

Peacebuilding and Development

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Abstract

The attempt to explore, through philosophical reflection or academic inquiry, the relationship between war and development has a long history. It is only with the end of the Cold War, however, that “peacebuilding” came to be identified as a distinctive concept referring to activities by external actors aimed at establishing foundations for lasting peace and development. The chapter examines the post-Cold War rise of peacebuilding as an activity that has come to involve a major role for development and development actors. It considers the geo-political and normative background to the rise, and traces the initial efforts to operationalize the concept of “post-conflict peacebuilding”. It is specifically concerned with the challenges that war-torn societies have posed for development actors wedded to “traditional,” often technocratic and self-consciously apolitical modes of engagement. It also considers the growing importance attached to local context and local realities in discussions of peacebuilding and development.

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Introduction

In May 1966 Robert McNamara, U.S. Secretary of Defense, traveled to Montreal to speak to a group of American newspaper editors. McNamara's "Montreal speech," an unexpected and unexpectedly impassioned presentation by one of the principal architects of America's military escalation in Vietnam, caused a major stir. Making only a passing reference to the war in southeast Asia, McNamara focused his remarks on what he saw as the all-important connection between "security and development" in international affairs, and on the "irrefutable relationship between violence and economic backwardness" (McNamara 1966). Arguing that security had for too long been identified with "exclusively military phenomena," the future president of the World Bank emphasized that without development, security would forever remain an elusive goal. There was, he insisted, a direct and positive correlation between development, political stability, and peace.

The Montreal speech is of interest to historians primarily because of the early evidence it provides of McNamara's growing doubts about the wisdom of America's deepening involvement in Vietnam. To be sure, in terms of substantive content there was nothing very new in his address, nor did it identify "peacebuilding" as a distinctive concept or concrete set of activities in post-war situations. This use of the term is a product of the post-Cold War era.

And yet the address, the reactions it elicited, and the wider philosophical issues to which it spoke, if only implicitly, are not without relevance to contemporary debates about development and peacebuilding. Ideas, concepts, and controversies all have their pre-history, and those surrounding the relationship between economic development and peacebuilding are no exception. In positing a positive, linear connection between development and peace, McNamara's views can be seen as fitting into a long tradition of thought on the subject, from Isaiah's vision of nations beating their swords into ploughshares¹ to the optimism of nineteenth-century liberals and positivists who saw in the "Great Transition" from pre-industrial to industrial society a process that would eliminate the traditional functions of war, gradually turning it into an anachronism.

Others, by contrast, have challenged the view that the relationship between development and peace is quite so benign and straightforward. These include Marxists of various hues who, though sharing with nineteenth-century liberals a belief in the inevitability of progress, have emphasized the conflict-generating effects of developmental processes and the centrality of violence as a compelling source of historical change. They include historical sociologists whose writings have highlighted the pivotal role of organized violence in the process of State formation, as well as political scientists like Samuel Huntington, who in *Political Order in Changing Societies* directly challenged McNamara's claim regarding the "certain connection between economic stagnation and the incidence of violence" (McNamara 1966).

To Huntington the problem was not modernity *per se* but the *process* of modernization leading to it, with “economic development itself” often “a highly destabilizing process” (Huntington 1968: 49).

The present chapter is primarily concerned with the experience and history of thought covering the relationship between peacebuilding and development after the Cold War. There are sound empirical and logical reasons, as well as more narrowly practical ones, for restricting the focus to this period. That said, earlier debates on peace and development remain important for the simple reason that they posed and engaged with fundamental questions that have not gone away:

- What is the precise relationship between the process of development, political order, and stability?
- What happens when wants, aspirations, and expectations outpace developmental gains, and who benefits and who loses by development?
- Does the intuitively appealing view that war always and everywhere “reverses development” (World Bank 2003: 84) require qualification in light of historical and contemporary experience?

- Are there inherent limits, imposed by forces of history, culture and politics, to externally driven processes of social engineering and post-conflict reconstruction?

Structure and focus of chapter

The subject of “development and peacebuilding” remains a broad and amorphous one, much like the voluminous and diverse body of literature it has generated. Inevitably, choices need to be made about approach and focus. The chapter proceeds in three parts.

The first looks at the post-Cold War rise of peacebuilding as an activity that envisaged, and has come to involve, a major role for development and development actors. It considers the geo-political and normative background to the rise, and traces the initial efforts to operationalize the concept of “post-conflict peacebuilding” from its original conception in *An Agenda for Peace* in 1992 through to “Obstacles to Peacebuilding,” an article by Alvaro de Soto and Graciana del Castillo published in 1994 that helped frame the early debate about peacebuilding and development.

The second part of the chapter identifies three broad, necessarily overlapping, sets of issues around which thinking and debate about development and its relationship to peacebuilding have revolved since the early 1990s. The first of these was central to the concerns expressed by de Soto and del Castillo in 1994: the practical and operational challenges posed by the involvement of development actors in new, politically sensitive roles and tasks—involvement that has raised complex questions about the sequencing, coordination, and funding of development and peacebuilding activities within politically fragile post-war environments. The second set of issues concerns the *transformative* effects of war on the socio-economic and political fabric of societies, and the resulting challenges—both practical and conceptual—that the distinctive political economies of post-war settings have posed for development actors wedded to “traditional,” typically technocratic and apolitical, modes of engagement. The third and, at one level, most fundamental set of issues concerns the key policy priorities of donors and international financial institutions (IFIs) in post-war settings, and has centered on the debate over the so-called “Washington Consensus” advice and its appropriateness to post-war societies.

