LOCAL GOVERNANCE APPROACH TO SOCIAL REINTEGRATION AND ECONOMIC RECOVERY IN POST-CONFLICT COUNTRIES:

THE POLITICAL CONTEXT FOR PROGRAMS OF UNDP/UNCDF ASSISTANCE

By Susan L. Woodward
Professor of Political Science
The Graduate Center
City University of New York

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INTRODUCTION

In the course of the 1990s, development agencies and humanitarian organizations devoted an increasing percentage of their time, personnel, aid, and interest to countries torn apart by armed conflict and to the issues of conflict, security, and post-conflict recovery and peacebuilding. This was not because there was, in fact, a rise in civil conflict. It was a consequence of changes in the strategic environment that both permitted greater attention to internal wars and increased the interests of external actors in conflict resolution and prevention.

The result has been an impressive learning process. Humanitarian organizations had to confront the meaning of their fundamental principle of neutrality and accept that their aid could do harm if the political context and causes of conflict were not addressed directly in the design of operations and programs. Relief and development agencies faced the consequences of applying their long-accepted aid models, such as for natural disasters and for economic development, to very different circumstances and needs than those shaping their original design. Scholars learned that success in forging a transition from war to peace and in preventing a return to conflict depended on the role played by external actors and the military and financial resources they were willing to commit. But while resources mattered greatly, it was not the level but the kind of resources provided that made a difference. As one major study concluded, external assistance can also be "redundant, harmful, or squandered."[1] Heads of United Nations peacekeeping missions recorded the constant tensions between their peacebuilding mandate and the economic requirements of the international financial institutions,[2] while even the multilateral donors – required by charter to be apolitical – began to acknowledge the accumulating wisdom of these missions, that both peace and development depended on the early creation of a functioning state.

The particular local governance approach to poverty reduction of the United Nations Capital Development Fund is unusually well designed to address the particular needs of post-conflict countries and to respond to the lessons learned over the previous decade. This appropriateness cannot, however, be taken for granted. First, its approach goes against much of prevailing practice and donor consensus, despite the learning that has taken place at the level of operational evaluations and scholarly analyses. Second, it, too, is an approach that was designed for different circumstances, and its particular appropriateness to both the political priorities of the post-war transition and the recognized financing gap between relief and development needs to be articulated. And

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[1] Shepard Forman and Stewart Patrick, eds., *Good Intentions: Pledges of aid for post-conflict recovery* (Boulder and London: Lynne Rienner, 2000), p. 30.

[2] The classical source for this discussion, on which much has since been written, is Alvaro de Soto and Graciana del Castillo, "Obstacles to Peace-Building," Foreign Policy, 94 (Spring 1994), pp. 63-81. An extensive study on the subject done in 2000 concluded, "IFI efficacy cannot make a peace process, but IFI inefficacy can break one." [Jonathan Stevenson, *Preventing Conflict; The Role of the Bretton Woods Institutions.* Adelphi Paper 336 (London: The International Institute for Strategic Studies, 2000), p. 30]

third, the strategic environment in which these operations are mandated, funded, and organized has changed again.

This paper aims to provide the political background necessary to such an articulation. Part I provides a conceptual framework by addressing directly the strategic environment, the lessons that have been learned about the particular needs of post-conflict countries, and the role of external assistance. It concludes by proposing reorientation from a "menu" approach to one based on the priorities essential to sustainability, above all, early attention to the creation or strengthening of a functioning state. Part II focuses on the political context that one must take into account in any local governance and decentralization approach. The first years after a cease-fire have specific political characteristics, including particular motivations among local and external actors for supporting or opposing decentralization. Ignoring them is a sure recipe for failure. Part III identifies the particular characteristics of the UNCDF approach that make it well-suited to the needs of post-conflict recovery and to the current strategic moment.

I. A CONCEPTUAL FRAMEWORK

The Learning Environment in the 1990s

The experience of both relief and development agencies in the 1990s with "post-conflict"[3] conditions divides into three periods: 1990-1996, 1997-2000, and since 2001.

The first period reflected the profound change in the strategic environment with the end of the Cold War and global security based on a balance of terror and strategic confrontation. Civil wars were no longer pawns in this larger game. On the positive side, many donors could begin to address the needs of the populations themselves, independently of strategic interests; on the negative side, the decline in strategic interests led in a number of instances to the eruption of civil wars (e.g., Yugoslavia) and in many others to a neglect of opportunities to end many civil wars (e.g., Liberia and Angola).[4] The UNDP and like-minded donors attempted to shift attention to human development and human security, while there seemed to be an explosion in the number, scale, and mandates of humanitarian and peacekeeping operations. At the same time, however, publicity was dominated by a perception of failure, in Somalia, Rwanda, Angola, Liberia, Bosnia-Herzegovina, obscuring from view the cases of success, for example, El Salvador, Mozambique, Cambodia.

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[3] The term "post-conflict" is a misnomer, because all societies are characterized by conflict and the recognition of this fact politically is one defining characteristic of a democratic regime. There is much to recommend a change in terminology, recognizing that the difference is between violent and peaceful means of conflict, for example "post-war" or the "prevention of deadly conflict," as some propose.

[4] Hartzell, Hoddie, and Rothchild have demonstrated that peace "settlements are least likely to endure when they follow intensely violent conflicts," and thus that "early intervention into a conflict that serves to reduce the casualty rate may contribute to a more durable peace." Caroline Hartzell, Matthew Hoddie, and Donald Rothchild, "Stabilizing the Peace After Civil War: An Investigation of Some Key Variables," *International Organization*, 55, 1 (Winter 2001), p. 203.

By the mid-1990s, this expansion produced changes in perceptions and in bureaucratic organization.[5] Relief and refugee organizations faced a self-described "crisis" over the principle of neutrality, the personal dangers of wartime conditions, and new financing challenges. Donors identified conflict and security as a new development problem when they saw the fruits of decades of development assistance destroyed overnight by armed conflict and their pressures for arduous economic reform to attract foreign investment (which had become the primary source of development finance in the 1990s) to no avail in the face of escalating risks that deterred investors and fuelled defense expenditures. Even the World Bank acknowledged that "the majority of countries in arrears to the Bank are countries in conflict."[6]

The response by 1997-99 was the appearance of many new offices, or expanded mandates of existing bureaus, to deal with "conflict," "transition," and "post-conflict," with a primary focus on operational improvements in the technology of aid delivery, for example, faster, more efficient, with greater flexibility and transparency, better coordination among donors, or more targeted conditionality. A "menu of tasks" for the immediate post-war years had become standardized. The particular characteristics of that period, when emergency relief would be less urgent but the conditions for development had not yet emerged, also focused attention on the absence of financing mechanisms and operational mandates to fill the "gap."[7]

It cannot be said, however, that this substantial increase in attention to the particular issues of "post-conflict" countries in this period had much effect on the substance of aid programs and strategy. Even less was there recognition that the transition from war to peace was not simply an organizational "gap" between relief and development but a set of quite separate conditions and requirements of its own. Going that next step conceptually, moreover, seemed in conflict with the equally growing sense of overload and donor fatigue.

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The 2001 Brahimi Panel on UN Peace Operations and its report mark the start of a new (third) period. It reflects much of the accumulated scholarly and operational knowledge, but it also reflects disillusionment over failure in Somalia, Rwanda, and Bosnia-Herzegovina and equally over the notorious inequalities among cases depending on the strategic interests of the Permanent Five (for example, Angola versus Bosnia-

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[5] For more detailed discussion of these changes and their consequences, see Susan L. Woodward, "Economic Priorities in Peace Implementation," in Stephen J. Stedman, Donald Rothchild, and Elizabeth Cousens, eds., *Ending Civil Wars: the Implementation of Peace Agreements* (Boulder, Colo.: Lynne Rienner, 2002), pp. 235-282.

[6] *The World Bank's Experience with Post-Conflict Reconstruction* (Washington, DC: World Bank Operations Evaluation Department, 1998): 8.

[7] In fact, as Suhrke, et al. argue, the problem now is "more of an overlap than a gap . . . particularly so in high-visibility cases." Astri Suhrke, Arve Ofstad, and Are Knudsen, A Decade of Peacebuilding: Lessons for Afghanistan, vol. II of Peacebuilding Strategies for Afghanistan, a report by the Chr. Michelsen Institute for the Norwegian Ministry of Foreign Affairs (2 April 2002): v. The funding gap may have been replaced by bureaucratic competition and uncertainty over what conditions should define primary responsibility – a relief mandate or a development mandate?

Herzegovina or Palestine).[8] Thus, the report gives priority to technical over political innovation, and its principal recommendation to the Security Council is to insist on a match between mandate and resources, even to the point of saying "no" to a peacekeeping mandate if member states do not provide the resources necessary to implement it effectively.

