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Needs versus expediency

Poverty reduction and social development in post-conflict countries

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Abstract: Conflict depletes all forms of human and social capital, as well as supporting institutions. The scale of the human damage can overwhelm public action, as there are many competing priorities and resources are often insufficient. What then should be the priorities for 'post-conflict' policy? Should it give, for example, higher priority to health or to livelihoods in allocating the resources available (financial, human, and institutional)? Should social protection be the main focus of effort and, if so, what form should it take? If trying to do everything amounts to doing nothing, then what should be the priorities over time, that guide the sequence of actions? This paper explores the issues—the opportunities but also the possible tensions—including those around the need to strengthen and sustain peace itself.

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1   Introduction

Conflict depletes all forms of human and social capital, as well as supporting institutions. The damage depends on the type, scale and duration of the conflict. Some conflicts are confined to specific localities within otherwise functioning (and perhaps prosperous) societies. Others wreak havoc and damage across much or all of the nation. Nearly all conflicts displace people, cutting them off from their livelihoods and normal sources of education and healthcare. The population of internally displaced people (IDPs) and refugees can pose an immense burden (Libya and Syria today).

While the damage can, and should, be mitigated during the conflict itself, many people are left in a weak position to rebuild their lives and livelihoods, if and when the conflict is resolved. Moreover, political instability and violence can persist and mutate, even after the formal end of war. This again impedes a recovery in which the majority, especially the absolute poor, can participate. Economies might recover, and indeed show strong growth, but leave the majority behind, reflecting their loss of productive assets and human capital.

The scale of the human damage can overwhelm public action: there are many competing priorities and resources are often insufficient (or controlled by private actors, including warlords, rather than the state).[1] What then should be the priorities for 'post-conflict' policy and action? Should higher priority be given to health or to livelihoods in allocating the resources available (financial, human and institutional), for example? Should social protection be the main focus of effort and, if so, what form should it take? How do we move from action during war itself, to action in the immediate war-to-peace transition, to action in the years of subsequent post-conflict recovery? There is a strong temptation to commit to doing everything, a tendency often reinforced by the donor community which, while trying to be helpful, can at times sow confusion.

If trying to do everything amounts to doing nothing, then what should be the priorities over time, that guide the *sequence* of actions? This paper explores the issues—the opportunities but also the possible tensions—including those around the need to strengthen and sustain peace itself. One important issue is the amount of focus to be given to absolute poverty reduction versus broader social inclusion, including the reduction of inequality (in all its dimensions) that may determine whether a society turns towards conflict or to peace. The need to secure peace may entail a focus on broader social inclusion, but it may also entail a very high level of social inequality: as the powerful demand and obtain a disproportionate share of the dividends of peace. What is best for maximizing poverty reduction and human development may not be best for the politics of peace and recovery.

These strategic questions are posed and discussed in Section 2 of the paper, which sets out a framework that can help country-level policy and action. Then the paper moves on to address specific interventions: health, education, and livelihoods (Section 3) and then social protection (Section 4), reviewing the (often limited) evidence available, and drawing out some tentative recommendations for sequencing. This provides the basis for Section 4's discussion of the politics of post-conflict inclusion, which delves deeper into the issues around crafting a politics

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1 In this paper we refer to 'states', the 'private sector', and 'communities' as actors, but there is obviously much overlap, especially as state actors may actively engage in the private sector, for both good and bad reasons. Everyone, whether a state actor or an entrepreneur or member of a household, has a community affiliation as well. And then there are the multiple identities associated with religion, ethnicity, co-nationality, etc. All of these interact to determine behaviours, often shifting in their importance over time.

of recovery that also embraces the needs of the poor. Section 5 concludes that a 'first best' outcome for poverty and human development is unlikely, as the political economy of recovery will pose powerful constraints. Nevertheless, in being aware of these dynamics, progressive actors can better deliver interventions that are socially inclusive and pro-poor within the political realities of conflict societies. Perhaps this is the best that we can hope for.

2   Strategy and choice

We want a post-conflict recovery that helps the poor. How should we think about a recovery strategy to achieve this goal? An economist has a clear answer: pick and implement those interventions that have the highest marginal benefit for the target group. Do so up to the point at which the marginal cost of public action equals the marginal benefit, or until available funds are exhausted (if this occurs before the equivalence between marginal benefit and cost is reached, which might well happen in poor societies). Our task is then to rank all possible interventions from best to worst in terms of their net marginal benefit, and pick the best—keeping in mind the resources we have available. Job done.

But is it? Consider the main ways to intervene: health (including water and sanitation), education, livelihoods, and social protection. All aim to improve wellbeing. We could rank interventions in each of the 4 areas and select the best. But do we have all the evidence on impact that is necessary to do this? In the area of livelihood interventions, much is contested (microfinance, for instance). Moreover, the interventions are complementary: they jointly-produce wellbeing (education needs healthy children in school if they are to learn) and threshold effects prevail (there is no point in installing half a water-pipe).