The final part of the chapter builds directly on the previous discussion and is concerned not just with the contribution of development to peacebuilding but also, conversely, with the impact of peacebuilding on development. It is a subject linked to the growing recognition of the importance of local context, to debates about “top-down” versus “bottom-up”

peacebuilding, and to a greater appreciation of some of the negative externalities of donor policies and peacebuilding interventions.

The post-Cold War growth in peacebuilding

There are two reasons, closely connected, for concentrating discussion of development and peacebuilding on the post-Cold War period.

First, it is only with the end of the Cold War that “post-conflict peacebuilding” comes to be identified as a discrete set of activities undertaken by external actors with the *express* aim of consolidating peace and laying the ground for “sustainable development” in countries ravaged by war. The end of the Cold War was significant to this development in two respects.

On the one hand, it removed the global, ideologically driven competition for influence between East and West as the dominant prism through which different forms of armed conflict in the international system had long been viewed. As such, it also removed, at least in theory, an important obstacle to more constructive and less overtly politicized engagement by major powers and donors in conflict-afflicted societies. Crucially, this also permitted international bodies formerly constrained by bipolar rivalry—most notably the United

Nations and its specialized agencies, funds and programs—to assume a more proactive role not just in mitigating but also in addressing the deeper causes of violent conflict.

On the other hand, and more indirectly, the Cold War had done much to ensure that the worlds of development and security, those inhabited by policy-makers and practitioners as well as those populated by academics and think tanks, had remained heavily compartmentalized. The end of the Cold War brought those worlds closer together. In part this was a result of the liberating impact of the passing of the old order on the study of “security.” As the stable management of relations between East and West ceased to be the overarching preoccupation of policy-makers and academics, traditional conceptions of security came to be questioned more widely on the grounds that they were overly state-centric and too accepting of the distinction—seen as increasingly untenable in a more “globalized” and interdependent world—between issues of “low” and “high” politics. In their place, a broader understanding, encompassing what the United Nations Development Programme (UNDP) described in its 1994 *Human Development Report* as “new dimensions of security,” was called for. Significantly, the same UNDP report—self-avowedly “people-centered” in its orientation—introduced the notion of “human security,” a multi-dimensional conception of security that included, inter alia, economic, food and health security (UNDP 1994). While human security may thus be seen as an invitation to re-think conventional and state-centric understandings of security, it was also an implied criticism of

the tendency among neoclassical economists to place the goal of economic growth at the center of the meaning of development (see Harris in this volume).

These changes in the discourse on security and development have been seen by many as evidence of an epoch-making shift in normative attitudes among members of international society following the end of the Cold War. Whether a “solidarist consensus” has in fact emerged among states, however, remains a moot point and, unsurprisingly, claims to that effect have been far more muted after the events of 9/11 and wars in Iraq and Afghanistan. Still, there is no question but that humanitarian issues, broadly conceived, have become more prominent on the international agenda with the passing of the old bipolar order. This can be seen above all in the remarkable growth of “peace operations” since the early 1990s and the tendency for international military action—whether coercive or consent-based—increasingly to be justified on humanitarian grounds (Roberts 2001). And this brings us to the second major reason for concentrating discussion of the history and practice of development and peacebuilding on the post-Cold War period.

The post-Cold War era has witnessed a dramatic growth in externally aided efforts to consolidate and build, as the jargon would have it, “self-sustaining” peace in countries emerging from war and violence. The vast majority of these peacebuilding interventions have been mounted under UN auspices. By one count, between 1989 and 2011, thirty-four

missions incorporating a peacebuilding mandate were launched, ranging in size and scope from comparatively small-scale missions in Central America in the early 1990s to the assumption of full-fledged governmental authority in East Timor and Kosovo (Berdal and Zaum 2012). In addition to these come post-war reconstruction activities, notably in Iraq and Afghanistan, where the UN's role has been more marginal, though the operations themselves have raised key questions and stimulated fierce debates about the role of development initiatives and development actors in post-war stabilization and recovery efforts.

While these interventions have varied greatly in scope, scale, and intensity of commitment by external actors, they have all differed from traditional UN operations in one crucial respect. Concerned with the legacies and socio-economic dislocations brought about by internal conflict and civil war, peacebuilding mandates have typically been framed in deeply ambitious terms, aimed at nothing less than the wholesale transformation of conflict-affected societies. It is the intrusive character and the sheer transformative ambition of modern peacebuilding that have brought to the fore a wide range of practical, conceptual, and even philosophical issues regarding its relationship to development.