The Brahimi Report coincides, moreover, with a dramatic change in the strategic environment after September 11, 2001. The major powers, led by the United States, have redirected their attention and efforts to the "anti-terrorist campaign," and, in Europe especially, to a new wave of anti-immigrant and anti-asylum seeker sentiment among voters. The first, moreover, has restored primacy to military approaches to international security, while the second has intensified the policing and exclusionary, or containment, approach that organizations responsible for the protection regime had already been facing in the 1990s. It is worth noting that these developments in the realm of peace and security also coincide with a sober assessment of trends in the realm of global development and poverty-reduction. In his analysis of the lack of progress during the 1990s toward meeting the Millenium Development Goals by 2015, Jan Vandemoortele writes, "If the 1980s were the 'lost decade for development', the 1990s should go down in history as the 'decade of broken promises'. . . Not only was global progress inadequate in the 1990s, much of it by-passed the poor."[9]

Characteristics of Post-Conflict Countries and Transition

More than 50 percent of all internal wars that end in a negotiated settlement (rather than military victory for one side) do not succeed, that is, they revert to war, and quite soon. Post-conflict recovery is, therefore, simultaneously a problem of conflict prevention. Of those 50 percent that remain peaceful, moreover, an increasing number (the full magnitude has not been studied systematically) are *frozen conflicts* characterized by neither war nor peace, a proliferation of unrecognized political entities, and areas unattractive to foreign investors and highly attractive to global networks of organized crime.

War tends to increase the gap between rich and poor, creating new sources of wealth and destroying the reserves of the poor. Economic conditions also generally worsen after a civil war ends. While armed hostilities may cease, growing economic inequalities and hardship fuel increased violence from crime, social crises that complicate the tasks of building peace and stable government, and new bases of social exclusion. Cease-fire and peace negotiations tend to avoid addressing the root causes of the conflict, usually structural economic inequalities (often of a "horizontal" kind),[10] placing priority on a political deal among leaders in control of armies and militia.

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[8] See Stedman, et al., eds., *Ending Civil Wars*, and Michael Doyle and Nicholas Sambanis, "International Peacebuilding: A Theoretical and Quantitative Analysis," *American Political Science Review* 94 (4) (December 2000).

[9] Jan Vandemoortele, "Are the MDGs feasible?" (New York: United Nations Development Programme Bureau for Development Policy, June 2002): 2 and 16.

[10] Two particularly useful analyses of these root causes are Elisabeth Jean Wood, *Forging Democracy from Below: Insurgent Transition in South Africa and El Salvador* (Cambridge: Cambridge University Press,

It is generally agreed that the primary characteristic of war-torn and post-conflict countries that must first be addressed is insecurity – primarily physical insecurity due to the proliferation of small arms, stocks, armies, and militia, and the control of arms and armies as a means of exercising political and economic power. Insecurity is also psychological about whether the war is, in fact, over, or whether fears remain justified, requiring one to keep arms and avoid cooperating across former battle lines: A *security dilemma* exists between and among groups, whereby each perceives their own actions to be defensive but those of others to be aggressive.

Three significant aspects of this security problem do not always receive sufficient attention. First, while there are very good economic (budgetary, in particular) reasons to emphasize the demobilization of wartime armies and stocks, the political and psychological reasons for giving demobilization priority in peace missions are not about disarmament (rarely successful in any case[11]) but about arms control and restoring the state's monopoly over the means and use of coercion. That is, the issue is the sole authority of the state to define the legitimate uses of force and to enforce the law against its illegitimate use. (Armies must be subordinated to civilian control or transformed into political parties.)

Second, this state monopoly is an instrument of *last resort*. Violence occurs in any society, but under clearly circumscribed limits and rules that are part of a culture and its social organization (for example, principles of morality and legitimacy). Case studies of civil war amply illustrate that wars begin when those social and cultural mechanisms for the self-regulation of violence are disrupted.[12] Part of that process of breakdown, but only part, is the government's loss of monopoly over force ("state failure"), because that is the foundation of state authority, including its capacity to make decisions and to enforce them.[13] The concept of a *security community* as a psychological environment in which violence is no longer thinkable to resolve conflicts (first applied to interstate relations by Karl Deutsch to explain the peaceful relations in the transatlantic community in the 1950s[14]) applies also to social relations and expectations. If people think that violence is not possible, whatever their conflict, they will not use violence, but if they think violence is an option, then the probability of violence increases exponentially. In the short run, an international military presence can assume that role of the state, and those adept at complex peacekeeping understand their psychological more than military

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2001) and Frances Stewart, "The Root Causes of Conflict: Some Conclusions," Queen Elizabeth House, University of Oxford, Working Paper Series Number 16 (June 1998).

[11] See Joanna Spear, "Disarmament and Demobilization," in Stedman, Rothchild, and Cousens, eds., chapter 6.

[12] This is particularly well documented in Stephen Ellis's account of the Liberian civil war, *The Mask of Anarchy: The Destruction of Liberia and the Religious Dimension of an African Civil War* (Washington Square, New York: New York University Press, 1999)

[13] Dietrich Rueschemeyer, "After State Failure: Some Hypotheses and Guesses," memo presented to the Working Group on "Effective and Defective States," at the Watson Institute for International Studies, Brown University, May 2002.

[14] Karl Deutsch, *Political Community and the North Atlantic Area; international organization in the light of historical experience*, Princeton, New Jersey: Princeton University Press, 1957.

role, in reassuring people that violence is no longer acceptable. It is not clear that the current international emphasis on *reconciliation* has developed methods equally attuned to the sensitivities of post-conflict insecurities and culturally established and legitimate methods.

Similarly, there is increasing understanding of the crucial role of trust ("social capital") as a precondition for mutual aid, cooperation, and reconciliation. Trust helps to overcome the obstacles in any society to collective action. While this applies to political action and the creation of institutions (including government), it also applies to civil society. Civil society organizations may be able to substitute when a state does not perform essential services, but evidence is strong that war is particularly damaging to civil society and the trust that enables local action. Just as with limits on violence, there is a necessary interdependence between the precondition of security, as provided by a functioning state, and the regeneration of civil society. "Again and again, authors stress that a functioning state that provides public order and security is a prerequisite for the existence of civil society."[15] This applies particularly to the poor and IDPs. Studies demonstrate that social capital declines far more during civil war among the poor and IDPs. Thus, return and reintegration require a broader, state framework as well.

But the least appreciated aspect of the security problem is the significance of the very high level of unemployment that universally characterizes post-conflict countries. The neglect of opportunities for gainful employment in the first years (in fact, as opposed to stated goals) is the most regrettable finding in the case study literature. At the human level, the best way to deprive warlords and new guerrilla armies of recruits, to reverse the growth of trafficking, organized crime, and other illegal activities, to stem the postwar rise in new forms of civil violence, including robbery and theft, to reduce mutual distrust, and to build confidence that peace will last is to give people jobs. Time and again, studies of reconciliation show that the tensions that inhibit postwar cooperation and reconciliation are over access to jobs and housing. Thus, post-war tensions are usually greatest between those who stayed and those who return, between long-time residents and IDPs, because of the scramble for intensely scarce economic resources. Local conflicts may be portrayed as cultural but are in fact over the severe economic conditions they face – the decline or absence of public services, the threat of returning refugees or displaced to the jobs of those who remained, and above all the painfully high unemployment. It is not physical security but human security – opportunities to make a living – that slows refugee return. Poor records on demobilization consistently turn on the lack of jobs for reintegration.

It is also important to recognize that post-conflict countries vary significantly. Not all civil wars are the same, wreck the same havoc and destruction, or end the same way, and countries vary substantially in the resources they bring to the post-conflict tasks. Major distinctions exist between those that end, more or less, in a military victory for one side and those that represent a genuine stalemate among rival parties – for example, among Afghanistan, Mozambique, and Bosnia-Herzegovina.

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[15] Daniel N. Posner, "Civil Society and the Reconstruction of Failed States" (August 19, 2002), to be published in a forthcoming volume on State Failure and Restoration edited by Robert Rotberg.

Causes of civil war also vary. Conflicts between a government and rebels over who controls the capital (e.g., Somalia or Liberia) are different from revolutionary insurgencies that aim to change the political and economic regimes as well (e.g., El Salvador or Nicaragua). Both differ from those that contest sovereignty and state borders, seeking independence from a colonial power, occupier, or former state (e.g., East Timor or the multiple wars in the former Yugoslavia). Finally, countries differ substantially in the outcome of the war, the extent of state failure, the collapse in capacities for social self-regulation, and the types of survival tactics that became habitual.

Although a characteristic of all post-conflict countries is a challenged and weak state, outsiders often err in assuming that no state exists. In particular, an administration may still be intact and skilled, while local authorities may have continued to provide an organizational base and necessary services for their community (*in situ* or displaced, including in refugee camps).