Moreover, whose wellbeing constitutes the target? People only below a defined poverty line? And if so do we give greater weight to those far below the line? What about those above the poverty line who are vulnerable to falling into poverty? Our welfare weighting could change the ranking of interventions: some being better than others for the chronic poor, others better for the vulnerable on the edge of poverty (to make just one comparison). And is the definition of poverty a good one?

What if we set a goal of compressing inequality across society? What dimension of inequality do we seek to reduce? Relative inequality or absolute inequality; gender, horizontal, regional, and/or class inequalities? And what measure (in income, wealth, or human development)?[2] Adding inequality to our goal could easily alter the resulting ranking of interventions.

Institutional quality, which determines the ability to form a strategy and deliver it, also informs the choice of interventions. Capacity changes over time: it may be stronger in some sectors than others (health versus livelihoods, for example). Some of the limited resources available must be committed to building that capacity; otherwise there is a danger that ambition outruns delivery. Cynicism regarding state capacity and its intentions then sets in, becoming corrosive.

These problems of choice prevail across all societies. They have both technocratic (means) but also ethical (ends) dimensions. In a conflict society there is an extra twist to the choice problem. Some people will have suffered loss and violence more than others. Some people are more of a threat than others, ranging from those who might rob and plunder to those who might be

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2 For a discussion on relative versus absolute inequalities, see Atkinson and Brandolini (2010) and Niño-Zarazúa et al. (forhcoming). For an extensive analysis on horizontal inequalities, see Stewart (2009).

powerful enough to 'spoil' the peace deal. The maimed and injured deserve help, but the powerful can command resources irrespective of justice. Ethics meets expediency. Sometimes the goals overlap. Young poor people may be ready recruits for warlords. But when warlords command resources, and pose a credible threat to peace, then expediency can overwhelm social justice, leaving those most deserving of help at the back of the queue for public action.

Securing peace (expediency) therefore adds another constraint on what public action might do: for any given level of resources it is a negative, reducing the options. This leaves unfunded more pro-poor interventions than is otherwise the case if a society is stable. Moreover, there is not one but many decision makers and they are not disinterested social planners. A politician seeking to secure or gain power can have a very different ranking of interventions than the one derived from cost-benefit considerations alone. Do the projects with the highest social benefit favour the politician's constituents or the marginal, undecided, voter? Do they benefit people whose ethnicity or religion is in—or out—of favour with political actors? And then there are the external actors, who often command substantial resources: the donors, non-governmental organizations, and foreign governments. Their preferences over interventions can dominate, especially in the early years of war-to-peace transition when domestic resources are thin. Domestic and foreign actors may have very different rankings regarding poverty and social inequality.

Furthermore, institutional capacity is typically degraded in the immediate post-conflict years, so that what is possible in a low-income but peaceful society can be impossible in a low-income but conflict society. This issue lies at the heart of the (ambiguous) concept of state 'fragility'. It can be especially destructive as state actors may have made promises, and in good faith, that the existing institutions simply cannot deliver (Addison and Murshed 2003). When these promises are to redress grievances that incited conflict, then state incapacity becomes detrimental not only to the goal of poverty reduction, but also to that of peace itself.

Last, but certainly not least, what of the preferences of the intended beneficiaries? Development history is littered with the carcasses of projects that failed to use, or willfully ignored, community knowledge and interests (Scott 1999). Planners may favour one ranking, beneficiaries another. Planners may favour early action on rebuilding education, while households may prioritize livelihoods. Immediate poverty may favour child labour over children's education. Rates of time preference differ: the poor household looks to the next meal, the politician to the next election, the donor to the next funding cycle, and the planner to the longer future. Meanwhile, since no peace deal is cast-iron, everyone calculates the chances of a return to war. If this probability is very high, then perspectives are short term, and this can, by damaging commitments, drive trust down to a level at which war resumes (Addison and Murshed 2005). Unwillingness to take part in trust-based market transactions hampers post-conflict recovery (Cassar et al. 2013). Too little is still known about the effects of conflict on social capital, networks, and individual preferences for time and risk. The need to build credibility should affect the choice of intervention: it might be better to go for an intervention that has a good chance of implementation than one that has a higher return but is tougher to implement. Better perhaps to provide half a loaf than none at all.

Signaling and building credibility are important dimensions of any recovery strategy (Addison and Murshed 2002). Building credibility around peace agreements and delivering tangible benefits from peace lengthens time perspectives (reducing the private discount rate, in the language of economics) and has especially important effects on private and household investment. It encourages investment in the productive sectors that provide jobs and livelihoods (Addison and Murshed 2005). It might also encourage less use of state institutions for immediate personal gain, and more commitment to institution-building for the long haul. None of this is preordained; it simply raises the chances of success.

