERATIONS

As the World Bank and its partners move from strategy to designing operations, there are a number of lessons from experience. The first is to focus on the basics of planning and delivery, budgeting and public financial management, civil service reform, market-building, citizen engagement, and getting partnerships right. The paper will discuss operational consideration for each of these blocks in turn:

Planning and Delivery

Domestic strategies for peacebuilding and recovery should ideally be set by domestic stakeholders, and domestic institutions responsible for executing those strategies with international partners aligning their

⁶⁴ Rob Burgoyne and Matthew Maguire, *Ensuring Security and Justice: Routes to Reconciliation in Rwanda*, in “Attacking Africa’s Poverty: Experience from the Ground,” M. Louise Fox and Robert Liebenenthal, eds., Washington, DC: World Bank, 2006.

⁶⁵ Ibid.

⁶⁶ Ibid.

support to the priorities contained in them. Clarify ministry functions as well as levels of functions of governance (including at the national, provincial, municipal, and neighborhood/community levels) as a pre-condition for the execution of strategies. Focus on building core systems, including citizen-oriented security and civil service, to carry out plans and programs. As noted above, a clear domestic strategy for reconstruction and recovery may not be possible for the countries in the MENA region, where there may not be a clear post-conflict moment or sufficient domestic consensus on a way forward. In those cases, creative entry points will be needed, including support to national programs or sector-wide approaches. The World Bank has some experience in designing SWAPs and this role could be further utilized.

In cases, such as the conflict cases of MENA, where inclusivity and citizen engagement are particularly important, involving citizens in planning and delivery of recovery strategies can be done in a variety of ways. Using spatial planning, for example, can help ensure that programming is inclusive across areas and social groups. Appreciating demand-side accountability and aligning this with service delivery can help foster accountability while addressing key citizen needs. Involving citizen perspectives in monitoring programming can help such programming adapt and iterate, rather than being inflexible, multi-year plans. In all cases, understanding the foundations and preconditions for the market, including a pathway to expanding the legitimate economy and tackling illegitimate economies, can help give citizens a stake in their future while lessening the reliance of the country on international development assistance.

Budgeting and Public Finance

Making the budget process work is essential. Early to establish are core accountability functions, including payroll, payments, accounting, and procurement. In countries where public finance systems have fragmented and local councils have taken on more of those responsibilities, including for example in parts of Syria, Libya, or Yemen, establish standard or coordinated rules in preparation for the potential disbursement of domestic and international funds. Technical assistance may be needed to support the accounting systems and capabilities of local councils, but must be carefully managed so as to incentivize rather than displace capacity. As discussed previously, procurement rules around reconstruction can either help incentivize the participation and growth of local firms or can exclude them to the detriment of the domestic economy. Finally, focus early on raising revenue so as to reduce dependency on international development support and bring forward the point of self-reliance.

Getting Partnerships Right

Much has been written on how international support and partnerships, including through the use of country systems, where appropriate on select priorities. The use of country systems is a preferable option of channeling international support, especially to avoid the fragmentation of domestic systems. However, as described above, using international systems to procure big ticket infrastructure reconstruction projects, or large one-off expenditures might be preferable to using weak and slow country systems. Routine costs of operation and maintenance would be good to put through national systems to ensure that they are included as regular budget line items.

International partners should help avoid fragmentation at two levels: of international efforts and of domestic government systems. World Bank research indicates that the trend of multiple donors being active in a country without a “lead” donor has been increasing since 1975.⁶⁷ But not only is this fragmentation of effort increasing, it is impacting bureaucratic quality in the client country. “The relationship between fragmentation of aid and changes in bureaucratic quality for 30 countries in Sub-Saharan Africa, the most aid-intensive region, is negative and statistically significant.”⁶⁸ This research

⁶⁷ Stephen Knack, “Donor Fragmentation and Aid Effectiveness,” World Bank research brief, May 2008.

⁶⁸ Ibid.

also suggests that donors with smaller “aid shares”—measured as volume or projects that an individual donor contributes to the entire international effort in a country—are more likely to bypass central finance ministries and work directly with line ministries, or at the sub-national level. Fragmentation therefore should be a concern for not only larger aid partners, but smaller ones as well. The World Bank can play a role to set the rules of the game for external partners, including through meaningful coordination which can help change partners’ mindsets from one of protecting of their own “aid share”, no matter how small, to contributing to a collective development and peacebuilding effort, one whose success they can also claim credit.

Structuring Policy Dialogue and Resource Mobilization with International Partners

As strategies and policies are iterated and refined, it is important to maintain ongoing policy dialogue and engagement with international partners. Three main models of this engagement exist. First is imposed dialogue, such as under the Marshall Fund, where the U.S. played a hands-on role in-country to guide and advise on strategies by setting up country offices and weighing in on country’s strategies. The second is co-designed dialogue, such as the GEMAP in Liberia, and consistent with the compact model. The third is nationally-led, such as the government of Rwanda’s strong leadership in coordinating development priorities and partners. The Ministry of Finance and Economic Planning maintains a Development Assistance Database and an annual Donor Performance Assessment Framework, which “implies that line ministries no longer ‘lobby’ donors for financing as donors’ assignment to sectors is pre-defined.”⁶⁹ Each of these models has demonstrated success, it is only a question as to which would fit the four cases best and allow for the iteration of strategy as progress unfolds.

How international partners also support countries with resources will be key. There are lessons learned from the World Bank’s experience with multi-donor trust funds (MDTFs) that could be valuable. In the critical early reconstruction period, efficiency and ability to disburse are paramount. MDTFs in Haiti and Sudan were made inefficient due to extra bureaucracy: every proposal had to go to the WB Board and all donors sat on all committees. Often increased bureaucracy compounds the problem of MDTFs and governments not being able to disburse funds quickly at the outset after conflict, contributing to delayed disbursement and procurement timetables. In the case of the MDTF in South Sudan, the combination of high expectations from the World Bank and donor community and low capacity of the Government of National Unity as it was consolidated in 2005 meant that in the first three years of the MDTF, only 35% of available donor funds had been disbursed.⁷⁰

Additional forms of international support to countries could be through incentives and conditionalities. The received wisdom on conditionality has evolved over the years, from a rigid application of the Washington Consensus, to a moving away from conditionality, to experimentation with floating tranches, payment by results and other innovations. In highly aid-dependent contexts, some form of sequenced conditionality based on key performance indicators especially on public finance reform and key results, set by the national government and in alignment with its own national planning cycles, would seem an essential part of the donor-government pact.

Regional cooperation and trade can also work to turn around the negative interference of neighbors and incentivize cooperation, in a way that may not solve the political and security issues but could help to change the dynamics. While the coal and steel cooperation between France and Germany stands as the high water mark of post-war economic cooperation, other examples of cross border initiatives serving to change dynamics of cooperation include the Greater Mekong Sub-region cooperation facilitated by Asian

⁶⁹ “Division of Labor for Complementarity: Monitoring, Evaluation, and Research,” Paris: OECD, 2011.

Development Bank and the Balkans Forum cooperation on energy, water, tourism, education, human capital and labor markets.

Technical Assistance

Too often, external technical assistance supplants rather than augments domestic capacity. When more granular-level diagnostics are used, such as team-based performance management approaches within ministries, issues and challenges are more easily spotted, making it easier for technical assistance to be targeted. This management approach also allows for the evolution over time of technical assistance needs and for the empowerment of domestic leaders, manager, and civil servants who are ultimately responsible for carrying out reforms.