In sum, regardless of the differences among post-conflict countries, all must give priority to *security*. A better understanding of what that means over the past decade, moreover, has led to a growing consensus in the literature on a universally appropriate framework. Instead of a menu of tasks, or strategic coordination in the absence of an ability to agree on strategy, activities in post-conflict countries should aim in one way or another at *demilitarized politics*. To end the war definitively, people must be persuaded by reality that violence is no longer an option to pursue political goals, those who employed force must be given alternatives, and public order must be restored. To achieve this overarching goal, there is no substitute for a *functioning state*.

Lessons about the Relation between Aid and the Transition from War to Peace[16]

A Caveat

Although there is an extensive literature now on the causes of deadly conflict and civil war, the characteristics of war economies and war-torn societies, and the tasks of post-conflict transition, we know far too little about the actual impact of economic assistance, in general and specifically, on the tasks of transition. What we do know, moreover, tells us more about the reasons for failure and what to avoid than about success.

Remarkable as it may seem, evaluations of aid programs remain technical and limited to project outputs – were funds transferred, projects completed, logframes completed, targets and benchmarks met? Assessments of their contribution to the actual issues of post-conflict countries – preventing a return to war, implementing a peace agreement, creating a sustainable peace and the bases for long-term growth -- are not done. Raw data are even difficult to find, such as how much aid has actually been transferred (as opposed to salaries for expatriates, imports from the donor country, or debt repayment). Databases on project aid are incomplete, multiple but not comparable,

[16] For more detailed discussion of the topics in this section, see Woodward, "Economic Priorities."

and often without good baseline data to measure change at all.[17] Even if the empirical basis for assessments were stronger, the pluralistic and piecemeal character of most donor activity makes it difficult to infer contributions to the goals of peace.[18]

This warning does not diminish the importance of the lessons that have been learned. But they are mainly negative lessons. They reflect, above all, the absence of an agreed *strategy* for post-conflict transition and the second-best approach of an agreed "menu" of tasks and constant calls for strategic coordination; in the case of relief and development agencies, they reflect the modification of approaches and models designed for other purposes to post-conflict conditions and the continuation of a sectoral approach to project design and evaluation. Neither the design of aid programs nor evaluations, with a few exceptions, have caught up to the state of our knowledge, as discussed above.

Who Pays for Peace? Some Consequences

What is done, and what can be accomplished, in a post-conflict setting depends on who provides external resources and what the constraints are on those resources. This may seem an unremarkable statement, but the fragility of a peace process and the decisive influence of the creation or restoration of a functioning state that can provide public order and conditions to rebuild trust make this fact vital. The result, so far, has been that:

1. Donor priorities take precedence over local ownership.

There is a growing consensus that the appropriate relation between needs and assistance is inversed. What is funded and done is determined not by what is needed and by the characteristics of post-conflict conditions, but by donor priorities and mandates. Case studies repeatedly document donors running roughshod over local capacities and even the preconditions for peace; a direct conflict between the policies, priorities, and tactics of those assuming responsibility for peace-building and those who take responsibility for economic reconstruction;[19] and the tendency for aid to reinforce and

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[17] For a detailed discussion of the methodological problems resulting from current databases, see Zlatko Hurtić, Amela Šapčanin, and Susan L. Woodward, "Bosnia and Herzegovina," in Shepard Forman and Stewart Patrick, eds., *Good Intentions: Pledges of aid for post-conflict recovery* (Boulder and London: Lynne Rienner, 2000): 328-337.

[18] One example of this larger problem comes from the candid evaluation of Norwegian aid to Mozambique: "The autonomy and diversity of NGO operations ... made it difficult for the Embassy to assess the cumulative impact of the Norwegian contribution and extract political mileage accordingly ... There was relatively little reporting and assessment of individual projects in the 'peace component' of Norwegian aid to Mozambique," even though "many projects have become standard elements in a 'peace package' and collectively represent considerable funds." Alistair Hallam, et al. (with Astri Suhrke as project leader), *Evaluation of Norwegian Assistance to Peace, Reconciliation and Rehabilitation in Mozambique*, a paper submitted to the Norwegian Ministry of Foreign Affairs by Chr. Michelsen Institute, in association with Nordic Consulting Group, May 1997: xii.

[19] Elizabeth Cousens refers to this general problem as the tension between the two approaches to peacebuilding: *deductive*, "where the content of peacebuilding is deduced from the existing capacities and mandates of international agencies and organizations" and *inductive* "where the content of peacebuilding is determined by the particular matrix of needs and capacities in individual cases" (5), and argues that "war-torn societies need highly context-sensitive approaches" (15), in "Introduction," to Elizabeth M. Cousens and Chetan Kumar, eds., *Peacebuilding as Politics: Cultivating Peace in Fragile Societies*, a project of the

worsen the conditions of fragmentation, structural violence, and weak governmental capacity that led to war in the first place.[20] Yet studies of implementation counsel the opposite. In Bosnia-Herzegovina, for example, according to a World Bank assessment in early 1999, "Implementation of the reconstruction program has been most effective in those sectors (e.g., in transport and energy) where priorities of donor assistance have been established jointly with the authorities."[21] The World Bank demobilization program, moreover, is replete with examples of misuse in the actual recipients of benefits where there is no good supervision, a task that can only be done by locals who actually understand local conditions.[22] On the basis of his experience in Mozambique, Resident Representative of the World Bank to ONUMOZ, Robert Chavez, warns, "relief agencies need to be more sensitive to the contribution of society to reconstruction and not try to impose too much order on the process."[23] In other words, for all the rhetoric of "ownership," there is little evidence of its effective translation in practice.

2. <u>The method and mechanisms of financing assistance define "peace strategy."</u>

- The financing principle of standard UN peacekeeping missions – international operations based on assessments – radically circumscribes the possibilities for local ownership and institution building and violates the primary lesson of post-conflict transitions by limiting local employment in a transitional administration.[24] The insistence (associated primarily with the US government) on keeping peacekeeping budgets separate from peacebuilding budgets, by which the latter are financed outside the framework for assessed contributions as a matter of "development,"[25] and on the voluntary basis of UN Trust Funds that might cover local salaries (such as for teachers, judges, police, and other civil servants) and other recurrent expenses place severe restraints on the necessary, early creation of a functioning government and provision of public services.

International Peace Academy (Boulder and London: Lynne Rienner, 2001): 1-20. Thomas Carothers makes the same argument about U.S. democracy assistance programs, that the original model and programmatic "menu" has been retooled in response to failure and to new settings such as post-conflict countries by shifting emphasis and technique, not the model itself; see *Aiding Democracy Abroad: The Learning Curve* (Washington, DC: Carnegie Endowment for International Peace, 1999).

[20] This literature is now huge; references can be provided.

[21] *Bosnia and Herzegovina: 1996-1998. Lessons and Accomplishments. Review of the Priority Reconstruction Program and Looking Ahead: Towards Sustainable Economic Development.* A Report Prepared for the May 1999 Donors Conference Co-Hosted by the European commission and the World Bank, p. 6

[22] Milan Vodopivec, Slovene economist specializing on Balkan labor markets and social policy for the World Bank, at a seminar on the economic situation in the Balkans for the UN in New York, February 2002.

[23] At a seminar on Donor Coordination in Post-Conflict Countries, held at the Overseas Development Council, Washington, DC, October 22, 1997.

[24] The consequences are discussed in detail for the case of East Timor by Astri Suhrke, "Peace-keepers as Nation-builders: Dilemmas of the UN in East Timor," *International Peacekeeping,* vol. 8, no. 4 (Winter 2001).

[25] The UK plays this role in regard to European Union aid, preferring (as does the US) World Bank engagement over the assessment basis of EU programming.

- Because grant monies are limited, a second, overwhelming constraint comes from the terms under which post-conflict countries can borrow. Although all post-conflict countries are in arrears to the World Bank, the legal constraints on the Bank (and therefore other development banks, and eventually the willingness of commercial banks to lend) require the country to conclude an agreement with the IMF on how to settle its debt before it can borrow at all.[26] Whatever the conditions within the country, therefore, a macroeconomic stabilization program, with its demand-oriented and expenditure-restricting approach, then sets the framework for all economic (and peacebuilding) activity. Although bilateral donors often join UN peacekeeping officials in criticizing the severely deleterious effects this has on most peacebuilding tasks, they tend in practice to follow closely the terms negotiated by the IMF in their own aid and loan policies, as if bowing to the inevitable. The result is a "culture of conditionality" that becomes fixed for a particular country very early (in some instances stricter, in others more flexible), which strongly influences the long-term path of peace and development.