In summary, choice underpins any useful recovery strategy. The initial solution that we set out—focus on interventions with the highest marginal return to poor people—no longer looks enough. What happens in practice? In the worst case, choice is replaced by fudge. Everyone agrees to do everything and do it all now: there is no sequencing. This is compounded by unrealism about financing (volatility in aid, over-optimism about the scope for cuts in security spending, and unpredictability in tax revenues). Interests, well-meaning but also selfish, set the agenda. Outcomes can then deviate far from what might be rational to maximize recovery for the poor or secure peace. This is why our initial response to the problem at the start of this section is both naïve yet still useful: it reminds us that while we may not achieve all of what is first best for the poor, we should still strive towards this goal.

3   Health, education, and livelihoods

Conflicts can have lasting effects on human capital thereby impeding post-conflict recovery (Justino 2012). Conflicts disrupt human capital accumulation in children, both education and health, that can translate into significant loss of lifetime income.

Furthermore, the loss of schooling during conflict is not gender neutral. While the destruction of schooling infrastructure and the absence of teachers would affect both genders equally, girls may be more likely to miss school if parents keep them at home in an unsafe environment. On the other hand, boys are more likely to drop out of school during conflict either to supplement the family income or due to conscription (voluntary or involuntary). There are strong gender effects going in both directions, varying by country and types of conflict (Buvinić et al. 2014).

Similarly, there is an adverse impact of conflict on health. A strong indicator of the long-term health impact of conflict is the height-for-age z-score of children. Conflict causes stunting due to the lack of food, loss of household income, and the disruption of public services (including healthcare). In Côte d'Ivoire, the height-for-age z-scores of children from regions affected by the 2002–07 civil conflict were 0.2–04 standard deviations lower than for those living outside the affected regions (Minoiu and Shemyakina 2014). There are also significant negative health effects to *in utero* exposure to conflict (Akresh et al. 2014). Permanent damage to health cascades across generations via the loss of income of the disabled, affecting their ability to provide for their children.

Productive assets are destroyed or lost to looting during conflicts. Recovery from such shocks is more difficult for the vulnerable—the poor, widows, and the disabled—and can lead to increasing income inequality and self-perpetuating poverty traps (Addison et al. 2013). Also, households often cope with conflict by reorganizing their livelihoods in ways that reduce their risk from harm at the cost of lower income. Farmers respond to insecurity and the uncertainty of property rights during conflict by pre-emptively selling livestock, switching to 'robust crops' that require few visits to the fields and by reducing long-term productivity enhancing investments such as wells (Singh 2013 and Verpoorten 2009). These are all examples of how the shortening of time-horizons, discussed in Section 2, leads to major distortions in the economic activities that sustain the poor and the vulnerable.

So, what should be the priorities for post-conflict policies? A prime candidate is the provision of health services. First, as most of the regions emerging out of conflict have a low base level of health, improvements in health delivery services can lead to high recovery rates if guided by a clear national strategy (Waters et al. 2009). Second, treating physical injuries and post-traumatic stress disorder is relatively straightforward and feasible to address with the infrastructure available in most countries. Third, quick, tangible results from the provision of health services

can help boost confidence in any new political settlement. With respect to education, evidence from Vietnam shows that intensive school rebuilding and literacy campaigns can attenuate the long-term effects of conflict (Miguel and Roland 2011). In the short run, aid could support a reduction or even the removal of school fees in order to encourage re-enrollment (as Timor-Leste did). However, the quantity and quality of educational recovery will be slow when schooling infrastructure is very damaged and teachers are unwilling to serve in post-conflict areas. Such areas may also have suffered pre-war discrimination in the allocation of public funds (an aspect of horizontal inequality) feeding their grievance and rebellion; they will need priority to both achieve human development and to secure peace.

In the livelihoods area, the promotion of community driven development (CDD) programmes has been the fashion, and one corner stone of the 'institution-building' approach to post-conflict societies. However, emerging evidence from randomized control trials in Afghanistan, Democratic Republic of the Congo, Liberia, and Sierra Leone indicates that CDDs have had limited impact (King and Samii 2014). Why this is so needs further research. It could be that institutions are slow to improve post-war, so that CDD implementation is weak. There is also a danger that such projects may inadvertently lead to an increase in violence if the government is unable to secure them against extortion or sabotage by insurgents, as was the case in the Philippines (Crost et al. 2014). This reinforces the point made earlier that securing peace raises the effectiveness of projects, both private and public.

The slogan 'winning hearts and minds' has been in fashion since at least the Vietnam War. While redressing grievances via tangible improvements to lives and livelihoods must be part of any peace process, what we often see is a more cynical exercise driven by short-term expediency. In Iraq some small-scale projects implemented in consultation with local community leaders were achieved (but their sustainability is unknown) while Afghanistan has been characterized by high-cost projects often driven by external contractors (including the military) with little if any community engagement (Berman et al. 2011 and Beath et al. 2011). The results can be meager too: infrastructure rehabilitation but without much (if any) linkage to a transformative development strategy, and vulnerable to conflict's resumption.