Balancing the Portfolio

How should the funding and portfolio allocation of reconstruction across donors/government be determined? Typically, education is always overfunded, whereas infrastructure and tasks such as corrections and policing are underfunded compared to what is needed. Some countries have taken the approach of “gap management across the portfolio”, essentially balancing the needs with the reality of availability of funding and the inevitability of constraints put by donors on their allocation of funding to sectors. In this scenario, the Government sets the development agenda (with technical inputs as appropriate) and the World Bank would support with funding allocations, and direct or advise allocations of other donors to the country, based on this assessment. Different development partners have different strengths, and allocations should be made with this in mind. More generally, how does the Bank act as organizer of policy dialogue; convening; setting incentives; rule-setting/enforcing for donor engagement.

Civil Service Capacity Building

Capacity building may be required across levels of governance, but with differentiated measures. Performance management can be a useful approach to building well-functioning ministries. In many post conflict settings, ministries have been so badly damaged or have become so fragmented during reconstruction that ministers have virtually no means to know whether their directorates are doing their jobs well or not, and in fact, often there has been so much rotation that staff themselves are confused over what their primary functions are. Rebuilding ministries’ ability to deliver the policies approved by the government can usually benefit from an early investment in team-based performance management whereby teams within ministries design action plans to support overall ministerial-level objectives. These plans become the basis for a “contract” with their supervisor that justifies the unit budget and defines the team’s outputs for the year. Ministers and their management team can then hold the teams accountable and rank and reward them for progress toward those team goals. This can become a consolidated plan for ministry operations and reform, which can be used as the basis for assignment of and quality control of technical assistance, monitoring and evaluation, and coordination of development partner inputs.

Right sizing our understanding of technology and digital transformation – and what it means for governance – and whether this is an appropriate agenda to be pursued vis a vis tackling the fundamentals of governance and service delivery in a post conflict context.

Market-Building and Job Creation

As a long-term, post-conflict market building strategy, South Korea’s approach is perhaps the strongest example of industrial policy and incubation of the private sector anywhere in a post-conflict setting. In the early 1960s, South Korea’s GDP per capita was three times lower than that of Mexico and even lower

than that of Sudan.⁷¹ Its industrial base was low, industrial exports were virtually non-existent, and poverty was widespread.⁷² The key policy tool South Korea used was the Five Year Economic Development Plan, starting in 1962, and continuing to 1992. Manufactured exports figured prominently in the early Five Year plans, bolstered by a number of key reforms, including adopting a uniform exchange rate, tariffs, quotas to control imports.⁷³ The South Korean government also subsidized the Korea Trade Promotion Corporation (KOTRA) to promote Korea's exports and do market research, as well as trade missions.

The collective impact of these policies was felt as early as the mid-1970s. From 1965 to 1975, the ratio of exports to GNP more than trebled and the share of GNP originating in manufacturing had more than doubled, creating jobs and raising standards of living in the process.⁷⁴ Government policies to foster exports also benefitted *chaebol*, or major conglomerates, which have become a distinctive feature of the South Korean economy. Select *chaebol* received preferential tax concessions and beneficial rates on rail and transport to export their manufactured goods. The South Korean government also focused on centers of innovation, engineering, and learning to invest in its citizens and human capital and invest in future economic innovations.

While fostering major industries can be a long-term strategy, looking for opportunities to grow small and medium-size firms in the meantime can be useful to incubate companies and create jobs. Reconstruction opportunities for local construction firms should be considered, such as how contracts and tenders can be portioned for small and medium-size local firms. Value chains which connect economic production to markets and foster linkages between points in the value chain can help expand job opportunities in sustainable ways.

Building Trust and Citizen Engagement

The population needs a reason to care about rebuilding their country. Symbols of national identity are important. This would include consideration of longer-term initiatives, such as: school curricula; archeology; the army; civil service rotations to ensure the right allocation of people across the country, sensitively; and scholarships to send people from one part of the country to another.

Especially where conflicts raged along ethnic or identity-based lines, the building of a national identity can help put the past behind and build a positive future. One method of doing this is building a shared identity around shared purpose. "In Rwanda, there is evidence that official narratives of shared identity have already reduced the salience of sub-national identities barely two decades after genocide."⁷⁵ On the other hand, states can try to put the past behind by highlighting ethnic or sub-national identities, as Canada and Belgium do through the use of local languages and norms. This strategy continues to present tensions in governance—Belgium's strong ethnic-based politics sometimes prevent it from forming national governments, and the issue of Quebec's status is a perennial challenge for Canada.

Another way of building trust and engaging citizens is through participatory visioning and planning exercises. These provide citizens with opportunities to weigh in on localized plans. These sorts of planning exercises are a hallmark of community-driven development, which the World Bank has

⁷¹ Institute for State Effectiveness, "Net Zero in South Korea," Washington, DC: Institute for State Effectiveness, forthcoming.

⁷² Larry Westphal and Kwang Suk Kim, "Industrial Policy and Development in Korea," World Bank Staff Working Paper No. 263, Washington, DC: World Bank, 1977.

⁷³ Westphal and Kwang Suk Kim.

⁷⁴ Westphal and Kwang Suk Kim.

⁷⁵ "Escaping the Fragility Trap," London: Commission on State Fragility, Growth and Development, 2018.

employed in conflict-affected countries such as Afghanistan, Indonesia, Kosovo, Sierra Leone, and Timor-Leste.⁷⁶ The design of the Timor-Leste program has been particularly mindful to incorporate social cohesion goals.⁷⁷

Finally, having accurate statistics and data recording can help build trust by having good institutional records, population counts, and other data. Creating common platforms to gather household survey data and other key statistics, including investing in Central Statistics Offices, rather than seeing donor survey instruments proliferate, is another area where agreement on common standards and protocols rather than allowing proliferation of fragmented efforts can lay crucial foundations.

VII. ANTICIPATING RECURRING CHALLENGES AND ISSUES

There are a number of recurring challenges and issues in recovery processes that international development partners should anticipate and try to mitigate at the earliest opportunity.

- **Realize and mitigate the distortions that external partners introduce** by their presence in country. On the positive side, international partners can help provide employment in depressed economies, which in turn supports ancillary industries and support sectors. However, done without careful consideration, this distortion can be negative. International partners can hire educated national staff for jobs that they are overly qualified for, for example, drivers or support staff. This practice can prevent citizens from taking employment in their own governments—which might offer less competitive salaries—or strike out on their own as entrepreneurs to help jumpstart the domestic economy. Policies such as agreeing salary scales among international partners and with the government can help equalize this playing field and not distort the local economy, as has been attempted in Afghanistan with the *Tashkeel* system, which in turn tried to learn the lessons from the UN Transitional Administration for Timor-Leste (UNTAET), which put salaries on an unsustainably high level. Also, when international partners draw down, they should anticipate affecting the domestic economy, just as they did when they entered the country. For example, it is estimated that as many as 400,000 jobs were lost in Afghanistan after the 2014 draw down of international forces and civilian personnel. Indeed, Afghanistan’s economy contracted by \$1 billion from 2014 to 2015, despite holding steady (and growing) in the \$20 billion range from 2012 through 2014.⁷⁸
- **Tackle corruption and the criminal economy:** The World Bank has recognized that a targeted approach focusing on key areas can be more effective than an overarching anti-corruption strategy. Key areas include extractives management, concession contracts, or illicit financial flows.⁷⁹ Examples of this approach include the Financial Governance Committee in Somalia, which reviews concessions contracts and supports a Stolen Asset Recovery (StAR) Initiative on the recovery of overseas assets. Of course, investing in and supporting a strong national budget process would help close down the opportunity for corruption. Also, the design strong procurement rules and systems, particularly in the construction sector, can work to minimize corruption. This will be particularly important in contexts with substantial needs for physical reconstruction.