- This straight jacket can be loosened if donors were to provide direct budgetary support to the post-conflict country, but this alternative confronts a third characteristic of the way peace is financed, namely, the reluctance of most donors (and in some cases, even refusal) to support any core and recurrent expenditures. Yet without salaries for public officials, police, judges, teachers, doctors, and others who will actually restore public order, the most fundamental tasks will not occur. The political considerations in donor countries that are said to cause this problem also generate insistence on physical investments for *visible*, showcase projects. Yet initial reconstruction of schools and clinics, for example, is a waste if they remain empty because salaries to staff them are not provided, or if the monies to maintain new roads or sewage plants are not available. Such donor projects also impose a future budgetary burden on the government, to maintain and manage the infrastructure built, for policy choices which neither leaders or citizens had little or any role in making.[27]

- The literature on post-conflict transitions, and regime transitions in general (for example, to democracy or to a market economy), pay significant attention to the importance of sequencing. It matters substantially what comes first, and what

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[26] A particularly trenchant critique of this problem and of the IFIs for not doing much about it can be found in "Moving Beyond Good and Bad Performance: Why the emphasis on "selectivity" could undermine the current focus on ownership, participation, and poverty reduction," EURODAD (European Network on Debt and Development) (June 2002), Part 6: Annex: A Specific Case Among Licus: Post-Conflict HIPCS. [internet address: www.eurodad.org/1debts/analyses/general/eurodad_selectivity.doc]

[27] An analysis by staff of the World Bank's program in West Bank and Gaza, where they did accept the importance of budgetary support to sustain the Oslo peace process, creating a special fund (The Johan Jørgen Holst Fund for Start-Up and Recurrent Costs and other budgetary assistance), acknowledges that, even there, "emergency programs often failed to take into account the need for sufficient funding in recurrent costs." Indeed, the serious underestimation of the budgetary costs to the Palestinian Authority of the Oslo agreement is a major factor in the current (1999-2001) troubles. Barbara Balaj, Ishac Diwan, and Bernard Philippe, "External Assistance to the Palestinians: What Went Wrong?" *Politique Étrangère* (Autumn 1995).

can follow. Yet the framing role of an IMF agreement and the economic reforms of a Bank structural adjustment policy preempt the crucial strategic choices about sequencing. For example, in Sierra Leone, budgetary constraints took temporal priority over the program for demobilization so that the army faced rapid cuts in pay and personnel before there were jobs, with the result that 8,000 soldiers defected to the guerrillas and the peace was lost. The World-Bank funded demobilization and reintegration programs in El Salvador and Mozambique similarly were severely damaged by IMF loan conditions on credit, inflation, and the budget deficit. In Cambodia, according to the Bank's own 1998 evaluation, "the Bank has continued to push for downsizing the civil service when the political coalition arrangement under the peace accords was based in part on raising the size of the civil service to absorb large numbers of the incoming parties' functionaries."[28]

- The mis-match between the consequences of how peace operations and post-conflict reconstruction are financed and the known priorities of success has led many, even in the international financial institutions, to call for a radical change in financing approaches. If a functioning government and "good governance" are as critical to peace and to economic reform as we insist they are, then in place of multiple, off-budget sources of reconstruction and capacity-building, all external aid should be viewed as public expenditure support.[29]

3. <u>The wrong time horizon has significant consequences.</u>

There is a growing tension in the development field over the proper time horizon for peacebuilding and post-conflict reconstruction. On the one hand are those who believe that speed is essential. Political pressures to assist refugee return, to provide a "peace dividend," and to demonstrate external commitment to a political agreement are often intense. So, too, is the tendency of troop-contributing countries to insist on time-limited mandates (a year or two, renewed in six-month increments). On the other hand are those who have assessed the long-term and comparative evidence from post-conflict operations. That evidence is clear: staying power and sustainability are far more important than speed. The goal of building acceptable, effective government institutions and demilitarizing politics takes time. Only a long-term perspective in the design of projects and programs will prevent a country from reverting to war or an unstable stalemate of poverty and crime.

Given this debate, it is important to understand the consequences of a choice in time horizon.

- Much evidence from the emphasis on "quick impact projects" is that they are not sustained and, developmentally, at least, are wasted monies. Because assessments

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[28] It continues, "The Bank's position was not politically realistic from the outset." *The World Bank's Experience*: xvi.

[29] Shanta Devarajan from the World Bank at a meeting of the Peace Implementation Network's forum on "Public-sector Finance in Post-Conflict Situations" in Washington, DC, August 1999.

of their contribution to *peace* is not made (see above), however, the continuing insistence that they are necessary to demonstrate a peace dividend cannot be either defended or rejected.

- A quick survey of peacekeeping missions, moreover, demonstrates that a short-term mandate is counterproductive. The shorter the time horizon, the longer troops end up staying.

- One consequence of the emphasis on speed is to overwhelm the absorption capacity of a country's political and economic institutions. On the one hand, this can rapidly generate disillusionment on the part of donors, who then delay in delivering on their pledged commitments or seek alternative recipients (INGOs, manufactured "community" groups, etc.), which only slows further the pace of institutional development. On the other hand, the case study literature is replete with evidence on the distortions induced by a large international presence, with long-term negative consequences for economic development and stability. If speed includes a large, up-front infusion of funds, which are then not sustained in long-term projects, then the lessons are less than favorable. For example, corruption is inevitable, and anti-corruption programs are more likely to divert scarce resources than to address its causes. This applies as well to specific projects; for example, the 1996 World Bank study of its demobilization and reintegration programs in Africa were that low-cost solutions may be more effective than costly interventions, if one is sufficiently attuned to local context and culture.[30] In calling for a "light footprint" in Afghanistan, SRSG Brahimi captures the current state of our knowledge as well as international reality.

- Another consequence of the emphasis on speed is to violate the lesson that effectiveness depends on flexibility and a recognition that post-conflict countries differ. The common response to pressure for speed is to develop standardized packages that can be deployed rapidly. Being context-sensitive, which the entire literature demands, takes knowledge and time. Between rigid templates and adhocism lies a compromise, however, which is to pre-design aid policies for *types* of conflict and post-conflict conditions and then to emphasize the employment of locals in policy and monitoring positions. The negative consequences of pressures for speed can be partly alleviated as well by contingency planning for specific cases. But this requires substantial change in current methods of financing. As long as the primary funders -- the UN, the IFIs, other development banks – must respect the norm of sovereignty and deal only with existing governments, they are politically constrained from planning contingencies, either because it might appear to support opposition forces or it might send signals that can influence political outcomes.

- The issue of time horizons, in fact, is an issue of goals. The real problem in post-conflict cases is, first, that donors have multiple (political) goals that are often

[30] Jonathan Stevenson, *Preventing Conflict; The Role of the Bretton Woods Institutions.* Adelphi Paper 336 (London: The International Institute for Strategic Studies, 2000), p. 60.

mutually contradictory, and second, that donors do not match resources to their goals. For example, international norms now place high priority on democratic elections, human rights, and justice and reconciliation in post-conflict countries. National goals may also place high priority on rapid refugee return. The immediate focus by the IFIs on debt repayment requires a sovereign partner – a functioning government – and preferably one legitimated by democratic elections. Yet refugees return when there are jobs, and UNHCR demands security first. Early elections may well achieve war termination, but they may do so by legitimating "warlords" or those internationally unacceptable on grounds of justice. If elections are seen as the vehicle of democracy as well, then a long process of institution building (and support for it) is required.[31] If minimal domestic revenues require financial orthodoxy and if the reforms required to attract foreign investment increase unemployment and cut wages and welfare, then who will finance the police, courts, and training and jobs for demobilized soldiers that secure the public order, rule of law, and open societies on which modern economies and investment depend?

The Fundamentals and Aid

By all accounts, there is widespread recognition of the fundamentals of post-conflict transitions: security first, in the psychological sense; no substitute for a functioning state; and politics matters. The problem is that the design of assistance policies does not appear to take the fundamentals to heart.

- The economic strategies of relief agencies (the natural disaster model) and of development agencies (the postwar reconstruction and stabilization model) assume away the crucial political problems that must be solved. Both models assume that a state exists and borders are not challenged. Postwar reconstruction is seen as a matter of demobilization, stabilization, and liberalization, not the restoration of state monopoly over the use of force, the drafting and adoption of a new constitution, and the legalization and monetarization of economic activity. They assume the country is sovereign and the economy is national, not that the conflict may be regionally embedded or that outsiders (neighbors, regional powers, major powers, multinational companies) might still pose a threat by supplying instruments of war and finance to one or more sides.

As an OED evaluation of 7 LICUS countries writes, "The relevance of Bank assistance was limited by the failure to give highest priority to the central role of political governance in economic development."[32] The proportion of aid for institution building and local ownership remains meager, for example, 8 percent in the high profile, wealthy case of Bosnia-Herzegovina. The high salaries offered by international organizations and NGOs to local professionals employed as

[31] A very useful discussion of these problems, as they emerge out of the requirement for early elections, can be found in Terrence Lyons, "Implementing Peace and Building Democracy: The Role of Elections," in Stedman, et al., eds., *Ending Civil Wars*: 283-315.

[32] "Lessons for LICUS": 1. This statement refers to Haiti, but forms the primary criticism in all 7 cases.

translators and drivers deprive new peacetime governments of their supply of local talent while contributing to a serious de-skilling of those professionals. Technical assistance for capacity building pays high salaries to foreign experts and expatriates, not locals. UN-mandated missions become substitute governments, increasingly de facto protectorates, rather than keeping their eye on building national government and genuine local ownership.

