

Peace and stability as enablers for and outcome of development

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Abstract

This paper provided a brief analysis of the complex relationship between peace and stability and the achievement of MDGs and other development goals, based on reviewing and updating of a large volume of studies. The paper is focused on three issues: how conflict impedes progress towards development goals; how development stresses, among other factors, can cause or exacerbate conflict; and how to build a virtuous cycle between peace and development.

JEL classification codes: O19, H12, O10

Keywords: Millennium Development Goals, peace and security, peace and stability, development, governance, institutions, conflict, economic stresses, social stresses, environmental stresses.

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I. Introduction

The theme of peace and stability as both enablers for and outcomes of development can find its origin directly from the UN Millennium Declaration of 2000.² The Declaration reaffirmed global leaders' commitment to promoting the three pillars of the United Nations mandates: peace and security, development and human rights, although MDGs, which were derived from the Declaration, are mainly focused on the goals and targets in the area of development. In the course of achieving the MDGs, the international community has further realized the importance of the intrinsic links among these three pillars. For example, five years after the launch of the MDGs, the report of the Secretary-General to the 59th General Assembly of the United Nations, *In larger freedom: towards development, security and human rights for all*, made it clear that not only are development, security and human rights all imperative; they also reinforce each other (United Nations, 2005). As the report pointed out, while poverty and denial of human rights may not be said to cause civil war, terrorism or organized crime, they all greatly increase the risk of instability and violence. Similarly, war and atrocities are far from the only reasons that countries are trapped in poverty, but they undoubtedly set back development. Countries which are well governed and respect the human rights of their citizens are better placed to avoid the horrors of conflict and to overcome obstacles to development.

Most recently, the global process towards advancing the United Nations development agenda beyond 2015 has further elevated the understanding of the interdependence among development, peace and stability, and human rights. A consensus has been reached that the post-2015 development agenda should be firmly anchored in human rights and universally accepted values and principles (United Nations, 2013a), while at the same time the Open Working Group (OWG) of General Assembly in its proposal of 17 Sustainable Development Goal (SDGs) has also proposed goal 16 to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective and accountable and inclusive institutions at all levels (United Nations, 2014a).

When the MDGs were launched at the new millennium, the worldwide situation of peace and stability was on a trend of improving. After peaking in the early 1990s, major civil wars, continued to decline. The annual number of battle deaths from civil war fell from more than 160,000 a year in the 1980s to less than 50,000 a year in the 2000s (World Bank, 2011, and Human Security Report, 2013).

² The phrase "peace and stability" was adopted by the international community during the recent United Nations intergovernmental process towards the formulation of the post-2015 development agenda, to replace the traditional phrase "peace and security" when the discussion is in the context of development issues. The nuance between "peace and security" and "peace and stability" seems to be that the former refers to national security in the international situation while the latter mainly refers to individual security within a nation, although there is a connection between them.

Nevertheless, in the 2000s, people in a large number of countries continued to be inflicted by serious conflicts and violence of different types. For example: civil wars in countries with rich endowment of oil and other minerals as rebels financed their activity through the sale of resources, such as diamonds in Sierra Leone and the mineral columbite-tantalite in the Democratic Republic of Congo; wars and violence related to illegal trafficking in Afghanistan, Mindanao, and Northern Ireland; militant groups or criminal gangs mobilized during political contests and elections in Côte d'Ivoire, Jamaica, Kenya, and the Solomon Islands; urban gang violence associated with particular ethnic groups in Melanesia; and organized crime migrated from combatants of political conflicts between the state and rebel movements in Central America. It was estimated that by the end of the 2000s, 1.5 billion people lived in countries affected by serious conflicts and violence, with 58 countries having a homicide rate higher than 10 per 100,000 people, and 14 countries exceeding 30 per 100,000 people (Geneva Declaration, 2011).

Moreover, turning into the 2010s, the outbreak and rapid spread of the 'Arab Spring' in North Africa and Western Asia have led to an upsurge in deaths from organized violence in the region. In Syria alone, according to a conservative estimation by UNOCHA in 2014, more than 191,000 people have died during the civil war, which is still unfolding. With the 'Arab Spring', the magnitude and scale of the armed conflicts worldwide seem to have escalated in recent years, reversing the global trend of improvement in peace and stability as observed in the 2000s, posing more challenges for the sustainable development in the post-2015 era.