⁷⁶ “Community-Driven Development in the Context of Conflict-Affected Countries: Challenges and Opportunities,” Washington, DC: World Bank, 2006.

⁷⁷ Ibid.

⁷⁸ World Bank, Afghanistan GDP.

⁷⁹ World Bank Governance Global Practice, “An Informal Note on IDA 18”

- Leverage the positive role of diaspora communities while mitigating some of the tensions:** Diaspora can help facilitate private sector investment in their home countries. Yet, diaspora can also fuel domestic political, ethnic, or religious divisions through fundraising and coordination activities from abroad. Outreach and mobilization behind a forward-looking reform vision can help keep diaspora intervention positive. Kosovo has one of the highest amount of emigration in the world, with every third or fourth household with a family member living abroad.⁸⁰ The contributions of the Kosovar diaspora seemed to happen organically, with strong norms of sending remittances. Though the Government of Kosovo had a strategy on migration (the National Strategy and Action Plan on Migration, 2009-2012), it was primarily focused on combatting irregular migration rather than reaching out to the diaspora. But other post-conflict countries have worked to leverage diaspora for national benefit. In 2008, a coalition of Rwandans abroad and the National Bank of Rwanda established the Rwandan Diaspora Mutual Fund to pool deposits from diaspora to be used for investment in Rwanda. Colombia has worked to leverage the high human capital of its diaspora. For example, Colombia's Department of Science, Technology and Innovation has set up an online platform for Colombian scientists at home and abroad to collaborate.
- Recognize how identity, culture, and history can contribute to peacebuilding and reconstruction:** For societies that have experienced deep fissures along ethnic or religious lines during conflict, supporting identity, cultural, and historical elements in reconstruction can serve to heal and contribute to peacebuilding. For example, the international community, led by the World Bank, contributed to rebuilding the iconic "Stari Most," or "Old Bridge" in Mostar, Bosnia and Herzegovina, which had been constructed by the Ottomans in the 16th Century but was destroyed in the war in the 1990s. The Bosnian government had tried for years to repair the bridge, but was beset by lack of financing, technical expertise, and a difficult political and ethnic climate. The entire rebuilding project cost \$12.5million, of which the World Bank contributed \$4million, the Bosnian government contributed \$2million, and other bilateral and UN donors contributed the balance.⁸¹ The World Bank's "Cultural Heritage Pilot Project" also contributed to restoring some of the other damaged parts of the Old City of Mostar, preserving the character and history of the city. This investment has proven to pay dividends: in addition to helping restore a meaningful symbol for citizens of a multi-ethnic city and country, tourism has skyrocketed. Before the bridge's reconstruction, 25,000 tourists visited the city annually. After the reconstruction, this number climbed to over 1 million in 2008, which has boosted the local economy as well.
- Be more sensitive to the role of parliaments:** Too often, parliaments descend into auction houses for votes where corruption thrives, but the potential for this cycle to be broken and parliaments (where they exist) to play an active, positive role in civic life is under-exploited.

VIII. TRACKING CHANGE OVER TIME IN PEACEBUILDING PROCESSES

As a country emerges from violence, it is important to bear in mind the interplay between political and economic goals and metrics. This interplay is represented below in indicative visualizations. Progress along one dimension (e.g., economic growth) may not equate to progress along another dimension (e.g., inequality) and therefore hamper overall reconstruction and transition efforts.

Specific governance and economic dimensions of a state include

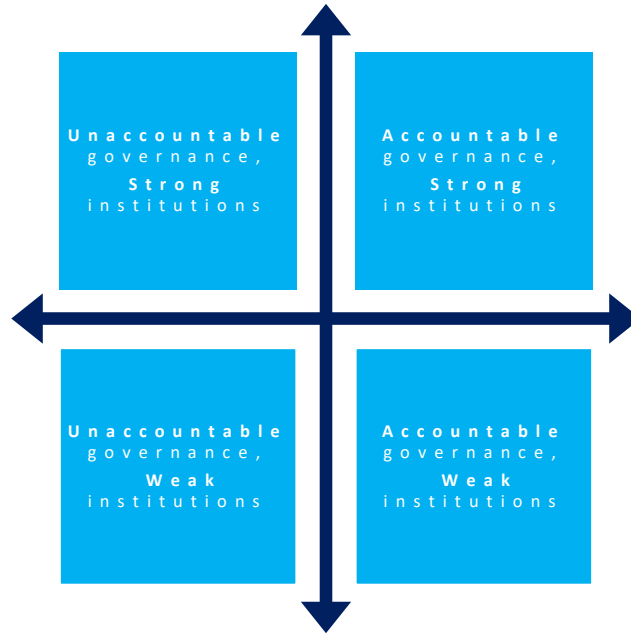
- Accountable governance

⁸⁰ "Migration and Economic Development in Kosovo," Washington, DC: World Bank, 2011.

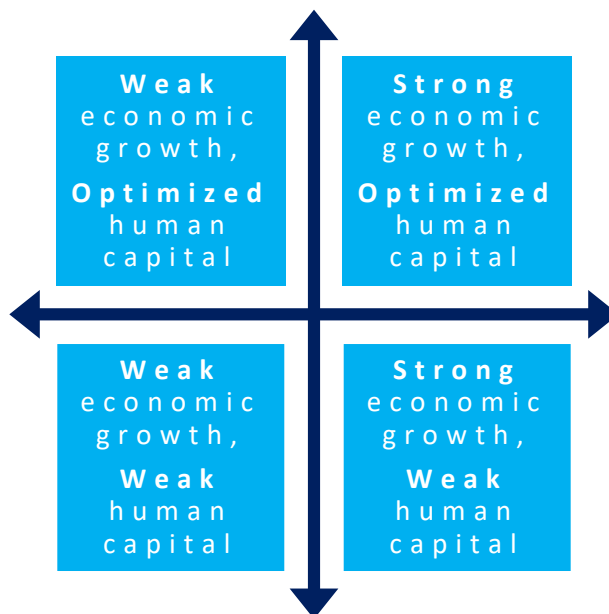
⁸¹ "Bridges for Peace: IDA at Work in Bosnia and Herzegovina," Washington, DC: World Bank, 2009.

- Strength of governance institutions
- Economic growth
- Optimized human capital
- Distribution of economic dividends

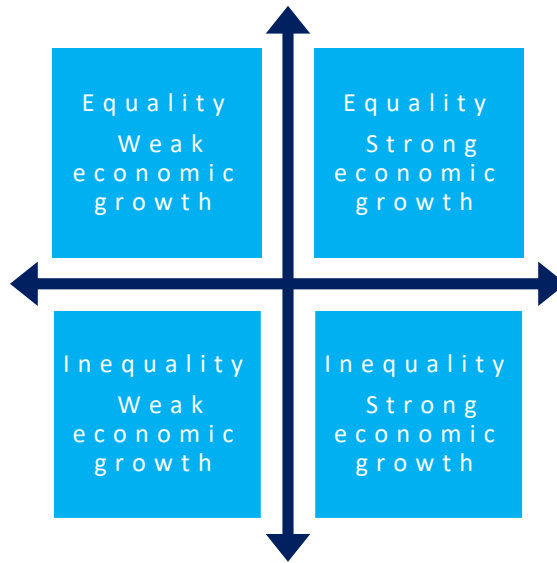
Accountable governance and strength of institutions:



Economic growth and human capital:



Inequality (distribution of economic dividends) and economic growth:



IX. CONCLUSION

The four cases of reconstruction in the Middle East and North Africa present unprecedented challenges to reconstituting governance, building social trust, and establishing systems that can deliver on citizens' expectations for peace, stability, and growth. The long-term goal in any reconstruction and peacebuilding context is to build national institutions that are accountable, legitimate, and clean. Given the conflict dynamics in the four cases, however, this may not be possible in the short to medium term. In certain cases, the state has been a party to conflict, actively waging war on swaths of the population. In all cases, though, the social compact, particularly the one that existed in the region before 2011, is broken. Geopolitics and external factors also have a role to play in what state will be rebuilt after these conflicts.