- It is equally important to the strategies of donors and peacebuilding missions, as it is to the post-conflict country, that the high levels of insecurity and uncertainty be reduced and social trust restored. Yet outsiders can make the insecurity worse. For example, as banks, the IFIs make calculations on risk that can become a self-fulfilling prophecy. If members of their executive boards judge the prospects for a successful peace and subsequent reforms to be low, they may even abstain from entering; or introduce substantial delays in negotiations. Similarly, bilateral and multilateral donors are notorious for delays in delivering funds they pledge if they do not trust the government to be financially accountable. Charges of corruption, whatever its real extent or donor complicity, are frequently used to legitimize such delays, with the consequence that they feed, rather than dampen, popular suspicions and distrust of authorities. Donors' general lack of trust in postwar governments and politicians is communicated clearly in the widespread insistence on using international NGOs as implementing partners, focusing primarily on technical assistance to delay making political commitments to persons and outcomes, and even insisting on a "bottom-up," community-based approach to circumvent a central government altogether.

Shifts at funding headquarters in program emphases, priorities, approaches, and even fads are made without regard to the local confusion they sow and its consequences for trustworthy expectations on which institutional development depends. Some economic development programs, such as land privatization or participatory planning, are often designed explicitly to shake social and power relations up, generate risk-taking and innovation, and transform a patriarchal or centralized political system. In some cases, uncertainty itself is a deliberate political tactic to influence behavior, such as how long a peacekeeping mission will stay or whether compliance with conditions has been sufficient, with little regard for the insecurity this generates in the population or the perverse incentives it presents to leaders in immediate post-conflict conditions.

- Perhaps the most difficult aspect of a post-conflict environment is its supercharged political character. Not only must governments be formed and constitutional foundations laid but most negotiated settlements are power-sharing agreements that do not end the wartime rivalry, but only transform the means of the contest into a fight over the spoils of peace – first and foremost, access to donors' resources. In this context, the assumption of neutrality, the technocratic inclination to blame "politics" for inadequate implementation, and even the fear of being accused of political interference can reduce donor

effectiveness. All donor choices – what to fund, how to fund it, how to deliver that aid, who will be partners and who beneficiaries – have political consequences. They explicitly empower some persons and groups over others, and they impact directly on the peace process itself. Many donors, moreover, are intentionally political in favoring some warring factions and discriminating against others. But if these political consequences and intentions are not acknowledged, then their effects cannot be calculated and the impact of various incentive structures and projects on the post-conflict goals cannot be evaluated.

A government's failure to implement specific provisions of the peace agreement, in fact, is often attributed to "lack of political will" or the dominance of "uncooperative radicals" over "cooperative moderates," and not to the alternative possibility of insufficient capacity. Indicators of progress in development projects and capacity-building should also include measures of political transformation. For example, are programs also improving psychological security, or unintentionally keeping the war going in peoples' minds? Do new institutional arrangements teach the new political skills appropriate to a demilitarized politics (including political party organization) and "build norms of non-violent governance,"[33] or do they increase incentives to "spoilers"? Do outsiders provide a neutral source of information to interrupt rumors, facilitate communication among former enemies, and generate confidence, or are they more concerned to substantiate political responsibility during the war? Are criteria of vulnerability based on international norms, such as "victim" and "perpetrator," or do they allow the formation of postwar identities and facilitate reintegration of former combatants? Do projects provide knowledge about rights and procedures in the new circumstances – how to maneuver legal and administrative procedures, obtain official documents, take a case to court – so as to facilitate effective local participation, or do they privilege knowledge about donors' procedures, such as logframes, the intricacies of UN organization, and funding applications for foreign grants or fellowships?

II. A LOCAL GOVERNANCE AND DECENTRALIZATION APPROACH TO POST-CONFLICT COUNTRIES -- THE POLITICAL CONTEXT

Not all programs of decentralization and local participation contribute to peace and poverty reduction.[34] Design matters, as do motivations. The political motivations, for both external actors and local stakeholders, are part of the context that will decide whether the rhetoric on good governance and decentralization actually results in the

[33] Lyons, "Implementing Peace and Building Democracy," p. 296; on how to "demilitarize politics," with detailed illustration of successes and failures, see pp. 294-306.

[34] Alfred Stepan even argues that centralization/decentralization are useless, if not harmful, labels because they blind one to reality, which is a *continuum of relative powers and constraints* on what can be done at each level of government, and the possibilities it opens. "Toward a New Comparative Politics of Federalism, (Multi)Nationalism, and Democracy: Beyond Rikerian Federalism," in Stepan, *Arguing Comparative Politics* (Oxford: Oxford University Press, 2001): 315-361.

creation of a functioning state and the demilitarization of politics. At the same time, the political context of post-conflict countries is very different from that which motivated support for decentralization over the past twenty years.

External Motives: Donors, Diplomats, and Development Agencies

The motivations for promoting local governance and decentralization among external actors are many, and they are not always complementary. The potential for a counterproductive clash is increased by the pluralism of post-conflict assistance, where donors in different regions and sectors of the same country will have different views on which level of government to support and what method of decentralization is best.[35] A list of the primary goals of decentralization will make this danger obvious.

1. Greater voice and representation of citizens' views in public policies, particularly of the poor who must compensate for a lack of economic power with political resources, making governments more responsive to citizen needs.
2. Limits on the power of the state (the central government) by pluralizing the sources of power in society. In the case of formerly socialist countries, it is further assumed (wrongly in many cases) that the limits to democracy and free markets lie in old habits of thinking based on central planning which must be broken.
3. Buying support for peace with territorial (local) autonomy by giving a concrete share of power to those who control the means (arms, armies, militias) and motives for war in one or more regions. Particularly in cases of ethnic and communal conflict, autonomy is seen as necessary to keep the country from breaking up or from potentially genocidal war.
4. A greater perception of local ownership is also seen as an effective instrument of implementation – by securing greater loyalty and obedience to the state from citizens and by co-opting government leaders into responsibility to implement what are in fact donor-designed programs.
5. Greater efficiency in the delivery of public services.
6. Fewer obstacles to collective action in the provision of public goods because free riders are more visible and subject to more intense social pressures to cooperate in small communities (to the point of risking exclusion from the community on which they depend for all benefits).
7. For the IMF, monetarists, and most neoliberals, as a solution to a fiscal or foreign debt crisis. Although legitimated as a way of increasing financial accountability, the goal is actually to divest the state of certain responsibilities so that budgets can be cut.
8. Liberalization in general on the argument that a minimalist state favors growth whereas political interference in the market causes development failure.

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[35] See, on this latter point, the case of Afghanistan, in Astri Suhrke, Arne Strand, and Kristian Berg Harpviken, *Peace-building Strategies for Afghanistan*, Part I: Lessons from Past Experiences in Afghanistan, report prepared by the Chr. Michelsen Institute for the Norwegian Ministry of Foreign Affairs (14 January 2002): 14.

9. Social and political revolution, by which privatization and promotion of non-governmental, voluntary organizations and a flourishing civil society will irreversibly weaken the economic power of entrenched public authorities from the former regime or warlords' capacity to loot.[36]
10. Frustration, for many donors, under pressure to show rapid results, with the weak capacity of post-conflict states. Seeing central politics as obstructionist, they seek to circumvent the state and work directly with local communities. Later enshrined as a "bottom up" strategy in opposition to "top down" approaches, it has become identified with democracy promotion policies that focus on NGOs, civil society, human rights, and community participation.

Domestic Motives: Country Stakeholders

There are few political issues that provoke more intense political competition than the definition and formalization of center-local relations (whether in a unitary or a federal state). Frozen (and not-so-frozen) conflicts currently, from Moldova and Georgia to Cyprus, Indonesia, Sudan, and Mexico (Chiapas), demonstrate how intense this conflict between central and regional or local power can be. It was the cause of the collapse of the Yugoslav state.

The conditions of post-conflict countries intensify both the political and economic bases of this competition, although the range of motivations is common everywhere. The special circumstances governing programs for local governance and decentralization in post-conflict countries demonstrate, furthermore, how misleading are the categories "top-down" and "bottom-up." The dichotomy makes no sense. The following discussion also cannot do justice to the range of actual institutional arrangements and intergovernmental relations that is captured by the word, "decentralization."

Political competition

Central politicians will support decentralization to appeal to voters and win elections for individuals or parties, or as a means to undercut the power bases of rivals, for example, who may have good local party organizations or whose guerrilla base during the war retains its organizational network and popular support. MPLA support for decentralization in Angola followed the military defeat of Unità as a direct effort to undercut its power base. In Uganda, the decentralization policy under Museveni was a continuation of the guerrilla war against the previous regime, transforming the bush Resistance Councils into organs of local power to counter the authority of both civil servants and government-appointed local chiefs. They were the core of the National Resistance Movement government's policy to create an *anti-pluralist*, non-party political system and increasingly became instruments, Sabiti Makara argues, not of peoples' liberation but of state power: "decentralisation has been a top-down process."[37]

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[36] On the latter, the literature on war economies is extensive; on the warlord problem, see particularly,William Reno, *Warlord Politics and African States* (Boulder and London: Lynne Rienner, 1998).