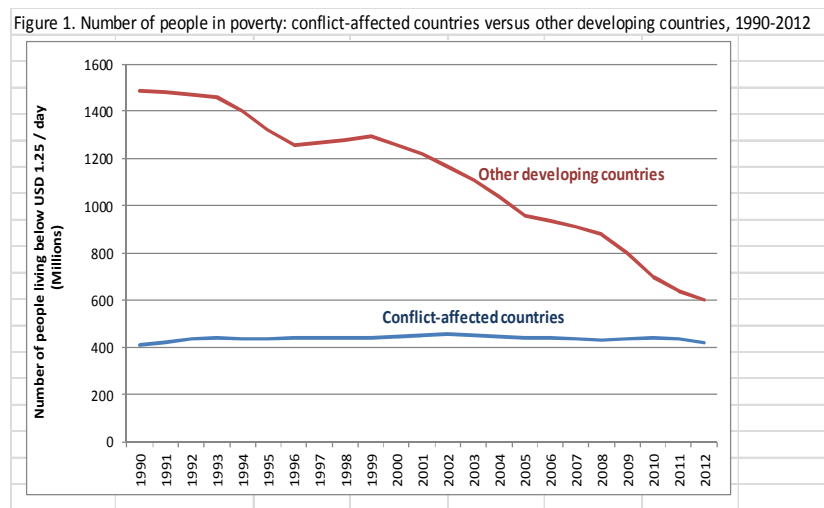
While inter-states wars and conflicts remain a threat to global peace and development, the main focus of this section is on wars and conflicts within countries. In the discussion below, *conflict* will be used as short-hand for all those violent actions and conflicts mentioned above, and *conflict-affected countries* will be used for those states and territories suffering from those conflicts and violent actions (Table 1). In the literature, different types of conflicts are often grouped in three categories: state-based armed conflicts in which at least one of the warring parties is the government of a state; non-state armed conflicts, which consist of fighting between two armed groups, neither of which is the government of a state; and one-sided violence, or targeted attacks against unarmed civilians (Human Security Report, 2013).

In the following sections, we will focus on the interconnectedness between development and peace and stability, and discuss the policies and strategies to break the vicious cycle between conflict and development stresses, and reinforce a virtuous cycle between sustainable development and peace and stability.

| Table 1. List of 51 Fragile States | |
|--|---------------------------------------|
| Country | Income Group - WESP 2014 (LDC) |
| South-Eastern Europe | |
| Bosnia and Herzegovina | MC |
| North Africa | |
| Mauritania | MC (LDC) |
| Sudan | MC (LDC) |
| Egypt | MC |
| Libya | MC |
| Central Africa | |
| Central African Republic | LC (LDC) |
| Chad | LC (LDC) |
| Cameroon | MC |
| Congo | MC |
| East Africa | |
| Burundi | LC (LDC) |
| Comoros | LC (LDC) |
| Democratic Republic of the Congo | LC (LDC) |
| Eritrea | LC (LDC) |
| Ethiopia | LC (LDC) |
| Madagascar | LC (LDC) |
| Somalia | LC (LDC) |
| Uganda | LC (LDC) |
| Kenya | LC |
| Southern Africa | |
| Malawi | LC (LDC) |
| Zimbabwe | LC |
| Angola | MC (LDC) |
| West Africa | |
| Burkina Faso | LC (LDC) |
| Guinea | LC (LDC) |
| Guinea-Bissau | LC (LDC) |
| Liberia | LC (LDC) |
| Mali | LC (LDC) |
| Niger | LC (LDC) |
| Sierra Leone | LC (LDC) |
| Togo | LC (LDC) |
| Côte d'Ivoire | MC |
| Nigeria | MC |
| East Asia | |
| Myanmar | LC (LDC) |
| Kiribati | ... (LDC) |
| Solomon Islands | ... (LDC) |
| Timor-Leste | ... (LDC) |
| Tuvalu | ... (LDC) |
| South Asia | |
| Bangladesh | LC (LDC) |
| Nepal | LC (LDC) |
| Afghanistan | ... (LDC) |
| Pakistan | MC |
| Sri Lanka | MC |
| Western Asia | |
| Yemen | MC (LDC) |
| Iraq | MC |
| Syrian Arab Republic | MC |
| Latin America and the Caribbean | |
| Haiti | LC (LDC) |
| Not stated in WESP 2014 | |
| South Sudan | ... (LDC) |
| Dem. People's Republic of Korea | ... |
| Marshall Islands | ... |
| Micronesia (Fed. States of) | ... |
| Kosovo | ... |
| West Bank and Gaza Strip | ... |
| <i>Note: As defined in the OECD Fragile States 2014 Report.</i> | |
| The income classification and LDC status is defined according to United Nations. | |