From An Agenda for Peace to “Obstacles to Peacebuilding”

The term “post-conflict peacebuilding” was coined by then UN Secretary-General Boutros Boutros-Ghali in *An Agenda for Peace*, a report commissioned by the Security Council in January 1992 to provide member states with recommendations on how to improve the organization’s capacity for “preventive diplomacy, for peacemaking and for peace-keeping.” The final report defined peacebuilding as “action to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into conflict” (Boutros-Ghali 1992). Its identification as a separate category of action was premised on the conviction that placing “an achieved peace on a durable foundation” required simultaneous, mutually reinforcing action in a wide range of areas, from political to “legal, institutional, military, humanitarian, human rights-related, environmental, economic and social, cultural or demographic” (United Nations 1998: paragraph 65).

At one level, this was a conception of peacebuilding—aspirational, broad, and ambitious—with which it is difficult to quarrel. It was also a reflection of the optimism that marked debates at the time about the UN’s role in a world no longer at the mercy of Cold War rivalry. The initial elaboration of the concept contained little, however, about implementation and, in particular, was silent on how development—and specifically what kind of development priorities—would reinforce the desired end-state of peacebuilding. More

problematic still, the catch-all nature of the concept served to obscure the importance of distinguishing strategically between different, potentially competing peacebuilding goals in the aftermath of armed conflict (Cousens 2001: 10 and 13). Among the first to draw attention to this, and thus to raise larger and more searching questions about the connection between development and peacebuilding, were Alvaro de Soto and Graciana del Castillo, in their 1994 article “Obstacles to Peacebuilding.”

The immediate background to “Obstacles to Peacebuilding” was what its authors saw as the perilous state of the peacebuilding process in El Salvador. Since the peace agreement signed by the government and the *Frente Farabundo Martí para la Liberación Nacional* (FMLN) at Chapultepec in January 1992, the UN had remained centrally involved in the implementation of ambitious reforms aimed at “preventing the recurrence of violence—the post-conflict peacebuilding phase” (de Soto and del Castillo 1994: 70). These included, crucially, the creation of a new National Civilian Police Force and a land-transfer program for ex-combatants and FMLN guerrillas designed to facilitate their political and socio-economic reintegration into society; the kind of Disarmament, Demobilization and Reintegration/Security Sector Reform (DDR/SSR) activities that have been the staple of peacebuilding operations ever since. Running parallel to UN peacebuilding efforts, however, was a separate process sponsored by the Bretton Woods institutions, involving an exacting program of macro-economic stabilization and structural adjustment. The UN and the Bretton

Woods institutions had in effect ended up overseeing two distinct but simultaneous processes, the result of which was to leave El Salvador with “a very real dilemma:” “Should it sacrifice economic stabilization to proceed with implementing the peace accords, or should it strictly carry out its stabilization and structural adjustment program, perhaps endangering peace?” (de Soto and del Castillo 1994: 70). It was a dilemma, de Soto and del Castillo added, that was immediately relevant to other countries emerging, or hoping to emerge, from civil war at the time, notably Cambodia, Mozambique, Somalia, and Angola.

Key issues and controversies

Beyond drawing attention to the crisis in El Salvador, “Obstacles to Peacebuilding” may usefully be seen as having identified three sets of issues that have remained at the centre of discussions about the relationship between development and peacebuilding.

The first concerns the lack of transparency, flexibility, and coordination within the UN “system” and the wider donor community when confronted with the particular challenges of war-torn societies.

The second concerns the importance of recognizing—when aligning developmental priorities to peacebuilding, as well as in the design of specific policies in “post-conflict” settings—the far-reaching and transformative effects that war and protracted violence invariably have on state and society. In part this is about a proper appreciation of the political, social, and economic costs of war and their legacy effects. It is also, however, about the importance of understanding better the distinctive political economies that emerge in the course of war and that persist (if in mutated form) into the “post-conflict” period.

The third issue was only alluded to by de Soto and del Castillo: whether the fundamental priorities of international financial institutions in the case of El Salvador—aiming for macro-economic stability and rapid economic growth through the application of the strictures of the “Washington Consensus,” with its emphasis on fiscal discipline, privatization, and liberalization—are *at all* appropriate to countries emerging from war.

Transparency, flexibility, and coordination

The principal policy concern of de Soto and del Castillo in 1994 was the absence of any kind of consultation, let alone strategic coordination, among the bodies charged with shepherding forward fragile peace processes on the one hand, and those concerned with development and

economic policies on the other. The problem has since come to be described somewhat euphemistically as one of limited “system-wide coherence,” and its persistence among UN agencies and donors remains a very real obstacle to the attainment of strategic objectives in peacebuilding (UN 2006). Related to this, however, was a further obstacle, again not confined to El Salvador: the lack of external funding for politically sensitive but critical peace-related programs, most notably for DDR and SSR activities aimed at reintegrating ex-combatants into civil society and productive economic life after the termination of armed conflict (and thus, in theory, also reallocating resources and manpower away from the military sector towards developmental objectives). In addition to the obvious political sensitivities involved, a major reason for this was the lack of “flexibility in the application of the rules of financial institutions or adjustment of such rules when UN post-conflict peacebuilding so requires” (de Soto and del Castillo 1994: 79). Anticipating what has since come to be known as “peace conditionality,” de Soto and del Castillo proposed that concessional financing might in the future be granted if and when parties demonstrated compliance with the terms of peace agreements.²