[37] "Linking Good Governance, Decentralisation Policy and Civil Society in Uganda," *Makerere Political Science Review*, vol. 2, chapter 5 (1997).

As a political tactic, therefore, support for decentralization is likely to vary with shifts in the balance of political power in the country, while the more institutionalized is the party system, the more constraining on these tactical shifts are the partisan ideologies used to mobilize voters. Decentralization is most attractive to new regimes or parties in power when they want to legitimize *their* control over *central* government (currently the case in Mexico after the defeat of the PRI) and weaken the remnants of *central* authority of officials from the previous regime, as did socialists in France under Mitterrand and Greece, in Pappandreou's first administration, when both won after years of center-right power and promptly introduced major platforms of decentralized participatory planning (in Greece) and radical local control and *auto-gestion* (in France).

Post-conflict conditions, however, complicate the political calculation of actual power bases and voting strength. The relative *political* power of military factions at the end of a war is difficult to assess. At least one, or better several, rounds of elections will improve such calculations, but the scarcity of institutionalized political and social organizations appropriate to peacetime at the first will induce leaders to temporize in their support for decentralization. Moreover, the territorial fragmentation characteristic of civil wars means that parties will have power bases in some regions, and not in others (illustrated well by differences between Renamo and Frelimo over district planning projects in Mozambique); what decision rule would this imply for regional decentralization?

When party systems are underdeveloped, moreover, as in the early stages of democratization or post-conflict transition, then central reformers unable to compete with the early winners may promote decentralization as an alternative arena of power altogether.[38]

All politicians aim to retain as much tactical flexibility for their party as possible, but the decisions in the first years of a post-conflict transition have unusually large influence on long-term developments (a phenomenon commonly called "path dependency"), as are those in any "founding" period. Any decision to commit to decentralization, and the particular distribution of power and competences it entails, is thus one of very high stakes and strong incentives to embed in "escape clauses" (such as the capacity to marginalize those structures later if needed).

Economic assets

One cause of the rivalry that leads to civil war is the fight to control the state as a channel to economic resources. This can be for self-enrichment ("corruption" and plunder), for one's constituency (e.g., keeping resources for investment or welfare in the home locality or region), or for the accumulation of political capital (through specific gift exchanges, such as parcels of land being privatized, or more generalized patronage) so as

[38] This is currently true in Albania. On the problem of early winners who then block further reform to prevent competition, see Joel Hellman, "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions," *World Politics*, vol. 50, no. 2 (January 1998), pp. 203-234.

to prolong political power and gain even greater ability to capture economic resources.[39] This rivalry can be over capture of the capital or between central and regional or local politicians. The poorer the country, and the more a country's economy is based on the extraction of raw materials and their low-level processing, especially for export revenues (and thus the capacity to import), the more intense is the conflict between regions rich in natural resources and the central government.

These conditions are even more intense for post-conflict countries, and they are exacerbated by the austerity producing macroeconomic stabilization policies of the IMF, and by the one-time opportunity to amass substantial wealth provided by the neoliberal pressure for rapid privatization and the short-term timeframe of much foreign assistance.

Effective governance

At the same time, all states, to be effective, need to empower local officials who can execute policy. The key variable in any modern state, according to its primary theorist, Max Weber, is the relationship between leaders and their "lieutenants" – the intermediaries who carry out leaders' decisions. This means that there are also bureaucratic interests in decentralization, not just those of politicians.

While some regional or local autonomy is thus inevitable, there are at least two considerations in post-conflict countries that complicate ministerial support for decentralization. The first is the severe scarcity in human resources, made worse by the brain drain that characterizes civil wars and the dashed hopes for employment in the first postwar years and by the inability of government ministries to compete over salaries and benefits with international organizations for skilled professionals. The other is the power-sharing deals favored in peace settlements by which ministries are distributed across all warring parties. Thus, any administrative reform to improve implementation will be caught up in two interwoven political contests – that for electoral power among the parties in the power-sharing deal, in which each party aims to enhance its local reputation by the resources it can use locally, and that among ministries to control offices that give access to dispensable resources.

In Cambodia, for example, the ministry of rural development, under which the institutionalization of CARERE in 1993-95 occurred, had been given by the peace agreement to FUNCINPEC. In contrast to the Cambodian People's Party (and the ministry officials who were members of that party), FUNCINPEC had developed an effective party organization with a grassroots base during the transition, creating a potential conflict between its power base and that of ministry officials.[40] The second stage of the reform (CARERE 2, or SEILA) provided a mechanism by which the central government (particularly the CPP) could enhance its local reputation by financing municipal investments, but it also set up a contest over who would appoint those strengthened local administrators. To emphasize how intense these struggles can be,

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[39] See the detailed ethnography of land restitution in Romania by Katherine Verdery, "'Seeing like a Mayor,' or How Local Officials Obstructed Romanian Land Restitution," (October 2002, submitted for publication).

[40] Lyons, "Implementing Peace and Building Democracy,"302.

according to Michael Doyle, one of the two triggers to Hun Sen's coup of July 1997 was over control of district-level administrative offices, and FUNCINPEC's demand for a greater share in the run up to the 1998 elections – because "control of districts was decisive in determining effective access to the voters" and "state officials who were members of Hun Sen's party had high stakes in the elections, as their livelihood depended on their bureaucratic position."[41]

External imposition

In all cases for which there are field studies, decentralization programs were donor-driven.[42] Whatever the local motivations, the definitive push was external. This raises several considerations. How long will outsiders fund and guide such programs? What are the conflicts in regard to decentralization between donor motivations and local interests? Because there is a substantial literature on the failure of imposed blueprints to graft successfully, whereas UNCDF experience (e.g., CARERE) is that decentralization reforms take on a life of their own, what are the crucial political and design factors that make them take hold?

Of the political factors discussed in this section, the role of outsiders in post-conflict countries is disproportionate and enormously complicating, in contrast to the terrain in which development agencies normally work. Much of the time and energy of governments, or pre-government partners, is consumed with the demands and conditions of international organizations and donors, not with developing links to their voters and officials. Their political calculations about power bases and tactics have to take the role of these outsiders directly into account, while having almost no influence over their decisions to provide resources (and thus a measure of autonomy) to one group or region over another. Local officials gain political capital from delivering internationally funded services. International efforts to work with areas that new governments might choose to neglect, because they supported rival armies or have little political clout, like rural areas and remote districts, directly affect the balance of power, and especially of economic resources. In Mozambique, the large presence of internationally delivered services even left locals "confused over who is government and who is not."[43]

Opposition to decentralization

Externally designed programs for decentralization are often inattentive to local sensitivities and risks. Yet central government leaders may view such proposals as genuinely threatening, as a result of either prior experience of their own or their country, or from knowledge of others' experience. The result can be *resistance* to such pressures,

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[41] Michael W. Doyle, "Peacebuilding in Cambodia: Legitimacy and Power," in Cousens and Kumar, eds., *Peacebuilding as Politics*, p. 92.

[42] See the studies on Uganda, Mozambique, East Timor, and Afghanistan cited in these notes, the case of Macedonia, and the entire literature on Bosnia-Herzegovina. In the case of Uganda, for example, "the administrative reforms taking place in Uganda, particularly, decentralisation of powers and responsibilities can be more attributed to external donor perceptions of 'good governance' than internal demands for it." Makara, "Linking Good Governance, Decentralisation Policy and Civil Society in Uganda."

[43] Lisa Bornstein, "Politics and District Development Planning in Mozambique," *Journal of Contemporary African Studies*, vol. 18, issue 2, (July 2000), note 23.

when the political implications of such choices in the first years of post-conflict transition take on greater significance than in the case of reform of an already institutionalized system.

The danger of secession or disintegration

The example of Yugoslav disintegration and multiple civil wars, for example, stands as a warning that a country can be "too decentralized," when the balance between central and regional authority prevents any effective governance and when regional coalitions can destroy the state. In the case of Dayton Bosnia-Herzegovina, the result has been six years of de facto international protectorate, with little movement toward sustainability in sight. The Yugoslav example is particularly worrisome for leaders who govern a country with substantial regional inequalities and are aiming to create national unity after war. This was clearly the case when the first Frelimo government in Mozambique resisted donor demands for a federal state. If programs for decentralization include the goal of buying support from regional leaders or ethnic minorities, and thus appear to institutionalize group cultural rights with territorial power, then the collapse of the Leninist federations (Yugoslavia, Czechoslovakia, and the Soviet Union, and a warning light for Ethiopia) provides a loud, negative object lesson.

