

CONSTRUCTING CONFLICT-SENSITIVE AID POLICY

The Relationship between Aid and Conflict

SUMMARY

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Lessons of History

Critics of development assistance have long said that aid can make things worse, that it can ignore signs of trouble, and that in supporting bad governments, it can help set the stage for conflict. There is no country in recent years more studied than Rwanda, because the violence that erupted there in 1994 was so devastating, and because the outside world did so little to stop it. Many studies have pored over the warnings that were available in the months before the genocide began, and many have condemned the unwillingness or the inability of the international community to take the warnings seriously.

But the prologue to the story is longer and more complex than many of the histories have shown. Where foreign aid is concerned, it was not so much a matter of ignoring or misreading the signs, but of actively building the capacities of a government with murder on its mind. Peter Uvin's damning study lays bare the contradictions between the genocide and the attitude of donors who until the last moment regarded Rwanda as a model of development in Africa.

In reality, the majority of Rwanda's people lived in absolute poverty, with few prospects for improvement. An uneducated ill-informed public was treated in an authoritarian and oppressive manner by an arrogant government with a solid track record of corruption and human rights abuse. Regional and ethnic inequality was palpable, exacerbated by a history of state-sponsored racism. And violence had erupted in the past. Uvin says that these factors – exclusion, inequality, pauperization, racism, structural violence and oppression – all interacted with processes of development assistance to lay the groundwork for the genocide. Foreign aid contributed through action – in supporting and building the “capacity” of the government – and through inaction, in ignoring unmistakable warning signs and in failing to mitigate the worst aspects of poverty, exclusion and violence.

Current conditions in two other countries that are the recipients of considerable foreign assistance, have uncanny parallels with the Rwanda of 1994.

Nigeria

At more than 130 million people, Nigerians represent nearly a quarter of all the people living in sub-Saharan Africa. Seventy five per cent of the land is arable, and Nigeria has abundant resources of coal, tin, gypsum, columbite, gemstones, marble, uranium and other resources. Nigeria is the sixth largest oil producer in OPEC, and at today's production rate of 2.6 million barrels day, current reserves are predicted to last for 40 years or more.

And yet Nigeria is a mess, from almost every point of view. More than 70 per cent of the population lives on less than a dollar day, one out of every five Nigerian children dies before the age of five, and at least four million people suffer from HIV/AIDS. Half of the country's adults are illiterate, and only half of the children attend primary school. Despite a 1999 return to civilian

rule, the government has been unable to rectify some of the worst aspects of economic and political mismanagement. Inflation is high, growth is weak, and most of the wealth is in the hands of a small and incredibly rapacious elite. Human Rights Watch has documented a wide range of attacks and killings – often by police – of journalists, human rights activists and opposition politicians. Organized violence in the elections of 2003 and 2004 resulted in hundreds of deaths and virtually no arrests.

Between 1967 and 1970, Nigeria's devastating civil war took the lives of something between one and three million people. One of the triggers for the war was communal violence – committed largely by Muslim northerners against Christian Ibos from the south. These riots took the lives of 6,000-8,000 people. Today, intercommunal violence in Nigeria has become commonplace, with riots taking the lives of more than 50,000 people between 2001 and 2004 alone. Since 2000, twelve northern Nigerian states have introduced Shari'a law, exacerbating tensions between Muslims and Christians. Thousands of people have been killed in the Niger River delta area in recent years as a result of inter- and intracommunal violence, violence between criminal gangs, and violence committed by security forces sent in to quell disputes.

The words Uvin uses to describe Rwanda in 1994 could as easily be used to describe Nigeria today: exclusion, inequality, pauperization, racism, structural violence and oppression.

Bangladesh

Bangladesh began its life as a kind of “failed state”, and predictions for its 70 million people – living in a country the size of Maine – were dire. Defying logic and prediction, Bangladesh has today become largely self-sufficient in rice and wheat, even though the population has doubled. But Bangladesh is the world's most densely populated country. Half the population lives in abject poverty, and the prospects for the 240 million people who are likely to live in Bangladesh by 2020 are not hopeful.

Donors optimistically say that with good public policies, strengthened institutions and sustained levels of growth, some of the Millennium Development Goals could actually be met in Bangladesh by 2015. But Bangladesh does not have good public policies, strong institutions or the level of growth that will be needed. All donors recognize that poor governance threatens everything in Bangladesh – growth, security, human rights and democracy. The erosion of what few democratic processes remain is rampant; communal violence is largely ignored as a concession to increasingly militant fundamentalist parties; and Bangladesh, along with Nigeria and Haiti, now finds itself at the very bottom of Transparency International's corruption index. Like Nigeria, Bangladesh bears all the hallmarks of Uvin's Rwanda: exclusion, inequality, pauperization, racism, structural violence and oppression.