To what extent have these concerns about strategic coordination and flexibility been addressed? The answer is mixed. Not long after de Soto and del Castillo aired their worries, IFIs and donor countries formally acknowledged the “special challenges” posed by post-conflict societies. The *Articles of Agreement* of the IFIs—which in theory prevent them from

interfering “in the political affairs of any member state”—have ceased to be more than a procedural obstacle to involvement on peace-related activities. The procedural fix for becoming involved in DDR, for example, was to treat it as an innocuous-sounding “public expenditure management” issue. Additionally, a range of new financing facilities and instruments have been established, starting with the Emergency Post Conflict Assistance (EPCA) facility set up by the International Monetary Fund (IMF) in 1995, initially an extension of existing emergency assistance policy for countries experiencing natural disasters to include countries emerging from armed conflict. Since the mid-1990s, the World Bank’s concessional lending arm has provided more than \$6 billion in reconstruction assistance to “fragile and conflict-affected states,” and technical assistance, training and support for structural reform—covering areas such as banking reform, fiscal capacity, privatization, and “public enterprise restructuring”—have become routinized.

And yet, for all this, the suggestion that these changes in architecture and modalities for engagement in conflict-affected societies amount to a “fundamental change in the way the Bretton Woods institutions address their respective mandates” (del Castillo 2010: 84) remains deeply contested. As will be discussed more fully below, disagreement has centered on whether the underlying or core priorities of the IFIs and donors have *also* changed to take account of the realities of post-war societies and the operational requirements that flow from these.

As for the wider issue of strategic coordination and system-wide-coherence, evidence of progress is still harder to detect. The deeper source of the problem here lies in the functionally fragmented, inter-governmental, and deeply political character of the UN “system.” UN agencies, funds, and programs each have their own budgets, charters, and governing bodies (on which sit donors), resulting in a loose confederal system that is resistant to partial reform and remains, in crucial respects, profoundly dysfunctional.

The resulting challenge is not a new one. An early report (produced in 1969) on the UN development system memorably concluded that the UN undertook activities with “very little ‘brain’ to guide it” and that “its absence may well be the greatest constraint on all capacity” (Jackson 1969). The growth of UN peacebuilding activities over the past twenty years has magnified the tensions built into the system, tensions which a proliferation of new coordinating mechanisms have only partly mitigated. Even the establishment in 2005 of the much-vaunted Peacebuilding Commission (PBC) and an associated Peace Support Office—specifically intended to coordinate the actions of peacebuilding actors—has not managed to overcome the structural and political obstacles to effective coordination and delivery.

The transformative effects of war and its consequences

Behind de Soto and del Castillo's concern with coordination and flexibility lies a more serious issue: the need for donors to recognize that the formal end of hostilities following armed conflict does not signify that either peacebuilding or development ever starts from scratch. In part that recognition involves treating societies emerging from conflict on their own terms, acknowledging historical context as well as the cultural, economic, and political specificities of war-torn societies. Equally important, it requires an appreciation of the transformative effects of war itself, of the destruction and suffering it involves to be sure, but also of its differential impact on societies and groups within it and on the complex and innovative ways that politico-economic elites and ordinary people adapt to wartime conditions and protracted violence. The result of these transformations is to ensure that "post-conflict" situations present challenges very different from those of "traditional" development, including those associated with recovery from natural disasters. There are three aspects to the distinctive nature of "post-conflict" societies to which scholars and, increasingly, practitioners have drawn attention.

The primacy of political considerations in peacebuilding

Political stability in post-war settings, especially following negotiated settlements aimed at ending civil wars, is invariably fragile and susceptible to reversal and breakdown, as the history of Liberia, Sierra Leone, and Angola in the 1990s showed all too well. In Cambodia, Mozambique, Guatemala, El Salvador, Bosnia, and Kosovo, the formal end of hostilities marked the beginning of peacebuilding, not the end of peace processes. In these circumstances, the requirements of political stabilization must assume priority. This, perhaps the chief lesson from post-Cold War peacebuilding efforts, carries important implications for the design of economic policies and the involvement of development actors in peacebuilding. As James Boyce makes clear, it means, above all, that “‘optimal economic policies’ are often not possible or even desirable in the short run. Indeed, pursuing policies that are optimal from an economic viewpoint . . . can have tragic consequences for the political, security and social transitions” (Boyce 2002: 4).

The socio-economic costs and dislocations of war

The direct and indirect costs of war and protracted violence present post-war development challenges that are, arguably, better understood now than they were in the mid-1990s. Even though there is considerable variability across cases, wars are, unsurprisingly, destructive and

costly in their effects on society and the economy. In addition to the human toll exacted, war destroys capital and infrastructure, and it acts as a disincentive to saving and investment. Importantly, as Frances Stewart and Valpy FitzGerald have shown in a wide-ranging and comparative study of war and underdevelopment, “the range of capital destruction in wartime is not only broad but also concentrated on those capacities which are recognized as being critical for sustainable development in poor countries” (Stewart and FitzGerald 2001: 16). These include physical assets (e.g., manufacturing plants, government institutions, communications and transport infrastructure) as well as human and social capital.