The question now is what character governance will take in the four cases. There is an opportunity to re-think reconstruction and peacebuilding processes, look for creative entry points in the short and medium term, and incorporate citizens as active leaders of their futures. To do so, lessons from other reconstruction and post-conflict cases are instructive, but perhaps the most important factor is what citizens want to see for their own futures. We need to listen and learn from them and tailor our approach to that consensus.

ANNEX I: SCENARIOS OF CONFLICT AND RECONSTRUCTION

1. Continuing Conflict: Ongoing violence in the country renders multilateral engagement premature.
2. Post-conflict, pre-settlement: Violence has stopped in most areas of the country, and there is no clear governance arrangement at the national level. Multilateral engagement in this scenario is forced to find creative entry points, including at the sub-national level, where violence has abated and governance arrangements may be settled.
3. Conflict ends but insufficient consensus for external engagement: No sufficient consensus for the international (or multilateral) system to be involved in post-conflict recovery. There may not be a “classic” open moment, but the international community can choose whether or not to support recovery.
4. Post-settlement planning. When there is an end to violence and a negotiated political settlement and governance arrangements ensue. This is more of a “classic” scenario of international support to peacebuilding, with its own set of strategic, policy, institutional, and operational considerations.

Scenario One: Continuing Conflict

The first situation in conflict countries may or may not be a peace agreement or governance arrangement in place, but violence makes it too difficult for international community to be present. Examples of this scenario include the continuing violence or threat of violence in Somalia that has prevented the international community from maintaining a robust presence in the country to support Somalia’s peacebuilding.

One of the risks inherent in international involvement before there is a formal peace process is that funds spent, even for ostensibly worthwhile purposes, could have perverse effects, including prolonging the conflict. This is one of the reasons, for example, why road-building costs in Afghanistan are so high: “One of the major factors for the high cost of building the Kabul-Kandahar road was attributed to security risks control. Apparently, the security systems on the road construction were not able to create an island of security around the building sites. In order to achieve this goal, it appears that security companies and road contractors have paid local commanders and warlords to ensure temporary security along the road construction sites. These unaccounted transactions directly nourished the Afghan parallel illicit economy.”⁸² If carried out in this manner, reconstruction spending takes the wider peace process two steps forward, and three steps back.

Scenario Two: Post-conflict, pre-settlement: Violence has stopped but there is no clear governance arrangement or consensus on the political future of the country at the national level. Multilateral engagement in this scenario is forced to find creative entry points, including at the sub-national level, where violence has abated and governance arrangements may be settled.

The second situation occurs when conflict has abated, but before there is a peace process that concludes a formal peace settlement at the national level. More accurately perhaps, it is the open period after conflict has ceased during which a formal peace process is feasible, and a peace settlement is deliverable. It therefore represents a window of opportunity, but one which may not stay open indefinitely. The shortness of this window of time is why we suggest taking active steps to prepare for this situation while conflict is ongoing, rather than reacting to its implications only after the window of opportunity opens.

⁸² Lorenzo Delesgues, Integrity in Reconstruction (Afghan roads reconstruction: deconstruction of a lucrative assistance (2007) https://iwaweb.org/wp-content/uploads/2014/12/afghan_road_deconstruction_deconstruction_of_a_lucrative_assistance_2006.pdf

This window of opportunity may only exist at the sub-national, rather than the national, level, which requires international partners, including the World Bank, to reconsider how it engages.

This window can occur when there are no clear government arrangements in place because although belligerents have ceased fighting, they have not concluded formal peace agreements, or not all elements of the agreement are in place. For example, boundaries or administrative arrangements may be in limbo pending final settlement. The Sudanese civil war ended with a 2005 peace agreement, whose provisions included a six-year period before what became the South Sudanese Independence Referendum in 2011: “At the end of the six (6) year Interim Period there shall be an internationally monitored referendum.... for the people of South Sudan to: conform the unity of the Sudan by voting to adopt the system of government as established under the Peace Agreement; or to vote for secession.”⁸³ Likewise, Serbia and Kosovo experienced a lack of clarity around the territory of Kosovo. A 1999 UN Security Council resolution provided that an “international civil presence” would “organize and oversee the development of provisional institutions for democratic and autonomous self-government pending a political settlement,” but acknowledges that the final status of Kosovo would be decided through further political process. The case of South Sudan resulted in a clear outcome: the creation of the new state. However, the situation of Kosovo remains somewhat murky, as many countries do not recognize it as an independent state.

If a formal peace settlement, with clear outcomes, do not result from the cessation of hostilities, frozen conflict is a likely outcome. Frozen conflicts have followed active conflicts, amongst others, in Georgia (South Ossetia and Abkhazia), Azerbaijan (Nagorno-Karabakh), Western Sahara, Cyprus, and Korea. The latter was subject to internationally-supported statebuilding in South Korea, however it remains, formally, at war with its rival North Korea – with both states laying legal claim to the entire peninsula. Also, in Kosovo, the situation has effectively settled into a frozen conflict. Serbia considers Kosovo to legally constitute its territory – and Kosovo is now a partially recognized state.⁸⁴

A risk for the international community in any of these countries, therefore, is that the ceasefire “moment” is not converted into a formal peace process and eventual peace settlement. Instead a frozen conflict ensues which for the practical, legal and geopolitical reasons considered above means that statebuilding is constrained or even prevented in these countries.

This leads to the inference that international actors should focus efforts on bringing about peace processes as their primary focus, rather than rushing in – particularly with project-based reconstruction. A panoply of divergent, separately coordinated, projects could undermine government (and rival actors) at the exact moment that there is greatest need for focus and authority.

Scenario Three: Conflict ends but insufficient consensus for external engagement: No sufficient consensus for the international (or multilateral) system to be involved in post-conflict recovery. There may not be a “classic” open moment, but the international community can choose whether or not to support recovery.

This scenario arises when there is insufficient consensus for multilateral engagement. There are a variety of reasons this scenario may emerge, depending on either the identity of the victor and is not seen as

⁸³ Clause 2.5 The Comprehensive Peace Agreement, 26 May 2004 (https://peacemaker.un.org/sites/peacemaker.un.org/files/SD_060000_The%20Comprehensive%20Peace%20Agreement.pdf)

⁸⁴ Several countries do not recognize Kosovo as a state, including, for example, Russia, Spain, China, Brazil, Angola, Algeria, Bhutan and Sri Lanka

legitimate (internal factors), but also wider geopolitics and the positions of outside actors (external factors).