Such projects are often funded by different donors, with little coordination (and therefore have high unit costs). Aid fragmentation is notorious in conflict and post-conflict countries (Addison 2003; del Castillo 2008). Aid to livelihoods is some of the most fragmented of all, and the average project size is small and still declining (UNU-WIDER 2014). Rather than the accumulation of ad hoc livelihood projects, it is better to link labour-intensive public works (when required) to a clear and comprehensive social protection strategy. We return to this linkage in the next section.

Ultimately, a project-based approach to improving livelihoods is far less powerful than getting the basic drivers of development right: peace and security; the reconstruction of key infrastructure; and an economic policy framework that is credible and provides the right incentives for investment by communities and the private sector. The first of these—peace and security—will, if not resolved, undermine the other drivers of development, and destroy even the best projects. We return to the point made in Section 2: conflict shortens time-horizons, distorts economies, and undermines good institutions. Post-conflict strategies should embed this concern, aiming for the transformation of societies and their economies and not just the reconstruction of the old (and often) failed models of development.

These considerations should make us wary about bold statements that growth is capable of reducing conflict. There is evidence from cross-country regressions that growth reduces the probability of conflict (Collier and Hoeffler 1998, 2004). Policy-makers and aid donors have

found comfort in this argument, given that aid can improve growth under the right circumstances (Addison and McGillivray 2004; UNU-WIDER 2014). More cynically, a focus on growth offers a way for donors to by-pass the 'messy' politics of horizontal inequality, identity politics, and country context and history (not to mention the international dimensions and determinants of 'local' and 'national' wars). But research in this area has at times been vague about the causal mechanisms underlying the cross-country regressions. Certainly, there are cases in which conflict has risen after or during periods of sustained economic growth: Kenya, India, and Sudan are three examples (Addison 2012).

Much will depend on the capability of the state to work with the private sector and communities themselves in promoting structural transformation of economies, and thence more inclusive growth. This implies finding and investing in comparative advantages in trade with the rest of the world, product specialization, export diversification, and the creation of a good business environment that promotes domestic and foreign investment. This in turn requires a supporting macroeconomic framework around recovery, and then the growth process. This must mobilize revenue from growth (via better tax institutions) and direct it to high-return public investments in human capital and infrastructure (which crowd-in private and community investments in their turn). More fiscal space allows more freedom of action and resourcing of initiatives by local governments, community-driven development, and local economic recovery policies. Fiscal reforms are also crucial for pro-poor spending on education, health and social protection, which not only improve human development, but also build capable institutions (Gebregziabher and Niño-Zarazúa 2014). The strategy should be expansionary, creating as many good jobs as is feasible via private and foreign investment (del Castillo 2012). It is to social protection that we now turn.

4   Social protection

Social protection emerged in the 1990s as new paradigm for reducing poverty and vulnerability in the developing world. Social protection is a broad policy area, and here we focus on *social assistance*, involving transfers, both monetary and non-monetary, and varying from targeted to the poor and vulnerable to untargeted in design.[3] Social protection programmes cover nearly 900 million people worldwide (Niño-Zarazúa 2011), making them the most important anti-poverty policy strategies today. Social protection programmes have been implemented to scale largely in the middle-income countries of Latin America, Southern Africa, and populous countries of Asia, and they are now spreading to low-income countries, including sub-Saharan Africa. Social protection is one means for redistributing natural resource rents in resource-rich societies characterized by grievance and conflict. This potential is still, however, unrealized in many countries, notably in Africa's hydrocarbon-rich countries, which are notoriously prone to conflict (Angola and Nigeria, notably).

Transfer programmes are diverse in terms of focus, coverage, scope, and design features, with some programmes providing income transfers only, while others combine income transfers with the utilization of social services such as education, health, supplementary nutrition, and also assets (Barrientos et al. 2010; Barrientos and Niño-Zarazúa 2011).

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3 In addition to social assistance, social protection includes 1) social insurance, which includes contributory schemes designed to protect workers against life-course and work-related contingencies; and 2) labour market regulations, which are legal frameworks aimed at ensuring minimum standards for employment and safeguarding workers' rights.

Social protection's expansion in Latin America was part of the region's transition from civil conflict and authoritarianism to more competitive political systems, with the fall of military regimes in Argentina (1976–83), Brazil (1965–85), Chile (1973–90), and Uruguay (1973–85) inter-twining with the end of the cold war (Addison 2009). The de-radicalisation of revolutionary ideas and the surge of political actors favouring democracy opened space for the participation of civil society and political groups demanding more active anti-poverty policies (Mainwaring and Pérez-Liñán 2013). In other countries with histories marked by deep inequality and long-standing grievances—Colombia, Guatemala, Nicaragua, El Salvador, Peru, and Suriname—civil war and peasant insurgencies either ended in the 1990s or saw a marked reduction in scale. Left-wing insurgents often transformed themselves into political parties, gaining access to economic and political power through institutional channels.

More competitive political environments seemed to have facilitated the participation of civil and political organizations that pressed for social change (Remmer 2012; Teichman 2008). In this way, the 'politicization of poverty' changed, catalyzing the spread of social protection (Barrientos 2013).