II. Conflict shattering progress towards development goals

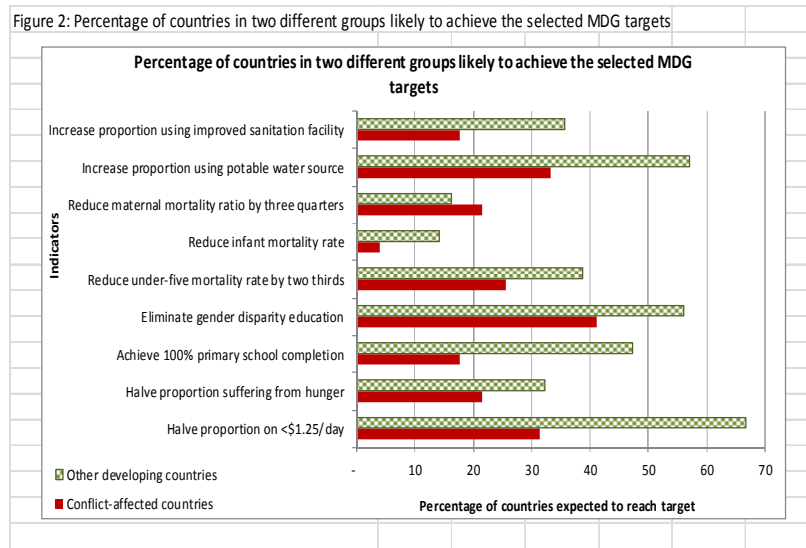
Conflict entails enormous and multifaceted costs, including direct human suffering and catastrophic socioeconomic disruptions, and thus significantly impeding the achievement of the MDGs and other development goals in the conflict-affected countries. For instance, there has been a conspicuous divergence in poverty reduction between the countries in peace and stability and those mired in conflicts, with the former managing to reduce poverty in a steady pace, while the latter seeing their poverty rates stagnating or even rising (figure 1). On average, poverty reduction in conflict-affected countries is nearly one percentage point slower per annum than in other countries, and over time, the cumulative gap between these two groups has expanded significantly (World Bank, 2010).



Conflict has different impact on different groups of population. The direct impact of conflicts usually falls primarily on young males, as they are involved in fighting forces, suffering from battle deaths, detaining, and injury. However, women and children often suffer disproportionately from indirect consequences, as they are facing high risk of becoming victims of sexual and gender-based violence, abuse, and displacement. For instance, women and children comprise about 80 percent of refugees displaced by conflicts (UNFPA, 2002, Plümper and Neumayer, 2006, Bastick, Grimm, and Kunz, 2007).

More generally, people in the conflict-affected countries are deprived of their rights to live in dignity and their opportunities to develop: they are more likely to be impoverished, unable to attend schools, and denied of access to basic health services and other public goods. As illustrated in figure 2, the conflict-affected countries are lagging on almost every MDG indicator. These countries account for nearly 80 per cent of school-age children not enrolled in primary school, 60 per cent of the poverty, and 70 percent of infant mortality. Compared with countries without major conflicts, children born in conflict-affected countries are twice as likely to be undernourished and nearly twice as likely to lack access to improved water;

those of primary-school age are three times as likely not to be enrolled in school; and they are twice as likely to die before their fifth birthday.



The most recent examples for demonstrating how conflict can lead to devastating economic consequences and set back progress towards the achievement in the MDGs are those occurred in North Africa and Western Asia during the “Arab Spring” of the early 2010s (see Box).

***Beginning of Box ***

Box: Development costs of the conflicts associated with the “Arab Spring”³

Egypt

GDP in Egypt grew at about 5 per cent on average between 2000 and 2010, but dropped to about 2 per cent in 2011-2013 after the political unrest. Tourism, which contributes to about 13 of total employment in the economy, declined from a high of 14.7 million visitors in 2010, to 9.5 million visitors in 2013 and has only picked up slightly to 9.9 million visitors in 2014. The budget deficit doubled from 6.8 per cent of GDP in 2007/2008 to 13.7 per cent in 2012/2013 and has remained high at 12.8 per cent in 2013/2014. The unemployment rate jumped from the average of about 9 per cent in 2008-2010 to above 13 per cent in mid-2014. As a result of the instability, progress towards the achievement of the MDGs has been setback, with poverty rates rising substantially, from 21.6 per cent in 2009 to 26.3 per cent in fiscal year of 2012/2013.