Similarly, leaders schooled at some point in Marxist movements will be sensitive to any "dual power" situation. If governments perceive that forms of local autonomy or decentralization will create independent bases of party or secessionist power which they do not have other means to control or circumvent, they will resist it fiercely, either openly or by draining it of effective autonomy.

Loss of Revenue Base

One of the primary characteristics of governments in post-conflict countries, if they even exist, is their weak fiscal capacity. While fiscal transfers to regional and local governments may aim to improve this problem, central politicians will necessarily be wary of losing control of the very scarce resources at their disposal. The case of Macedonia is particularly characteristic of post-conflict countries, where an externally imposed agreement (the Ohrid Framework Agreement mediated by European Union and US officials in the summer of 2001) required municipal autonomy (including financial autonomy and substantial fiscal transfers) as a means of keeping rebel Albanians in the Macedonian state and preventing full-scale war. Although signing the agreement under duress, the government balked at the fiscal transfers. Their perspective was the urgent need to make the national government more effective under the threat of disintegration and not to be seen to abdicate their responsibility to the majority (non-Albanian) population; the EU and US negotiators interpreted this as nationalist obstructionism; and the Albanian politicians saw this as a continuing refusal to respect Albanian rights.

Modernizers versus traditionalists

It is often the case that the greatest proponents of decentralization are those seeking to protect traditional values locally. Their arguments can range from the rights and benefits of self-government, to cultural rights, religious liberty, and even nationalism. Modernizers typically favor the greater authority and capacity of central government for

redistribution, equalization, and modernizing reforms against traditional authorities and patriarchal power at the local level. The kind of decentralization they would support, while depending on the location of their political loyalists and potential constituents, would look very different from the local autonomy desired by traditionalists.

A Legacy of Prior Experience

Three examples, which deserve greater elaboration than space here allows, can serve to demonstrate the reason why many governments will be wary of externally design programs of decentralization.

Afghanistan

There are two distinct, partly competing politico-administrative structures in Afghanistan currently – (1) the national administrative structure originating in the 1964 constitution, combining provincial and district governors and administration with the enduring institutions of local communities. It is the basis for the Bonn Agreement of the interim transitional administration of Hamid Karzai (and the Loya Jirga process); and (2) the regional configurations of military power run by "warlords" and self-appointed governors that evolved during the 1990s. This second was adopted by UN agencies in the 1990s as a regional structure for its Strategic Framework and humanitarian activities and in 2001-02 by the US military command, which provided salaries and equipment to buy support in the war on Al-Qaeda and the Taliban. Debate currently rages outside Afghanistan between which of the two structures should be supported. Both cite the value of "decentralization" (to the districts and *shura* or to the regional warlords?) in this debate. Domestic and external critics, however, accuse the UN system in the 1990s of reinforcing the fragmentation of political control and the regionalized war economy in Afghanistan that exacerbated civil war and that must now, in their view, be replaced by the legitimate national traditions of the first.[44]

Somalia

To implement its mandate of "rehabilitating their political institutions and economy and promoting political settlement and national reconciliation" (UNSCR 814/1993), UNOSOM II adopted a "grassroots, bottom-up approach." This meant establishing district and regional councils that would eventually elect members to a national transitional government, promoting "reconciliation," creating "the conditions for the growth and effective participation of Somali civil society," and rebuilding the judicial system and the police. By forming a police force and judiciary before the transitional government was set up (indeed even before district and regional councils were functioning), there was neither a political authority to whom the police could report nor a legal system for judges to implement. Imposed from outside, the district councils "became formal structures with little relation to the actualities of power on the Somali scene." A "top-down approach" was favored by Somali warring factions, but resisted by "the UN as undemocratic and as reinforcing the power of warlords who had little legitimacy." Nonetheless, the central focus of factional competition became control over the financial resources of the UN mission. There was a third option, according to experts

[44] A very useful description can be found in Suhrke, et al., *Peace-building Strategies in Afghanistan*, Part I: 14-20.

analyzing the mission's disastrous failure, namely, "working more closely with the clan leaders, most of whom were distinct from the military factions" and through them, promoting "local mechanisms for reconciliation and cooperation." But "this would have required a smaller but more knowledge-intensive mission, working within a longer timeframe."[45]

Bosnia and Herzegovina

The case of Bosnia-Herzegovina has been the subject of an extensive literature, demonstrating that the highly decentralized structure of the peace agreement written by Americans and largely imposed at Dayton, Ohio, actually reproduces the worst structural faults of the former Yugoslav system. The primary political dynamic in the six years since Dayton (November 1995) has thus been the efforts of the international administration to create an effective central government, in spite of Dayton, and the opposition of Bosnian Serb and Bosnian Croat politicians in the two entities (regions) who see this project as a threat to their war-won local powers and as a Bosniac-sponsored agenda (the third Bosnian national community) to "dominate." The result is stalemate. Equally important, however, was the change at the local level, by which the lowest territorial unit responsible for provision of public services in the former Yugoslav system, the *mesne zajednice (MZ)*, were deprived of financial and administrative autonomy and replaced with new formal local institutions. The result, according to a study done for the World Bank, has been monoethnic dominance of local power and a decline "in both number and scope" of previous collective local actions for infrastructure and services. In surveys and focus groups, citizens complain that the new institutions are unresponsive, the few that receive praise are "those that respond to citizen questions and complaints and help citizens understand the legal and administrative labyrinth of post-war Bosnia-Herzegovina," and their only alternatives are "individual violence, private connections, or emigration."[46]

Field Evidence on Donor Goals

There are no systematic syntheses of local-level experiences and research, but case studies provide substantial evidence on some of the main motivations for donor support of decentralization.

More Effective and Efficient Delivery of Services?

If "locally dominant interests divert the resources of the state for their own goals," experience also shows that the result can be "waste and corruption undermining both effectiveness and credibility," instead of improved efficiency.[47] In the case of Afghanistan, the "predominantly local-level approach" of aid activities during the1990s "encouraged the dilution of standards, laid the basis for waste, and inhibited the

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[45] Suhrke, et al., *A Decade of Peace-building*, p. 20.
[46] *Bosnia and Herzegovina: Local Level Institutions and Social Capital Study* (World Bank, ECSSD, February 2002).
[47] Rueschemeyer, "After State Failure": 8.

development of a coherent or transparent system for setting priorities among regions, provinces and districts."[48]

Decentralization may also only replace functioning local governance with rival structures that work less well, as a result of the ongoing competition for power through administrative reform. Makara argues that the Uganda reforms undercut functioning police and magistrates and "have not produced the meaningful developmental and political results for the Ugandan population."[49] In the Bosnian case discussed above, the MZs had been responsible for services, such as day care centers, youth clubs, driving permits, medical clinics, provision of official documents such as birth and death certifications, and for mobilizing voluntary actions for local infrastructure (collective work or money collections for roads, parks, water and sewerage) in rural areas, villages, and urban neighborhoods. Their replacement by local and cantonal governments has seen increasing citizen alienation and a decline in collective actions at the local level.

Donor Frustration?

Ineffective implementation of central policy may not always be a result of obstruction by a central government. It can also result from the weakness of central authorities *in relation to the power of local authorities*. Those local officials who wish to distort policy for their own ends have multiple resources with which to resist central enforcement, particularly when that capacity is at the early stages of development. The example of land restitution in Romania, in which there was "a marked disjuncture between what was legislated at the center and what happened in rural settings," demonstrates that local obstruction of a particular policy in conditions where stable institutions do not exist and where trust is generally low – characteristic also of post-conflict countries – is not only the primary source of the problem but also can have serious systemic consequences. In the Romanian case study, local obstruction undermined "both the legitimacy of private property institutions and the strength of the emergent Romanian state."[50]

The Minimalist State?

The most extensive evidence on efforts to craft a minimalist state out of fear of an oppressive centralized state and a protection of political liberty and against arbitrary power comes from the postsocialist transitions in eastern Europe, some of which are also post-conflict cases. While this goal motivated the first decade of constitution-writing, the result has produced what Bulgarian sociologist, Ivan Krastev, calls "second-generation

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[48] Suhrke, et al., Part II: *Lessons*, p. 17 and note 35 (based on *Assessing Needs and Vulnerability in Afganistan*, Report commissioned by OCHA, UNHCR, UNICEF and WFP. Bergen: Chr. Michelsen Institute, August 2001).

[49] On the multiple different *shura* created by donors in Afghanistan in the 1990s and their relation to the traditional structures, see Suhrke, et al. *A Decade of Peace-building*, p. 19.