There are historical examples where the international community did not agree on the legitimacy of the victor and therefore remained largely unengaged in the recovery of the country. These examples include:

1. Liberia under Charles Taylor: Charles Taylor emerged as military victor after a lengthy civil war (1989-1996), ratified by a Presidential election. Under his rule, however, Liberia was a pariah state, partly for its involvement in neighboring Sierra Leone's civil war, and controversy over its revenues from so called "blood-diamonds."
2. Afghanistan under the Taliban: Emerging from the post-soviet Afghan civil war in the 1990s the Taliban held most of Afghanistan's territory, but were acknowledged internationally by three countries only.⁸⁵
3. Sudan in the 1990s: Colonel al-Bashir seized power in a 1989 coup. During the 1990s his Sudan functioned as a one-party state. Allegations of state-sponsoring terrorism, and in particular of providing havens for terrorists left Sudan in international isolation.
4. Democratic Republic of the Congo under Laurent Kabila: Laurent Kabila deposed President Mobutu in the First Congo Civil War declared himself President and then suspended the constitution. His association with human rights abuses and use of child soldiers meant that his regime was not a legitimate state-building partner with whom the international community could engage.

There are other times when geopolitical realities make it difficult or impossible for the international community to be involved. Two reasons for this could be: international disagreement on the legitimacy of the victorious side of a conflict and internal opposition to international engagement. Examples of when this has occurred in history include:

1. North Korea after the Korean War (1953): Geopolitics pitted the United States and South Korea against North Korea's backers, China and the USSR. Much later, the United Nations did coordinate humanitarian assistance within North Korea, but this was limited in scope and did not constitute reconstruction or statebuilding processes.
2. China (post-1949): Mao's Communist Party of China effectively defeated the Nationalist opposition in the Chinese civil war. In practice, Mao's victorious Communists did not want the multilateral system to be engaged.
3. Northern Cyprus: Although the Cyprus government is recognized internationally as the *de jure* government of the entire island⁸⁶, *de facto* the island is divided between the internationally recognized government and the Turkish Republic of Northern Cyprus (TRNC). The international community, other than Turkey, does not recognize the TRNC and it remained heavily dependent on Turkey.

Outcomes After War

Studies on civil war termination indicates that between 1940 and 1990, outright victory by one side was far more likely, but since 1990 civil wars have increasingly been ended through negotiated settlements. Of the 113 civil wars between 1940 and 1990, outright victories occurred four times as often as negotiated settlements. During this period there were 79 victories compared to 22 negotiated settlements.⁸⁷ By negotiated settlement, we mean war termination where "neither side admits defeat and the combatants agree to end the violence and accept common terms on how to govern a postwar state" and victory means

⁸⁵ Pakistan, the United Arab Emirates, and Saudi Arabia.

⁸⁶ Except by Turkey.

⁸⁷ Monica Duffy Toft, "Ending Civil Wars: A Case for Rebel Victory?" in *International Security*, vol. 34, no. 4 (2010).

that one side admits defeat and surrenders.⁸⁸ Although negotiated settlements have become predominant, the international community must at least prepare a position for how to deal with civil wars that end with an outright victor.

Outright victory tends to have different outcomes depending upon whether the original government or the “rebels” win. “When governments win, repression increases by one to two polity points [measure of political expression] over the following decades. This makes sense, considering that the government—the same government that just suffered a civil war—is wary of opening up the political arena. In contrast, levels of autocracy decreased after rebel victories. Within ten years of the end of civil war, the level of autocracy decreased by more than one point; and by twenty years that level more than doubled.”⁸⁹

If an “original government” wins, as the pre-existing *de jure* government it will most probably continue to be internationally recognized as such by the international community. If it is perceived as illegitimate, however, by large sections of the population (i.e. the defeated “rebels” and their followers”) this can create a quandary for international actors – particularly, if as suggested, this outcome is likely to be accompanied by an increase in autocracy and repression. These are likely to have been significant factors in the escalation towards conflict in the first place.

The dilemma for international actors is how to engage with a victorious side that is perceived by citizens as illegitimate. Without involving itself in the recovery, the international community has less leverage over a potentially illegitimate victor. Conversely, international assistance that strengthens the government’s position might constitute statebuilding or reconstruction – but not peacebuilding. In consolidating the power of a repressive actor, such actions would tend to undermine the prospects for long term peace, not to enhance them. The same dilemma would apply to victories by “rebel actors.”

Dilemmas for International Actors: South Korea Aid vs. Marshall Plan

The early phase of involvement in South Korea highlights the dilemma of aid in the context of repressive regimes. South Korea is widely perceived now as a development “miracle”. This view overlooks the fact that between 1945 and 1960, international assistance was considered a costly failure. The U.S. backed autocratic leader Syngman Rhee, who had actively quashed political dissent, helped prevent the unification of the Korean peninsula, and whose regime’s parochial interests prevented economic growth. Rhee rightly surmised that the U.S. would prefer an anti-communist strongman controlling half of Korea rather than a unified peninsula under a communist-aligned government. Thus, the U.S. supported Rhee during the Korean War (1950-53) and beyond.

But after the Korean War, despite international assistance to Rhee’s government in South Korea, assessments on the impact of that assistance were bleak. A report from 1955 on the impact of U.S. assistance in South Korea found that “massive United States aid is producing little net progress in the economy.”⁹⁰ Indeed, two years later, a U.S. diplomat characterized the South Korean government as having, “achieved a short range goal of preserving order...but has not furnished the country with the leadership necessary for the development of a viable society... [it had] failed to supply real inspiration or imagination for social and political development.”⁹¹ A few years later, after more than 15 years of

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Gregg Brazinsky, “Koreans, Americans, and the Making of a Democracy,” Chapel Hill, NC: University of North Carolina Press, 2007.

⁹¹ Ibid.

intense United States involvement, President Kennedy summed up his assessment of South Korea's current position and future prospects in one word: "hopeless."⁹²

US support for Syngman Rhee was predicated upon Cold War logic. United States aid was at its greatest during Rhee's administration; overall aid peaked in 1957. Rhee had maneuvered the United States into a position where it was forced to back his regime as the lesser of two evils, but the correlative was to place security ahead of development.

As the U.S. decreased its aid to South Korea toward the end of the 1950s, Rhee's grip on power was reduced, and he adopted increasingly repressive measures to consolidate his waning power. He curtailed press freedom and used the state's security forces to intimidate political opposition. In 1960, after a wave of protests—many led by students—occurred throughout the country, a coup led by General Park Chung-hee ousted Rhee.

Although US support for Syngman Rhee was an expediency enforced by a Cold War mindset, and the Korean War in particular, it serves to highlight some of the risks associated with international aid support for autocratic and repressive regimes.

The contrast with the relative success of the contemporaneous Marshall Plan is instructive. Under the Marshall Plan the main mechanism was for in specie aid but relying on the internal economic demand of the recipient country for its allocation. The bulk of Marshall Plan assistance was, however, in the form of loans rather than grants. The country Marshall Plan agency would ascertain what national requirements were in consultation with each government and would typically raise an invoice for the goods' producers (generally US manufacturers or agriculture). Within the country itself, the items were sold to end users for local currency, the structuring of the plan being that the recipient countries, their reserves depleted by war, lacked foreign currency reserves. The US effectively paid itself, and the local recipients paid in local currency. The accumulated local currency funds, termed "counterpart funds" were applied as the recipient country saw fit – subject to approval from the relevant country Marshall Plan agency.