Libya

³ This box is contributed by Sergio P. Vieira and John Winkel who are responsible for monitoring of the economic development in Western Asia and North Africa.

The impact of the civil conflict in Libya was most dramatic on the hydrocarbons sector, with oil production collapsed from 1.6 million barrels per day (bpd) prior to 2011 to 6000 bpd by August 2011. After a brief rebound in 2012, with the political unrest escalated again since 2013 and seizures of facilities by a variety of groups from oil workers demanding wage increases to militias demanding greater regional autonomy, oil output reached a low of only 228 thousand bpd in the second quarter of 2014. Meanwhile, per capita GDP fell from \$10,000 in 2010 to less than \$4000 in 2011 and has not recovered by 2014. Inflation surged dramatically from 2.5 per cent in 2010 to 16 per cent in 2011, and has since moderated. There has been significant volatility in oil production, depending on the security and political circumstances, with a rise to 887,000 bpd in October 2014 and then a fall back to an average of around 350,000 bpd in January 2015. Exports are even lower, at around 200,000 bpd for January 2015. The conflict continues unabated in the country.

Tunisia

The revolution in Tunisia exemplifies the vicious cycle formed between economic stresses and conflict. Triggered directly by the self-immolation of Mohamed Bouazizi in late 2010, the revolution was actually preceded by a number of grave economic stresses: high unemployment, food inflation, and poor living conditions, plus other stresses, such as corruption, lack of political freedom. In turn, the revolution also exacerbated those economic woes, at least for a considerable period. The Tunisian economy had expanded by an average of 5.3 per cent per year between 2003 and 2008, before began to decline in the years leading up to the political turmoil, to only 2.9 per cent in 2010. GDP contracted during the Arab Spring, falling by 1.9 per cent in 2011, and has since recovered moderately at about 2-3 per cent. FDI has fallen as well, by 26 per cent between 2010 and 2014.

The Unemployment rate had been improving from 16 per cent in the 1990s to 12.4 per cent in 2007, before began to rise to 13 per cent in 2010. After the revolution, the unemployment rate spiked to 18.3 per cent in 2011, and has since gradually recovered to 15.2 per cent in 2014.

Syria

The Syrian conflict since March 2011 has produced catastrophic human and development consequences.

Humanitarian needs have increased twelvefold since the beginning of the crisis, with 7.6 million internally displaced and 3.2 million who fled the country, as of end of 2014, according to UNOCHA country team in Syria. As of mid-2014, the conflict had caused more than 191,000 deaths, while the number of registered refugees outside of the country is world's largest refugee population under UNHCR care. More humanitarian action is needed for 12.2 million people estimated for 2015.

Syrian GDP contracted by more than 60 per cent cumulatively during 2011-2013, with a loss of \$70 billion in output, and \$136 billion in damages to capital stock, including

public and private properties, equipment, as well as residential and non-residential buildings. In 2014, the scarce available data points to a rough estimate of contraction by about 10 per cent. Given the overall damages to capital stock and human capital loss, the economy may take decades to come back to the 2010 GDP level. During the conflict period, the consumer price index increased by 178 per cent, the price of food about 275 per cent, and price of energy about 300 per cent, with poorer households suffering considerably from the rising costs of living. However, data on inflation has been unavailable in 2014, preventing more accurate information. The conflict also devastated the external sector, particularly Syria's oil exports and tourism, exacerbated by the sanctions imposed by the United States and European Union. Syria's total exports declined five-sixths, from \$12 billion in 2010, to \$2 billion in 2013, while oil output is estimated to have fallen around 90 per cent.

The conflict has significantly reversed progress toward the MDGs. 50 per cent the Syrian population is estimated to live in extreme poverty by the end of 2013, sharply deteriorating from the 11.4 per cent estimated in 2005. As of December 2014, 9.8 million were considered food insecure, while water accessibility has decreased to less than half of its pre-crisis level. More broadly, the Human Development Index for the country regressed to 0.472, falling from the level of 'medium human development' into the level of 'low human development'.