Rather than Uvin's questions about Rwanda – “Could and should aid have acted differently?” – the question about Nigeria and Bangladesh, and a dozen other fragile states relates to the present: “Are aid agencies doing the right thing?” The answer is at least a partial “no” in the sense of overall aid volumes and the urgency with which the problems – both those related to governance and those related to poverty reduction – are being addressed.

Governance

“Governance” and more especially ideas about “good governance” have come late to the development agenda, constrained by the Cold War until its unexpected demise in 1989. Today the term covers a multitude of meanings, but it is essentially about building effective institutions and

rules imbued with predictability, accountability, transparency and the rule of law. The issue of good governance is important to conflict-sensitive aid programming because well governed states are thought to be less inclined to conflict than others.

Many studies over the past 15 years have made a direct link between the spread of democracy and reductions in armed conflict, thus supporting and encouraging donor involvement in these areas. The United Nations has invested a decade, not just in the idea, but in holding elections and promoting democratic institutions from Cambodia to Sierra Leone, from East Timor to Burundi. NEPAD – the New Partnership for Africa’s Development – widely endorsed by African and donor governments, has as its first principle, “good governance as a basic requirement for peace, security and sustainable political and socio-economic development”. NEPAD does not hedge on the word *governance* as some donors do; for NEPAD, governance and democracy go hand in hand: “democracy *and* good, political economic and corporate governance”.

Today, a billion people, live in poverty-stricken informal economies, making lives for themselves that are almost completely outside the formal structure of the state. This is not to say, however, that they do not understand concepts of good governance. Unlike the many donor governments that actively supported the criminalization of governance in Zaire, Liberia, Angola and a dozen other places over four decades, most citizens of these countries could probably always tell the difference between a political right and a political wrong. Whenever they are given the opportunity, hundreds of thousands of illiterate and desperately poor people go to the polls in hopes of electing a better government. The problem is not so much knowing what good governance is, but how to promote, achieve and sustain it. As Kofi Annan has put it, “Obstacles to democracy have little to do with culture or religion, and much more to do with the desire of those in power to maintain their position at any cost. This is neither a new phenomenon nor one confined to any particular part of the world.”

Merilee Grindle writes about the long, expanding and overwhelming nature of the good governance agenda. She says that “there is little guidance about what’s essential and what’s not, what should come first and what should follow, what is feasible and what is not. If more attention is given to sorting out these kinds of issues, the end point of the good governance imperative might be recast as ‘good enough governance,’ that is, a condition of minimally acceptable government performance and civil society engagement that does not significantly hinder economic and political development and that permits poverty reduction initiatives to go forward.” More to the point, she suggests that donors should keep their eye on the ball, making as clear a connection as possible between “good enough governance” and poverty reduction.

Greed, Grievance and the Resource Curse

Economic agendas are not a new factor in war. In fact many wars have been fought almost exclusively for economic purposes. Apart from an unbridled quest for power, however, the wars of the 1990s in countries like Angola, Sierra Leone and Liberia were baffling to journalists, diplomats and academics alike, unfamiliar with Africa and grappling with a change in the way wars were being fought – mainly within countries, often between inchoate groups with unclear ambitions and ideologies.

Foday Sankoh’s RUF, Charles Taylor’s National Patriotic Liberation Front in Liberia, and Jonas Savimbi’s UNITA in Angola demonstrated clearly that concerns about injustice and bad government were far less important to them than gaining power. All were prepared to use whatever means they could to further their aims, including child soldiers, all-out attacks on civilian populations and the most barbaric tactics imaginable. They, and later counterparts in the

DRC, were pioneers in developing a new technique to pay for their wars. In the declining presence of great-power patrons in the post-Cold War world, they discovered that they could occupy land, harvest saleable natural resources, and trade them for weapons. Savimbi became a past master at selling Angolan diamonds. Charles Taylor financed his war by cutting down some of Liberia's best hardwood forests. And Foday Sankoh, with assistance from Taylor, went on a looting rampage in Sierra Leone's alluvial diamond fields.

Recent work has shed light on the "economic agendas" of warring parties. It has also been shown that a country that is heavily dependent upon primary commodity exports, with a quarter of its national income coming from them, has a risk four times greater than one without commodity exports. Many poor countries with significant resources – of oil, for example – have suffered from conflict. Copper was a major factor in the Bougainville secessionist movement, and drugs have played a role in several conflicts. The key distinction in Angola, Liberia and Sierra Leone, and later in the DRC, however, was the *lootability* of timber, coltan and diamonds, and an ability to sell the goods into a ready market that had little regard for legality. The Kimberley Process, however, which has developed a global certification system for rough diamonds, shows that working together, governments, industry and civil society can devise creative and effective ways of countering the trend.