The need to respond to the political fall-out from the social impact of the economic shocks associated with the failed policies of Latin America's authoritarian regimes also helped initiate social protection. Economic shocks can contribute to conflict's intensification (Miguel et al. 2004; Hodler and Raschky 2014). One mechanism might be higher unemployment that exacerbates previous grievances. However, there is no mechanical relationship: state responses matter greatly, and social protection is a means to dampen the impact. Mexico is an illustration. The 'Peso Crisis' of December 1994 saw a seven per cent fall in real GDP in 1995, and the poverty headcount soared from a pre-crisis 21.2 per cent to 37.4 per cent in 1996 (Niño-Zarazúa 2009). The crisis coincided and interacted with the uprising in January 1994 of the Zapatista Army for National Liberation in the southern state of Chiapas, as well as the assassination of the Presidential candidate of the ruling Institutional Revolutionary Party (PRI) in March. The flagship programme, *Progresa* was launched in August 1997 two years after the country experienced one of its most difficult political and economic crises in more than five decades. Progresa (later renamed as *Oportunidades* in 2002) not only became Mexico's flagship anti-poverty strategy but also a means to dissuade the rural poor from participating in the Zapatista conflict (Van der Haar 2004).

There is also evidence from other countries that social protection can dampen conflict. In India, Dasgupta et al (2014) find that the National Rural Employment Guarantee Scheme (NREGS) had a very large mitigating effect on violence by improving economic conditions. This increased the opportunity cost of participating in the Maoist insurgency running in the poorest districts of the states of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Orissa, and West Bengal. Similarly, in the Philippines, one study finds that a conditional cash transfer (CCT), *Pantawid Pamilyang Pilipino*, significantly reduces conflict-related incidents in villages receiving the transfer as compared to those that do not (Crost et al., (2014). In South Africa, the social reconciliation process after Apartheid benefited from expansion of the non-contributory Old Age Pension and subsequently the introduction of the Child Support Grant (Lund 2008).

However, while social protection holds promise in reducing conflict, it is no panacea. Some transfer programmes have been linked to increases in violence as insurgents resort to intimidation to deter civilians from participating and benefiting from social protection. In Colombia, Weintraub (2014) finds that *Familias en Acción*, a CCT programme, increased violence by insurgents engaged in the long lasting armed conflict of the *Fuerzas Armadas Revolucionarias de*

Colombia (FARC), with the greatest effects found among poor and natural resource-rich communities.[4] So although social protection can produce welfare gains, it might raise violence in some circumstances, if peace is not secured. This would argue for sequencing social protection alongside efforts to secure populations from intimidation.

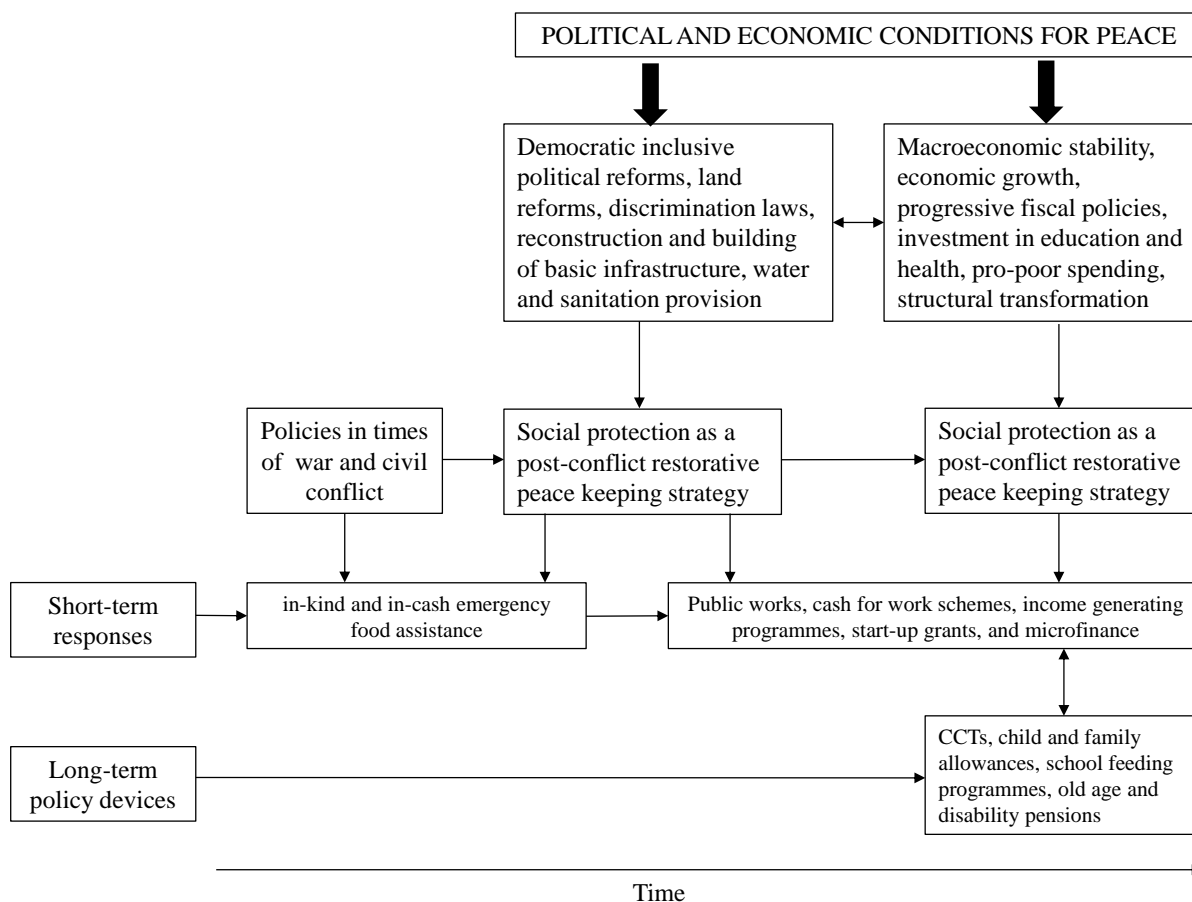## 4.1   Timing and sequencing in social protection