****** End of Box******

Even in countries without civil wars, the costs of other types of conflicts can still mount high, with indirect costs sometimes far overshadowing direct costs. In Brazil, for example, the direct medical costs of all interpersonal violence were estimated at \$235 million in 2014 and the indirect medical costs at \$9.2 billion. Total costs of violence in Kenya are estimated at 1.2 percent of GDP. In the United Kingdom, the direct costs of domestic violence are estimated at £5.7 billion annually. In 2005, criminal violence cost Guatemala \$2.4 billion, or 7.3 percent of GDP, more than twice the damage caused by Hurricane Stan the same year, and more than twice the budget for the ministries of agriculture, health, and education. In El Salvador, criminal violence in 2003 cost about \$1.7 billion, or 11.5 percent of GDP (World Bank 2011). The recent political crisis occurred in Thailand, which is not defined as a conflict-affected country, is estimated to have cost approximately 12 per cent of GDP, or about \$50 billion in 2014 alone.

Moreover, the effects of conflict can be protracted for a long period. According to some studies, it would take an average of 14 years for a country to recover to original GDP growth paths after a civil war (Hoeffler, et al, 2010). For example, Burkina Faso and Burundi had similar income levels and growth paths by 1990, but the civil war in Burundi dragged its real incomes back to 1970 levels while, in contrast, Burkina Faso sees its income grow to a level more than 2.5 times that of Burundi. The impact of civil war on investment and trade can be consequential. For instance, trade can drop between 12 and 25 percent in the first year of a civil war, and for the most severe civil wars (those with a cumulative death toll greater

than 50,000) the loss of trade is around 40 percent (Martin, Mayer and Thoenig 2008). The interruption in trade can persist for 25 years after the onset of a major conflict.

Civil wars and other types of conflicts also have substantial spill-over effects across borders, hampering progress in achieving development goals of the neighbouring countries. For example, it is estimated that countries in Africa on average would lose 0.7 per cent of GDP for each neighbouring country involved in civil war (De Groot 2010). Piracy also reduces regional trade and economic activity, as, for example, Somali pirates operating in the Gulf of Aden. At a global level, the costs from efforts aimed at containing and deterring maritime piracy are estimated at the range from \$1.7 to \$4.5 billion in 2010 (Bowden 2010). Another heavy spill-over effect of conflicts is associated with refugees. Worldwide, total number of people displaced as a consequence of conflict and violence are estimated to have reached a staggering 33.3 million by the end of 2013 (IDMC 2014), and about 75 percent of the refugees are hosted by neighboring countries. The large number of refugees has not only entailed huge amount of financial costs on neighbouring countries, but also heightened risks of infectious diseases and intensified tensions in the hosting countries.

III. Development stresses among the causes of conflict

It is indisputable as discussed above that conflict disrupts progress towards the achievement of MDGs and other development goals, but the causality also runs the other way: development stresses are found to be among the major root causes of serious conflicts. Much recent research on civil wars and other types of major conflicts has identified stresses in the three dimensions of sustainable development, namely, economic stresses, social stresses and environmental stresses, as grave factors along with other factors such as justice stresses and human rights violations, to exacerbate the risks of conflict and instability.

From the perspective of economic motives, for example, when a country is in destitute, rebellion may offer economic rents to rebel leaders and a viable living to followers, who have no other source of livelihood. In a low-income environment the opportunity costs of engaging in violence may be small (Collier and Sambanis, 2005). Low-income economies with rich endowment of natural resources are found to be 10 times more likely than other countries to experience civil war (Collier *et al*, 2003).

Among the economic stresses, high unemployment, particularly youth unemployment, can significantly increase the risk of violence. Surveys conducted by the World Bank in conflict-affected countries indicated that unemployment and idleness were cited to be the most important factor motivating young people to join rebel movements (World Bank 2011). The relationship between unemployment and violence often involves social identity and exclusion. Several qualitative studies on Latin America and African gangs and rebel movement recruitment suggested links between employment, respect, and identity. A large literature on unemployment and shows power relations and perceptions of *ö*dignity can be important drivers of violence (Cramer 2010). As with the causes of rebel movements,

unemployment and a sense of low status also emerge as risk factors for recruitment into gangs.

Economic shocks, such as food and energy price shocks, can also heighten the risk of conflict. Research shows that in Sub-Saharan Africa civil conflict is more likely to occur following years of poor rainfall. A study using rainfall variation as a proxy for income shocks in 41 African countries between 1981 and 1999 found that a 5 percent decline in economic growth increased the likelihood of conflict by half in the following year (Satyanath et al, 2004). Sharp food price increases, in particular, have a long association with urban instability, especially in low-income countries in which the governments have insufficient means and ways to buffer and counterbalance such shocks. But there is less risk of conflict where the countries have effective institutions to protect consumers against such shocks. For example, developing countries with low government effectiveness experienced more food price protests during the food crisis of 2007-2008 than countries with high government effectiveness. Countries in the bottom half of the governance spectrum, experienced the incidence of violent protests three times higher than countries in the top half (Schneider et al, 2010, Kaufmann, 2010).