Lootable resources aside, there is a high correlation between conflict and three conditions: low average incomes (i.e. poverty), low rates of growth and a high dependency on the export of primary products. When average incomes double, the risk of civil war declines by half. The reasons are not hard to divine. Poverty and low growth breed resentment and may well be associated with bad governance. The exploitation of natural resources – especially if done in developmentally or environmentally unsound ways – can exacerbate the situation, deepening resentment and widening the gap between rich and poor.

Humanitarian Assistance

Humanitarian assistance is, by its very nature, "conflict-sensitive", but much of it is driven by non-humanitarian concerns: geo-politics, growing apprehensions about security, domestic considerations of donor countries, sometimes even commercial concerns. Far too often there is no provision for the longer-term development assistance required to prevent a recurrence of hostilities. And donor "priority setting" – a euphemism for earmarking and cherry-picking – fosters competitive scrambles among executing agencies leading directly to a weakening of humanitarian principles, and an ineffective multilateral response.

The most prominent characteristic of global humanitarianism as it is practiced today is its voluntary nature. Donor governments provide assistance – if they feel like it. There are no obligations beyond the moral, no consequences (for the givers) of doing less than enough, or of doing nothing. For the victims of calamity, there are no assurances of any kind, and many are condemned to live – if they are lucky – through what the world has come to call, euphemistically, "forgotten emergencies". Several things would contribute to a more conflict-sensitive emergency aid system:

The Creation of a Conceptual Humanitarian Center

There is no lack of humanitarian definitions, policies, concepts and frameworks. The problem is the lack of an anchor, and of accountability for them among donors and implementing agencies. There has to be a conceptual center – not so much a physical entity as a catalytic function – where definitions and norms for humanitarian action are set and maintained. The United Nations is best suited for this role – as a "standard bearer", as a "visionary leader," as a place where a global

humanitarian framework can be created and where assessments of response can be considered against future action.

Linking Relief and Development

Investments in the transition from relief to development and in post-emergency reconstruction efforts are very much an *ad hoc* affair. Each humanitarian agency winds down according to its own institutional imperatives, making whatever arrangements for follow-on activities it deems best, which in many cases means none at all. The longer-term factors that contributed to the crisis in the first place are often ignored completely. There must be much better synergies between the humanitarian mandate and operations within donor agencies and those of their development counterparts. If investments in humanitarian assistance are to bear fruit, it is essential that longer-term development issues be approached in a comprehensive manner *during* the emergency phase.

A Strengthened Multilateral Core

At the centre of humanitarian action lies the multilateral ideal and its manifestation in the United Nations: the software and the hardware of combined efforts to achieve common objectives. And yet United Nations agencies are usually in competition with each other for donor funding, with NGOs, with commercial and political interests, and sometimes even the military. The major humanitarian challenge today, for the UN and for member governments, is to create a strengthened multilateral core which has the capacity, resources, and mandate from its members to meet humanitarian needs in a more impartial and effective manner. This must include access to significant amounts of humanitarian funding that is predictable, timely and unearmarked. A substantial portion of this funding must be derived from assessed rather than voluntary contributions, like assessed contributions for UN peacekeeping operations.

Better Accountability

UN agencies and NGOs have been much criticized for their failings where emergency assistance is concerned. Some of the criticism is deserved, but many of the failings of front-line agencies could be diminished if there was a more open and forthright approach to evaluation, learning and accountability. In its standard application, evaluation contains a large element of control – and threat. Because of low donor tolerance for failure and because effective humanitarian action involves a high element of risk and innovation, accountability processes as currently applied can actually drive real lessons underground, especially the important lessons that might be derived from failure.

More Cash

From a global vantage point, the humanitarian effort is under-funded by at least half, if not significantly more. The question is not really whether more money is needed for humanitarian work, but where it will come from and how to prevent it from reducing development spending. Given how little most OECD member countries devote to ODA as a whole, however, it does not seem to be asking too much for an increase in global aid spending, and to suggest that at least a portion of the increase be devoted to the humanitarian effort.

Conditionality and Ownership

It is generally conceded that ownership is a key to good development. The objects of the development enterprise must also be the subjects; they must feel that they are the “owners” of policies and projects from change. This, of course, is not at all the way it works. Despite the advent of SWAPs, PRSPs and the Comprehensive Development Framework over the past fifteen years, conditionality – often of the most ruthless and detailed variety – has been the order of the day.