Countries emerging from war are also hampered by the damage done to legal and regulatory structures needed for attracting investment and stimulating economic activity, with civil wars particularly destructive of systems designed to protect land titles and property rights. This in turn has severely undermined the capacity for post-war authorities to generate and collect revenue (Boyce and O’Donnell 2007).

Another distinguishing feature of post-war settings has been high levels of unemployment and underemployment, especially so where war’s end has been accompanied by large-scale demobilization of combatants. The potentially destabilizing impact of restive and dissatisfied ex-combatants—heightened by the abundance of weapons and the continued existence within

post-war societies of wartime organizational networks—makes the issue of unemployment especially important to tackle.

Notwithstanding the destruction wrought by years of war, in El Salvador the IFIs followed “their perceived paths as if there were no war” (de Soto and del Castillo 1994). Since then, donor countries and international organizations have routinely come to acknowledge the “special circumstances” of war-torn societies. Even so, individual cases often suggest that formal recognition of special status does not translate into operational policy. Tackling unemployment, in particular, has not received the attention it merits; if anything, donor policies, especially those of the IFIs, have tended to exacerbate the problem (Pugh 2005).

The political economy of war and peace

While the economic costs and developmental damage of war are real and incontrovertible, it is also the case that war does not bring economic activity, or indeed development, to a halt. Groups, individuals, and households do not remain passive in response to violence, the collapse of entitlements, and the weakening of the formal economy. Instead, and as a growing number of micro-level studies of conflict have shown, they adapt—often in dynamic and highly innovative ways—to the conditions and opportunity structures created by violence and the disintegration of formal institutions. Alternative systems of coping and even of

governance emerge as economic activities and networks are transformed rather than destroyed by conflict. As a study commissioned by the UNDP noted in 2008, the “severe developmental damage that violent conflict inflicts in the formal sector shifts economic activity to the informal sector,” and the resulting war economies “reshape, but do not eliminate, patterns of accumulation, exchange and distribution” (UNDP 2008: 15).

The political economy approach to the study of conflict and peacebuilding focuses on the interaction of these war economies with the political agendas of conflict actors and the informal power structures that exist within “post-conflict” settings. It examines how different actors in conflict often come to acquire a vested interest in the continuation of political instability and disorder. The range of actors involved is often wide and varied: political and military elites; government officials, traders, middlemen and transnational corporations; neighboring states and regional powers; individuals and populations for whom the requirements of survival may involve some form of accommodation to violent processes. The result of their adaptations to conflict and radical uncertainty is often a resilient political economy of conflict where economic activity and violence are closely intertwined, and which persists into the post-war period. The range of motives and interests held by various actors, and the tendency for these to mutate over time, make, not surprisingly, for a fluid and highly dynamic post-war environment. The implications for development and peace-building in “post-conflict” settings are potentially wide-ranging.

David Keen has persuasively argued that the political economy perspective poses a fundamental challenge to the way the development community has traditionally thought about war (Keen 1997). That community's tendency, often implicit in the design of projects and interventions, has been to treat war as a form of "developmental malaise:" that is, to see it merely as the collapse or breakdown of an otherwise peaceful and linear trajectory of growth and development. Thus, the IMF's approach to EPCA, alluded to above, "is based on the notion that conflicts, like natural disasters, are essentially temporary negative shocks that require only a relatively short period of reform and assistance" (IMF 2008: 10–11). In this view, the separation between war and peace is essentially clear-cut and unambiguous.

And yet since war and protracted violence *also* involve the emergence of new socio-economic and political orders that outlive the formal end of hostilities, such a sharp distinction between "war" and "peace" is not tenable. To acknowledge this is also to accept a different understanding of what is actually involved in transitions from war to peace, an understanding based on an appreciation of who stands to benefit and who stands to lose from continued conflict, not on the belief than one is dealing with a clean slate. It also means that pre-packaged or templated solutions to the challenges of post-war development and recovery are likely not only to fail but to have unintended and perverse consequences.

There is a further, thought-provoking implication here. It has been made by Ken Menkhaus and draws on his own extensive fieldwork into local governance in Somalia. The transformation of political economies by war and conflict, he argues, may in some circumstances create new, more promising bases from which to start thinking about both development and peacebuilding. If so, it means that the generally accepted view that “war retards development,” creating what amounts to a “conflict trap” (World Bank 2003), requires qualification. “Crises which at the first glance appear to be a manifestation of a ‘conflict trap’ may in fact be in a state of evolution, with the potential to produce new social orders out of chaos” (Menkhaus 2004: 41). In place of the idea of a “conflict trap,” Menkhaus proposes an alternative metaphor: a cyclone, that is, a violent storm that “feeds off itself in the fashion of a vicious circle, but in the process alters its own environment in ways which can eventually weaken if not extinguish it” (Menkhaus 2004: 41). It is a conclusion echoed by Christopher Cramer, who argues, similarly, that “violent conflict, however destructive, may contain dynamics that have the potential to help bring about progressive long-run change” (Cramer 2006: 10).