We can contrast this with what happened in South Korea. Aid was also generally in specie, although primarily in terms of subsidized (rather than loaned) basic commodities, such as rice, flour and sugar. Control over its allocation was determined by Rhee's regime, through a licensing system – not the more sophisticated market allocation mechanisms of the Marshall Plan. The effect therefore, was that in the hands of an autocratic regime, licenses were allocated on the basis of political favor, and as a means to consolidate internal support. This is why U.S. diplomats cited above noted that the government had achieved the "short-range goal of preserving order" but little more. From the regime's perspective, of course, the assistance was an indispensable element of its successful hold on power, but in terms of the wider development of South Korea's political economy it probably held the country back.

Operational options and considerations in the above contexts include:

1. No action: This position follows from applying the principle "do no harm". If any action would be counter-productive, inaction may be the wiser course of action. It might at least avoid the risks inherent in artificially inserting international actors into this problematic context. It might also avoid the pitfalls inherent in bolstering the existing regime structure, which may be detrimental to any kind of negotiated peace settlement in the longer-term.

⁹² Ibid.

2. Limited humanitarian assistance: An option is to limit involvement to humanitarian assistance only, working to meet the lifesaving needs of people in a fragile environment. A seemingly apolitical decision, however, may have political consequences; its implicit effect could be to “excuse” the government by ignoring its abuses. Worse still, it may inadvertently serve to help the government continue repressive behaviors.
3. Should the international community choose to engage, careful consideration of the mechanism is necessary: As the above contrast between the Marshall Plan and South Korea suggests, international actors should consider not just the nature and type of aid, but the actual *mechanisms* by which it is allocated. Although recipient governments were involved in liaising with their relevant Marshall Plan country office, that plan can be characterized as more focused on reconstruction than on statebuilding per se. This also reflects the fact that in western Europe at that time, the recipient countries were broadly functional states. Conversely, early assistance to South Korea tended to support the Rhee regime, without achieving much in the way of development overall.
4. Grants vs. loans: The above contrasting examples draw our attention to some consequences of grants compared with loans, in particular in the context of autocratic regimes. Grants, whether in the form of subsidized goods, or direct financial assistance, can become a form of financial good that the regime allocates to *its* benefit, rather than to that of the population as a whole. In effect, they can become a direct subsidy to an already autocratic power structure – and therefore serve to consolidate its position. We can note that the Marshall Plan, with its allocation mechanisms, and its weighting towards loans, tended to avoid this, whereas assistance in South Korea at the same time did not.⁹³
5. Conditionality: A second option for international partners is to attempt more than humanitarian assistance, but also to impose conditionalities in grants or loans to moderate undesirable behaviors.
6. Full cooperation with the government and its post-war recovery strategies: Many development transformations, particularly in East Asia – such as in Taiwan, Singapore, South Korea⁹⁴, China itself – but also in Rwanda, have occurred under regimes all displaying degrees of autocracy and repression of dissent. The risk is that if the international community aligns itself with an illegitimate actor is manifold. Firstly, the tensions we have already noted will tend to be exacerbated by reinforcing that actor. Secondly, statebuilding in this context will resemble steps to build a structure upon weak foundations. Thirdly, the international community may become complicit in negative actions, which may undermine its legitimacy to act elsewhere – particularly in the neighboring region. Fourthly, and because of this last factor, if there is a renewed conflict, and a repressed rival actor eventually emerges, the international community will be tainted in its eyes as having collaborated with an illegitimate regime. That successor would therefore be less likely to engage with the international community in future.
7. Localized action where conditions permit: Localized Initiatives offer a possible middle-course between either cooperating fully with an illegitimate regime or taking no action. In a context of a

⁹³ With one notable exception of misuse of some counterparty funds in Austria, the Marshall Plan was surprisingly corruption free. This was in large part due to its system of accountability checks, as well as the fact that the actual finance remained within the donor country – with the US Treasury redeeming Purchasing Authorities directly.

⁹⁴ Not under Syngman Rhee discussed earlier in this section, but under his equally authoritarian successor General Park – who seized power in a coup d’etat, although later transitioning to notionally democratic rule validated through presidential elections

regime perceived as illegitimate, it may avoid the risk inherent in becoming complicit in a regime's actions – by acting under its permission rather than *for* the regime or *with* the regime. In the case of ongoing conflict, there may be parts of the country where humanitarian or other imperative warrants local engagement. This could range from basic humanitarian support to reconstruction efforts in certain areas.

8. Preparatory work for when conditions permit international engagement: Already during the conflict phase, the international community can take steps to move process towards settlement. Steps of this work could include:
 - a. Develop and maintain situational awareness. Evaluating and having a good read on the fluid, changeable dynamic on the ground is a prerequisite for any future international support or action.
 - b. Engage with the people who might be working on the peace process or who would be in a position to stop the violence.
 - c. Set down the first principles for recovery processes. Work with the UN and other actors, including the IMF, in this process.
 - d. Work with country actors to start laying out a constitution.

ANNEX II: UNDERSTANDING A TYPOLOGY OF PEACE AGREEMENTS

- **Quest for an inclusive state:** These agreements highlight both the root causes of conflict in the failure of the state and emphasize the importance of the state for establishing and maintaining peace. These agreements call for a radical restructuring of governance institutions and a resetting of the relative power between citizens and the state.
 - *Examples:* Colombia, Guatemala, El Salvador, Chiapas
- **Decentralization:** These agreements believe that transferring a certain amount of decision-rights from a central, national authority to regional or local governments will result in political stability. There are multiple motivations for decentralization within agreements, including distribution of natural resources and/or ethnic or religious identities. “Clarification of decision rights between different levels of government is the most important cross-cutting issue in the use of decentralization as a mechanism for securing lasting peace...When a state is not governed by rule of law, decision rights can be captured at various levels by narrow groups.”⁹⁵ There are three models of decentralization agreements, depending on when parties agree to new political arrangements and when they are enacted:
 - Model I: the territorial unity of the state is recognized, but certain decision-making powers are transferred
 - Model II: has a transitional period, followed by a decision on unity or separation
 - Model III: a cease-fire ends a conflict and parties commit to a final decision on political arrangements at some point in the future
 - *Examples:* Aceh (Indonesia), Bougainville (Papua New Guinea), Mindanao (Philippines), Abkhazia (Georgia), Croatia, Georgia, Macedonia, Serbia, Montenegro
- **New rules of the game:** These agreements are relevant when modifications to existing legal frameworks (such as decentralization and altering decision rights) are insufficient and a complete overhaul of the legal framework is required. These agreements are most relevant after conflicts when the majority of citizens experienced a state that was repressive and rose up against it, fighting for new rules.
 - *Examples:* Nepal, Sudan, South Africa, Burundi
- **Constituting a legitimate center:** After protracted conflict—often fueled by substantial grievances—parties cannot reach agreement on the shape and rules of governance, international actors, notably the United Nations, facilitate a process to help establish a center of legitimacy. In some cases, deployment of international peacekeepers under a UN Security Council mandate helped reestablish security and a UN mission helped reestablished public administration functions and handed those off to a transitional administration.
 - *Examples:* Afghanistan, Cambodia, East Timor
- **Imposed peace:** These agreements occur when global or regional actors find violence so severe in a country that they intervene to help end conflict. In these cases, external actors maintain the right to use of force. Often, because of the urgency to stop the violence, political and governance arrangements are a secondary priority. Internationally-imposed parallel structures to carry out state functions can establish, in essence, trusteeships.
 - *Examples:* Bosnia and Herzegovina, Kosovo
- **Imposed pluralism:** These agreements involve pluralism that is internationally imposed on states that were previously dominated by one party. They are designed to bring the armed opposition into the mainstream of politics. The challenge is in the implementation of the transformation of politics that the agreement calls for, and the legal framework guiding that transformation can play a particularly important role.