[50] Verdery: 3 and i. She explains: "analysts whose attention to actors and events at the center often leads them to miss the mark," leading them to "see like a state" [referring to the popular criticism of state-led policy by James Scott] instead of "like a mayor." In the context of a "central power that was eroding . . . [d]ecollectivization contributed to that erosion by empowering lower- rather than higher-level authorities to implement the law . . . concentrating power in the hands of commune mayors, who had every interest in slowing things down" (3-4).

fears." They have now learned that a weak ineffective state and a privatized police state may be an even greater source of oppression and threat to political liberty and human security.[51]

In post-conflict countries, the danger that a program of decentralization will further weaken an already weak government and work against the restoration of national unity, if its goal is not to strengthen both central and local capacity at once, is very real.

Democracy and "Voice"?

Particularly striking in the field research studies is the extent to which programs aimed at increased participation, on the assumption of voice and democracy, are criticized for "having little to do with democracy," often making "democratization more difficult," by reproducing the existing structure of power and relations between government and civil society. Instead, they strengthen "dominant social and political interests" and reinforce "local and regional segmentation."[52] Worse, in a transitional country, as in the Romanian example, "these experiences reinforced [local people's] doubts about the impact and pay-off of participation."

In Bolivia, where the World Bank program for special debt relief to Highly Indebted Poor Countries (HIPCs), which required a participatory process producing a Poverty Reduction Strategy Paper, was applied, the government was able to "use the margin of freedom provided by donors" to *exclude* "the poor, civil society organizations out of favor with the government, trade unions, women's groups," even parliament, in order "to neutralize and control dissident voices." The researchers go so far as to conclude that "participation is not necessarily good for combating poverty" or "pro-poor outcomes."[53]

In East Timor, the World Bank's Community Empowerment Project worked in those communities where the conditions were already conducive to its requirements and failed where they were not. In an in-depth comparison of two districts, the researcher found that the community which had been fully integrated into modern Indonesian organizational culture and village administration before the crisis (including tolerance for modern ideas) took advantage of the resources made available for local development. In the community where the guerrilla movement during the resistance had been strong, only 20 percent of the population had administrative and managerial experience and traditional local authorities resisted the councils (indeed, viewed the program's developmental and

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[51] Elaborated particularly eloquently at the Strategic Roundtable on Governance Transition, sponsored by the UN Development Programme, in Belgrade, July 19-20, 2001, and discussed in part in "The Balkans: Democracy Without Choices," *Journal of Democracy*, vol. 13, no. 3 (July 2002),pp. 39-53.

[52] Rueschemeyer, "After State Failure": 8.

[53] Nadia Molenaers and Robrecht Renard, "Strengthening Civil Society from the Outside? Donor-driven Consultation and Participation Processes in Poverty Reduction Strategies (PRSP): the Bolivian Case," paper prepared for the 2002 annual meeting of the American Political Science Association, August 29-September 1, 2002, Boston, Massachusetts.

democratic principles as "coercive"). Local officials there used the councils to gain micro-credit for their own businesses and prevent participation.[54]

In Uganda, the World Bank programs for community development, the study argues, set up a conflict between "sound development management" and democracy than can even be "dangerous to good governance."[55]

And in Mozambique, officials at both the local and the central level were able to prevent "more democratic and inclusive processes" in the development planning projects funded by a number of European governments (primarily GTZ and a Danish volunteer agency) in 1993-96 and UNDP programs for technical planning assistance and for district planning. The failure of these district development planning projects, according to the researcher, was because they were "tangential to wider struggles over political power and resource control." On the one hand, local officials "did not want to cede control over developmental projects or associated user-fees" and the "absence of a line department dedicated to community issues" meant there was no one who could "champion the community within government." On the other hand, once the electoral process "effectively marginalized" rural populations, the Frelimo government lost interest (the areas chosen had been in Renamo territory). The lack of central interest was also due to the small proportion of donor funds actually spent in the country, whereas local officials and residents were able to "become quite wealthy" off "their involvement in aid programmes," making the projects a source of intense local competition for access to these funds.[56]

But it is also important to note that in addition to the political motivations of central and local officials, technical difficulties with the projects themselves, such as the absence of primary data, the inexperience of participants, the lack of detailed guidelines on how participation was to be structured, pressure on the planners to produce results, a technocratic and modernist approach to planning; and changes in mid-stream in the projects promised, according to the researcher, also played an important role.

III. THE CONTRIBUTION OF DECENTRALIZATION AND LOCAL GOVERNANCE TO POST-CONFLICT COUNTRIES

What can we conclude, then, about the UNCDF approach, and the goals of UNDP and its BCPR, in post-conflict countries?

The current strategic environment is particularly favorable. New approaches that promise long-term success but that are relatively modest in their resource demands while

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[54] Rui Manuel Hanjan, *Policy Transfer within the United Nations Transitional Administration in East Timor: Local Democratic Institutions (The case of Community Empowerment Project)*, M.A. Thesis, Institute of Administration and Organization, University of Bergen: 2002, especially chapter 5.

[55] *Inter alia*, Jonathan Moyo, "From Political Liberalisation to Democratisation: A Governance Programme Strategy to Support Civil Society in Africa," presentation to a workshop on "New Africa Initiative" Windsor Lake Victoria Hotel, 17-21 July 1996, as cited in Makara.

[56] Bornstein, "Politics and District Development Planning in Mozambique."

giving genuine priority to local actors can take advantage of both the state of our knowledge about post-conflict peacebuilding and the constraints of new interests and donor fatigue on the part of the major powers.

Both the actual conduct of civil wars and the tasks of the first years of transition from war to peace recognize the importance of local communities. Civil wars take place *within* local communities. They are not frontal, force-on-force assaults between rival professional armies but occur in certain areas, tend to avoid major battles, and use denunciations, individual terror, and selective civilian atrocities to win a *political* battle for one side or another.[57] Populations are displaced, within the country or as refugees. After the war; international actors currently demand the return of IDPs and refugees to their original communities. Moreover, as a rule, both governments and donors are notoriously uneven in their territorial coverage – favoring capital cities and perhaps regional hubs, but ignoring rural areas and the poor. Yet it is in rural areas that most of the fighting tends to occur and destruction to be greatest. It is in local communities that political conflict is most acute in the first stages, between those who stayed and those who return, between long-time residents and IDPs, because of the scramble for intensely scarce economic resources like housing and jobs.

Because post-conflict transitions are about the restoration of authority and peace within a single country, there is an intimate and symbiotic relation between the activities of most peacebuilding tasks in the local community and the creation of a functioning and acceptable state and security. No activities at the local level will either succeed or be sustainable without a systemic context. Most criticism in the case study literature of decentralization projects applies either to those that focus only at the local level or at the motivations of central authorities who support decentralization as a way to strengthen central legitimacy and control. Locally based projects that simultaneously contribute to the primary goal of peacebuilding, that of assuring functioning states and the public order and services they can provide, should be given priority.

There is an interesting parallel to this conceptual burden in peacebuilding of the "top-down" vs. "bottom-up" dichotomy in the newest literature on democracy promotion. Neither "elite-focused processes nor local-level, non-elite processes" are sufficient alone.[58] Between these two processes, it is argued, there is both a conceptual gap and a research gap, whereas the two must interact if policies are to be both representative and responsive. Similarly, local governance approaches that focus on civil society, NGOs, and "community-building," are not supported by research on civil society. That literature distinguishes two kinds of civil society functions – advocacy and substitution. Advocacy groups cannot operate without a functioning state to hold accountable, monitor, and respond to pressure. Groups substituting for the state when it fails to provide services do not need a state, but conditions that lead to state failure also

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[57] A particularly vivid description of this process can be found in Stathis Kalyvas' analysis of the Greek civil war, in "The Logic of Violence in Civil War: Theory and Prelminary Results," Estudio Working Paper 2000/151 (Madrid: Center for Advanced Study in the Social Sciences, Juan March Institute, June 2000); see also his work on the Algerian civil war: "Wanton and Senseless? The Logic of Massacres in Algeria," *Rationality and Society* 11, no. 3 (1999), pp. 243-85.

lead to the collapse of the cooperative capacity of most social groups.[59] There is no use, in other words, in supporting "good governance" and "advocacy" civil society groups until there is a functioning government, whereas support for civil society groups with social roots (prior to and during the conflict) to meet local needs makes sense, as long as one invests in public order (government, police, military) at the same time.

Finally, the evidence about current assistance strategies to post-conflict countries draws three fundamental conclusions: (1) aid must develop a long-term perspective, in project design and signaling to communities; (2) the demand-oriented, restrictive policies of stabilization, structural adjustment, and cost-recovery are devastating to the needs of peacebuilding; some other financial methods are urgently needed alongside the IFI framework if the primary needs of post-conflict countries are to be met; and (3) standardized packages and blueprints that are imposed from outside, without regard to the intense political contests of post-conflict circumstances and to the need for donors to match resources to their goals, will fail. Design matters.

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[58] Charles T. Call and Susan E. Cook, "Conclusion: On Democratization and Peacebuilding," in Call and Cook, eds., *Governance after War: Rethinking Democratization and Peacebuilding* (book ms. submitted for publication, May 2002), p. 12.
[59] Posner, "Civil Society."