Goals, tasks, and priorities

Alvaro de Soto and Graciana del Castillo were concerned, above all, with the failure of external actors to synchronize economic policies with political processes aimed at consolidating peace in post-war El Salvador. They did not, however, fundamentally question the central objective of the IFIs' adjustment policies in the country. And yet much of the debate surrounding the contribution of development to peacebuilding since the mid-1990s has focused on the approach of the IFIs to post-conflict situations, these having provided the *dominant* template, also for the wider donor community, for the kind of developmental and economic objectives that should be pursued in societies emerging from war.

The debate has revolved around the appropriateness of imposing a set of policy priorities on post-war countries derived from the so-called "Washington Consensus," a term coined by John Williamson in 1989 and at the heart of which, in terms of policy prescription, was an emphasis on "disciplined macroeconomic policies, the use of markets and trade liberalization" (Williamson 2004).

The core principle guiding policy was a reliance on market mechanisms, the effective functioning of which was to be advanced through promoting three key "pillars" of Washington Consensus advice (Stiglitz 2002: 53). The first is fiscal consolidation, to be

achieved through the curbing of public expenditures and the control of deficits, necessary to avoid inflation, ensure macro-economic stability, and promote rapid economic growth.³ The second is privatization, pushing where possible for the breakup of state-owned industries, and, more generally, for the expansion of private sector activity all round. The third pillar is market liberalization aimed at stimulating entrepreneurial activity by removing barriers to the free flow of trade and capital. The combination of these policies, so the Consensus holds, provides the best assurance for long-term and sustained economic growth. Significantly, however, the original Consensus attached little or no priority to *equity* as a goal of policy, and was unconcerned with the distributional impact of the policies advocated (Williamson 2004: 12)—precisely those areas of policy whose neglect in post-conflict interventions, many argue, have placed the long-term sustainability of peace at risk.

Criticisms of the way these policies have been adapted, applied, and promoted by IFIs and donors in post-conflict settings range across a spectrum. It is nonetheless useful to distinguish between two broad categories.

On the one hand, there are those who see evidence of progress and learning on the part of IFIs and donors, while still emphasizing the need to focus greater attention on the negative externalities of their policies. This may be regarded as a “reformist” position, one that accepts the importance of macro-economic stability and growth as objectives for post-conflict

peacebuilding but recognizes the vital need for these to be pursued in ways that address equity concerns and the distributional impact of growth. “A single-minded focus on economic growth and efficiency,” as Boyce notes, can all too easily end up fuelling “social tensions that jeopardize peace” (Boyce 2010: 119). Minimizing those tensions requires policies that focus on tackling “horizontal inequalities,” that promote broad and balanced growth, and that stimulate job creation (Stewart and Samman in this volume). In this view, the problem with the Washington Consensus package, apart from what it leaves out, is not necessarily the policies in themselves but their calibration to the political and socio-economic realities of fragile post-war societies. Even within the “reformist” camp, however, the degree to which progress has been made and learning internalized by institutions and donors is contested. To some, the Bretton Woods institutions “have come a long way since the early 1990s” (del Castillo 2010: 83), and the World Bank itself, in adopting “citizen security, justice, and jobs” as the theme of its 2011 World Development Report (WDR 2011), appears to acknowledge, at least on paper, the limitations of standard development practices in post-war settings. Against this, however, evidence of actual changes in operational policy and of a more conflict-sensitive approach on the ground has remained patchy and uneven.

This brings us to the second, more radical or uncompromising line of criticism of Washington Consensus policies and their application to post-war settings. These not only emphasize lack of results on the ground but stress the real and lasting damage done to the prospects of peace

stemming from a fundamental incommensurability of IFIs' institutional goals and the requirements of post-war peacebuilding. Susan Woodward puts it bluntly: "Neither the IMF nor the World Bank seeks to build peace." Instead, "their goal is to transform the structure of prewar and wartime economic and political power to create a state that facilitates private-sector, market-led growth, particularly its capacity to service its foreign debt while lowering public expectations to that which a country can afford" (Woodward 2012: 13).

It is a line of criticism shared by those who have come to view the IFIs and Western donors more generally as pursuing what amounts to a "liberal peace project," a "project" that not only "ignores the socio-economic problems confronting war-torn societies" but actively "aggravates the vulnerability of sectors of the populations to poverty and does little either to alleviate people's engagement in shadow economies or to give them a say in economic reconstruction" (Pugh 2005: 25). The actual existence of a coherent "project" pursued by Western donors to impose a "liberal peace" has for good reasons been called into question, not only as an empirical reality but also as a useful conceptual construct (Zaum 2012). Even so, writers on the "liberal peace" have offered an important and critical corrective to the more technocratic and unreflective donor discourse on development and peacebuilding. Drawing attention to the "silence surrounding structural violence" and the neglect of the "everyday experiences of people" (Pugh, Cooper, and Turner 2008: 4), they have called for alternative policies and "emancipatory engagement with local populations," giving priority to social

protection, inclusive growth, and the systematic incorporation of “welfare considerations” into peacebuilding (Richmond 2008: 300). Rather than relying on privatization and exports, investment should be targeting public goods, infrastructure, and, above all, employment.