Social protection shifted the anti-poverty agenda from conventional food aid approaches (and generalized and targeted food and in-kind subsidies) to regular, reliable and predictable forms of social assistance. Wider and more effective coverage as well as savings in cost-per-beneficiary have resulted. This is highly relevant to conflict/post-conflict countries with their histories of fragmented assistance. Internally displaced persons (IDPs) in conflict countries as well as refugees receive food aid, shelter, and other support. Some is ample and well-coordinated, but the responses can be ad hoc and delivered by a multiplicity or organizations, official and otherwise. The construction of a predictable and broad system of social protection after conflict is vital, and offers an opportunity to raise the cost-effectiveness and impact of programmes by moving away from ad hoc approaches. Otherwise, the winding down of food aid and other wartime assistance can leave the poor and vulnerable in distress, especially as refugees and IDPs return home, but are yet to recover their livelihoods. This is an important sequencing issue—requiring organization and resourcing—as well as a signal of political commitment. If achieved, a new social protection system can help the new political settlement gain credibility, and may reduce any traction that 'spoilers' have.

Figure 1 presents an overview of the major timing and sequencing issues in this area, and draws together some of our other concerns as well. Social protection may be conditional on participation in, for example, the reconstruction of infrastructure. As Figure 1 illustrates, employment generation through public works and cash for work schemes as part of social protection can accompany other livelihood generation initiatives such as start-up grants, and microfinance schemes.

All this is promising, but as we cautioned earlier, there is a danger that peace will see a plethora of projects, including labour-intensive public works, rather than the initiation of a well-crafted social protection strategy. If the overall recovery strategy does not encourage more private-sector employment generation, nor rebuild communities and livelihoods in a sustainable way, then people will fall back on labour-intensive works. But this can be unsustainable for budgetary reasons. Moreover, labour-intensive public works are not suitable for some types of poor and vulnerable people, the sick and elderly poor in particular. If public works become one of the main mechanisms of social protection, then it can be difficult to manage the construction projects and the quality (and developmental impact) of the resulting infrastructure. There is also a lively debate on the merits of public works as a means of targeting the poor versus innovative approaches that use new technologies to make direct cash transfers, contingent upon some well-defined characteristic of poverty. Post-conflict countries should therefore explore all the delivery options, rather than lock themselves prematurely into only one type.

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4 In Colombia, labour markets were disrupted by internal displacement (Bozzoli et al. 2013).

Figure 1: Timing and sequencing of social protection policies

POLITICAL AND ECONOMIC CONDITIONS FOR PEACE	
Democratic inclusive political reforms, land reforms, discrimination laws, reconstruction and building of basic infrastructure, water and sanitation provision	Macroeconomic stability, economic growth, progressive fiscal policies, investment in education and health, pro-poor spending, structural transformation

	Policies in times of war and civil conflict	Social protection as a post-conflict restorative peace keeping strategy	Social protection as a post-conflict restorative peace keeping strategy
Short-term responses	in-kind and in-cash emergency food assistance		Public works, cash for work schemes, income generating programmes, start-up grants, and microfinance
Long-term policy devices			CCTs, child and family allowances, school feeding programmes, old age and disability pensions

Time

Source: Authors.

Public works and income generating schemes are often viewed through the reintegration lens: reducing the risk of demobilized soldiers and high-risk youth taking up arms again (Mills et al. 2008). Explanations for conflict that emphasize the opportunity cost of labour, and which seek to raise the cost of recruitment for conflict and crime, provide some justification for public works. We discuss disarmament, demobilization, and reintegration (DDR) further in the next section.[5] Yet, while public works might serve this purpose (depending on their coverage and the wage rate paid), their cost is unsustainable if funded only by transitional post-war aid (which phases out). Achieving broad-based labour-intensive growth via private and community investment is unavoidable if a real inroad is to be made in raising the incentive to undertake peaceful work rather than crime and war.