⁹⁵ Ghani and Lockhart, “Writing the History of the Future: Securing Stability through Peace Agreements,” Washington, DC: Institute for State Effectiveness, 2008.

- *Examples:* Angola, Mozambique
- **Accommodation and neglect:** Lack of sustained interest and engagement from the international community can create a situation where internal parties as well as neighboring states can potentially spoil any peace agreement. Accommodation refers to allowing people with records of severe human rights violations to govern, and hoping that they will transform themselves and their ways of ruthless rule. Neglect refers to cases of conflict the international community either gives little or only periodic attention to, deems is not yet ripe for intervention, or cannot muster adequate coordination and action to cease.
 - *Examples:* Sierra Leone, Liberia under Charles Taylor, Afghanistan under the Taliban, Sudan, Somalia, Haiti⁹⁶

Beyond strategies for state-building, there are seven common issues that form the building blocks of peacebuilding transformations. At times, these seven issues are either featured prominently in the peace or political agreement, or they are notably absent, but all the while help shape and figure into the peacebuilding process. These seven themes are:

- **The political process:** Transitions from the conflict to the political process include the agreement on the framework and timetable for discussion, reaching a ceasefire and agreeing on its monitoring and verification, agreeing criteria and processes for having armed movements transform into political parties, and approving third party mechanisms to facilitate, monitor, or verify the resumption of politics. The main risk, however, in resuming the political process, is that the rush to elections and the destabilizing moment that that can present throughout the census, voter registration, and campaigning phases, which can all exacerbate frictions along ethnic or religious lines. Census-taking and voter registration challenges will be particularly compounded when faced with large amounts of returnees.
- **The legal framework:** In a number of the agreements, a nested set of laws, rules, and regulations under a constitutional framework was established. For countries with agreements to establish new rules of the game or create a legitimate center, writing new constitutions seemed to figure as a particularly important first step. In the Latin American cases analyzed, constitutional amendments were then used as a way to re-balance the power of branches of government. Cases of imposed peace demonstrated the importance of establishing the rule of law not only to administer the country, but to impose a legal basis for the legitimate use of force as well.
- **The internal reorganization of the state:** Many agreements acknowledged the need for a post-conflict state to staff its institutions with credible, qualified, and honest professionals, yet there was general silence on recommended human capital management strategies to oversee the transition from, at times, a repressive state regime to a culture of public service.
- **Provision of security:** Agreements on the whole contained more detail about the initial post-conflict measures of providing security, that is to say the ceasefire arrangements, verification, and role of international forces to keep the peace. However, as individual citizens judge security based on their own personal experiences, there needs to be a differentiation in the medium and long term between security and stability. Stability in the everyday lives of citizens results from legitimate political processes and inclusive order where citizens become stakeholders in governance processes.
- **Inclusive economic and social development:** Compared to security-related aspects, economic and social development themes are less articulated in agreements, yet critical for the restoration of stability and everyday citizen security. Where these issues are discussed, they are done so in a more aspirational way as the articulation of the rights of particular groups. Even less attention is given to corresponding citizenship obligations to participate in a new form of inclusive politics and governance. Often, ambitious development programs are recommended in the short term, but there is no articulation of how to pay for these programs, or how these programs will be carried

⁹⁶ Ghani and Lockhart, "Writing the History of the Future: Securing Stability through Peace Agreements."

out accountably. None of the agreements clarified authorities on revenue raising and public financial management. On the issue of handling state assets transparently, there was either silence or a transfer of assets to control by previously armed groups. Finally, very few agreements addressed the role of the market in fostering economic growth or in preventing a criminal economy from taking root.

- **Partnership with the international community:** While the majority of agreements had the United Nations as the principle international counterpart to help oversee and enforce the arrangements, other agreements included the OECD, groups of friends, and bordering states or regional actors. The absence of mention of the international financial institutions indicate that all too often the political and economic tracks are not aligned. All agreements contain boilerplate language on seeking resources from the international community or about domestic resource mobilization, but this is not done in a detailed way.
- **Implementation:** Not many agreements detail implementation arrangements, which often results in less faith in the agreement. Even in the case of the Comprehensive Peace Agreement in Sudan, which did contain detailed implementation arrangements, there was a disconnect between what objectives were feasible in a political sense and a practical government capability sense. Also missing from implementation agreements is the priority-setting and sequencing of critical tasks.⁹⁷

⁹⁷ Ghani and Lockhart, “Writing the History of the Future: Securing Stability through Peace Agreements.”

ANNEX III: TRANSITIONING FROM CONFLICT TO STABILITY

Post-agreement processes are too often narrowly focused on ending hostilities and do not recognize the multiplicity of transitions in operation.

Conflict → Politics and Security

Charisma → Management

Opaqueness → Transparency in the Management of Public Finances

Absence of Service Delivery → Nurturing of Human Capital

Oppositional Identities → Citizenship Rights and Formation of Civil Society

Destruction → Creation of Infrastructure

Subsistence and War Economy → A Market Economy

Diversion and Privatization of State Assets → Creation of Public Value

Marginalization and Illegitimacy → International Relations as a Responsible Member of the International Community

Rule of the Gun → Rule of Law

ANNEX IV: ASSET MAPS

Asset maps assess capacity across ten categories of assets to produce a country balance sheet, detailing assets, constraints, challenges, and liabilities. These asset maps can help identify and uncover true value and inform strategic decisions. Taking stock of these assets provide a baseline of what exists after conflict and allows for more targeted international assistance. Some of this information and data can be gleaned from international and national sources, including the World Bank (e.g., infant mortality rates, labor force participation rates, and national performance on corruption perception index, etc.), while other information is collected through qualitative interviews with groups of stakeholders in the country. The ten asset categories and sub-categories include:

- Human capital and quality of life
 - Demographic information and projections
 - Quality of life and health (e.g., life expectancy, net migration rate, access to water, sanitation, health, education services, cost of living, poverty rate)
 - Education
 - Workforce
- Institutional capital
 - Government
 - Labor unions
 - Civil society
 - Business groups (e.g., chambers of commerce) and industry associations
 - Business education partnerships
 - Links with other regions (including links with diaspora, trade deals, and diplomatic relations)
- Rule of law and regulatory capital
- Security and safety
- Heritage capital (e.g., cultural attractions and institutions, national image, natural features and landmarks)
- Natural capital
 - Ecosystem (e.g., biodiversity of plants and animals)
 - Natural resources (e.g., recoverable stock of fossil fuels, minerals, water, and land mass)
- Financial capital
 - National budget and line ministry budgets
 - Value of remittances
 - Value of public assets
 - Commercial banks and banking systems
 - Flow of international development support (if any)
- Communication capital
- Built/industrial capital
 - Utilities
 - Airports
 - Highways and regional roads
 - Railroads
 - Maritime ports
 - Industrial/business parks
- Industrial output