Bottom-up versus top-down

Understanding local context and informal power structures is one of the central themes to have emerged from the post-Cold War experience, policy, and academic discussion of peacebuilding. Indeed, some of the most trenchant criticisms of international peacebuilding efforts in recent years have centered on its “top-down” character and the concomitant tendency not only to ignore micro-level sources of violence, but also to neglect potentially promising “bottom-up” processes likely to reinforce sustainable peace (Autesserre 2010). In terms of the latter—that is, in terms of seeing post-conflict societies and local actors as a *positive* resource and an essential partner in the quest for peace—two aspects of the debate regarding the contribution of development to peacebuilding merit special attention.

First, as political economy perspectives on war and peacebuilding have all tended to highlight, societies at war do not simply sink into anarchy, chaos, or uncontrolled lawlessness. Those caught up in and affected by conflict and violence find ways of adjusting

to the realities of war and the socio-economic dislocations it brings in its wake. In doing so, they often demonstrate great ingenuity and entrepreneurial skill in the development of coping mechanisms. Such mechanisms in turn, though “often informal and undervalued,” may involve “collaborative structures [that] can be the basis for local institutions which are vital to the rebuilding of governance and civil society” (Barakat 2010: 262). As the now routine references to local ownership and community development in donor documents suggest, the importance of “placing local actors and resources at the centre of recovery efforts” (UNDP 2008: xix) is widely recognized, at least at the level of declaratory policy. The recognition extends to the role of the domestic private sector whose importance in helping to stabilize post-conflict environments—assisting in the delivery of services, rebuilding infrastructure, even offering direct support to peace processes—has been highlighted in several studies (Banfield, Gündüz, and Killick 2006).

Second, several studies of individual peacebuilding operations have emphasized how development programs and actors are often better placed than more overtly political players to aid local conflict resolution efforts and support bottom-up peacebuilding. In part, so the argument runs, this is because they engage *directly* with local authorities and key community groups (for example, elders or women’s groups), and therefore possess a superior understanding of the drivers of conflict. Furthermore, because development and reconstruction touch on the real and immediate needs and aspirations of local populations,

they also perforce provide a common and more “non-political” basis for cooperation and reconciliation. By firmly anchoring development and reconstruction in local communities, political tensions are diffused and redirected in favor of reconciliation and peace. This is why, in the words of Roger Mac Ginty, “to be genuinely sustainable, reconstruction and recovery must have an organic quality involving the participation of local people”

(Mac Ginty 2010: 48). Echoing the logic of functionalist thought, Mac Ginty makes a wider point in support of local involvement and the placing of development at the centre of peace processes. Citing a specific instance of local level negotiations and peacebuilding in Sri Lanka, he comments:

Rather than concentrate on constitutional and security issues at the outset, negotiations focused on post-war reconstruction and development. . . . The rationale behind this approach was that parties who had been acculturated to a process of functional cooperation on reconstruction and development activities would then be able to deal with macro-political issues on the basis of embedded trust.

(Mac Ginty 2010: 47–8)

Others have, quite rightly, cautioned against too simplistic, even romantic, an embrace of the “local.” As noted earlier, the political economy of many post-conflict settings often involves violent, predatory, and exploitative practices by local elites, spoilers, and power structures.

Partnering with these in the interests of development and recovery may prove, and often has proved, anything but “emancipatory” for local populations.

A special challenge is likely to arise in post-war settings where one party has emerged victorious from war and where predatory elites are in a position to set the terms of engagement by external actors. A striking example of this, which also raises wider questions about the real meaning and supposed virtues of “autonomous recovery” (Weinstein 2005), “local ownership,” and “indigenous processes,” is provided by Ricardo Soares de Oliveira’s study of Angola’s oil-fuelled recovery between 2002 and 2008. That recovery, impressive in many respects, not least in terms of generating rapid growth, is also a cautionary tale. It offers, Soares de Oliveira suggests, a model of “illiberal peacebuilding” (Soares de Oliveira 2011). This is a form of peacebuilding that is driven by local elites and that is typically “high-modernist, patronage-based and illiberal” (Soares de Oliveira 2011: 308). In spite of, or indeed because of this, it has proven, judging from the Angolan case, more credible in terms of generating durable political order than ill-coordinated and short-term liberal international projects of the kind undertaken in Sierra Leone, the DRC, Liberia, and elsewhere.

But, Soares de Oliveira warns, “stability and local ownership mostly come with a hefty price tag in terms of liberal ideals” since “much that is progressive from a liberal perspective is

excised from domestic state-building by empowered political actors” (Soares de Oliveira 2011: 289). Moreover, while this may be considered by some to be a price worth paying for political order and rapid economic growth, such growth is most unlikely to be broad-based or inclusive. Indeed, judging from Angola and other instances of “illiberal peacebuilding” (Soares de Oliveira proposes post-genocide Rwanda under Paul Kagame, Sri Lanka since the end of the civil war in 2009, and Eritrea since independence in 1991), the benefits of growth have accrued, above all, to members of the ruling elite and those—entrepreneurs, businesses, and political allies—with connections to it.