Social stresses, including high inequality in both opportunity and income, are also among the causes of conflict. In fact, the links between inequality and violent conflict are among the oldest concerns in political economy. Correlation is found between income inequality and conflict, although some findings are not conclusive, requiring further investigation and more in-depth analysis (Loayza et al, 2002, Cramer, 2005). In particular, countries with rich natural resources are vulnerable to armed conflict, if the benefit from revenues is not adequately equally distributed in the society. This is demonstrated by the prolonged struggles between rival militias in the Democratic Republic of Congo in the civil wars (Ross, 2003).

A growing volume of research has also found the inextricable links between environmental stresses and conflict, as the former can cause or amplify conflict directly, or indirectly, through population displacement, poverty and infectious diseases⁴. Such links can be identified back to a long history: some analysts argue that the high risks of conflict in many parts of the world today, such as Africa, South and Southeast Asia, Western Asia and South America, can be traced to the violent colonial experience that was, in large measure, shaped by four centuries of Western competition to control the planet's natural resources (Matthew, 2010). The situation in Sudan exemplifies how conflict is intertwined with environmental stresses and economic stresses. In Northern Darfur State, rapid population growth has placed pressure on the arid lands, and declining rainfall in the 2000s, a possible consequence of global warming, has added to the region's woes caused by the civil war. Meanwhile, the collapse of economic activities and the market for the region led to intensified poverty and malnutrition, as well as vulnerability of local residents to a range of

⁴ See chapter IV of this Survey for more systematical discussion of issues on environmental sustainability in the context of the MDGs and SDGs.

health threats, including malaria, yellow fever, cholera and diarrhea, with hundreds of thousands of people died or displaced in mid-2000s.

Of course, sustainable development stresses are not the only causes of conflict. Other factors such as injustice in terms of ethnic or religious competition, human rights violations, external invasion, and international criminal networks can all be the root causes of serious conflict, which would go beyond the scope of this section.

IV. Building a virtuous cycle between peace and development⁵

For countries ensnared in civil wars or other types of grave conflicts, their achievement of development goals depend first and foremost on whether these countries could restore peace and stability. Given the interrelations between sustainable development stresses and conflict as discussed above, among the most effective policies and strategies to restore peace and stability are naturally those which can reduce sustainable development stresses and mitigate risks of conflict simultaneously, gradually building a virtuous cycle between peace and sustainable development.

Once a conflict-affected country restores peace and stability, breaking the vicious cycle between conflict and sustainable development stresses and other stresses, it can make significant progress in achieving MDGs and other development goals. For instance, in Ethiopia, access to improved water jumped from 13 percent of the population in 1990 to 66 percent in 2009⁶2010; In Mozambique, primary school completion rate increased from 14 percent in 1999 to 46 percent in 2007; In Rwanda, undernourishment rate was reduced from 53 percent of the population in 1997 to 34 percent in 2007; In Bosnia and Herzegovina, from 1995 to 2007, measles immunizations for children were increased from 53 per cent to 96 per cent, and infant mortality dropped from 16 to 12.6 per 1,000 live births (World Bank, 2011).

Making the transition from a fragile situation of conflict to a steady state of lasting peace, stability, justice and prosperity, conflict-affected countries would ultimately require building the legitimate institutions and good governance. However, lessons from both success and failure cases evince that good governance and the legitimate institutions cannot be simply transplanted from foreign countries⁶ although experience can be shared across countries⁶ they can only be built in accordance with country-specific circumstances through a long and slow process. According to a study by Prichett and Weijer (2010), for some 20 selected countries which made successful transition from wars and conflict to peace and stability in the twentieth century, it took an average of 17 years to get the military out of politics, 20 years to achieve adequately functioning governments, and 27 years to bring corruption under reasonable control. The same study pointed out that the initial conditions for those successfully transformed countries in the past, such as Portugal and the Republic of Korea, were much better than the conditions many conflict-affected countries are facing today, such

⁵ This section draws from the discussion in the World Bank World Development Report 2011.

as Democratic Republic of Congo or Haiti; meaning, it would take even longer for these countries to fulfil a similar transition.