The most dramatic forms of conditionality have related to what is euphemistically known as “policy dialogue” on economic reform. Joseph Stiglitz says that “Those who valued democratic processes saw how ‘conditionality’ – the conditions that international lenders imposed in return for their assistance – undermined national sovereignty.” The net effect of the policies set by the Washington Consensus “has all too often been to benefit the few at the expense of the many, the well-off at the expense of the poor. In many cases, commercial interests and values have superseded concern for the environment, democracy, human rights, and social justice.”

The issue in the conditionality debate is not so much whether there should be conditions. Peter Uvin’s example of Rwanda suggests that donors have more than a little responsibility for how their money is spent. But conditionality is probably one of the hardest things to handle well in a business that wants more than anything else to be a “partnership”, but where great amounts of cash have vanished without a trace, and without effect. The issue is really about how conditions are negotiated, and more importantly about how deep, how rigid, and how formulaic they should be. Years ago the IMF insisted that the Jamaican government remove subsidies on petrol. The government, knowing what the impact would be in several sectors, pleaded – to no avail – for reconsideration, more time, a phased approach. The result: taxi drivers overturned and burned cars in tourist areas, and Jamaica’s number-one foreign exchange earner went into the toilet for three years, the exact opposite of what was intended.

Security

Effective and accountable security systems can reduce the potential for conflict, and “security sector reform”, now added to the many items on today’s development agenda, is undoubtedly an important element in constructing a conflict-sensitive aid program. Since 9/11, however, discussions about security have led to concerns about the diversion of long-term development aid and short-term relief assistance – not so much to the security of people in developing countries, but to the new anti-terrorist agenda of wealthy countries.

One way of insulating the ODA budget from security sector incursions is the creation of special funds to deal with security sector reform and related issues. Britain created two such funds in 2001, managed jointly by DFID, the Foreign Office and the Ministry of Defence. Bringing a development perspective to security reform in countries where security problems have been the number one constraint to development can be critical, and may help to make development interventions more sustainable. The cost, however, in the British case, is charged to the ODA budget only where it conforms to ODA definitions. Similar funds have been created in the Netherlands and Canada.

MDGs and Other Promises

Virtually all of the lessons about conflict suggest that poverty and exclusion are the most fertile breeding grounds for social violence and larger-scale conflict. Historically, ODA has focussed its main efforts on economic growth, not in itself a bad thing, but alone, insufficient. As Galbraith said many years ago, the trickle down theory is like feeding oats to a horse. If you feed it enough, some will find its way through to the road for the sparrows.

Some things, in fact, *are* growing. Development assistance, for example, is growing again. But as a percentage of the overall GNI of rich countries, ODA – at a quarter of one per cent – it remains significantly below 1990 levels, and significantly short of the 0.7 per cent target. Donor countries give, but they also take away. Key exports from developing countries – clothing, agricultural

products, textiles – remain subject to high tariffs in rich countries. And agricultural subsidies give rich countries an unfair trading advantage, they seriously undercut the productivity of farmers in developing countries. It is estimated that free trade in farm products alone would be worth \$20 billion to developing countries. The Doha Round of WTO trade negotiations that began in 2001 saw rich countries promising to reduce agricultural subsidies. Instead, they have done the opposite.

Encouragement can be taken from positive changes in Asia, where absolute poverty (\$1 a day) declined from 936 million in 1990, to 703 million in 2004, a remarkable achievement resulting mainly from sustained growth in China and India. But globally, the gap between rich countries and poor countries is growing. In 1960 there were 41 rich countries, 19 of them non-western. By 2000 there were 31 rich countries, only nine of them non-Western. And almost all of the non-Western middle-income countries had dropped to the ranks of the poor. In India and China, widely quoted average growth rates conceal huge levels of inequality between urban and rural populations.

And now we have the Millennium Development Goals, the most comprehensive set of development targets ever set down on paper. Time-bound and measurable, they are – or at least were in 2000 – believed to be achievable. But progress during the first five years was not good. “If current trends persist,” says UN Secretary General Kofi Annan, “there is a risk that many of the poorest countries will not be able to meet many of them.” The Secretary General goes on to say, “Let us be clear about the costs of missing this opportunity: millions of lives that could have been saved will be lost; many freedoms that could have been secured will be denied; and we shall inhabit a more dangerous and unstable world.”

This is not a new lesson; Pearson said it in 1969. But the message is becoming much more urgent. And four decades of ineffectual development assistance suggest that there is still not nearly enough serious willpower to deal with it.