The impact of peacebuilding on development

Much of the discussion in this chapter has focused on the question of what contribution development, specifically what *kind* of development, can make to the building of durable peace in war-torn societies. The scale, scope, and ambitious nature of many post-Cold War peacebuilding interventions, however, justify asking a slightly different if not wholly opposite question: What impact have large-scale peacebuilding operations, usually with a significant development component, had on development?

Ever since the UN operation in Cambodia (UNTAC) in 1993, a number of studies have drawn attention to the potentially distorting impact of large-scale international deployments in economically weak and vulnerable post-war settings. The influx of aid, the sudden arrival of expatriates, and the recruitment of locals for professional services in support of missions have often had a distorting impact on local economies and markets. In the case of Cambodia, one study found that foreign aid and expenditures by UNTAC placed upward pressure on local wages and the price of housing stock, and “diverted labor and investment away from the production of goods towards tertiary sector activities providing services essentially for foreigners living in Cambodia” (UNRISD 1993: 21). Market distortions of this kind have also been compounded by a strong and persistent bias among peacebuilders (especially the UN and its agencies) against using local suppliers for goods and services, something that has acted as a brake on the creation of local capacity and has done little to stimulate local economic activity or help unleash entrepreneurial energies in aid of recovery.

There are other distortions that come from the infusion of aid into weak and fragile post-war economies, one of which is the danger of aid flows “crowding out” domestic revenue mobilization, reducing the incentive for governments to tax their own populace (Boyce 2010: 105). Another anomaly, also highlighted by Boyce, are the “pervasive tax exemptions” that exist on post-war aid flows and that not only deprive the government of

much-needed revenue but “[send] an unmistakable message to the local populace: rich and powerful people do not have to pay taxes” (Boyce 2010).

Most of these adverse and distorting effects of large peacebuilding footprints are now recognized, on paper at any rate, by donors and aid bureaucracies. An important step in mitigating them, it is widely accepted, would be to “avoid excessive reliance on parallel mechanisms to deliver development assistance” (UNDP 2008: xx) and to try instead to route aid through national and local government, in so doing also strengthening the legitimacy of local and national governments, itself an important peacebuilding objective. Complementing this, much greater efforts can be made, especially by the UN and its agencies, to procure supplies locally—thus stimulating local investment and private sector activity—and to adopt a wages policy that would counter the worst distortions introduced by excessive salaries. In short, and as a detailed report on the economic impact of peacekeeping found in 2006, UN missions “need to be more conscious of their economic impact and the relationship between economic recovery and other mission objectives” (UN DPKO 2006: 51).

There is a final set of reflections that has emerged from the literature on the role of the development community in post-conflict settings. It concerns the nature of the interactions between donors and development actors on the one hand, and the elites who control the State in war-afflicted and still divided countries on the other. The former, for understandable

reasons, have naturally tended to focus on implementing programs and meeting targets, something that has often fostered a technocratic and process-oriented approach to dealing with what are, ultimately, deeply political issues. It also, of course, has required of them that they deal with and work through governmental authorities and the elites in power. These, however, have often been able to shield themselves with the trappings of sovereignty and, in so doing, to ensure that processes that undermine peacebuilding in the long run are left unaddressed; indeed, are even encouraged, and flourish undisturbed by the presence of development activity and development actors (Uvin and Bayer 2012).

The consequences of this can be catastrophic. In an important work on the development community's involvement in Rwanda in the years before the genocide, including the period of the Arusha peace process, Peter Uvin notes how the country was widely thought of as “a well-developing country—facing serious development problems, but dealing with them much more effectively than were other countries” (Uvin 1998: 2). It now, of course, represents an “extreme example” of the “failure of development aid,” one in which “the process of development and the international aid given to promote it interacted with the forces of exclusion, inequality, pauperization, racism, and oppression that laid the groundwork for the 1994 genocide” (Uvin 1998: 3). The story of Rwanda, Uvin concludes, made “one more case for broadening the concept of development” beyond the focus on economic growth at the

macro level. While aid agencies have paid “lip service” to this lesson, its “practical, operational implications,” Uvin adds, “have still not been well understood” (Uvin 1998: 231).

Uvin’s findings echo a recurring theme of the present chapter: while lessons and significant insights have undoubtedly been acquired in the course of more than two decades of development and peacebuilding, translating these into operational policy and practical results on the ground remains, for a complex of reasons—political and bureaucratic, domestic and international—a formidable challenge.

¹ Isaiah 2:4: “And he shall judge among the nations, and shall rebuke many people: and they shall beat their swords into ploughshares, and their spears into pruning hooks: nation shall not lift up sword against nation, neither shall they learn war any more.” (*The Bible*, King James version)

² For the concept of peace conditionality, see James K. Boyce (2002).

³ Williamson, writing in 2004, stressed that while fiscal discipline was indeed vital, he had been “studiously neutral” in pronouncing on the correct size of the public sector, nor had he argued that cuts in public spending *tout court* were the only way to achieve macroeconomic stability (Williamson 2004).

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