In such a long process of transition, restoring confidence in a conflict-affected country is considered be a crucial initial phase, with gradually building inclusive coalitions as a key element. Some successful examples include: (1) in 2007, Timor-Leste leadership reached out other political parties and to entrepreneurs to help in reconstruction; (2) in 2005, Aceh, Indonesia, after a long and costly civil conflict, a careful process of mediation involving the Free Aceh Movement and the central and local governments secured a peace agreement which mobilized a broad range of stakeholder support, as well as international engagement. Conversely, Sudan was an unsuccessful example, as peace talks between 2000 and 2005 were held in only a narrow group of leaders on both sides in Sudan, without broadening the coalition even after the peace agreement was signed in January 2005, leading to eventually the separation of the Republic of South Sudan in 2011.

Once certain inclusive coalitions are in place and confidence starts to rise, the next step is to transform institutions so as to deliver stability, justice and jobs. For instance, practical institutional measures to promote jobs in the countries emerging from conflict include: investment in basic infrastructure, particularly in electricity which is found to be a key constraint to recovery in chaotic environment; public finance for employment in labour-intensive sectors, combining creation of short-term jobs with training programmes to enhance skills in the longer run; promoting private businesses through various reforms; and empowerment women in economic activities, which has proven to be crucial to generating jobs and income and laying the basis for the recovery from conflict (Ashe and Parrot, 2001, International Alert and Women Waging Peace, 2004). A large number of other useful measures as learnt in the MDG era and earlier period to promote stability, justice and development in the post-conflict countries can be found in the World Development Report 2011 (World Bank, 2011). The key to build and maintain the peace and stability in the conflict-affected countries is the efforts to sustain a continuous progress in institutional transformation.

While the national efforts by the people and governments in the conflict-affected countries would no doubt play a dominant role in making the transition from conflict to peace and sustainable development, the *efforts by the international community* can also play an important catalyst in delivering great benefit and support for this transition. Indeed, international support, via international agencies, regional organizations, and bilateral arrangements, to conflict-affected countries has increased in the MDG era. For example, peacekeeping missions have been scaled up, with total number of 115,610 personnel (122 countries contributing uniformed personnel) serving in 16 peacekeeping operations by mid-2014 (United Nations, 2014c). The volume of official development assistance (ODA) to conflict-affected countries has more than doubled from 2000 to 2012, despite some year-over-year fluctuation.⁶ The international community has provided support to these countries in the areas of building coalitions, transforming institutions, and mitigating their external

⁶ See chapter VI of WESS 2014/2015 for more general analysis of the role of ODA in promoting the MDGs.

stresses (such as cross-border insecurity, illegal trafficking, transnational corruption, illicit international financial flows).

Among these international efforts, ODA to these countries remains important. Most conflict-affected countries are in their capacity of collecting taxes. For example, Afghanistan, Ethiopia and Pakistan have tax collection rates below 10 per cent of GDP, well below the 20 per cent level considered necessary to meet poverty goals. ODA accounts for 10 per cent of GNI or higher in 20 out of 51 conflict-affected countries, with this dependent ratio reaching as high as 50 per cent for a few of them. After a decade of rising, ODA to conflict-affected countries declined in 2011-2012 by about 3 per cent, but the volatility of ODA to these countries seemed to have abated considerably, improving the predictability in budget and planning in these countries. Most recent, in the discussion about aid effectiveness among the donor countries in DAC, a proposal was made to allocate more ODA for strengthening the capacity of tax collection and domestic revenue mobilization in conflict-affected countries (OECD, 2014).

Lessons in the MDG era also suggest the importance of concerted efforts at both national and international levels for building a virtuous cycle of peace and development for conflict-affected countries. Liberia and Guinea-Bissau are two contrast examples as follows (World Bank, 2011).

In Liberia, after the Accra Comprehensive Peace Agreement (CPA) of 2003 brought an end to two civil wars, the United Nations mobilized a peacekeeping mission of 25,000 troops to the country, along with \$2.6 billion OAD from the international community. Meanwhile, the United Nations, the World Bank and other agencies worked with the government of Liberia to lift confidence through a program to provide jobs, restart the economy, and provide tangible evidence of the peace process, with "Roads with UNMIL" restoring hundreds of kilometers of roads, for example. The ECOWAS, a regional organization, also worked with donors on confidence building. The Governance and Economic Management Assistance Program (GEMAP) introduced in the run-up to the 2005 elections, provides "dual key" authority in the areas of revenue earning and expenditure. Seven years later, Liberia qualified for the World Bank/IMF Heavily Indebted Poor Countries (HIPC) initiative. In addition, the IMF delivered to Liberia beyond-HIPC debt relief amounting to \$172 million. When the HIPC competed in 2010, the total debt relief for Liberia was about \$4.6 billion (IMF, 2010). Liberia's GDP, after contracting by a third in 2003, grew by more than 7 per cent a year between 2004 and 2010, with the per capita income doubled in the period.⁷