This returns us to our needs versus expediency theme (or more broadly: equity versus security). For any given budget constraint, the amount of poverty reduction can be maximized by targeting the needy (as discussed earlier). But an elderly poor woman or a young sick orphan offers no threat to the state, while a young able-bodied man with a gun does. Expediency favours the latter, and indeed if violence returns then the very needy suffer as well; there is a positive externality for everyone from DDR. But help to the ex-combatant may also build resentment and grievance among the un-helped. With robust employment growth via private and community investment, the ex-fighter can be absorbed into a new livelihood, and the budget for

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5 On role of the opportunity (labour) cost in conflict, see Grossman, H. (1991); Collier and Hoeffler (1998, 2004); Dal Bó and Dal Bó (2011).

social protection assigned to the young orphan. Without employment growth, the trade-off between ends becomes acute, given the limited means. Unintentionally inflaming grievances within communities then becomes more of a danger as well.

And this leads to a larger point. While the poverty targeting literature focuses on individuals/households, their lives function in the larger social context of community, and they have wider identities (of religion, ethnicity, caste, etc.). Such identities are of great importance as drivers of individual behaviour. The economics literature on conflict inevitably tilts towards influencing the incentives/disincentives of individuals and households, given the methodological (microeconomic) basis of the discipline. But politics is a matter of groups, and group identities. These too will affect the outcome—perhaps being the main determinant—for the poor after conflict. It is to politics that we now turn.

5   The politics of post-conflict inclusion

A political approach to post-conflict inclusion moves away from a narrow poverty focus to consider the larger picture—of which poverty is one outcome: to help the poor, we first need to keep and build the peace. This implies attention to some (less needy) political constituencies over others and a different sequencing of policy than the needs-based approach set out earlier in the paper. It highlights also the value of an inclusive policy-making process and of paying attention to political forces that may be opposed to economic inclusion for various reasons.

The resulting tension between 'needs and political expediency' is what makes the *political economics* of poverty reduction and social development in post-conflict countries so complex. At least five perspectives from the politics literature on post-conflict peacebuilding are worth noting here:

The first relates to the appropriate unit of analysis: economic analyses tend to begin with individuals, households, or economic sectors. Political analyses of post-conflict situations more often focus on politically-salient groups. Generally, we begin with the parties to the conflict and the conflict settlement, exploring implications for the balance of power and governance. This gives insight into the likelihood that war will resume, potential spoilers, how much leverage they each have, and key points of disagreement (see, e.g., Licklider 1995; Guttieri and Piombo 2007; Curtis 2014).

Ex-combatants, as well as others with little to lose in taking up arms, are also potential spoilers. Thus, peacekeeping and stabilization efforts prioritize DDR (Hagmann and Hoehne 2009; Berdal and Ucko 2013) and may pay particular attention to young men and their employment (Berman et al. 2011). This is in contrast to the greater focus on women and children that may follow from a needs-based approach.

The balance of power among parties to the conflict may also influence governance itself, suggesting the importance of a more inclusive and 'locally owned' policy-making *process*—even if it is more cumbersome (Nathan 2008; Papagianni 2009). In a comparative analysis of security sector reform in Sierra Leone and Liberia, for instance, Onoma (2014) argues that the more inclusive process in the former, which better reflected the balance of power on the ground, produced a much more modest agenda, but one that was ultimately more successfully implemented.

Second, it is not only domestic groups that should be considered in contemporary post-conflict situations, but also international ones. While donors have committed to harmonization and local ownership of aid policy, for instance, it is clear that both their policies and preferences still

routinely conflict with each other and with those of domestic groups (Paris and Sisk 2009; OECD 2011). There can be strong conflicts also between local practice and donor positions on issues such as human rights and gender equality (Merry 2006).

This leads to a third point underscored by a politics perspective: that individual interests and group demands are distinct from—and may often clash with—the goals of maximizing aggregate welfare, or of poverty reduction and social development for all. Particularly in ethnically divided societies, group demands may also be framed in zero-sum terms. Such demands can include: economic benefits for one group instead of others; particular political offices and/or the use of a group's language in government; control over a given territory, and so forth (Chandra 2001). The big challenge from a political economy perspective then is not so much how to identify a set of priorities or best practice policies that governments should adopt, but how to structure and navigate a process of policy-making and implementation such that members of government and others act in the broader public interest. This points us towards a focus, for instance, on political settlements among contending social groups and classes (Khan 2000; Di John and Putzel 2009), elite pacts (Herbst 1997-8), and institutional reforms to facilitate the representation of diverse groups, participation within the system, and civic collaboration (e.g., Lijphart 1969; Strasheim and Fjelde 2012).