Bibliography

- _____, “An Informal Note on IDA 18,” Washington, DC: World Bank, 2017.
- _____, “Bridges for Peace: IDA at Work in Bosnia and Herzegovina,” Washington, DC: World Bank, 2009.
- _____, “Community-Driven Development in the Context of Conflict-Affected Countries: Challenges and Opportunities,” Washington, DC: World Bank, 2006.
- _____, “Division of Labor for Complementarity: Monitoring, Evaluation, and Research,” Paris: OECD, 2011.
- _____, “Escaping the Fragility Trap,” London: Commission on State Fragility, Growth and Development, 2018.
- _____, “Iraq Reconstruction and Investment: Part One: Reconstruction and Development Framework,” presented to the Kuwait International Conference for the Reconstruction of Iraq, February 2018.
- _____, “Migration and Economic Development in Kosovo,” Washington, DC: World Bank, 2011.
- _____, “SMEs in Libya’s Reconstruction: Preparing for a Post-Conflict Economy,” Paris: OECD, 2016.
- _____, “The Constitution-Making Process in Tunisia: 2011-2014,” Atlanta: The Carter Center, 2014.
- _____, “Yemen Reconstruction Costs Estimated at \$15 Billion,” *The Arab Weekly*, Sept., 4, 2017.
- Bayoumy, Yara, “Exclusive: Civil War Costs Yemen \$14 Billion in Damage and Economic Losses – Report,” *Reuters*, Aug., 16, 2016.
- Beittel, June, “Colombia: Background and U.S. Relations,” Washington, DC: Congressional Research Service, 2017.
- Birdsall, Nancy and Stephan Haggard, “After the Crisis: The Social Contract and the Middle Class in East Asia,” Washington, DC: Carnegie Endowment for International Peace, 2000.
- Birdsall, Nancy et al., “Inequality and Growth Reconsidered: Lessons from East Asia,” *The World Bank Economic Review*, vol. 9, no. 3 (1995).
- Brazinsky, Gregg, “Koreans, Americans, and the Making of a Democracy,” Chapel Hill, NC: University of North Carolina Press, 2007.
- Burgoyne, Rob and Matthew Maguire, *Ensuring Security and Justice: Routes to Reconciliation in Rwanda*, in “Attacking Africa’s Poverty: Experience from the Ground,” M. Louise Fox and Robert Liebenthal, eds., Washington, DC: World Bank, 2006.

- Centeno, Miguel, "The New Leviathan: The Dynamics and Limits of Technology," *Theory and Society* vol. 22, no. 3 (1993).
- Delesgues, Lorenzo, "Integrity in Reconstruction: Afghan Roads Reconstruction: Deconstruction of a Lucrative Assistance," Kabul: Integrity Watch Afghanistan, 2007.
- Devarajan, Shanta, "An Exposition of the New Strategy, 'Promoting Peace and Stability in the Middle East and North Africa,'" Washington, DC: World Bank, 2015.
- Devarajan, Shanta and Lili Mottaghi, "Towards a New Social Contract," Middle East and North Africa Economic Monitor, Washington, DC: The World Bank, 2015.
- Duffy Toft, Monica, "Ending Civil Wars: A Case for Rebel Victory?" *International Security*, vol. 34, no. 4 (2010).
- Gaston, Erica, "Process Lessons Learned in Yemen's National Dialogue," Washington, DC: U.S. Institute of Peace, 2014.
- Ghani, Ashraf and Clare Lockhart, "Fixing Failed States," Oxford: Oxford University Press, 2008.
- Ghani, Ashraf and Clare Lockhart, "Writing the History of the Future: Securing Stability through Peace Agreements," Washington, DC: Institute for State Effectiveness, 2008.
- Grabbe, Heather, "A Partnership for Accession? The Implications of EU Conditionality for the Central and East European Applicants," Robert Schuman Centre Working Paper, European University Institute, 1999.
- Grunbacher, Armin, "Cold-War Economics: The Use of Marshall Plan Counterpart Funds in Germany, 1948-1960," *Central European History*, vol. 45, no. 4 (2012).
- Haggard, Stephen and Yu Zheng, "Institutional Innovation and Investment in Taiwan: The Micro-Foundations of the Developmental State," *Business and Politics* vol. 15, no. 4 (2013).
- Hirschman, Albert, "The Strategy of Economic Development," New Haven: Yale, 1958.
- Institute for State Effectiveness, "Net Zero in South Korea," Washington, DC: Institute for State Effectiveness, forthcoming.
- Institute for State Effectiveness, "Recent Experiences in Linking Diplomatic Peacemaking with Diplomatic Efforts," Washington, DC: Institute for State Effectiveness, 2008.
- Knack, Stephen, "Donor Fragmentation and Aid Effectiveness," World Bank research brief, May 2008.
- Knott, Julian, "The Impact of the EU Accession Process on the Establishment of Evaluation Capacity in Bulgaria and Romania," *International Public Policy Review* vol. 3, no. 1 (2007).
- Lilienthal, David, "TVA: Democracy on the March," New York: Harper, 1944.
- Lippe, Stuart, "There Is No Silver Bullet and Other Lessons from Colombia," *Interagency* vol. 5, no. 3 (Fall 2014).

- Lockhart, Clare, "Singapore: From Third World to First," Washington, DC: Institute for State Effectiveness, 2011.
- Lockhart, Clare, "Singapore: The Evolution of an Entrepôt," Washington, DC: Institute for State Effectiveness, 2014.
- Lockhart, Clare, "Sovereignty Strategies: Enhancing Core Governance Functions as a Post-Conflict and Conflict-Prevention Measure," Cambridge, MA: Massachusetts Institute of Technology Press, *Daedalus*, Vol. 147, Issue 1 (2018).
- Magid, Jacob, "The Marshall Plan," *Advances in Historical Studies*, vol. 1, no. 1 (2012).
- Malmvig, Helle, "Mosaics of Power: Fragmentation of the Syrian State since 2011," Copenhagen: Danish Institute for International Studies, 2018.
- Rodrik, Dani, "The 'Paradoxes' of the Successful State," *European Economic Review*, vol. 41 (1997).
- Rother, Björn and Shantayanan Devarajan, "Economic Performance and the Case for a New Social Contract in the Middle East and North Africa," in *Rewriting the Arab Social Contract: Toward Inclusive Development and Politics in the Arab World*, Hedi Larbi, ed., Cambridge, MA: Harvard University, 2016.
- Saxena, N.C., "Virtuous Cycles: The Singapore Public Services and National Development," New York: United Nations Development Programme, 2011.
- Sengupta, Somini, "Help Assad or Leave Cities in Ruins? The Politics of Rebuilding Syria," *The New York Times*, Dec. 3, 2017.
- Sotiropoulos, Dmitri, "International Aid to Southern Europe in the Post-War Period: The Cases of Greece and Italy," *The ANNALS of the American Academy of Political and Social Science*, Vol. 656, Issue 1, 2014.
- Specia, Megan, "How Syria's Death Toll Is Lost in the Fog of War," *The New York Times*, April 13, 2018.
- Tolomelli, Alessandro, "Two Schools under One Roof: The Role of Education on the Reconciliation Process in Bosnia and Herzegovina," *Journal of Theories and Research in Education* vol. 10, no. 1 (2015).
- United Nations, World Bank Group, "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict," Washington, DC: World Bank, 2018.
- Westphal, Larry and Kwang Suk Kim, "Industrial Policy and Development in Korea," World Bank Staff Working Paper No. 263, Washington, DC: World Bank, 1977.
- Whitehead, Alfred North, "Science and the Modern World," New York: Simon and Schuster, 1997.
- World Bank Group, "The Toll of War: Economic and Social Consequences of the Conflict in Syria," Washington, DC: World Bank, 2017.
- World Bank Group, "World Development Report 2011," Washington, DC: World Bank, 2011.