In Guinea-Bissau, by contrast, no comparable international effort was made in nearby Guinea-Bissau. This in part reflects a lack of international confidence in national governance

⁷ As the per capita income in Liberia was far below the poverty line of \$1.25 per day in 2003 and moved only slightly above the poverty line in 2010, the change in poverty rate is not a valid measure to show the achievement in poverty reduction: for example, even if many people moved from \$0.5 per day to \$1.20 per day, this move did not change the poverty rate, but has only improved the basis for significant drop in poverty rate in the coming years. More technical discussion on this issue will be found in section II.2.

and country leadership, but similar conditions existed in Liberia before the 2005 elections. Peace and elections in 1999-2000 gave rise to some hopes, with the United Nations setting up its Peacebuilding Support Office in Guinea-Bissau (UNOGBIS), and the IMF and World Bank providing emergency assistance. However, hopes were undermined by continued poor governance, and the international community responded with further isolation: the IMF suspended assistance while the African Development Bank and the World Bank cut back their programs. Real GDP contracted in 2002-2003, followed by a coup d'état. In 2009, the country was thrown into further turmoil with the assassination of the president. Drug trafficking becomes a major concern. Guinea-Bissau remains deeply in a vicious cycle of conflict and poverty.

Notwithstanding progress the international community made during the MDG era in supporting conflict-affected countries to make the transition from conflict to peace and development, daunting challenges remain in the international capacity to provide sufficient, timely and effective support for the large number of countries to extricate themselves from the vicious spiral of conflict, poverty and environmental vulnerability in the era of post-2015. In this regard, a renewed global partnership for post-2015, in cooperation with the national efforts in conflict-affected countries, needs to be able to provide more, and more integrated, specialized assistance for stability, justice, and jobs; provide rapid action to restore confidence and promote long-term institution transformation; reduce regionally and globally external stresses; galvanize support from other developing countries and other stakeholders; and more importantly, develop an integrated policy framework at both international and national level to ensure peace and stability and sustainable development through concerted efforts in a coherent manner.⁸

V. Conclusion

We can draw a number of lessons from the discussion above.

General lessons:

Peace and stability prove to be both the enabler for and outcome of development.

Conflict entails enormous and multifaceted costs, including direct human suffering and catastrophic socioeconomic disruptions, and thus significantly impeding the achievement of MDGs and other development goals in the conflict-affected countries;

⁸ See chapter V for more general discussion on global partnership for post-2015.

Among the most effective policies and strategies to restore peace and stability are those which can reduce development stresses and mitigate risks of conflict simultaneously, gradually building a virtuous cycle between peace and sustainable development.

Lesson II

Development stresses are found to be among the major root causes of serious conflicts, along with other factors, such as justice stresses and human rights violations, to exacerbate the risks of conflict and instability;

Among the economic stresses, high unemployment, particularly youth unemployment, can significantly increase the risk of violence, while economic shocks, such as food and energy price shocks, can also heighten the risk of conflict;

Social stresses, including high inequality in both opportunity and income, are also among the causes of conflict;

Environmental stresses can cause or amplify conflict directly, or indirectly, through population displacement, poverty and infectious diseases.

Lesson III

Once a conflict-affected country restores peace and stability, it can make significant progress in achieving MDGs and other development goals;

Making the transition from a fragile situation of conflict to a steady state of lasting peace, stability, justice and prosperity, conflict-affected countries would ultimately require building the legitimate institutions and good governance;

Good governance and the legitimate institutions cannot be simply transplanted from foreign countries; they can only be built in accordance with country-specific circumstances through a long and slow process.

Lesson IV

International support, through international agencies, regional organizations, and bilateral arrangements, to conflict-affected countries has increased in the MDG era, including peacekeeping missions and ODA, to support conflict-affected countries in the areas of building coalitions, transforming institutions, and mitigating their external stresses;

Daunting challenges remain in the international capacity to provide sufficient, timely and effective support for the large number of countries to extricate themselves from the vicious spiral of conflict, poverty and environmental vulnerability in the post-2015.

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