It also suggests, fourth, the ultimate significance of a functional state and state institution-building for long-term development. 'Functional' refers first and foremost in the Weberian sense to an entity that holds a 'monopoly on the legitimate use of force within a given territory' (Weber 1958) and beyond this to the rule of law and public service provision more broadly, including the ability to tax and generate revenues (Mann 1984; Rotberg 2003). In the immediate post-conflict period, international actors may act in place of the state to provide some of these functions, but eventually the expectation is that they will leave and thus that international assistance should be geared toward this transition and build—or at the least, not undermine—domestic state capabilities (see Fukuyama 2004). How best to do this remains a topic of considerable debate (Brinkerhoff 2010).

The lack of an effective state is also a risk in terms of the resumption of hostilities and internal challenges to the state. When the state is weak, private or non-state actors may act in place of the state to provide protection and services to populations in specific regions—for instance as a means of holding territory or of securing access to exploitable resources such as diamonds, timber, etc. (Reno 1999; Staniland 2012). Such actors effectively compete with the state for legitimacy and authority. This may lead them to extract more from the populations under their control than a 'legitimate' state, making them less motivated to engage with poverty reduction and human development. Or, if their control is relatively secure, they may provide a social safety net, sometimes more effectively than the legitimate state.

Attention to the state further underscores the relevance of institutional history to considering the limits of what might be feasible in terms of post-conflict poverty reduction and social development, given the existing state institutions in various contexts. In this sense, the idea that 'enough' aid can fix post-conflict states appears wildly optimistic. The often cited experiences of post-World War II aid in Europe and Japan, for instance, are arguably misleading models of reconstruction in many, if not most, post-conflict states today because they lack the same traditions of pre-war statehood (Englebert and Tull 2008; Monten 2014; Sotiropoulos 2014). One comparative analysis of multiple historical cases suggests that when aid has supported institution-building in these latter contexts, it has done so in a 'generally slower, more moderate, and less linear' way (Gisselquist 2014).

Finally, fifth: just as institutionalist approaches underscore challenges in post-conflict reconstruction due to historical legacies and 'lock-in', they also suggest opportunities. The cessation of conflict could represent a critical juncture 'off the path' (Koinova 2013). Such moments sometimes present leaders and governments with unique opportunities to institute far-reaching development reforms that might not otherwise have been possible (Samuels 2003). The challenge is then to craft strategies that both achieve this, while also delivering tangible benefits for the poor, as well as human development and social inclusion more broadly.

6   Conclusions

Addressing poverty reduction and social development in post-conflict countries is a difficult business. Each stage in our analysis illustrates tensions and tradeoffs. And, even as we wrestle with the evidence over how to address the most pressing post-war humanitarian needs in the areas of health, education, and livelihoods, and debate the merits of different social protection schemes in supporting inclusive growth and development, we return again and again to the tenuous nature of post-conflict peace and the underlying tensions between needs versus expediency. Policy makers, for instance, might be drawn to initiatives that seem promising from a needs-based perspective, such as community-driven development and conditional cash transfer programmes, but we note the evidence that they have contributed to an increase in violence in some circumstances. Policy makers might aim to focus on creating the conditions for sustained economic growth, but we note that conflict can rise after or during periods of such growth, as in Kenya, India, and Sudan.

Such complexity all too often prompts a scattershot approach by domestic policy makers and donors, and a tendency to commit to doing everything, all at once, which amounts to doing nothing. In the framework presented above, we argue that choice underpins any useful recovery strategy. Considering the various options to address poverty reduction and social development in post-conflict countries—in all their complexity—then can help decision makers in thinking through what should be the priorities over time, that guide the *sequence* of actions, in particular local contexts.

It is also worth highlighting the opportunities: transitions from conflict to peace can create windows of opportunity for social and economic change that might not otherwise be possible. As we discuss above, the Latin American experience suggests that it was the transition from civil conflict and authoritarianism to more competitive politics that helped to create the space for more active anti-poverty policies in the region. Rebuilding communities affected by conflict is a complex enterprise but also a way to address the causes of discontent and facilitate longer-term reconciliation.

Development policy is never a purely technocratic exercise. This is especially so in countries that are, or have been, in deep conflict. Many of the institutions and behaviours that we see in now peaceful countries are rooted in the settlements made to end conflict, often far back in a nation's history. Distributional concerns often trigger a conflict and conflict exacerbates inequality—by reducing some to absolute poverty and raising others to wealth. War to peace transitions can offer opportunities to redress historical grievances, but they also offer scope for elites to enhance their wealth further—including the very warlords that benefited from violence. The lot of the absolute poor may then fail to improve, and indeed could deteriorate further if they lose yet more assets that are made more valuable by the return of peace (productive land especially). Grabbing as well as the construction of post-war institutions that consolidate power in elite hands can create a pattern of exclusive growth—once economic growth returns—lasting into the far future. The southern states of the United States after the Reconstruction as well as Angola

and Cambodia today, offer historical and contemporary examples of how deep the roots of excessive inequality can go after major wars.

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